50 YEARS

ANNUAL REPORTS & FINANCIAL STATEMENTS 2019

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JULIUS BERGER

CONTENTS

50 years

CELEBRATING THE PAST INNOVATING THE FUTURE

Proudly Nigerian Since 1970

Julius Berger is proud to celebrate its 50th Anniversary as a Nigerian Company. We commemorate this milestone with an ongoing strong committment to our clients, staff, partners and communities.

JULIUS BERGER

At Julius Berger Nigeria Plc, our vision is to be Nigeria's most dynamic construction company.

- We seize opportunities for both our Company and the country.
- We work with dedication to maintain our clients' trust.
- We operate with a holistic approach and a solutions-driven mindset.
- We seek efficient methods to deliver on our clients' requisitions.
- We integrate our multiple resources, including specialized personnel or production and service facilities, to achieve the best results.

CORPORATE INFORMATION

Directors

- Mr. Mutiu Sunmonu, CON, Chairman
- Mr. George Marks (German), Vice Chairman
- Engr. Jafaru Damulak
- Dr. Ernest Nnaemeka Azudialu-Obiejesi
- Mrs. Belinda Ajoke Disu, CAL
- Mrs. Gladys Olubusola Talabi
- Engr. Dr. Lars Richter (German), Managing Director
- Alhaji Zubairu Ibrahim Bayi, Director Administration
- Mr. Martin Brack (German), Financial Director
- Mr. Tobias Meletschus (German), Director Corporate Development
- Engr. Goni Musa Sheikh, Appointed wef July 1, 2019
- Mr. Ernest Chukwudi Ebi, MFR, FCIB, Independent Director Appointed wef December 7, 2019
- Mr. Karsten Hensel (German), Appointed wef December 7, 2019

Company Secretary

Mrs. Cecilia Ekanem Madueke

Registration Number

6852

Registered Office

10 Shettima A. Munguno Crescent
Utako 900 108
FCT Abuja

Auditors

Nexia Agbo Abel & Co.
Chartered Accountants
43 Anthony Enahoro Street
Utako 900 108
FCT Abuja

Registrars

Greenwich Registrars & Data Solutions Ltd.
274 Murtala Muhammed Way
Ebute Metta 101 212
Lagos

Bankers

- Access Bank Plc
- Diamond Bank Plc
- Ecobank Plc
- First Bank of Nigeria Ltd.
- First City Monument Bank Plc
- Guaranty Trust Bank Plc
- Standard Chartered bank Nigeria Ltd.
- Union Bank of Nigeria Plc
- United Bank for Africa Plc
- Zenith Bank Plc

CORPORATE PROFILE

Julius Berger Nigeria Plc (Company) is a leading Nigerian company offering holistic services covering the planning, design, engineering, construction, operation and maintenance of buildings, infrastructure and industry projects in Nigeria. Since its pioneer project in 1965, Julius Berger has played a pivotal role in the development of Nigeria's industrial and civil infrastructure. The Company specialises in executing complex works requiring the highest level of technical expertise and Nigeria-specific knowhow.

State-of-the-art methods and technologies ensure that quality and innovation are prioritised for the benefit of clients. Subsidiaries and additional facilities make it possible to realise multifaceted projects at the highest level of performance. This structure allows Julius Berger Nigeria Plc to effectively manage and fulfil construction projects, starting from the initial idea, through to planning, design, engineering, construction, operation and maintenance.

Subsidiaries of the Company are: Julius Berger International GmbH, in Germany, a key provider of planning, design and engineering, in addition to logistical support for businesses in Nigeria; Julius Berger Services Nigeria Ltd., a multipurpose terminal operator at the Warri Port, which contributes to efficient operations; Julius Berger Medical Services Ltd., a medical service provider to Julius Berger Nigeria Plc and its subsidiaries (Group); Julius Berger Free Zone Enterprise, which facilitates opportunities to participate in projects within the Free Trade Zones across Nigeria; Abumet Nigeria Ltd., a leading aluminium and glass solutions provider in Nigeria, which strengthens the Group's ability to provide turnkey building solutions; PrimeTech Design and Engineering Nigeria Ltd., which houses the Group's design and engineering resources in Nigeria.

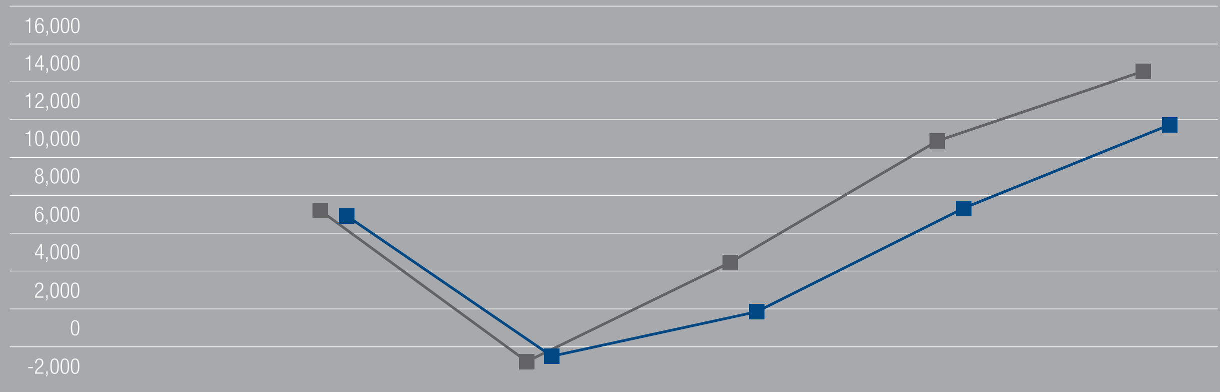
Julius Berger Nigeria Plc together with its subsidiaries, is guided by a value system, which has, over time, defined and differentiated its business, thereby setting a benchmark in the Nigerian construction industry. The Group's competitive edge is solidified through adherence to internationally specified standards and through its focus on efficient and value-driven project planning and execution. Unwavering reliability, unmatched expertise as well as strong supply chains provide particular assurance and guarantee project success.

Julius Berger Nigeria Plc AR & FS 2019 | Results at a Glance

RESULTS AT A GLANCE

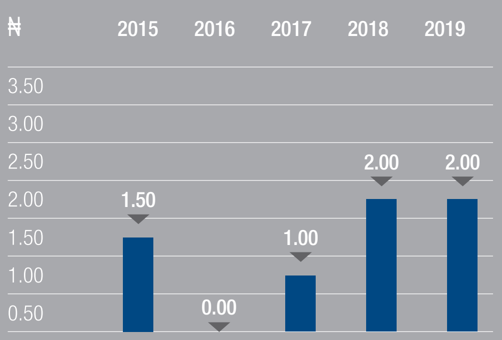
Turnover and Profit/(Loss) Before Tax

	2015	2016	2017	2018	2019
Turnover Group	133,808	138,994	141,890	194,618	266,430
Turnover Company	119,243	119,813	125,778	170,327	243,489



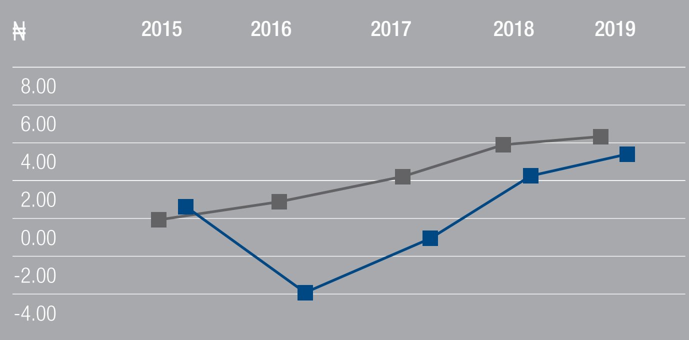
	2015	2016	2017	2018	2019
PBT Group	6,500	(1,498)	3,739	10,198	13,919
PBT Company	6,234	(1,239)	1,158	6,631	10,080

Dividend per Share



	2015	2016	2017	2018	2019
Company	1.50	0.00	1.00	2.00	2.00

Earnings per Share



	2015	2016	2017	2018	2019
Group	1.33	2.28	3.61	5.30	5.72
Company	2.01	(2.68)	0.34	3.63	4.79

	Group 2019 ₦000	Group 2018 ₦000	Change %	Company 2019 ₦000	Company 2018 ₦000	Change %
Revenue	266,430,227	194,617,712	36.90	243,488,979	170,326,746	42.95
Profit before taxation	13,918,812	10,197,667	36.49	10,079,724	6,630,667	52.02
Profit for the year	8,759,535	6,101,815	43.56	6,566,806	4,641,627	41.48
Other comprehensive income	(1,201,433)	899,115	(233.62)	(243,558)	146,586	(266.15)
Total Comprehensive Income	**7,558,102**	**7,000,930**	**7.96**	**6,323,248**	**4,788,213**	**32.06**
Non-controlling interest	3,748	8,530	(56.06)	–	–	–
Profit attributable to equity holders of the parent	**7,554,354**	**6,992,400**	**8.04**	**6,323,248**	**4,788,213**	**32.06**
Retained earnings	29,882,143	24,009,914	24.46	19,308,730	15,625,482	23.57
Share capital	660,000	660,000	–	660,000	660,000	–
Shareholders' funds	40,327,992	35,417,890	13.86	20,394,170	16,710,922	22.04

Per share data

	Group 2019 ₦	Group 2018 ₦	Change %	Company 2019 ₦	Company 2018 ₦	Change %
Earnings per share						
– Basic	5.72	5.30	8.04	4.79	3.63	32.06
– Diluted	4.77	4.41	8.04	3.99	3.02	32.06
Net assets per share						
– Basic	30.55	26.83	13.87	15.45	12.66	22.04
– Diluted	25.46	22.36	13.86	12.88	10.55	22.04
Stock Exchange quotation at December 31	19.90	20.10	(1.00)	19.90	20.10	(1.00)
Number of employee	11,449	12,183	(6.02)	10,249	10,821	(5.29)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 50th Annual General Meeting (AGM) of Julius Berger Nigeria Plc will be held at the Transcorp Hilton Hotel, 1 Aguiyi Ironsi Street, Maitama, FCT Abuja, on Thursday, June 18, 2020, at 11:00 a.m., to transact the following business:

Ordinary business

1. To lay before the Company in General Meeting, the Consolidated Financial Statements for the period ended December 31, 2019, the Reports of the Auditors, the Directors of Julius Berger Nigeria Plc (Directors) and the Statutory Audit Committee.
2. To declare a dividend.
3. To elect / re-elect Directors.
4. To authorise the Directors to fix the remuneration of the External Auditors.
5. To constitute the Statutory Audit Committee.

Special business

6. To consider and if thought fit, pass the following resolutions as ordinary resolutions:

6.1. "That the Directors' fees payable to each Director, save Executive Directors, until further review, be and is hereby fixed at the sum of ₦6.5 million (six million, five hundred thousand naira) for each Non-Executive Director save the Chairman, whose fees shall be fixed at the sum of ₦10.5 million (ten million, five hundred thousand naira), such payments to be made effective from January 1, 2020".

6.2. "That in accordance with Article 109 of the Articles of Association of the Company (Articles), the Directors be and are hereby authorized to capitalize the sum of ₦132,000,000 (one hundred and thirty-two million naira) out of the balance standing to the credit of the retained earnings of the Company, as at December 31, 2019, and available for distribution, and to appropriate the said capitalized sum to the members holding 1,320,000,000 (One Billion, Three Hundred Twenty Million) ordinary shares of 50 Kobo each in the capital of the Company and registered as at the close of business on May 29, 2020 (Transfer Date) in the proportion of one ordinary share of 50 Kobo each for every five ordinary shares of 50 Kobo each now held by them, on the conditions that the sum appropriated shall not be paid in cash but applied in paying up in full at par on behalf of such holders, 264,000,000 (two hundred and sixty-four million) ordinary shares of 50 Kobo each (Bonus Shares) which Bonus Shares shall be issued and allotted, credited as fully paid up at par to those members in the proportion stated herein as at the transfer date and which Bonus Shares shall rank parri passu in all respect with the existing ordinary shares of the Company except that such shares shall not rank for dividend recommended by the Directors in respect of the year ended December 31, 2019".

6.3. "That approval be and is hereby given, on a continuing basis, to the proposal and principles contained in the "Severance Pay for Non-Executive directors Policy" of the Company.

By order of the Board,

Mrs. Cecilia Ekanem Madueke
Company Secretary
FRC / 2017 / NBA / 00000017540

10 Shettima A. Munguno Crescent
Utako 900 108 | FCT Abuja

May 11, 2020

NOTES

Electronic information

Relevant documents in connection with the Meeting are available to all shareholders from the date of this notice on the Company's website www.julius-berger.com.

Proxy

Members of the Company, entitled to attend and vote, are entitled to appoint proxies to attend and vote in their stead. A proxy need not be a member of the Company. A proxy form is provided with this Annual Reports and Financial Statements (AR & FS). The Proxy form has been pre-stamped for the use of the shareholders. To be valid for the purpose of the meeting, the form must be completed and deposited at the office of the Registrars, Greenwich Registrars & Data Solutions Ltd., not later than 48 hours before the time appointed for holding the meeting.

In view of the COVID 19 pandemic, the restrictions on gatherings and the social distancing measures instituted by Governments, the Company has, under the guidelines issued by the Corporate Affairs Commission (CAC), obtained the approval of the CAC to hold the AGM, taking advantage of S.230 of CAMA on the use of proxies, with attendance by proxies. The proceedings of the meeting shall also be streamed, live. Members, entitled to attend and vote at the AGM, may wish to select any of the underlisted as their proxies, to attend and vote in their stead:

- Mr. Mutiu Sunmonu, CON
- Alhaji Zubairu Ibrahim Bayi
- Mr. Boniface Okezie
- Mrs. Adebisi Oluwayemisi Bakare
- Mr. Patrick Ajudua
- Sir Sunny Nnamdi Nwosu, KSS
- Mr. Mathew Akinlade
- Mr. Innocent Peter Nwokocha

Each duly completed proxy form shall be counted as one.

Closure of Register of Members and Transfer Books

The Register of Members and the Transfer Books will be closed from June 1, 2020 to June 3, 2020, both dates inclusive, for the purpose of dividend and scrip.

Appointment of members of the Statutory Audit Committee of the Company

Any member may nominate a shareholder as a member of the Statutory Audit Committee of the Company, by giving notice in writing of such nomination to the Company Secretary, at least 21 days before the date of the AGM. Nominees to the Statutory Audit Committee must be compliant with the laws, rules and regulations guiding listed companies in Nigeria.

Right to ask questions

Members have a right to ask questions, in writing prior to the meeting, on their observations or concerns arising from the AR & FS 2019, provided that such questions in writing are submitted no later than June 11, 2020. For ease of submission a dedicated email address, jbn.shareholders@julius-berger.com has been created to receive submissions from shareholders.

Dividend

If the dividend recommended by the Directors is approved by the members, the dividend will be paid on June 19, 2020, to members whose names appear in the Register of Members, as at the close of business on May 29, 2020 (qualification date).

Unclaimed dividends

The Company notes that some dividend warrants sent to shareholders are yet to be presented for payment and some shareholders are yet to mandate their bank accounts for the payment of e-dividends. Therefore, all shareholders with "unclaimed dividends" should address their claim(s) to the Registrars, Greenwich Registrars & Data Solutions Ltd., 274 Muritala Muhammed Way, Ebute Metta 101 212, Lagos, or to the Company Secretary at the address of the registered office. Members are being urged to avail themselves of the use of the forms provided to update their information, particularly as it relates to the mandate of their dividend(s), and use of the Central Securities Clearing System (CSCS).

Special Business

The CAC has approved that the matters under Special Business be tabled at the AGM.

CHAIRMAN'S STATEMENT

Highlighted Projects

New awards

- Office of the National Security Adviser, New Headquarters, Abuja
- Rehabilitation/Extension of Government House, Phase 5, Port Harcourt
- Construction of three new Flyovers, Port Harcourt
- International Worship Centre, Main Contract, Uyo
- Rehabilitation of Control Towers at Tincan Island Port and Lagos Port Complex, Apapa

Ongoing works

- Rehabilitation of Abuja-Kaduna-Zaria-Kano Road
- Technology Building/Data Communication & Control Centre, Abuja
- Odukpani-Itu-Ikot Ekpene Road
- Town Road Rehabilitation Project, Port Harcourt
- Ikot Ekpene Road, Akwa Ibom
- Uyo Etinan Road, Akwa Ibom
- FAMFA Office Tower, Lagos
- Atlas Cove Jetty Operation & Maintenance, Lagos
- Lagos-Shagamu Expressway
- Bodo-Bonny Road, Rivers
- Second River Niger Bridge, Main Contract, Asaba/Onitsha

Completed works

- United Nations Headquarters, Phase 2, Abuja
- Railway Villages Rehabilitation, Agbor
- Pleasure Park - Cinema & Restaurants, Port Harcourt
- International Worship Centre Early Works, Uyo
- Second River Niger Bridge Early Works Phase IV, Asaba/Onitsha
- Rose of Sharon Tower Penthouse, Lagos
- Lagos Nestoil Residence

Valued shareholders, distinguished ladies and gentlemen,

On behalf of the Board of Directors, I am proud to present Julius Berger Nigeria Plc's 2019 Consolidated Financial Statements. In the reporting period Julius Berger Nigeria Plc achieved an outstanding performance. In line with set strategies, the positive cash-flow and optimised resources utilisation achieved in 2019 resulted in a substantial increase in turnover. This also triggered a significant increase in profit before tax.

While it was envisioned that 2020 would continue on this set path, the effects of the Covid-19 outbreak are still unfolding and there is concern over how this global human tragedy will further develop. The Company is preparing mitigation and protection measures, knowing that stiff challenges may lay ahead. The situation is under continuous review and any required shift in business operations and planning will be addressed swiftly.

To this end, this year we have made the difficult decision to cancel the physical celebration of a very special occasion, the 50th Anniversary of Julius Berger Plc's incorporation in Nigeria. While many are familiar with the Company's first project in Nigeria, the iconic Eko Bridge in Lagos, construction of which kicked off on Nigeria's fifth year of independence, in 1965, it is the milestone decision taken by our founders, to incorporate as a Nigerian entity on February 18, 1970, that marks the beginning of our history as we now know it. This momentous moment formalised the Company's commitment to construction excellence in Nigeria and paved the way for the five decades of growth and achievement that we now celebrate.

Over the past 50 years Julius Berger Nigeria Plc has evolved into the industry pacemaker that is your Company. We have grown into a renowned corporate leader and one of the country's largest private employers. Our portfolio has expanded to cover comprehensive construction-related services, supported by our strong Group structure. All the while our core values have been maintained. We have remained a company of high integrity. A reliable partner with an unmatched level of quality and service. A pioneer of new technologies and innovations, always delivering according to expectations and always working with a strong sense of responsibility towards the greater impact of our work on our fellow Nigerians.

This standard was of course maintained over the reporting period. Despite 2019 being an election year, with slowdowns, and muted growth exacerbated by delays in budget implementation and gaps in capital releases, your Company continued to forge ahead delivering on projects with marked success. Good progress was realised on all priority projects financed via the Presidential Infrastructure Development Fund, such as the Abuja-Kano Road, the Lagos-Shagamu Expressway and the Second River Niger Bridge, as well as on other public and private sector projects across our regions. We successfully completed the Rehabilitation of the Railway Villages in Agbor, Phase 2 of

"The Board of Directors are pleased to recommend a dividend of ₦2.00 per 50 Kobo ordinary share, resulting in a total gross dividend pay out of ₦2.64 billion."

the United Nations Headquarters in Abuja and the Rose of Sharon Tower Penthouse in Lagos, amongst others. Meanwhile, we maintained focus on growing our portfolio through selective tendering, acquiring new projects that fit the Company's strengths and strategies, including construction of the Office of the National Security Adviser in Abuja, the Uyo International Worship Center and three major Flyovers in Port Harcourt.

We maintained a focus on strengthening our core business by continually assessing areas for improvement, making relevant investments to make certain our model remains efficient, effective and relevant. As such, with an eye towards maintaining our competitive edge, we invested into new equipment, ensuring we have the needed and economically viable machinery to support optimal performance in our operations.

As part of our commitment to our staff, we continued to invest in the renewal and strengthening of our human resources structures together with sustained implementation of professional development programs and training across functions, including Health, Safety and Environment (HSE) training, with approximately 4,000 employees educated on diverse HSE subjects in 2019. As a result, Julius Berger Nigeria Plc ended the reporting year with a Lost Time Injury Frequency Rate of 0.23, meaning that as a Company we worked over 4 million man-hours for every one Lost Time Injury (LTI). This is a record-breaking achievement that contends with international standards

We advanced our Group as all customer-facing subsidiaries achieved forward developments and positive financial performance. Julius Berger Services Nigeria Ltd. maintained its growth trajectory, extending its offerings to include a regular Liner Service between Northern Europe and its Warri Port Terminal. The Company's domestic and international design and engineering subsidiaries, PrimeTech Design and Engineering Nigeria Ltd. and Julius Berger International GmbH, continued to steadily work towards capturing a greater portion of third-party clients in their respective markets. Abumet Nigeria Ltd. continued to build up its business and portfolio, and amid its own 30 Year Anniversary celebration this year, has expanded its production capacity to include the manufacturing of insulated glass units in Nigeria, under the brand EVONIG GLASS. The Company's furniture production arm, AFP, continued to widen its reach and client base. With the AFP Lagos showroom in full swing, I am confident that AFP will continue to gain greater recognition and market share as the premier Nigeria-made furniture brand.

In light of the successes realised, Julius Berger Nigeria Plc ended the year profitably. Consequently, the Board of Directors are pleased to recommend a dividend of ₦2.00 per 50 Kobo ordinary share, resulting in a total gross dividend pay out of ₦2.64 billion. On the occasion of the 50th Anniversary of the Company, the Directors are also pleased to recommend a bonus of one new ordinary share for every five existing ordinary shares held.

Julius Berger Nigeria Plc sets the mark for excellence and innovation in construction. The Company remains uniquely positioned as Nigeria's most reliable construction partner and leading corporate citizen.

Julius Berger Nigeria Plc AR & FS 2019 | Chairman's Statement

Looking ahead we will reinvigorate our corporate social responsibility commitments and double down on the significant contributions already made over the past 50 years. In the face of Covid-19, we are committed towards swift action and the provision of resources to support efforts of the Federal and State Governments, Local Government Areas, as well as key public agencies and healthcare providers in their fight against the virus. Furthermore, with a sustained focus on education, we will continue to implement initiatives that drive educational progress, from youth literacy spanning to higher education, including vocational training for the construction trades.

We will continue to strengthen our businesses strategic foundations to persist in meeting both our financial and operational targets. We will continue to emphasise corporate development activities in order to progress the Company's long-term diversification strategy regarding client mix and business areas, while simultaneously assessing and exploring opportunities beyond our core construction business - to strategically reduce risk, promote growth and strengthen cashflow and profitability.

The mid-term economic outlook remains fragile, with many uncertainties still looming. The impact of Covid-19 is sure to have lingering negative effects, most detrimental being the major pressure it has and may continue to put on oil prices. Accordingly, the Company has revised its planning for the year 2020, taking on a more conservative approach to growth and profitability targets.

What remains clear is that Nigeria is a country of great promise and Julius Berger Nigeria Plc a company with great purpose; ready and able to deliver on our strong project backlog; ready and able to meet the needs of our clients and their development goals; ready and able to lead in the construct of infrastructure and buildings that will stand strong to support Nigeria's physical and economic growth, no matter the challenges that may come.

Esteemed shareholders, thank you for your steadfast trust. I assure you that the Board of Directors, Management and entire staff continue to work in your best interest with full commitment to ensuring that Julius Berger Nigeria Plc remains a company of excellence, innovation and responsibility, which meets your expectations for success and shareholder value. It is with your enduring support that we will continue to drive forward Julius Berger's strong achievements and sustained leadership for the next 50 years and beyond.

Thank you.

Mr. Mutiu Sunmonu, CON
Chairman
FRC / 2014 / IODN / 00000006187

Julius Berger Nigeria Plc AR & FS 2019 | Julius Berger's History

JULIUS BERGER NIGERIA PLC'S HISTORY

1890
Julius Berger incorporated as a construction company in Germany

1965
First contract awarded in Nigeria (Eko Bridge, Lagos)

1970
Incorporation of Julius Berger Nigeria Ltd.

1991
Listed on the Nigerian Stock Exchange as a Plc

2001
Commissioning of the new Headquarters in Abuja

2008
African Business Magazine listed Julius Berger Nigeria Plc among top 50 companies in West Africa

2010
Certification ISO 9001:2008

2018
Successful transition from ISO 9001:2008 to ISO 9001:2015

2020
Julius Berger Nigeria Plc celebrates 50 years as a corporate entity

Julius Berger Nigeria Plc AR & FS 2019 | Board of Directors

BOARD OF DIRECTORS

Mr. Karsten Hensel

Mr. Ernest C. Ebi, MFR, FCIB
Independent Director

Engr. Dr. Lars Richter
Managing Director

Mrs. Gladys O. Talabi

Mr. Tobias Meletschus
Director Corporate Development

Engr. Goni Musa Sheikh

Mr. Mutiu Sunmonu, CON
Chairman

Engr. Jafaru Damulak

Mr. George Marks
Vice-Chairman

Mrs. Belinda A. Disu, CAL

Mr. Martin Brack
Financial Director

Alhaji Zubairu I. Bayi
Director Administration

Dr. Ernest N Azudialu-Obiejesi

Julius Berger Nigeria Plc AR & FS 2019 | Directors' Profiles

DIRECTORS' PROFILES

Mr. Mutiu Sunmonu, CON, 64
Chairman

BSc (First Class Honours Mathematics & Computer Sciences)
- Appointed Chairman with effect from April 1, 2016
- Appointed Director with effect from January 1, 2015

Chairman of the Boards of Directors of Julius Berger Investments Ltd., Petralon Energy Ltd. and Imperial Homes Mortgage Ltd. | Director of Unilever Nigeria Plc., Air Peace Limited, Alpha Mead Group and Wapic Insurance Plc

Mr. George Marks (German), 61
Vice-Chairman

BBA, DSc (HC)
- Appointed Vice-Chairman with effect from December 6, 2018
- Appointed Director with effect from January 1, 2013

Member of the Association of National Accountants of Nigeria
Director of Centenary City Plc

Engr. Dr. Lars Richter (German), 44
Managing Director

Doktor-Ingenieur (Doctorate Civil Engineering)
- Appointed Director and Managing Director with effect from October 16, 2018
- Joined the Company on June 1, 2002

Member of the Council for the Regulation of Engineering in Nigeria (COREN)

Mrs. Belinda Ajoke Disu, CAL, 33
Non-Executive Director

BA (International Relations), MSc (Leadership), MNIM, MIOD
- Appointed Director with effect from June 30, 2017

Member of the Institute of Directors
Executive Vice Chairman of Globacom Ltd. | Chief Executive Officer of Cobblestone Properties & Estates Ltd. | Director of Abumet Nigeria Ltd. and Mike Adenuga Center

Dr. Ernest Nnaemeka Azudialu-Obiejesi, 59
Non-Executive Director

BSc, MBA, DBA (HC), FNSE
- Appointed Director on March 22, 2012

Fellow of the Nigerian Society of Engineers
Chairman of the Boards of Directors of Obijackson Group of Companies, Neconde Energy Ltd., Nestoil Ltd., WaterTown Energy Ltd., IMPaC Oil & Gas Engineering Ltd., B&Q Dredging Ltd., Energy Works Technology Ltd., Hammakopp Consortium Ltd., and others

Mrs. Gladys Olubusola Talabi, 63
Non-Executive Director

LLB, BL, LLM
- Appointed Director with effect from June 30, 2017

Director of Globacom Ltd.

