JULIUS BERGER

ANNUAL REPORTS & CONSOLIDATED FINANCIAL STATEMENTS 2021

julius-berger.com

CONTENTS

PARTNER FOR PROGRESS

Julius Berger Nigeria Plc is at the forefront of the industry, continuously building on robust experience and strong technical expertise through development and innovation for the creation of long-term value for stakeholders.

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

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

CORPORATE INFORMATION

Directors

- Mr. Mutiu Sunmonu, CON, Chairman
- Mr. George Marks (German), Vice Chairman
- Engr. Jafaru Damulak
- Dr. Ernest Nnaemeka Azudialu-Obiejesi
- Mrs. Belinda Ajoke Disu, CAL
- Mrs. Gladys Olubusola Talabi
- Engr. Dr. Lars Richter (German), Managing Director (Executive)
- Alhaji Zubairu Ibrahim Bayi, Director Administration (Executive)
- Mr. Martin Brack (German), Financial Director (Executive) Resigned wef December 31, 2021
- Mr. Tobias Meletschus (German), Director Corporate Development (Executive)
- Engr. Goni Musa Sheikh
- Mr. Ernest Chukwudi Ebi, MFR, FCIB, FIOD, Independent Non-Executive Director
- Mr. Karsten Hensel (German), Director Resigned wef December 31, 2021
- Mr. Christian Hausemann (German), Financial Director (Executive) Appointed wef January 1, 2022

Company Secretary

Mrs. Cecilia Ekanem Madueke

Registration Number

6852

Registered Office

10 Shettima A. Munguno Crescent
Utako 900 108
FCT Abuja

Auditors

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

Registrars

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

Bankers

- Access Bank Plc
- Commerzbank AG, Germany
- Ecobank Nigeria Ltd.
- First Bank of Nigeria Ltd.
- First City Monument Bank Plc
- Guaranty Trust Bank Plc
- Polaris Bank Ltd.
- Providus Bank Plc
- Stanbic IBTC Bank Plc
- Standard Chartered Bank Nigeria Ltd.
- Union Bank of Nigeria Plc
- United Bank for Africa Plc
- Zenith Bank Plc

CORPORATE PROFILE

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

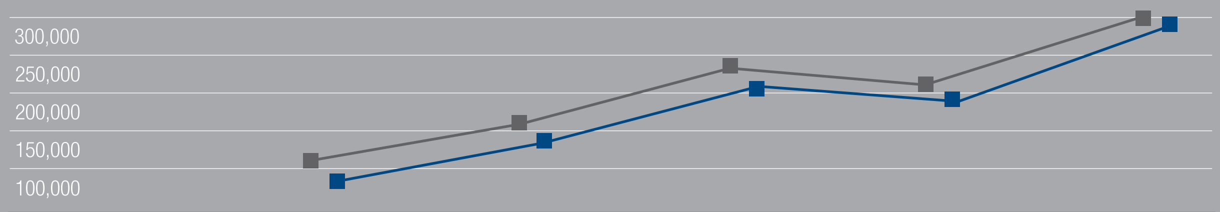
State-of-the-art methods and technologies ensure that quality and innovation are prioritised for the benefit of clients. Subsidiaries and additional facilities make it possible to realise multifaceted projects at the highest level of performance. This structure allows Julius Berger Nigeria Plc to effectively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

The Company's subsidiaries are 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 services provider to Julius Berger Nigeria Plc and its subsidiaries (Group); Julius Berger Free Zone Enterprise, which facilitates opportunities to participate in projects within the Free Trade Zones across Nigeria; Abumet Nigeria Ltd., a leading aluminium and glass windows and doors manufacturer, which strengthens the Group's ability to provide turnkey building solutions; PrimeTech Design and Engineering Nigeria Ltd., a provider of integrated design and engineering resources in Nigeria and Julius Berger International GmbH, in Germany, a key provider of planning, design and engineering, in addition to logistical support for businesses in Nigeria

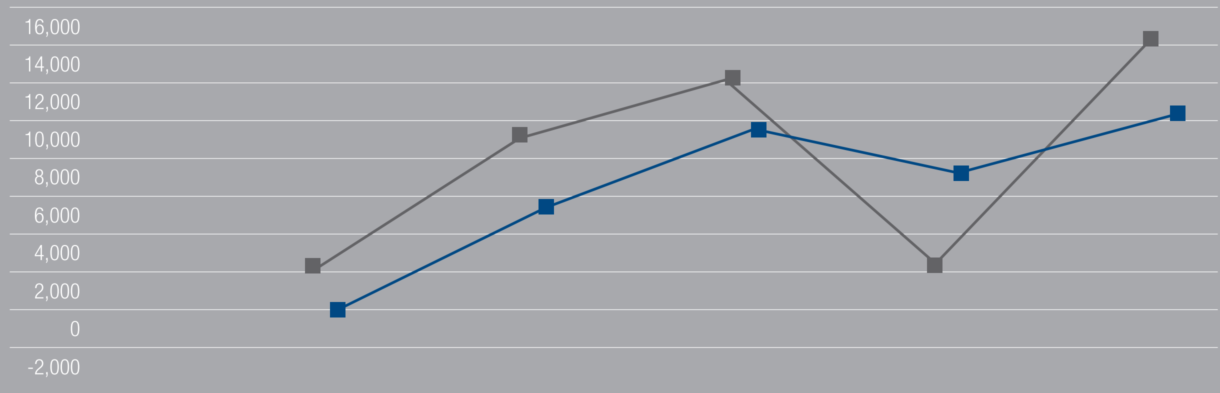
The Group is guided by a value system that defines and differentiates it. Adherence to internationally specified standards and a focus on efficient and value-driven delivery of services further solidifies its competitive edge. With unwavering reliability, unmatched quality, leading governance and a true focus on sustainability, Julius Berger Nigeria Plc and its subsidiaries continue to set a benchmark for success.

RESULTS AT A GLANCE

Revenue and Profit/(Loss) Before Tax

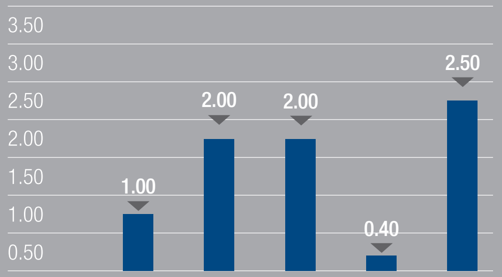


	2017	2018	2019	2020	2021
Revenue Group	141,890	194,618	266,430	241,779	338,807
Revenue Company	125,778	170,327	243,489	235,206	317,210



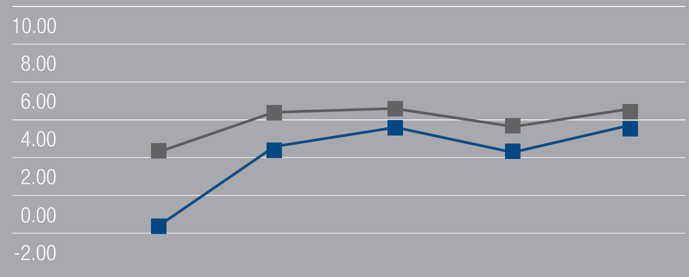
	2017	2018	2019	2020	2021
PBT Group	3,739	10,198	13,919	3,857	14,176
PBT Company	1,158	6,631	10,080	8,075	10,794

Dividend per Share



	2017	2018	2019	2020	2021
Company	1.00	2.00	2.00	0.40	2.50

Earnings per Share



	2017	2018	2019	2020	2021
Group	3.61	5.30	5.72	4.60	5.53
Company	0.34	3.63	4.79	3.16	4.86

	Group 2021 ₦000	Group 2020 ₦000	Change %	Company 2021 ₦000	Company 2020 ₦000	Change %
Revenue	338,806,798	241,779,455	40.13	317,210,503	235,206,675	34.86
Profit before taxation	14,176,018	3,856,642	267.57	10,794,746	8,075,009	33.68
Profit for the year	8,344,310	1,236,273	574.96	7,283,767	5,645,210	29.03
Other comprehensive income	454,463	6,049,415	(92.49)	498,303	(635,012)	178.47
Total comprehensive income	**8,798,773**	**7,285,688**	**20.77**	**7,782,070**	**5,010,198**	**55.32**
Non-controlling interest	(53,356)	3,838	(1,490.21)	-	-	-
Profit attributable to equity holders of the parent	**8,852,129**	**7,281,850**	**21.56**	**7,782,070**	**5,010,198**	**55.32**
Retained earnings	35,937,856	27,683,487	29.82	28,687,398	21,546,928	33.14
Share capital	800,000	792,000	1.01	800,000	792,000	1.01
Shareholders' funds	53,112,774	44,949,602	18.16	29,912,838	22,764,368	31.40

Per share data

	Group 2021 ₦	Group 2020 ₦	Change %	Company 2021 ₦	Company 2020 ₦	Change %
Earnings per share						
– Basic	5.53	4.60	20.35	4.86	3.16	53.77
– Diluted	5.53	4.55	21.56	4.86	3.13	55.32
Net assets per share						
– Basic	33.20	28.38	16.98	18.70	14.37	30.10
– Diluted	33.20	28.09	18.17	18.70	14.23	31.40
Stock Exchange quotation at December 31	22.35	17.80	25.56	22.35	17.80	25.56
Number of employees	13,358	11,805	13.16	12,474	10,914	14.29

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 52nd 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 16, 2022, at 11:00 a.m., to transact the following business:

Ordinary business

1. To lay before the Company in General Meeting, the Consolidated Audited Financial Statements for the period ended December 31, 2021, the Reports of the Auditors, the Directors of Julius Berger Nigeria Plc (the Directors), the Statutory Audit Committee and the Institute of Directors Centre for Corporate Governance (IoDCCG)
2. To disclose the remuneration of Managers.
3. To declare a dividend.
4. To elect/re-elect Directors.
5. To authorise the Directors to fix the remuneration of the External Auditors.
6. To constitute the Statutory Audit Committee.

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 9, 2022

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 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 Report and Consolidated Financial Statements (AR & CFS). The Proxy form has been pre-stamped for the use of the shareholders. To be valid for the purpose of the meeting, the form must be completed and deposited at the office of the Registrars, Greenwich Registrars & Data Solutions Ltd., not later than 48 hours before the time appointed for holding the Meeting.

Under the guidelines issued by the Corporate Affairs Commission (CAC) the Company has obtained the approval of the CAC to hold the AGM, taking advantage of S254 of Companies and Allied Matters Act 2020 (CAMA) on the use of proxies, with attendance by proxies. The proceedings of the meeting shall also be streamed, and the link shall be made available online on the Company's website julius-berger.com. Members, entitled to attend and vote at the AGM, may wish to select any one of the underlisted as their proxies, to attend and vote in their stead:

- Mr. Mutiu Sunmonu, CON
- Alhaji Zubairu Ibrahim Bayi
- Mr. Ernest Chukwudi Ebi, MFR, FCIB, FIOD
- Mrs. Adebisi Oluwayemisi Bakare
- Mr. Patrick Ajudua
- Sir Sunny Nnamdi Nwosu, KSS
- Engr. Tobun Olayiwola
- Mrs. Adetutu Ganiat Siyonbola
- Hon. Bright Nwabughogu
- Mrs. Oludewa Thorpe

Each duly completed proxy form shall be counted as one and every member present in person and/or by proxy shall have one vote. A proxy remains valid provided that no intimation in writing of death, insanity, revocation or transfer shall have been received by the Company at the registered office or the office registrars before the commencement of the meeting or adjourned meeting at which the proxy is used. An objection to a proxy shall be made in due time and shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive.

Closure of Register of Members and Transfer Books

The Register of Members and the Transfer Books will be closed from May 30, 2022 to June 1, 2022, 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, codes, rules and regulations guiding listed companies in Nigeria. The information on shareholders nominated as members of the Statutory Audit Committee of the Company would be made available on the Company's website.

Right to ask questions

Members have a right to ask questions, in writing prior to the meeting, on their observations or concerns arising from the AR & CFS 2021, provided that such questions in writing are submitted no later than June 10, 2022. For ease of submission a dedicated email address, jbn.shareholders@julius-berger.com, has been created to receive submissions from shareholders.

Dividend

If the dividend recommended by the Directors is approved by the members, the dividend will be paid on June 17, 2022, to members whose names appear in the Register of Members, as at the close of business on May 27, 2022 (qualification date).

Unclaimed dividends

The Company notes that some dividend warrants sent to shareholders are yet to be presented for payment. We have established that some shareholders are yet to mandate their bank accounts for the payment of e-dividends and some shareholders have incomplete contact information. Therefore, all shareholders with "unclaimed dividends" should address their claim(s) to the Registrars, Greenwich Registrars & Data Solutions Ltd., 274 Murtala 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).

Business of the Meeting

The remuneration of managers is stated in Note 13, page 103 of the AR & CFS 2021.

CHAIRMAN'S STATEMENT

Highlighted Projects

New awards

- NNPC Head Office - Roof and Facade Refurbishment, Phase I, Abuja
- Rehabilitation of Federal Secretariat Complex, Phase I, Abuja
- Rehabilitation of Ikoyi Roads, Phase II, Lagos
- Opebi-Mende Bridge, Lagos
- Flyover Bridge at Ikwerre Road Junction, Port Harcourt
- Extension of Maintenance Works, Central Bank of Nigeria, Lagos/Abuja
- Augmentation for the Rehabilitation of the Abuja-Kaduna-Zaria-Kano Road

Ongoing works

- Rehabilitation of Abuja-Kaduna-Zaria-Kano Road
- Second River Niger Bridge, Main Contract, Asaba/Onitsha
- Bodo-Bonny Road, Rivers
- Office of the National Security Adviser, New Headquarters, Abuja
- Nigerian Upstream Petroleum Regulatory Commission, New Headquarters, Abuja
- Lagos-Shagamu Expressway
- FAMFA Office Tower, Lagos
- Lagos-Otta Road, Phase 3
- Regency Hotel, Lagos
- International Worship Centre, Main Contract, Uyo
- Odukpani-Itu-Ikot Ekpene Road
- Specialised Hospital, Port Harcourt
- Flyover Bridge Waterline Junction, Port Harcourt

Completed works

- Construction of Flyover at New GRA Junction and Dualisation of Tombia Road, Port Harcourt
- Rehabilitation of Control Towers at Tincan Island Port and Lagos Port Complex, Apapa
- Emergency Works - Ikoyi Roads, Lagos
- Office Rehabilitation, Bill & Melinda Gates Foundation, Abuja
- Completion of Addendum 2A and Railway Facilities, Agbor
- Construction of guest houses, Maiduguri
- Completion of construction of three new Flyovers, Port Harcourt

Valued shareholders, distinguished ladies and gentlemen,

On behalf of the Board of Directors, I present you Julius Berger Nigeria Plc's 2021 Consolidated Financial Statements. Within this reporting period, Julius Berger Nigeria Plc performed positively. Despite the year's numerous challenges, the Company achieved an exceptional financial performance, meeting targets for both revenue and cashflow.

