JULIUS BERGER

Annual Reports 2017

and Financial Statements

Contents

Corporate Information

Directors

- Mr. Mutiu Sunmonu, CON, Chairman
- Engr. Heinz Stockhausen (German), Vice Chairman
- HRH Igwe Peter Nwokike Anugwu, JP, OFR, Independent Director
- Engr. Jafaru Damulak
- Mr. George Marks (German)
- Dr. Ernest Nnaemeka Azudialu-Obiejesi
- Mrs. Belinda Ajoke Disu
  Appointed wef June 30, 2017
- Mrs. Gladys Olubusola Talabi
  Appointed wef June 30, 2017
- Engr. Wolfgang Goetsch (Austrian), Managing Director
- Mr. Wolfgang Kollermann (German), Financial Director
  Resigned wef December 15, 2017
- Alhaji Zubairu Ibrahim Bayi, Director Administration
- Mr. Martin Brack (German), Financial Director
  Appointed wef December 16, 2017

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

GTL Registrars 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 (the Company) is a leading construction company offering integrated construction solutions and related services. Since its pioneer project in 1965, Julius Berger Nigeria Plc has played a pivotal role in the development of Nigeria. The Company specialises in executing complex works requiring the highest level of technical expertise and Nigeria-specific knowhow.

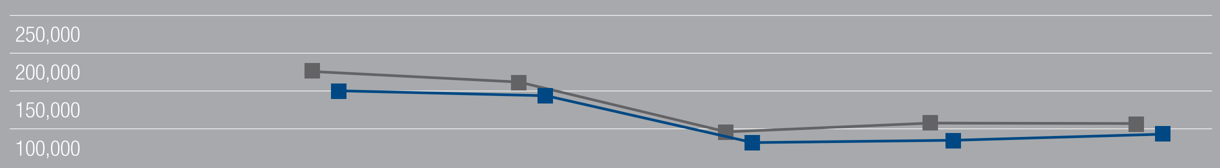
State-of-the-art methods and technologies ensure that quality and innovation are prioritised for the benefit of clients. Subsidiaries and additional facilities make it possible to realise multifaceted projects at the highest level of performance. This structure allows Julius Berger Nigeria Plc to effectively 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 coverage provider for Julius Berger Nigeria Plc and its subsidiaries (the 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 manufacturer 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.

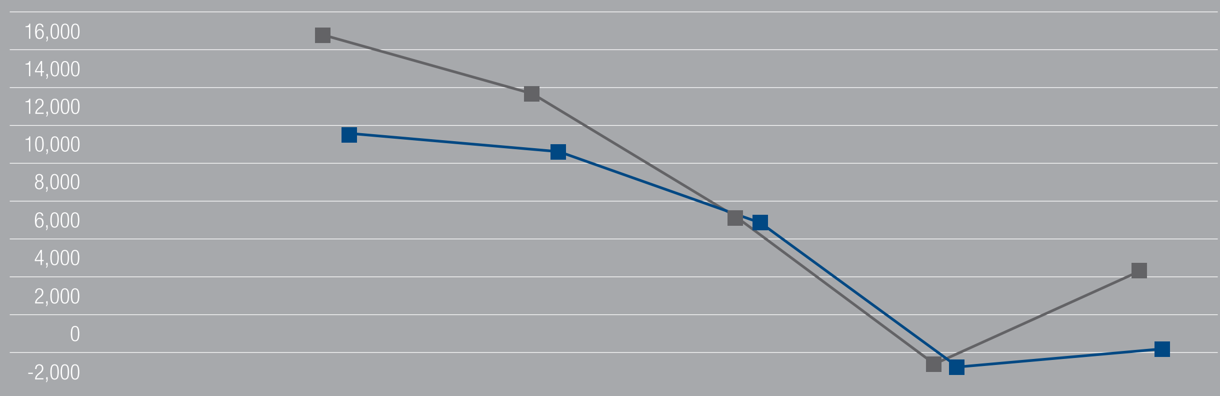
Julius Berger Nigeria Plc together with its subsidiaries, is guided by a value system, which has, over time, defined and differentiated its business, thereby setting a benchmark in the Nigerian construction industry. The Group's competitive edge is solidified through adherence to internationally specified 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.

Results at a Glance

Turnover and Profit/(Loss) Before Tax

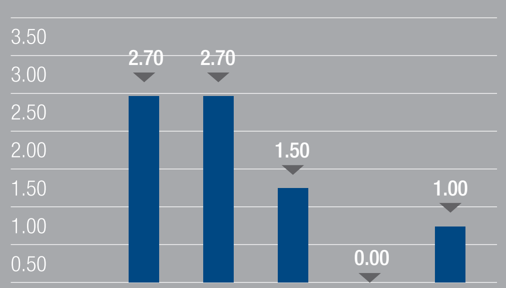


	2013	2014	2015	2016	2017
Turnover Group	212,737	196,809	133,808	138,994	141,890
Turnover Company	184,212	179,979	119,243	119,813	125,778



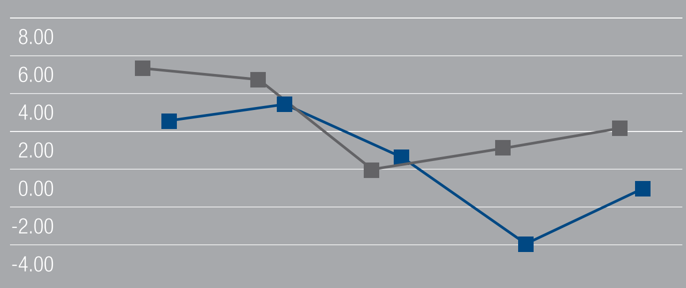
	2013	2014	2015	2016	2017
PBT Group	16,221	13,135	6,500	(1,498)	3,739
PBT Company	10,976	10,029	6,234	(1,239)	1,158

Dividend per Share



	2013	2014	2015	2016	2017
Company	2.70	2.70	1.50	0.00	1.00

Earnings per Share



	2013	2014	2015	2016	2017
Group	6.72	6.13	1.33	2.28	3.61
Company	3.99	4.92	2.01	(2.68)	0.34

	Group 2017 ₦000	Group 2016 ₦000	Change %	Company 2017 ₦000	Company 2016 ₦000	Change %
Revenue	141,890,498	138,993,752	2.08	125,777,848	119,813,392	4.98
Profit/(Loss) before taxation	3,739,140	(1,498,029)	349.60	1,158,214	(1,239,251)	193.46
Profit/(Loss) for the year	2,572,040	(3,816,792)	167.39	636,353	(3,656,210)	117.40
Other comprehensive income	2,207,576	6,822,152	(67.64)	(181,760)	122,845	(247.96)
Total comprehensive income	**4,779,617**	**3,005,360**	**59.04**	**454,593**	**(3,533,365)**	**112.87**
Non-controlling interest	8,553	(9,654)	188.59	–	–	–
Profit/(Loss) attributable to equity holders of the parent	**4,771,064**	**3,015,014**	**58.24**	**454,593**	**(3,533,365)**	**112.87**
Retained earnings	19,447,014	17,065,287	13.96	12,514,240	12,059,647	3.77
Share capital	660,000	660,000	–	660,000	660,000	–
Shareholders' funds	30,095,931	25,316,315	18.88	13,599,680	13,145,087	3.46

Per share data

	Group 2017 ₦	Group 2016 ₦	Change %	Company 2017 ₦	Company 2016 ₦	Change %
Earnings per share						
– Basic	3.61	2.28	58.24	0.34	(2.68)	112.87
– Diluted	3.61	2.28	58.24	0.34	(2.68)	112.87
Net assets per share						
– Basic	22.80	19.18	18.88	10.30	9.96	3.46
– Diluted	22.80	19.18	18.88	10.30	9.96	3.46
Stock Exchange quotation at December 31	28.00	38.58	(27.42)	28.00	38.58	(27.42)
Number of employee	8,625	9,142	(5.66)	7,699	7,888	(2.40)

Notice of
Annual General Meeting

Notice is hereby given that the 48th Annual General Meeting (AGM) of Julius Berger Nigeria Plc will be held at the Shehu Musa Yar'Adua Centre, 1 Memorial Drive, FCT Abuja, on Thursday, June 21, 2018, at 11:00 a.m., to transact the following business:

Ordinary business

1. To lay before the Company in General Meeting, the Consolidated Group Financial Statements for the period ended December 31, 2017, 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:

   "That the Directors' fees payable to each Director, save Executive Directors, until further notice, be and is hereby fixed at the sum of ₦3.1 million (three million, one hundred thousand Naira) for each Non-Executive Director save the Chairman, whose fees shall be fixed at the sum of ₦5.2 million (five million, two hundred thousand Naira), such payments to be made effective from January 1, 2018".

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 7, 2018

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). To be valid for the purpose of the Meeting, the form must be completed, duly stamped at the office of the Commissioner for Stamp Duties and deposited at the office of the Registrars, GTL Registrars Ltd., not later than 48 hours before the time appointed for holding the Meeting.

Closure of Register of Members and Transfer Books

The Register of Members and the Transfer Books will be closed from June 4, 2018 to June 6, 2018, both dates inclusive, for the purpose of dividend.

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 on their observations or concerns arising from the AR & FS 2017, not only at the Meeting, but also in writing prior to the Meeting, provided that such questions in writing are submitted no later than June 15, 2017.

Dividend

If the dividend recommended by the Directors is approved by the members, the dividend will be paid on June 22, 2018, to members whose names appear in the Register of Members, as at the close of business on June 1, 2018 (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, GTL Registrars 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).

Chairman's Statement

Highlighted Projects

Completed works

- Rehabilitation of Nnamdi Azikiwe International Airport Runway, Abuja
- Asokoro Conference Centre, Abuja
- Bill & Melinda Gates Foundation Office Renovation, Abuja
- Pleasure Park, Phase 1, Port Harcourt
- Rehabilitation and Extension of Government House, Port Harcourt
- Ecumenical Centre, Port Harcourt
- Upgrade of NLNG MOF Jetty 2, Bonny Island
- Second River Niger Bridge - Early Works Phase III, Asaba/Onitsha

Ongoing works

- Permanent Site of the National Institute for Legislative Studies, Abuja
- Economic and Financial Crime Commission Headquarters, Abuja
- Completion of Central Roads, Abuja
- Central Bank of Nigeria, Maintenance, Abuja and Lagos
- Airport Hangar, Maiduguri
- Dangote Apapa Jetty, Lagos
- Lagos–Badagry Expressway
- Badia Roads, Lagos
- Gbagada Flyover, Lagos
- Road Works, various, Akwa Ibom
- Oil Mill–Elelenwo–Akpajo Road, Port Harcourt
- Town Road Rehabilitation Project, Port Harcourt
- Itakpe–Ajaokuta–Warri Ore Rail Line
- Azura–Edo Independent Power Plant, Benin City
- GE Facility, Calabar Free Trade Zone

New awards

- Afritec Utilities Office Renovation, Abuja
- Town Road Rehabilitation Project, Phase 3, Minna
- Dangote Petroleum Refinery Roads & Drains, Lagos
- FAMFA Office Tower, Lagos
- Uyo–Calabar Road
- Bodo–Bonny Road
- Second River Niger Bridge - Early Works Phase IV, Asaba/Onitsha
- Pleasure Park, Phase 2, Port Harcourt
- Okpai Power Plant, Phase 2, Delta

Valued shareholders, distinguished ladies and gentlemen,

Over the past few years, both the country and the Company have been confronted with numerous challenges. We have weathered a recession and severe crash in our currency market and are still contending with the far-reaching negative consequences of economic hardships, which have affected nearly every area of our economy, especially the construction sector. Yet, our resiliency as a people and as an organisation continues to push us forward, through adversity, to find success.

In 2017, the general business environment remained tense, with an ever-growing list of difficulties to overcome; nonetheless, several positive advances were achieved. Most significantly, Nigeria exited from recession midway through the year, signalling economic turnaround was underway. The strengthening of the Naira on the parallel market and the opening of the Nigerian Autonomous Foreign Exchange window by the Central Bank of Nigeria provided for a more sufficient supply of foreign exchange, improving stability in the currency market and helping to uplift investor confidence, both domestically and internationally. This restored confidence in Nigeria's recovery was demonstrated globally with the almost 8-fold oversubscription to Nigeria's Eurobond offering early in the year and subsequent fruitful note issuance on the international market late in the year. Additionally, the Federal Government's reform agenda proved effective, as Nigeria moved up 24 points in the World Bank's 2018 Ease of Doing Business Index, making it amongst the top 10 reforming economies worldwide – further supporting the country's slow but positive progression.

Within Julius Berger Nigeria Plc the situation also improved. As a result of hard work, tough decision-making and strong strategic and financial planning, the Management, together with staff, were able to reduce losses and bring the Company back to profitability. In the first half of the year, a consolidation of operational structures aimed to cut costs, drive synergies and improve efficiency, was carried out. This required some painful but necessary actions, including the further reduction of manpower and equipment resources. Additionally, owing to meticulous administration and relentless follow-up, the Company was able to reduce receivables, but by far not all outstandings. In parallel, the Company continued to aggressively tender for projects available in the market, securing significant acquisitions in the reporting year. These projects were negotiated to ensure the availability of continuous funding and reduce the need for foreign exchange, thereby lowering risk and

“Our resiliency as a people and as an organisation continues to push us forward, through adversity, to find success”

increasing capacities to successfully realise profitability targets.

In the past year, Julius Berger Nigeria Plc was awarded contracts for the Bodo-Bonny Road, the Okpai Power Plant, the FAMFA Office Tower and the Roads & Drains package for the Dangote Petroleum Refinery and Polypropylene Project, as well as various other projects in Rivers, Lagos and FCT Abuja.

The Company also concluded works on several major projects. We completed the emergency rehabilitation of the existing runway and main taxiways at the Nnamdi Azikiwe International Airport ahead of the almost impossible 6-week project schedule. This highly challenging project required the pooling of resources company-wide, extended working hours as well as an immense level of teamwork and coordination, both internally and externally with our client and partners. The runway's timely completion was a major success story for Nigeria and also for the Company, as it reinforced Julius Berger Nigeria Plc's position as a leading construction company and reliable contractor for projects of national priority. In Rivers State, we completed the Pleasure Park as well as other impressive projects. We finalised our scope of work for the General Electric facility at the Calabar Free Trade Zone and completed the upgrade of the MoF Jetty 2 for NLNG on Bonny Island.