Mr. Martin Brack (German), 56
Financial Director
Diplom-Volkswirt (MSc in Macroeconomics)
- Appointed Director and Financial Director with effect from December 16, 2017
- Joined the Company on January 18, 2000

Member of the Association of National Accountants of Nigeria
Chairman of the Board of Directors of Julius Berger Medical Services Ltd. | Director of Julius Berger Services Nigeria Ltd., and Julius Berger FZE

Alhaji Zubairu Ibrahim Bayi, 61
Director Administration

BSc (Buildings), FNIOB
- Appointed Director and Director Administration with effect from January 1, 2013
- Joined the Company on February 2, 1984

Fellow of the Nigerian Institute of Buliding
Director of Julius Berger Services Nigeria Ltd.

Mr. Tobias Meletschus (German), 40
Director Corporate Development

Diplom Wirtschaftsjurist (Graduate Business Law), LLM (Com)
- Appointed Director and Director Corporate Development with effect from October 16, 2018
- Joined the Company on August 9, 2012

Associate of the Institute of Directors
Director of Julius Berger Investments Ltd. and Abumet Nigeria Ltd.

Engr. Jafaru Damulak, 56
Non-Executive Director

B. Eng (Civil Engineering)
- Appointed Director on October 12, 2007

Member of the Nigerian Society of Engineers and the Council for the Regulation of Engineering in Nigeria (COREN)
Chairman of the Board of Directors of PrimeTech Design and Engineering Nigeria Ltd. and Julius Berger FZE | Managing Director of Elm Properties and Estate Development Company Ltd. | Director of NETCOM Africa Ltd. | Board Member, Duport Midstream Company Ltd.

Engr. Goni Musa Sheikh, 63
Non-Executive Director

BSc (Minerals Engineering), MSc (Minerals Processing and Design)
- Appointed Director with effect from July 1, 2019

Fellow of the Nigerian Society of Mining Engineers, Member of the Nigerian Society of Engineers, the Council of Registered Engineers of Nigeria (COREN), Council of Mining Engineers and Geoscientists and Nigerian Mining and Geosciences Society, Associate of the Camborne School of Mines
Executive Vice Chairman, Oriental Energy Resources Ltd. | Directors of Oriental Energy Resources and Ezikel Refinery Ltd.

Mr. Ernest Chukwudi Ebi, MFR, FCIB, 69
Independent Non-Executive Director

BBA (Marketing), MBA, FCIB, FIOD
- Appointed Director and Independent Non-Executive Director with effect from December 7, 2019

Fellow of the Chartered Institute of Bankers of Nigeria and Member of the Institute of Directors
Chairman of the Boards of Fidelity Bank Plc, Agrited Nigeria Limited, AIICO Pension Managers Ltd., Beloxxi Industries Ltd. and Julius Berger Services Nigeria Ltd. | Director of Dangote Cement Plc, Travelex Nigeria Ltd., Coronation Capital Ltd. and Coronation Asset Management Ltd.

Mr. Karsten Hensel (German), 62
Non-Executive Director

Diplom-Ingenieur (Masters in Architechture)
- Appointed Director with effect from December 7, 2019

Chief Executive Officer of Julius Berger International GmbH | Director of Julius Berger Investments Ltd.

Note: Directors' ages stated as at March 11, 2020

AFP is the state of the art furniture production facility of Julius Berger Nigeria Plc. AFP offers exceptionally high quality products, ranging from corporate and hospitality furniture solutions, including furniture for private and commercial projects.

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REPORTS TO SHAREHOLDERS

for the year ended December 31, 2019

Julius Berger Nigeria Plc AR & FS 2019 | Directors' Report

DIRECTORS' REPORT

The Directors are pleased to present to the members of Julius Berger Nigeria Plc at the 50th AGM, in a year that the Company celebrates its golden jubilee, their report on the business of the Group for the year ended December 31, 2019.

1. Legal form

The Company was incorporated in Nigeria under the Companies Act 1968, now CAMA, as a private limited liability company on February 18, 1970. The Company subsequently converted to a public limited liability company and its shares became listed on the Nigerian Stock Exchange (NSE) on September 20, 1991.

2. Principal activities

The principal activities of the Company are the business of planning and construction of all kinds of civil engineering works. The Company has seven subsidiaries and they are stated below in alphabetical order, together with their principal activities:

Subsidiary	Principal activities and business	Date of incorporation	Percentage holding
Abumet Nigeria Ltd.	Manufacturers and dealers in aluminium, steel, iron or other structural products of such nature	June 15, 1990	90.0 %
Julius Berger Free Zone Enterprise	Planning and construction of all kinds and aspects of civil engineering works and related activities as well as maintenance of buildings and facilities in free trade zones	March 24, 2015	100.0 %
Julius Berger International GmbH	Providers of logistical and technical support on an international level	June 24, 2008	100.0 %
Julius Berger Investments Ltd.	Investment company and managers	June 1, 2012	100.0 %
Julius Berger Medical Services Ltd.	Health care providers for the operation of medical service institutions and all form of medical and health care services	August 22, 2011	100.0 %
Julius Berger Services Nigeria Ltd.	Providers of port services, stevedores, cargo superintendents, port management, warehousemen, agents and proprietors of warehouses	August 30, 2006	100.0 %
PrimeTech Design and Engineering Nigeria Ltd.	Engineers, planning, design, development and maintenance of engineering works and products of all description	August 22, 2011	100.0 %

The financial results of all the subsidiaries have been consolidated in these Financial Statements.

Group results	2019 ₦ 000	2018 ₦ 000
Revenue	266,430,227	194,617,712
Profit attributable to Group activities	7,558,102	7,000,929
Retained earnings	29,882,143	24,009,914

3. Results for the year

Comparative highlights of the operational results of the Group for the years ended December 31, 2019 and 2018 are as stated in the table above.

4. Review of business development

In the year under review, despite the challenging economic environment, the Group, in the opinion of the Directors, performed satisfactorily and in accordance with planning.

Save as herein disclosed, no other events have occurred since the year ended December 31, 2019, which would affect the Consolidated Financial Statements.

5. Dividends and scrip

5.1 Dividend

The Directors are pleased to recommend to the members at the 50th Annual General Meeting, a final dividend for the year ended December 31, 2019, in the sum of ₦2.64 billion representing ₦2.00 per 50 Kobo share, held in the equity of the Company which dividend shall be subject to withholding tax at the appropriate rate at the time of payment.

5.2 Scrip

The Directors are pleased to recommend to members, in addition to the declaration of dividend, the capitalisation of the sum of ₦132,000,000 (one hundred and thirty-two million Naira) from the retained earnings to be distributed as fully paid-up ordinary shares to existing shareholders, whose names appear in the Register of Members as at the close of business on May 29, 2020 in the proportion of one new ordinary share for every five existing ordinary share held by them.

5.3 Unclaimed dividends

The list of shareholders with unclaimed dividends have been compiled and can be accessed from the Investors' Relations page of the Company's website, www.julius-berger.com. Shareholders who find their names on the lists and have claimed their dividend(s) since December 31, 2019, should kindly ignore the said list. However, shareholders who are yet to claim their dividend(s) should contact the Company Secretary or the Registrars, Greenwich Registrars & Data Solutions Ltd.

6. Directors and Directors' interest and shareholding

6.1 Board of Directors in 2019

The Directors who served on the Board of the Company for the year ended December 31, 2019, were as follows:

- Mr. Mutiu Sunmonu, CON
- Mr. George Marks (German)
- Engr. Heinz Stockhausen (German)
- HRH Igwe Peter Nwokike Anugwu, JP, OFR
- Engr. Jafaru Damulak
- Dr. Ernest Nnaemeka Azudialu-Obiejesi
- Mrs. Belinda Ajoke Disu, CAL
- Mrs. Gladys Olubusola Talabi
- Engr. Dr. Lars Richter (German)
- Alhaji Zubairu Ibrahim Bayi
- Mr. Martin Brack (German)
- Mr. Tobias Meletschus (German)
- Engr. Goni Musa Sheikh
- Mr. Ernest Chukwudi Ebi, MFR, FCIB
- Mr. Karsten Hensel (German)

6.2 Changes to the Board

During the period under review, the following changes occurred on the Board:

6.2.1 Director for election

Engr. Heinz Stockhausen and HRH Igwe Peter Nwokike Anugwu, JP, OFR resigned their appointments as Non-Executive Directors on December 6, 2019. Engr. Goni Musa Sheikh was appointed a Director of the Company with effect from July 1, 2019. Mr. Ernest Chukwudi Ebi MFR, FCIB was appointed Non-Executive Director and Independent Non-Executive Director with effect from December 7, 2019. Mr. Karsten Hensel was appointed a Director of the Company with effect from December 7, 2019. In accordance with S249 of the CAMA members would be requested to approve the appointments of Engr. Goni Musa Sheikh, Mr. Ernest Chukwudi Ebi MFR, FCIB and Mr. Karsten Hensel.

6.2.2 Directors for re-election

Mr. Mutiu Sunmonu, CON, Mrs. Belinda Ajoke Disu, CAL and Mrs. Gladys Olubusola Talabi are the Directors retiring by rotation, in accordance with the provisions of S259 of CAMA and the Articles of Association. Mr. Mutiu Sunmonu, CON, Mrs. Belinda Ajoke Disu, CAL and Mrs. Gladys Olubusola Talabi all being eligible, offer themselves for re-election.

6.3 Directors' interest

For the purposes of S 275, 276 and 277 of CAMA and in compliance with the listing requirement of the NSE:

- some Directors gave notices of disclosable direct and/or indirect interests in some contracts and assets of the Group, and
- the Directors' interest in the issued share capital of the Company as recorded in the Register of Members and in the Register of Directors' holdings and contracts as notified by them are as stated in the table on page 24.

Number of Directors' direct and indirect holdings as at	March 11, 2020	December 31, 2019	December 31, 2018
Mr. Mutiu Sunmonu, CON	1,000,000	1,000,000	1,000,000
Mr. George Marks	–	–	–
HRH Igwe Peter Nwokike Anugwu, JP, OFR	88,000	88,000	88,000
Engr. Jafaru Damulak	1,980,849	1,980,849	1,980,849
Engr. Heinz Stockhausen	–	–	–
Dr. Ernest Nnaemeka Azudialu-Obiejesi – Indirect*	170,127,597	170,127,597	165,127,597
Mrs. Belinda Ajoke Disu, CAL – Indirect**	334,862,079	334,862,079	334,862,079
Mrs. Gladys Olubusola Talabi	–	–	–
Engr. Goni Musa Sheikh***	217,800,000	217,800,000	–
Mr. Ernest Chukwudi Ebi, MFR, FCIB	–	–	–
Mr. Karsten Hensel	–	–	–
Alhaji Zubairu Ibrahim Bayi	465,619	465,619	417,119
Mr. Martin Brack	–	–	–
Engr. Dr. Lars Richter	–	–	–
Mr. Tobias Meletschus	–	–	–

*Watertown Energy Ltd., BOJ-ESL NOMINEE (Continental Acquisitions Ltd.), AAD ESL Nominee and Krawcod Properties Limited; ** Goldstones Estates Ltd., Bilton Securities Ltd., BATCO Integrated Syn Concepts; *** NeptuneHill Company Ltd.

7. Share capital and shareholding

The Company did not purchase its own shares during the year.

7.1 Authorised share capital

The authorised share capital of the Company is ₦800 million made up of 1.6 billion ordinary shares of 50 Kobo each.

7.2 Issued and fully paid share capital

The issued and paid-up share capital of the Company currently is ₦660 million made up of 1.32 billion ordinary shares of 50 Kobo each.

The share capital history of the Company is stated on page 141.

Beneficial ownership	Number of ordinary shares held as at March 11, 2020	Percentage holdings as at March 11, 2020	Number of ordinary shares held as at December 31, 2019	Percentage holdings as at December 31, 2019	Percentage holdings as at December 31, 2018
Goldstone Estates Ltd.	262,262,079	19.87 %	262,262,079	19.87 %	19.87 %
Neptune Hill Company Ltd.	217,800,000	16.50 %	217,800,000	16.50 %	N/A
Watertown Energy Ltd.	132,000,000	10.00 %	132,000,000	10.00 %	10.00 %
Ibile Holdings Ltd.	72,600,000	5.50 %	72,600,000	5.50 %	5.50 %
Benue Investment and Property Company Ltd.	66,304,775	5.02%	66,304,775	5.02%	5.02 %
Other shareholders including Govern-ments	569,033,146	43.11 %	569,033,146	43.11 %	59.61%
Total	1,320,000,000	100.0 %	1,320,000,000	100.0 %	100.0 %

7.3 Beneficial ownership

The issued and fully paid-up share capital of the Company, as at December 31, 2019, and March 11, 2020, when the Consolidated Financial Statements were approved, were beneficially held as stated in the table above.

Apart from the shareholders presented in the table above, no other person(s) holds more than 5% and above of the issued and fully paid up shares of the Company.

7.4 Free float

The free float analysis of the issued and paid-up share capital of the Company, as at December 31, 2019, and March 11, 2020, when the Consolidated Financial Statements were approved, is as stated on page 26.

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Free float	Number of ordinary shares held as at March 11, 2020	Percentage holdings as at March 11, 2020	Number of ordinary shares held as at December 31, 2019	Percentage holdings as at December 31, 2019	Percentage holdings as at December 31, 2018
Strategic holding	894,931,063	67.80%	894,931,063	67.80%	64.89 %
Directors' direct shareholding	3,534,468	0.27 %	3,534,468	0.27 %	0.27 %
Staff schemes	–	–	–	–	–
Free float	467,534,469	31.93 %	421,534,469	31.93 %	34.84 %
Total	1,320,000,000	100.0 %	1,320,000,000	100.0 %	100.0 %

7.5 Share range analysis

Share range as at December 31, 2019	Number of shareholders	Percentage of shareholders	Number of units held	Percentage shareholding
1 – 500	2,741	23.67 %	487,627	0.04 %
501 – 1000	1,187	10.25 %	888,229	0.07 %
1,001 – 5,000	3,591	31.01 %	9,214,485	0.70 %
5,001 – 10,000	1,694	14.63 %	12,118,718	0.92 %
10,001 – 25,000	1,219	10.53 %	19,003,462	1.44 %
25,001 – 100,000	869	7.51 %	40,687,529	3.08 %
100,001 – 500,000	210	1.81 %	43,842,427	3.32 %
500,001 – 1,000,000	22	0.19 %	15,643,063	1.18 %
1,000,001 – and above	46	0.40 %	1,178,114,460	89.25 %
Total	11,579	100.0 %	1,320,000,000	100.0 %

Corporate Social Responsibility	₦
Education	2,000,000.00
Health	400,000.00
Youth Sports	530,000.00
Community Development	121,808,103.00
Emergency Response	5,530,000.00
Total	**130,088,103.00**

8. Property, plant and equipment

Significant movements in properties, plants and equipment constituting the PPE of the Group during the year are indicated in Note 16 on pages 104 to 105. In the opinion of the Directors, the market value of the properties, plant and equipment is not less than the value shown in the accounts.

9. Donations and CSR initiatives

During the year 2019, the Company undertook Corporate Social Responsibility (CSR) initiatives shown in the table above, valued at ₦130.1 million (2018: ₦75.6 million) and made donations amounting to ₦15 million (2018: ₦9.9 million) as shown in the table on page 28.

In compliance with S38(2) of CAMA, no donation was made to any political party, political association or for any political purpose.

10. Research and development

Research, development and deployment of leading edge construction and engineering technologies, design and methodologies are key to Julius Berger Nigeria Plc and its subsidiaries. The Group would continue to invest in research and development in order to enhance its design, planning, execution, construction and local engineering capabilities to deliver on client requirements innovatively.

11. Technical service and knowhow agreement

A technical services agreement executed between the Company and Julius Berger International GmbH, is registered with the National Office for Technology / Acquisition and Promotion (NOTAP).

Donations	₦
Obosi Community School	2,680,000
Okwe Secondary School	2,680,000
Bema Homes School for Less Privileged	2,500,000
Nigerian Society of Engineers	2,000,000
Rhema Vocational Centre	1,500,000
Hope Eden School	1,000,000
Walk for Cancer	1,000,000
Christopher Kolade Foundation	500,000
Lagos Grassroots Soccer	500,000
Women in Business	500,000
TIG Gymnastics Club	135,000
Total	**14,995,000**

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12. Suppliers

The significant suppliers to the Company domestically and internationally are:

- African Foundries Limited
- B&Q Dredging Limited
- C. Woermann (Nigeria) Limited
- Dangote Cement Industries Limited
- Dantata & Sawoe Construction Company (Nigeria) Limited
- Julius Berger International GmbH
- Lafarge Africa Plc
- Mantrac Nigeria Limited
- Prudent Energy and Services Limited
- Ringardas Nigeria Limited
- Total Nigeria Limited
- Zeberced Limited

13. Post year end events

Save as disclosed, there were no significant post year end events that could have had a material effect on the Consolidated Financial Statements for the year ended December 31, 2019, which have not been adequately provided for.

14. Human capital management

Employee relations were stable and cordial in the year under review.

14.1 Employment of physically challenged persons

It is the policy of the Group that there should be no unfair discrimination in considering applications for employment including those from physically challenged persons. All employees whether or not physically challenged are given equal opportunities to develop their experience and knowledge and to qualify for promotion in furtherance of their careers. As at December 31, 2019, there were 42 physically challenged persons employed by the Group.

14.2 Health and safety at work and welfare of employees

The nature of Group activities demand that a high priority is placed on the health, safety and welfare of employees as well as all visitors in all aspects of Group operations.

To this end, there is a strict observance of health and safety policies, regulations and structures. Further, medical coverage is provided for all staff and their immediate families, comprising a spouse and four children, in accordance with the welfare schedule agreed with the operating domestic workers unions as well as the provisions of the National Health Insurance Scheme Act CAP N42, Laws of the Federation of Nigeria 2004.

In the Group, there is full compliance with the provisions of the Pensions Reform Act of 2014.

14.3 Involvement and training

The consultative media for the dissemination of information, and involvement in matters concerning the staff and Group affairs, were functional in the period under review.

Training and education are key to the retention of skills and expertise within the Group. The Group is committed to investments in ensuring the required skills set for its business and operation.

15. Statutory Audit Committee

The members of the Statutory Audit Committee, appointed at the AGM held on June 20, 2019, in accordance with S359 (3) of CAMA were:

- Sir Sunday Nnamdi Nwosu, KSS, Chairman
- HRH Igwe Peter Nwokike Anugwu, JP, OFR, Member
- Brig. Gen. Emmanuel Ebije Ikwue, GCON, Member
- Engr. Jafaru Damulak, Member
- Chief Timothy Ayobami Adesiyan, Member
- Dr. Ernest Nnaemeka Azudialu-Obiejesi, Member

HRH Igwe Peter Nwokike Anugwu, JP, OFR, resigned from the Board of the Company and was replaced on the Committee by Mr. Ernest Chukwudi Ebi MFR, FCIB.

The committee met in accordance with the provisions of S359 of CAMA and will present its report.

16. Auditors

The Auditors, Messrs. Nexia Agbo Abel & Co. have indicated their willingness to continue in office. A resolution will be proposed authorising the Directors to determine their remuneration.

17. Compliance with regulatory requirements

The Directors confirm that they have reviewed the structures and activities of the Company in view of the Code of Corporate Governance of the Securities and Exchange Commission and the Nigerian Code of Corporate Governance 2019 (the Codes) as well as the regulations of the NSE and the Securities and Exchange Commission (SEC), the Regulators. The Directors confirm that, to the best of their knowledge and as at the date of this report, the Company has been and is in substantial compliance with the provisions of the Codes and the regulatory requirements of the Regulators.

By order of the Board,

Mrs. Cecilia Ekanem Madueke
Company Secretary
FRC / 2017 / NBA / 00000017540

10 Shettima A. Munguno Crescent
Utako 900 108 | FCT Abuja

March 11, 2020

CORPORATE GOVERNANCE REPORT

The Board and Management of Julius Berger Nigeria Plc have put in place structures, procedures and systems to ensure substantial compliance with CAMA, its Memorandum and Articles of Association, the Codes and the requirements of all Regulators. The Corporate Governance structures, procedures and systems are premised on dynamism.

1. The Board of Directors

As at December 31, 2019, the Board comprised of thirteen members, nine of whom were Non-Executive Directors, one of whom is the Chairman and another the Independent Director, and four Executive Directors. Profiles of the Directors, in particular the Directors standing for election and re-election, are stated on page 23 in this document.

Apart from the legal and regulatory requirements, there are no specific requirements for qualification for board membership. However, the Company strives to ensure the right mix that is necessary to effectively discharge board functions. Directors are appointed to the Board by the shareholders in General Meeting. Upon appointment, new Directors undergo an induction process to acquaint them of their role, responsibilities, duties, power and liabilities as well as to have an overview of the environment in which they would deploy their role, responsibilities, duties, power and liabilities. Directors, at the expense of the Company, are required to undergo relevant continuing education programs to sharpen their knowledge and skills. The Directors are bound by the Code of Business Conducts and Ethics for Directors and Management on page 149, to which they are all signatories.

The Board, by its Charter, reserves to itself certain powers, duties and responsibilities and has delegated authority and responsibility for the day-to-day running of the Company to the Managing Director ably assisted by the Executive Directors.

The following matters are specifically and exclusively reserved for the Board:

- The strategic direction goals, business ethics and corporate behaviour of the Group;
- Capital expenditure, acquisitions and disposals, approval of the Group's investment objectives and strategy;
- The integrity of Group financial information and approval of Group annual and interim results;
- The structure of the Group's system of internal control and enterprise-wide risk management process;
- Material borrowings and any issue of equity securities;
- Information Technology and information dissemination;
- Succession planning, appointment, remuneration, and removal of the Board, Directors and senior Management;
- Dividend Policy;
- The formal and rigorous review annually of its own performance, that of its committees and individual Directors; and
- The Company's corporate governance arrangements and complaince review.

The Board has sole authority for the following:

- Vision and mission
- Policy and planning approvals
- Stewardship and sustainability
- Monitoring
- Accountability
- Compliance review

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Director	Designation	Cumulative number of years on Board *	March 20, 2019	June 19, 2019	September 24, 2019	December 6, 2019	Executive Session July 23, 2019
Mr. Mutiu Sunmonu, CON	Chairman	6 years	▪	▪	▪	▪	▪
Mr. George Marks	Vice Chairman	22 years	▪	▪	▪	▪	▪
HRH Igwe Peter Nwokike Anugwu, JP, OFR **	Independent Director	Retired	▪	▪	▪	▪	▪
Engr. Jafaru Damulak	Director	13 years	▪	▪	▪	▪	▪
Engr. Heinz Stockhausen **	Director	Retired	▪	▪	▪	▪	▪
Dr. Ernest Nnaemeka Azudialu-Obiejesi	Director	9 years	▪	▪	▪	▪	▪
Mrs. Belinda Ajoke Disu, CAL	Director	3 years	▪	▪	▪	▪	–
Mrs. Gladys Olubusola Talabi	Director	3 years	–	▪	–	▪	▪
Engr. Dr. Lars Richter	Managing Director	2 years	▪	▪	▪	▪	▪
Alhaji Zubairu Ibrahim Bayi	Director Administration	8 years	▪	▪	▪	▪	▪
Mr. Martin Brack	Financial Director	3 years	▪	▪	▪	▪	▪
Mr. Tobias Meletschus	Director Corporate Development	2 years	▪	▪	▪	▪	▪
Engr. Goni Musa Sheikh ***	Director	< I year	N/A	N/A	▪	▪	▪
Mr. Ernest Chukwudi Ebi, MFR, FCIB ****	Independent Director	< I year	N/A	N/A	N/A	N/A	N/A
Mr. Karsten Hensel ****	Director	< I year	N/A	N/A	N/A	N/A	N/A

Key: ▪ Present; – Absent with apologies; * Cumulative number of years on Board as at March 11, 2020; ** Resigned from the Board with effect from December 6, 2019; *** Appointed to the Board with effect from July 1, 2019; ****Appointed to the Board with effect from December 7, 2019

In line with global best practice, the roles of the Chairman and Managing Director are separate and clearly defined. The Chairman is responsible for Board leadership whilst the Managing Director is responsible for the day-to-day running of the Company, on behalf of the Board.

The Board and its committees have access to the advice and services of the Company Secretary who provides a point of reference and support for all Directors and, if required, the advice and services of other professionals where such advice will improve the quality of their contribution to Board decision-making. The Board meets formally at least once every quarter as the needs of the Company may determine. There is provision in the Articles of Association for less formal meetings of the Board or its committees by electronic communications as well as decisions of the Board or committees by resolutions in writing and these two methodologies, the Board and its committee used as their needs demanded.

Risk and Assets Management Committee	Designation	March 19, 2019	June 18, 2019	July 23, 2019	September 23, 2019	December 4, 2019
Mr. Mutiu Sunmonu, CON	Chairman	▪	▪	▪	▪	▪
Mr. George Marks	Member	▪	▪	▪	▪	▪
Engr. Dr. Lars Richter	Member	▪	▪	▪	▪	▪
Mrs. Gladys Olubusola Talabi	Member	–	▪	▪	–	▪
Mr. Martin Brack	Member	▪	▪	▪	▪	▪
Engr. Goni Musa Sheikh *	Member	N/A	N/A	N/A	N/A	▪

Key: ▪ Present; — Absent with apologies; * Appointed to the Board with effect from July 1, 2019

Board Audit Committee	Designation	January 30, 2019	April 25, 2019	July 25, 2019	September 11, 2019	October 29, 2019
HRH Igwe Peter Nwokike Anugwu, JP, OFR *	Chairman	▪	▪	▪	▪	▪
Engr. Jafaru Damulak	Member	▪	▪	▪	▪	▪
Mrs. Belinda Ajoke Disu, CAL	Member	▪	▪	–	▪	▪
Mr. Ernest Chukwudi Ebi **	Member	N/A	N/A	N/A	N/A	N/A

Key: ▪ Present; — Absent with apologies; * Resigned from the Board with effect from December 6, 2019; ** Appointed to the Board with effect from December 7, 2019

The Board met formally four times in the financial year 2019. In addition, the Board held an Executive Session on July 23, 2019. Attendance by the Directors at meetings and sessions are as stated on page 32.

The Board has in place a system to evaluate its performance and that of its Committee. By the evaluation of the Board and its Committees for the Financial Year ending December 31, 2019, the governance bodies performed well. Julius Berger is rated under the Corporate Governance Rating System ("CGRS") of the NSE conducted in conjunction with the Centre for Business Integrity ("CBI").

Julius Berger is rated under the Corporate Governance Rating System (CGRS) of the NSE conducted in conjunction with the Centre for Business Integrity (CBI).

2 Committees

2.1 Board Committees

In discharging its oversight responsibilities, the Board makes use of various committees, standing and ad-hoc. Each committee has an indepth focus on a particular area of the Board's responsibility and provides informed feedback and advice to the Board. The activities of each of the Board committees relate to the affairs of the Group and are guided by the various objectives and Charters of the committees. Members of Management are invited to

Remuneration Committee	Designation	February 19, 2019	February 21, 2019	March 19, 2019	June 18, 2019	September 23, 2019	December 3, 2019
Engr. Heinz Stockhausen *	Chairman	▪	▪	▪	N/A	N/A	N/A
Engr. Jafaru Damulak	Member	▪	▪	▪	▪	▪	▪
Mr. George Marks **	Chairman	N/A	N/A	N/A	▪	▪	▪
Mrs. Belinda Ajoke Disu, CAL	Member	N/A	N/A	N/A	▪	▪	▪
Dr. Ernest Nnaemeka Azudialu-Obiejesi	Member	N/A	N/A	N/A	▪	▪	▪

Key: ▪ Present; * Chairman of committee till March 20, 2019; ** Chairman of committee from March 20, 2019

Nominations and Governance Committee	Designation	March 19, 2019	June 18, 2019	September 23, 2019	November 4, 2019	December 3, 2019
Mrs. Gladys Olubusola Talabi	Chairman	–	▪	–	▪	▪
Mr. George Marks	Member	▪	▪	▪	▪	▪
Dr. Ernest Nnaemeka Azudialu-Obiejesi	Member	▪	▪	▪	▪	▪

Key: ▪ Present; — Absent with apologies

attend committee meetings, to brief the committees on agenda items related to their areas of responsibilities from time to time.