One of those challenges, of course, is COVID-19, which remains ever-present in our personal and professional lives – with prolonged consequences. Unfortunately, we are unable to put this virus behind us just yet. COVID-19's influence permeates beyond risks to public health and safety, continuing to negatively affect economies and industries globally – and Nigeria has not been spared. COVID-19 has left its mark socially and economically.

Most dramatically impacted are our money markets; with reverberations felt across our country's financial landscape since 2020, when the sharp decline in foreign capital inflows first shook our economy. In 2021 we saw incremental recovery with normalisation of oil price and demand. But, still, we continue to face one of Nigeria's most hard-hitting Foreign Exchange (FX) shortages. This critical and ongoing crisis has had far reaching and undesirable effects, including a devaluation of Naira, increase of inflation and the price of goods, and ultimately, financial losses.

Additionally, Impacts have been felt in other areas critical to our operations, such as global logistics and procurement. The rise in logistics costs paired with shortages and delays in the delivery of raw materials and goods has disrupted global supply chains. Nigeria has been affected and consequently so has Julius Berger, specifically in regard to the procurement of spare parts and other essential construction materials not available domestically. This has resulted in higher costs and delays to project schedules.

While 2021 was certainly a challenging year, more positively, it was also a dynamic and industrious year. Within our core construction business - we made meaningful progress across our portfolio of private and public projects, including the International Worship Centre in Uyo, the Office of the National Security Adviser in Abuja, the Bodo-Bonny Road as well on infrastructure projects in Lagos State and in Rivers State, where we have supported the State Government to achieve a remarkable infrastructure transformation within the year.

Furthermore, we forged ahead with priority projects of the Federal Government financed via the Presidential Infrastructure Development Fund at an excellent pace, including the Second River Niger Bridge and the Abuja-Kano Road. With our values, standards and capacities remaining core to our competitive edge we also won the contract for expansion of the scope of work on the Abuja-Kaduna-Zaria-Kano Road, from rehabilitation to full reconstruction, a shining example of the trust placed in Julius Berger Nigeria Plc as the reliable partner for progress.

"The Board of Directors are pleased to recommend a dividend of ₦2.50 per 50 Kobo ordinary share, resulting in a total gross dividend pay out of ₦4 billion."

Our reliability and track record of timely delivery has also continued to support our ability to successfully acquire major projects strategic to our portfolio growth and balance, across region and sectors.

Throughout the year, we commissioned a number of projects including several Flyovers in Port Harcourt, the refurbished Capital Centrum office space for the Bill and Melinda Gates Foundation in Abuja and the rehabilitated Control Towers at Tincan Island Port and Lagos Port Complex.

Works were completed to the highest Health Safety and Environmental (HSE) standards. We're pleased to report that we closed out the year with a Lost Time Injury Frequency Rate of 0.19, equivalent to our 2020 results, yet considering we had a 25% increase in man-hours worked, this is a very credible result that exemplifies our year-on-year improvement. In addition to the continued implementation of our robust HSE protocols to keep our Company and communities as safe as possible in light of COVID-19 risks, we also successfully rolled out a vaccine programme that saw more than 60% of all employees vaccinated.

We continued to reinforce the foundations of our competitive advantage, our manpower and machine power, with the modernisation of our Human Resources and the update and expansion of our equipment fleet. Proudly, Julius Berger Nigeria Plc achieved the recertification of our quality management in accordance with ISO 9001:2015, proving that our commitment to quality and process continues to stand strong.

Importantly, our diversification agenda remained front and centre in 2021 as we made huge strides towards our target of a greater industrial involvement. I am pleased to report we set in motion our first business case in the agricultural processing sector with the establishment of an innovative cashew processing factory and a plan to see the cashew business adding revenue to the Group results in 2022. The significance of this achievement cannot be overlooked. We look forward to celebrating the official commissioning of the factory in due course.

Looking now to our Corporate Social Responsibility activities, we further extended our community support, including the reestablishment of the Company's malaria prevention campaign with distribution of over 10,000 insecticide treated mosquito nets to our communities. We invested in community development, made philanthropic donations and provided emergency response assistance. Additionally, Julius Berger Nigeria Plc maintained its solid commitment to the FOCI-JBN Skills Academy in order to shore up the skills of the men and women of the construction industry.

Our Group subsidiaries also continued to make progress. PrimeTech Design and Engineering Nigeria Ltd. achieved marked growth, expanding its team of qualified staff as well as its offices, while simultaneously launching a training academy for engineers.

The subsidiary also strengthened its cooperation with our international design and engineering subsidiary, Julius Berger International GmbH, who independently realised its diversification and growth

targets within the German market. Abumet Nigeria Ltd. continued to work through challenges greatly attributed to economic slowdown while it continued to promote its products and services, including its innovative insulated glass production line EVONIGGLASS. Julius Berger Services Nigeria Ltd. proved itself a reliable and efficient partner, highlighted by its record-breaking handling of 300,000 freight tons in the year, including pipes for the Ajaokuta–Kaduna–Kano Natural Gas Pipeline and other materials for major infrastructure projects - thereby supporting Nigeria's greater development.

As a Group we remained both agile and dedicated. Thanks to the flexibility of our entire workforce, we realised a positive financial result and positive cash status. This is quite commendable, especially considering the immense financial pressure of the year and the ongoing FX scarcity. While the FX crisis and supply chain constraints took a considerable toll on our profitability, the Board of Directors are pleased to recommend a dividend of ₦2.50 per 50 Kobo ordinary share, resulting in a total gross dividend pay out of ₦4 billion.

With the global economy facing various uncertainties, including escalated conflicts in Europe, and with our domestic challenges at the fore, we are working hard to maintain stability within our Group. Looking ahead, we target another successful year with enduring progress and optimism. Despite the ongoing obstacles that we are sure to encounter, I am certain we will continue to achieve our strategic goals and objectives. We will continue to perform with distinction across our construction portfolio, while selectively tendering for new projects. We will further our diversification efforts and subsidiary developments to achieve greater growth of our Group, with a focus on achieving excellence and delivering value in all areas of business we pursue. We will work hard to keep our staff, communities and clients safe by maintaining COVID-19 safety protocols and by remaining cautious and prepared for the possibility of new variants or other unexpected negative developments. We will maintain our commitment to innovation, sustainability and governance as a foundation to preserve and strengthen stakeholder confidence.

The year 2021 has been largely positive, with many great accomplishments to reflect on. This year, 2022, we will continue to work hard, remain resilient and champion progress in regard to the potential ahead of us. We do not underestimate the effort or the endeavour it will take to achieve our vision, but we also do not underestimate our collective diligence and determination.

Esteemed shareholders, I thank you for the steadfast trust and assure you that the Board of Directors, Management and entire staff continue to work in your best interest to advance the Group's strategic targets and ensure that Julius Berger Nigeria Plc remains the benchmark for excellence and success in Nigeria.

Thank you.

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

Julius Berger Nigeria Plc AR & CFS 2021 | Board of Directors

BOARD OF DIRECTORS

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

Mrs. Gladys O. Talabi

Mr. Tobias Meletschus
Director Corporate Development

Engr. Jafaru Damulak

Mrs. Belinda A. Disu, CAL

Alhaji Zubairu I. Bayi
Director Administration

Engr. Goni Musa Sheikh

Engr. Dr. Lars Richter
Managing Director

Mr. Mutiu Sunmonu, CON
Chairman

Mr. George Marks
Vice Chairman

Mr. Christian Hausemann
Financial Director

Dr. Ernest N. Azudialu-Obiejesi

DIRECTORS' PROFILES

Mr. Mutiu Sunmonu, CON, 66
Chairman

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

Chairman of the Boards of Directors of Julius Berger Investments Ltd., SanLeon Energy (UK) Plc, Alpha Mead Group, Coronation Insurance Plc and Petralon Energy Ltd. | Director of Unilever Nigeria Plc

Mr. George Marks (German), 63
Vice Chairman

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

Fellowship of the Lagos Polytechnic | Member of the Association of National Accountants of Nigeria
Director of Centenary City Plc | Member of the Shareholders' Advisory Council of Julius Berger International GmbH

Engr. Dr. Lars Richter (German), 46
Managing Director

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

Honourary Fellow of the Nigerian Institute of Quantity Surveyors | Member of the Council for the Regulation of Engineering in Nigeria (COREN)
Director of PrimeTech Design and Engineering Nigeria Ltd. | Member of the Shareholders' Advisory Council of Julius Berger International GmbH

Mrs. Belinda Ajoke Disu, CAL, 35
Non-Executive Director

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

Member of the Institute of Directors Nigeria and the Chartered Institute of Management of Nigeria
Chairman of Abumet Nigeria Ltd. | Executive Vice Chairman of Globacom Ltd. | Chief Executive Officer of Cobblestone Properties & Estates Ltd. | Director of Mike Adenuga Centre | Member of the Shareholders' Advisory Council of Julius Berger International GmbH

Dr. Ernest Nnaemeka Azudialu-Obiejesi, 61
Non-Executive Director

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

Fellow of the Nigerian Society of Engineers and the Nigerian Institute of Sales Management
Chairman of the Boards of Directors of Neconde Energy Ltd., Nestoil Ltd., WaterTown Energy Ltd., Smile Telecommunications Ltd., B&Q Dredging Ltd., Energy Works Technology Ltd., Royaloak Hydrocarbon Ltd. | Chairman of the Shareholders' Advisory Council of Julius Berger International GmbH

Mrs. Gladys Olubusola Talabi, 65
Non-Executive Director

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

Director of Globacom Ltd. | Member of the Shareholders' Advisory Council of Julius Berger International GmbH

Mr. Christian Hausemann (German), 48
Financial Director

Industrial Business Manager (CCI)
- Appointed Director and Financial Director with effect from January 1, 2022
- Joined the Company on September, 1, 1994

Chairman of the Board of Directors of Julius Berger Medical Services Ltd. | Director of Julius Berger FZE

Alhaji Zubairu Ibrahim Bayi, 63
Director Administration

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

Fellow of the Nigerian Institute of Building and Institute of Management Consultants | Member of the Institute of Directors Nigeria
Director of Julius Berger Services Nigeria Ltd.

Mr. Tobias Meletschus (German), 42
Director Corporate Development

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

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

Engr. Jafaru Damulak, 57
Non-Executive Director

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

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

Engr. Goni Musa Sheikh, 65
Non-Executive Director

BSc (Minerals Engineering), MSc (Mineral Process Design Engineering) FNSME, MNSE, MNMGS, ACSM, DIC
- Appointed Director with effect from July 1, 2019

Fellow of the Nigerian Society of Mining Engineers | Member of the Nigerian Society of Engineers, the Council of Registered Engineers of Nigeria (COREN), Council of Mining Engineers and Geoscientists and Nigerian Mining and Geosciences Society | Associate of the Camborne School of Mines
Executive Vice Chairman of the Board of Oriental Energy Resources Ltd. | Director of Ezikel Refinery Ltd. and Nigserve Energy Services Ltd. | Member of the Shareholders' Advisory Council of Julius Berger International GmbH

Mr. Ernest Chukwudi Ebi, MFR, FCIB, FIOD, 71
Independent Non-Executive Director

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

Fellow of the Chartered Institute of Bankers of Nigeria and the Institute of Directors Nigeria
Chairman of the Boards of Agrited Nigeria Limited, Beloxxi Industries Ltd. and Julius Berger Services Nigeria Ltd. | Director of Dangote Cement Plc, Travelex Business Solutions Ltd. (a Subsidiary of Travelex UK), Insurance Brokers of Nigeria Ltd., Coronation Capital Ltd. and Coronation Asset Management Ltd. | Member of the Shareholders' Advisory Council of Julius Berger International GmbH

Note: Information stated is as at the date of approval of the Con-sidated Audited Financial Statements on March 30,2022.

FAMFA Office Tower, Lagos

REPORTS TO SHAREHOLDERS

for the year ended December 31, 2021

DIRECTORS' REPORT

The Directors are pleased to present to the members of Julius Berger Nigeria Plc at the 52nd AGM, their report on the business of the Group for the year ended December 31, 2021.

1. Legal form

The Company was incorporated in Nigeria under the Companies Act 1968, now the Companies and Allied Matters Act 2020, 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 now the Nigerian Exchange Group (NGX) 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	2021 ₦ 000	2020 ₦ 000
Revenue	338,806,798	241,779,455
Profit attributable to Group activities	8,798,773	7,285,688
Retained earnings	35,937,856	27,683,487

3. Results for the year

Comparative highlights of the operational results of the Group for the years ended December 31, 2020 and 2021 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, 2021, which would affect the Consolidated Audited Financial Statements.

5. Dividends

5.1 Dividend

The Directors are pleased to recommend to the members at the 52nd Annual General Meeting, a final dividend for the year ended December 31, 2021, in the sum of ₦4 billion representing ₦2.50 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 on the Investors' Relations page of the Company's website, julius-berger.com. Shareholders are enjoined to carefully peruse this list. Shareholders who find their names on the lists and have claimed their dividend(s) since December 31, 2021, should kindly ignore the said list. However, shareholders who are yet to claim their dividend(s) should contact the Company Secretary or the Registrars, Greenwich Registrars & Data Solutions Ltd.

6. Directors and Directors' interest and shareholding

6.1 Board of Directors in 2021

The Directors who served on the Board of the Company for the year ended December 31, 2021, were as follows:

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

6.2 Changes to the Board

Mr. Martin Brack resigned his appointment as a Director and Financial Director with effect from December 31, 2021. Mr. Karsten Hensel, resigned his appointment as Non-Executive Director with effect from December 31, 2021. Mr. Christian Hausemann was appointed a Director of the Company with effect from January 1, 2022.

6.2.1 Director for approval

In accordance with S274(2) of the CAMA members will be requested to approve the appointment of Mr. Christian Hausemann as a Director and Financial Director of the Company with effect from January 1, 2022.

6.2.2 Directors for re-election

Mr. Mutiu Sunmonu, CON, Mrs. Belinda Ajoke Disu, CAL and Mrs. Gladys Olubusola Talabi are the Directors retiring by rotation, in accordance with the provisions of S285 of CAMA and the Articles of Association of the Company. Mr. Mutiu Sunmonu, CON, Mrs. Belinda Ajoke Disu, CAL and Mrs. Gladys Olubusola Talabi all being eligible, offer themselves for re-election.

The profiles of Directors for re-election are stated on page 17 of the AR & CFS 2021.