Works for ongoing projects within our portfolio, where funding was continuously available also showed a good level of progress. Such projects include the Permanent Site of the Nigerian Institute for Legislative Studies, the Economic and Financial Crimes Commission Headquarter and the Azura-Edo Independent Power Plant, Nigeria's first Independent Power Plant.

In 2017, throughout the Group, subsidiaries continued to develop as a means to support provision of integrated construction solutions and overall business success. PrimeTech Design and Engineering Nigeria Ltd. continued to make strides towards firmly establishing its position in the market. Abumet Nigeria Ltd. handed over several key projects, to the full satisfaction of clients, while simultaneously implementing structural enhancements to the organization. Julius Berger Services Nigeria Ltd. remained pivotal to the Group's logistics chain, while maintaining efforts to expand third party business representation. Additionally, Julius Berger International GmbH continued to show strong performance in its function as a key provider of planning, design and engineering for the business in Nigeria; as well, the subsidiary developed its client portfolio into other markets outside of Nigeria.

In light of this success, Julius Berger Nigeria Plc ended the year profitably. Consequently, the Board of Directors are pleased to recommend a dividend of ₦1.00 per 50 Kobo ordinary share, resulting in a total gross dividend payout of ₦1.32 billion.

Notwithstanding these positive achievements and forward moving developments, Nigeria continues to face an array of issues. Many socio-economic and political

problems require focused attention and action. Amongst key concerns to be addressed; monetary policy, to converge the sustained multiplicity of exchange rates, and the timely passage of the yearly Federal Budget, followed by effective implementation and a consistent release schedule for capital expenditure, are of the utmost importance. Both these issues have a direct impact on the Company's cash flow and profitability. In 2017, in place of quarterly capital releases, only two releases were carried out, the second of which was executed at year end in December. Such unpredictability limits financial planning, results in cash flow problems and is the main reason for increased losses due to high interest rates, from the induced utilisation of bank overdrafts, as a means to bridge payment gaps. Moreover, given that the slight growth rate achieved thus far is largely dependent on oil prices and output, the economy, and therefore our business, remains vulnerable to downward trends in the local or global oil market.

In view of these challenges and the numerous additional hurdles ahead, the Management continues to focus on strategically protecting profit and reducing risk, while ensuring operational structures and resources remain robust enough to capitalise on opportunities.

As an organisation we remain optimistic in regards to the country's immense potential, but considering the current political and economic state of affairs, we are cautious and conservative in our planning. Consequently, performance planning will be upwardly adjusted marginally, to reflect incremental growth targets in direct operational resources, but not in overheads. The Company will continue to implement its long-term strategy of diversification with regards to business segments and client mix. Furthermore, opportunities in other new business areas will continue to be identified and diligently explored, with focus on prospects borne out of the Groups core competencies and field of expertise.

Esteemed shareholders, be assured that the ability of Julius Berger Nigeria Plc and its subsidiaries', to effectively manage both the challenges and emerging opportunities within Nigeria continues to be a key factor to our many years of operational success. We will continue to find innovative ways to adapt to the changing circumstances of the country and fully seize potentials. This is not only our strength but also our promise to you.

We thank you for your commitment and trust, and assure you that the Board of Directors, Management and entire staff continue to work in the best interest of both our Clients and you, our valued shareholders.

Thank you.

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

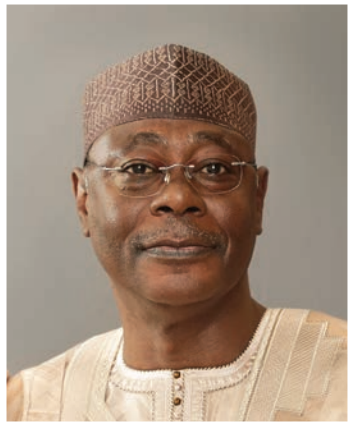
Board of Directors' Profiles

Mr. Mutiu Sunmonu, CON
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. and Imperial Homes Mortgage Ltd. | Director of Unilever Nigeria Plc.

Engr. Wolfgang Goetsch (Austrian)
Diplom-Ingenieur (Graduate Civil Engineer)
- Joined the Company on July 1, 1991
- Appointed Director on October 12, 2007 and Managing Director with effect from October 15, 2007
- Non-Executive Director, July 1, 2014
- Appointed Managing Director with effect from July 23, 2016

Member of the Nigerian Society of Engineers and the Council for the Regulation of Engineering in Nigeria | Director of Julius Berger Investments Ltd. and Second Niger Bridge Development Company Ltd.



Alhaji Zubairu Ibrahim Bayi
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.

Julius Berger Nigeria Plc AR & FS 2017 | Board of Directors' Profiles

Engr. Heinz Stockhausen (German)
Diplom-Ingenieur (Graduate Civil Engineer)
- Appointed Vice Chairman on December 8, 2009
- Appointed Director on September 5, 2008

Mr. Martin Brack (German)
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 Abumet Nigeria Ltd., Julius Berger Services Nigeria Ltd., and Julius Berger FZE

Mrs. Belinda Ajoke Disu
BA (International Relations)
- Appointed Director with effect from June 30, 2017

Director of Abumet Nigeria Ltd., Globacom Ltd., Cobblestone Properties & Estates Ltd.

Dr. Ernest Nnaemeka Azudialu-Obiejesi
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 Limited, 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
LLB, BL, LLM
- Appointed Director with effect from June 30, 2017

Director of Globacom Ltd.

HRH Igwe Peter Nwokike Anugwu, JP, OFR
Diploma in Agricultural Engineering
- Independent Director
- Appointed Director on May 2, 1996

Justice of the Peace and traditional ruler of the ancient Mbaukwu Kingdom in Anambra

Engr. Jafaru Damulak
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 | 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.

Mr. George Marks (German)
BBA, DSc (HC)
- Appointed Director with effect from January 1, 2013

Member of the Association of National Accountants of Nigeria | Managing Director of Julius Berger International GmbH | Director of Centenary City Plc

GE Facility, Calabar FTZ

Reports
to Shareholders
for the Year Ended December 31, 2017

Directors' Report

The Directors are pleased to present to the members of Julius Berger Nigeria Plc at the 48th AGM their report on the business of the Group for the year ended December 31, 2017.

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	2017 ₦ 000	2016 ₦ 000
Revenue	141,890,498	138,993,752
Profit attributable to Group activities	4,779,617	3,005,360
Retained earnings	19,447,014	17,065,287

3. Results for the year

Comparative highlights of the operational results of the Group for the years ended December 31, 2017 and 2016 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, 2017, which would affect the Consolidated Group Financial Statements.

5. Dividends

5.1 Dividend

The Directors are pleased to recommend to the members at the 48th Annual General Meeting, a final dividend for the year ended December 31, 2017, in the sum of ₦1.32 billion representing ₦1.00 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 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, 2017, should kindly ignore the said list. However, shareholders who are yet to claim their dividend(s) should contact the Company Secretary or the Registrars, GTL Registrars Ltd.

6. Directors and Directors' interest and shareholding

6.1 Board of Directors in 2017

The Directors who served on the Board of the Company for the year ended December 31, 2017, were as follows:

- Mr. Mutiu Sunmonu, CON
- Engr. Heinz Stockhausen (German)
- HRH Igwe Peter Nwokike Anugwu, JP, OFR
- Engr. Jafaru Damulak
- Mr. George Marks (German)
- Dr. Ernest Nnaemeka Azudialu-Obiejesi
- Mrs. Belinda Ajoke Disu
- Mrs. Gladys Olubusola Talabi
- Engr. Wolfgang Goetsch (Austrian)
- Mr. Wolfgang Kollermann (German)
- Alhaji Zubairu Ibrahim Bayi
- Mr. Martin Brack (German)

6.2 Changes to the Board

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

6.2.1 Director for approval

Mr. Wolfgang Kollermann resigned his appointment as a Director and retired as Financial Director with effect from December 15, 2017. Mr. Martin Brack was appointed Director and Financial Director with effect from December 16, 2017. In accordance with S249 of the CAMA members would be requested to approve the appointment of Mr. Martin Brack.

6.2.2 Directors for election

Mrs. Belinda Ajoke Disu and Mrs. Gladys Olubusola Talabi were appointed Non-Executive Directors of the Company with effect from June 30, 2017. In accordance with S249 of the CAMA, members would be requested to approve the appointments of Mrs. Belinda Ajoke Disu and Mrs. Gladys Olubusola Talabi.

6.2.3 Directors for re-election

Engr. Jafaru Damulak and HRH Igwe Peter Nwokike Anugwu, JP, OFR are the Directors retiring by rotation, in accordance with the provisions of S259 of CAMA and the Articles of Association. Engr. Jafaru Damulak and HRH Igwe Peter Nwokike Anugwu, JP, OFR, both 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 21.

Julius Berger Nigeria Plc AR & FS 2017 | Directors' Report

Number of Directors' direct and indirect holdings as at	March 15, 2018	December 31, 2017	December 31, 2016
Mr. Mutiu Sunmonu, CON	1,000,000	1,000,000	1,000,000
Engr. Heinz Stockhausen	–	–	–
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
Mr. George Marks	–	–	–
Dr. Ernest Nnaemeka Azudialu-Obiejesi – Indirect*	165,127,597	165,127,597	163,127,597
Mrs. Belinda Ajoke Disu – Indirect**	288,662,079	334,862,079	334,862,079
Mrs. Gladys Olubusola Talabi	–	–	–
Engr. Wolfgang Goetsch	–	–	–
Mr. Wolfgang Kollermann	–	–	–
Alhaji Zubairu Ibrahim Bayi	465,619	465,619	417,119
Mr. Martin Brack	–	–	–

*Watertown Energy Ltd., BOJ-ESL NOMINEE (Continental Acquisitions Ltd.) and AAD ESL Nominee
** Goldstones Estates Ltd., Bilton Securities 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 124.

Beneficial ownership	Number of ordinary shares held as at March 15, 2018	Percentage holdings as at March 15, 2018	Number of ordinary shares held as at December 31, 2017	Percentage holdings as at December 31, 2017	Percentage holdings as at December 31, 2016
Goldstone Estates Ltd.	262,262,079	19.9%	262,262,079	19.9%	19.9%
Bilfinger SE	217,800,000	16.5%	217,800,000	16.5%	16.5%
Watertown Energy Ltd.	132,000,000	10.0%	132,000,000	10.0%	10.0%
Ibile Holdings Ltd.	72,600,000	5.5%	72,600,000	5.5%	5.5%
Benue Investment and Property Company Ltd.	66,132,775	5.0%	56,788,864	4.3%	3.4%
Other Nigerian Citizens, Associations and Governments	569,205,146	43.1%	578,549,057	43.8%	44.7%
Total	**1,320,000,000**	**100.0%**	**1,320,000,000**	**100.0%**	**100.0%**

7.3 Beneficial ownership

The issued and paid-up share capital of the Company, as at December 31, 2017, and March 15, 2018, when the Consolidated Group Financial Statements were approved, were beneficially held as stated in the table above.

7.4 Free float

The free float analysis of the issued and paid-up share capital of the Company, as at December 31, 2017, and March 15, 2018, when the Consolidated Group Financial Statements were approved, is as stated on page 23:

Free float	Number of ordinary shares held as at March 15, 2018	Percentage holdings as at March 15, 2018	Number of ordinary shares held as at December 31, 2017	Percentage holdings as at December 31, 2017	Percentage holdings as at December 31, 2016
Strategic shareholding	856,522,451	64.9%	851,248,984	64.5%	64.5%
Directors' direct shareholding	3,534,468	0.3%	4,473,655	0.3%	0.3%
Staff schemes	–	–	–	–	–
Free float	459,943,081	34.8%	464,277,361	35.2%	35.2%
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, 2017	Number of shareholders	Percentage of shareholders	Number of units held	Percentage shareholding
1 – 500	2,368	21.7%	448,981	0.03%
501 – 1000	1,116	10.1%	823,851	0.06%
1,001 – 5,000	3,510	31.9%	8,987,005	0.68%
5,001 – 10,000	1,703	15.5%	12,168,274	0.92%
10,001 – 25,000	1,203	10.9%	18,773,014	1.42%
25,001 – 100,000	831	7.5%	38,545,223	2.92%
100,001 – 500,000	210	1.9%	43,295,963	3.28%
500,001 – 1,000,000	20	0.2%	14,385,025	1.09%
1,000,001 – and above	43	0.4%	1,182,572,664	89.59%
Total	**11,022**	**100.0 %**	**1,320,000,000**	**100.0%**

Corporate Social Responsibility	₦
Education	2,500,000
Health	16,374,808
Community Development	29,646,743
Emergency Response	5,580,000
Total	**54,101,551**

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 14 on pages 92 to 93. In the opinion of the Directors, the market value of the properties, plants and equipment is not less than the value shown in the accounts.

9. Donations and CSR initiatives

During the year 2017, the Company undertook Corporate Social Responsibility (CSR) initiatives shown in the table above and made donations shown in the table on page 25, valued at ₦8.6 million (2016: ₦5.1 million).

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	₦
Christopher Kolade Foundation	2,000,000
Nigerian Institute of Quantity Surveyors	2,000,000
Mobile Cancer Centers	1,000,000
Fashion Designers Association of Nigeria	500,000
Lagos Chamber of Commerce and Industry	500,000
Lagos Grassroots Soccer	500,000
Lagos Tennis Tournament	500,000
National Women's Conference	500,000
The Council for the Regulation of Engineering in Nigeria (COREN)	350,000
IBB Golf and Country Club	300,000
Nigerian Society of Engineers	150,000
FCT Youth Week Programme	250,000
Federal Road Safety Commission	50,000
Total	**8,600,000**

12. Suppliers

The significant suppliers to the Company domestically and internationally are:

- Abumet Nigeria Ltd.
- Apex Paint Ltd.
- Dangote Cement Industries Ltd.
- Federated Steel Mills Ltd.
- Julius Berger International GmbH
- Lafarge Africa Plc
- Mantrac Nigeria Ltd.
- Peri Formwork + Scaffolding Nig. Ltd.
- Ringardas Nigeria Ltd.
- Samofaz Nigeria Ltd.
- Tabson Nigeria Ltd.
- Total Nigeria Ltd.