All the committees report directly to the Board regarding committee activities, issues and related recommendations and decisions, while the Statutory Audit Committee is further required to issue a report to the shareholders in the terms specified by CAMA. The Board has the sole responsibility for determining the responsibility, membership and chair of the committees it established.

The following standing committees, which are tailored to the Company's businesses, have been established:

2.1.1 Risk and Assets Management Committee

This committee is responsible for

- Assisting the Board in its oversight of:
  - Risk and the risk management framework
  - The assets of the Group and its uses
  - The financial obligation of the Group and its uses
- Evaluation and approval of third party arrangements
- Approval of projects and the underlying proposals

Statutory Audit Committee	Designation	March 19, 2019	July 24, 2019	September 24, 2019	December 3, 2019
Sir Sunday Nnamdi Nwosu - Chairman of the Committee on July 24, 2019	Chairman / Member	▪	▪	▪	▪
Brig. Gen. Emmanuel Ebije Ikwue, GCON - Chairman of the Committee until July 24, 2019	Chairman / Member	▪	▪	–	▪
Chief Timothy Ayobami Adesiyan	Member	▪	▪	▪	▪
HRH Igwe Peter Nwokike Anugwu, JP, OFR *	Member	▪	▪	▪	▪
Dr. Ernest Nnaemeka Azudialu-Obiejesi	Member	▪	–	▪	▪
Engr. Jafaru Damulak	Member	▪	▪	▪	▪
Mr. Ernest Chukwudi Ebi, MFR, FCIB **	Member	N/A	N/A	N/A	N/A

Key: ▪ Present; – Absent with apologies; * Resigned from the Board with effect from December 6, 2019; ** Appointed to the Board with effect from December 7, 2019

The Risk and Assets Management committee met formally five times in the financial year ended December 31, 2019. The membership of the committee and the attendance by members at meetings are as stated on page 33.

2.1.2 Board Audit Committee

This committee is responsible for:

- The review and integrity of the Consolidated Financial Statements, including the annual, half-year and quarterly reports and Group results
- The review and implementation of the Company's internal control and financial control systems and approved policies
- Ensuring that the internal audit function of the Company is established and objective
- The review of the whistle blowing structures and policies of the Company
- The review and approval of the Company's CSR obligations
- Consideration of related party transactions
- The oversight of related party disclosures

This committee met formally five times in the financial year ended December 31, 2019. The membership of the committee and the attendance by members at meetings were as stated on page 33.

2.1.3 Remuneration Committee

This committee, comprised only of Non-Executive Directors, is responsible for:

- Development of strategies, framework and policies for remuneration to ensure that Group objectives are met
- Top level establishment issues particularly on compensation and matters relating to the boards in the Group ensuring the alignment of Human Resources policies with the remuneration structures and strategies set by the Board

This committee met formally six times in the financial year ended December 31, 2019. The membership of the committee and the attendance by members at meetings are as stated on page 34.

2.1.4 Nominations and Governance Committee

This committee, comprised only of Non-Executive Directors, is responsible for:

- The effectiveness, evaluation and adequacy of the corporate governance framework, policies and structures as well as the strategic development and entrenchment thereof the Group
- Top level leadership and establishment issues particularly on selection, appraisal and corporate succession planning, matters relating to board(s) nominations and appointments, composition, performance and appraisal
- Monitoring and keeping under review the effectiveness of the compliance function and framework in ensuring adherence to applicable laws and regulations

This committee met formally five times in the financial year ended December 31, 2019. The membership of the committee and the attendance by members at meetings are as stated on page 34.

Attendance of Directors at AGM	June 20, 2019
Mr. Mutiu Sunmonu, CON	▪
Mr. George Marks	▪
HRH Igwe Peter Nwokike Anugwu, JP, OFR *	▪
Engr. Jafaru Damulak	▪
Engr. Heinz Stockhausen *	▪
Dr. Ernest Nnaemeka Azudialu-Obiejesi	▪
Mrs. Belinda Ajoke Disu, CAL	▪
Mrs. Gladys Olubusola Talabi	▪
Engr. Dr. Lars Richter	▪
Alhaji Zubairu Ibrahim Bayi	▪
Mr. Martin Brack	▪
Mr. Tobias Meletschus	▪
Engr. Goni Musa Sheikh **	N/A
Mr. Ernest Chukwudi Ebi, MFR, FCIB ***	N/A
Mr. Karsten Hensel ***	N/A

Key: ▪ Present; * Resigned from the Board with effect from December 6, 2019; ** Appointed to the Board with effect from July 1, 2019; *** Appointed to the Board with effect from December 7, 2019

2.2 Statutory Audit Committee

This committee is a statutory creation, established in strict compliance with S359 (3) of CAMA and whose role has been expanded by the expectations of the Codes. The committee's composition, membership and responsibilities are as determined by S359 of CAMA.

Membership of the committee is comprised of three shareholders and three Directors who were appointed for the financial year 2019 at the AGM held on June 20, 2019.

This committee met four times in the financial year ended December 31, 2019. The membership of the committee and the attendance by members in the financial year ended December 31, 2019, are as stated on page 35.

The chairman of this committee is always a shareholder.

3. The shareholders

The Board of Directors is accountable to shareholders for its performance and that of the Company.

Shareholders have the opportunity at members General Meetings, duly convened according to the requirements of the CAMA, and other informal fora, to review the activities of both the Company and the Directors and express their opinion thereon.

In the financial year 2019, the members met in Annual General Meeting on June 20, 2019. At the close of the Meeting, there were 248 (two hundred and forty-eight) shareholders, 189 (one hundred and eighty-nine) proxies and 79 (seventy-nine) observers, representatives of regulators and members of the press. Attendance by the Directors is as stated on page 36.

4. The Management

Management is responsible for the day-to-day management of the Group and is accountable to the Board for its performance and implementation of strategy and policies.

Management consists of four Executive Directors, Chief Executive Officers of Subsidiaries, as well as the Heads of Regions and Departments. Management executes its responsibilities within the limits set for it by the Board, which periodically reviews its performance.

Julius Berger Nigeria Plc AR & FS 2019 | Corporate Governance Report

5. Subsidiary governance

Through the establishment of systems and processes, all companies in the Group reflect the same values, ethics, controls and processes while remaining independent in the conduct of business and compliance with extant regulations.

6. Specific disclosure requirements of the Regulators

6.1 Insider trading and price sensitive information

In relation to dealings in the shares of the Company, Julius Berger Nigeria Plc has a Securities Trading Policy approved by the Board on March 18, 2015, which guides securities transactions by its employees and Directors and their connected persons as well as those in possession of market sensitive information on terms no less exacting than the required standards set out in the Rules of the NSE. The Policy undergoes periodic review by the Board and is updated accordingly. The Company has made specific inquiries of all its Directors and other insiders and is not aware of any infringement of the Policy in the year 2019.

6.2 Complaints management framework

In compliance with the rules and regulations of the SEC and NSE, Julius Berger Nigeria Plc, has in place a Complaints Management Policy approved by the Board on September 29, 2015, which establishes procedures for the complaints management process in the Group.

Both documents are published on and can be downloaded from the website of the Company at www.julius-berger.com.

Julius Berger Nigeria Plc AR & FS 2019 | Sustainability Report

SUSTAINABILITY REPORT

1. Preface

Sustainability is a central component of Julius Berger Nigeria Plc's business principles and operational culture. The Company's value system is built on the belief that it's duty is to act as a socially responsible organisation by providing lasting engineering and construction solutions in a manner that ensures the wider interests of employees, customers, suppliers, communities and the natural environment are taken into account, while simultaneously considering the success and growth of the business. Accordingly, the sustainable impacts of business activities are continually assessed to proactively promote transparent and ethical behaviour consistent with sustainable development, through strategy, structures, policy directions and accountability – with a holistic focus across all levels of the Company's value chain.

In support of sustainability commitments, the Company has pledged alignment with the ten universal principles of the United Nations Global Compact. The sustainability approach of the Company further encompasses the economic, environmental, social and governance principles principally espoused by the Nigerian Stock Exchange.

2. Governance

Julius Berger Nigeria Plc recognises that effective corporate governance is an important driver of stakeholder value. Therefore, the businesses of the Company and its subsidiaries ("Group") are based on governance structures, increasingly open procedures and practices that ensure ethical conduct and practices, transparent and timely disclosure, as well as compliance with relevant laws and regulatory bodies.

The Group holds itself accountable for being honest, fair and respectful in all aspects of its business, and operates in a zero tolerance atmosphere for any actions that could be perceived as contrary to these standards. Advocacy positions are consistent with governance guidelines and the Group's businesses are members to various trade and industry associations. The Statement of Business Principles provides direction to employees in the execution of their day-to-day activities. The Statement is intended to serve as an important guideline and assist in adherence to uncompromising standards of business ethics and integrity at all levels and across value chains. The Company continues to take initiative to promote and educate key personnel on all aspects of the Corporate Governance Policy according to the following Governance Policies which are in place:

- Statement of Business Principles
- Corporate Compliance Programme
- Code of Conduct
- Code for Business Conduct and Ethics for Directors and Management
- Code of Conduct for Subcontractors and Suppliers
- Third Party Guidelines
- Securities Trading Policy
- Complaints Management Policy
- Whistle Blowing Policy
- Gift Policy

3. Economic

Julius Berger and its subsidiaries provide lasting quality products and services that promote safe and contribute to sustainability throughout their life cycle, taking into account the general wellbeing of clients and that of society. The Group implements and maintains a Quality Management System, the scope of which for Julius Berger Nigeria Plc covers conception, integrated design and engineering, procurement and construction of civil, building, infrastructure and industry projects, facility service and maintenance and provision of technical and administrative services associated with the project-realisation.

The Quality Management system is certified to comply with ISO 9001:2008. The criteria for certification considers several quality management principles, including a strong customer focus, as well as the process approach and continual improvement of the organisation – to ensure that customers consistently benefit from good quality services.

The Company carries out research and technology transfer by commissioning research and engaging in opportunities to share knowhow on technical innovations in the field of engineering and construction across professional and educational platforms, for implementation of advanced construction-related methodologies, procedures and solutions. Such innovations have positive impact on project sites and support the progress of best practice standards in the Nigerian building and construction sector as a whole. The Company carries out responsible procurement practices and encourages subcontractors and suppliers to fulfil the highest standards and to bring state-of-the-art technology into their trade.

4. Social

Julius Berger promotes the wellbeing of all employees. The Company's goal is to enhance the skills of staff via training programs that contribute to capacity building and professional development, thereby reinforcing the specialised know-how needed to deliver high quality workmanship and superior performance. These actions support to sustain long-term employment of Company staff and lead to higher employability rates for Nigeria's workforce.

It is the policy of Julius Berger that there should be no discrimination in considering applications for employment. All employees are given equal opportunities to develop their experience and knowledge, and to qualify for promotion in furtherance of their careers. Julius Berger does not engage in any form of illegal employment or undeclared employment. Compliance with all statutory requirements and provisions has top priority in the Company's employment relationships with staff. This applies particularly to compliance with the standards set under labour law and to Company's obligations in respect of social insurance agencies and pension benefit institutions.

The Company encourages Freedom of Association amongst employees with terms and conditions of service prescribed and recognised by the Nigeria Labour Law on the platform of the National Joint Industrial Council (NJIC), the Federation of Construction Industry (FOCI) and the Construction & Civil Engineering Senior Staff Association (CCESSA) on one hand and the National Union of Civil Engineering, Construction, Furniture & Wood Workers (NUCECFWW) on the other hand.

Julius Berger Nigeria Plc recognises the role of host communities. The Company works to forge and foster good relations to promote social and economic inclusivity by supporting community-based initiatives, local business and the local workforce, to the extent possible, thereby ensuring that the immediate environments in which the Company and its subsidiaries operate are positively impacted and elevated by business activities.

Philanthropy and Social Welfare have permanently been part of the Company's ethos. Investments are made to support and implement programs that foster healthy environments for human development, as a means to improve accessibility and positively influence social wellbeing. Pillars of focus include education and literacy improvement, promotion of youth sports, assistance in response to emergency situations to protect the public, and in the area of healthcare, malaria prevention as well as HIV/AIDS awareness and prevention. As such Julius Berger Nigeria Plc is a proud and founding member of NIBUCCA, the Nigerian Business Coalition Against AIDS.

5. Environment

Julius Berger's goal is to operate and grow responsibly with an eye towards minimising the impact of operations on the environment while promoting environmental stewardship and protection. The Company is fully compliant with the Environmental Laws of Nigeria and conducts Environmental Impact Assessments, Environmental Audits and regular Environmental Compliance monitoring for all its facilities. The Company implements health, safety and environmental (HSE) policies and procedures predicated against the principles of OSHAS 18001 and ISO 14001 and benchmarked against national and global standards, encouraging continual improvement of HSE performance.

Each project develops its own Environment Management Plan in accordance with the Nigerian Federal and State Environmental laws and regulations, Julius Berger Environmental policy and the Client's environmental requirements. During the Environmental Impact Assessments (EIA) process there is consultation with the local community as the Company actively seeks to ensure that disruption to the local communities is minimised so far as is reasonably practicable. Environmental compliance is also monitored within the Company's Monthly HSE Report and as part of the Quarterly HSE Audit. Operations are planned in such a way to minimise waste. The Project Environmental and Waste Management Plan is based upon the Waste Management Principles of reduce, recycle and reuse.

The Company's fleet modernisation provides a disciplined process to deliver operational and technical modifications to its fleet in the most operationally and cost-efficient way. The Company's fleet generation takes into account, reduction of fuel consumption, exhaust emission and low-cost effective maintenance.

HEALTH, SAFETY & ENVIRONMENT REPORT

Julius Berger Nigeria Plc firmly believes that effective HSE management procedures are a prerequisite to our operational success.

Julius Berger Nigeria Plc therefore has in place a robust Health, Safety and Environmental Management System, inclusive of monitoring, auditing and review procedures, to proactively reduce risks across all work sites and facilities and ensure that high standards of HSE are implemented and maintained. Additionally, the Company invests heavily in HSE training for staff at all levels within the organisation, to increase HSE awareness and provide the required knowledge and skills to empower safe and productive workplaces.

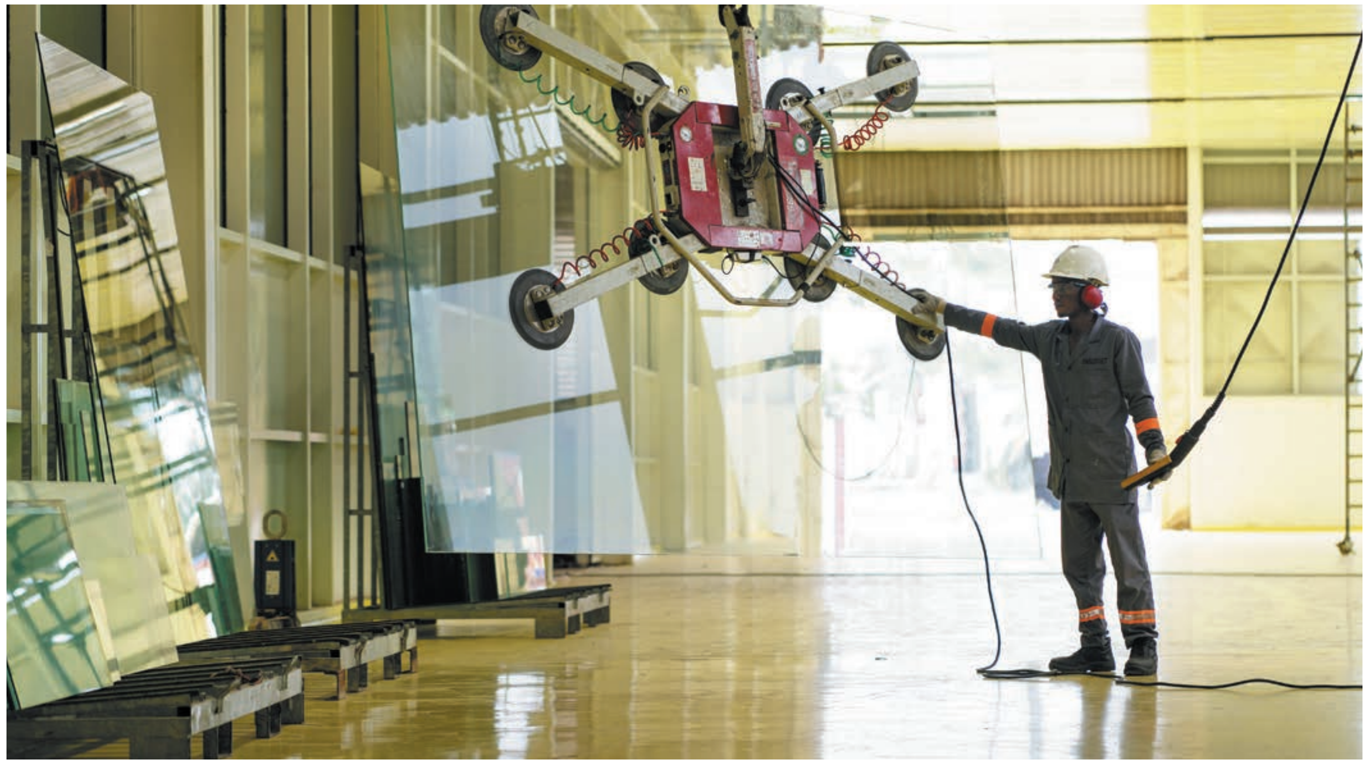
In 2019 alone over 3,900 persons were trained on a wide range of HSE issues including safe tipping, hazard recognition and road works safety. This training is supplemented by targeted educational campaigns to minimise potential hazards where a specialised expertise is required and further supported by site inspections, audits and regular safety meetings to ensure a clear understanding of, and compliance with, HSE guidelines.

In the year under review, the Company had its best ever HSE performance, record levels, with a Lost Time Frequency Rate of 0.23, less than 1 Lost Time Injury for every four million man-hours worked. This impressive achievement underpins

the effectiveness of our operations, an indicator of world class HSE performance.

The commitment to an embedded safety culture continues to be fundamental to Julius Berger Nigeria Plc's business principles. As a company, we want to further improve our HSE culture and continue to invest and provide the resources that are needed for continuous improvement on HSE performance, enabling us to continue to work in a manner that protects all who may be affected by our operations.

RISK MANAGEMENT REPORT



Julius Berger Nigeria Plc and its subsidiaries' risk management framework provides for proactive identification, documentation, assessment and control of risk. Analysis and monitoring mechanisms support decision making to minimise negative impact of risk exposure. Risks posing the greatest potential for harm, both in terms of likelihood and consequence, are identified as:

Market risk

The economic environment and performance of the financial market in Nigeria have a direct impact on the business of Julius Berger Nigeria Plc and its subsidiaries operating in Nigeria. As such, the Group counterbalances market risks such as credit and liquidity risk, interest rate risk and currency risk, which have had adverse negative effects as has been seen with exchange rate shifts in Nigeria, through planning and monitoring instruments, including a high degree of diversification and a medium-low risk predictive portfolio profile.

Operational risk

The construction sector is inherently complex and vigorous in nature, involving multiple processes, various stakeholders and projects lifecycles spanning years in length, leading to a high degree of operational risks. Such risks include the

"Julius Berger Nigeria Plc and its subsidiaries' risk management framework includes analysis and monitoring mechanisms, supporting decision making to minimise risk exposure"

selection of projects, based on technical capability and the capacity of the Group, the establishment contractual conditions as well as payment planning and security parameters. Procurement of materials and machinery, logistics and human resources as well as environmental factors must also be assessed. The Group manages this risk through a comprehensive and multifaceted project-controlling framework. Additionally, throughout the life of the project, contracts are continuously subject to commercial, technical and legal review as a means of regulation.

Compliance risk

Julius Berger Nigeria Plc and its subsidiaries maintain a high level of awareness to mitigate and manage compliance risk. All business activities abide by Nigerian laws and regulations, including industry-specific ordinances and codes of conduct. The Group manages this risk through a high organisational standard of practice. An integrated compliance system provides structures and policies to ensure effective governance; monitoring mechanisms ensure timely identification of non-compliant events and thorough investigation. This includes Complaint Management and Whistle Blowing Policies, which provide opportunity for all employees and business partners to raise genuine concerns, in good faith, without fear of reprisal.

Information technology risk

Julius Berger Nigeria Plc and its subsidiaries have adopted processes to meet the fundamental objective of ensuring the security, confidentiality, integrity and availability of its information assets. Given the fast paced nature of technology and therefore, the possibility for new threats and vulnerabilities to emerge daily, comprehensive monitoring controls are continuously evaluated and updated as required. In order to prevent unauthorised access or data loss and to guarantee the permanent availability of the Group's systems, resources are allocated to technical installations that protect the Group's information technology. Hardware and software products in use are largely standardised and procured from leading manufacturers. Applicable security guidelines are regularly adapted to the latest technical developments.

Reputational risk

The reputation of Julius Berger Nigeria Plc and its subsidiaries is a tremendous asset, which has potential to be damaged by a vast number of internal and external factors, including accidents on project sites, damage to the environment, actual or alleged deficits and errors in the Group's performance, as well as compliance violations. To counteract reputational risks within the control of daily operations, the company prioritises the strict adherence to Health, Safety, Environment and Quality Management Policies and Procedures, across all activities, products and services. Furthermore, the Company follows best practice standards in regards to communication and cooperation with clients and host communities.

Abumet Nigeria Ltd. is a leading solutions provider for the planning, processing and installation of aluminium and glass products, from single standard windows to sophisticated facades and large-scale design masterpieces.

ABUMET

FINANCIAL INFORMATION

for the year ended December 31, 2019

STATEMENT OF DIRECTORS' RESPONSIBILITY

By the provisions of S334 and S335 of CAMA, the Directors are responsible for preparation of the Consolidated Financial Statements, which give a true and fair view of the state of affairs of the Group, and of the profit or loss at the end of each financial year. The Directors are required by the provisions of the Codes to issue this statement in connection with the preparation of the Consolidated Financial Statements for the year ended December 31, 2019.

In compliance with the provisions of CAMA, the Directors must ensure that:

- Proper accounting records are maintained.
- Applicable accounting standards are followed.
- Suitable accounting policies are adopted and consistently applied.
- Judgement and estimates made are reasonable and prudent.
- The going concern basis is used, unless it is inappropriate to presume that the Group will continue in business.
- Internal control procedures are instituted, which as far as is reasonably possible, are adequate, safeguard the assets and prevent and detect fraud and other irregularities.

The Directors accept responsibility for the preparation of these Consolidated Financial Statements, which have been prepared in compliance with:

- the provisions of CAMA;
- the provisions of the Financial Reporting Council of Nigeria (FRCN), Act No. 6 of 2011;
- the published accounting and financial reporting standard issued by the FRCN;
- the regulations of the SEC and
- the regulations and listing requirements of the NSE.

The Directors have made an assessment of the Group's ability to continue as a going concern based on the supporting assumptions stated in the Consolidated Financial Statements and have every reason to hold that the Group will remain a going concern in the financial year ahead.

Signed on behalf of the Board of Directors by,

Mr. Mutiu Sunmonu, CON
Chairman
FRC / 2014 / IODN / 00000006187

Engr. Dr. Lars Richter
Managing Director
FRC/2019/COREN/00000019602

March 11, 2020

CERTIFICATION OF FINANCIAL STATEMENTS

Pursuant to S7 (2) of the FRCN Act, 2011, we have reviewed the Annual Reports and Consolidated Financial Statements of Julius Berger Nigeria Plc and its subsidiaries for the year ended December 31, 2019.

Based on our knowledge, the Consolidated 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 Code of Ethics and Statement of Business Practices formulated by the Board has been implemented as part of the corporate governance practices of the Group throughout the period of intended reliance, and the Directors and Key Executives of the Group had acted honestly, in good faith and in the best interests of the whole Group.

The Consolidated 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 Group as of, and for, 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 S7 (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 Group 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 Consolidated Financial Statements for the year ended December 31, 2019, appear to be true, correct and up to date.

Engr. Dr. Lars Richter
Managing Director
FRC/2019/COREN/00000019602

Mr. Martin Brack
Financial Director
FRC / 2014 / ANAN / 00000006481

March 11, 2020

REPORT OF THE STATUTORY AUDIT COMMITTEE

In compliance with S359 (6) of CAMA, we, the members of the Statutory Audit Committee, whose names are stated hereunder, have reviewed and considered the Auditor's Report required to be made in accordance with S359 (3) of CAMA, the Consolidated Financial Statements for the year ended December 31, 2019, and the reports thereon, confirm as follows:

- The accounting and reporting policies of the Group are in accordance with legal requirements and agreed ethical practices.
- The scope and planning of audit requirement were in our opinion adequate.
- We have reviewed the findings on Management matters, in conjunction with the External Auditors, and are satisfied with the response of Management thereon.
- The systems of accounting and internal controls for the Group are adequate.
- We have made the recommendations required to be made in respect of the External Auditors.

Members of the Statutory Audit Committee

- Sir Sunday Nnamdi Nwosu, KSS
- Chief Timothy Ayobami Adesiyan
- Brig. Gen. Emmanuel Ebije Ikwue, GCON
- Mr. Ernest Chukwudi Ebi, MFR, FCIB
- Engr. Jafaru Damulak
- Dr. Ernest Nnaemeka Azudialu-Obiejesi

Signed on behalf of the Committee by,

Sir Sunday Nnamdi Nwosu, KSS
Chairman of the Statutory Audit Committee
FRC / 2014 / IODN / 00000006788

March 10, 2020

Nexia Agbo Abel & Co

43 Anthony Enahoro Street
Utako District
Abuja - Nigeria.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF JULIUS BERGER NIGERIA PLC
ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of **Julius Berger Nigeria Plc and its subsidiaries** which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information set out on pages 53 to 134.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Julius Berger Nigeria Plc and its subsidiaries** as at 31 December 2019 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, Companies and Allied Matters Act CAP C20 LFN 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 Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the requirements of the Institute of Chartered Accountants of Nigeria Professional Code of Conduct and Guide for Accountants (ICAN Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition	
See note 3.6 and note 8 to the consolidated financial statements.	
Key audit matter	**How our audit addressed the matter**
Revenue is a significant measure of the performance of the group. The Group adopted IFRS 15 - Revenue from Contract with Customers in the year under review. There is a risk of wrong application of the standard.	- Our audit procedures include testing of the design, existence and operating effectiveness of internal control procedures implemented as well as test of details to ensure accurate processing of revenue transactions. - We obtained and reviewed contract documents to identify the contracts with customers and the performance obligations contained therein. - We reviewed the allocation of contract price to the performance obligations contained in the contracts. We also reviewed Certificates of Valuation to ensure that revenue is recognised only when an agreed performance obligation is satisfied in accordance with contract. - We performed substantive analytical procedures and investigated differences in excess of the threshold. - We reviewed basis of valuation of foreign denominated contracts. - We performed cut-off tests to ensure that revenue were recognised in the right period.

Impairment of receivables	
See note 3.13, note 18 and note 32 to the consolidated financial statements.	
Key audit matter	**How our audit addressed the matter**
The Group adopted IFRS 16 - Leases. There is a risk of wrong application of the standard.	- Reviewed the design and implementation of key controls pertaining to the determination of the IFRS 16 transition impact disclosure. - Evaluated the appropriateness of the discount rates applied in determining lease liabilities and interest expense. - Verified the accuracy of the underlying lease data by agreeing a representative sample of leases to original contract and other supporting information and checked the mechanical accuracy of the IFRS 16 calculations. - Asserted completeness by placing reliance on the Company's control and by investigating key contracts whether they contained a lease under IFRS 16 - Assessed whether the disclosures within the financial statements are appropriate in light of the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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

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

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if 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 regards.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Companies and Allied Matters Act CAP C20 LFN 2004, the Financial Reporting Council of Nigeria Act No 6, 2011, the International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Company and its subsidiaries' 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 and its subsidiaries or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 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 and its subsidiaries' 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 relating to events or conditions that may cast significant doubt on the Company and its subsidiaries' 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 consolidated 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 or its subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of 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 those charged with governance 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.