6.3 Directors' interest

For the purposes of S301, 302 and 303 of CAMA and in compliance with the listing requirements of the NGX:

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

Number of Directors' direct and indirect holdings as at	March 30, 2022	December 31, 2021	December 31, 2020
Mr. Mutiu Sunmonu, CON	1,212,121	1,212,121	1,200,000
Mr. George Marks	–	–	–
Engr. Jafaru Damulak	2,401,028	2,401,028	2,377,018
Dr. Ernest Nnaemeka Azudialu-Obiejesi – Indirect*	206,215,268	206,215,268	204,153,116
Mrs. Belinda Ajoke Disu, CAL – Indirect**	405,893,428	405,893,428	401,834,494
Mrs. Gladys Olubusola Talabi	–	–	–
Engr. Goni Musa Sheikh - Direct	76,533	76,533	75,768
Engr. Goni Musa Sheikh - Indirect***	287,740,832	287,740,832	261,360,000
Mr. Ernest Ebi, MFR, FCIB, FIOD	–	–	–
Mr. Karsten Hensel	–	–	–
Alhaji Zubairu Ibrahim Bayi	564,385	564,385	558,742
Mr. Martin Brack	–	–	–
Engr. Dr. Lars Richter	–	–	–
Mr. Tobias Meletschus	–	–	–
Mr. Christian Hausemann	–	–	–

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

7. Share capital and shareholding

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

7.1 Issued and fully paid share capital

The issued and paid-up share capital of the Company currently is ₦800 million made up of 1.6 billion ordinary shares of 50 Kobo each.

At the Annual General Meeting held on June 17, 2021, the shareholders approved a Bonus issue of 8 million ordinary shares of 50 Kobo each to the existing Members of the Company whose name appears in the Register of Members as at the close of business on May 28, 2021, in the proportion of one new Ordinary Share for every 99 existing Ordinary Shares held by them.

The share capital history of the Company is stated on page 145.

Beneficial ownership	Number of ordinary shares held as at March 30, 2022	Percentage holdings as at March 30, 2022	Number of ordinary shares held as at December 31, 2021	Percentage holdings as at December 31, 2021	Percentage holdings as at December 31, 2020
Goldstone Estates Ltd.	317,893,428	19.87 %	317,893,428	19.87 %	19.87 %
Neptune Hill Company Ltd.	287,740,832	17.98 %	287,740,832	17.98 %	16.50 %
Watertown Energy Ltd.	160,000,000	10.00 %	160,000,000	10.00 %	10.00 %
Ibile Holdings Ltd.	88,000,000	5.50 %	88,000,000	5.50 %	5.50 %
Benue Investment and Property Company Ltd.	–	–	81,369,422	5.09 %	5.15 %
Regency Assets Management Ltd.	80,000,000	5.00%	–	–	–
Other shareholders including Govern-ments	666,365,740	41.65 %	664,996,318	41.56 %	42.98 %
Total	**1,600,000,000**	**100.0 %**	**1,600,000,000**	**100.0 %**	**100.0 %**

7.2 Beneficial ownership

The issued and fully paid-up share capital of the Company, as at December 31, 2021, and March 30, 2022, when the Consolidated Audited Financial Statements were approved, were beneficially held as stated in the table above.

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

7.3 Free float

The free float analysis of the issued and paid-up share capital of the Company, as at December 31, 2021, and March 30, 2022, when the Consolidated Audited Financial Statements were approved, is as stated on page 26.

Free float	Number of ordinary shares held as at March 30, 2022	Percentage holdings as at March 30, 2022	Number of ordinary shares held as at December 31, 2021	Percentage holdings as at December 31, 2021	Percentage holdings as at December 31, 2020
Strategic holding	1,052,505,753	65.78 %	1,052,505,753	65.78 %	67.80 %
Directors' direct shareholding	4,211,528	0.26 %	4,211,528	0.26 %	0.27 %
Free float	543,282,719	33.96 %	543,282,719	33.96 %	31.93 %
Total	**1,600,000,000**	**100.0 %**	**1,600,000,000**	**100.0 %**	**100.0 %**

7.4 Share range analysis

Share range as at December 31, 2021	Number of shareholders	Percentage of shareholders	Number of units held	Percentage shareholding
1 – 500	3,148	23.65 %	492,654	0.03 %
501 – 1000	1,223	9.19 %	872,800	0.05 %
1,001 – 5,000	3,917	29.42 %	10,121,499	0.63%
5,001 – 10,000	1,711	12.85 %	12,013,838	0.75 %
10,001 – 25,000	1,716	12.89 %	26,064,802	1.63 %
25,001 – 100,000	1,154	8.67 %	55,587,217	3.47 %
100,001 – 500,000	338	2.54 %	63,964,740	4.00 %
500,001 – 1,000,000	51	0.38 %	34,512,424	2.16 %
1,000,001 – and above	54	0.41 %	1,396,370,026	87.27 %
Total	**13,312**	**100.00 %**	**1,600,000,000**	**100.00 %**

Corporate Social Responsibility	₦
Community Development and Inclusivity	58,018,990
Education & Human Capital Development	248,163,011
Emergency Response	87,467,434
Philanthropy and Social Welfare	152,733,230
Total	**546,382,665**

8. Property, plant and equipment

Significant movements in properties, plants and equipment constituting the PPE of the Group during the year are indicated in Note 16 on pages 107 to 108. In the opinion of the Directors, the market value of the properties, plant and equipment is not less than the value shown in the accounts.

9. Donations and CSR initiatives

During the year 2021, the Group undertook Corporate Social Responsibility (CSR) initiatives shown in the table on page 28 valued at N546.38 million (2020 - N402.2 million) and made donations amounting to N28.85 million (2020: N173.5 million).

In compliance with S43(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	₦
Lagos State Grassroot Soccer Association	500,000
Dalili Gorubawa Primary School Kura	2,650,000
Primary School Jaji	2,650,000
Asagba Primary School, Asaba, Delta State	1,325,000
Obosi Central School, Anambra State	1,325,000
Govt. Primary School Amadi-Ama	2,650,000
Uyo Primary Schools	2,650,000
Lagos Primary Schools	1,000,000
LEA Primary School, Kuchigoro- Abuja	957,100
Day Junior Secondary School Unguwan Dankali, Zaria Township, Zaria L.G.A, Kaduna State	950,000
Governmental Secondary School Birnin Yero, Igabi L.G.A. Kaduna	950,000
Day Junior Secondary School Unguwan Dankali, Zaria Township, Zaria L.G.A, Kaduna State	3,119,227
Government Secondary School at Birnin Yero, Igabi L.G.A, Kaduna State	3,119,227
Youth Sports Initiative - Lagos State	5,000,000
Total	**28,845,554**

12. Suppliers

The significant suppliers to the Company domestically and internationally are:

- African Foundries Limited
- Agro Forest Sawmill Nigeria Limited
- Aleed Construction Limited
- Apex Paints Limited
- B&Q Dredging Limited
- Dangote Cement Industries Limited
- Danny Engineering Services Limited
- Dantata & Sawoe Construction Company (Nigeria) Limited
- Julius Berger International GmbH
- Mantrac Nigeria Limited
- Rifitel Nigeria Limited
- Ringardas Nigeria Limited
- SCOA Equipment Limited
- SCOA Motors Nigeria Plc
- TotalEnergies Marketing Nigeria Plc

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 Audited Financial Statements for the year ended December 31, 2021, 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, 2021, there were 25 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.

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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 17, 2021, in accordance with S404 (3) of CAMA, were:

- Chief Timothy Ayobami Adesiyan, Chairman
- Brig. Gen. Emmanuel Ebije Ikwue, GCON, Member
- Mr. Ernest Chukwudi Ebi, MFR, FCIB, FIOD, Member
- Sir Sunday Nnamdi Nwosu, KSS, Member
- Engr. Jafaru Damulak, Member

The committee met in accordance with the provisions of S404 of CAMA and will present its report.

16. Auditors

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

17. Compliance with regulatory requirements

The Directors confirm that they have reviewed the structures and activities of the Company in view of the Code of Corporate Governance of the Securities and Exchange Commission and the Nigerian Code of Corporate Governance 2018 (the Codes) as well as the regulations of the NGX 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 30, 2022

CORPORATE GOVERNANCE REPORT

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

1. The Board of Directors

As at December 31, 2021, the Board comprised of 13 members, nine of whom were Non-Executive Directors, one of whom is the Chairman and another the Independent Director, and four Executive Directors. However, from January 1, 2022, the Board is comprised of 12 members, eight Non-Executive Directors, one of whom is the Chairman and another Independent Director, and four Executive Directors. Profiles of the Directors, in particular the Directors standing for election and re-election, are stated on page 23 in this document.

Apart from the legal and regulatory requirements, there are no specific requirements for qualification for board membership. However, the Company strives to ensure the right mix that is necessary to effectively discharge board functions. Directors are appointed to the Board by the shareholders in General Meeting. Upon appointment, new Directors undergo an induction process to acquaint them of their role, responsibilities, duties, power and liabilities as well as to have an overview of the environment in which they would deploy their role, responsibilities, duties, power and liabilities. Directors, at the expense of the Company, are required to undergo relevant continuing education programmes to sharpen their knowledge and skills. The Directors are bound by the Code of Business Conducts and Ethics for Directors and Management on page 152, to which they are all signatories.

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

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

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

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Director	Designation	Cumulative number of years on Board *	Mar. 24, 2021	Apr. 1, 2021	June 16, 2021	Sep. 1, 2021	Sep. 29, 2021	Dec. 8, 2021	Executive Session Nov. 4, 2021	Executive Session Nov. 5, 2021
Mr. Mutiu Sunmonu, CON	Chairman	8 years	▪	▪	▪	▪	▪	▪	▪	▪
Mr. George Marks	Vice Chairman	24 years	▪	▪	▪	▪	▪	▪	▪	▪
Engr. Jafaru Damulak	Director	15 years	▪	▪	▪	▪	▪	▪	▪	▪
Dr. Ernest Nnaemeka Azudialu-Obiejesi	Director	11 years	▪	▪	▪	▪	▪	▪	▪	▪
Mrs. Belinda Ajoke Disu, CAL	Director	5 years	▪	▪	▪	▪	▪	▪	▪	▪
Mrs. Gladys Olubusola Talabi	Director	5 years	▪	▪	▪	▪	▪	▪	▪	▪
Engr. Dr. Lars Richter	Managing Director	4 years	▪	▪	▪	▪	▪	▪	▪	▪
Alhaji Zubairu Ibrahim Bayi	Director Administration	10 years	▪	▪	▪	▪	▪	▪	▪	▪
Mr. Martin Brack	Financial Director	5 years	▪	▪	▪	▪	▪	▪	▪	▪
Mr. Tobias Meletschus	Director Corporate Development	4 years	▪	▪	▪	▪	▪	▪	▪	▪
Engr. Goni Musa Sheikh	Director	2 years	▪	▪	▪	▪	▪	▪	▪	▪
Mr. Ernest Chukwudi Ebi, MFR, FCIB, FIOD,	Independent Director	2 years	▪	▪	▪	▪	▪	▪	▪	▪
Mr. Karsten Hensel	Director	2 years	▪	▪	▪	▪	▪	–	▪	▪
Mr. Christian Hausemann	Financial Director	<1 year	N/A	N/A	N/A	N/A	N/A	N/A	▪	▪

Key: ▪ Present; – Absent with apologies; N/A Not Applicable

The Board has sole authority for the following:

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

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 six times in the financial year 2021. In addition, the Board held an Executive Session from November 4, 2021, to November 5, 2021. Attendance by the Directors at meetings and sessions are as stated on page 32.

The Board has in place a system to evaluate its performance and that of its Committees. By the evaluation of the Board and its Committees for the Financial Year ending December 31, 2021, the governance bodies performed well. The Board was further, evaluated by IoDCCG and their report is as stated on pages 39 and 40.

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

2. Committees

2.1 Board Committees

In discharging its oversight responsibilities, the Board makes use of various committees, standing and ad-hoc. Each committee has an in-depth 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 standing Board committees relate to the affairs of the Group and are guided by the various objectives and charters of the committees. Members of Management are invited to 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 establishes.

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

2.1.1 Strategy Risk and Assets Management Committee

This committee is responsible for:

- Assisting the Board to fulfil its oversight responsibilities to all stakeholders with respect to:
  - strategy,
  - risks,
  - capital expenditure, acquisitions, and disposals ;
  - Group's investment objectives, strategy, and execution;
  - business collaborations, mergers & acquisitions; and
  - IT data governance and framework.
- Evaluation and approval of third party arrangements
- Approval of projects and the underlying proposals

The Strategy Risk and Assets Management Committee met formally four times in the financial year ended December 31, 2021. The membership of the committee and the attendance by members at meetings are as stated on page 37.

2.1.2 Board Audit Committee

This committee is responsible for:

- The Integrity of the Financial Reporting Statements, annual, half-year and quarterly and processes
- Ensuring the effectiveness and independence of the Statutory Auditors Function
- Ensuring the adequacy of the whistleblowing policies, framework and procedures
- The review and implementation of the Company's internal control and financial control systems and approved policies
- The review and approval of the Company's CSR obligations
- Consideration of related party transactions, fraud risks and legal matters that may have a material impact on, or require disclosure in, the financial statements;
- Financial Reporting Regulatory Compliance

This committee met formally six times in the financial year ended December 31, 2021, and held the mandatory sessions with the Auditors. The membership of the committee and the attendance by members at meetings were as stated on page 37.

2.1.3 Remuneration Committee

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

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

This committee met formally five times in the financial year ended December 31, 2021. The membership of the committee and the attendance by members at meetings are as stated on page 38.

2.1.4 Nominations and Governance Committee

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

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

This committee met formally 11 times in the financial year ended December 31, 2021. The membership of the committee and the attendance by members at meetings are as stated on page 38.

2.2 Statutory Audit Committee

This committee is a statutory creation, established in strict compliance with S404 of CAMA. The committee's composition, membership and responsibilities are as determined by S404 of CAMA.

Membership of the committee is comprised of three shareholders and two Directors who were appointed for the financial year 2021 at the AGM held on June 17, 2021.

This committee met three times in the financial year ended December 31, 2021. The membership of the committee and the attendance by members in the financial year ended December 31, 2021, are as stated on page 38.

The chairman of this committee is always a shareholder.

3. The shareholders

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

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

In the financial year 2021, consequent upon the restrictions placed by governments to curb the COVID-19 pandemic in Nigeria, the 51st AGM was structured as a Meeting by proxies, through the use of preselected proxies for shareholders.

The structure adopted for the 51st AGM was based on the S254 of CAMA, which provided that a shareholder may attend the meeting of members in person or by proxy and the guideline issued by the CAC on the convening and conduct of AGMs under the COVID-19 restrictions, as further amended (the Guidelines). Upon the application by the Company based on the Guidelines, the CAC by approvals given by emails approved the following, subject to extant laws:

- Convening the 51st AGM by proxies;
- Inclusion of Special Business to be passed by ordinary resolution in the Agenda for the Meeting.

The members met in AGM on June 17, 2021. At the close of the Meeting, there were 16 (sixteen) shareholders and 295 (two hundred and ninety-five) proxies. Attendance by the Directors is as stated on page 36.