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 Group Financial Statements for the year ended December 31, 2017, 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, 2017, there were 29 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 15, 2017, in accordance with S359 (3) of CAMA were:

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

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 National Code of Corporate Governance 2016 (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 15, 2018

Corporate Governance

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, 2017, the Board comprised of eleven members, eight of whom were Non-Executive Directors, one of whom is the Chairman and another the Independent Director, and three Executive Directors. Profiles of the Directors, in particular the Directors standing for election and re-election, are stated on pages 14 and 15 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.

The Board 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 Management.

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.

The Board met formally four times in the financial year 2017. Attendance by the Directors at meetings were as stated on page 29.

Director	Designation	March 15, 2017	June 14, 2017	September 26, 2017	December 7, 2017
Mr. Mutiu Sunmonu, CON	Chairman	•	•	•	•
Engr. Heinz Stockhausen	Vice Chairman	•	•	•	•
HRH Igwe Peter Nwokike Anugwu, JP, OFR	Independent Director	•	•	•	•
Engr. Jafaru Damulak	Director	•	•	•	•
Dr. Ernest Nnaemeka Azudialu-Obiejesi	Director	–	•	•	•
Mrs. Belinda Ajoke Disu *	Director	N/A	N/A	•	•
Mrs. Gladys Olubusola Talabi *	Director	N/A	N/A	•	•
Mr. George Marks	Director	•	•	•	•
Engr. Wolfgang Goetsch	Managing Director	•	•	•	•
Mr. Wolfgang Kollermann **	Financial Director	•	•	•	•
Alhaji Zubairu Ibrahim Bayi	Director Administration	•	•	•	•
Mr. Martin Brack ***	Financial Director	N/A	N/A	N/A	N/A

Key: • Present; – Absent with apologies; *Appointed to the Board with effect from June 30, 2017; **Resigned from the Board with effect from December 15, 2017; ***Appointed to the Board with effect from December 16, 2017

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 stated terms of references of the committees.

Members of Management are invited to 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:

Risk and Asset Management Committee	Designation	December 7, 2017
Mr. Mutiu Sunmonu, CON	Chairman	–
Mr. George Marks	Member	▪
Engr. Wolfgang Goetsch	Member	▪
Mrs. Gladys Olubusola Talabi*	Member	N/A
Mr. Wolfgang Kollermann**	Member	▪
Mr. Martin Brack***	Member	N/A

Key: ▪ Present; – Absent with apologies; *Appointed to the committee on December 7, 2017; **Resigned from the Board and committee with effect from December 15, 2017; ***Appointed to the Board and committee with effect from December 16, 2017

Board Audit Committee	Designation	January 26, 2017	April 27, 2017	May 27, 2017	October 26, 2017
HRH Igwe Peter Nwokike Anugwu, JP, OFR	Chairman	▪	▪	▪	▪
Engr. Jafaru Damulak	Member	▪	▪	▪	▪
Mrs. Belinda Ajoke Disu*	Member	N/A	N/A	N/A	N/A

Key: ▪ Present; *Appointed to the committee on December 7, 2017

2.1.1 Risk and Asset 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

This committee met formally once in the financial year ended December 31, 2017, on July 12, 2017. The membership of the committee and the attendance by members at meetings were as stated above.

2.1.2 Board Audit Committee

This committee is responsible for:

- The review and integrity of the Group 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 four times in the financial year ended December 31, 2017. The membership of the committee and the attendance by members at meetings were as stated on page 30.

Remuneration Committee	Designation	March 15, 2017	June 2, 2017	June 14, 2017	September 24, 2017
Engr. Heinz Stockhausen	Chairman	▪	▪	▪	▪
Engr. Jafaru Damulak	Member	▪	▪	▪	▪

Key: ▪ Present

2.1.3 Remuneration Committee

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

- Top level establishment issues particularly on compensation and matters relating to the boards in the Group
- Remuneration, especially reward-based budgeting, strategies review and policy-making, as well as budgeting

This committee met formally four times in the financial year ended December 31, 2017. The membership of the committee and the attendance by members at meetings were as stated above.

2.1.4 Governance Committee

This committee, newly established on December 7, 2017, and 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 therein 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
- Entrenchment of corporate governanace principles into every part of the Group
- Monitor and review the effectiveness of the compliance function and framework in ensuring adherence to applicable laws and regulations

The membership of the committee is as stated:

- Mrs. Gladys Olubusola Talabi, Chairperson
- Mr. George Marks, Member
- Dr. Ernest Nnaemeka Azudialu-Obiejesi, Member

Statutory Audit Committee	Designation	March 15, 2017	July 26, 2017	October 25, 2017	December 7, 2017
Sir Sunday Nnamdi Nwosu, KSS - Chairman of the Committee until July 26, 2017	Chairman / Member	▪	▪	▪	▪
Brig. Gen. Emmanuel Ebije Ikwue, GCON - appointed Chairman of the Committee on July 26, 2017	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	▪	▪	▪	▪

Key: ▪ Present; – Absent with apologies

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 2017 at the AGM held on June 15, 2017.

This committee met four times in the financial year ended December 31, 2017. The membership of the committee and the attendance by members in the financial year ended December 31, 2017, were as stated above.

The chairman of this committee is always a shareholder.

Attendance of Directors at AGM	June 15, 2017
Mr. Mutiu Sunmonu, CON	▪
Engr. Heinz Stockhausen	▪
HRH Igwe Peter Nwokike Anugwu, JP, OFR	▪
Engr. Jafaru Damulak	▪
Mr. George Marks	▪
Dr. Ernest Nnaemeka Azudialu-Obiejesi	▪
Mrs. Belinda Ajoke Disu*	N/A
Mrs. Gladys Olubusola Talabi*	N/A
Engr. Wolfgang Goetsch	▪
Mr. Wolfgang Kollermann**	▪
Alhaji Zubairu Ibrahim Bayi	▪
Mr. Martin Brack***	N/A

Key: ▪ Present; *Appointed to the Board with effect from June 30, 2017; *Resigned from the Board with effect from December 15, 2017; ***Appointed to the Board with effect from December 16, 2017

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 2017, the members met in Annual General Meeting on June 15, 2017. At the close of the Meeting there were 187 (one hundred and eighty-seven) shareholders, 26 (twenty-six) proxies and 85 (eighty-five) observers, representatives of regulators and members of the press.

Attendance by the Directors was as stated above.

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 three Executive Directors, as well as the Heads of Divisions and Departments. Management executes its responsibilities within the limits set for it by the Board, which periodically reviews its performance.

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, regarding 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 Directors and employees, in the financial year 2017, complied with the required standard set out in the Rules of the NSE and in the Securities Trading Policy.

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.

Risk Management

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 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.

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

Compliance risk

Julius Berger Nigeria Plc and its subsidiaries maintain a high level of awareness to mitigate and manage compliance risk across the Group. 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.

Financial
Information

for the Year Ended December 31, 2017

Statement of Directors' Responsibilities

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 Group Financial Statements for the year ended December 31, 2017.

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 Group 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. Wolfgang Goetsch
Managing Director
FRC/2014/NSE/00000006484

March 15, 2018

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, 2017.

Based on our knowledge, the Consolidated Group 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 Group 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 Group Financial Statements for the year ended December 31, 2017, appear to be true, correct and up to date.

Engr. Wolfgang Goetsch
Managing Director
FRC/2014/NSE/00000006484

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

March 15, 2018

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 Group Financial Statements for the year ended December 31, 2017, 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

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

Signed on behalf of the Committee by,

Brig. Gen. Emmanuel Ebije Ikwue, GCON
Chairman of the Statutory Audit Committee
FRC / 2015 / IODN / 00000011209

March 14, 2018

Nexia
Agbo Abel & Co

43 Anthony Enahoro Street
Utako District
Abuja - Nigeria.

T: +234 (0) 809. 238. 4074
W: www.nexianigeria.com

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 2017, 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 46 to 117.

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 2017 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 6 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. There is a risk of misstatement of revenue due to inadequate cut-off procedures or wrong application of IAS 11 (IFRS 15).	- 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 ensure revenue were recognised in line with IAS 11 (IFRS 15). - 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 not under/over stated.

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
15th March 2018

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A1299068

Julius Berger Nigeria Plc AR & FS 2017 | Statement of Financial Position

Statement of
Financial Position

These Financial Statements on pages 46 to 117 were approved by the Board of Directors on March 15, 2018, and signed on its behalf by:

Engr. Wolfgang Goetsch
Managing Director
FRC/2014/NSE/00000006484

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

The accounting policies on pages 62 to 80 and notes on pages 81 to 117 form part of these Financial Statements.

	Note	Group 31/12/2017 ₦ 000	Group 31/12/2016 ₦ 000	Company 31/12/2017 ₦ 000	Company 31/12/2016 ₦ 000
Assets					
Non-current assets					
Property, plant and equipment	14	43,621,129	49,712,834	41,036,466	47,093,218
Goodwill	16.1	9,781,954	8,348,748	–	–
Other intangible assets	16.2	1,383	2,766	–	–
Investment property	17	2,342,484	2,444,460	2,342,484	2,444,460
Investment in subsidiaries	18.1	–	–	16,916,771	15,193,398
Trade and other receivables	21	70,867,547	61,228,646	70,689,703	61,209,346
Tax receivable	22	14,875,011	26,026,032	14,103,168	25,282,312
Deferred tax assets	12.3	2,816,807	5,453,858	2,526,664	5,375,286
Total non-current assets		**144,306,315**	**153,217,344**	**147,615,256**	**156,598,020**
Current assets					
Inventories	19	10,649,880	11,699,526	9,208,956	9,165,557
Amount due from customers under construction contracts	20	31,581,219	33,082,455	30,048,392	29,637,665
Trade and other receivables	21	49,837,624	47,632,119	49,393,349	47,848,167
Tax receivable	22	341,132	1,417,845	307,299	1,395,660
Cash and cash equivalents		37,590,125	10,584,522	19,383,619	6,229,515
		129,999,980	**104,416,467**	**108,341,615**	**94,276,564**
Assets classified as held for sale	15	1,087,498	1,545,121	1,061,591	1,523,825
Total current assets		**131,087,478**	**105,961,588**	**109,403,206**	**95,800,389**
Total assets		**275,393,793**	**259,178,932**	**257,018,462**	**252,398,409**
Equity and liabilities					
Equity					
Share capital	23	660,000	660,000	660,000	660,000
Share premium	23	425,440	425,440	425,440	425,440
Foreign currency translation reserve		9,508,398	7,119,062	–	–
Retained earnings		19,447,014	17,065,287	12,514,240	12,059,647
Equity attributable to owners of the Company		**30,040,852**	**25,269,789**	**13,599,680**	**13,145,087**
Non-controlling interests	24	55,079	46,526	–	–
Total equity		**30,095,931**	**25,316,315**	**13,599,680**	**13,145,087**
Non-current liabilities					
Borrowings	25	–	–	–	–
Retirement benefit liabilities	26.2	2,587,335	2,463,491	1,598,239	1,311,668
Deferred tax liabilities	12.3	7,214,400	9,185,562	6,456,153	9,090,213
Amount due to customers under construction contracts	20.1	122,881,472	119,098,895	122,881,472	119,098,895
Trade and other payables	27	8,284,314	11,519,264	8,284,314	11,519,264
Provisions	28	474,296	454,232	300,000	300,000
Total non-current liabilities		**141,441,817**	**142,721,444**	**139,520,178**	**141,320,040**
Current liabilities					
Amount due to customers under construction contracts	20.1	26,879,477	24,009,265	25,018,897	23,665,542
Trade and other payables	27	42,914,438	32,496,054	40,051,985	39,672,136
Borrowings	25	33,597,303	33,172,798	38,421,756	33,172,798
Current tax payable	12.2	351,854	1,423,923	307,299	1,395,660
Retirement benefit liabilities	26.1	112,973	39,133	98,667	27,146
Total current liabilities		**103,856,045**	**91,141,173**	**103,898,604**	**97,933,282**
Total liabilities		**245,297,862**	**233,862,616**	**243,418,782**	**239,253,322**
Total equity and liabilities		**275,393,793**	**259,178,932**	**257,018,462**	**252,398,409**

Julius Berger Nigeria Plc AR & FS 2017 | Statement of Profit or Loss and Other Comprehensive Income

Statement of
Profit or Loss and Other Comprehensive Income

	Note	Group 31/12/2017 ₦ 000	Group 31/12/2016 ₦ 000	Company 31/12/2017 ₦ 000	Company 31/12/2016 ₦ 000
Revenue	6	141,890,498	138,993,752	125,777,848	119,813,392
Cost of sales		(97,591,978)	(84,767,291)	(95,762,476)	(81,127,668)
Gross profit		**44,298,520**	**54,226,461**	**30,015,372**	**38,685,724**
Marketing expenses		(47,851)	(53,327)	(45,386)	(45,408)
Administrative expenses		(35,564,107)	(37,380,880)	(21,042,794)	(19,549,439)
Operating profit		**8,686,562**	**16,792,254**	**8,927,192**	**19,090,877**
Investment income	7	1,126,493	284,681	1,361,433	86,502
Other gains and losses	8	4,076,096	1,443,523	1,949,557	(398,143)
Finance cost	9	(6,900,051)	(5,784,246)	(7,830,008)	(5,784,246)
Foreign exchange acquisition loss		(3,249,960)	(14,234,241)	(3,249,960)	(14,234,241)
Profit/(Loss) before tax	10	**3,739,140**	**(1,498,029)**	**1,158,214**	**(1,239,251)**
Income tax expense	12.1	(1,167,100)	(2,318,763)	(521,861)	(2,416,959)
Profit/(Loss) for the year		**2,572,040**	**(3,816,792)**	**636,353**	**(3,656,210)**
Other comprehensive income for the year net taxes					
Actuarial (Losses)/gains on retirement benefits		(181,760)	122,845	(181,760)	122,845
Irreversible to income statement					
Differences on translating foreign operations		2,389,336	6,699,307	–	–
Total comprehensive income		**4,779,617**	**3,005,360**	**454,593**	**(3,533,365)**
Attributable to					
Owners of the Company		4,771,064	3,015,014	454,593	(3,533,365)
Non-controlling interests		8,553	(9,654)	–	–
Total comprehensive income		**4,779,617**	**3,005,360**	**454,593**	**(3,533,365)**
Earnings/(Losses) per share					
Basic earnings/(Losses) per share	13	**3.61**	**2.28**	**0.34**	**(2.68)**
Diluted earnings/(Losses) per share	13	**3.61**	**2.28**	**0.34**	**(2.68)**