Report on other legal and regulatory requirements

In compliance with the requirements of the Sixth Schedule of the Companies and Allied Matters Act CAP C20 LFN 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) the Company and its subsidiaries have kept proper books of account, so far as appears from our examination of those books; and

iii) the consolidated statements of financial position and comprehensive income are in agreement with the books of account and returns.

Tolulope Fasanya - FRC/2012/ICAN/00000000109

for: **Nexia Agbo Abel & Co**

Chartered Accountants

Abuja, Nigeria

11th March 2020

Julius Berger Nigeria Plc AR & FS 2019 | Statement of Financial Position

STATEMENT OF FINANCIAL POSITION

These Financial Statements on pages 53 to 134 were approved by the Board of Directors on March 11, 2020 and signed on its behalf by:

Engr. Dr. Lars Richter
Managing Director
FRC/2019/COREN/00000019602

Mr. Martin Brack
Financial Director
FRC/2014/ANAN/00000006481

The accounting policies on pages 69 to 89 and notes on pages 90 to 134 form part of these Financial Statements.

	Note	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Assets					
Non-current assets					
Property, plant and equipment	16	42,769,660	41,342,451	39,700,230	38,636,436
Right-of-use assets	18	13,457,535	–	1,918,354	–
Goodwill	19.1	9,268,642	9,434,576	–	–
Other intangible assets	19.2	2,262,821	–	–	–
Investment property	20	1,792,431	2,260,012	1,792,431	2,260,012
Investment in subsidiaries	21.1	–	–	16,916,771	16,916,771
Other financial assets	21.2	2,048,547	2,045,681	–	–
Trade and other receivables	24	52,908,763	61,346,789	52,908,763	65,128,223
Tax receivable	25	24,400,384	17,211,734	23,566,705	17,644,653
Deferred tax assets	14.3	3,798,902	2,577,821	3,617,728	2,434,847
Total non-current assets		**152,707,685**	**136,219,064**	**140,420,982**	**143,020,942**
Current assets					
Inventories	22	19,520,759	13,465,981	17,858,004	11,304,296
Trade and other receivables	24	102,257,374	101,484,353	97,791,093	91,108,522
Tax receivable	25	3,478,209	2,571,548	3,302,643	1,510,342
Contract asset	26	1,539,910	10,483,108	–	8,943,727
Cash and cash equivalents		34,133,479	23,995,718	13,482,732	11,963,925
		160,929,731	**152,000,708**	**132,434,472**	**124,830,812**
Assets classified as held for sale	17	23,252	210,227	21,553	208,633
Total current assets		**160,952,983**	**152,210,935**	**132,456,025**	**125,039,445**
Total assets		**313,660,668**	**288,430,000**	**272,877,007**	**268,060,387**
Equity and liabilities					
Equity					
Share capital	27	660,000	660,000	660,000	660,000
Share premium	27	425,440	425,440	425,440	425,440
Foreign currency translation reserve		9,303,052	10,260,927	–	–
Retained earnings		29,882,143	24,009,914	19,308,730	15,625,482
Equity attributable to owners of the Company		**40,270,635**	**35,356,281**	**20,394,170**	**16,710,922**
Non-controlling interests	28	57,357	61,609	–	–
Total equity		**40,327,992**	**35,417,890**	**20,394,170**	**16,710,922**
Non-current liabilities					
Borrowings	29.2	7,273,975	–	7,273,975	–
Deferred tax liabilities	14.3	8,730,298	7,546,216	7,508,543	6,657,438
Contract liabilities	23.1	169,930,198	160,609,800	169,930,198	160,609,800
Retirement benefit liabilities	30.2	3,334,920	3,045,094	2,062,135	1,582,142
Trade and other payables	31	9,027,064	4,578,295	4,867,170	8,471,491
Lease liabilities	32	13,468,417	–	476,568	–
Provisions	33	873,946	1,074,169	300,000	832,360
Total non-current liabilities		**212,638,818**	**176,853,574**	**192,418,589**	**178,153,231**
Current liabilities					
Contract liabilities	23.1	191,166	158,102	–	–
Bank overdrafts	29.1	6,211,311	25,461,844	6,211,311	25,461,844
Borrowings	29.2	1,818,494	–	1,818,494	–
Retirement benefit liabilities	30.1	148,450	140,291	136,141	127,676
Trade and other payables	31	47,026,280	47,921,155	47,988,316	45,841,795
Lease liabilities	32	1,370,703	–	179,908	–
Current tax payable	14.2	3,927,454	2,477,144	3,730,078	1,764,919
Total current liabilities		**60,693,858**	**76,158,536**	**60,064,248**	**73,196,234**
Total liabilities		**273,332,676**	**253,012,110**	**252,482,837**	**251,349,465**
Total equity and liabilities		**313,660,668**	**288,430,000**	**272,877,007**	**268,060,387**

Julius Berger Nigeria Plc AR & FS 2019 | Statement of Profit or Loss and Other Comprehensive Income

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Revenue	8	266,430,227	194,617,712	243,488,979	170,326,746
Cost of sales		(206,310,783)	(142,609,198)	(197,868,072)	(132,254,711)
Gross profit		**60,119,444**	**52,008,514**	**45,620,907**	**38,072,035**
Marketing expenses		(139,683)	(126,806)	(113,568)	(78,012)
Administrative expenses		(37,029,883)	(34,466,764)	(24,826,739)	(20,756,369)
Impairment loss on trade and tax receivables	24.6	(2,965,025)	(5,326,994)	(3,136,894)	(4,449,772)
Operating profit		**19,984,853**	**12,087,950**	**17,543,706**	**12,787,882**
Investment income	9	677,530	474,179	687,932	983,856
Other gains and losses	10	256,636	2,290,326	(924,367)	(1,585,317)
Finance cost	11	(7,000,207)	(4,563,573)	(7,227,547)	(5,464,539)
Foreign exchange acquisition loss		–	(91,215)	–	(91,215)
Profit before tax	12	**13,918,812**	**10,197,667**	**10,079,724**	**6,630,667**
Income tax expense	14.1	(5,159,277)	(4,095,852)	(3,512,918)	(1,989,040)
Profit for the year		**8,759,535**	**6,101,815**	**6,566,806**	**4,641,627**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Actuarial Losses)/gains on retirement benefits		(358,174)	215,567	(358,174)	215,567
Related tax	14.1	114,616	(68,981)	114,616	(68,981)
		(243,558)	**146,586**	**(243,558)**	**146,586**
Items that may be reclassified subsequently to profit or loss					
Differences on translating foreign operations		(957,875)	752,529	–	–
Related tax		–	–	–	–
Total comprehensive income		**7,558,102**	**7,000,930**	**6,323,248**	**4,788,213**
Attributable to					
Owners of the Company		7,554,354	6,992,400	6,323,248	4,788,213
Non-controlling interests		3,748	8,530	–	–
Total comprehensive income		**7,558,102**	**7,000,930**	**6,323,248**	**4,788,213**
Earnings per share					
Basic earnings per share	15	**5.72**	**5.30**	**4.79**	**3.63**
Diluted earnings per share	15	**4.77**	**4.41**	**3.99**	**3.02**

Julius Berger Nigeria Plc AR & FS 2019 | Statement of Changes in Equity

STATEMENT OF CHANGES IN EQUITY

Group	Share capital ₦ 000	Share premium ₦ 000	Foreign currency translation reserve ₦ 000	Retained earnings ₦ 000	Attributable to owners of the Company ₦ 000	Attributable to non-controlling interest ₦ 000	Total equity ₦ 000
Balance at January 1, 2018	660,000	425,440	9,508,398	19,090,044	29,683,882	55,079	29,738,961
Profit for the year	–	–	–	6,093,284	6,093,284	8,530	6,101,814
Other comprehensive income (net of tax)	–	–	752,529	146,586	899,115	–	899,115
Dividends to shareholders	–	–	–	(1,320,000)	(1,320,000)	(2,000)	(1,322,000)
Balance at January 1, 2019	660,000	425,440	10,260,927	24,009,914	35,356,281	61,609	35,417,890
Profit for the year	–	–	–	8,755,787	8,755,787	3,748	8,759,535
Other comprehensive income (net of tax)	–	–	(957,875)	(243,558)	(1,201,433)	–	(1,201,433)
Total comprehensive income	**–**	**–**	**(957,875)**	**8,512,229**	**7,554,354**	**3,748**	**7,558,102**
Issued share capital	–	–	–	–	–	–	–
Issued share capital (subsidiaries: non-controlling interest)	–	–	–	–	–	–	–
Dividends to shareholders	–	–	–	(2,640,000)	(2,640,000)	(8,000)	(2,648,000)
Balance at December 31, 2019	**660,000**	**425,440**	**9,303,052**	**29,882,143**	**40,270,635**	**57,357**	**40,327,992**

Company	Share capital ₦ 000	Share premium ₦ 000	Foreign currency translation reserve ₦ 000	Retained earnings ₦ 000	Attributable to owners of the Company ₦ 000	Attributable to non-controlling interest ₦ 000	Total equity ₦ 000
Balance at January 1, 2018	660,000	425,440	–	12,157,269	13,242,709	–	13,242,709
Profit for the year	–	–	–	4,641,627	4,641,627	–	4,641,627
Other comprehensive income (net of tax)	–	–	–	146,586	146,586	–	146,586
Dividends to shareholders	–	–	–	(1,320,000)	(1,320,000)	–	(1,320,000)
Balance at January 1, 2019	660,000	425,440	–	15,625,482	16,710,922	–	16,710,922
Profit for the year	–	–	–	6,566,806	6,566,806	–	6,566,806
Other comprehensive income (net of tax)	–	–	–	(243,558)	(243,558)	–	(243,558)
Total comprehensive income	**–**	**–**	**–**	**6,323,248**	**6,323,248**	**–**	**6,323,248**
Issued share capital	–	–	–	–	–	–	–
Dividends to shareholders	–	–	–	(2,640,000)	(2,640,000)	–	(2,640,000)
Balance at December 31, 2019	**660,000**	**425,440**	**–**	**19,308,730**	**20,394,170**	**–**	**20,394,170**

Julius Berger Nigeria Plc AR & FS 2019 | Statement of Cash Flows

STATEMENT OF CASH FLOWS

	Note	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Cash flows from operating activities					
Cash receipts from customers		295,310,604	219,090,434	271,174,290	201,212,148
Cash paid to suppliers and employees		(255,470,913)	(214,637,602)	(241,481,119)	(186,143,989)
Cash provided by operating activities		**39,839,691**	**4,452,832**	**29,693,171**	**15,068,159**
Cash paid for taxes		(660,604)	(314,206)	(419,945)	(152,599)
Foreign exchange acquisition loss		–	(91,215)	–	(91,215)
Net cash generated by operating activities	34	**39,179,087**	**4,047,411**	**29,273,226**	**14,824,345**
Cash flows from investing activities					
Purchase of PPE	16	(8,004,062)	(5,454,801)	(7,369,391)	(4,813,085)
Deposit for shares		–	–	–	–
Investment property		–	–	–	–
Interest received	9	677,530	474,179	415,932	465,856
Dividend received		–	–	290,000	500,000
Proceeds from disposal of PPE		624,309	1,359,836	606,641	1,347,641
Net cash used in investing activities		**(6,702,223)**	**(3,620,786)**	**(6,056,818)**	**(2,499,588)**
Cash flows from financing activities					
Term loan	29	9,092,469	–	9,092,469	–
Payment of lease liabilities	32	(3,038,594)	–	(1,671,990)	–
Interest paid	11	(6,494,445)	(4,563,573)	(7,227,547)	(5,464,539)
Dividends paid		(2,648,000)	(1,322,000)	(2,640,000)	(1,320,000)
Net cash used in financing activities		**(3,088,570)**	**(5,885,573)**	**(2,447,068)**	**(6,784,539)**
Net (increase)/decrease in cash and cash equivalents		**29,388,294**	**(5,458,948)**	**20,769,340**	**5,540,218**
Cash and cash equivalents at 1 January		(1,466,126)	3,992,822	(13,497,919)	(19,038,137)
Cash and cash equivalents at 31 December	34.1	**27,922,168**	**(1,466,126)**	**7,271,421**	**(13,497,919)**
Cash and cash equivalents consist of					
Cash and bank balances		34,133,479	23,995,718	13,482,732	11,963,925
Bank overdraft		(6,211,311)	(25,461,844)	(6,211,311)	(25,461,844)
	34.1	**27,922,168**	**(1,466,126)**	**7,271,421**	**(13,497,919)**

Julius Berger Services Nigeria Ltd. is a multipurpose terminal operator at the Warri Port - Terminal C. The company's comprehensive equipment pool and vast terminal size ensure timely and efficient loading, offloading and storage for various types of cargo. Services include: stevedoring, shipping, warehousing and slipway.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2019

GENERAL INFORMATION

1. General information

Julius Berger Nigeria Plc was incorporated as a private limited liability company on February 18, 1970. The Company subsequently converted to a public liability company, with its shares quoted on the Nigerian Stock Exchange in 1991. The Company is registered in Nigeria with registration number, RC 6852. The address of its registered office and principal place of business are disclosed on page 3. The principal activities of the Company and its subsidiaries (the Group) are described in notes 20 and 34 to the Consolidated Financial Statements.

APPLICATION OF IFRS STANDARDS

2. Application of new and revised International Financial Reporting Standards (IFRS)

2.1 Amendments to IFRSs and the new interpretation that are mandatorily effective for the year ended December 31, 2019

The following revisions to accounting standards and pronouncements were issued and effective at the reporting period.

IFRS 16: Leases*

This IFRS specifies how a reporter will recognise, measure, present and disclose leases. The Standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all lease unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating and finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor. Early application of IFRS 16 Leases is permitted only for companies that also apply IFRS 15 Revenue from contracts with customers.

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change.

Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows. Because of this change the Group will reclassify certain of its sublease agreements as finance leases. As required by IFRS 9, an allowance for expected credit losses will be recognised on the finance lease receivables. The leased assets will be derecognised and finance lease asset receivables recognised. This change in accounting will change the timing of recognition of the related revenue (recognised in finance income).

* Required to be implemented for periods beginning on or after January 1, 2019
** Required to be implemented for periods beginning on or after January 1, 2020
*** Required to be implemented for periods beginning on or after January 1, 2021

Prepaymentfeatures with negative compensation (Amendments to IFRS 9)*

The narrow-scope amendments made to AASB 9 Financial Instruments in December 2017 enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss.

To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model. The Directors do not anticipate that the application of the amendments in the future will have an impact on the Consolidated Financial Statements.

Long-term interests in associates and joint ventures (Amendments to IAS 28)*

The amendments clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under AASB 9 Financial Instruments before applying the loss allocation and impairment requirements in AASB 128 Investments in Associates and Joint Ventures. The Directors do not anticipate that the application of the amendments in the future will have an impact on the Consolidated Financial Statements.

Uncertainty over Income tax treatments (Interpretation 23)*

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a Group, depending on which approach better predicts the resolution of the uncertainty;
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e that detection risk should be ignored;
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty;
- and that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the Financial Statements. The Directors do not anticipate that the application of the amendments in the future will have an impact on the Consolidated Financial Statements.

Annual Improvements to IFRS Standards (2015-2017 Cycle)*

The following improvements were finalised in December 2017:

- IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.

- IFRS 11 - clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- IAS 12 - clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- IAS 23 - clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the Financial Statements. The Directors do not anticipate that the application of the amendments in the future will have an impact on the Consolidated Financial Statements.

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)*

The amendments to IAS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement of any reduction in a surplus. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling;
- and separately recognise any changes in the asset ceiling through other comprehensive income.

The Directors do not anticipate that the application of the amendments in the future will have an impact on the Consolidated Financial Statements.

Amendments to References to Conceptual Framework in IFRS Standards**

The main changes to the framework's principles have implications for how and when assets and liabilities are recognised and derecognised in the Financial Statements. Under the new framework, a company would book as an asset a right to use the asset, rather than the asset itself. A liability will be recognised if a company has no practical ability to avoid it. This may bring some liabilities on the balance sheet earlier than at present. A company will take an asset off balance sheet when it loses control over all or part of it – i.e. the focus is no longer on the transfer of risks and rewards.

Some of the concepts in the revised Framework are entirely new – such as the 'practical ability' approach to liabilities. As they have not been tested as part of any recent standard-setting process, it is unclear what challenges the Board will encounter when using them to develop standards in the future. It is also unclear what challenges preparers of Financial Statements will face after those future standards become effective.

Definition of Material (Amendments to IAS 1 and IAS 8)**

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the Financial Statements as a whole, and
- the meaning of 'primary users of general purpose Financial Statements' to whom those Financial Statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose Financial Statements for much of the financial information they need.

Definition of a business (Amendments to IFRS 3)**

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

The amendments will likely result in more acquisitions being accounted for as asset acquisitions.

Revised conceptual framework for financial reporting**

The IASB has issued a revised conceptual framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the Financial Statements

No changes will be made to any of the current accounting standards. However, entities that rely on the framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised framework from January 1, 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised framework.

Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)[N/A]

The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in associates and joint ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's investors in the associate or joint venture. The amendments apply prospectively.

IFRS 17: Insurance contracts***

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows;
- an explicit risk adjustment, and
- a contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period..

The standard allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach the entity's share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less volatile than under the general model.

The new rules will affect the Financial Statements and Key Performance Indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. The Directors do not anticipate that the application of the standard in the future will have an impact on the Consolidated Financial Statements.

N/A: In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method. The Directors do not anticipate that the application of the amendments in the future will have an impact on the Consolidated Financial Statements.

SIGNIFICANT ACCOUNTING POLICIES

3. Significant Accounting Policies

3.1 Statement of compliance

The Consolidated and Separate Financial Statements of the Group have been prepared in accordance with International Financial Reporting Standards.

3.2 Basis of preparation

The Consolidated Financial Statements have been prepared on a historical cost basis except for certain financial instruments, actuarial valuation, inventory which are measured at fair value, amortised cost, projected credit method and net realizable value. The following are the significant accounting policies adopted by the Group in the preparation of these Consolidated Financial Statements.

The accompanying Consolidated and Separate Financial Statements in Nigerian Naira (the functional currency of the Group) have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB) and adopted by the Financial Reporting Council of Nigeria (FRCN) and as applicable, the Companies and Allied Matters Act (CAMA), Cap C20, LFN 2004.

The preparation of Consolidated Financial Statements in conformity with IFRS requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenue and expenses during the reporting period.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future period.

3.3 Basis of consolidation

The Consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has right, to variable returns from its involvement with the investee, and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if the facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Julius Berger Nigeria Plc AR & FS 2019 | Notes to the Financial Statements

When the Company has less than the majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in the investee are sufficient to give power, including:

- the size of the Company's holding of the voting rights relative to the size and dispersion of the holding of other vote holders;
- the potential voting rights held by the Company, other holders or other parties;
- rights arising from other contractual arrangements, and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meeting.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed off during the year are included in the Consolidated Financial Statements of Profit or Loss and Other Comprehensive Income from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of the other comprehensive income attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the Financial Statements of the subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cashflows relating to transactions between members of the Group are eliminated in full on consolidation.

3.3.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between the aggregate of the fair value of the consideration received and the fair value of any retained interest and the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39.

3.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into, to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date, and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent

consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3.4.1 Acquisition of interests from non-controlling shareholders

Acquisitions of non-controlling interests are accounted for as transactions within equity. There is no measurement to fair value of net assets acquired that were previously attributable to non-controlling shareholders.

3.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced with estimated customer returns, rebates and other similar allowances. Revenue is recognised when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity. However, when an uncertainty arises about the collectability of an amount already included in revenue, the uncollectible amount, or the amount in respect of which recovery has ceased to be probable, is recognised as an expense.

3.6.1 Goods and services

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Revenue represents the net invoice value of sales to third parties and it is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer.

Revenue from rendering of services is recognised in the period the services are rendered. Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the entity.

Revenues from other income generated from refunds and recoveries by insurance companies and other regulatory bodies are recognised when net cash is received.

3.6.2 Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, measured based on the proportion of work completed to date relative to the estimated total contract amount. Variations in contract work, claims and incentive payments are included to the extent that they can be reliably measured and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

3.6.3 Revenue from contracts with customers

The Group has initially applied IFRS 15 from January 1, 2018. Information about the Group's accounting policies relating to contracts with customers is provided in Note 3.3.2. The effect of initially applying IFRS 15 is described in Note 6.2.

3.7 Gross amount due from customers

This represents work-in-progress (valued on the basis of engineers' estimate of the quantum of work done but not yet certified) plus recognised profits less recognised losses. 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.

3.8 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.

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3.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.10 Property, Plant and Equipment

PPE are stated at historical cost less accumulated depreciation and impairment losses, if any.

Self-produced assets in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes direct costs, appropriate allocations of materials and other overheads associated with the production of the assets, professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Maintenance, repairs, and renewals are generally charged to expense during the financial period in which they are incurred. However, major renovations are capitalised and included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. No depreciation to land and capital work in progress applies. Losses or gains on disposals of assets are recognised in profit or loss under 'other gains and losses'. Depreciation is recognised so as to write-off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis:

	Residual values % on cost	Useful lives Years
Building	10.0	25
Plant & machinery	5.0	10
Other fixed assets	5.0	8

An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.10.1 Capitalisation

Expenditure related to an acquisition or repair is capitalised only if it extends the useful lives or increases the production capacity of the assets in question. The identification of such expenses is based on a certain criteria identified by the Management and/or threshold reviewed from time to time. The criteria as set in the preparation of these Consolidated Financial Statements are as follows:

3.10.1.1 Items to capitalise

- Any purchase of a piece of equipment (i.e. office furniture, machinery, equipment, etc.) of not less than ₦1.5 million
- Expenditures in the nature of repairs of not less than ₦1.5 million
- Computer and related equipment of not less than ₦1.5 million
- Expenditure on building of not less than ₦1.5 million

3.10.1.2 Items to be expensed

- Any item that will not last more than 12 months should be currently expensed when used
- Any purchase of a piece of equipment (i.e. office furniture, machinery, equipment, etc.) that is less than ₦1.5 million
- Expenditures in the nature of repairs can be expensed if less than ₦1.5 million
- Computers and related equipment that is less than ₦1.5 million

3.11 Investment property

All property classified as investment property are measured at cost. Investment property is recognised when it is probable that the company will enjoy the future economic benefits which are attributable to it, and when the cost or fair value can be reliably measured. Costs include directly attributable expenditure such as legal fees and property transfer taxes.

Transfers to or from investment property is made only when there is a demonstrated "change in use" as a result of a transfer:

- From investment property to owner-occupied property, when owner-occupation commences
- From investment property to inventories, on commencement of development with a view to sale
- From an owner-occupied property to investment property, when owner-occupation ends
- Of inventories to investment property, when an operating lease to a third party commences
- Of property in the course of development or construction to investment property, at end of the construction or development

An investment property is derecognised on disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses arising on the disposal or retirement of an investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss for the period.

Depreciation is recognised so as to write-off the cost of investment properties less their residual values over their useful lives, using the straight line method. Where such investment properties are revalued, depreciation is recognised over the useful life of the asset in a pattern which best reflects the consumption pattern over the estimated useful life of such assets.

3.12 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. The Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3.13 The Group's leasing activities and how these are accounted for

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From January 1 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

3.13.1 The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

3.13.2 The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Consolidated and Separate Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.14 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, the Group has control over the asset, it is probable that economic benefits will flow to the Group, and the cost of the asset can be measured reliably.

3.14.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets

with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

3.14.2 Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised when all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete the intangible asset and use or sell it
- The ability to use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- The ability to measure reliably the expenditure attributable to the intangible asset during its development

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.14.3 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.14.4 Intangible assets from service concession arrangement

IFRIC 12, Service Concession Arrangements are arrangements whereby a government or other body (the grantor) grants contracts for the supply of public services, such as roads, energy distribution, prisons or hospitals, to a private sector entity (the operator). These are often referred to as 'public-to-private' arrangements. Some common features of service concession arrangements are as follows (IFRIC 12:3):

- The grantor is a public sector entity, including a governmental body, or a private sector entity to which the responsibility for the service has been devolved.
- The operator is responsible for at least some of the management of the infrastructure and related services and does not merely act as an agent on behalf of the grantor.
- The contract sets the initial prices to be levied by the operator and regulates price revisions over the period of the service arrangement.
- The operator is obliged to hand over the infrastructure to the grantor in a specified condition

at the end of the period of the arrangement, for little or no incremental consideration irrespective of which party initially financed it.

In accounting for service concession arrangement, IFRIC 12 permits the use of any one of three models which are:

- Financial asset model
- Intangible asset model
- Bifurcated model

Financial Asset Model: The financial asset model applies if the operator has a contractual right to receive cash from or at the direction of the grantor and the grantor has little, if any, discretion to avoid payment.

Intangible Asset Model: The intangible asset model applies if the operator receives the right (license) to charge users, or the grantor, based on the usage of the public service. There is no unconditional right to receive cash because the amounts are contingent on the extent to which the public uses the service. (IFRIC 12:17)

Bifurcated Model: Bifurcated model applies when an operator receives a financial asset and an intangible asset as consideration.

Based on the contract with the Nigerian Ports Authority, the amount to be received by the Company are dependent on the extent that the public uses the Multi-Purpose Terminal. Specifically, the Company has a right to charge users of the terminal over the 25 years agreement term; to this extent, the arrangement will be recognised as an intangible in the books of the Company.

3.14.5 Accounting for contractual payments

Under the intangible asset model, concession payments would be treated in accordance with IAS 38 as part of the consideration for the intangible asset. Concession fees are much more commonly a feature of arrangements which follow the intangible asset model. Consequently, the operator will recognise revenue for services operations, the intangible asset will be recognised as the present value of periodic payment taking into consideration the effective discount rate on the contract with a corresponding recognition of a financial liability and an unwinding discount on the concession fee. The intangible asset will be amortised in equal annual instalments over the term of the contract.

3.14.6 Derecognition of intangible assets

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, are recognised in profit or loss when the asset is derecognised.

3.15 Inventories

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the amount that can be realised from the sale of the inventory in the normal course of business after allowing for the costs of realisation.

In addition to the cost of materials and direct labour, an appropriate proportion of production overhead that have been incurred in bringing the inventories to their present location and condition is included in the inventory values. An allowance is recorded for excess inventory and obsolescence is based on the lower of cost or net realisable value.

Cost is determined using standard cost, which approximates actual cost, on a First-In-First-Out (FIFO) basis.

3.16 Taxation

Taxation represents the sum of income tax payable and deferred tax.

3.16.1 Income and deferred tax for the year

Income and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income and deferred tax are also recognised in other comprehensive income or directly in equity. Where income tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.16.2 Income tax

Taxable profit differs from profit as reported in the income statement because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The Group's liability for current tax is calculated based on Companies Income Tax Act (CAP C24 LFN 2004) as amended to date and tax rates that have been enacted or substantively enacted by the end of the reporting date.

3.16.3 Deferred taxation

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Consolidated and Separate Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Provision for deferred taxation is made by the liability method and calculated at the tax rate that applies during the period of reversal on the differences between the net book value of qualifying PPE and their corresponding tax written down values. Also, consideration is given for provision for retirement benefit which have not been paid in the year.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates enacted by the end of the reporting period.

3.17 Foreign currencies

All transactions in foreign currencies are recorded in Naira at the rate of exchange ruling at the dates of the transactions. Monetary items are converted to Naira at the rates of exchange ruling at the reporting date. All differences arising there from are taken to the profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.
Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting Consolidated and Separate Financial Statements, the assets and liabilities of the Group's foreign operations are translated into currency units using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

3.18 Dividends

Dividends on ordinary shares to shareholders are recognised in equity in the period in which they are paid or, if earlier, approved by the shareholders at the Annual General Meeting.