4. The Management

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

Management consists of four Executive Directors, General Managers of subsidiaries, as well as the Senior Management

comprised of Heads of Regions and strategic 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, which guides securities transactions by its employees and Directors and their connected persons as well as those in possession of market-sensitive information on terms no less exacting than the required standards set out in the Rules of the NGX. The Policy

Attendance of Directors at AGM	June 17, 2021
Mr. Mutiu Sunmonu, CON	▪
Mr. George Marks	▪
Engr. Jafaru Damulak	▪
Dr. Ernest Nnaemeka Azudialu-Obiejesi	▪
Mrs. Belinda Ajoke Disu, CAL	▪
Mrs. Gladys Olubusola Talabi	▪
Engr. Dr. Lars Richter	▪
Alhaji Zubairu Ibrahim Bayi	▪
Mr. Martin Brack	▪
Mr. Tobias Meletschus	▪
Engr. Goni Musa Sheikh	▪
Mr. Ernest Chukwudi Ebi, MFR, FCIB, FIOD	▪
Mr. Karsten Hensel	▪
Mr. Christian Hausemann	N/A

Key: ▪ Present; N/A Not Applicable

undergoes periodic review by the Board and is updated accordingly. The Company has made specific inquiries of all its Directors and other insiders and is not aware of any infringement of the Policy in the year 2021.

6.2 Complaints management framework

In compliance with the rules and regulations of the SEC and NGX, 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 and other governance documents are published on, and can be accessed and downloaded from the website of the Company at julius-berger.com.

The Board would encourage Shareholders to use the email jbn-shareholders@julius-berger.com to express their views on the Group or its activities which would enable the Board have clarity on the issues important to Shareholders.

Strategy, Risk and Assets Management Committee	Designation	March 22, 2021	June 14, 2021	September 28, 2021	December 6, 2021
Engr. Goni Sheikh	Chairman	▪	▪	▪	▪
Mr. George Marks	Member	▪	▪	▪	▪
Engr. Dr. Lars Richter	Member	▪	▪	▪	▪
Mrs. Gladys Olubusola Talabi	Member	▪	▪	▪	▪
Mr. Martin Brack	Member	▪	▪	▪	▪
Engr. Jafaru Damulak	Member	N/A	N/A	N/A	▪

Key: ▪ Present; N/A Not Applicable

Board Audit Committee	Designation	January 25, 2021	March 19, 2021	April 28, 2021	July 29, 2021	October 28, 2021	December 7, 2021
Mr. Ernest Chukwudi Ebi, MFR, FCIB, FIOD	Chairman	▪	▪	▪	▪	▪	▪
Engr. Jafaru Damulak	Member	▪	▪	▪	▪	▪	▪
Mrs. Belinda Ajoke Disu, CAL	Member	▪	▪	▪	–	▪	▪

Key: ▪ Present; – Absent with apologies

Remuneration Committee	Designation	February 9, 2021	March 23, 2021	June 15, 2021	September 28, 2021	December 7, 2021
Mr. George Marks	Chairman	▪	▪	▪	▪	▪
Engr. Jafaru Damulak	Member	▪	▪	▪	▪	▪
Mrs. Belinda Ajoke Disu, CAL	Chairman	▪	▪	▪	▪	▪
Dr. Ernest Nnaemeka Azudialu-Obiejesi	Member	–	–	▪	▪	▪

Key: ▪ Present; – Absent with apologies

Nominations and Governance Committee	Designation	Mar. 16, 2021	Mar. 22, 2021	Apr. 6, 2021	June 14, 2021	June 22, 2021	Sep. 28, 2021	Oct. 22, 2021	Oct. 26, 2021	Nov. 16, 2021	Nov. 22, 2021	Dec. 6, 2021
Mrs. Gladys Olubusola Talabi	Chairman	▪	▪	▪	▪	▪	▪	▪	▪	▪	▪	▪
Mr. George Marks	Member	▪	▪	▪	▪	▪	▪	▪	▪	▪	▪	▪
Dr. Ernest Nnaemeka Azudialu-Obiejesi	Member	▪	▪	–	▪	▪	▪	▪	–	▪	▪	▪

Key: ▪ Present; – Absent with apologies

Statutory Audit Committee	Designation	March 19, 2021	July 28, 2021	December 7, 2021
Chief Timothy Ayobami Adesiyan - appointed Chairman of the Committee on July 28, 2021	Chairman / Member	▪	▪	▪
Brig. Gen. Emmanuel Ebije Ikwue, GCON - appointed Chairman of the Committee until July 28, 2021	Chairman / Member	▪	▪	▪
Sir Sunday Nnamdi Nwosu	Member	▪	▪	▪
Mr. Ernest Chukwudi Ebi, MFR, FCIB, FIOD	Member	▪	▪	▪
Dr. Ernest Nnaemeka Azudialu-Obiejesi	Member	▪	N/A	N/A
Engr. Jafaru Damulak	Member	▪	▪	▪

Key: ▪ Present; N/A Not Applicable

IoD Centre for Corporate Governance

STATEMENT ON CORPORATE GOVERNANCE AT JULIUS BERGER NIGERIA PLC

Julius Berger Nigeria Plc has a stated commitment to high standards of Corporate Governance. The company has adopted the Nigerian Code of Corporate Governance, the SEC Code of Corporate Governance as well as OECD and IFC-related guidelines and other "best practice" guidelines and principles on Corporate Governance.

Responsibilities of the Board

The Board is the leader and takes full responsibility for the Company's and Management's activities as well as its performance to create sustainable improvement and value for the shareholders and other stakeholders. The Board also exercised its oversight responsibilities over executive Management and continuously undertake an evaluation of its performance as required by the Nigerian Code of Corporate Governance 2018.

The responsibilities and appointments of the key officers of the Board such as Chairman, Managing Director/Chief Executive, Independent Non-Executive Directors, Non-Executive Directors, Executive Directors, and the Company Secretary are well understood and carried out in compliance with laid down codes and statutes. These appointments were properly documented with the terms of engagement clearly spelled out. However, we observed that there was just one independent non-executive director on the Board. This is not in compliance with section 275 of the Companies and Allied Matters Act 2020 which requires a public company such as JBN Plc to have at least three Independent Non-Executive Directors, the JBN is currently addressing the issue.

Company Secretary

The company secretary ensures smooth administration of the company's Board activities working with the Chairman, especially with regard to compliance on Corporate Governance and other financial and legal regulations, management of shareholder communication, and provision of strategic advice to the board.

Meeting of the Board

The Board meets at least once every quarter in compliance with the Nigerian Code of Corporate Governance and the practice has been consistent.

Board Committees

In discharging its oversight responsibilities, the Board makes use of various committees, standing, and ad-hoc. Each committee has an in-depth focus on a particular area of the Board's responsibility and provides informed feedback and advice to the Board. The activities of each of the Board committees relate to the affairs of the Group and are guided by the various objectives and Charters of the committees. The group operates with the following Board Committees with clearly defined terms of reference:

A. Board Audit Committee

The committee is responsible for:
- The review and integrity of the Consolidated Financial Statements, including the annual, half-year, and quarterly reports and Group results
- The review and implementation of the Company's internal control and financial control systems and approved policies
- Ensuring that the internal audit function of the Company is established and objective The review of the whistleblowing 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

B. Nomination and Governance Committee

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

C. Risk and Assets Management Committee

The 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 the third-party arrangements
- Approval of projects and the underlying proposals

D. Remuneration Committee

The committee, comprised only of Non-Executive Directors, is responsible for:
- Development of strategies, framework, and policies for remuneration to ensure that Group objectives are met
- Top level establishment issues particularly on compensation and matters relating to the boards in the Group ensuring the alignment of Human Resources policies with the remuneration structures and strategies set by the Board

Risk Management & Internal Audit

The company has a Risk Management Framework that has been updated in 2021 as well as the Internal Audit Framework which is properly monitored and supervised by the Board Committees.

Good Corporate Citizenship

JBN Plc is a good corporate citizen that strives to comply with existing statutes and regulations relevant to its business. The Company has in place the Code of Conduct, Ethics, and Whistle-Blowing Policies.

The Shareholders

The Board of Directors is accountable to shareholders for its performance and that of the Group and ensures that there is effective communication and information dissemination. Shareholders have the opportunity at General Meetings, duly convened according to the requirements of the CAMA, and other informal fora, to review the activities of both the Group and the Directors and express their opinion thereon. The shareholders also carry out their statutory responsibilities adequately. Also, the Board monitors the shareholder communications strategy's effectiveness and is comfortable with the company's approach towards the media.

Conclusion

Based on our reviews, and observations we believe the company largely complied with the Nigerian code of Corporate Governance as well as other relevant statutes in this respect during the year in under review. Areas requiring improvement have been communicated and noted for action by the Company.

SIGNED

'Nerus Ekezie, ***MBA, MNIM, FIMD, FIMC, FIMS (UK)***
Ag. Chief Executive Officer, IoDCCG

SUSTAINABILITY REPORT

1. Preface

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

In support of sustainability commitments, the Company has pledged alignment with the 10 universal principles of the United Nations Global Compact. The sustainability approach of the Company further encompasses the economic, environmental, social and governance principles espoused by the NGX.

2. Governance

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

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

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

3. Economic

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

The Quality Management system is certified to comply with ISO 9001:2015. The criteria for certification considers several quality management principles, including a strong customer focus, as well as the process approach and continual improvement of the organisation – to ensure that customers consistently benefit from good quality services.

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

4. Social

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

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

The Company encourages Freedom of Association amongst employees with terms and conditions of service prescribed and recognised by the Nigeria Labour Law on the platform of the National Joint Industrial Council (NJIC), the Federation of Construction Industry (FOCI) and the

Construction & Civil Engineering Senior Staff Association (CCESSA) on one hand and the National Union of Civil Engineering, Construction, Furniture & Wood Workers (NUCECFWW) on the other hand.

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

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

5. Environment

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

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

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

HEALTH, SAFETY & ENVIRONMENT REPORT

Within Julius Berger Nigeria Plc, effectively managing Health, Safety and Environmental processes is a top priority. As such, HSE is fundamental to the Company's corporate culture and a pre-requisite for achieving business objectives. Such objectives are predicated on a "Responsible Growth" philosophy, which means protecting the health and safety of employees and customers, supporting communities where we do business and minimising our impact on the environment, while also maintaining the sustained growth and profitability of the Company.

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

In 2021 over 2,500 persons were trained on a wide range of HSE issues including safe tipping, hazard recognition, lifting and rigging and roadwork safety. This training is supplemented by targeted HSE inputs including educational campaigns and briefings to further educate and empower our employees with respect to HSE. All further supported by site inspections, audits and regular safety meetings to ensure a clear understanding of, and compliance with, HSE guidelines.

In the year under review, the Company equalled its best-ever HSE performance record (achieved in 2020) with a Lost Time-Frequency Rate of 0.19, less than one Lost Time Injury for every five million man-hours worked. This result was all the more impressive as we worked more than ten million additional man-hours than in 2020. This achievement underpins the effectiveness of our operations, and is an indicator of world-class HSE performance.

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

RISK MANAGEMENT REPORT

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

Market risk

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

Operational risk

The construction sector is inherently complex and vigorous in nature, involving multiple processes, various stakeholders and projects lifecycles spanning years in length, leading to a high degree of operational risks. Such risks include the selection of projects, based on technical capability and capacity of the Group, establishment of contractual conditions as well as payment planning and security parameters. Procurement of materials and machinery, logistics and human resources

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

as well as environmental factors must also be assessed. The Group manages this risk through a comprehensive and multifaceted project-controlling framework. Additionally, throughout the life of the project, contracts are continuously subject to commercial, technical and legal review as a means of regulation.

Compliance risk

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

Information technology risk

Ensuring the security, confidentiality, integrity and availability of information assets is crucial to managing risk and to maintaining pace with today's digital economy. Therefore Julius Berger Nigeria Plc and its subsidiaries have adopted processes to meet these fundamentals and to prevent unauthorised access or data loss and to guarantee the permanent availability of the Group's information technology. Only certified hardware and software products are purchased and used, and required technical installations are in place. Daily comprehensive monitoring is ensured using systems protection technologies that are frequently evaluated and updated as required to meet up with the fast-paced nature of technology.

Personnel induction processes include Data Protection and phishing awareness training. Additionally, risks to critical information are mitigated through different layers of accessibility and restrictions to the Company's data bank. In compliance with the Nigerian Data Protection Regulations (NDPR) policy, which is up-to-date with other international data protection laws, the Company conducts a mandatory annual data protection audit of its IT systems, data protection policies and documentation. The Company is also in the process of obtaining ISO 27001 Certification as a reflection of leading standards.

Reputational risk

The reputation of the Group 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.

Abuja-Kaduna-Zaria-Kano Road

FINANCIAL INFORMATION

for the year ended December 31, 2021

STATEMENT OF DIRECTORS' RESPONSIBILITY

By the provisions of S377 and S378 of CAMA, the Directors are responsible for preparation of the Consolidated Financial Statements, which give a true and fair view of the state of affairs of the Group, and of the profit or loss at the end of each financial year. The Directors are required by the provisions of the Codes to issue this statement in connection with the preparation of the Consolidated Financial Statements for the year ended December 31, 2021.
In compliance with the provisions of CAMA, the Directors must ensure that:

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

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

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

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

Signed on behalf of the Board of Directors by,

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

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

March 30, 2022

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, 2021.

Based on our knowledge, the Consolidated Financial Statements do not contain any untrue statement of a material fact or omit to state a material fact necessary and are not misleading with respect to the period covered by the report.

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

The Consolidated Financial Statements, and other financial information included therein, fairly present in all material respects the financial condition, results of operations and cash flows of the Group as of, and for, the period presented in the Financial Statements.

We are responsible for designing the internal controls and procedures surrounding the financial reporting process and assessing these controls (as required by S7 (2) (f) of the FRCN Act, 2011) and have designed such internal controls and procedures, or caused such controls and procedures to be designed under our supervision, to ensure that material information relating to the Group is made known to us by others within those entities, particularly during the period in which this report is being prepared. The controls, which are properly designed, have been operating effectively in the period of intended reliance.

Based on the foregoing, we, the undersigned, hereby certify that to the best of our knowledge and belief the information contained in the Consolidated Financial Statements for the year ended December 31, 2021, appear to be true, correct and up to date.

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

Mr. Christian Hausemann
Financial Director

March 30, 2022

Note: The Financial Director was granted a waiver by the FRCN to certify and sign the Financial Statements without indicating any FRCN number

REPORT OF THE STATUTORY AUDIT COMMITTEE

In compliance with S404 (4) 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 S404 (1) and (2) of CAMA, the Consolidated Audited Financial Statements of the Group for the year ended December 31, 2021, 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 requirements 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

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

Signed on behalf of the Committee by,

Chief Timothy Ayobami Adesiyan
Chairman of the Statutory Audit Committee
FRC / 2013 / IODN / 00000003745

March 23, 2022

Nexia
Agbo Abel & Co

43 Anthony Enahoro Street
Utako District
Abuja – Nigeria

T: +234 (0) 809. 238. 4074

REPORT OF THE INDEPENDENT AUDITOR'S TO THE MEMBERS OF 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 2021, 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 55 to 138.