Julius Berger Nigeria Plc AR & FS 2017 | 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, 2017	660,000	425,440	7,119,062	17,065,287	25,269,789	46,526	25,316,315
Profit for the year	–	–	–	2,563,487	2,563,487	8,553	2,572,040
Other comprehensive income (net of tax)	–	–	2,389,366	(181,760)	2,207,576	–	2,207,576
Total comprehensive income	**–**	**–**	**2,389,366**	**2,381,727**	**4,771,063**	**8,553**	**4,779,616**
Issued share capital	–	–	–	–	–	–	–
Issued share capital (subsidiaries: non-controlling interest)	–	–	–	–	–	–	–
Dividends to shareholders	–	–	–	–	–	–	–
Balance at December 31, 2017	**660,000**	**425,440**	**9,508,398**	**19,447,014**	**30,040,852**	**55,079**	**30,095,931**

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, 2017	660,000	425,440	–	12,059,647	13,145,087	–	13,145,087
Profit for the year	–	–	–	636,353	636,353	–	636,353
Other comprehensive income (net of tax)	–	–	–	(181,760)	(181,760)	–	(181,760)
Total comprehensive income	**–**	**–**	**–**	**454,593**	**454,593**	**–**	**454,593**
Issued share capital	–	–	–	–	–	–	–
Dividends to shareholders	–	–	–	–	–	–	–
Balance at December 31, 2017	**660,000**	**425,440**	**–**	**12,514,240**	**13,599,680**	**–**	**13,599,680**

Julius Berger Nigeria Plc AR & FS 2017 | Statement of Cash Flows

Statement of Cash Flows

	Note	Group 31/12/2017 ₦ 000	Group 31/12/2016 ₦ 000	Company 31/12/2017 ₦ 000	Company 31/12/2016 ₦ 000
Cash flows from operating activities					
Cash receipts from customers		222,626,776	196,614,015	191,984,709	128,542,794
Cash paid to suppliers and employees		(187,864,263)	(188,119,372)	(175,447,210)	(120,994,324)
Cash provided by operating activities		**34,762,513**	**8,494,643**	**16,537,499**	**7,548,470**
Cash paid for taxes		(866,749)	(544,849)	(927,163)	(534,522)
Foreign exchange acquisition loss		(3,249,960)	(14,234,241)	(3,249,960)	(14,234,241)
Net cash generated/(used in) by operating activities	29	**30,645,804**	**(6,284,447)**	**12,360,376**	**(7,220,293)**
Cash flows from investing activities					
Purchase of PPE	14	(580,197)	(695,586)	(217,384)	(684,798)
Investment in notes		(1,723,373)	–	(1,723,373)	–
Investment property		–	–	–	–
Interest received	7	97,932	284,681	82,872	86,502
Dividend received		1,028,561	–	1,278,561	–
Proceeds from disposal of PPE		4,012,422	6,600,810	3,954,002	6,580,455
Net cash generated/(used in) investing activities		**2,835,345**	**6,189,905**	**3,374,778**	**5,982,159**
Cash flows from financing activities					
Repayment of loans	25.2.1	–	(3,281,590)	–	(3,281,590)
Interest paid	9	(6,900,051)	(5,784,246)	(7,830,008)	(5,784,246)
Dividends paid		–	(1,980,000)	–	(1,980,000)
Net cash used in financing activities		**(6,900,051)**	**(11,045,836)**	**(7,830,008)**	**(11,045,836)**
Net (decrease)/increase in cash and cash equivalents		**26,581,098**	**(11,140,378)**	**7,905,146**	**(12,283,970)**
Cash and cash equivalents at 1 January (beginning of financial year)		(22,588,276)	(11,447,898)	(26,943,283)	(14,659,313)
Cash and cash equivalents at 31 December (end of financial year)	29.1	**3,992,822**	**(22,588,276)**	**(19,038,137)**	**(26,943,283)**
Cash and cash equivalents consist of					
Cash and bank balances		37,590,125	10,584,522	19,383,619	6,229,515
Borrowings (bank overdrafts)		(33,597,303)	(33,172,798)	(38,421,756)	(33,172,798)
	29.1	**3,992,822**	**(22,588,276)**	**(19,038,137)**	**(26,943,283)**

Azura-Edo Independent Power Plant, Benin City

Notes to the Financial Statements

for the Year Ended December 31, 2017

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 in 1991 with its shares quoted on the Nigerian Stock Exchange. It is registered in Nigeria with registration number, RC 6852. The address of its registered office and principal place of business are disclosed in the introduction to the annual report. The principal activities of the Company and its subsidiaries (the Group) are described in notes 18 and 31 to the Financial Statements.

Julius Berger Nigeria Plc AR & FS 2017 | Notes to the 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, 2017

The following revisions to accounting standards and pronouncements were issued and effective at the reporting period (earlier application is permitted in some cases):

Disclosure initiative (amendments to International Accounting Standards (IAS) 7)*

This amends Statement of Cash Flow (IAS 7) to clarify that entities shall provide disclosures that enable users of the Financial Statements to evaluate changes in liabilities arising from financing activities.

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)*

The amendment to IAS 12 on Income Taxes clarifies the following aspects: Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. The carrying amount of an asset does not limit the estimation of probable future taxable profits.

Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

Annual improvements (Amendments to IFRS 12)*

The amendments clarify that the disclosure requirements of IFRS 12 apply to interests in entities that are classified as held for sale, except for the summarised financial information. There is immaterial impact of this amendment to the Group Financial Statements.

IFRS 9: Financial instruments and associated amendments to various other standards**

IFRS 9 replaces the multiple classification and measurement models in IAS 39 financial instruments: Recognition and measurement with a single model that has initially only two classification categories: amortised cost and fair value. Classification of debt assets will be

* Required to be implemented for periods beginning on or after January 1, 2017
** Required to be implemented for periods beginning on or after January 1, 2018

driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.

All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognised at fair value. All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss).

For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in the their own credit risk in other comprehensive income rather than profit or loss.

The new hedge accounting rules (released in December 2013) align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. With these amendments, IFRS 9 is now complete. The changes introduce:

- A third measurement category Fair Value Through Other Comprehensive Income (FVOCI) for certain financial assets that are debt instruments
- A new Expected Credit Loss (ECL) model which involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component (e.g trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.

For financial years commencing before February 1, 2015, entities could elect to apply IFRS 9 early for any of the following:

- The own credit risk requirements for financial liabilities
- Classification and Measurement (C&M) requirements for financial assets
- C&M requirements for financial assets and financial liabilities
- C&M requirements for financial assets and liabilities and hedge accounting

After February 1, 2015, the new rules must be adopted in their entirety

IFRS 15: Revenue from contracts with customers**

This IFRS establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It is intended to supersede the following standards:

Julius Berger Nigeria Plc AR & FS 2017 | Notes to the Financial Statements

- IAS 18 revenue
- IAS 11 construction contracts
- IFRIC 13 customer loyalty programs
- IFRIC 15 agreements for the construction of real estate
- IFRIC 18 transfer of assets from customers
- SIC 31 revenue barter transactions involving advertising services

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

These accounting changes may have flow-on effects on the entity's business practices regarding systems, processes and controls, compensation and bonus plans, contracts, tax planning and investor communications.

The new standard introduces a 5-step approach to revenue recognition and measurement with more prescriptive guidance and requirements for extensive disclosures:

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).

Classification and Measurement of share-based payment transactions (Amendments to IFRS 2)**

This clarifies the standard in relation to the accounting for cash-settled, share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments to IFRS 4)**

In September 2016, the IASB published an amendment to IFRS 4 which addresses the concerns of insurance companies about the different effective dates of IFRS 9 financial instruments and the forthcoming new insurance contracts standard. The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional. IFRS 4 (including the amendments) will be superseded by the forthcoming new insurance contracts standard. Accordingly, both the temporary exemption and the 'overlay approach' are expected to cease to be applicable when the new insurance standards becomes effective.

Annual Improvements 2014-2016 Cycle**

The following improvements were finalised in December 2016:

- IFRS 1 - deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant.
- IAS 28 - clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition.

Transfers of investment property – (Amendments to IAS 40)**

The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer.

The list of evidence for a change of use in the standard was re-characterised as a non-exhaustive list of examples to help illustrate the principle.

The board provided two options for transition:

- Prospectively, with any impact from the reclassification recognised as adjustment to opening retained earnings as at the date of initial recognition, or
- retrospectively - only permitted without the use of hindsight. Additional disclosures are required if an entity adopts the requirements prospectively.

Interpretation 22: Foreign currency transactions and advance consideration**

The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability).

If there are multiple payments or receipts for one item, a date of transaction should be determined as above for each payment or receipt.

Julius Berger Nigeria Plc AR & FS 2017 | Notes to the Financial Statements

Entities can choose to apply the interpretation:

- Retrospectively for each period presented
- Prospectively to items in scope that are initially recognised on or after the beginning of the reporting period in which the interpretation is first applied, or
- Prospectively from the beginning of a prior reporting period presented as comparative information.

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.

Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)**

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 investments in the associate or joint venture. The amendments apply prospectively.

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 IFRS.

3.2 Basis of preparation

The Consolidated and Separate Financial Statements are prepared on a historical cost. The following are the Significant Accounting Policies adopted by the Group in the preparation of these 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 Financial Statements in conformity with IFRS requires 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.

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 (see above), 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.

3.7 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.

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 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. 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 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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

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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 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.

3.20 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

The Group’s financial assets are classified into the following specified categories: financial assets ‘at fair value through profit or loss’, ‘held-to-maturity’ investments, ‘available-for-sale’ financial assets and ‘loans and receivables’. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial. The assets in this category include trade and other receivables, contract receivables and retentions, cash and cash equivalents:

- 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.

- Contract receivables and retentions 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. Contract receivables and retentions comprise amounts due in respect of certified or approved certificates by the client or consultant at the reporting date for which payment has not been received, and amounts held as retentions on certified certificates at the reporting date. Contract receivables are stated after deduction of specific allowance for any debt considered doubtful of collection. The allowance for bad and doubtful debts is based on the estimated irrecoverable amount on a specific basis which is determined based on the ageing of the receivable balance and historical experience.
- 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.

3.20.1.3 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.

3.20.1.4 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.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty
- Breach of contract, such as a default or delinquency in interest or principal payments
- The probability that the borrower will enter bankruptcy or financial reorganisation
- 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.

3.20.1.5 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.

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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.

3.22 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 for its ordinary shares. Basic earnings per share 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 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.

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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 Consolidated 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 Revenue recognition

The Group uses the percentage-of-completion method in accounting for its fixed-price contracts to deliver civil, design and engineering services. Use of the percentage-of-completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed.

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. 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

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, 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. Segmental analysis

Management has determined three segments of operation based on information reviewed by the Management for the purposes of allocating resources and assessing performance, which are civil works, building works and services. Organisational structures reflect the requirements of these segments of operation, taking into consideration a strong regional market presence and an efficient provision of the required resources.

The Management assesses the performance of each segment of operation based on a measure of adjusted Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA). This measurement basis excludes investment income, finance costs and taxes. These income and expenditures are not allocated to segments of operation, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

Details of the services performed by segments of operation are provided in the business and financial review.

5.1 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.

5.2 Segment revenue

	Group 31/12/2017 ₦000	Group 31/12/2016 ₦000	Company 31/12/2017 ₦000	Company 31/12/2016 ₦000
Class of business				
Civil works	74,301,235	72,784,348	76,407,641	72,784,348
Building works	60,099,880	58,872,919	49,189,836	46,857,226
Services	7,489,383	7,336,485	180,371	171,818
Total revenue	**141,890,498**	**138,993,752**	**125,777,848**	**119,813,392**

5.3 Segment profit/(loss) and results

	Group 31/12/2017 ₦000	Group 31/12/2016 ₦000	Company 31/12/2017 ₦000	Company 31/12/2016 ₦000
Class of business				
Civil works	6,745,783	13,040,476	5,633,810	12,047,952
Building works	1,716,961	3,319,109	3,216,957	6,879,489
Services	223,818	432,669	76,425	163,436
Total profit of segments	**8,686,562**	**16,792,254**	**8,927,192**	**19,090,877**
Corporate costs	826,136	(12,790,718)	(1,300,403)	(14,632,384)
EBITDA	**9,512,698**	**4,001,536**	**7,626,789**	**4,458,493**
Finance costs	(6,900,051)	(5,784,246)	(7,830,008)	(5,784,246)
Adjusted (Loss)/profit before tax	**2,612,647**	**(1,782,710)**	**(203,219)**	**(1,325,753)**
Other items	1,126,493	284,681	1,361,433	86,502
(Loss)/Profit before income tax	**3,739,140**	**(1,498,029)**	**1,158,214**	**(1,239,251)**

Notes:
1. Corporate costs comprise the costs of operating head office functions and certain overheads.
2. EBITDA is earnings before investment income, finance costs and taxes.
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.

5.4 Information about major customers

Included in the revenue reported by Group are three clients whose individual balances of ₦19.19 billion (2016: ₦6.62 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 2017.