3.18.1 Unclaimed dividend

Segregated accounts are maintained for unclaimed dividends and are recoverable by shareholders within 12 years and actionable only when declared. Any amounts standing to the credit of unclaimed dividend are invested separately while amounts unclaimed after 12 years are taken to retained earnings in line with CAMA.

3.19 Retirement benefits

3.19.1 Defined contribution plan

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Retirement benefit plans for members of staff are structured through a defined contributory pension scheme, which is independent of the Group's finances and is managed by Pension Fund Administrators. The scheme, which is funded by contributions from both employees and employer at 8% and 10% respectively, is consistent with the Pension Reform Act 2014.

3.19.2 Defined benefit plan

For defined retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out periodically so that a provision for the present value of the estimated cost for liabilities due at the reporting date, in respect of employees' terminal gratuities based on qualifying years of service and applicable emoluments as per operating collective agreement, is being made in the Statement of Financial Position.

3.19.3 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.19.4 Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

3.19.5 Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

3.20 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.20.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3.20.1.1 Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised in profit or loss and is included in the "investment income" line item.

3.20.1.2 Classification of financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at Fair Value Through Other Comprehensive Income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3.20.1.3 Trade and other receivables

Trade and other receivables are initially recognised at fair value, and are subsequently classified as loans and receivables and measured at amortised cost using the effective interest rate method. The provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms of the credit given and includes an assessment of recoverability based on historical trend analyses and events that exist at reporting date. The amount of the provision is the difference between the carrying value and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition.

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

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- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met, and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3.20.1.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts are not offset against positive bank balances unless a legally enforceable right of offset exists, and there is an intention to settle the overdraft and realise the net cash simultaneously, or to settle on a net basis. All short term cash investments are invested with major financial institutions in order to manage credit risk.

3.20.1.5 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. The foreign exchange component forms part of its fair value gain or loss. Therefore, for financial assets that are classified as at Fair-Value-Through-Profit and Loss (FVTPL), the foreign exchange component is recognised in profit or loss.

For foreign currency denominated debt instruments measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial assets and are recognised in the 'other gains and losses' line item in the profit or loss.

3.20.1.6 Impairment of financial assets

Financial assets that are measured at amortised cost are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been affected.

The Group recognises loss allowances for Expected Credit Losses (ECLs) on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI, and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date, and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Measurement of ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty or
- breach of contract, such as a default or delinquency in interest or principal payments or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows reflecting the amount of collateral and guarantee, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written-off against the allowance account.

Subsequent recoveries of amounts previously written-off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised 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, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3.20.1.7 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a financial asset that is classified as Fair-Value-Through-Other-Comprehensive-Income (FVTOCI), the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is reclassified to retained earnings.

3.20.2 Financial liabilities and equity instruments

3.20.2.1 Classification as debt or equity

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.20.2.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

3.20.2.3 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at Fair Value Through Profit or Loss (FVTPL)' or 'other financial liabilities'. The Group does not have financial liabilities classified as financial liabilities 'at FVTPL'.

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points, paid or received, that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.20.2.4 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the 'other gains and losses' line item (Note 8) in the profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

3.20.2.5 Derecognition of financial liabilities

The Group derecognises financial liabilities only when the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.21 Provisions

Provisions are recognised when the Group has a present obligation, whether legal or constructive, as a result of a past event for which 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.21.1 Contingent liabilities

During the evaluation of whether certain liabilities represent contingent liabilities or provisons, Management is required to exercise significant judgment. Based on the current status, facts and circumstances, Management concluded that the dispute with a claimant (as disclosed in Note 37) should be classified as a contingent liability rather than a provision.

3.22 Related parties

Parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial and operating decisions. Key Management Personnel are also regarded as related parties. Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all executive and Non-Executive Directors. Related party transactions are those where a

transfer of resources or obligations between related parties occur, regardless of whether or not a price is charged.

3.23 Earnings per share

The Group presents basic earnings per share (EPS) for its ordinary shares. Basic earnings per share (EPS) is calculated by dividing the total comprehensive income attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share (DPS) are calculated using fully diluted shares outstanding (i.e. including the impact of stock option grants and convertible bonds).

3.24 Segment reporting

Segment information is presented in respect of the Group's business segments. The business segments are determined by Management based on the Group's internal reporting structure. The determination of the Group's operating segments is based on the organisation units for which information is reported to the Group's Management. The Group has three segments, Building, Civil and Services. The three segments have separate management and reporting structures and are considered separately reportable operating segments. Certain headquarter activities are reported as "Corporate". These consist of corporate headquarters, including the corporate executive committee, corporate communication, corporate human resources, corporate finance, including treasury, taxes and pension fund management, corporate legal and corporate safety and environmental services.

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 risk and rewards that are different from those of other segments. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Transfer prices between operating segments are set on an arm's length basis. Operating assets and liabilities consist of PPE, goodwill and intangible assets, trade receivables/ payables, inventories and other assets and liabilities, such as provisions, which can be reasonably attributed to the reported operating segments. Non-operating assets and liabilities mainly include current and deferred income tax balances, post-employment benefit assets / liabilities and financial assets / liabilities such as cash, marketable securities, investments and debt.

3.25 Impairment

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

3.26 Transfer pricing

Transactions between entities in the Group and all connected persons are carried on in a manner consistent with the arm's length principle using the appropriate transfer pricing method.

3.27 Decommissioning provisions

The provision for decommissioning serves to cover the costs associated with the decommissioning of assets. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied for existing obligations are added to or deducted from the cost of the asset. Estimated future costs for decommissioning obligations arising after the related asset is brought into use are recognised in the profit or loss.

3.28 Financial income and cost

Financial income comprises interest income on funds invested, dividend income, net gains on the disposal of held-for-sale financial assets, net fair value gains on financial assets at fair value through profit or loss, net gains on the remeasurement to fair value of any pre-existing available-for-sale interest in an acquiree, and net gains on hedging instruments that are recognised in the profit or loss.

Financial costs on the other hand represent interest on loans, overdraft and related facilities.

Interest income and cost is recognised on accrual basis in the profit or loss, using the effective interest method. Dividend income is recognised in the profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

EXPLANATORY NOTES

4. Critical judgements areas and estimation of key sources of estimation uncertainty

In the application of the Group's Accounting Policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

4.1 Critical judgments in applying the Group's Accounting Policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's Accounting Policies and that have the most significant effect on the amounts recognised in the Financial Statements.

4.1.1 Income taxes

The Group is subject to various forms of taxes. Significant judgement is required in determining the provision for income and other related taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

4.1.2 Judgements in determining the timing of satisfaction of performance obligations

In making their judgement, the Directors considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the Group had transferred control of the goods to the customer. Following the detailed quantification of the Group's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the Directors are satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate warranty provision for the rectification costs.

4.1.3 Allowance for doubtful debts/receivables

The Group has recognised allowances for credit losses on receivables by assessing the credit quality of individual customers, receivables that are in dispute, financial standing of customers and the willingness of the customers to pay. The Management believes that, except for the receivables on which allowance has been made, all other receivables are recoverable despite their age, because they are mainly due from various government and government entities.

4.1.4 Review of the useful lives of tangible assets

The Directors believe that the consumption pattern on items of PPE is such that the book value is spread equally over the useful life of the assets. The judgment exercised is based on past experience with similar assets, technological obsolescence and declining residual values.

4.1.5 Write down of inventories to net realisable value

Inventories are measured at the lower of cost and net realisable. Net realisable value represents the estimated selling price for inventories less estimated costs of completion and costs necessary to make the sale. The Management has written down inventories that are obsolete to a nil value after considering the non-movements of these inventory items for two years. Write-back of previous allowances on inventory are effected when the items are subsequently put into use.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

4.2.1 Provision for gratuity

Within the Group, Julius Berger Nigeria Plc (the Company) operates an unfunded defined benefit scheme which entitles staff, who put in a minimum qualifying working period of five years to gratuity upon leaving the employment of the Company. IAS 19 requires the application of the Projected Unit Credit Method for actuarial valuations. Actuarial measurements involve the making of several demographic projections regarding mortality, rates of employee turnover, and others and financial projections in the area of future salaries and benefit levels, discount rate, inflation and others.

4.2.2 Impairment loss on PPE

Management considered several factors to assess items of PPE for impairment, some of which includes the physical damage caused by accidents, technological obsolescence, idle capacity decline in value and others. The individual assets carrying values were compared with their recoverable amount and impairment losses have been recognised on those assets. In determining fair value less cost to sell, the Management has derived fair value information from the sales proceeds received on similar assets. This is the best information available to reflect the amount that the Group could obtain, at the end of the

reporting period, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

5. Changes in accounting policies

Except for the change below, the Group has consistently applied the accounting policies to all periods presented in these Consolidated Financial Statements.

5.1 IFRS 16: Leases

This note explains the impact of the adoption of IFRS 16 Leases on the Group's Financial Statements.

As indicated in note 3.2 on page 69, the Group has adopted IFRS 16 Leases retrospectively from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on January 1, 2019. The new accounting policies are disclosed in note 3.13. On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 14%.

Practical expedients applied

In applying IFRS 16 for the first time, the Group used the following practical expedients permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at January 1, 2019;
- Accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made by applying IAS 17 and Interpretation 4 (Determining whether an Arrangement contains a Lease).

Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at December 31, 2018.

6. Revenue

6.1 Disaggregated revenue information

Group	Government 31/12/2019 ₦000	Government 31/12/2018 ₦000	Private 31/12/2019 ₦000	Private 31/12/2018 ₦ 000	Total reportable segments 31/12/2019 ₦000	Total reportable segments 31/12/2018 ₦000
Primary geographical markets						
Nigeria	222,889,014	159,367,226	34,606,644	23,693,571	257,495,658	183,060,797
Europe & Asia	–	–	8,934,569	11,556,914	8,934,569	11,556,914
	222,889,014	**159,367,226**	**43,541,213**	**35,250,485**	**266,430,227**	**194,617,711**
Major product/services lines						
Civil works	127,046,738	90,839,319	24,818,491	20,092,776	151,865,229	110,932,095
Building works	75,782,265	54,184,857	14,804,013	11,985,165	90,586,278	66,170,022
Services	20,060,011	14,343,050	3,918,709	3,172,544	23,978,720	17,515,594
	222,889,014	**159,367,226**	**43,541,213**	**35,250,485**	**266,430,227**	**194,617,711**
Timing of revenue recognition						
At a point in time	1,557,632	88,568	12,285,185	15,149,365	13,842,818	15,237,933
Overtime	221,331,382	159,278,658	31,256,027	20,101,120	252,587,409	179,379,778
	222,889,014	**159,367,226**	**43,541,213**	**35,250,485**	**266,430,227**	**194,617,711**

Company	Government 31/12/2019 ₦000	Government 31/12/2018 ₦000	Private 31/12/2019 ₦000	Private 31/12/2018 ₦ 000	Total reportable segments 31/12/2019 ₦000	Total reportable segments 31/12/2018 ₦000
Primary geographical markets						
Nigeria	210,764,790	148,281,344	32,724,188	22,045,402	243,488,978	170,326,746
Europe & Asia	–	–	–	–	–	–
	210,764,790	**148,281,344**	**32,724,188**	**22,045,402**	**243,488,978**	**170,326,746**
Major product/services lines						
Civil works	120,135,930	84,520,366	18,652,787	12,565,879	138,788,717	97,086,245
Building works	71,660,029	50,415,657	11,126,224	7,495,437	82,786,253	57,911,094
Services	18,968,831	13,345,321	2,945,177	1,984,086	21,914,008	15,329,407
	210,764,790	**148,281,344**	**32,724,188**	**22,045,402**	**243,488,978**	**170,326,746**
Timing of revenue recognition						
At a point in time	1,557,632	88,568	3,350,616	3,592,451	4,908,249	3,681,019
Overtime	209,207,158	148,192,776	29,373,572	18,452,951	238,580,729	166,645,727
	210,764,790	**148,281,344**	**32,724,188**	**22,045,402**	**243,488,978**	**170,326,746**

6.2 Transaction Price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	Group 2020 ₦000	Group 2021 ₦000	Group Total ₦000	Company 2020 ₦000	Company 2021 ₦000	Company Total ₦000
Civil works	155,600,000	157,000,000	312,600,000	150,003,000	120,003,000	270,006,000
Building works	85,800,000	88,000,000	173,800,000	82,001,000	82,001,000	164,002,000
Services	34,200,000	35,000,000	69,200,000	24,996,000	24,996,000	49,992,000
Total	**275,600,000**	**280,000,000**	**555,600,000**	**257,000,000**	**227,000,000**	**484,000,000**

All contracts with customers has been considered in the amounts presented above.

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

The Management expect that incremental fees to intermediaries as a result of obtaining contracts with customers are receivables. There were no incremental fees recognised in the period to December 31, 2019.

6.3 Performance obligations

Information about the Group's performance obligations are summarised below:

Civil works

The performance obligation here is satisfied over-time and payment is generally due upon progress report and acceptance of the customer. In some contracts, short-term advances are required before this service is provided.

Building works

The performance obligation here is satisfied over-time and payment is generally due upon progress report and acceptance of the customer. In some contracts, short-term advances are required before this service is provided.

Services

The performance obligation here is satisfied over-time and payment is generally due upon progress report and acceptance of the customer. In some contracts, short-term advances are required before this service is provided.

Procurement services

There are contracts with customers to acquire, on their behalf, special construction equipment produced by foreign suppliers. The Group is acting as agent in these arrangements. The performance obligation is satisfied and payment is due upon receipt of the equipment by the customer.

Manufacturing services

The performance obligation here is the manufacture and dealers in aluminum, steel, Iron or other structural products of such nature for which revenue is recognise at a point in time upon delivery of goods to the customer.

7. Segmental analysis

The Management is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Management for the purposes of allocating resources and assessing performance. The Management assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes investment income, finance costs and taxes. These income and expenditures are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

Julius Berger Nigeria Plc has three regions which offer construction, civil engineering, building and facility management services to third parties across Nigeria. Julius Berger Nigeria Plc is organised by regions, each of which is managed separately and considered to be a reportable segment. The Managing Director together with Senior Executive Management are members of the Management and they regularly review the performance of these regions. Details of the services offered by these divisions are provided in the business and financial review.

7.1 Principal segment activities

Civil works

The segment is responsible for provision of professional services in the areas of engineering, construction and maintenance of various infrastructures. These activities are evidence in the realisation of the Abuja Master Plan, and developments in the essential traffic network in and around the cities of Lagos and Uyo. At the coastal areas, the works include the construction of turnkey harbors, wharfs, jetties, loading installations and warehouses. The segment also builds or refurbishes airports in conformity with strict global aviation regulations. For the oil, gas and energy sector, the segment is responsible for design and construction of auxiliary buildings for factories, oil and gas installations and power stations.

Building works

As a leader in its field, the segment has the specialised knowhow needed to construct buildings that meet the Leadership in Energy and Environmental Design (LEED) standards for certification. The segment is responsible for the designing and building of administration, commercial and industrial buildings, hotels, hospitals, airport terminals, sports facilities and residential districts. Under this segment is a furniture production unit, which supplies high quality furniture and interior fittings.

Services

The segment provides forward looking facility management solutions, which ensure the useful life of a building is extended and maintenance costs are significantly reduced. Available through the segment is a computer assisted facility and resource management, aimed at optimising workflow and process controlling and reducing operating costs.

7.2 Segment revenue

	Group 31/12/2019 ₦000	Group 31/12/2018 ₦000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦000
Class of business				
Civil works	151,865,229	110,932,095	138,788,717	97,086,245
Building works	90,586,278	66,170,022	82,786,253	57,911,094
Services	23,978,720	17,515,594	21,914,008	15,329,407
Total revenue	**266,430,227**	**194,617,711**	**243,488,978**	**170,326,746**

7.3 Segment profit/(loss) and results

	Group 31/12/2019 ₦000	Group 31/12/2018 ₦000	Company 31/12/2019 ₦000	Company 31/12/2018 ₦000
Class of business				
Civil works	11,391,366	6,890,131	9,999,913	7,289,093
Building works	6,794,851	4,109,903	5,964,860	4,347,880
Services	1,798,635	1,087,915	1,578,932	1,150,909
Total profit of segments	**19,984,852**	**12,087,949**	**17,543,705**	**12,787,882**
Corporate income/(costs)	256,636	2,199,111	(924,367)	(1,676,532)
EBIDTA	**20,241,489**	**14,287,060**	**16,619,338**	**11,111,350**
Finance costs	(7,000,207)	(4,563,573)	(7,227,547)	(5,464,539)
Adjusted profit/(loss) before tax	**13,241,282**	**9,723,487**	**9,391,792**	**5,646,811**
Other items	677,530	474,179	687,932	983,856
Profit before income tax	**13,918,812**	**10,197,666**	**10,079,724**	**6,630,667**

Notes:
7.3.1 Corporate costs comprise the costs of operating head office functions and certain overheads.
7.3.2 EBITDA is earnings before investment income, finance costs and taxes.
7.3.3 The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3.

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and Directors' salaries, investment income, other gains and losses as well as finance costs. This is the measure reported to the Management for the purposes of resource allocation and assessment of segment performance.

7.4 Information about major customers

Included in the revenue reported by Group are four clients whose individual balances of ₦111.6 billion (2018: ₦93.2 billion), represent more than 10% of the total revenue reported by the Group. No other single client contributed 10% or more to the Group's revenue for 2019.

7.5 Segment assets and liabilities

Group	Segment assets 31/12/2019 ₦000	Segment liabilities 31/12/2019 ₦000	Segment net assets/liabilities 31/12/2019 ₦000	Segment assets 31/12/2018 ₦000	Segment liabilities 31/12/2018 ₦000	Segment net assets/liabilities 31/12/2018 ₦000
Class of business						
Civil works	83,947,685	(101,258,251)	(17,310,566)	79,465,814	(86,343,604)	(6,877,790)
Building works	50,621,617	(62,559,758)	(11,938,141)	47,918,986	(53,345,134)	(5,426,148)
Services	131,867,091	(86,288,288)	45,578,803	124,826,857	(73,578,614)	51,248,243
	266,436,393	**(250,106,297)**	**16,330,096**	**252,211,657**	**(213,267,352)**	**38,944,305**
Net cash	34,133,479	(6,211,311)	27,922,168	23,995,718	(25,461,844)	(1,466,126)
Unallocated assets/ (liabilities)	13,090,795	(17,015,068)	(3,924,272)	12,222,624	(14,282,913)	(2,060,289)
	313,660,668	**(273,332,676)**	**40,327,992**	**288,429,999**	**(253,012,109)**	**35,417,890**

Company	Segment assets 31/12/2019 ₦000	Segment liabilities 31/12/2019 ₦000	Segment net assets/liabilities 31/12/2019 ₦000	Segment assets 31/12/2018 ₦000	Segment liabilities 31/12/2018 ₦000	Segment net assets/liabilities 31/12/2018 ₦000
Class of business						
Civil works	75,311,727	(92,142,319)	(16,830,592)	74,585,844	(85,163,709)	(10,577,865)
Building works	42,559,523	(53,662,058)	(11,102,535)	42,149,318	(49,597,839)	(7,448,521)
Services	120,966,973	(86,730,252)	34,236,721	119,801,049	(80,161,538)	39,639,511
	238,838,223	**(232,534,629)**	**6,303,594**	**236,536,211**	**(214,923,086)**	**21,613,125**
Net cash	13,482,732	(6,211,311)	7,271,421	11,963,926	(25,461,844)	(13,497,918)
Unallocated assets/ (liabilities)	20,556,052	(13,736,897)	6,819,155	19,560,250	(10,964,536)	8,595,714
	272,877,007	**(252,482,837)**	**20,394,170**	**268,060,387**	**(251,349,466)**	**16,710,921**

The amounts provided to the Management with respect to total assets are measured in a manner consistent with that of the Consolidated Financial Statements. These assets are allocated based on the operations of the segment and the physical location of the assets.

Unallocated net assets/(liabilities) principally comprise assets/(liabilities) which are not categorised as part of those of the segments in the Group. These are not directly attributable to the activities of the individual segments.

For the purposes of monitoring segment performance and allocating resources between segments the Management monitors the tangible and financial assets and liabilities attributable to each segment. All assets and liabilities are allocated to reportable segments with the exception of current tax assets and deferred taxation assets, current tax liabilities and retirement benefit. Assets used jointly by reportable segments are allocated on a rational basis after considering the revenues earned by individual reportable segments.

8. Revenue

	Group 31/12/2019 ₦000	Group 31/12/2018 ₦000	Company 31/12/2019 ₦000	Company 31/12/2018 ₦000
Construction contracts	249,288,831	178,532,590	238,580,730	166,645,727
Rendering of services	17,141,396	16,085,122	4,908,249	3,681,019
	266,430,227	**194,617,712**	**243,488,979**	**170,326,746**

9. Investment income

	Group 31/12/2019 ₦000	Group 31/12/2018 ₦000	Company 31/12/2019 ₦000	Company 31/12/2018 ₦000
Investment income consists of interest income from				
Interest income	677,530	474,179	415,932	465,856
Dividend received	–	–	272,000	518,000
	677,530	**474,179**	**687,932**	**983,856**

10. Other gains and losses

	Group 31/12/2019 ₦000	Group 31/12/2018 ₦000	Company 31/12/2019 ₦000	Company 31/12/2018 ₦000
Profit from sale of PPE	510,952	529,887	510,952	523,339
Net foreign exchange gains/(losses)	(2,160,118)	862,693	(2,766,063)	(2,539,373)
Sundry income	1,905,802	897,746	1,330,744	430,717
	256,636	**2,290,326**	**(924,367)**	**(1,585,317)**

11. Finance costs

	Group 31/12/2019 ₦000	Group 31/12/2018 ₦000	Company 31/12/2019 ₦000	Company 31/12/2018 ₦000
Interest on overdraft	4,639,499	3,511,797	4,639,499	3,511,797
Interest on loan	1,045,993	616,551	1,779,096	1,517,517
Other finance charges	1,314,715	435,225	808,952	435,225
	7,000,207	**4,563,573**	**7,227,547**	**5,464,539**

12. Profit for the year

	Group 31/12/2019 ₦000	Group 31/12/2018 ₦000	Company 31/12/2019 ₦000	Company 31/12/2018 ₦000
Profit for the year has been arrived at after charging/(crediting)				
Net foreign exchange losses/(gains)	2,160,118	(862,693)	2,766,063	2,539,373
Depreciation of PPE	7,182,166	7,749,333	6,918,696	7,241,772
Net impairment of financial assets	1,860,878	–	2,166,098	–
Net armotisation of right-of-use assets	1,303,001	–	585,358	–
Depreciation of investment property	98,725	98,725	98,725	98,725
Net impairment	(714,952)	(49,622)	(714,952)	–
Audit remuneration (see Note 12.1)	95,925	98,420	55,920	55,920
Staff costs (see Note 13)	72,372,375	68,769,101	46,278,411	41,544,783
Gain on disposal of PPE	(510,952)	(529,887)	(510,952)	(523,339)

12.1 Auditors' remuneration

The total remuneration of the Group's auditor, Nexia Agbo Abel & Co. and other professional firms for services provided to the Group is analysed below:

	Group 31/12/2019 ₦000	Group 31/12/2018 ₦000	Company 31/12/2019 ₦000	Company 31/12/2018 ₦000
Audit fees				
Parent group	52,920	52,920	52,920	52,920
Subsidiaries auditors (Ernst & Young and Deloitte & Touche and G.E Osagie)	40,005	42,500	–	–
Other audit related fees	3,000	3,000	3,000	3,000
Audit and audit-related fees	**95,925**	**98,420**	**55,920**	**55,920**
Other fees				
Taxation	13,770	13,770	4,500	4,500
Others	1,350	1,350	250	250
Total fees	**111,045**	**113,540**	**60,670**	**60,670**

13. Staff costs and employee numbers

	Group 31/12/2019 ₦000	Group 31/12/2018 ₦000	Company 31/12/2019 ₦000	Company 31/12/2018 ₦000
Wages and salaries	69,485,919	66,245,459	44,272,079	39,835,342
Social security costs	2,883	31,665	–	–
Defined benefit plans	1,026,613	939,838	320,653	299,204
Defined contribution (pension schemes)	1,856,960	1,552,139	1,685,679	1,410,237
	72,372,375	**68,769,101**	**46,278,411**	**41,544,783**

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	Group 31/12/2019 Number	Group 31/12/2018 Number	Company 31/12/2019 Number	Company 31/12/2018 Number
The average number of people employed was as follows:				
Civil works	2,790	3,002	2,488	2,667
Building works	5,710	5,983	5,114	5,314
Services	2,949	3,198	2,647	2,840
	11,449	**12,183**	**10,249**	**10,821**

The average number of employees in the services regions includes managerial staff as well as Executive Management.

	Group 31/12/2019 Number	Group 31/12/2018 Number	Company 31/12/2019 Number	Company 31/12/2018 Number
Managerial staff	122	118	91	91
Senior staff	461	386	382	324
Junior staff	10,866	11,679	9,776	10,406
	11,449	**12,183**	**10,249**	**10,821**

Number of employees of the Company in receipt of emoluments within the bands listed below are:

	Group 31/12/2019 Number	Group 31/12/2018 Number	Company 31/12/2019 Number	Company 31/12/2018 Number
Up to - ₦500,000.00	1,848	2,450	1,848	2,038
₦500,001.00 - ₦1,000,000.00	2,648	3,073	2,599	2,723
₦1,000,001.00 - ₦2,000,000.00	3,945	3,705	3,165	3,405
₦2,001,001.00 - ₦3,000,000.00	1,624	1,852	1,572	1,652
Above ₦3,000,000.00	1,384	1,103	1,065	1,003
	11,449	**12,183**	**10,249**	**10,821**

14. Taxation

14.1 Income tax recognised in profit or loss

	Group 31/12/2019 ₦000	Group 31/12/2018 ₦000	Company 31/12/2019 ₦000	Company 31/12/2018 ₦000
Current tax				
Current tax expense in respect of the current year	4,626,076	3,280,732	3,302,643	1,510,342
Education tax (2 % of assessable profit)	455,583	273,149	427,435	254,577
Adjustments in relation to the current tax of prior years	–	40,150	–	–
Deferred tax				
Deferred tax charged in the current year	(36,998)	570,802	(331,776)	293,102
Total income tax expense recognised in the current year	**5,044,661**	**4,164,833**	**3,398,302**	**2,058,021**
The income tax expense for the year can be reconciled to the accounting profit as follows:				
Profit before tax from operations	**13,918,812**	**10,197,667**	**10,079,724**	**6,630,667**
Expected income tax expense calculated at 30 % (2018: 30 %)	4,175,644	3,059,300	3,023,917	1,989,200
Education tax expense calculated at 2 % (2018: 2 %) of assessable profit	455,583	273,149	427,435	254,577
Effect of income that is exempt from taxation	–	–	–	–
Effect of expenses that are not deductible in determining taxable profit	450,432	261,582	278,726	(478,858)
Effect of unrecognised and unused tax losses now recognised as deferred tax assets	–	–	–	–
Effect of different tax rates of subsidiaries and adjustments	–	–	–	–
Deferred tax expense recognised in the current year	(36,998)	570,802	(331,776)	293,102
Income tax expense recognised in profit or loss	**5,044,661**	**4,164,833**	**3,398,302**	**2,058,021**
Relating to the component of profit or loss	5,159,277	4,095,852	3,512,918	1,989,040
Relating to the component of other comprehensive income	(114,616)	68,981	(114,616)	68,981
	5,044,661	**4,164,833**	**3,398,302**	**2,058,021**

The tax rate used for the 2019 and 2018 reconciliations above is the corporate tax rate of 30% payable by corporate entities in Nigeria on taxable profits under the Companies Income Tax Act.