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 2021 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 2020 and the Financial Reporting Council of Nigeria Act No 6, 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the requirements of the Institute of Chartered Accountants of Nigeria Professional Code of Conduct and Guide for Accountants (ICAN Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

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 2020, 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 Fifth Schedule of the Companies and Allied Matters Act 2020, 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.

Abel Onyeke, FCA - FRC/2012/ICAN/00000000119

for: **Nexia Agbo Abel & Co**
Chartered Accountants
Abuja, Nigeria

30 March 2022

Julius Berger Nigeria Plc AR & CFS 2021 | Statement of Financial Position

STATEMENT OF FINANCIAL POSITION

	Note	Group 31/12/2021 ₦ 000	Group 31/12/2020 ₦ 000	Company 31/12/2021 ₦ 000	Company 31/12/2020 ₦ 000
Assets					
Non-current assets					
Property, plant and equipment	16	72,772,695	45,567,163	69,734,897	42,315,804
Right-of-use assets	18	13,430,113	14,267,877	2,305,788	1,957,975
Goodwill	19.1	11,150,502	11,393,512	–	–
Other intangible assets	19.2	1,885,685	2,074,253	–	–
Investment property	20	2,006,525	1,972,907	2,006,525	1,972,907
Investment in subsidiaries	21.1	–	–	16,916,771	16,916,771
Other financial assets	21.2	2,392,880	2,305,606	–	–
Trade and other receivables	24	60,031,624	64,847,570	60,031,624	64,847,570
Tax receivable	25	29,835,898	28,182,927	29,120,528	27,408,092
Deferred tax assets	14.3	6,730,603	4,413,990	5,213,061	4,011,003
Total non-current assets		**200,236,525**	**175,025,805**	**185,329,194**	**159,430,122**
Current assets					
Inventories	22	36,330,165	16,537,762	33,992,281	15,340,561
Trade and other receivables	24	162,700,642	98,344,953	164,343,342	94,155,705
Tax receivable	25	2,884,222	2,349,524	2,663,400	2,063,572
Contract asset	26	13,962,640	1,646,457	12,396,224	–
Cash and cash equivalents		60,997,463	34,931,861	55,978,451	20,253,663
		276,875,132	**153,810,557**	**269,373,698**	**131,813,501**
Assets classified as held for sale	17	126,889	105,873	126,889	103,141
Total current assets		**277,002,020**	**153,916,430**	**269,500,587**	**131,916,642**
Total assets		**477,238,546**	**328,942,235**	**454,829,781**	**291,346,764**
Equity and liabilities					
Equity					
Share capital	27	800,000	792,000	800,000	792,000
Share premium	27	425,440	425,440	425,440	425,440
Foreign currency translation reserve		15,943,640	15,987,480	–	–
Retained earnings		35,937,856	27,683,487	28,687,398	21,546,928
Equity attributable to owners of the Company		**53,106,936**	**44,888,407**	**29,912,838**	**22,764,368**
Non-controlling interests	28	5,839	61,195	–	–
Total equity		**53,112,774**	**44,949,602**	**29,912,838**	**22,764,368**
Non-current liabilities					
Borrowings	29.2.1	3,279,636	5,503,437	3,279,636	5,503,437
Deferred tax liabilities	14.3	12,060,675	8,498,928	9,412,896	7,694,250
Contract liabilities	23	289,640,487	167,360,747	289,640,487	167,360,747
Retirement benefit liabilities	30.2	3,757,987	4,615,549	2,863,996	3,224,121
Trade and other payables	31	7,735,815	6,173,492	6,756,967	2,013,598
Lease liabilities	32	13,456,816	14,248,730	878,382	417,324
Provisions	33	1,227,997	1,216,352	300,000	300,000
Total non-current liabilities		**331,159,413**	**207,617,235**	**313,132,364**	**186,513,477**
Current liabilities					
Contract liabilities	23	689,078	517,421	–	–
Bank overdrafts	29.1	19,179,892	19,301,811	19,179,892	19,301,811
Borrowings	29.2.1	2,310,386	2,310,386	2,310,386	2,310,386
Retirement benefit liabilities	30.1	210,282	340,301	197,401	326,730
Trade and other payables	31	65,430,373	49,720,753	86,682,677	57,611,546
Lease liabilities	32	1,677,518	1,561,390	179,908	179,908
Current tax payable	14.2	3,468,829	2,625,336	3,234,315	2,338,538
Total current liabilities		**92,966,358**	**76,377,398**	**111,784,579**	**82,068,919**
Total liabilities		**424,125,771**	**283,994,633**	**424,916,943**	**268,582,396**
Total equity and liabilities		**477,238,546**	**328,944,235**	**454,829,781**	**291,346,764**

These Consolidated Financial Statements on pages 55 to 138 were approved by the Board of Directors on March 30, 2022 and signed on its behalf by:

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

Mr. Christian Hausemann
Financial Director

Note: The Financial Director was granted a waiver by the FRCN to certify and sign the Financial Statements without indicating any FRCN number

The accounting policies on pages 72 to 92 and Notes on pages 93 to 138 form part of these Financial Statements.

Julius Berger Nigeria Plc AR & CFS 2021 | Statement of Profit or Loss and Other Comprehensive Income

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Group 31/12/2021 ₦ 000	Group 31/12/2020 ₦ 000	Company 31/12/2021 ₦ 000	Company 31/12/2020 ₦ 000
Revenue	8	338,806,798	241,779,455	317,210,503	235,206,675
Cost of sales		(272,316,066)	(193,519,528)	(260,839,755)	(189,667,229)
Gross profit		**66,490,732**	**48,259,927**	**56,370,748**	**45,539,446**
Marketing expenses		(314,120)	(287,848)	(283,786)	(245,350)
Administrative expenses		(39,760,616)	(34,510,009)	(34,071,810)	(29,905,470)
Impairment loss on trade and tax receivables	24.6	(3,744,341)	(963,714)	(1,621,170)	953,701
Operating profit		**22,671,655**	**12,498,356**	**20,393,982**	**16,342,327**
Investment income	9	994,199	461,325	1,137,199	1,004,273
Other gains and losses	10	3,822,126	(1,167,310)	2,630,342	(1,334,720)
Finance cost	11	(4,230,804)	(3,715,933)	(4,285,619)	(3,717,075)
Foreign exchange acquisition loss		(9,081,158)	(4,219,796)	(9,081,158)	(4,219,796)
Profit before tax		**14,176,018**	**3,856,642**	**10,794,746**	**8,075,009**
Income tax expense	14.1	(5,831,708)	(2,620,369)	(3,510,979)	(2,429,799)
Profit for the year	12	**8,344,310**	**1,236,273**	**7,283,767**	**5,645,210**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Actuarial gains/(losses) on retirement benefits		738,227	(933,841)	738,227	(933,841)
Related tax	14.1	(239,924)	298,829	(239,924)	298,829
		498,303	**(635,012)**	**498,303**	**(635,012)**
Items that may be reclassified subsequently to profit or loss					
Differences on translating foreign operations		(43,840)	6,684,427	–	–
Related tax		–	–	–	–
Total comprehensive income		**8,798,773**	**7,285,688**	**7,782,070**	**5,010,198**
Attributable to					
Owners of the Company		8,852,129	7,281,850	7,782,070	5,010,198
Non-controlling interests		(53,356)	3,838	–	–
Total comprehensive income		**8,798,773**	**7,285,688**	**7,782,070**	**5,010,198**
Earnings per share					
Basic earnings per share	15	**5.53**	**4.60**	**4.86**	**3.16**
Diluted earnings per share	15	**5.53**	**4.55**	**4.86**	**3.13**

Julius Berger Nigeria Plc AR & CFS 2021 | 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, 2020	660,000	425,440	9,303,052	29,882,143	40,270,635	59,357	40,329,992
Profit for the year	–	–	–	1,232,435	1,232,435	3,838	1,236,273
Other comprehensive income (net of tax)	–	–	6,684,427	(635,012)	6,049,415	–	6,049,415
Scrip Issue	132,000	–	–	(132,000)	–	–	–
Prior year adjustment	–	–	–	(24,079)	(24,079)	–	(24,079)
Dividends to shareholders	–	–	–	(2,640,0000)	(2,640,000)	(2,000)	(2,642,000)
Balance at January 1, 2021	**792,000**	**425,440**	**15,987,480**	**27,683,487**	**44,888,407**	**61,195**	**44,949,602**
Profit for the year	–	–	–	8,397,666	8,397,666	(53,356)	8,344,310
Other comprehensive income (net of tax)	–	–	(43,840)	498,303	454,463	–	454,463
Total comprehensive income	**–**	**–**	**(43,840)**	**8,895,969**	**8,852,129**	**(53,356)**	**8,798,773**
Scrip Issue	8,000	–	–	(8,000)	–	–	–
Dividends to shareholders	–	–	–	(633,600)	(633,600)	(2,000)	(635,600)
Balance at December 31, 2021	**800,000**	**425,440**	**15,943,640**	**35,937,856**	**53,106,936**	**5,839**	**53,112,774**

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, 2020	660,000	425,440	–	19,308,730	20,394,170	–	20,394,170
Profit for the year	–	–	–	5,645,210	5,645,210	–	5,645,210
Other comprehensive income (net of tax)	–	–	–	(635,012)	(635,012)	–	(635,012)
Scrip Issue	132,000	–	–	(132,000)	–	–	–
Dividends to shareholders	–	–	–	(2,640,000)	(2,640,000)	–	(2,640,000)
Balance at January 1, 2021	792,000	425,440	–	21,546,928	22,764,368	–	22,764,368
Profit for the year	–	–	–	7,283,767	7,283,767	–	7,283,767
Other comprehensive income (net of tax)	–	–	–	498,303	498,303	–	498,303
Total comprehensive income	**–**	**–**	**–**	**7,782,070**	**7,782,070**	**–**	**7,782,070**
Scrip Issue	8,000	–	–	(8,000)	–	–	–
Dividends to shareholders	–	–	–	(633,600)	(633,600)	–	(633,600)
Balance at December 31, 2021	**800,000**	**425,440**	**–**	**28,687,398**	**29,912,838**	**–**	**29,912,838**

Julius Berger Nigeria Plc AR & CFS 2021 | Statement of Cash Flows

STATEMENT OF CASH FLOWS

	Note	Group 31/12/2021 ₦ 000	Group 31/12/2020 ₦ 000	Company 31/12/2021 ₦ 000	Company 31/12/2020 ₦ 000
Cash flows from operating activities					
Cash receipts from customers		449,157,807	256,711,555	433,952,324	233,485,880
Cash paid to suppliers and employees		(371,561,851)	(246,271,073)	(348,869,756)	(219,206,628)
Cash provided by operating activities		**77,595,956**	**10,440,482**	**85,082,568**	**14,279,252**
Cash paid for taxes		(708,578)	(410,944)	(430,724)	(427,435)
Foreign exchange acquisition loss		(9,081,158)	(4,219,796)	(9,081,158)	(4,219,796)
Net cash generated by operating activities	34	**67,806,220**	**5,809,742**	**75,570,686**	**9,632,021**
Cash flows from investing activities					
Purchase of property, plant and equipment	16	(34,735,987)	(9,804,187)	(34,619,680)	(9,500,454)
Interest received	9	994,199	461,325	994,199	461,273
Dividend received		–	–	143,000	543,000
Proceeds from disposal of property, plant and equipment		1,307,885	1,485,363	1,303,032	1,484,163
Net cash used in investing activities		**(32,433,903)**	**(7,857,499)**	**(32,179,449)**	**(7,012,018)**
Cash flows from financing activities					
Term loan	29	(2,390,594)	(1,945,189)	(2,390,594)	(1,945,189)
Payment of lease liabilities	32	(2,558,396)	(2,598,493)	(940,550)	(1,295,705)
Interest paid	11	(3,600,206)	(3,058,679)	(3,579,786)	(3,058,679)
Dividends paid		(635,600)	(2,642,000)	(633,600)	(2,640,000)
Net cash used in financing activities		**(9,184,796)**	**(10,244,361)**	**(7,544,530)**	**(8,939,572)**
Net increase/(decrease) in cash and cash equivalents		**26,187,521**	**(12,292,118)**	**35,846,707**	**(6,319,569)**
Cash and cash equivalents at 1 January		15,630,050	27,922,168	951,852	7,271,421
Cash and cash equivalents at 31 December	34.1	**41,817,571**	**15,630,050**	**36,798,559**	**951,852**
Cash and cash equivalents consist of					
Cash and bank balances		60,997,463	34,931,861	55,978,451	20,253,663
Bank overdraft		(19,179,892)	(19,301,811)	(19,179,892)	(19,301,811)
	34.1	**41,817,571**	**15,630,050**	**36,798,559**	**951,852**

International Worship Centre, Uyo

NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2021

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 limited liability company and its shares became listed on the NGX on September 20, 1991. 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 Reports and Consolidated Financial Statements. The principal activities of the Company and its subsidiaries (the Group) are described in Notes 21 and 36 to the Consolidated Financial Statements.

APPLICATION OF IFRS STANDARDS

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

2.1 Amendments to IFRSs and the new interpretation that are mandatorily effective for the year ended December 31, 2021

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

2.1.1 COVID-19-related Rent Concessions (Amendments to IFRS 16)*

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases, which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.

The relief was originally limited to reduction in lease payments that were due on or before June 30, 2021. However, the IASB subsequently extended this date to June 30, 2022.

If a lessee already applied the original practical expedient, it is required to continue to apply it consistently, to all lease contracts with similar characteristics and in similar circumstances, using the subsequent amendment. If a lessee did not apply the original practical expedient to eligible lease concessions, it is prohibited from applying the expedient in the 2021 amendment. However, if a lessee has not yet established an accounting policy on applying (or not) the practical expedient to eligible lease concessions, it can still decide to do so.

This amendment does not have a material impact on the Consolidated Financial Statements of the Group.

* Required to be implemented for periods beginning on or after January 1, 2021
** Required to be implemented for periods beginning on or after June 1, 2022
*** Required to be implemented for periods beginning on or after January 1, 2022
**** Required to be implemented for periods beginning on or after January 1, 2023

2.1.2 Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)*

In August 2020, the IASB made amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, to address the issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one.

The Phase 2 amendments provide the following reliefs:

- when changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes, that are necessary as a direct consequence of IBOR reform and which are considered economically equivalent, and will not result in an immediate gain or loss in the income statement;
- the hedge accounting reliefs will allow most IAS 39 or IFRS 9 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded.

Affected entities need to disclose information about the nature and extent of risks arising from IBOR reform to which the entity is exposed, how the entity manages those risks, and the entity's progress in completing the transition to alternative benchmark rates and how it is managing that transition.

Given the pervasive nature of IBOR-based contracts, the reliefs could affect companies in all industries.

This amendment does not have any material impact on the Consolidated Finanical Statements of the Group.