5.5 Segment assets and liabilities

Group	Segment assets 31/12/2017 ₦000	Segment liabilities 31/12/2017 ₦000	Segment net assets/liabilities 31/12/2017 ₦000	Segment assets 31/12/2016 ₦000	Segment liabilities 31/12/2016 ₦000	Segment net assets/liabilities 31/12/2016 ₦000
Class of business						
Civil works	70,613,558	(81,360,718)	(10,747,160)	73,489,537	(75,758,973)	(2,269,436)
Building works	42,580,953	(50,266,588)	(7,685,635)	44,315,208	(46,805,696)	(2,490,488)
Services	110,921,515	(69,332,395)	41,589,120	115,439,173	(64,558,809)	50,880,364
	224,116,026	**(200,959,701)**	**23,156,325**	**233,243,918**	**(187,123,478)**	**46,120,440**
Net cash	37,590,125	(33,597,303)	3,992,822	10,584,522	(33,172,798)	(22,588,276)
Unallocated assets/ (liabilities)	13,687,642	(10,740,858)	2,946,784	15,350,492	(13,566,341)	1,784,151
	275,393,793	**(245,297,862)**	**30,095,931**	**259,178,932**	**(233,862,617)**	**25,316,315**

Company	Segment assets 31/12/2017 ₦000	Segment liabilities 31/12/2017 ₦000	Segment net assets/liabilities 31/12/2017 ₦000	Segment assets 31/12/2016 ₦000	Segment liabilities 31/12/2016 ₦000	Segment net assets/liabilities 31/12/2016 ₦000
Class of business						
Civil works	68,466,518	(77,759,178)	(9,292,660)	70,656,946	(76,855,394)	(6,198,448)
Building works	38,691,216	(45,285,571)	(6,594,355)	39,929,052	(44,759,223)	(4,830,171)
Services	109,972,083	(73,191,919)	36,780,164	113,490,387	(72,341,220)	41,149,167
	217,129,817	**(196,236,668)**	**20,893,149**	**224,076,385**	**(193,955,837)**	**30,120,548**
Net cash	19,383,619	(38,421,756)	(19,038,137)	6,229,515	(33,172,798)	(26,943,283)
Unallocated assets/ (liabilities)	20,505,026	(8,760,358)	11,744,668	22,092,509	(12,124,687)	9,967,822
	257,018,462	**(243,418,782)**	**13,599,680**	**252,398,409**	**(239,253,322)**	**13,145,087**

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.

6. Revenue

	Group 31/12/2017 ₦000	Group 31/12/2016 ₦000	Company 31/12/2017 ₦000	Company 31/12/2016 ₦000
Construction contracts	135,290,888	131,657,267	125,777,848	119,813,392
Rendering of services	6,599,610	7,336,485	–	–
	141,890,498	**138,993,752**	**125,777,848**	**119,813,392**

7. Investment income

	Group 31/12/2017 ₦ 000	Group 31/12/2016 ₦ 000	Company 31/12/2017 ₦000	Company 31/12/2016 ₦000
Investment income consists of interest income from				
Bank deposits	97,932	284,681	82,872	86,502
Dividend received	1,028,561	–	1,278,561	–
	1,126,493	**284,681**	**1,361,433**	**86,502**

8. Other gains and losses

	Group 31/12/2017 ₦000	Group 31/12/2016 ₦000	Company 31/12/2017 ₦000	Company 31/12/2016 ₦000
Profit from sale of PPE	3,215,223	4,495,160	3,206,363	4,504,005
Net foreign exchange losses	185,943	(5,704,056)	(1,256,806)	(4,902,358)
Sundry income	674,930	2,652,419	–	210
	4,076,096	**1,443,523**	**1,949,557**	**(398,143)**

9. Finance costs

	Group 31/12/2017 ₦ 000	Group 31/12/2016 ₦000	Company 31/12/2017 ₦000	Company 31/12/2016 ₦000
Interest on overdraft	5,411,052	3,961,048	6,341,009	3,961,048
Interest on loan	1,327,823	1,498,676	1,327,823	1,498,676
Other finance charges	161,176	324,522	161,176	324,522
	6,900,051	**5,784,246**	**7,830,008**	**5,784,246**

10. Profit for the year

	Group 31/12/2017 ₦000	Group 31/12/2016 ₦000	Company 31/12/2017 ₦000	Company 31/12/2016 ₦000
Profit/(Loss) for the year has been arrived at after charging/(crediting)				
Net foreign exchange losses	(185,943)	5,704,056	1,256,806	4,904,358
Depreciation of PPE	7,873,178	8,976,153	7,578,897	8,675,879
Depreciation of investment property	101,976	101,976	101,976	101,976
Net impairment	(1,513,590)	(1,617,525)	(1,590,267)	(1,690,092)
Audit remuneration (see Note 10.1)	98,420	96,920	55,920	54,420
Staff costs (see Note 11)	59,717,637	52,560,237	36,703,079	36,643,791
Gain on disposal of PPE	(3,215,223)	(4,495,160)	(3,206,363)	(4,505,005)

10.1 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 31/12/2017 ₦000	Group 31/12/2016 ₦000	Company 31/12/2017 ₦000	Company 31/12/2016 ₦000
Audit fees				
Parent	52,920	52,920	52,920	52,920
Subsidiaries auditors (Ernst & Young and Akintola Williams Deloitte)	42,500	42,500	–	–
Other audit related fees	3,000	1,500	3,000	1,500
Audit and audit-related fees	**98,420**	**96,920**	**55,920**	**54,420**
Other fees				
Taxation	12,980	14,500	4,500	4,500
Others	1,650	250	250	250
Total fees	**113,050**	**111,670**	**60,670**	**59,170**

11. Staff costs and employee numbers

	Group 31/12/2017 ₦000	Group 31/12/2016 ₦000	Company 31/12/2017 ₦000	Company 31/12/2016 ₦000
Wages and salaries	58,513,387	50,904,385	35,678,696	35,883,929
Social security costs	5,335	854	–	–
Defined benefit plans	318,021	1,051,880	265,034	242,639
Defined contribution (pension schemes)	880,894	603,118	759,349	517,223
	59,717,637	**52,560,237**	**36,703,079**	**36,643,791**

	Group 31/12/2017 Number	Group 31/12/2016 Number	Company 31/12/2017 Number	Company 31/12/2016 Number
The average number of people employed was as follows:				
Civil works	1,117	784	1,117	784
Building works	4,516	4,621	3,811	4,114
Services	2,992	3,737	2,771	2,990
	8,625	**9,142**	**7,699**	**7,888**

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

	Group 31/12/2017 Number	Group 31/12/2016 Number	Company 31/12/2017 Number	Company 31/12/2016 Number
Managerial staff	117	119	91	91
Senior staff	478	1,001	349	387
Junior staff	8,030	8,022	7,259	7,410
	8,625	**9,142**	**7,699**	**7,888**

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12. Taxation

12.1 Income tax recognised in profit or loss

	Group 31/12/2017 ₦000	Group 31/12/2016 ₦000	Company 31/12/2017 ₦000	Company 31/12/2016 ₦000
Current tax				
Current tax expense in respect of the current year	461,704	1,417,845	307,299	1,395,660
Education tax (2 % of assessable profit)	10,722	6,078	–	–
Adjustments in relation to the current tax of prior years	28,785	65,157	–	–
Deferred tax				
Deferred tax (credited)/charged in the current year	665,889	829,683	214,562	1,021,299
Total income tax expense recognised in the current year	**1,167,100**	**2,318,763**	**521,861**	**2,416,959**
The income tax expense for the year can be reconciled to the accounting profit/(Loss) as follows:				
Profit/(Loss) before tax from operations	**3,739,140**	**(1,498,029)**	**1,158,214**	**(1,239,251)**
Expected income tax expense calculated at 30 % (2016: 30 %)	1,121,742	(449,409)	347,464	(371,775)
Education tax expense calculated at 2 % (2016: 2 %) of assessable profit	10,722	6,078	–	–
Effect of income that is exempt from taxation	–	(68,805)	–	–
Effect of expenses that are not deductible in determining taxable profit	(631,253)	2,001,216	(40,165)	1,767,435
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	665,889	829,683	214,562	1,021,299
Income tax expense recognised in profit or loss	**1,167,100**	**2,318,763**	**521,861**	**2,416,959**
Adjustments recognised in the current year in relation to the current tax of prior years	–	–	–	–
	1,167,100	**2,318,763**	**521,861**	**2,416,959**

The tax rate used for the 2017 and 2016 reconciliations above is the corporate tax rate of 30% payable by corporate entities in Nigeria on taxable profits under the Companies Income Tax Act.

12.2 Current tax liabilities

	Group 31/12/2017 ₦000	Group 31/12/2016 ₦000	Company 31/12/2017 ₦000	Company 31/12/2016 ₦000
Income tax payable				
Expense	461,704	1,417,845	307,299	1,395,660
Provisional payment	(120,572)	–	–	–
	341,132	**1,417,845**	**307,299**	**1,395,660**
Education tax payable	10,722	6,078	–	–
	351,854	**1,423,923**	**307,299**	**1,395,660**

12.3 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group 31/12/2017 ₦000	Group 31/12/2016 ₦000	Company 31/12/2017 ₦000	Company 31/12/2016 ₦000
Deferred tax assets	2,816,807	5,453,858	2,526,664	5,375,286
Deferred tax liabilities	(7,214,400)	(9,185,562)	(6,456,153)	(9,090,213)
Deferred tax liabilities (net)	**(4,397,593)**	**(3,731,704)**	**(3,929,489)**	**(3,714,927)**
The gross movement in deferred taxation during the year				
Balance at beginning of year	3,731,704	2,902,021	3,714,927	2,693,628
Profit or loss charge	720,417	792,829	269,090	984,445
Tax charge relating to components of other comprehensive income	(54,528)	36,854	(54,528)	36,854
Balance at end of year	**4,397,593**	**3,731,704**	**3,929,489**	**3,714,927**

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:

12.4 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, 2017	9,527,900	(342,338)	–	9,185,562
Charged to profit or loss	(2,275,216)	(266,654)	570,708	(1,971,162)
Balance at December 31, 2017	**7,252,684**	**(608,992)**	**570,708**	**7,214,400**

Group	Retirement benefit obligation ₦000	Impairment and tax losses ₦000	Provisions and others ₦000	Total ₦000
Deferred tax assets				
Balance at January 1, 2017	(454,375)	(4,404,708)	(594,775)	(5,453,858)
Charged to profit or loss	538,876	1,451,618	701,085	2,691,579
Charged to other comprehensive income	–	–	(54,528)	(54,528)
Balance at December 31, 2017	**84,501**	**(2,953,090)**	**51,782**	**(2,816,807)**

12.5 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, 2017	9,432,551	(342,338)	–	9,090,213
Charged to profit or loss	(2,276,901)	(357,159)	–	(2,634,060)
Balance at December 31, 2017	**7,155,650**	**(699,497)**	**–**	**6,456,153**

Company	Retirement benefit obligation ₦000	Impairment and tax losses ₦000	Provisions and others ₦000	Total ₦000
Deferred tax assets				
Balance at January 1, 2017	(448,457)	(4,404,708)	(522,121)	(5,375,286)
Charged to profit or loss	534,427	1,451,618	917,105	2,903,150
Charged to other comprehensive income	–	–	(54,528)	(54,528)
Balance at December 31, 2017	**85,970**	**(2,953,090)**	**340,456**	**(2,526,664)**

13. Earnings/(Loss) 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 on page 92.

Earnings/(Loss) per share	Group 31/12/2017 ₦ 000	Group 31/12/2016 ₦ 000	Company 31/12/2017 ₦ 000	Company 31/12/2016 ₦ 000
Earnings/(Loss)				
Earnings for the purpose of basic earnings and diluted earnings per share being net profit attributable to equity holders of the Company	4,771,064	3,015,014	454,593	(3,533,365)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,320,000	1,320,000	1,320,000	1,320,000
Earnings per 50 K share (₦) – basic	3.61	2.28	0.34	(2.68)
Earnings per 50 K share (₦) – diluted	3.61	2.28	0.34	(2.68)

14. Property, Plant and Equipment

Group PPE	Land ₦ 000	Buildings ₦ 000	Plant and machinery ₦ 000	Other fixed assets ₦ 000	Total ₦ 000
Cost					
Balance at January 1, 2017	6,225,787	10,746,891	108,426,833	1,703,722	127,103,233
Additions	136,077	–	81,205	362,915	580,197
Reclassifications	–	–	(2,060,547)	(137,794)	(2,198,341)
Adjustment and exchange difference	–	–	41,607	97,843	139,450
Balance at December 31, 2017	**6,361,864**	**10,746,891**	**106,489,098**	**2,026,686**	**125,624,539**
Accumulated depreciation					
Balance at January 1, 2017	–	4,172,153	68,895,646	975,830	74,043,629
Charge for the year	–	305,773	7,372,394	195,011	7,873,178
Reclassifications	–	–	37,197	69,674	106,871
Adjustment and exchange difference	–	–	(1,754,187)	(99,261)	(1,853,448)
Eliminated on disposals	–	–	–	–	–
Balance at December 31, 2017	**–**	**4,477,926**	**74,551,050**	**1,141,254**	**80,170,230**
Impairment					
Balance at January 1, 2017	–	–	3,274,203	72,576	3,346,770
Charge for the year	–	–	–	76,676	76,676
Reversal in the year	–	–	(1,590,266)	–	(1,590,266)
Balance at December 31, 2017	**–**	**–**	**1,683,937**	**149,243**	**1,833,180**
Carrying amount					
Balance at December 31, 2017	**6,361,864**	**6,268,965**	**30,254,111**	**736,189**	**43,621,129**
Balance at December 31, 2016	**6,225,787**	**6,574,738**	**36,256,984**	**655,325**	**49,712,834**

Company PPE	Land ₦ 000	Buildings ₦ 000	Plant and machinery ₦ 000	Other fixed assets ₦ 000	Total ₦ 000
Cost					
Balance at January 1, 2017	5,933,862	9,141,074	107,783,904	62,884	122,921,724
Additions	136,078	–	81,206	–	217,284
Reclassifications	–	–	(2,036,761)	(4,298)	(2,041,059)
Adjustment	–	–	–	–	–
Disposal	–	–	–	–	–
Balance at December 31, 2017	**6,069,940**	**9,141,074**	**105,828,349**	**58,586**	**121,097,948**
Accumulated depreciation and impairment loss					
Balance at January 1, 2017	–	3,952,357	68,567,165	34,781	72,554,303
Charge for the year	–	251,635	7,327,262	–	7,578,897
Reclassifications	–	–	(1,751,571)	(4,083)	(1,755,654)
Adjustments	–	–	–	–	–
Eliminated on disposals	–	–	–	–	–
Balance at December 31, 2017	**–**	**4,203,992**	**74,142,857**	**30,698**	**78,377,547**
Impairment					
Balance at January 1, 2017	–	–	3,274,203	–	3,274,203
Charge for the year	–	–	–	–	–
Reversal in the year	–	–	(1,590,267)	–	(1,590,276)
Balance at December 31, 2017	**–**	**–**	**1,683,936**	**–**	**1,683,936**
Carrying amount					
Balance at December 31, 2017	**6,069,940**	**4,937,082**	**30,001,556**	**27,888**	**41,036,466**
Balance at December 31, 2016	**5,933,862**	**5,188,717**	**35,942,536**	**28,103**	**47,093,218**

14.1 Contractual commitment for capital expenditure

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

15. Non-current assets held for sale

At the reporting date, PPE of ₦1.1 billion (2016: ₦1.5 billion) 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.