14.2 Current tax liabilities

	Group 31/12/2019 ₦000	Group 31/12/2018 ₦000	Company 31/12/2019 ₦000	Company 31/12/2018 ₦000
Income tax payable				
Expense	4,626,076	3,280,732	3,302,643	1,510,342
Provisional payment	(1,154,205)	(1,076,737)	–	–
	3,471,871	**2,203,995**	**3,302,643**	**1,510,342**
Education tax payable	455,583	273,149	427,435	254,577
	3,927,454	**2,477,144**	**3,730,078**	**1,764,919**

14.3 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group 31/12/2019 ₦000	Group 31/12/2018 ₦000	Company 31/12/2019 ₦000	Company 31/12/2018 ₦000
Deferred tax assets	3,798,902	2,577,821	3,617,728	2,434,847
Deferred tax liabilities	(8,730,298)	(7,546,216)	(7,508,543)	(6,657,438)
Deferred tax liabilities (net)	**(4,931,396)**	**(4,968,395)**	**(3,890,815)**	**(4,222,591)**
The gross movement in deferred taxation during the year				
Balance at beginning of year	4,968,395	4,397,593	4,222,591	3,929,489
Profit or loss charge	77,618	501,821	(217,161)	224,121
Tax charge relating to components of other comprehensive income	(114,616)	68,981	(114,616)	68,981
Balance at end of year	**4,931,397**	**4,968,395**	**3,890,814**	**4,222,591**

The movement in deferred tax assets and liabilities during the year without taking into consideration the offsetting of balances within the same tax jurisdiction, is as stated below:

14.3.1 Deferred tax – Group

Group	Accelerated tax depreciation ₦000	Adjustments and fair value gains ₦000	Others ₦000	Total ₦000
Deferred tax liabilities				
Balance at January 1, 2019	7,221,909	(414,578)	738,886	7,546,217
Charged to profit or loss	1,187,483	(250,726)	247,324	1,184,081
Balance at December 31, 2019	**8,409,392**	**(665,304)**	**986,210**	**8,730,298**

Group	Retirement benefit obligation ₦000	Impairment and tax losses ₦000	Provisions and others ₦000	Total ₦000
Deferred tax assets				
Balance at January 1, 2019	153,415	(3,566,171)	834,933	(2,577,823)
Charged to profit or loss	238	(149,626)	(957,075)	(1,106,463)
Charged to other comprehensive income	(114,616)	–	–	(114,616)
Balance at December 31, 2019	**39,037**	**(3,715,797)**	**(122,142)**	**(3,798,902)**

14.3.2 Deferred tax – Company

Company	Accelerated tax depreciation ₦000	Adjustments and fair value gains ₦000	Others ₦000	Total ₦000
Deferred tax liabilities				
Balance at January 1, 2019	7,100,006	(498,179)	55,612	6,657,439
Charged to profit or loss	1,080,423	(257,172)	27,853	851,104
Balance at December 31, 2019	**8,180,429**	**(755,351)**	**83,465**	**7,508,543**

Company	Retirement benefit obligation ₦000	Impairment and tax losses ₦000	Provisions and others ₦000	Total ₦000
Deferred tax assets				
Balance at January 1, 2019	154,951	(3,566,171)	976,373	(2,434,847)
Charged to profit or loss	–	(149,626)	(918,639)	(1,068,265)
Charged to other comprehensive income	(114,616)	–	–	(114,616)
Balance at December 31, 2019	**40,335**	**(3,715,797)**	**57,734**	**(3,617,728)**

15. Earnings per share

Basic and diluted earnings per share are shown on the face of the Statement of Profit or Loss and Other Comprehensive Income. The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are shown below.

Earnings/(Loss) per share	Group 31/12/2019 ₦000	Group 31/12/2018 ₦000	Company 31/12/2019 ₦000	Company 31/12/2018 ₦000
Earnings				
Earnings for the purpose of basic earnings and diluted earnings per share being net profit attributable to equity holders of the Company	7,554,354	6,992,400	6,323,248	4,788,213
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,320,000	1,320,000	1,320,000	1,320,000
Effect of dilutive potential ordinary shares				
Bonus share	264,000	–	264,000	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,584,000	1,320,000	1,584,000	1,320,000
Earnings per 50 K share (₦) – basic	5.72	5.30	4.79	3.63
Earnings per 50 K share (₦) – diluted	4.77	4.41	3.99	3.02

16. Property, Plant and Equipment

Group PPE	Land ₦000	Buildings ₦000	Plant and machinery ₦000	Office equipment ₦000	Total ₦000
Cost					
As at January 1, 2018	6,361,864	10,746,891	106,489,098	2,026,686	125,624,539
Additions	–	–	4,833,960	620,841	5,454,801
Disposal	–	–	(12,500)	(358,153)	(370,653)
Reclassifications from held for sale	–	–	489,042	–	489,042
Reclassifications as held for sale	–	–	(822,263)	(30,867)	(853,130)
As at January 1, 2019	**6,361,864**	**10,746,891**	**110,977,337**	**2,258,507**	**130,344,599**
Additions	–	–	7,888,787	115,275	8,004,062
Disposal	–	–	(16,358)	(200,445)	(216,803)
Reclassifications as held for sale	–	–	(1,488,787)	(5,803)	(1,494,590)
Adjustment and exchange difference	–	–	(16,741)	(747)	(17,488)
At December 31, 2019	**6,361,864**	**10,746,891**	**117,344,238**	**2,166,787**	**136,619,780**
Accumulated depreciation					
As at January 1, 2018	–	4,477,926	74,551,050	1,141,254	80,170,230
Charge for the year	–	305,773	7,126,117	317,443	7,749,333
Disposal	–	–	(6,853)	(315,486)	(322,339)
Adjustment and exchange difference	–	–	14,111	–	14,111
Reclassifications from held for sale	–	–	331,049	–	331,049
Reclassifications as held for sale	–	–	(694,470)	(29,324)	(723,794)
As at January 1, 2019	**–**	**4,783,699**	**81,321,004**	**1,113,887**	**87,218,590**
Charge for the year	–	306,724	6,798,544	76,898	7,182,166
Disposal	–	–	(16,134)	(200,428)	(216,562)
Adjustment and exchange difference	–	(386)	(34,558)	24,987	(9,957)
Reclassifications as held for sale	–	–	(1,387,210)	(5,513)	(1,392,723)
At December 31, 2019	**–**	**5,090,037**	**86,681,646**	**1,009,831**	**92,781,514**
Impairment					
Balance at January 1, 2018	–	–	1,683,937	149,243	1,833,180
Charges for the year	–	–	–	–	–
Reversal in the year	–	–	–	(49,622)	(49,622)
Balance at January 1, 2019	**–**	**–**	**1,683,937**	**99,621**	**1,783,558**
Charges for the year	–	–	–	–	–
Reversal in the year	–	–	(714,952)	–	(714,952)
Balance at December 31, 2019	**–**	**–**	**968,985**	**99,621**	**1,068,606**
Carrying amount					
At December 31, 2019	**6,361,864**	**5,656,854**	**29,693,607**	**1,057,335**	**42,769,660**
At December 31, 2018	**6,361,864**	**5,963,192**	**27,972,396**	**1,044,999**	**41,342,451**

Company PPE	Land ₦000	Buildings ₦000	Plant and machinery ₦000	Office equipment ₦000	Total ₦000
Cost					
As at January 1, 2018	6,069,940	9,141,074	105,828,349	58,586	121,097,949
Additions	–	–	4,813,085	–	4,813,085
Reclassifications from held for sale	–	–	489,042	–	489,042
Reclassifications as held for sale	–	–	(822,263)	(30,867)	(853,130)
As at January 1, 2019	**6,069,940**	**9,141,074**	**110,308,213**	**27,719**	**125,546,946**
Additions	–	–	7,369,391	–	7,369,391
Reclassifications from held for sale	–	–	–	–	–
Reclassifications as held for sale	–	–	(1,486,775)	(5,803)	(1,492,578)
At December 31, 2019	**6,069,940**	**9,141,074**	**116,190,830**	**21,916**	**131,423,760**
Accumulated depreciation and impairment loss					
As at January 1, 2018	–	4,203,992	74,142,857	30,698	78,377,547
Charge for the year	–	251,635	6,990,137	–	7,241,772
Reclassifications from held for sale	–	–	331,049	–	331,049
Reclassifications as held for sale	–	–	(694,470)	(29,324)	(723,794)
As at January 1, 2019	**–**	**4,455,627**	**80,769,573**	**1,374**	**85,226,574**
Charge for the year	–	251,536	6,667,161	–	6,918,697
Reclassifications from held for sale	–	(386)	(24,601)	24,987	–
Reclassifications as held for sale	–	–	(1,385,213)	(5,513)	(1,390,726)
At December 31, 2019	**6,069,940**	**4,706,777**	**86,026,920**	**20,848**	**90,754,545**
Impairment					
Balance at January 1, 2018	–	–	1,683,936	–	1,683,936
Reversal in the year	–	–	–	–	–
Balance at January 1, 2019	**–**	**–**	**1,683,936**	**–**	**1,683,936**
Reversal in the year	–	–	(714,952)	–	(714,952)
Balance at December 31, 2019	**–**	**–**	**968,984**	**–**	**968,984**
Carrying amount					
At December 31, 2019	**6,069,940**	**4,434,297**	**29,194,925**	**1,068**	**39,700,230**
At December 31, 2018	**6,069,940**	**4,685,447**	**27,854,704**	**26,345**	**38,636,436**

16.1 Contractual commitment for capital expenditure

There were no capital commitments for the purchase of PPE in the year.

17. Non-current assets held for sale

Group	Plant and machinery ₦000	Office equipment ₦000	Total ₦000
As at January 1, 2018	1,056,631	30,867	1,087,498
Additions	129,336	–	129,336
Reclassifications to PPE	(127,126)	(30,867)	(157,993)
Disposal	(848,614)	–	(848,614)
Balance at January 1, 2019	**210,227**	**–**	**210,227**
Additions	101,667	290	101,957
Reclassifications to PPE	(193,242)	–	(193,242)
Disposal	(95,690)	–	(95,690)
Balance at December 31, 2019	**22,962**	**290**	**23,252**

Company	Plant and machinery ₦000	Office equipment ₦000	Total ₦000
As at January 1, 2018	1,030,724	30,867	1,061,591
Additions	129,336	–	129,336
Reclassifications to PPE	(127,126)	(30,867)	(157,993)
Disposal	(824,301)	–	(824,301)
Balance at January 1, 2019	**208,633**	**–**	**208,633**
Additions	101,562	290	101,852
Reclassifications to PPE	(193,242)	–	(193,242)
Disposal	(95,690)	–	(95,690)
Balance at December 31, 2019	**21,263**	**290**	**21,553**

At the reporting date, PPE of ₦101.7 million (2018: ₦129.3 million) were reclassified as non-current assets held for sale. The assets are taken to the sales yard once it has been determined that their value will be realised from sale and not continuous use in the business operation by the Company's Equipment Repair Centre and sales is expected to be completed within one year.

18. Right-of-use assets

18.1 Buildings

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Cost				
Balance at January 1, 2019	14,760,536	–	2,503,712	–
Additions during the year	–	–	–	–
Balance at December 31, 2019	**14,760,536**	**–**	**2,503,712**	**–**
Accumulated amortisation				
Balance at January 1, 2019	–	–	–	–
Charge for the year	1,303,001	–	585,358	–
Balance at December 31, 2019	**1,303,001**	**–**	**585,358**	**–**
Carrying amount at December 31, 2019	**13,457,535**	**–**	**1,918,354**	**–**

The Group leases a number of assets in the form of buildings and the Information about leases that do not meet the definition of investment property for which the Group is a lessee is presented above.

19. Intangible assets

19.1 Goodwill

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Cost	4,606,412	4,606,412	–	–
Impairment	–	–	–	–
Exchange difference	4,662,230	4,828,164	–	–
	9,268,642	**9,434,576**	**–**	**–**

The purchased goodwill above exist in the books of Julius Berger International GmbH. It is the Group's policy to test goodwill for impairment annually and more frequently if there are indications of impairment. No impairment loss has been recognised as there are no indications that the goodwill is impaired.

19.2 Other intangible assets

	Group Concession asset (note 19.2.1) ₦ 000	Group Licenses (note 19.2.2) ₦ 000	Group Total ₦ 000	Company Licenses ₦ 000	Company Total ₦ 000
Cost					
Balance at January 1, 2019	–	4,149	4,149	–	–
Additions during the year	2,451,389	–	2,451,389	–	–
Balance at December 31, 2019	**2,451,389**	**4,149**	**2,455,538**	**–**	**–**
Accumulated amortisation					
Balance at January 1, 2019	–	–	4,149	–	–
Charge for the year	188,568	–	188,568	–	–
Balance at December 31, 2019	**188,568**	**4,149**	**192,717**	**–**	**–**
Carrying amount					
Balance at December 31, 2019	**2,262,821**	**–**	**2,262,821**	**–**	**–**
Balance at December 31, 2018	**–**	**–**	**–**	**–**	**–**

Notes:
19.2.1: This represents the present value of future concession payments to Nigeria Port Authority by Julius Berger Services Nigeria Limited relating to the service concession arrangement for Multi-Purpose Terminal C (Canal Berth) at Warri Old Port. The related liability is disclosed in Note 32. The outstanding lease term is 13 years up to 2031.
19.2.2: The other intangible assets represents software licences acquired as part of the net asset of Julius Berger International GmbH. The amortisation of the useful life of the licenses is 3 years. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

20. Investment property

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Cost				
As at January 1	2,742,372	2,742,372	2,742,372	2,742,372
Additions during the year	–	–	–	–
At December 31	**2,742,372**	**2,742,372**	**2,742,372**	**2,742,372**
Accumulated amortisation				
At January 1	482,360	399,888	482,360	399,888
Adjustment	368,855	(16,253)	368,855	(16,253)
Charge for the year	98,725	98,725	98,725	98,725
At December 31	**949,941**	**482,360**	**949,941**	**482,360**
Carrying amount				
At December 31	**1,792,431**	**2,260,012**	**1,792,431**	**2,260,012**

Investment property is carried at cost and depreciated using the straight line method. The estimated useful life of the investment property is 25 years.

The fair value of the Group's investment property at December 31, 2019 has been arrived at on the basis of a valuation carried out by Kezito Kevin & Partners, an independent estate surveyors & valuers and certified by the firm's partner, Mr Alex O. James, FRC/2012/NIESV/00000000117 at that date to be ₦1.8 billion. The Group believes that the valuation conforms to the requirement of IFRS 13. The fair value was determined based on the income based approach and the discounted cash flow technique.

In estimating the fair value of the properties, the highest and best use of the properties is their current use, the discounted cash flow technique is used to estimate the income to be generated by the properties in consecutive years of the projection in line with the requirement of IFRS 13.

21. Investments

21.1 Investments in subsidiaries

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
As at January 1	–	–	16,916,771	16,916,771
Additions during the year	–	–	–	–
Disposals	–	–	–	–
At December 31	**–**	**–**	**16,916,771**	**16,916,771**

Investments undertakings are recorded at cost which is the fair value of the consideration paid. Details of the parent's subsidiaries at the end of the reporting period are as follows:

Name of subsidiaries	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the parent 2019	2018
Abumet Nigeria Ltd.	Manufacturers and dealers in aluminum, steel, iron or other structural products of such nature.	Abuja, Nigeria	90.0%	90.0%
Julius Berger Free Zone Enterprise	Planning and construction of all kinds and aspects of civil engineering works and related activities as well as maintanance of buildings and facilities in Free Trade Zones.	Abuja, Nigeria	100.0%	100.0%
Julius Berger International GmbH	Providers of logistical and technical support on an international level	Wiesbaden, Germany	100.0%	100.0%
Julius Berger Investments Ltd.	Investment company and managers	Abuja, Nigeria	100.0%	100.0%
Julius Berger Medical Services Ltd.	Health care providers for the operation of medical service institutions and all form of medical and health care services.	Abuja, Nigeria	100.0%	100.0%
Julius Berger Services Nigeria Ltd.	Providers of ports services, stevedores, cargo superintendents, port management, warehousemen, agents and proprietors of warehouses.	Abuja, Nigeria	100.0%	100.0%
PrimeTech Design and Engineering Nigeria Ltd.	Engineers, planning, design, development and maintenance of engineering works and products of all description.	Abuja, Nigeria	100.0%	100.0%

21.2 Other financial assets

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
As at January 1	2,045,681	2,025,055	–	–
Additions during the year	–	–	–	–
Disposals	2,866	20,626	–	–
At December 31	**2,048,547**	**2,045,681**	**–**	**–**

This represent the Group's investments in equity instruments (neither held for trading nor a contingent consideration arising from a business combination) that the carrying amount are denominated in a foreign currency and translated at the spot rate at the end of each reporting period. Specifically, the exchange differences arising on translation are recognised in profit or loss in the 'other gains and losses' line item (note 10); The Group has designated all investments in equity instruments that are not held for trading at FVTOCI on initial application of IFRS 9.

22. Inventories

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Construction materials	5,081,692	1,609,883	4,408,319	851,287
Consumables	4,140,851	3,283,940	3,746,377	2,866,172
Spares	9,538,945	8,411,038	9,460,425	7,294,818
Others	1,091,927	367,145	454,646	357,708
	19,853,415	**13,672,006**	**18,069,767**	**11,369,985**
Allowances (Note 22.1)	(332,656)	(206,025)	(211,763)	(65,689)
	19,520,759	**13,465,981**	**17,858,004**	**11,304,296**

22.1 Obsolete inventory

Inventory is stated net of allowances for obsolescence, an analysis of which is as follows:

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Balance at beginning of year	206,025	164,746	65,689	100,701
Amount (written back)/ charged to profit or loss	126,631	41,279	146,074	(35,012)
Balance at end of year	**332,656**	**206,025**	**211,763**	**65,689**

22.2 Inventory recognised as expense

The cost of inventories recognised as an expense during the year in respect of operations was ₦102.0 billion (December 31, 2018: ₦69.6 billion).

22.3 Inventory pledged as securities

Inventories have not been pledged as security for liabilities.

23. Amount due from/to customers from construction contract

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Construction costs incurred plus recognised profits less recognised losses to date	–	–	–	–
Less progress billings	(170,121,364)	(160,767,902)	(169,930,198)	(160,609,800)
	(170,121,364)	**(160,767,902)**	**(169,930,198)**	**(160,609,800)**
Recognised and included in the Consolidated and Separate Financial Statements as amounts				
Due from customers under construction contracts	–	–	–	–
Due to customers under construction contracts (Note 23.1)	(170,121,364)	(160,767,902)	(169,930,198)	(160,609,800)
	(170,121,364)	**(160,767,902)**	**(169,930,198)**	**(160,609,800)**

23.1 Contract liabilities

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Current portion	191,166	158,102	–	–
Non-current portion	169,930,198	160,609,800	169,930,198	160,609,800
	170,121,364	**160,767,902**	**169,930,198**	**160,609,800**

24. Trade and other receivables

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Trade receivables				
Contract and retention receivables (Note 24.5)	132,713,438	140,586,464	121,868,170	122,553,016
Receivables from rendering of services	6,036,700	5,658,384	9,561,665	11,641,272
Less allowance for doubtful debt (Note 24.3)	(8,919,787)	(8,423,300)	(8,540,686)	(7,735,762)
	129,830,351	**137,821,548**	**122,889,149**	**126,458,526**
Other receivables				
Supplier advances	13,855,268	13,912,313	13,196,826	13,408,360
Amount owed by related entities (Note 36.2)	–	–	3,524,965	5,982,888
Amount owed by staff debtors	152,967	55,990	144,563	35,236
Prepayments and accrued income	1,153,327	4,423,179	1,104,473	4,320,851
Other receivables	10,174,224	6,618,112	9,839,880	6,030,884
	155,166,137	**162,831,142**	**150,699,856**	**156,236,745**
Analysed as follows:				
Current Portion	102,257,374	101,484,353	97,791,093	91,108,522
Non-current Portion	52,908,763	61,346,789	52,908,763	65,128,223
	155,166,137	**162,831,142**	**150,699,856**	**156,236,745**

Trade receivables expected to be recovered within one year include retentions of Nil (2018: Nil) relating to contracts in progress.

Trade and other receivables are classified as loans and receivables.

The Group has recognised an allowance for doubtful debts (see note 24.3) against all receivables over six years in consideration that the Management's continuous efforts to recover these debts is gradually becoming uncertain. Allowances for doubtful debts are recognised against trade receivables based on the Management's assessment of the credit quality of individual customers, receivables that are in dispute, financial standing of customers and the willingness of the customers to pay.

Trade receivables disclosed above include amounts (see table on page 113 for aged analysis) that are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are more than three years outstanding are still considered recoverable.

24.1 Age of receivables that are past due but not impaired

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
0 – 3 years	155,166,137	162,831,142	150,699,856	156,236,745
Above 3 years	–	–	–	–
	155,166,137	162,831,142	150,699,856	156,236,745

24.2 Age of receivables that are past due but impaired

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
0 – 3 years	379,101	687,538	–	–
Above 3 years	8,540,686	7,735,762	8,540,686	7,735,762
	8,919,787	8,423,300	8,540,686	7,735,762

Based on past experience, the Group believes that no material impairment allowance is necessary in respect of trade receivables not past due.

24.3 Allowances for credit losses

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Balance at January 1	8,423,300	4,901,804	7,735,762	4,838,727
Impairment losses recognised on receivables	979,155	3,521,496	970,796	2,897,035
Amounts written off during the year as uncollectible	–	–	–	–
Amounts recovered during the year	(482,666)	–	(165,872)	–
Balance at December 31	8,919,789	8,423,300	8,540,686	7,735,762

In determining the recoverability of trade receivables, the Group considered changes in the credit quality of trade receivables from the date credit was initially granted up to the end of the reporting period with emphasis on a certificate by certificate basis.

24.4 Information about concentration risk

Trade receivable exposures are typically with the Federal and State Governments which are the major customers of the Group and credit risks are greatly minimised through forward funding where achievable.

24.5 Contract and retention receivables

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Balance at January 1	140,586,464	111,176,537	122,553,016	108,453,937
Movements in the year	(7,873,026)	29,409,927	(684,846)	14,099,079
Balance at December 31	132,713,438	140,586,464	121,868,170	122,553,016

24.6 Impairment of financial assets

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Recognized on trade receivables	1,104,147	3,521,496	970,796	2,897,035
Recognized on Withholding tax receivables	2,343,544	1,805,498	2,331,970	1,552,737
Impairment losses reversed	(482,666)	–	(165,872)	–
	2,965,025	5,326,994	3,136,894	4,449,772

25. Tax receivables

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Balance at January 1	19,783,282	15,216,143	19,154,995	14,410,467
Movements in the year	15,950,072	12,451,503	15,194,733	12,270,208
Utilised as tax offset	(3,747,680)	(6,116,989)	(3,595,673)	(5,972,943)
	31,985,674	21,550,657	30,754,055	20,707,732
Allowances	(4,107,081)	(1,767,375)	(3,884,707)	(1,552,737)
Balance at December 31	27,878,593	19,783,282	26,869,348	19,154,995
Made up as follows:				
Current portion	3,478,209	2,571,548	3,302,643	1,510,342
Non-current portion	24,400,384	17,211,734	23,566,705	17,644,653
	27,878,593	19,783,282	26,869,348	19,154,995

Tax receivable include credit notes deducted at source and remitted to Federal Inland Revenue Services (FIRS).

26. Contract assets

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Balance at January 1	10,483,108	–	8,943,727	–
Additions	–	10,483,908	–	8,943,727
Reclassifications	(8,943,198)	–	(8,943,727)	–
Balance at December 31	1,539,910	10,483,908	–	8,943,727

Amounts relating to contract assets are balances due from customers under construction contracts that arise when the Group receives payments from customers in line with a series of performance related milestones. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Payment for certain construction related services are not due from the customer until the services are complete and therefore a contract asset is recognised over the period in which the services are performed to represent the entity's right to consideration for the services transferred to date.

27. Issued capital and dividend

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Share capital (note 27.1)	660,000	660,000	660,000	660,000
Share premium	425,440	425,440	425,440	425,440
	1,085,440	**1,085,440**	**1,085,440**	**1,085,440**

27.1 Share capital

The authorised share capital of the Company is ₦800 million (2018: ₦800 million). This comprises 1.6 billion (2018: 1.6 billion) ordinary shares of 50 kobo each. Issued and fully paid share capital consists of 1.32 billion (2018: 1.32 billion) shares at 50 kobo each. All the ordinary shares rank parri passu in all respects. To the Company's knowledge and belief, there are no restrictions on the transfer of shares in the Company or on voting rights between holders of shares.

27.2 Scrip

The Directors are recommending, in addition to the declaration of dividend, the capitalisation of the sum of ₦132,000,000 (one hundred and thirty-two million Naira) from the retained earnings to be distributed as fully paid-up ordinary shares to existing shareholders, whose names appear in the Register of Members as at the close of business on May 29, 2020 in the proportion of one new ordinary share for every five existing ordinary share held by them.

27.3 Dividend

The Directors are proposing a final dividend in respect of the financial year ended December 31, 2019 of ₦2.00 per share (2018: ₦2.00), which will absorb an estimated ₦2.64 billion (2018: ₦2.6 billion) of equity. Subject to approval, it will be paid on June 19, 2020 to shareholders on the register of members as at close of business on May 29, 2020 (qualification date). The dividend has not been provided for and withholding tax will be deducted at the appropriate rate when payment is made.

27.3.1 Unclaimed dividend

Unclaimed dividend is the balance of dividend declared by the Company but yet to be claimed by shareholders after 15 months of initial payment. The amount relates to the portion that has been transferred to the Company by the Registrar in accordance with Securities and Exchange Commission guidelines on Return of Unclaimed Dividends. The amount is payable on demand to shareholders.

Unclaimed dividend as at December 31, 2019	Year	Registrar ₦ 000	Company ₦ 000
Dividend No. 30	2008	1,108	5,085
Dividend No. 31	2008	3,342	16,214
Dividend No. 32	2009	7,303	43,263
Dividend No. 33	2010	11,293	56,950
Dividend No. 34	2011	8,519	81,232
Dividend No. 35	2012	10,443	108,030
Dividend No. 36	2013	9,954	107,156
Dividend No. 37	2014	2,313	128,424
Dividend No. 38	2015	7,472	129,284
Dividend No. 39	2016	6,560	79,852
Dividend No. 40	2018	13,840	65,371
Dividend No. 41	2019	176,710	–

28. Non-controlling interest

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Balance at beginning of year	61,609	55,079	–	–
Share of profit for the year	3,748	8,530	–	–
Share of foreign currency translation reserve	–	–	–	–
Dividend paid to non-controlling interest	(8,000)	(2,000)	–	–
Purchase of non-controlling interest	–	–	–	–
Balance at end of year	**57,357**	**61,609**	**–**	**–**

29. Borrowings

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Bank overdraft (29.1)	6,211,311	25,461,844	6,211,311	25,461,844
Term loan (29.2)	9,092,469	–	9,092,469	–
	15,303,780	**25,461,844**	**15,303,780**	**25,461,844**

The borrowing within the Group is represented by only the parent Company and therefore the same.

29.1 Bank overdraft

Bank overdrafts comprise various facilities obtained by the Group to meet import financing and working capital requirements.

29.2 Term loan

This relates to the drawdown of a loan of €25,000,000 secured from Zenith Bank Plc in 2019 to finance the purchase and importation of various construction equipment. The loan has a tenure of five years and repayable in ten equal and consecutive semi-annual installment commencing six months from the date of initial drawdown at an interest of 6.2%.