2.1.3 Extension of the Temporary Exemption from Applying IFRS 9*

In June 2020, the Board deferred the effective date of IFRS 17 by two years to annual periods beginning on or after January 1, 2023. As a consequence, the Board extended the expiry date in IFRS 4 for the temporary exemption from IFRS 9 by two years to annual periods beginning on or after January 1, 2023. The extension maintains the alignment between the expiry date of the temporary exemption and the effective date of IFRS 17.

This amendment does not have any material impact on the Consolidated Finanical Statements of the Group.

2.2 New and revised IFRSs that are not mandatorily effective (but allow early application) for the year ended December 31, 2021.

The following revisions to accounting standards and pronouncements were issued but not effective at the reporting period (earlier application is permitted in some cases).

2.2.1 Property, Plant and Equipment: Proceeds before intended use (Amendments to IAS 16)***

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be

capable of operating in the manner intended by Management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the Financial Statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by Management on or after the beginning of the earliest period presented in the Financial Statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted.

2.2.2 Amendments to IFRS 3 – Reference to the Conceptual Framework**

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

2.2.3 Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract***

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other components of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted.

2.2.4 Annual Improvements to IFRS Standards 2018–2020[***]

The following improvements were finalised in May 2020:

- IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.
- IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41.

This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

2.2.5 Definition of Accounting Estimates (Amendments to IAS 8)[****]

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

2.2.6 Classification of Liabilities as Current or Non-current (Amendments to IAS 1)[****]

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered Management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to January 1, 2023.

Julius Berger Nigeria Plc AR & CFS 2021 | Notes to the Financial Statements

2.2.7 Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)[****]

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

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

The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.

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

2.2.9 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

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

underlying items. When applying the variable fee approach the entity's share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less volatile than under the general model.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. The directors do not anticipate that the application of the Standard in the future will have an impact on the Consolidated Financial Statements.

2.2.10 Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

SIGNIFICANT ACCOUNTING POLICIES

3. Significant Accounting Policies

3.1 Statement of compliance

The Consolidated Financial Statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS).

3.2 Basis of preparation

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

The accompanying Consolidated 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, CAMA.

The preparation of Consolidated 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' meetings.

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 of 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 cash flows 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 IFRS 9.

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 IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

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

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

3.4.1 Acquisition of interests from non-controlling shareholders

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

3.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or Groups of cash-generating units) that are 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

3.6.1 Goods and services

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.

Sale of goods: 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.

Rendering of services: 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 capitalisation. 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 and machinery	5.0	10
Other fixed assets	5.0	8

An item of property, plant and equipment 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 property, plant and equipment 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 certain criteria identified by management and/or threshold reviewed from time to time. The criteria as set in the preparation of these 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 is measured at cost. Investment property is recognised when it is probable that the company will enjoy the future economic benefits which are attributable to it, and when the cost or fair value can be reliably measured. Costs include directly attributable expenditure such as legal fees and property transfer taxes.

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

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

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

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

3.12 Non-current assets held for sale

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

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

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

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

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

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

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

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

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

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

3.13.1 The Group as lessor

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

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

3.13.2 The Group as lessee

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

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

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

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

3.14 Intangible assets

An intangible asset is an identifiable, non-monetary asset that has no physical substance. An intangible asset is recognised when it is identifiable; the Group has control over the asset; it is probable that economic benefits will flow to the Group, and the cost of the asset can be measured reliably.

3.14.1 Intangible assets acquired separately

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

3.14.2 Internally-generated intangible assets – research and development expenditure

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

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

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

3.14.3 Intangible assets acquired in a business combination

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

3.14.4 Intangible assets from service concession arrangement

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

- The grantor is a public sector entity, including a governmental body, or a private sector entity to which the responsibility for the service has been devolved.
- The operator is responsible for at least some of the management of the infrastructure and related services and does not merely act as an agent on behalf of the grantor.

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- The contract sets the initial prices to be levied by the operator and regulates price revisions over the period of the service arrangement.
- The operator is obliged to hand over the infrastructure to the grantor in a specified condition at the end of the period of the arrangement, for little or no incremental consideration irrespective of which party initially financed it.

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

- Financial asset model
- Intangible asset model
- Bifurcated model

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

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

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

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

3.14.5 Accounting for contractual payments

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

3.14.6 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.15 Inventories

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

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

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

3.16 Taxation

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

3.16.1 Income and deferred tax for the year

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

3.16.2 Income tax

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

3.16.3 Deferred taxation

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

Provision for deferred taxation is made by the liability method and calculated at the tax rate that applies during the period of reversal on the differences between the net book value of

qualifying property, plant and equipment and their corresponding tax written down values. Also, consideration is given for provision for retirement benefits 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 therefrom are taken to the profit or loss.

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

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

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

3.18 Dividends

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

3.18.1 Unclaimed dividend

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

3.19 Retirement benefits

3.19.1 Defined contribution plan

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

3.19.2 Defined benefit plan

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

3.19.3 Short-term employee benefits

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

3.19.4 Other long-term employee benefits

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

3.19.5 Termination benefits

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

3.20 Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets

and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.20.1 Financial assets

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

3.20.1.1 Amortised cost and effective interest method

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

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

3.20.1.2 Classification of financial assets

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

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

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

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

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

By default, all other financial assets are measured subsequently.

3.20.1.3 Trade and other receivables

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

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

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

3.20.1.4 Cash and cash equivalents

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

3.20.1.5 Foreign exchange gains and losses

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

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

3.20.1.6 Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

Objective evidence of impairment could include:

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

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

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

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

Subsequent recoveries of amounts previously written-off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3.20.1.7 Derecognition of financial assets

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

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

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

3.20.2 Financial liabilities and equity instruments

3.20.2.1 Classification as debt or equity

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

3.20.2.2 Equity instruments

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

3.20.2.3 Financial liabilities

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

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

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

3.20.2.4 Foreign exchange gains and losses

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

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

3.20.2.5 Derecognition of financial liabilities

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

3.21 Provisions

Provisions are recognised when the Group has a present obligation, whether legal or constructive, as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

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

3.21.1 Contingent liabilities

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

3.22 Related parties

Parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial and operating decisions. Key Management Personnel are also regarded as related parties. Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all executive and Non-Executive Directors. Related party transactions are those where a transfer of resources or obligations between related parties occur, regardless of whether or not a price is charged.

3.23 Earnings per share

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

3.24 Segment reporting

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

A segment is a distinguishable component of the Group that is engaged in providing related products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from those of other segments. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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

3.25 Impairment

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

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

3.26 Transfer pricing

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

3.27 Decommissioning provisions

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

3.28 Financial income and cost

Financial income comprises interest income on funds invested, dividend income, net gains on the disposal of held-for-sale financial assets, net fair value gains on financial assets at fair value through profit or loss, net gains on the remeasurement to fair value of any pre-existing available-for-sale interest in an acquiree, and net gains on hedging instruments that are recognised in the profit or loss. Financial costs on the other hand represent interest on loans, overdraft and related facilities. Interest income and cost is recognised on accrual basis in the profit or loss, using the effective interest method. Dividend income is recognised in the profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

EXPLANATORY NOTES

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

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

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

4.1 Critical judgments in applying the Group's Accounting Policies

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

4.1.1 Income taxes

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

4.1.2 Judgements in determining the timing of satisfaction of performance obligations

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

4.1.3 Allowance for doubtful debts/receivables

The Group has recognised allowances for credit losses on receivables by assessing the credit quality of individual customers, receivables that are in dispute, financial standing of

customers and the willingness of the customers to pay. The Management believes that, except for the receivables on which allowance has been made, all other receivables are recoverable despite their age, because they are mainly due from various government and government entities.

4.1.4 Review of the useful lives of tangible assets

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

4.1.5 Write down of inventories to net realisable value

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

4.2 Key sources of estimation uncertainty

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

4.2.1 Provision for gratuity

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

4.2.2 Impairment loss on PPE

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

5. Changes in accounting policies

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

5.1 IFRS 16: Leases

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

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

Practical expedients applied

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

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

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

Measurement of right-of-use assets

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

6. Revenue

6.1 Disaggregated revenue information

Group	Government 31/12/2021 ₦000	Government 31/12/2020 ₦000	Private 31/12/2021 ₦000	Private 31/12/2020 ₦ 000	Total reportable segments 31/12/2021 ₦000	Total reportable segments 31/12/2020 ₦000
Primary geographical markets						
Nigeria	271,112,860	198,537,070	62,360,929	41,037,771	333,473,789	239,574,781
Europe	–	–	5,333,008	2,204,674	5,333,008	2,204,674
	271,112,860	**198,537,070**	**67,693,937**	**43,242,385**	**338,806,797**	**241,779,455**
Major product/services lines						
Civil works	203,617,015	159,542,763	19,576,900	14,427,630	223,193,915	173,970,393
Building works	54,931,390	27,296,950	20,654,962	17,132,314	75,586,352	44,429,264
Services	12,564,455	11,697,357	27,462,075	11,682,440	40,026,530	23,379,797
	271,112,860	**198,537,070**	**67,693,937**	**43,242,385**	**338,806,797**	**241,779,455**
Timing of revenue recognition						
At a point in time	12,564,455	11,697,357	27,462,075	13,887,114	40,026,530	25,584,471
Overtime	258,548,405	186,839,713	40,231,862	29,355,271	298,780,267	216,194,984
	271,112,860	**198,537,070**	**67,693,937**	**43,242,385**	**338,806,797**	**241,779,455**

Company	Government 31/12/2021 ₦000	Government 31/12/2020 ₦000	Private 31/12/2021 ₦000	Private 31/12/2020 ₦ 000	Total reportable segments 31/12/2021 ₦000	Total reportable segments 31/12/2020 ₦000
Primary geographical markets						
Nigeria	271,112,860	198,537,070	46,097,643	36,669,305	317,210,503	235,206,675
Europe	–	–	–	–	–	–
	271,112,860	**198,537,070**	**46,097,643**	**36,669,305**	**317,210,503**	**235,206,675**
Major product/services lines						
Civil works	203,617,015	159,542,763	19,566,557	14,277,121	223,183,572	173,819,884
Building works	54,931,390	27,296,950	19,280,068	17,168,797	74,211,458	44,465,747
Services	12,564,455	11,697,357	7,251,018	5,223,387	19,815,473	16,920,744
	271,112,860	**198,537,070**	**46,097,643**	**36,669,305**	**317,210,503**	**235,206,675**
Timing of revenue recognition						
At a point in time	12,564,455	11,697,357	7,251,018	5,223,387	19,815,473	16,920,744
Overtime	258,548,405	186,839,713	38,846,625	31,445,918	297,395,030	218,285,631
	271,112,860	**198,537,070**	**46,097,643**	**36,669,305**	**317,210,503**	**235,206,675**

6.2 Transaction price allocated to the remaining performance obligations

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

	Group 2022 ₦000	Group 2023 ₦000	Group Total ₦000	Company 2022 ₦000	Company 2023 ₦000	Company Total ₦000
Civil works	300,000,000	150,000,000	450,000,000	300,000,000	150,000,000	450,000,000
Building works	82,700,000	72,300,000	155,000,000	80,000,000	70,000,000	150,000,000
Services	30,100,000	32,500,000	62,600,000	22,000,000	22,000,000	44,000,000
Diversification	7,000,000	15,000,000	22,000,000	7,000,000	15,000,000	22,000,000
Total	**419,800,000**	**269,800,000**	**689,600,000**	**409,000,000**	**257,000,000**	**666,000,000**

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

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

The Management expect that incremental fees to intermediaries, as a result of obtaining contracts with customers, are receivables. There were no incremental fees recognised in the period to December 31, 2021.

6.3 Performance obligations

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

Civil works

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

Building works

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

Services

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

7. Segmental analysis

The Company has determined its business segments based on the information reviewed for the purpose of efficiently allocating resources for the execution of its operations. The Company assesses the performance of business segments based on a measure of adjusted Earning Before Interest, Tax, Depreciation and Amortisation (EBITDA). This measurement basis excludes investment income, finance costs and taxes. These income and expenditures are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

Julius Berger Nigeria Plc has three business segments that offer civil works, building works and services to third parties across Nigeria. Julius Berger Nigeria Plc is organised by operational regions, which manage and report progress for all business segments within their respective region. The Company has an institutionalised framework (under the leadership of the Managing Director) which regularly reviews the performance of the operational regions.

7.1 Principal segment activities

Civil works

The segment provides professional services in the areas of engineering, construction and maintenance for a wide range of infrastrutures. This include:

- Essential traffic networks in, around and between the major cities of the country
- Turnkey harbours, wharfs, jetties, loading installations and warehouses
- Refurbishment and construction of airports in conformity with global aviation regulations
- Design and construction of auxiliary buildings for factories, oil and gas installations and power plants for the oil, gas and energy sector

The civil works of the subsidiary, Julius Berger Free Zone Enterprise are captured here as well.

Building works

The segment provides professional services in a wide range of building areas. They include:

- Design and construction of buildings that meet the Leadership in Energy and Environmental Design (LEED) standards for certification.
- Design and construction of administration, commercial and industrial buildings, hotels, hospitals, airport terminals, sports facilities and residential districts

Building works executed by the subsidiaries, Julius Berger Free Zone Enterprise as well as Abumet Nigeria Ltd. are captured here.

Services

The segment includes all other services of the Company which are indirectly linked to the core business:

- The business unit, AFP which supplies high quality furniture and interior fittings

- Facility management solutions, which ensure that the useful life of a building is extended, and repair or renovation costs are significantly reduced.
- Services by Subsidiaries which are offered to the Company and its external clients:
  - Stevedoring and port operation services of Julius Berger Services Nigeria Ltd.
  - Design and engineering services of Primetech Design and Engineering Nigeria Ltd.
  - Medical services of Julius Berger Medical Services Ltd.
  - Design, engineering and procurement services of Julius Berger International GmbH
  - Activities of Julius Berger Investments Ltd. to ensure further diversification of the Group

7.2 Segment revenue

	Group 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦ 000	Company 31/12/2020 ₦000
Class of business				
Civil works	223,193,915	182,150,749	223,183,572	177,198,977
Building works	75,586,352	37,769,414	74,211,458	36,742,651
Services	40,026,530	21,859,292	19,815,473	21,265,047
Total revenue	338,806,797	241,779,455	317,210,503	235,206,675

7.3 Segment profit/(loss) and results

	Group 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
Class of business				
Civil works	16,528,104	7,984,725	14,867,634	10,440,492
Building works	4,255,345	3,456,330	3,827,839	4,519,352
Services	1,888,204	1,057,300	1,698,509	1,382,482
Total profit of segments	**22,671,654**	**12,498,355**	**20,393,981**	**16,342,326**
Corporate costs	(5,259,032)	(5,387,106)	(6,450,816)	(5,554,516)
EBITA	**17,412,623**	**7,111,249**	**13,943,165**	**10,787,810**
Finance costs	(4,230,804)	(3,715,933)	(4,285,619)	(3,717,075)
Adjusted profit/(loss) before tax	**13,181,819**	**3,395,316**	**9,657,547**	**7,070,735**
Other items	994,199	461,325	1,137,199	1,004,273
Profit before income tax	**14,176,018**	**3,856,641**	**10,794,746**	**8,075,008**

Notes:

7.3.1 Corporate costs comprise the costs of operating head office functions and certain overheads.

7.3.2 EBITA is earnings before investment income, finance costs and taxes.

7.3.3 The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and Directors' salaries, investment income, other gains and losses as well as finance costs. This is the measure reported to the Management for the purposes of resource allocation and assessment of segment performance.