16. Intangible assets

16.1 Goodwill

	Group 31/12/2017 ₦ 000	Group 31/12/2016 ₦ 000	Company 31/12/2017 ₦ 000	Company 31/12/2016 ₦ 000
Cost	4,606,412	4,606,412	–	–
Impairment	13,825	52,824	–	–
Exchange difference	5,161,717	3,689,512	–	–
	9,781,954	**8,348,748**	**–**	**–**

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.

16.2 Other intangible assets

	Group licenses ₦ 000	Group Total ₦ 000	Company licenses ₦ 000	Company Total ₦ 000
Cost				
Balance at January 1, 2017	4,149	4,149	–	–
Additions during the year	–	–	–	–
Balance at December 31, 2017	**4,149**	**4,149**	**–**	**–**
Accumulated amortisation				
Balance at January 1, 2017	1,383	1,383	–	–
Charge for the year	1,383	1,383	–	–
Balance at December 31, 2017	**2,766**	**2,766**	**–**	**–**
Carrying amount				
Balance at December 31, 2017	**1,383**	**1,383**	**–**	**–**
Balance at December 31, 2016	**2,766**	**2,766**	**–**	**–**

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 three years.

17. Investment property

	Group 31/12/2017 ₦ 000	Group 31/12/2016 ₦ 000	Company 31/12/2017 ₦ 000	Company 31/12/2016 ₦ 000
Cost				
Balance at January 1	2,742,372	2,742,372	2,742,372	2,742,372
Additions during the year	–	–	–	–
Balance at December 31	**2,742,372**	**2,742,372**	**2,742,372**	**2,742,372**
Accumulated amortisation				
Balance at January 1	297,912	195,936	297,912	195,936
Charge for the year	101,976	101,976	101,976	101,976
Balance at December 31	**399,888**	**297,912**	**399,888**	**297,912**
Carrying amount				
Balance at December 31	**2,342,484**	**2,444,460**	**2,342,484**	**2,444,460**

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 investment property comprises a number of commercial properties that are leased to related and third parties. The annual rent received from the investment property is approximately ₦80 million per annum.

18. Investments

18.1 Investments in subsidiaries

	Group 31/12/2017 ₦ 000	Group 31/12/2016 ₦ 000	Company 31/12/2017 ₦ 000	Company 31/12/2016 ₦ 000
Balance at January 1	–	–	15,193,398	15,193,398
Additions during the year	–	–	1,723,373	–
Disposals	–	–	–	–
Balance at December 31	**–**	**–**	**16,916,771**	**15,193,398**

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 on page 96:

Name of subsidiaries	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the parent 2017	2016
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%

19. Inventories

	Group 31/12/2017 ₦000	Group 31/12/2016 ₦000	Company 31/12/2017 ₦000	Company 31/12/2016 ₦000
Construction materials	1,952,828	3,832,061	1,091,802	2,386,019
Consumables	1,896,928	2,263,424	1,675,553	1,493,047
Spares	6,462,998	5,353,228	6,047,937	4,992,500
Others	501,872	356,155	494,365	335,288
	10,814,626	**11,804,868**	**9,309,657**	**9,206,854**
Allowances (Note 19.1)	(164,746)	(105,342)	(100,701)	(41,297)
	10,649,880	11,699,526	9,208,956	9,165,557

19.1 Obsolete inventory

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

	Group 31/12/2017 ₦000	Group 31/12/2016 ₦000	Company 31/12/2017 ₦000	Company 31/12/2016 ₦000
Balance at beginning of year	105,342	127,181	41,297	63,048
Amount (written back)/ charged to profit or loss	59,404	(21,839)	59,404	(21,751)
Balance at end of year	**164,746**	**(105,342)**	**100,701**	**41,297**

19.2 Inventory recognised as expense

The cost of inventories recognised as an expense during the year in respect of operations was ₦41.9 billion (December 31, 2016: ₦27.5 billion).

19.3 Inventory pledged as securities

Inventories have not been pledged as security for liabilities.

20. Amount due from/to customers from construction contract

	Group 31/12/2017 ₦000	Group 31/12/2016 ₦000	Company 31/12/2017 ₦000	Company 31/12/2016 ₦000
Construction costs incurred plus recognised profits less recognised losses to date	876,488,425	756,237,763	862,850,709	753,136,696
Less progress billings	(994,668,155)	(866,263,468)	(980,702,686)	(866,263,468)
	(118,179,730)	**(110,025,705)**	**(117,851,977)**	**(113,126,772)**
Recognised and included in the Consolidated and Separate Financial Statements as amounts				
Due from customers under construction contracts	31,581,219	33,082,455	30,048,392	29,637,665
Due to customers under construction contracts (Note 20.1)	(149,760,949)	(143,108,160)	(147,900,369)	(142,764,437)
	(118,179,730)	**(110,025,705)**	**(117,851,977)**	**(113,126,772)**

20.1 Gross amounts due to customers

	Group 31/12/2017 ₦000	Group 31/12/2016 ₦000	Company 31/12/2017 ₦000	Company 31/12/2016 ₦000
Current portion	26,879,477	24,009,265	25,018,897	23,665,542
Non-current portion	122,881,472	119,098,895	122,881,472	119,098,895
	149,760,949	**143,108,160**	**147,900,369**	**142,764,437**

21. Trade and other receivables

	Group 31/12/2017 ₦000	Group 31/12/2016 ₦000	Company 31/12/2017 ₦000	Company 31/12/2016 ₦000
Trade receivables				
Contract and retention receivables (Note 21.5)	111,176,537	102,069,780	108,453,937	99,252,917
Receivables from rendering of services	–	–	–	–
Less allowance for doubtful debt (Note 21.3)	(4,901,804)	(9,439,523)	(4,838,727)	(9,304,437)
	106,274,733	**92,630,257**	**103,615,210**	**89,948,480**
Other receivables				
Supplier advances	5,572,250	8,169,752	4,836,276	6,849,941
Amount owed by related entities (Note 31.2)	–	–	5,476,619	4,631,755
Amount owed by staff debtors	150,632	137,561	128,408	107,556
Prepayments and accrued income	2,147,526	1,965,200	2,090,410	1,908,588
Other receivables	6,560,030	5,957,995	3,936,129	5,611,193
	120,705,171	**108,860,765**	**120,083,052**	**109,057,513**
Analysed as follows:				
Current Portion	49,837,624	47,632,119	49,393,349	47,848,167
Non-current Portion	70,867,547	61,228,646	70,689,703	61,209,346
	120,705,171	**108,860,765**	**120,083,052**	**109,057,513**

Trade receivables expected to be recovered within one year include retentions of Nil (2016: 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 21.3) against all receivables over six years because Management's continuous efforts to recover these debts is gradually becoming uncertain. Allowances for doubtful debts are recognised against trade receivables based on Management's assessment of the credit quality of individual customers, receivables that are in dispute, financial standing of customers and the willingness of the customers to pay.

Trade receivables disclosed above include amounts (see table below 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.

21.1 Age of receivables that are past due but not impaired

	Group 31/12/2017 ₦000	Group 31/12/2016 ₦000	Company 31/12/2017 ₦000	Company 31/12/2016 ₦000
0 – 3 years	120,705,171	108,860,765	120,083,052	109,057,513
Above 3 years	–	–	–	–
	120,705,171	**108,860,765**	**120,083,052**	**109,057,513**

21.2 Age of receivables that are past due but impaired

	Group 31/12/2017 ₦000	Group 31/12/2016 ₦000	Company 31/12/2017 ₦000	Company 31/12/2016 ₦000
0 – 3 years	63,077	4,254,141	–	4,119,055
Above 3 years	4,838,727	5,185,382	4,838,727	5,185,382
	4,901,804	**9,439,523**	**4,838,727**	**9,304,437**

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

21.3 Allowances for credit losses

	Group 31/12/2017 ₦000	Group 31/12/2016 ₦000	Company 31/12/2017 ₦000	Company 31/12/2016 ₦000
Balance at January 1	9,439,523	10,056,409	9,304,437	8,690,857
Impairment losses recognised on receivables	(4,537,719)	(616,886)	(4,465,710)	613,580
Amounts written off during the year as uncollectible	–	–	–	–
Amounts recovered during the year	–	–	–	–
Balance at December 31	**4,901,804**	**9,439,523**	**4,838,727**	**9,304,437**

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.

21.4 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.

21.5 Contract and retention receivables

	Group 31/12/2017 ₦000	Group 31/12/2016 ₦000	Company 31/12/2017 ₦000	Company 31/12/2016 ₦000
Balance at January 1	102,069,780	84,713,910	99,252,917	82,042,749
Movements in the year	9,106,757	17,355,870	9,201,020	17,210,168
Balance at December 31	**111,176,537**	**102,069,780**	**108,453,937**	**99,252,917**

22. Tax receivables

	Group 31/12/2017 ₦000	Group 31/12/2016 ₦000	Company 31/12/2017 ₦000	Company 31/12/2016 ₦000
Balance at January 1	27,443,877	26,332,120	26,677,972	25,509,480
Movements in the year	22,356,835	11,108,418	21,886,816	11,102,257
Utilised as tax offset	(39,139,284)	(5,298,472)	(38,852,510)	(5,235,576)
	10,661,428	**32,142,066**	**9,712,278**	**31,376,161**
Allowances	4,554,715	(4,698,189)	4,698,189	(4,698,189)
Balance at December 31	**15,216,143**	**27,443,877**	**14,410,467**	**26,677,972**
Made up as follows:				
Current portion	341,132	1,417,845	307,299	1,395,660
Non-current portion	14,875,011	26,026,032	14,103,168	25,282,312
	15,216,143	**27,443,877**	**14,410,467**	**26,677,972**

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

23. Issued capital and dividend

	Group 31/12/2017 ₦000	Group 31/12/2016 ₦000	Company 31/12/2017 ₦000	Company 31/12/2016 ₦000
Share capital (Note 23.1)	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**

The authorised share capital of the Company is ₦800 million (2016: ₦800 million). This comprises 1.6 billion (2016: 1.6 billion) ordinary shares of 50 kobo each. Issued and fully paid share capital consists of 1.32 billion (2016: 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.

There was no movement in issued share capital during the period.

The Directors are proposing a final dividend in respect of the financial year ended December 31, 2017 of ₦1.00 per share (2016: Nil), which will absorb an estimated ₦1.32 billion (2016: Nil) of equity. Subject to approval, it will be paid on June 22, 2018 to shareholders on the register of members as at close of business on June 1, 2018. The dividend has not been provided for and withholding tax will be deducted at the appropriate rate when payment is made.

24. Non-controlling interest

	Group 31/12/2017 ₦000	Group 31/12/2016 ₦000	Company 31/12/2017 ₦000	Company 31/12/2016 ₦000
Balance at beginning of year	46,526	57,180	–	–
Share of profit for the year	8,553	(9,654)	–	–
Share of foreign currency translation reserve	–	–	–	–
Dividend paid to non-controlling interest	–	(1,000)	–	–
Purchase of non-controlling interest	–	–	–	–
Balance at end of year	**55,079**	**46,526**	**–**	**–**

25. Borrowings

	Group 31/12/2017 ₦000	Group 31/12/2016 ₦000	Company 31/12/2017 ₦000	Company 31/12/2016 ₦000
Bank overdrafts (Note 25.1)	33,597,303	33,172,798	38,421,756	33,172,798
	33,597,303	**33,172,798**	**38,421,756**	**33,172,798**
Made up as follows:				
Current portion	33,597,303	33,172,798	38,421,756	33,172,798
Non-current portion	–	–	–	–
	33,597,303	**33,172,798**	**38,421,756**	**33,172,798**

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

25.1 Bank overdrafts

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

25.2.1 Term loan movement schedule

	Group 31/12/2017 ₦ 000	Group 31/12/2016 ₦ 000
Balance at January 1	–	3,281,590
Additions in the year	–	–
Repayment in the year	–	(3,281,590)
Exchange difference on translation	–	–
Balance at December 31	**–**	**–**
Made up as follows:		
Current portion	–	–
Non-current portion	–	–
	–	**–**

26. Retirement benefit liabilities

26.1 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 31/12/2017 ₦ 000	Group 31/12/2016 ₦ 000	Company 31/12/2017 ₦ 000	Company 31/12/2016 ₦ 000
Balance at January 1	39,133	151,438	27,146	24,501
Provision during the year	880,894	603,118	759,349	517,223
Remittance to pension fund administrators	(807,054)	(715,423)	(687,828)	(514,578)
Balance at December 31	**112,973**	**39,133**	**98,667**	**27,146**

The total expense for the defined contribution plans amounted to ₦881 million (2016: ₦603 million).