29.2.1 Term loan movement schedule

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Balance at beginning of year	–	–	–	–
Additions in the year	9,092,469	–	9,092,469	–
Repayment in the year	–	–	–	–
Balance at end of year	**9,092,469**	**–**	**9,092,469**	**–**
Made up as follows:				
Current portion	1,818,494	–	1,818,494	–
Non-current portion	7,273,975	–	7,273,975	–
	9,092,469	**–**	**9,092,469**	**–**

30. Retirement benefit liabilities

30.1 Defined contribution plan

Retirement benefits for members of staff are structured through a defined contributory pension scheme, which is independent of the Group's finances and is managed by private pension fund administrators. The scheme, which is funded by contributions from both employees at 8% and employer at 10% each of relevant emoluments, is consistent with the Pension Reform Act 2014.

Staff pensions	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Balance at January 1	140,291	112,973	127,676	98,667
Provision during the year	1,856,959	1,552,139	1,685,679	1,410,237
Remittance to pension fund administrators	(1,848,800)	(1,524,821)	(1,677,214)	(1,381,228)
Balance at December 31	**148,450**	**140,291**	**136,141**	**127,676**

The total expense for the defined contribution plans amounted to ₦1.9 billion (2018: ₦1.6 billion).

30.2 Defined benefit plan – Discontinued scheme

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Present value of unfunded defined benefit obligation	3,334,920	3,045,094	2,062,135	1,582,142
Deficit	–	–	–	–
Net actuarial gains/(losses) not recognised	–	–	–	–
Net liability arising from defined benefit obligation	**3,334,920**	**3,045,094**	**2,062,135**	**1,582,142**

Movements in the present value of the defined benefit obligation in the current year were as follows:

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Opening defined benefit obligation	3,045,094	2,587,335	1,582,142	1,598,239
Current service cost	816,352	749,901	110,392	109,267
Interest on defined benefit obligation	210,261	189,937	210,261	189,937
Curtailment	–	–	–	–
Actuarial gains/(losses) due to experience adjustment	358,174	(215,567)	358,174	(215,567)
Payments in the year	(1,094,961)	(266,512)	(198,834)	(99,734)
Closing defined benefit obligation	**3,334,920**	**3,045,094**	**2,062,135**	**1,582,142**

Liability in the Statement of Financial Position is as follows:

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Current portion	148,450	140,291	136,141	127,676
Non-current portion	3,334,920	3,045,094	2,062,135	1,582,142
	3,483,370	**3,185,385**	**2,198,276**	**1,709,818**
The amount recognized in profit or loss and included within staff costs	**2,883,572**	**2,491,977**	**2,006,332**	**1,709,443**

The total amount is recognised in the year analysed as follows:

Statement of Profit or Loss	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Cost of sales	816,352	749,901	110,392	109,267
Administrative expenses	2,067,220	1,742,076	1,895,940	1,600,176
	2,883,572	**2,491,977**	**2,006,332**	**1,709,443**
Other comprehensive income	358,174	(215,567)	358,174	(215,567)
	3,241,746	**2,276,410**	**2,364,506**	**1,493,876**

The costs, assets and liabilities of the defined benefit schemes operated by the Group are determined using methods relying on actuarial estimates and assumptions. The actuarial valuation was carried out by Ernst & Young, an independent actuarial firm and certified by the firm's partner, Mr O.O. Okpaise, FRC/2012/NAS/00000000738.

30.3 Termination benefits

In the 2012 financial year, an agreement was signed between the Company and the staff union on staff employments benefits pursuant to the termination of the old scheme under the National Joint Industrial Council (NJIC) agreement. The scheme is designed for the benefit of staff member with at least five years continuous service for ex-gratia and ten years continuous service for severance benefits. There are no planned assets for the scheme as the Group believe that these obligations can be supported in the event they become payable. The present value of the defined benefit obligation, and the related current service cost and past service cost, were performed in-house and measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation at 31/12/2019 Percentage	Valuation at 31/12/2018 Percentage
Discount rate(s)	13.5 %	15.5 %
Expected rate(s) of salary increase	12.0 %	12.0 %
Average rate(s) of inflation	11.0 %	12.0 %

Note: The discount rate used is the average yield on government securities.

Other assumptions:

- The scheme computation is based on the agreement with the staff unions;
- The basis of computation are in line with the exit bonus and ex-gratia payments, and
- The death rate is ignorable as a minimal number of staff deaths while in service were recorded.

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:	**1,026,613**	**939,838**	**320,653**	**299,204**

The expense for the year is included in the 'employee benefits expense in profit or loss.

31. Trade and other payables

31.1 Trade payables

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Trade payables (Note 31.1)	35,687,226	30,844,338	20,487,494	19,220,712
Other payables				
Amount owed to related entities (Note 36.2)	–	–	17,281,665	21,467,495
Other taxation and social security costs	7,047,779	8,005,094	7,046,786	8,002,323
Accruals and deferred income	12,517,538	10,684,727	7,114,732	4,765,456
Dividend payable	867,041	818,885	867,041	800,885
Other payables	(66,240)	2,146,406	57,768	56,415
Trade and other payables	**56,053,344**	**52,499,450**	**52,855,486**	**54,313,286**
Analysed as follows:				
Current Portion	47,026,280	47,921,155	47,988,316	45,841,795
Non-current Portion	9,027,064	4,578,295	4,867,170	8,471,491
	56,053,344	**52,499,450**	**52,855,486**	**54,313,286**

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. For all the suppliers, no interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

31.2 Other taxation and social security costs

Other taxation and social security costs represent deductions of VAT on advances and withholding taxes from suppliers and subcontractors yet to be remitted to the FIRS.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

31.3 Dividend summary

	Group 31/12/2019 ₦000	Group 31/12/2018 ₦000	Company 31/12/2019 ₦000	Company 31/12/2018 ₦000
Balance at January 1	818,885	800,037	800,885	800,037
Dividend declared	2,648,000	1,340,000	2,640,000	1,320,000
Dividend refunded (GTL Registrars)	66,156	848	66,156	848
	3,533,041	2,140,885	3,507,041	2,120,885
Payment (GTL Registrars)	(2,666,000)	(1,322,000)	(2,640,000)	(1,320,000)
Balance at December 31	**867,041**	**818,885**	**867,041**	**800,885**

32. Lease liabilities

	Group 31/12/2019 ₦000	Group 31/12/2018 ₦000	Company 31/12/2019 ₦000	Company 31/12/2018 ₦000
Maturity analysis - Contractual undiscounted cash flows				
Less than one year	1,253,076	–	271,078	–
One to five years	7,344,477	–	578,677	–
More than five years	12,555,385	–	–	–
Total undiscounted lease liabilities at December 31	**21,152,938**	**–**	**849,755**	**–**
Lease liabilities included in the statement of financial position at December 31, 2019				
Balance at January 1	17,118,677	–	2,248,493	–
Interest on leases	759,037	–	79,974	–
Payments during the year	(3,038,594)	–	(1,671,991)	–
Balance at December 31	**14,839,120**	**–**	**656,476**	**–**
Analysed as follows:				
Current Portion	1,370,703	–	179,908	–
Non-current Portion	13,468,417	–	476,568	–
	14,839,120	**–**	**656,476**	**–**
Amounts recognised in profit or loss				
Interest on lease liabilities	759,037	–	79,974	–
Armotisation of rights-of-use assets	1,303,001	–	585,358	–
Short term lease payments not included in the measurement of lease liabilities	–	–	–	–
Amounts recopgnised in the statement of cash flows				
Total cash outflow for leases	**3,038,594**	**–**	**1,671,991**	**–**

33. Provisions

	Group 31/12/2019 ₦000	Group 31/12/2018 ₦000	Company 31/12/2019 ₦000	Company 31/12/2018 ₦000
Balance at beginning of year	1,074,169	474,296	832,360	300,000
Provision no longer required	(532,360)	–	(532,360)	–
Provision for the year	332,137	599,873	–	**532,360**
Balance at end of year	**873,946**	**1,074,169**	**300,000**	**832,360**
Made up as follows:				
Current portion	–	–	–	–
Non-current portion	873,946	1,074,169	300,000	832,360
	873,946	**1,074,169**	**300,000**	**832,360**

34. Reconciliation of profit to net cash provided by operating activities

	Group 31/12/2019 ₦000	Group 31/12/2018 ₦000	Company 31/12/2019 ₦000	Company 31/12/2018 ₦000
Profit/(Loss) for the year	7,558,102	7,000,929	6,323,248	4,788,211
Adjustment for:				
Investment income	(677,913)	(474,179)	(687,932)	(983,856)
Finance costs	7,000,207	4,563,573	7,227,547	5,464,539
Depreciation of PPE	7,182,166	7,745,082	6,918,697	7,241,772
Impairment loss of PPE	(855,517)	163,504	(714,952)	–
Depreciation of investment property	467,581	61,846	467,581	82,472
Actuarial gains on retirement benefits	358,174	(215,567)	358,174	(215,567)
Gain on disposal of PPE	(511,253)	(529,887)	(510,952)	(523,339)
Interest on lease liabilities	(1,527,587)	–	(656,476)	–
Amortisation of right-of-use assets	1,491,568	–	585,358	–
Impact of changes in accounting policy	–	(356,970)	–	(356,970)
(Decrease)/increase in provisions	(200,223)	624,186	(532,360)	532,361
Operating cash flows before movements in working capital	**20,285,305**	**18,582,517**	**18,777,933**	**16,029,623**
(Increase)/decrease in inventories	(6,054,778)	(2,816,101)	(6,553,708)	(2,095,339)
(Increase)/decrease in gross amount due from customers	–	31,565,373	–	30,048,392
Increase in trade and other receivables	22,967,983	(51,153,748)	14,480,613	(45,079,421)
(Increase)/decrease in tax receivable	(7,661,940)	(4,713,676)	(7,714,353)	(4,744,527)
Decrease/(increase) in retirement benefit liabilities	(60,189)	700,640	130,283	228,479
Decrease/(increase) in trade and other payables	(5,485,216)	(216,229)	(981,231)	5,976,987
Increase in contract liabilities	13,226,518	9,729,711	9,500,306	12,709,430
Cash generated by operations	**37,217,683**	**1,678,487**	**27,639,843**	**13,073,624**
Movement in taxation	1,961,404	2,368,924	1,633,383	1,750,721
Net cash from operating activities	**39,179,087**	**4,047,411**	**29,273,226**	**14,824,345**

34.1 Analysis of cash, cash equivalents and net cash

Group	Balance at 01/01/2019 ₦000	Cash flow ₦000	Exchange and non-cash movements ₦000	Balance at 31/12/2019 ₦000
Cash and bank balances	**23,995,718**	**10,137,761**	**–**	**34,133,479**
Cash and cash equivalents	23,995,718	10,137,761	–	34,133,479
Bank overdraft	(25,461,844)	19,250,533	–	(6,211,311)
	(1,466,127)	**29,388,294**	**–**	**27,922,168**

Company	Balance at 01/01/2019 ₦000	Cash flow ₦000	Exchange and non-cash movements ₦000	Balance at 31/12/2019 ₦000
Cash and bank balances	**11,963,925**	**1,518,807**	**–**	**13,482,732**
Cash and cash equivalents	11,963,925	1,518,807	–	13,482,732
Bank overdraft	(25,461,844)	19,250,533	–	(6,211,311)
	(13,497,919)	**20,769,340**	**–**	**7,271,421**

35. Financial instruments

35.1 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy is to thrive on quality in offering integrated construction solutions and services while maintaining its core competence and efficient working capital management with low cost for funds.

The capital structure of the Group and Company consists of net debt (which includes the borrowings offset by cash and cash equivalents) and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the relevant notes in the Consolidated Financial Statements.

The Group is not subject to any externally imposed capital requirements.

The Management of the Group reviews the capital structure on a frequent basis to ensure that gearing is within acceptable limit.

The gearing ratio at the year end is as follows:

	Group 31/12/2019 ₦000	Group 31/12/2018 ₦000	Company 31/12/2019 ₦000	Company 31/12/2018 ₦000
Bank overdraft	(6,211,311)	(25,461,844)	(6,211,311)	(25,461,844)
Debt	(9,092,469)	–	(9,092,469)	–
Cash and bank balance	34,133,479	23,995,718	13,482,732	11,963,926
Net debt (i)	**18,829,699**	**(1,466,127)**	**(1,821,048)**	**(13,497,918)**
Equity (ii)	**40,327,992**	**35,417,890**	**20,394,170**	**16,710,922**
Net debt to equity ratio	**0.47**	**(0.04)**	**(0.09)**	**(0.81)**

i. Debt is defined as current and non-current term borrowings as described in the appropriate note 29
ii. Equity includes all capital and reserves of the Group that are managed as capital

35.2 Categories of financial instruments

	Group 31/12/2019 ₦000	Group 31/12/2018 ₦000	Company 31/12/2019 ₦000	Company 31/12/2018 ₦000
Financial Assets				
Loans and receivables (Amortised costs)				
Trade and other receivables	133,571,775	150,406,327	126,558,677	141,420,377
Tax receivable	27,878,593	19,783,282	26,869,348	19,154,995
Amount due from customers under construction contracts	–	–	–	–
Cash and bank balances	34,133,479	23,995,718	13,482,732	11,963,926
Total Reportable Financial Assets	**195,583,847**	**194,185,327**	**166,910,757**	**172,539,298**
Financial liabilities				
Amortised cost				
Borrowings	15,303,780	25,461,844	15,303,780	25,461,844
Trade and other payables	57,118,456	53,731,721	53,155,486	55,145,646
Lease liabilities	14,839,120	–	656,476	–
Current tax liabilities	3,927,454	2,477,144	3,730,078	1,764,919
Fair Value Through Other Comprehensive Income (FVOCI)				
Retirement benefit liabilities	3,483,370	3,185,385	2,198,276	1,709,818
Total Reportable Financial Liabilities	**94,672,180**	**84,856,094**	**75,044,096**	**84,082,227**

35.3 Risk management

The Group has an integrated Risk Management System that identifies and measures the impact of the risks it faces. Further more, it establishes a framework to evaluate and counteract such risks through various control and monitoring mechanisms. Such risks include market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk.

35.3.1 Market risk management

Market risk exposures are measured using sensitivity analysis and there has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

35.3.1.1 Interest rate risk management

The Group is exposed to interest rate risk from bank overdraft. Since it is repayable on demand, the carrying amount reflects the fair value and the Group's exposure to interest risk as at the reporting date.

35.3.2 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. The Group utilises a currency mix with part agreement in Naira and part in either Euro or US Dollar for contracts that are expected to last for more than one financial year.

The Group publishes its Consolidated and Separate Accounts in Naira. It conducts business in a range of currencies, including Euro and US Dollar. As a result, the Group is exposed to foreign exchange risks, which will affect transaction costs and the translation results.

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Monetary assets / liabilities denominated in Euro				
Cash and bank balances	20,315,543	13,424,107	519,497	2,329,755
Trade receivables	19,332,008	30,641,615	13,711,233	24,589,671
Trade payables	(26,883,269)	(4,967,823)	(24,438,274)	(22,720,371)
	12,764,281	**39,097,899**	**(10,207,544)**	**4,199,055**
Monetary assets / liabilities denominated in Dollar				
Cash and bank balances	10,626,098	5,063,250	10,245,922	4,744,018
Trade receivables	3,164,469	6,577,390	2,639,819	7,238,327
Trade payables	(398,376)	(68,016)	(326,676)	(179,256)
	13,392,191	**11,572,624**	**12,559,065**	**11,803,089**

1.75% and 0.14% (2018: 4% and 1.2%) are the sensitivity rates used when reporting foreign currency risk internally to Key Management Personnel and represents Management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1.75% and 0.14% (2018: 4% and 1.2%) change in foreign currency rates. Foreign exchange rate risk sensitivity to foreign exchange movements in the above example has been calculated on a symmetric basis.

The symmetric basis assumes that a increase or decrease in foreign exchange movement would result in the same amount.

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Naira depreciates by 1.75% (2018: 4%) against Euro	(223,375)	1,563,916	178,632	167,962
Naira depreciates by 0.14% (2018: 1.2%) against US Dollar	(18,749)	(138,871)	(17,583)	(141,637)
Impact on reported profit	**(242,124)**	**1,425,045**	**161,049**	**26,325**

35.3.3 Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its investing activities (primarily trade receivables), and from its financing activities; including deposits with financial institutions and financial guarantees. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral (in form of advances), where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group transacts with government, government institutions and other top rate entities and individuals that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

35.3.3.1 Trade receivables

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group transacts with government, government institutions and other top rated entities and individuals that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Risk Management Committee annually. See note 24 for further information.

35.3.3.2 Deposits with financial institutions

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Surplus funds are spread amongst reputable commercial banks and funds must be within credit limits assigned to each counterpart. Counterpart credit limits are reviewed by the Group's financial controller periodically and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

35.3.3.3 Exposure to credit risks

The carrying value of the Company's financial assets represents its maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date was:

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Trade receivables	129,830,351	137,821,548	122,889,149	126,458,526
Cash and bank balances	34,133,479	23,995,718	13,482,732	11,963,926
	163,963,830	161,817,266	136,371,881	138,422,452

35.3.3.4 Collateral held as security and other credit enhancements

Except in the form of advances, the Group does not hold any other collateral or other credit enhancements to cover its credit risks associated with its financial assets.

35.3.3.5 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium-and-long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The maturity profile of the recognised financial instruments are as follows:

Group	< 1 year ₦ 000	1 – 3 years ₦ 000	3 – 6 years ₦ 000	Total ₦ 000
Financial assets				
Trade and other receivables	133,571,775	–	–	133,571,775
Tax receivable	3,478,209	24,400,384	–	27,878,593
Amount due from customers under construction contracts	–	–	–	–
Cash and bank balances	34,133,479	–	–	34,133,479
	171,183,463	24,400,384	–	195,583,847
Financial liabilities				
Borrowings	15,303,780	–	–	15,303,780
Trade and other payables	57,118,456	–	–	57,118,456
Current tax liabilities	3,927,454	–	–	3,927,454
Retirement benefit liabilities	148,450	3,334,920	–	3,483,370
	76,498,140	3,334,920	–	79,833,060

Company	< 1 year ₦ 000	1 – 3 years ₦ 000	3 – 6 years ₦ 000	Total ₦ 000
Financial assets				
Trade and other receivables	126,558,677	–	–	126,558,677
Tax receivable	3,302,643	23,566,705	–	26,869,348
Amount due from customers under construction contracts	–	–	–	–
Cash and bank balances	13,482,732	–	–	13,482,732
	143,344,052	23,566,705	–	166,910,757
Financial liabilities				
Borrowings	15,303,780	–	–	15,303,780
Trade and other payables	53,155,486	–	–	53,155,486
Current tax liabilities	3,730,078	–	–	3,730,078
Retirement benefit liabilities	136,141	2,062,135	–	2,198,276
	72,325,485	2,062,135	–	74,387,620

35.3.5 Fair value of financial instruments

Trade and other receivables/payables, cash and cash equivalents and short term investments are valued at their amortised cost, which are deemed to reflect their value.

36. Related party information

36.1 Identity of related entities

- Abumet Nigeria Ltd., subsidiary
- Julius Berger Free Zone Enterprise, subsidiary
- Julius Berger International GmbH, subsidiary
- Julius Berger Investments Ltd., subsidiary
- Julius Berger Medical Services Ltd., subsidiary
- Julius Berger Services Nigeria Ltd., subsidiary
- PrimeTech Design and Engineering Nigeria Ltd., subsidiary
- Construction Engineering Contracting GmbH, sub-subsidiary
- Key Management Personnel (note 36.4)

Abumet Nigeria Ltd.

This is a 90% owned subsidiary of Julius Berger Nigeria Plc. The Company entered into various transactions with the related party ranging from purchase of goods and services, to expenses incurred by the related company. The outstanding amount is from the various transactions entered with the related party.

Julius Berger Free Zone Enterprise

This is a 100% owned subsidiary of Julius Berger Nigeria Plc. The Company entered into various transactions with the related party ranging from engineering services, to expenses incurred by the related company. The outstanding amount is from the various transactions entered with the related party.

Julius Berger International GmbH

This is a 100% owned subsidiary of Julius Berger Nigeria Plc. The Company entered into various transactions with the related party ranging from purchase of goods and services, to expenses incurred by the related company. The outstanding amount is from the various transactions entered with the related party.

Julius Berger Investments Ltd.

This is a 100% owned subsidiary of Julius Berger Nigeria Plc. The Company did not enter into any transactions with the related party in the period.

Julius Berger Medical Services Ltd.

This is a 100% owned subsidiary of Julius Berger Nigeria Plc. The Company entered into various transactions with the related party ranging from Medical services, to expenses incurred by the related company. The outstanding amount is from the various transactions

entered with the related party.

Julius Berger Services Nigeria Ltd.

This is a 100% owned subsidiary of Julius Berger Nigeria Plc. The Company entered into various transactions with the related party ranging from stevedoring services, to expenses incurred by the related company. The outstanding amount is from the various transactions entered with the related party.

PrimeTech Design and Engineering Nigeria Ltd.

This is a 100% owned subsidiary of Julius Berger Nigeria Plc. The Company entered into various transactions with the related party ranging from Design and Engineering services, to expenses incurred by the related company. The outstanding amount is from the various transactions entered with the related party.

Construction Engineering Contracting GmbH

This is a wholly owned subsidiary of Julius Berger International GmbH (a 100% owned subsidiary of Julius Berger Nigeria Plc). The Company did not enter into any transactions with the related party in the period.

36.2 Outstanding balances

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Due from related entities				
Abumet Nigeria Ltd.	–	–	1,617,146	1,291,467
Julius Berger Free Zone Enterprise	–	–	–	1,718,035
Julius Berger International GmbH	–	–	–	94,853
Julius Berger Investment Ltd.	–	–	88,940	72,243
Julius Berger Medical Services Ltd.	–	–	151,855	88,197
Julius Berger Services Nigeria Ltd.	–	–	1,348,974	2,412,135
PrimeTech Design and Engineering Nigeria Ltd.	–	–	318,051	305,959
	–	**–**	**3,524,965**	**5,982,890**
Due to related entities				
Abumet Nigeria Ltd.	–	–	373,397	178,065
Julius Berger Free Zone Enterprise	–	–	369,541	29,556
Julius Berger International GmbH	–	–	15,937,606	21,172,923
Julius Berger Medical Services Ltd.	–	–	551,108	60,934
Julius Berger Services Nigeria Ltd.	–	–	–	–
PrimeTech Design and Engineering Nigeria Ltd.	–	–	50,013	26,017
	–	**–**	**17,281,665**	**21,467,495**

The outstanding balances due from / to related entities are not secured.

36.3 Related party transactions

During the year the Company traded with related parties on terms similar to such transactions entered into with third parties as follows:

	Group Sale of goods & services ₦ 000	Group Purchase of goods & services ₦ 000	Company Sale of goods & services ₦ 000	Company Purchase of goods & services ₦ 000
Abumet Nigeria Ltd.	–	–	933,360	1,526,892
Julius Berger Free Zone Enterprise	–	–	2,058,021	–
Julius Berger International GmbH	–	–	–	41,955,224
Julius Berger Medical Services Ltd.	–	–	579,772	1,563,741
Julius Berger Services Nigeria Ltd.	–	–	1,350,754	1,190,454
PrimeTech Design and Engineering Nigeria Ltd.	–	–	614,641	1,052,437
	–	**–**	**5,536,548**	**47,288,748**

36.4 Key Management Personnel

Key Management Personnel are also regarded as related parties. Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all Executive and Non-Executive Directors.

36.4.1 Remuneration of Key Management Personnel

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Short term benefits	631,618	583,582	631,618	581,582
Long term benefits	–	–	–	–
Post-employment benefits	–	–	–	–
Termination benefits	–	–	–	–
	631,618	**583,582**	**631,618**	**581,582**

The short term benefits include fees and expenses and other remunerations for Directors.

36.5 Details of loans from/to Key Management Personnel

There were no loans from / to Key Management Personnel during the reporting period.

36.6 Identify the ultimate controlling party of Julius Berger Nigeria Plc

No entity has been identified as the ultimate controlling party for the reporting period.

36.7 Other information on Key Management Personnel

	Group 31/12/2019 ₦ 000	Group 31/12/2018 ₦ 000	Company 31/12/2019 ₦ 000	Company 31/12/2018 ₦ 000
Emoluments				
Chairman	10,500	5,200	10,500	5,200
Other Directors	621,118	578,382	621,118	576,382
	631,618	**583,582**	**631,618**	**581,582**
Fees	52,000	17,600	52,000	17,600
Other emoluments	579,618	565,982	579,618	563,982
	631,618	**583,582**	**631,618**	**581,582**
Highest paid Director	**217,070**	**318,783**	**217,070**	**318,783**

The number of Directors excluding the Chairman whose emoluments fell within the following ranges were:

₦1,000,001 – ₦3,000,000	7	7	6	7
₦3,000,001 and above	6	6	6	5
Number of Directors who had no emoluments	–	–	–	–

No Director's emoluments other than stated were waived during the year and no payments were made to any Directors, past or present in respect of pension and compensation for loss of office.

37. Guarantees and other financial commitments

37.1 Guarantee, pledge of financial commitments

The Company and its subsidiaries did not guarantee or pledge any financial commitment for liabilities of third parties.

37.2 Contingent liabilities

There are a number of legal suits outstanding against the Company as at December 31, 2019. On the advice of the solicitors, the Board of Directors is of the opinion that no material losses are expected to arise there from. However, the Company has provided for litigation claims.

37.3 Financial commitments

The Directors are of the opinion that all known liabilities and commitments have been taken into account in the preparation of these Consolidated Financial Statements.

38. Events after the reporting period

There were no material events after the reporting period which could have had material effect on the state of affairs of the Group as at December 31, 2019, and the profit for the year then ended date that have not been adequately provided for or recognised in the Consolidated Financial Statements.

39. Comparative figures

Certain prior year balances have been reclassified to conform with current year's presentation for a more meaningful comparison.

40. Approval of Financial Statements

The Financial Statements were approved by the Board of Directors and authorised for issue on March 11, 2020.

PrimeTech Design and Engineering Nigeria Ltd. provides technically advanced and value-driven design and engineering solutions for the construction of buildings, civil structures, industries, roads and infrastructure. The company's portfolio covers all design and engineering phases from research, to drafts and concepts, to detailed construction design, as well as master planning.

PRIMETECH

ADDITIONAL INFORMATION

for the year ended December 31, 2019

Julius Berger Nigeria Plc AR & FS 2019 | Statement of Value Added

STATEMENT OF VALUE ADDED

"Value added" represents the additional wealth which the Company has been able to create by its employees' efforts. This statement shows the allocation of that wealth between employees, shareholders, government, providers of finance and that retained for the future creation of more wealth.

	Group 2019 ₦000	Group 2019 %	Group 2018 ₦000	Group 2018 %	Company 2019 ₦000	Company 2019 %	Company 2018 ₦000	Company 2018 %
Revenue	**266,430,227**		**194,617,712**		**243,488,979**		**170,326,746**	
Bought in materials and services								
Foreign	(6,782,257)	–	(292,037)	–	(47,576,113)	–	(35,106,687)	–
Local	(160,391,734)	–	(102,019,331)	–	(125,667,936)	–	(74,024,006)	–
Value added	**99,256,236**	**100.0**	**92,306,344**	**100.0**	**70,244,930**	**100.0**	**61,196,053**	**100.0**
Applied as follows:								
To pay employees' salaries, wages, and social benefits								
Staff costs	72,372,375	72.9	68,769,101	74.5	46,278,411	65.9	41,544,783	67.9
To pay providers of capital								
Finance costs	7,000,207	7.1	4,563,573	4.9	7,227,547	10.3	5,464,539	8.9
To pay government								
Taxation	5,081,659	5.1	3,553,881	3.9	3,730,078	5.3	1,764,919	2.9
To provide for maintenance and development								
Depreciation	7,280,891	7.3	7,848,058	8.5	7,017,422	10.0	7,340,497	12.0
Deferred tax	(36,998)	(0.0)	570,802	0.6	(331,776)	(0.5)	293,102	0.5
Retained earnings	7,554,354	7.6	6,992,399	7.6	6,323,248	9.0	4,788,213	7.8
Non-controlling interest	3,748	0.0	8,530	0.0	–	–	–	–
Value added	**99,256,236**	**100.0**	**92,306,344**	**100.0**	**70,244,930**	**100.0**	**61,196,053**	**100.0**

Julius Berger Nigeria Plc AR & FS 2019 | Five-Year Financial Summary

FIVE-YEAR FINANCIAL SUMMARY

Earnings, dividend and net asset per share are based on profit after tax attributable to equity holders of the parent and the number of issued and fully paid ordinary shares at the end of each financial year.