7.4 Information about major customers

Included in the revenue reported by Group are two clients whose individual balances of ₦137.9 billion and ₦57.1 billion (2020: ₦28.9 billion, ₦53.2 billion and ₦94.0 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 2021.

7.5 Segment assets and liabilities

Group	Segment assets 31/12/2021 ₦000	Segment liabilities 31/12/2021 ₦000	Segment net assets/liabilities 31/12/2021 ₦000	Segment assets 31/12/2020 ₦ 000	Segment liabilities 31/12/2020 ₦000	Segment net assets/liabilities 31/12/2020 ₦000
Class of business						
Civil works	125,473,647	(155,555,685)	(30,082,038)	87,621,661	(100,161,102)	(12,539,441)
Building works	75,662,347	(96,106,005)	(20,443,658)	52,837,075	(61,881,913)	(9,044,838)
Services	197,097,095	(132,558,419)	64,538,675	137,638,263	(85,353,341)	52,284,922
	398,233,089	**(384,220,109)**	**14,012,980**	**278,096,999**	**(247,396,356)**	**30,700,643**
Net cash	60,997,463	(19,179,892)	41,817,571	34,931,861	(19,301,811)	15,630,050
Unallocated assets/ (liabilities)	18,007,994	(20,725,770)	(2,717,776)	15,913,375	(17,296,466)	(1,383,091)
	477,238,546	**(424,125,771)**	**53,112,775**	**328,942,235**	**(283,994,633)**	**44,947,602**

Company	Segment assets 31/12/2021 ₦000	Segment liabilities 31/12/2021 ₦000	Segment net assets/liabilities 31/12/2021 ₦000	Segment assets 31/12/2020 ₦000	Segment liabilities 31/12/2020 ₦000	Segment net assets/liabilities 31/12/2020 ₦000
Class of business						
Civil works	118,749,797	(154,430,687)	(35,680,891)	78,850,926	(93,276,518)	(14,425,592)
Building works	67,106,876	(89,937,703)	(22,830,827)	44,559,565	(54,322,595)	(9,763,030)
Services	190,737,937	(145,360,053)	45,377,883	126,651,695	(87,797,833)	38,853,862
	376,594,609	**(389,728,443)**	**(13,133,834)**	**250,062,186**	**(235,396,946)**	**14,665,240**
Net cash	55,978,451	(19,179,892)	36,798,559	20,253,663	(19,301,811)	951,852
Unallocated assets/ (liabilities)	22,256,721	(16,008,608)	6,248,113	21,030,915	(13,883,639)	7,147,276
	454,829,781	**(424,916,943)**	**29,912,838**	**291,346,764**	**(268,582,396)**	**22,764,368**

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

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

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

8. Revenue

	Group 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
Construction contracts	298,780,268	218,399,658	297,395,030	218,285,931
Rendering of services	40,026,530	23,379,797	19,815,473	16,920,744
	338,806,798	241,779,455	317,210,503	235,206,675

9. Investment income

	Group 31/12/2021 ₦ 000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
Investment income consists of interest income from				
Interest income	994,199	461,325	994,199	461,273
Dividend received	–	–	143,000	543,000
	994,199	461,325	1,137,199	1,004,273

10. Other gains and losses

	Group 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
Profit from sale of PPE	1,113,495	1,271,270	1,114,589	1,272,190
Net foreign exchange losses	(2,561,278)	(3,786,034)	(3,364,916)	(4,391,995)
Sundry income	5,269,909	1,347,454	4,880,669	1,785,085
	3,822,126	(1,167,310)	2,630,342	(1,334,720)

11. Finance costs

	Group 31/12/2021 ₦ 000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
Interest on overdraft	2,303,230	2,191,798	2,303,230	2,191,798
Interest on loan	1,231,029	319,156	1,231,029	762,087
Other finance charges	696,545	1,204,979	751,360	763,190
	4,230,804	3,715,933	4,285,619	3,717,075

12. Profit for the year

	Group 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
Profit for the year has been arrived at after charging/(crediting)				
Net foreign exchange losses	2,561,278	3,786,034	3,364,916	4,391,995
Depreciation of PPE	7,808,740	6,571,548	7,501,631	6,265,650
Net impairment of financial assets	1,086,270	(1,122,986)	1,260,409	(953,699)
Net armotisation of right-of-use assets	2,036,616	1,947,855	1,199,835	1,112,797
Depreciation of investment property	98,854	98,725	98,854	98,725
Net impairment	(556,052)	220,169	(556,052)	319,792
Audit remuneration (see Note 12.1)	110,186	103,055	62,535	55,920
Staff costs (see Note 13)	79,606,815	64,833,242	64,039,520	50,351,796
Gain on disposal of PPE	(1,113,495)	(1,271,270)	(1,114,589)	(1,272,190)

12.1 Auditors' remuneration

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

	Group 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
Audit fees				
Parent group	59,535	52,920	59,535	52,920
Subsidiaries auditors (Ernst & Young and Deloitte & Touche and G.E Osagie)	47,651	47,135	–	–
Other audit related fees	3,000	3,000	3,000	3,000
Audit and audit-related fees	**110,186**	**103,055**	**62,535**	**55,920**
Other fees				
Taxation	13,770	13,770	4,500	4,500
Others	1,350	1,350	250	250
Total fees	125,306	118,175	67,285	60,670

13. Staff costs and employee numbers

	Group 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
Wages and salaries	76,199,737	61,585,046	61,017,655	47,848,383
Social security costs	4,865	4,865	–	–
Defined benefit plans	739,581	1,002,013	513,382	411,402
Defined contribution (pension schemes)	2,662,632	2,241,318	2,508,483	2,092,011
	79,606,815	64,833,242	64,039,520	50,351,796

	Group 31/12/2021 Number	Group 31/12/2020 Number	Company 31/12/2021 Number	Company 31/12/2020 Number
Average number of employees excluding Key Management Personnel are:				
Senior management	54	45	31	28
Senior staff	818	773	545	494
Junior staff	12,482	10,983	11,898	10,388
	13,354	11,801	12,474	10,910

	Group 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
Staff costs excluding Key Management Personnel analysed as follows:				
Senior management	3,685,715	2,978,537	2,769,124	2,039,909
Senior staff	21,516,334	19,139,722	13,416,462	11,154,608
Junior staff	53,246,221	41,771,382	46,697,888	36,213,678
	78,448,270	63,889,641	62,883,475	49,408,195

	Group 31/12/2021 Number	Group 31/12/2020 Number	Company 31/12/2021 Number	Company 31/12/2020 Number
The average number of employees employed was as follows:				
Civil works	5,273	4,631	5,273	4,615
Building works	2,467	1,845	2,160	1,639
Services	5,614	5,325	5,041	4,656
	13,354	11,801	12,474	10,910

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

	Group 31/12/2021 Number	Group 31/12/2020 Number	Company 31/12/2021 Number	Company 31/12/2020 Number
Up to - ₦500,000.00	1,625	1,531	1,619	1,416
₦500,001.00 - ₦1,000,000.00	2,189	2,044	2,161	1,890
₦1,000,001.00 - ₦2,000,000.00	4,583	4,026	4,256	3,789
₦2,001,001.00 - ₦3,000,000.00	1,855	1,566	1,701	1,487
Above ₦3,000,000.00	3,102	2,634	2,737	2,328
	13,354	11,801	12,474	10,910

14. Taxation

14.1 Income tax recognised in profit or loss

	Group 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
Current tax				
Current tax expense in respect of the current year	3,835,502	2,908,848	2,663,400	2,063,572
Education tax 2.5 % (2020:2%) of assessable profit	590,390	281,734	570,375	274,562
Police trust fund levy in the current year	543	416	540	404
Adjustments in relation to the current tax of prior years	400,063	(23,000)	–	–
Deferred tax				
Deferred tax charged in the current year	1,245,134	(846,458)	516,588	(207,568)
Total income tax expense recognised in the current year	**6,071,632**	**2,321,540**	**3,750,903**	**2,130,970**
The income tax expense for the year can be reconciled to the accounting profit as follows:				
Profit before tax from operations	**14,176,018**	**3,856,642**	**10,794,746**	**8,075,009**
Expected income tax expense calculated at 30 % (2020 30 %)	4,252,805	1,156,993	3,238,424	2,422,503
Education tax expense calculated at 2.5 % (2020: 2 %) of assessable profit	590,390	281,734	570,375	274,562
Police trust fund levy in the current year	416	416	404	404
Effect of expenses that are not deductible in determining taxable profit	(17,113)	1,728,855	(574,888)	(358,931)
Deferred tax expense recognised in the current year	1,245,134	(846,458)	516,588	(207,568)
Income tax expense recognised in profit or loss	**6,071,632**	**2,321,540**	**3,750,903**	**2,130,970**
Relating to the component of profit or loss	5,831,708	2,620,369	3,510,979	2,429,799
Relating to the component of other comprehensive income	239,924	(298,829)	239,924	(298,829)
	6,071,632	2,321,540	3,750,903	2,130,970

The tax rate used for the 2021 and 2020 reconciliations above is the corporate tax rate of 30% payable by corporate entities in Nigeria on taxable profits under the Companies Income Tax Act.

14.2 Current tax liabilities

	Group 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
Income tax payable				
Expense	3,835,502	2,908,848	2,663,400	2,063,572
Provisional payment	(957,618)	(565,662)	–	–
	2,877,884	**2,343,186**	**2,663,400**	**2,063,572**
Education tax payable	590,390	281,734	570,375	274,562
Police trust fund levy in the current year	555	416	540	404
	3,468,829	**2,625,336**	**3,234,315**	**2,338,538**

14.3 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
Deferred tax assets	6,730,603	4,413,990	5,213,061	4,011,003
Deferred tax liabilities	(12,060,675)	(8,498,928)	(9,412,896)	(7,694,250)
Deferred tax liabilities (net)	**(5,330,072)**	**(4,084,938)**	**(4,199,835)**	**(3,683,247)**
The gross movement in deferred taxation during the year				
Balance at beginning of year	4,084,938	4,931,396	3,683,247	3,890,815
Profit or loss charge	1,005,210	(547,629)	276,664	91,261
Tax charge relating to components of other comprehensive income	239,924	(298,829)	239,924	(298,829)
Balance at end of year	**5,330,072**	**4,084,938**	**4,199,835**	**3,683,247**

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

14.3.1 Deferred tax – Group

Group	Accelerated tax depreciation ₦000	Adjustments and fair value gains ₦000	Others ₦000	Total ₦000
Deferred tax liabilities				
Balance at January 1, 2021	8,565,915	(417,486)	350,499	8,498,928
Charged to profit or loss	1,404,470	340,030	1,817,247	3,561,747
Balance at December 31, 2021	**9,970,385**	**(77,456)**	**2,167,746**	**12,060,675**

Group	Retirement benefit obligation ₦000	Impairment and tax losses ₦000	Provisions and others ₦000	Total ₦000
Deferred tax assets				
Balance at January 1, 2021	(304,364)	(3,716,725)	(392,901)	(4,413,990)
Charged to profit or loss	(201,902)	(1,315,135)	(1,039,500)	(2,556,537)
Charged to other comprehensive income	239,924	–	–	239,924
Balance at December 31, 2021	**(266,342)**	**(5,031,860)**	**(1,432,401)**	**(6,730,603)**

14.3.2 Deferred tax – Company

Company	Accelerated tax depreciation ₦000	Adjustments and fair value gains ₦000	Others ₦000	Total ₦000
Deferred tax liabilities				
Balance at January 1, 2021	8,328,053	(633,803)	–	7,694,250
Charged to profit or loss	1,447,412	272,630	(1,396)	1,718,646
Balance at December 31, 2021	**9,775,465**	**(361,173)**	**(1,396)**	**9,412,896**

Company	Retirement benefit obligation ₦000	Impairment and tax losses ₦000	Provisions and others ₦000	Total ₦000
Deferred tax assets				
Balance at January 1, 2021	(258,494)	(3,715,797)	(36,712)	(4,011,003)
Charged to profit or loss	–	(1,319,099)	(122,883)	(1,441,982)
Charged to other comprehensive income	239,924	–	–	239,924
Balance at December 31, 2021	**(18,570)**	**(5,034,896)**	**(159,595)**	**(5,213,061)**

15. Earnings per share

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

Earnings/(Loss) per share	Group 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
Earnings				
Earnings for the purpose of basic earnings and diluted earnings per share being net profit attributable to equity holders of the Company	8,852,129	7,281,850	7,782,070	5,010,198
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,600,000	1,584,000	1,600,000	1,584,000
Effect of dilutive potential ordinary shares				
Bonus share	–	16,000	–	16,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,600,000	1,600,000	1,600,000	1,600,000
Earnings per 50 K share (₦) – basic	**5.53**	**4.60**	**4.86**	**3.16**
Earnings per 50 K share (₦) – diluted	**5.53**	**4.55**	**4.86**	**3.13**

16. Property, Plant and Equipment

Group PPE	Land ₦000	Buildings ₦000	Plant and machinery ₦000	Office equipment ₦000	Total ₦000
Cost					
As at January 1, 2020	6,361,864	10,746,891	117,344,238	2,166,787	136,619,780
Additions	424,917	1,101,733	8,197,968	79,569	9,804,187
Disposal	–	–	(14,780)	(59,664)	(74,444)
Reclassifications as held for sale	–	–	(4,433,542)	–	(4,433,542)
Adjustment and exchange difference	(116,835)	116,835	149,587	9,116	158,703
As at January 1, 2021	**6,669,946**	**11,965,459**	**121,243,471**	**2,195,808**	**142,074,684**
Additions	79,427	454,032	34,139,789	19,832	34,693,080
Disposal	–	–	(19,761)	(16,052)	(35,813)
Reclassifications as held for sale	–	–	(2,405,107)	(100)	(2,405,207)
Adjustment and exchange difference	–	–	(26,704)	–	(26,704)
At December 31, 2021	**6,749,373**	**12,419,491**	**152,931,688**	**2,199,488**	**174,300,040**
Accumulated depreciation					
As at January 1, 2020	–	5,090,037	86,681,646	1,009,831	92,781,514
Charge for the year	–	321,386	6,182,141	68,021	6,571,548
Disposal	–	–	(11,863)	(59,664)	(71,527)
Adjustment and exchange difference	–	–	70,283	–	70,283
Reclassifications as held for sale	–	–	(4,133,072)	–	(4,133,072)
As at January 1, 2021	**–**	**5,411,423**	**88,789,135**	**1,018,188**	**95,218,746**
Charge for the year	–	369,473	7,382,497	56,771	7,808,740
Disposal	–	–	(17,784)	(4,429)	(22,213)
Adjustment and exchange difference	–	–	(17,641)	–	(17,641)
Reclassifications as held for sale	–	–	(2,192,916)	(95)	(2,193,011)
At December 31, 2021	**–**	**5,780,896**	**93,943,291**	**1,070,435**	**100,794,621**
Impairment					
Balance at January 1, 2020	–	–	968,985	99,621	1,068,606
Charges for the year	–	–	319,790	–	319,790
Reversal in the year	–	–	–	(99,621)	(99,621)
Balance at January 1, 2021	**–**	**–**	**1,288,775**	**–**	**1,288,775**
Charges for the year	–	–		–	–
Reversal in the year	–	–	(556,052)	–	(556,052)
Balance at December 31, 2021	**–**	**–**	**732,723**	**–**	**732,723**
Carrying amount					
At December 31, 2021	**6,749,373**	**6,638,595**	**58,255,674**	**1,129,053**	**72,772,695**
At December 31, 2020	**6,669,946**	**6,554,036**	**31,165,561**	**1,177,620**	**45,567,163**