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26.2 Defined benefit plan – Discontinued scheme

	Group 31/12/2017 ₦ 000	Group 31/12/2016 ₦ 000	Company 31/12/2017 ₦ 000	Company 31/12/2016 ₦ 000
Present value of unfunded defined benefit obligation	2,587,335	2,463,491	1,598,239	1,311,668
Deficit	–	–	–	–
Net actuarial gains/(losses) not recognised	–	–	–	–
Net liability arising from defined benefit obligation	**2,587,335**	**2,463,491**	**1,598,239**	**1,311,668**

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

	Group 31/12/2017 ₦ 000	Group 31/12/2016 ₦ 000	Company 31/12/2017 ₦ 000	Company 31/12/2016 ₦ 000
Opening defined benefit obligation	2,463,491	1,853,781	1,311,668	1,420,945
Current service cost	142,608	891,646	89,621	82,405
Interest on defined benefit obligation	175,413	160,234	175,413	160,234
Curtailment	–	–	–	–
Actuarial gains / (losses) due to experience adjustment	181,760	(122,845)	181,760	(122,845)
Payments in the year	(375,937)	(319,325)	(160,223)	(229,071)
Closing defined benefit obligation	**2,587,335**	**2,463,491**	**1,598,239**	**1,311,668**

Liability in the Statement of Financial Position is as follows:

	Group 31/12/2017 ₦ 000	Group 31/12/2016 ₦ 000	Company 31/12/2017 ₦ 000	Company 31/12/2016 ₦ 000
Current portion	112,973	39,133	98,667	27,146
Non-current portion	2,587,335	2,463,491	1,598,239	1,311,668
	2,700,308	**2,502,624**	**1,696,906**	**1,338,814**
The amount recognised in profit or loss and included within staff costs	1,198,915	1,654,998	1,024,383	759,862

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

Statement of Profit or Loss	Group 31/12/2017 ₦ 000	Group 31/12/2016 ₦ 000	Company 31/12/2017 ₦ 000	Company 31/12/2016 ₦ 000
Cost of sales	142,608	891,646	89,621	82,405
Administrative expenses	1,056,307	763,352	934,762	677,457
	1,198,915	**1,654,998**	**1,024,383**	**759,862**
Other comprehensive income	181,760	(122,845)	181,760	(122,845)
	1,380,675	**1,532,153**	**1,206,143**	**637,017**

26.3 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 31/12/2017 Percentage	Valuation at 31/12/2016 Percentage
Discount rate(s)	14.5 %	15.8 %
Expected rate(s) of salary increase	12.0 %	12.0 %
Average rate(s) of inflation	12.0 %	18.0 %

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 31/12/2017 ₦ 000	Group 31/12/2016 ₦ 000	Company 31/12/2017 ₦ 000	Company 31/12/2016 ₦ 000
Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:	**318,021**	**1,051,880**	**265,034**	**242,639**

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

27. Trade and other payables

	Group 31/12/2017 ₦ 000	Group 31/12/2016 ₦ 000	Company 31/12/2017 ₦ 000	Company 31/12/2016 ₦ 000
Trade payables (Note 27.1)	29,278,214	12,269,107	12,492,738	8,768,282
Other payables				
Amount owed to related entities (Note 31.2)	–	–	23,380,635	27,705,980
Other taxation and social security costs	7,654,176	7,553,613	7,645,262	7,544,908
Accruals and deferred income	12,854,279	11,353,005	3,520,969	5,802,271
Dividend payable	1,263,015	1,275,005	1,263,015	1,266,005
Other payables	149,068	11,564,588	33,680	103,954
Trade and other payables	**51,198,752**	**44,015,318**	**48,336,299**	**51,191,400**
Analysed as follows:				
Current Portion	42,914,438	32,496,054	40,051,985	39,672,136
Non-current Portion	8,284,314	11,519,264	8,284,314	11,519,264
	51,198,752	**44,015,318**	**48,336,299**	**51,191,400**

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.

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.

28. Provisions

	Group 31/12/2017 ₦ 000	Group 31/12/2016 ₦ 000	Company 31/12/2017 ₦ 000	Company 31/12/2016 ₦ 000
Balance at beginning of year	454,232	404,308	300,000	300,000
Provision no longer required	–	–	–	–
Provision for the year	20,064	49,924	–	–
Balance at end of year	**474,296**	**454,232**	**300,000**	**300,000**
Made up as follows:				
Current portion	–	–	–	–
Non-current portion	474,296	454,232	300,000	300,000
	474,296	**454,232**	**300,000**	**300,000**

29. Reconciliation of profit/(loss) to net cash provided by operating activities

	Group 31/12/2017 ₦ 000	Group 31/12/2016 ₦ 000	Company 31/12/2017 ₦ 000	Company 31/12/2016 ₦ 000
Profit/(Loss) for the year	4,779,617	3,005,360	454,593	(3,533,365)
Adjustments for				
Investment income	(1,126,493)	(284,681)	(1,361,433)	(86,502)
Finance costs	6,900,051	5,784,246	7,830,008	5,784,246
Depreciation of PPE	7,873,178	8,976,153	7,578,897	8,675,879
Impairment loss of PPE	(1,513,590)	(1,617,525)	(1,590,267)	(1,690,092)
Depreciation of investment property	101,976	101,976	101,976	101,976
Actuarial gains on retirement benefits	181,760	(122,845)	181,760	(122,845)
Gain on disposal of PPE	(3,215,223)	(4,495,160)	(3,206,363)	(4,504,005)
Increase in share capital	–	–	–	–
Provision for VAT written off	–	–	–	–
Increase in provisions	20,064	49,294	–	–
Operating cash flows before movements in working capital	**14,001,340**	**11,396,818**	**9,989,171**	**4,625,292**
(Increase)/decrease in inventories	1,049,646	(589,410)	(43,399)	(227,135)
Decrease/(increase) in gross amount due from customers	1,501,236	(5,854,028)	(410,727)	(2,433,208)
Increase in trade and other receivables	(11,844,406)	(19,382,397)	(11,025,537)	(17,658,586)
(Increase)/decrease in tax receivable	12,227,734	(1,111,757)	12,267,505	(1,168,492)
Decrease/(increase) in retirement benefit liabilities	197,684	497,405	176,333	(106,633)
Decrease/(increase) in trade and other payables	7,183,434	9,418,493	(2,855,101)	8,435,303
Increase in gross amount due to customers	6,735,316	3,224,203	5,135,930	2,682,470
Cash generated by operations	**31,051,984**	**(2,400,673)**	**13,234,175**	**(5,850,988)**
Movement in taxation	(406,180)	(3,883,774)	(873,799)	(1,369,305)
Net cash from operating activities	**30,645,804**	**(6,284,447)**	**12,360,376**	**(7,220,293)**

29.1 Analysis of cash, cash equivalents and net cash

Group	Balance at 01/01/2017 ₦ 000	Cash flow ₦ 000	Exchange and non-cash movements ₦ 000	Balance at 31/12/2017 ₦ 000
Cash and bank balances	**10,584,522**	**27,005,603**	**–**	**37,590,125**
Cash and cash equivalents	10,584,522	27,005,603	–	37,590,125
Borrowings (bank overdrafts)	(33,172,798)	(424,505)	–	(33,597,303)
	(22,588,276)	**26,581,098**	**–**	**3,992,822**

Company	Balance at 01/01/2017 ₦ 000	Cash flow ₦ 000	Exchange and non-cash movements ₦ 000	Balance at 31/12/2017 ₦ 000
Cash and bank balances	**6,229,515**	**13,154,104**	**–**	**19,383,619**
Cash and cash equivalents	6,229,515	13,154,104	–	19,383,619
Borrowings (bank overdrafts)	(33,172,798)	(5,248,958)	–	(38,421,756)
	(26,943,283)	**7,905,146**	**–**	**(19,038,137)**

30. Financial instruments

30.1 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 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 31/12/2017 ₦ 000	Group 31/12/2016 ₦ 000	Company 31/12/2017 ₦ 000	Company 31/12/2016 ₦ 000
Debt	(33,597,303)	(33,172,798)	(38,421,756)	(33,172,798)
Cash and bank balance	37,590,125	10,584,522	19,383,619	6,229,515
Net debt (i)	**3,992,822**	**(22,588,276)**	**(19,038,137)**	**(26,943,283)**
Equity (ii)	**30,095,931**	**25,316,315**	**13,599,680**	**13,145,087**
Net debt to equity ratio	**0.13**	**(0.89)**	**(1.40)**	**(2.05)**

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

30.2 Categories of financial instruments

	Group 31/12/2017 ₦ 000	Group 31/12/2016 ₦ 000	Company 31/12/2017 ₦ 000	Company 31/12/2016 ₦ 000
Financial Assets				
Loans and receivables				
Trade and other receivables	111,327,169	102,207,341	108,582,345	99,360,473
Tax receivable	15,216,143	27,443,877	14,410,467	26,677,972
Amount due from customers under construction contracts	31,581,219	33,082,455	30,048,392	29,637,665
Cash and bank balances	37,590,125	10,584,522	19,383,619	6,229,515
	195,714,656	**173,318,195**	**172,424,824**	**161,905,625**
Financial liabilities				
Amortised cost				
Borrowings	33,597,303	33,172,798	38,421,756	33,172,798
Retirement benefit liabilities	112,973	39,133	98,667	27,146
Trade and other payables	42,914,438	32,496,054	40,051,985	39,672,136
	76,624,714	**65,707,985**	**78,572,408**	**72,872,080**

30.3 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.

30.3.1 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.

30.3.1.1 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.

30.3.1.2 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 account 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 31/12/2017 ₦ 000	Group 31/12/2016 ₦ 000	Company 31/12/2017 ₦ 000	Company 31/12/2016 ₦ 000
Monetary assets/liabilities denominated in Euro				
Cash and bank balances	1,043,806	3,783,121	1,002,260	859,680
Trade receivables	26,868,241	9,202,156	25,444,246	7,033,236
Trade payables	(2,543,719)	(16,382,702)	(8,506,796)	(3,831,954)
	25,368,326	**(3,397,425)**	**17,939,710**	**4,060,962**
Monetary assets/liabilities denominated in Dollars				
Cash and bank balances	5,764,047	1,652,703	5,764,047	1,652,703
Trade receivables	4,503,174	2,195,009	2,478,288	2,195,009
Trade payables	(111,845)	–	(2,026)	–
	10,155,376	**3,847,712**	**8,240,309**	**3,847,712**

14% is the sensitivity rate 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 14% 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 an increase or decrease in foreign exchange movement would result in the same amount.

	Group 31/12/2017 ₦ 000	Group 31/12/2016 ₦ 000	Company 31/12/2017 ₦ 000	Company 31/12/2016 ₦ 000
Naira depreciates by 14% (2016: 18%) against Euro	(3,551,566)	611,537	(2,511,559)	(730,973)
Naira depreciates by 14% (2016: 18%) against US Dollar	(1,421,753)	(692,588)	(1,153,643)	(692,588)
Impact on reported profit	**(4,973,319)**	**(81,051)**	**(3,665,202)**	**(1,423,561)**

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 increase or decrease in foreign exchange movement would result in the same amount.

30.3.2 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.

30.3.2.1 Trade receivables

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.

30.3.2.2 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.

30.3.2.3 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 31/12/2017 ₦ 000	Group 31/12/2016 ₦ 000	Company 31/12/2017 ₦ 000	Company 31/12/2016 ₦ 000
Trade receivables	106,274,733	92,630,257	103,615,210	89,948,480
Cash and bank balances	37,590,125	10,584,522	19,383,619	6,229,515
	143,864,858	**103,214,779**	**122,998,829**	**96,177,995**

30.3.2.4 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.

30.3.3 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	111,327,169	–	–	111,327,169
Tax receivable	341,132	14,875,011	–	15,216,143
Amount due from customers under construction contracts	31,581,219	–	–	31,581,219
Cash and bank balances	37,590,125	–	–	37,590,125
	180,839,645	**14,875,011**	**–**	**195,714,656**
Financial liabilities				
Borrowings	33,597,303	–	–	33,597,303
Trade and other payables	42,914,438	–	–	42,914,438
Retirement benefit liabilities	112,973	–	–	112,973
	76,624,714	**–**	**–**	**76,624,714**

Company	< 1 year ₦ 000	1 – 3 years ₦ 000	3 – 6 years ₦ 000	Total ₦ 000
Financial assets				
Trade and other receivables	108,582,345	–	–	108,582,345
Tax receivable	307,299	14,103,168	–	14,410,467
Amount due from customers under construction contracts	31,581,219	–	–	31,581,219
Cash and bank balances	37,590,125	–	–	37,590,125
	178,060,988	**14,103,168**	**–**	**192,164,156**
Financial liabilities				
Borrowings	38,421,756	–	–	38,421,756
Trade and other payables	40,051,985	–	–	40,051,985
Retirement benefit liabilities	98,667	–	–	98,667
	78,572,408	**–**	**–**	**78,572,408**

30.3.4 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.

31. Related party information

31.1 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
- CEC Construction Engineering + Contracting GmbH, sub-subsidiary
- Key Management Personnel (note 31.4)

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 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.

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 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 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.

CEC 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.

31.2 Outstanding balances

	Group 31/12/2017 ₦ 000	Group 31/12/2016 ₦ 000	Company 31/12/2017 ₦ 000	Company 31/12/2016 ₦ 000
Due from related entities				
Abumet Nigeria Ltd.	–	–	2,419,941	2,382,204
Julius Berger Free Zone Enterprise	–	–	1,123,919	856,810
Julius Berger International GmbH	–	–	–	61,597
Julius Berger Medical Services Ltd.	–	–	758,334	911,935
Julius Berger Services Nigeria Ltd.	–	–	469,383	240,406
PrimeTech Design and Engineering Nigeria Ltd.	–	–	705,043	178,803
	–	**–**	**5,476,620**	**4,631,755**
Due to related entities				
Abumet Nigeria Ltd.	–	–	1,109,724	425,984
Julius Berger Free Zone Enterprise	–	–	4,824,453	2,770,499
Julius Berger International GmbH	–	–	20,908,557	23,667,158
Julius Berger Medical Services Ltd.	–	–	721,338	491,534
Julius Berger Services Nigeria Ltd.	–	–	88,997	271,036
PrimeTech Design and Engineering Nigeria Ltd.	–	–	552,019	79,769
	–	**–**	**28,205,088**	**27,705,980**

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

31.3 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.	–	–	1,219,393	2,453,864
Julius Berger Free Zone Enterprise	–	–	2,480,861	55,670
Julius Berger International GmbH	–	–	–	36,763,927
Julius Berger Medical Services Ltd.	–	–	577,115	1,283,974
Julius Berger Services Nigeria Ltd.	–	–	228,977	930,616
PrimeTech Design and Engineering Nigeria Ltd.	–	–	526,241	749,930
	–	**–**	**5,032,587**	**42,237,981**

31.4 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.