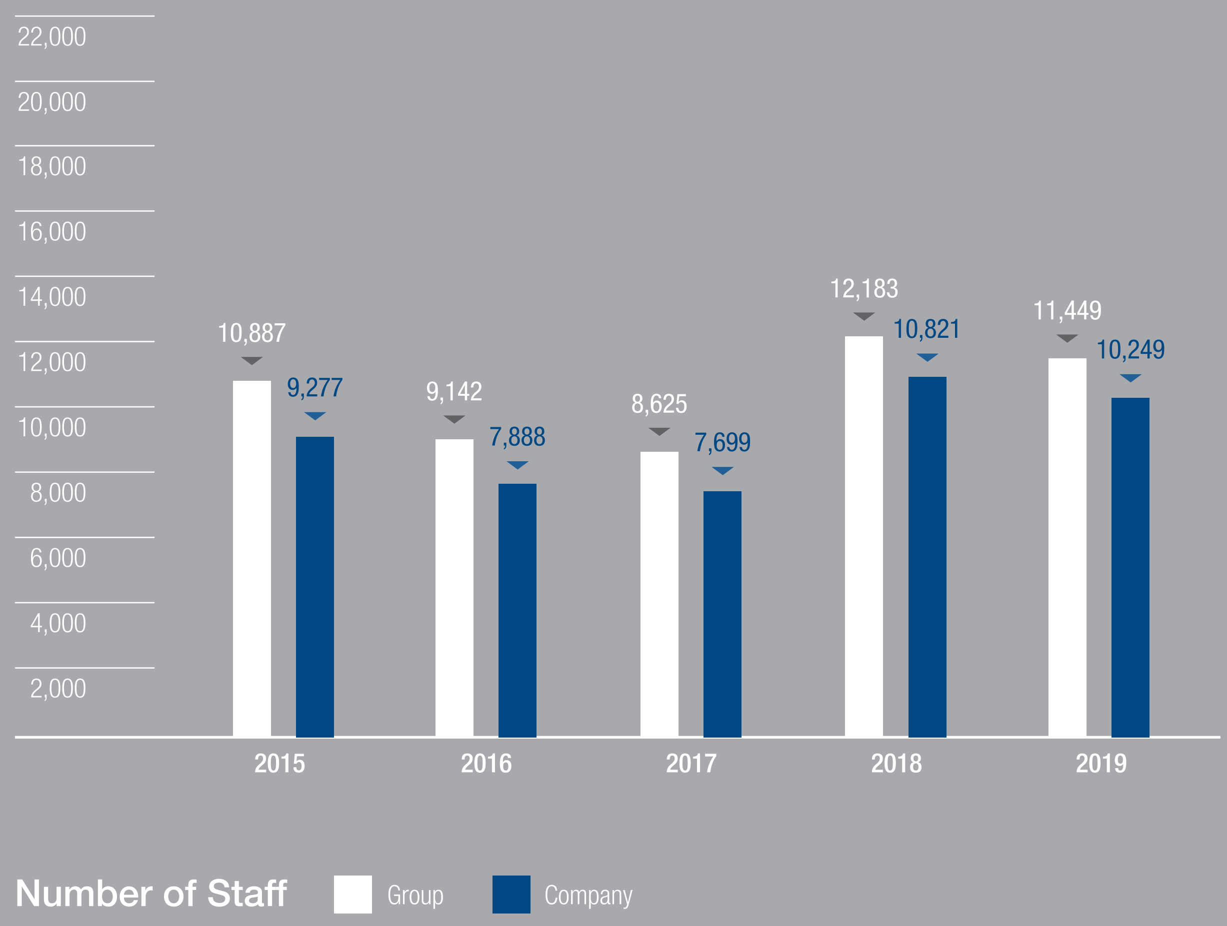
Balance Sheet	Group 2019 ₦000	Group 2018 ₦000	Group 2017 ₦000	Group 2016 ₦000	Group 2015 ₦000	Company 2019 ₦000	Company 2018 ₦000	Company 2017 ₦000	Company 2016 ₦000	Company 2015 ₦000
Non-current assets										
PPE	42,769,660	41,342,451	43,621,129	49,712,834	58,376,513	39,700,230	38,636,436	41,036,466	47,093,218	55,470,657
Right-of-use assets	13,457,535	–	–	–	–	1,918,354	–	–	–	–
Goodwill	9,268,642	9,434,576	9,781,954	8,348,748	5,041,184	–	–	–	–	–
Other intangible assets	2,262,821	–	1,383	2,766	32,712	–	–	–	–	–
Investment property	1,792,431	2,260,012	2,342,484	2,444,460	2,546,436	1,792,431	2,260,012	2,342,484	2,444,460	2,546,436
Investment in subsidiaries	–	–	–	–	–	16,916,771	16,916,771	16,916,771	15,193,398	15,193,398
Trade and other receivables	52,908,763	61,346,789	68,842,492	61,228,646	844,122	52,908,763	65,128,223	70,689,703	61,209,346	844,122
Tax receivables	24,400,384	17,211,734	14,875,011	26,026,032	20,765,642	23,566,705	17,644,652	14,103,168	25,282,312	20,273,902
Deferred tax assets	3,798,902	2,577,821	2,816,807	5,453,858	10,087,301	3,617,728	2,434,847	2,526,664	5,375,286	9,874,831
Other financial assets	2,048,547	2,045,681	2,025,055	–	–	–	–	–	–	–
Net current liabilities	100,259,125	76,052,400	27,231,433	14,820,415	48,816,811	72,391,777	51,843,212	5,504,602	(2,132,893)	40,089,016
	252,966,810	**212,271,464**	**171,537,748**	**168,037,759**	**146,510,721**	**212,812,759**	**194,864,153**	**153,119,858**	**154,465,127**	**144,292,362**
Non-current liabilities										
Borrowings	(7,273,975)	–	–	–	–	(7,273,975)	–	–	–	–
Retirement benefits liabilities	(3,334,920)	(3,045,094)	(2,587,335)	(2,463,491)	(1,853,781)	(2,062,135)	(1,582,142)	(1,598,239)	(1,311,668)	(1,420,945)
Deferred tax liabilities	(8,730,298)	(7,546,216)	(7,214,400)	(9,185,562)	(12,989,322)	(7,508,543)	(6,657,438)	(6,456,153)	(9,090,213)	(12,568,459)
Contract liabilities	(169,930,198)	(160,609,800)	(122,881,472)	(119,098,895)	(106,971,355)	(169,930,198)	(160,609,800)	(122,881,472)	(119,098,895)	(111,344,506)
Lease liabilities	(13,468,417)	–	–	–	–	(476,568)	–	–	–	–
Trade and other payables	(9,027,064)	(4,578,295)	(8,284,314)	(11,519,264)	–	(4,867,170)	(8,471,491)	(8,284,314)	(11,519,264)	–
Provisions	(873,946)	(1,074,169)	(474,296)	(454,232)	(404,308)	(300,000)	(832,360)	(300,000)	(300,000)	(300,000)
Net Assets	**40,327,992**	**35,417,890**	**30,095,931**	**25,316,315**	**24,291,955**	**20,394,170**	**16,710,922**	**13,599,680**	**13,145,087**	**18,658,452**
Capital and reserves										
Share capital	660,000	660,000	660,000	660,000	660,000	660,000	660,000	660,000	660,000	660,000
Share premium	425,440	425,440	425,440	425,440	425,440	425,440	425,440	425,440	425,440	425,440
Foreign currency translation reserve	9,303,052	10,260,927	9,508,398	7,119,062	419,755	–	–	–	–	–
Retained earnings	29,882,143	24,009,914	19,447,014	17,065,287	22,729,580	19,308,730	15,625,482	12,514,240	12,059,647	17,573,012
Attributable to equity holders of the parent	**40,270,635**	**35,356,281**	**30,040,852**	**25,269,789**	**24,234,775**	**20,394,170**	**16,710,922**	**13,599,680**	**13,145,087**	**18,658,452**
Non-controlling interest	57,357	61,609	55,079	46,526	57,180	–	–	–	–	–
	40,327,992	**35,417,890**	**30,095,931**	**25,316,315**	**24,291,955**	**20,394,170**	**16,710,922**	**13,599,680**	**13,145,087**	**18,658,452**
Turnover and profit										
Revenue	266,430,227	194,617,712	141,890,498	138,993,752	133,807,574	243,488,979	170,326,746	125,777,848	119,813,392	119,242,541
Profit/(Loss) before taxation	13,918,812	10,197,666	3,739,140	(1,498,029)	6,499,973	10,079,724	6,630,666	1,158,214	(1,239,251)	6,234,338
Profit/(Loss) after taxation	7,554,354	6,992,399	4,771,064	3,015,014	1,759,887	6,323,248	4,788,211	454,593	(3,533,365)	2,656,300
Dividend	–	2,648,000	1,322,000	–	1,980,000	–	2,640,000	1,320,000	–	1,980,000
Earnings/(Loss) per ordinary share (₦)										
Actual	5.72	5.30	3.61	2.28	1.33	4.79	3.63	0.34	(2.68)	2.01
Diluted/Adjusted	4.77	4.41	3.01	1.90	1.11	3.99	3.02	0.29	(2.23)	1.68
Net asset per share (₦)										
Actual	30.55	26.83	22.80	19.18	18.40	15.45	12.66	10.30	9.96	14.14
Diluted/Adjusted	25.46	22.36	19.00	15.98	15.34	12.88	10.55	8.59	8.30	11.78
Dividend per share (₦)										
Actual	–	2.00	1.00	–	1.50	–	2.00	1.00	–	1.50
Diluted/Adjusted	–	1.67	0.83	–	1.25	–	1.67	0.83	–	1.25
Dividend cover (times)	–	6.64	4.62	–	0.89	–	4.97	3.52	–	1.34

SHARE CAPITAL HISTORY

Year	Authorised share capital nominal value		Issued and paid-up share capital	
	Number of shares	₦	Number of shares	₦
1970	400,000	200,000	400,000	200,000
1972	1,800,000	900,000	1,793,200	896,600
1974	3,000,000	1,500,000	2,993,200	1,496,600
1976	4,000,000	2,000,000	4,000,000	2,000,000
1977	11,600,000	5,800,000	–	–
1978	24,000,000	12,000,000	24,000,000	12,000,000
1990	60,000,000	30,000,000	–	–
1991	–	–	48,000,000	24,000,000
1992	–	–	60,000,000	30,000,000
1993	90,000,000	45,000,000	90,000,000	45,000,000
1996	180,000,000	90,000,000	180,000,000	90,000,000
2000	225,000,000	112,500,000	225,000,000	112,500,000
2001	270,000,000	135,000,000	–	–
2005	345,000,000	172,500,000	300,000,000	150,000,000
2008	1,245,000,000	622,500,000	1,200,000,000	600,000,000
2014	1,600,000,000	800,000,000	1,320,000,000	660,000,000

Note:
On May 4, 1979, the authorised share capital of the Company of 60,000 ordinary shares of ₦200 each was converted to 24 million ordinary shares of 50 Kobo each.
From December 29, 1969 to 1972, shares were denominated in the Nigerian pound but in this schedule, all the shares have been converted and denominated in Naira.

STAFF STRENGTH



JULIUS BERGER

SHAREHOLDER INFORMATION

Our Esteemed Shareholders,

It is laudable that tremendous steps have been taken by you our esteemed shareholders and indeed the Regulators, to address the parlous state of the unclaimed dividend balances as well as the status of unclaimed certificates. This we have all achieved by the mandate of bank accounts and the adoption of electronic certification through the CSCS. We still have more work to do especially for those of our shareholders who have yet to adopt any of the electronic means stated herein.

To this end, all shareholders of the Company still with unclaimed dividends and certificates are encouraged to:

1. Inform the Registrars promptly of any change of address or significant information that may affect their records as shareholders and follow up to ensure rectification.
2. Have their accounts mandated for e-dividend payment. Dividends would be credited to the account stated electronically. To forestall a situation where complaints are made of non-payment, the Registrars would, contemporaneously with remittance to the various banks for the mandated account(s) of shareholder(s), forward advice slips of payment(s) to shareholder(s) with mandated accounts.
3. Establish CSCS accounts to which shares arising from corporate actions such as bonus, rights and offers for sale or subscription would be credited.

We would also like to advise our esteemed shareholders that the Annual Reports and Financial Statements together with the Proxy and Admission Forms are available for download on the investor relations portal on the Company's website, www.julius-berger.com, as well as on the website of the Registrars, Greenwich Registrars & Data Solutions Ltd.

The Proxy and Admission Forms together with the Authority to Mandate and Change of Information Form duly filled in, should, in accordance with instructions thereon, be deposited with any of the listed offices of the Registrars or the Company nationwide.

We urge you to take advantage of the forms and the opportunity they present to ease shareholder management. Please note that paper certification is no longer obtainable.

We would also wish to take this opportunity to advise our shareholders that the Board of Directors approved a Complaints Management Policy and a Security Trading Policy for the Company, and both policies can be found on the Company's website, www.julius-berger.com.

Yours sincerely,

Mrs. Cecilia Ekanem Madueke
Company Secretary
FRC / 2017 / NBA / 00000017540

Proxy Form

50th Annual General Meeting (AGM) of Julius Berger Nigeria Plc to be held at the Transcorp Hilton Hotel, 1 Aguiyi Ironsi Street, Maitama, FCT Abuja on Thursday June 18, 2020, at 11:00 a.m. in the forenoon.

I/We being a member/members of Julius Berger Nigeria Plc hereby appoint the Chairman of the meeting or failing him ____________

____________ as my/our proxy to vote for me/us and on my/our behalf at the 50th AGM of that Company to be held on June 18, 2020 and at every adjournment thereof.

Unless otherwise instructed, the proxy will vote or abstain from voting as he/she thinks fit.

Caution: To be valid, this form must be stamped accordingly.

Shareholder Name

Proxy Name

Date (dd/mm/yyyy)

Shareholder's Signature

Notes

1. Please indicate with an 'x' in the appropriate box how you wish your votes to be cast on the resolutions set out above.
2. A member (shareholder) who is unable to attend the AGM is allowed to vote by proxy. A proxy need not be a member of the Company. The above proxy form has been prepared and stamp duties paid to enable you exercise your right to vote in case you cannot personally attend the Meeting. The proxy must produce the "Admission Card", attached to this form, to obtain entrance to the meeting.
3. Provision has been made on this form for the Chairman of the meeting to act as your proxy. Member, entitled to attend and vote at this AGM, may in addition to the Chairman, wish to select any of the underlisted as their proxies, to attend and vote in their stead:
   - Alhaji Zubairu Ibrahim Bayi
   - Mr. Boniface Okezie
   - Mrs. Adebisi Oluwayemisi Bakare
   - Mr. Patrick Ajudua
   - Sir Sunny Nnamdi Nwosu, KSS
   - Mr. Mathew Akinlade
   - Mr. Innocent Peter Nwokocha
4. Please sign the above proxy form and post it so as to reach the Registrars, Greenwich Registrars & Data Solutions Ltd., 274 Muritala Muhammed Way, Ebute Metta 101 212, Lagos, not later than 48 hours before the appointed time for holding the Meeting. If executed by a corporation, the proxy form must bear the common seal of such corporation.

Please indicate with "X" in the appropriate box how you wish your vote to be cast on the resolutions set out below.

Nos.	Resolutions	For	Against
1.	To declare a dividend		
2.	To elect Mr. Karsten Hensel as a Director		
3.	To elect Engr. Goni Musa Sheikh as a Director		
4.	To elect Mr. Ernest Chukwudi Ebi, MFR, FCIB as a Director		
5.	To re-elect Mr. Mutiu Sunmonu, CON as a Director		
6.	To re-elect Mrs. Belinda Ajoke Disu, CAL as a Director		
7.	To re-elect Mrs. Gladys Olubusola Talabi as a Director		
8.	To authorise the Directors to fix the remuneration of Auditors		
9.	To constitute the Statutory Audit Committee		
10.	To fix the remuneration of Directors		
11.	To declare a Bonus		
12.	To approve the proposal stated in the "Severance Pay for Non-Executive Directors Policy"		

Admission Card

Please admit the person named below at the 50th AGM of Julius Berger Nigeria Plc to be held at 11:00 a.m. in the forenoon on Thursday, June 18, 2020, at the Transcorp Hilton Hotel, 1 Aguiyi Ironsi Street, Maitama, FCT Abuja.

Mrs. Cecilia Ekanem Madueke
Company Secretary
FRC / 2017 / NBA / 00000017540

Before posting the above card please tear off this part and retain it.

Attendee's Name

Signature of Attendee

For Registrars/Company Use Only

Shareholder Name

Number of Shares

Notes

1. This Admission Card must be produced by the shareholder or his/her proxy in order to gain entry to the venue of the AGM.
2. Shareholders or their proxies must sign this authority for admission before attending the meeting.

Please fold here for posting.

Please affix postage stamp here

The Registrars
Greenwich Registrars & Data Solutions Ltd.
274 Muritala Muhammed Way
Ebute Metta 101 212
Lagos

Cut off from here.

JULIUS BERGER

Authority to Mandate and Change of Information

Kindly direct all my/our dividend payment(s) and my/our share(s) in respect of my/our holding(s) in Julius Berger Nigeria Plc into my/our account(s) stated below:

Banker Details

Name of Bank and Branch

Sort Code

Account Number (Current or Savings)

Stamp of Bank and Signature of Account Schedule Officer

CSCS Details

Name of Broker

CSCS Account Number

Stamp of Broker and Signature of Account Schedule Officer

Further please note my/our change of address and other information as follows:

Old Address

New Address

Other Information

Telephone Number

Telephone Number

Email

Shareholder Name

Date (dd/mm/yyyy)

Shareholder Signature

Please fold here for posting.

Please affix postage stamp here

The Registrars
Greenwich Registrars & Data Solutions Ltd.
274 Muritala Muhammed Way
Ebute Metta 101 212
Lagos

Please fold here for posting.

GROUP POLICY ON SEVERANCE PAY FOR NON-EXECUTIVE DIRECTORS

1. Purpose

This Group Policy on Severance Pay for Non-Executive Directors ("NEDs") of Julius Berger Nigeria Plc determines the principles and computation of severance pay for NEDs. The Governance documents of Julius Berger Nigeria Plc adequately defines a NED.

This Policy is aligned to corporate strategy, stakeholder's interests and takes cognisance of Regulations and Laws.

2. Principles

This Policy is informed by the following underlying principles:

1. It must reflect the new and enhanced responsibilities for NEDs for which NEDs must contribute more of their time, skills and resources, than previously known.
2. A NED that has served the boards in the Group has contributed to the growth of the Group. This policy aims to recognise the intrinsic value contributed to the Group by exiting NEDs.
3. Severance pay shall be payable only as a lump sum and shall be paid once to a NED irrespective of the number of boards in the Group that such a NED sits on.

3. Application

The policy applies only to NEDs of the Group and shall only be paid upon the exit of an NED from the boards of the Group.

Severance Pay paid shall be disclosed as is required by existing Regulations and Laws. This Policy is subject to Shareholders' approval before becoming effective.

4. Computation of Severance Pay

Severance Pay shall be computed as follows (P x %) x Y where:

1. P is the annual "Directors' Fees" at the point in time of exit ("Directors' Fees");
2. % is 40% (forty percentile);
3. Y is the number of Years spent by the NED on the Board, subject to a maximum cap of ten years. A fraction of a year would be considered a year where the fraction is more than half of a year.

5. Adoption

This policy on Severance Pay for Non-Executive Directors was approved by the Group Board on December 6, 2019 and members in general meeting on June 18 2020. It shall remain in effect until such time superseded or amended by the authorisation procedure.

Julius Berger Nigeria Plc AR & FS 2019 | Policies

CODE OF BUSINESS CONDUCT AND ETHICS FOR DIRECTORS AND MANAGEMENT

1. Introduction

The Code reflects the Group's practices and principles of behaviour that support this commitment. It further defines the legal and ethical standards that govern the Directors and their relationships with the Group, customers, employees, other Directors and with all other parties.

Directors fully understand and acknowledge that:

a. They are entrusted with and are responsible for the oversight of the assets and business affairs of the Group in an honest, fair, diligent and ethical manner.
b. They must act within the bounds of the authority conferred upon them and with the duty to make and enact informed decisions and policies in the best interest of the Group and its stakeholders.

Each Director is expected to read and understand this Code and its application to the performance of his or her responsibilities and to sign an "Acknowledgement" that the Code has been received, read and understood and that he or she agrees to abide by its provisions.

It is understood that no code or policy can anticipate every situation that may arise. Accordingly, this Code is intended to serve as a source of guiding principles for the Directors.

In addition to application to the Directors, this Code shall apply also to every member of Management of the Group. Accordingly, reference to Director shall also include Management.

2. Loyalty

The Directors acknowledge their responsibility to be loyal to the Group, to be fully committed to its activities and to conform to the highest standards of business ethics.

3. Integrity

While the Directors have a primary responsibility is to the Shareholders, the Directors must, at all times, act honestly, in good faith and in the best interests of the Group and its stakeholders and must not engage in any conduct likely to bring discredit to the Group.

4. Conflicts of Interest

Conflicts of interest may exist whenever the interests of a Director conflict in any way or even appears to conflict with the interests of any of the Group. While Directors are free to make personal investments and enjoy social relations and normal business courtesies, they must be conscious of any interests that may adversely influence the performance of their responsibilities.

A conflict situation can arise when a Director takes actions or has interests that may make it difficult to perform his or her Group responsibilities objectively. A Director must not allow personal interests, or the interest of any associated person, to conflict with the interest of the Group or make improper use of information acquired as a Director to gain a personal advantage to the detriment of the Group.

Conflicts of interest also may arise when a Director, or an extended family member, receives improper personal benefits i.e. gifts that would obligate or appear to obligate as a result of his or her position with the Group, whether received from the Group or a third party.

Although it is not always possible to avoid conflicts of interest, it is the Group's policy to prohibit such conflicts when possible. The action which a Director will be required to take if he or she is faced with an actual or potential conflict of interest or duties in relation to a particular matter being considered by the Board will depend on the nature and circumstances of the conflict and may include any of the following:

- consult with the Chairman of the Board;
- full and frank disclosure;
- abstaining from voting on any motion relating to the matter and absenting himself or herself deliberations relating to the matter; or
- resignation.

5. Secret profit

Except as may be approved by the Group Board, all Directors are prohibited from the following:

- taking improper advantage of their position as Directors;
- taking for themselves personally, any opportunities that belong to the Group or are discovered through the use of corporate property, information or position;
- using corporate property, information or position for personal gain;
- competing with the Group.

All Directors are bound by the provisions of the Securities Trading Policy of the Group.

6. Confidentiality

All Directors must maintain the confidentiality of information received in the course of the exercise of Directorial duties, except when the Company authorises disclosure or it is required by laws, regulations or legal proceedings.

Directors must also not use such confidential information for any purpose detrimental to the Group.

The term "confidential information" includes, but is not limited to, non-public information that might be of use to competitors of the Group or harmful to the Group or its customers, if disclosed. Whenever feasible, Directors should consult the Chairman if they believe they have a legal obligation to disclose confidential information.

A Director must also not disclose the content of discussions at boards, committees or corporate meetings except within appropriate and reasonable circles in the Group with a legitimate interest in the subject of the disclosures, unless that disclosure has been authorises by the Group, or is required by law.

A Director must not engage in conduct, or make any public statement likely to prejudice the Group's business or likely to harm, defame or otherwise bring discredit upon or denigrate the Group, fellow Directors or staff.

7. Fair dealing

All Directors must endeavour to deal fairly with the respective Group's customers, suppliers, competitors, officers, and employees. None should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practices.

Inappropriate use of proprietary information, misusing information that was obtained without the Company's consent or inducing such disclosures by past or present employees or an insider of other companies in the Group is prohibited.

A Director must perform his or her duties in good faith, acting honestly and free from intention to defraud.

8. Work environment

The highest priority must be placed on promoting and preserving the health safety, and security of employees and Directors.

9. Protection and proper use of company assets

All Directors should perform their duties in a manner that protects the Group's assets and ensures their efficient use. All Group resources should be used for legitimate business purposes.

10. Accounting complaints

The Board Audit Committee of the Group Board is responsible for establishing procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls or auditing matters. Any Directors who has concerns or complaints regarding such matters are encouraged to promptly submit those concerns to the Board Audit Committee which, subject to its duties arising under applicable law, regulations, and legal proceedings, will treat such submissions confidentially. Such concerns or complaints may be made anonymously.

11. Fraud, misappropriation, theft, embezzlement and bribery

No Director should commit, aid or assist in any fraud, misappropriation, theft, embezzlement, bribery or any similar activities.

12. Reporting any illegal or unethical behavior

All Directors are encouraged to promptly contact the Chairman or the Chief Compliance Officer if the Director believes that he or she has observed illegal or unethical behaviour by any employee, officer or Director, or by anyone purporting to be acting on the Group's behalf or believes that he or she has been asked or required to engage in an illegal or unethical act, including but not limited to any violation of this Code, and the reporting Director has any doubt about the best course of action in a particular situation. For such reports, confidentiality will be maintained to the extent permitted by law.

13. Obligations

All Directors must ensure the fulfilment of regulatory and statutory obligations imposed on the Group and that adequate controls to ensure compliance with best practices in financial procedures and reporting are in place.

They must also ensure that the accounts/ reports of the Group and its components accurately reflect business performance and are not misleading or designed to be misleading. The Directors must use their reasonable endeavours to attend all corporate meetings. A Director has an obligation, at all times, to comply with the spirit as well as the letter, of the principles of this Code of Conduct.

14. Compliance with laws, rules and regulations

All Directors are under obligation as responsible citizens, to obey the laws of the country and community in which the Group operates, and Directors must comply with all relevant laws, rules and regulations.

15. Standard of conduct

In discharging his or her duty, each Director must at all times act in a manner he or she believes, in good faith, to be in the best interests of the Group and exercise the care an ordinarily prudent person, in a like position, would exercise under similar circumstances. A Director's duty of care refers to the responsibility to exercise appropriate diligence in overseeing the business and affairs of the Group, making decisions and taking all other actions. In meeting the duty of care, Directors are expected to:

- Attend and participate in boards, committees and corporate meetings.
- Remain properly informed about the business and affairs of the Group by devoting appropriate time to reviewing periodic updates provided by Management as well as studying materials for boards, committees and corporate meetings prior to each meeting.
- Rely on others such as employees and professional advisors whenever appropriate.
- Make inquiries about potential problems that come to their attention and follow up until they are reasonably satisfied that Management is addressing them appropriately.
- Exercise independent judgment and take all reasonable steps to be satisfied as to the soundness of all decisions taken by the boards.
- Bring an enquiring, open and independent mind to meetings, listen to the debate on each issue raised, consider the arguments for and against each motion and reach a decision that he or she believes to be in the best interests of the Group as a whole. In this regard, opportunity must be provided for a Director to put his or her views on issues before the boards or committees on which he or she sits and Directors should be able to engage in vigorous debate on matters of principle.
- Make available to and share with fellow Directors information as may be appropriate to ensure proper conduct and sound operation of the Group and its boards.

16. Amendment, modification and waiver

The Group Board is responsible for setting the standards of conduct contained in the Code and for updating these standards as appropriate to reflect legal and regulatory development. This Code may be amended, modified, or waived by the Group Board.

As a general policy, the Group Board will not grant waivers to this Code in the event of breach.

17. Sanctions

Any breach of this Code or the corporate charters by a Director would be reported to the Group Board for sanctions.

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