31.4.1 Remuneration of Key Management Personnel

	Group 31/12/2017 ₦ 000	Group 31/12/2016 ₦ 000	Company 31/12/2017 ₦ 000	Company 31/12/2016 ₦ 000
Short term benefits	561,392	405,405	559,392	403,405
Long term benefits	–	–	–	–
Post-employment benefits	–	–	–	–
Termination benefits	–	–	–	–
	561,392	**405,405**	**559,392**	**403,405**

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

31.5 Details of loans from/to Key Management Personnel

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

31.6 Identify the ultimate controlling party of Julius Berger Nigeria Plc

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

31.7 Other information on Key Management Personnel

	Group 31/12/2017 ₦ 000	Group 31/12/2016 ₦ 000	Company 31/12/2017 ₦ 000	Company 31/12/2016 ₦ 000
Emoluments				
Chairman	5,200	5,200	5,200	5,200
Other directors	556,192	400,205	554,192	398,205
	561,392	**405,405**	**559,392**	**403,405**
Fees	17,600	22,275	17,600	22,275
Other emoluments	543,792	383,130	541,792	381,130
	561,392	**405,405**	**559,392**	**403,405**
Highest paid Director	**277,257**	**176,806**	**277,257**	**176,806**

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

₦ 190,001 – ₦ 3,000,000	7	4	6	4
₦ 3,000,001 and above	6	6	5	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.

32. Guarantees and other financial commitments

32.1 Guarantee, pledge of financial commitments

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

32.2 Contingent liabilities

There were no known contingent liabilities in the ordinary course of business.

32.3 Financial commitments

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

33. 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, 2017, and the profit for the year then ended date that have not been adequately provided for or recognised in the Financial Statements.

34. Comparative figures

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

35. Approval of Financial Statements

The Financial Statements were approved by the Board of Directors and authorised for issue on March 15, 2018.

Dangote Jetty Apapa, Lagos

Additional Information

for the Year Ended December 31, 2017

Julius Berger Nigeria Plc AR & FS 2017 | 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 2017 ₦000	Group 2017 %	Group 2016 ₦000	Group 2016 %	Company 2017 ₦000	Company 2017 %	Company 2016 ₦000	Company 2016 %
Revenue	**141,890,498**		**138,993,752**		**125,777,848**		**119,813,392**	
Bought in materials and services								
Foreign	(962,119)	–	(7,925,153)	–	(20,714,541)	–	(20,755,422)	–
Local	60,417,605	–	(58,387,021)	–	(51,872,892)	–	(48,968,484)	–
Value added	**80,510,774**	**100.0**	**72,681,578**	**100.0**	**53,190,415**	**100.0**	**50,089,486**	**100.0**
Applied as follows:								
To pay employees' salaries, wages, and social benefits								
Staff costs	59,717,637	74.2	52,560,237	72.3	36,703,079	69.0	36,643,791	73.2
To pay providers of capital								
Finance costs	6,900,051	8.6	5,784,246	8.0	7,830,008	14.7	5,784,246	11.5
To pay government								
Taxation	472,426	0.6	1,423,923	2.0	307,299	0.6	1,395,660	2.8
To provide for maintenance and development								
Depreciation	7,975,154	9.9	9,078,129	12.5	7,680,873	14.4	8,777,855	17.5
Deferred tax	665,889	0.8	829,683	1.1	214,562	0.4	1,021,299	2.0
Retained earnings	4,771,064	5.9	3,015,014	4.1	454,593	0.9	(3,533,365)	(7.1)
Non-controlling interest	8,553	0.0	(9,654)	(0.0)	–	–	–	–
Value added	**80,510,774**	**100.0**	**72,681,578**	**100.0**	**53,190,415**	**100.0**	**50,089,486**	**100.0**

Four-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.

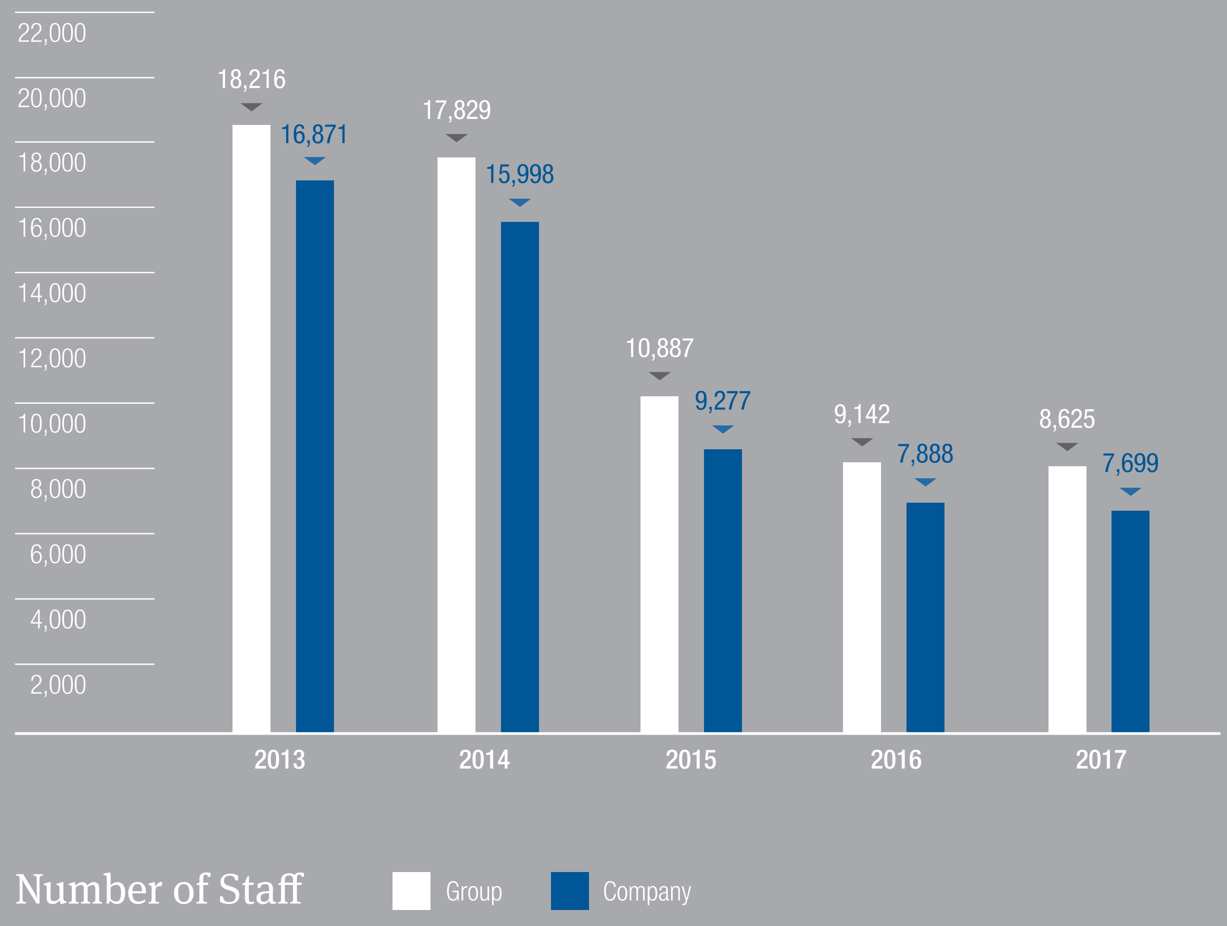
Balance Sheet	Group 2017 ₦000	Group 2016 ₦000	Group 2015 ₦000	Group 2014 ₦000	Company 2017 ₦000	Company 2016 ₦000	Company 2015 ₦000	Company 2014 ₦000
Non-current assets								
PPE	43,621,129	49,712,834	58,376,513	68,369,671	41,036,466	47,093,218	55,470,657	66,711,736
Goodwill	9,781,954	8,348,748	5,041,184	4,606,412	–	–	–	–
Other intangible assets	1,383	2,766	32,712	77,402	–	–	–	–
Investment property	2,342,484	2,444,460	2,546,436	2,648,412	2,342,484	2,444,460	2,546,436	2,648,412
Investment in subsidiaries	–	–	–	–	16,916,771	15,193,398	15,193,398	13,131,581
Trade and other receivables	70,867,547	61,228,646	844,122	2,334,764	70,689,703	61,209,346	844,122	1,622,353
Tax receivables	14,875,011	26,026,032	20,765,642	35,060,509	14,103,168	25,282,312	20,273,902	34,272,482
Deferred tax assets	2,816,807	5,453,858	10,087,301	8,041,407	2,526,664	5,375,286	9,874,831	7,867,780
Other financial assets	–	–	–	–	–	–	–	–
Net current liabilities	27,231,433	14,820,415	48,816,811	19,201,927	5,504,602	(2,132,893)	40,089,016	4,744,619
	171,537,748	**168,037,759**	**146,510,721**	**140,340,504**	**153,119,858**	**154,465,127**	**144,292,362**	**130,998,963**
Non-current liabilities								
Borrowings	–	–	–	(3,201,710)	–	–	–	(3,201,710)
Retirement benefits liabilities	(2,587,335)	(2,463,491)	(1,853,781)	(1,996,506)	(1,598,239)	(1,311,668)	(1,420,945)	(1,606,929)
Deferred tax liabilities	(7,214,400)	(9,185,562)	(12,989,322)	(13,220,121)	(6,456,153)	(9,090,213)	(12,568,459)	(12,933,842)
Amount due to customers under construction contracts	(122,881,472)	(119,098,895)	(106,971,355)	(93,690,330)	(122,881,472)	(119,098,895)	(111,344,506)	(93,690,330)
Trade and other payables	(8,284,314)	(11,519,264)	–	–	(8,284,314)	(11,519,264)	–	–
Provisions	(474,296)	(454,232)	(404,308)	(2,135,994)	(300,000)	(300,000)	(300,000)	–
Net Assets	**30,095,931**	**25,316,315**	**24,291,955**	**26,095,843**	**13,599,679**	**13,145,087**	**18,658,452**	**19,566,152**
Capital and reserves								
Share capital	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
Foreign currency translation reserve	9,508,398	7,119,062	419,755	919,411	–	–	–	–
Retained earnings	19,447,014	17,065,287	22,729,580	23,420,332	12,514,240	12,059,647	17,573,012	18,480,712
Attributable to equity holders of the parent	**30,040,852**	**25,269,789**	**24,234,775**	**25,425,183**	**13,599,680**	**13,145,087**	**18,658,452**	**19,566,152**
Non-controlling interest	55,079	46,526	57,180	670,660	–	–	–	–
	30,095,931	**25,316,315**	**24,291,955**	**26,095,843**	**13,599,680**	**13,145,087**	**18,658,452**	**19,566,152**
Turnover and profit								
Revenue	141,890,498	138,993,752	133,807,574	196,808,632	125,777,848	119,813,392	119,242,541	179,978,707
Profit before taxation	3,739,140	(1,498,029)	6,499,973	13,134,896	1,158,214	(1,239,251)	6,234,338	10,028,524
Profit after taxation	4,771,064	3,015,014	1,759,887	8,088,795	454,593	(3,533,365)	2,656,300	6,495,814
Dividend	–	–	1,980,000	3,564,000	–	–	1,980,000	3,564,000
Earnings per ordinary share (₦)								
Actual	3.61	2.28	1.33	6.13	0.34	(2.68)	2.01	4.92
Diluted / Adjusted	3.61	2.28	1.33	6.13	0.34	(2.68)	2.01	4.92
Net asset per share (₦)								
Actual	22.80	19.18	18.40	19.77	10.30	9.96	14.14	14.82
Diluted / Adjusted	22.80	19.18	18.40	19.77	10.30	9.96	14.14	14.82
Dividend per share (₦)								
Actual	–	–	1.50	2.70	–	–	1.50	2.70
Diluted / Adjusted	–	–	1.50	2.70	–	–	1.50	2.70
Dividend cover (times)	–	–	0.89	2.23	–	–	1.34	1.82

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



Number of Staff

Shareholder Information

Our Esteemed Shareholders,

It is laudable that tremendous steps has 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 with the mandate of bank accounts and the adoption of electronic certification through the CSCS rather than paper certification. 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 urged to come forward to claim their dividends and certificates.

We encourage those shareholders 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) made to such shareholder(s).
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 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, GTL Registrars 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.

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

48th Annual General Meeting (AGM) of Julius Berger Nigeria Plc to be held at the Shehu Musa Yar'Adua Centre, 1 Memorial Drive, Abuja FCT on Thursday June 21, 2018, at 11:00 a.m. in the forenoon.

I/We being a member/members of Julius Berger Nigeria Plc hereby appoint the person named below or failing him the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the 48th AGM of that Company to be held on June 21, 2018 and at every adjournment thereof.

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

Shareholder Name

Proxy Name

Date (dd/mm/yyyy)

Shareholder's Signature

Nos.	Resolutions	For	Against
1.	To declare a dividend		
2.	To approve the appointment of Mr. Martin Brack as an Executive Director		
3.	To elect Mrs. B. A. Disu as a Director		
	To elect Mrs. G. O Talabi as a Director		
4.	To re-elect HRH Igwe P. N. Anugwu JP, OFR as a Director		
	To re-elect Engr. J. Damulak as a Director		
5.	To authorise the Directors to fix the remuneration of Auditors		
6.	To constitute the Statutory Audit Committee		
7.	To fix the remuneration of Directors		

Notes

1. Please indicate with an 'x' in the appropriate squares 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. The above proxy form has been prepared to enable you exercise your right to vote in case you cannot personally attend the Meeting. Members wishing to vote by proxy should please ensure that the appropriate stamp duties due on the proxy form are paid. 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. However, if you so wish, you may insert in the space provided on the form the name of any person, whether a member of the Company or not, who will attend the Meeting and vote on your behalf.
4. Please sign the above proxy form and post it so as to reach the Registrars, GTL Registrars 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.
5. It is a requirement of the law under the Stamp Duties Act Cap 411, Laws of the Federation of Nigeria 1990, that for any instrument of proxy to be valid for voting at the Meeting of shareholders, it must bear the evidence that the required stamp duties have been paid.

Admission Card

Please admit the person named below at the 48th AGM of Julius Berger Nigeria Plc to be held at 11:00 a.m. in the forenoon on Thursday, June 21, 2018, at the Shehu Musa Yar'Adua Centre, 1 Memorial Drive, Abuja FCT.

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

Attendee's Name

Signature of Attendee

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

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 of their proxies must sign this authority for admission before attending the Meeting.

Please fold here for posting.

Please affix postage stamp here

The Registrars
GTL Registrars 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
GTL Registrars Ltd.
274 Muritala Muhammed Way
Ebute Metta 101 212
Lagos

Please fold here for posting.

Julius Berger Nigeria Plc
10 Shettima A. Munguno Crescent
Utako 900 108 | FCT Abuja
RC No. 6852

Phone: +234 803 906 7000
Email: info@julius-berger.com
www.julius-berger.com