Company PPE	Land ₦000	Buildings ₦000	Plant and machinery ₦000	Office equipment ₦000	Total ₦000
Cost					
As at January 1, 2020	6,069,940	9,141,074	116,190,830	21,916	131,423,760
Additions	424,917	1,015,632	8,059,904	–	9,500,453
Reclassifications as held for sale	–	–	(4,414,805)	–	(4,414,805)
Adjustment and exchange difference	(116,835)	116,835	–	–	–
As at January 1, 2021	**6,378,022**	**10,273,541**	**119,835,929**	**21,916**	**136,509,408**
Additions	79,427	454,032	34,043,404	–	34,576,863
Reclassifications as held for sale	–	–	(2,405,107)	–	(2,405,107)
At December 31, 2021	**6,457,449**	**10,727,573**	**151,474,226**	**21,916**	**168,681,164**
Accumulated depreciation and impairment loss					
As at January 1, 2020	–	4,706,777	86,026,921	20,848	90,754,546
Charge for the year	–	254,363	6,011,287	–	6,265,650
Reclassifications as held for sale	–	–	(4,115,368)	–	(4,115,368)
As at January 1, 2021	**–**	**4,961,140**	**87,922,840**	**20,848**	**92,904,828**
Charge for the year	–	299,607	7,202,024	–	7,501,631
Reclassifications as held for sale	–	–	(2,192,916)	–	(2,192,916)
At December 31, 2021	**–**	**5,260,747**	**92,931,948**	**20,848**	**98,213,543**
Impairment					
Balance at January 1, 2020	–	–	968,984	–	968,984
Charge for the year	–	–	319,792	–	319,792
Balance at January 1, 2021	**–**	**–**	**1,288,776**	**–**	**1,288,776**
Reversal in the year	–	–	(556,052)	–	(556,052)
Balance at December 31, 2021	**–**	**–**	**732,724**	**–**	**732,724**
Carrying amount					
At December 31, 2021	**6,457,449**	**5,466,826**	**57,809,554**	**1,068**	**69,734,897**
At December 31, 2020	**6,378,022**	**5,312,401**	**30,624,313**	**1,068**	**42,315,804**

17. Non-current assets held for sale

Group	Plant and machinery ₦ 000	Office equipment ₦ 000	Total ₦ 000
As at January 1, 2020	22,962	290	23,252
Additions	300,470	–	300,470
Impairment	(5,876)	–	(5,876)
Disposal	(211,683)	(290)	(211,973)
Balance at January 1, 2021	**105,873**	**–**	**105,873**
Additions	212,191	–	212,191
Disposal	(191,175)	–	(191,175)
Balance at December 31, 2021	**126,889**	**–**	**126,889**

Company	Plant and machinery ₦ 000	Office equipment ₦ 000	Total ₦000
As at January 1, 2020	21,263	290	21,553
Additions	299,437	–	299,437
Impairment	(5,876)	–	(5,876)
Disposal	(211,683)	(290)	(211,973)
Balance at January 1, 2021	**103,141**	**–**	**103,141**
Additions	212,191	–	212,191
Disposal	(188,443)	–	(188,443)
Balance at December 31, 2021	**126,889**	**–**	**126,889**

At the reporting date, PPE of ₦212.2 million (2020: ₦300.5 million) were reclassified as non-current assets held for sale. The assets are taken to the sales yard once it has been determined that their value will be realised from sale and not continuous use in the business operation by the Company's Equipment Repair Centre and sales is expected to be completed within one year.

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18. Right-of-use assets

18.1 Buildings

	Group 31/12/2021 ₦ 000	Group 31/12/2020 ₦ 000	Company 31/12/2021 ₦ 000	Company 31/12/2020 ₦ 000
Cost				
Balance at 1 January	17,518,733	14,760,536	3,656,130	2,503,712
Additions	1,198,852	2,758,197	1,547,648	1,152,418
Balance at 31 December	**18,717,585**	**17,518,733**	**5,203,778**	**3,656,130**
Accumulated amortisation				
Balance at January 1	3,250,856	1,303,001	1,698,155	585,358
Charge for the year	2,036,616	1,947,855	1,199,835	1,112,797
Balance at December 31	**5,287,472**	**3,250,856**	**2,897,990**	**1,698,155**
Carrying amount at 31 December	**13,430,113**	**14,267,877**	**2,305,788**	**1,957,975**

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

19. Intangible assets

19.1 Goodwill

	Group 31/12/2021 ₦ 000	Group 31/12/2020 ₦ 000	Company 31/12/2021 ₦ 000	Company 31/12/2020 ₦ 000
Cost	4,606,412	4,606,412	–	–
Exchange difference	6,544,090	6,787,100	–	–
	11,150,502	**11,393,512**	**–**	**–**

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

19.2 Other intangible assets

	Group Concession asset (note 19.2.1) ₦ 000	Group Total ₦ 000	Company Licenses ₦ 000	Company Total ₦ 000
Cost				
Balance at January 1, 2021	2,451,389	2,451,389	–	–
Additions during the year	–	–	–	–
Balance at December 31, 2021	**2,451,389**	**2,451,389**	**–**	**–**
Accumulated amortisation				
Balance at January 1, 2021	377,136	377,136	–	–
Charge for the year	188,568	188,568	–	–
Balance at December 31, 2021	**565,704**	**565,704**	**–**	**–**
Carrying amount				
Balance at December 31, 2021	**1,885,685**	**1,885,685**	**–**	**–**
Balance at December 31, 2020	**2,074,253**	**2,074,253**	**–**	**–**

Notes:

19.2.1: This represents the present value of future concession payments to Nigeria Port Authority by Julius Berger Services Nigeria Limited relating to the service concession arrangement for the Multi-Purpose Terminal C (Canal Berth) at Warri Old Port. The related liability is disclosed in Note 32. The outstanding lease term is 10 years up to 2031.

20. Investment property

	Group 31/12/2021 ₦ 000	Group 31/12/2020 ₦ 000	Company 31/12/2021 ₦ 000	Company 31/12/2020 ₦ 000
Cost				
As at 1 January	2,742,372	2,742,372	2,742,372	2,742,372
Additions during the year	42,817	–	42,817	–
At 31 December	**2,785,189**	**2,742,372**	**2,785,189**	**2,742,372**
Accumulated amortisation				
As at 1 January	769,465	949,941	769,465	949,941
Adjustment	(89,655)	(279,201)	(89,655)	(279,201)
Charge for the year	98,854	98,725	98,854	98,725
At 31 December	**778,664**	**769,465**	**778,664**	**769,465**
Carrying amount				
At 31 December	**2,006,525**	**1,972,907**	**2,006,525**	**1,972,907**

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

The fair value of the Group's investment property at December 31, 2021, has been arrived at on the basis of a valuation carried out by Kezito Kevin & Partners, an independent estate surveyors and valuers and certified by the firm's partner, Mr Alex O. James, FRC/2012/NIESV/00000000117 at that date to be ₦2 billion. The Group believes that the valuation conforms to the requirement of IFRS 13. The fair value was determined based on the income based approach and the discounted cash flow technique.

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

21. Investments

21.1 Investments in subsidiaries

	Group 31/12/2021 ₦ 000	Group 31/12/2020 ₦ 000	Company 31/12/2021 ₦ 000	Company 31/12/2020 ₦ 000
As at 1 January	–	–	16,916,771	16,916,771
Additions during the year	–	–	–	–
Disposals	–	–	–	–
At 31 December	**–**	**–**	**16,916,771**	**16,916,771**

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

Name of subsidiaries	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the parent 2021	2020
Abumet Nigeria Ltd.	Manufacturers and dealers in aluminum, steel, iron or other structural products of such nature.	Abuja, Nigeria	90.0%	90.0%
Julius Berger Free Zone Enterprise	Planning and construction of all kinds and aspects of civil engineering works and related activities as well as maintanance of buildings and facilities in Free Trade Zones.	Abuja, Nigeria	100.0%	100.0%
Julius Berger International GmbH	Providers of logistical and technical support on an international level	Wiesbaden, Germany	100.0%	100.0%
Julius Berger Investments Ltd.	Investment company and managers	Abuja, Nigeria	100.0%	100.0%
Julius Berger Medical Services Ltd.	Health care providers for the operation of medical service institutions and all form of medical and health care services.	Abuja, Nigeria	100.0%	100.0%
Julius Berger Services Nigeria Ltd.	Providers of ports services, stevedores, cargo superintendents, port management, warehousemen, agents and proprietors of warehouses.	Abuja, Nigeria	100.0%	100.0%
PrimeTech Design and Engineering Nigeria Ltd.	Engineers, planning, design, development and maintenance of engineering works and products of all description.	Abuja, Nigeria	100.0%	100.0%

21.2 Other financial assets

	Deposit for shares ₦000	Loans and receivables ₦000	Total ₦000
As at January 1, 2021	2,305,606	–	2,305,606
Exchange difference	139,095	–	139,095
Reclassification	(2,444,701)	2,444,701	–
Impairment during the year	–	(51,821)	(51,821)
At December 31, 2021	**-**	**2,392,880**	**2,392,880**

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

The deposit for shares was categorised as an equity instrument and measured at cost less impairment in the prior year. In the current year, it has been converted to a debt instrument, consequently reclassified to loans and receivables and tested for impairment.

22. Inventories

	Group 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
Construction materials	14,564,100	3,956,220	14,564,100	3,956,220
Consumables	8,762,075	5,396,128	7,121,639	4,375,922
Spares	11,465,699	6,807,709	11,382,616	6,762,005
Others	1,849,746	663,557	1,085,959	404,152
	36,641,621	**16,823,614**	**34,154,314**	**15,498,299**
Allowances (Note 22.1)	(311,456)	(285,852)	(162,033)	(157,738)
	36,330,165	**16,537,762**	**33,992,281**	**15,340,561**

22.1 Obsolete inventory

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

	Group 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
Balance at beginning of year	285,852	332,656	157,738	211,763
Amount charged/ (written back) to profit or loss	25,604	(46,804)	4,295	(54,025)
Balance at end of year	**311,456**	**285,852**	**162,033**	**157,738**

22.2 Inventory recognised as expense

The cost of inventories recognised as an expense during the year in respect of operations was ₦137.6 billion (December 31, 2020: ₦105.4 billion).

22.3 Inventory pledged as securities

Inventories have not been pledged as security for liabilities.

23. Contract liabilities

	Group 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
Construction costs incurred plus recognised profits less recognised losses to date	–	–	–	–
Less progress billings	(290,329,565)	(167,878,168)	(289,640,487)	(167,360,747)
	(290,329,565)	**(167,878,168)**	**(289,640,487)**	**(167,360,747)**
Recognised and included in the Consolidated and Separate Financial Statements as amounts				
Due to customers under construction contracts (Note 23.1)	(290,329,565)	(167,878,168)	(289,640,487)	(167,360,747)
	(290,329,565)	**(167,878,168)**	**(289,640,487)**	**(167,360,747)**

23.1 Contract liabilities

Contract liabilities analysed as follows:	Group 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
Current portion	689,078	517,421	–	–
Non-current portion	289,640,487	167,360,747	289,640,487	167,360,747
	290,329,565	**167,878,168**	**289,640,487**	**167,360,747**

24. Trade and other receivables

	Group 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
Trade receivables				
Contract and retention receivables (Note 24.5)	167,453,654	144,043,228	154,213,321	129,095,873
Receivables from rendering of services	3,109,661	4,240,428	8,934,649	8,934,649
Less allowance for doubtful debt (Note 24.3)	(12,009,834)	(9,438,759)	(7,523,860)	(7,163,100)
	158,553,481	**138,844,897**	**155,624,110**	**130,867,422**
Other receivables				
Supplier advances	27,343,467	9,809,426	26,242,877	9,351,402
Amount owed by related entities (Note 36.2)	–	–	5,824,988	4,694,221
Amount owed by staff debtors	601,579	259,947	586,775	251,372
Prepayments and accrued income	13,815,824	2,649,243	13,686,124	2,623,437
Other receivables	22,417,915	11,629,010	22,410,092	11,215,421
	222,732,266	**163,192,523**	**224,374,966**	**159,003,275**
Analysed as follows:				
Current Portion	162,700,642	98,344,953	164,343,342	94,155,705
Non-current Portion	60,031,624	64,847,570	60,031,624	64,847,570
	222,732,266	**163,192,523**	**224,374,966**	**159,003,375**

Trade receivables expected to be recovered within one year include retentions of Nil (2020: Nil) relating to contracts in progress.

Trade and other receivables are classified as loans and receivables.

The Group has recognised an allowance for doubtful debts (see Note 24.3) against all receivables over 6 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 the Management's assessment of the credit quality of individual customers, receivables that are in dispute, financial standing of customers and the willingness of the customers to pay.

Trade receivables disclosed above include amounts (see table on page 116 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 3 years outstanding are still considered recoverable.

24.1 Age of receivables that are past due but not impaired

	Group 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
0 – 3 years	222,732,266	163,192,523	224,374,966	159,003,275
Above 3 years	–	–	–	–
	222,732,266	**163,192,523**	**224,374,966**	**159,003,275**

24.2 Age of receivables that are past due but impaired

	Group 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
0 – 3 years	4,485,974	2,275,659	–	–
Above 3 years	7,523,860	7,163,100	7,523,860	7,163,100
	12,009,834	**9,438,759**	**7,523,860**	**7,163,100**

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

24.3 Allowances for credit losses

	Group 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
Balance at 1 January	9,438,759	8,919,789	7,163,100	8,540,686
Impairment losses recognised on receivables	2,606,250	2,086,700	360,760	–
Amounts recovered during the year	(35,175)	(1,567,730)	–	(1,377,586)
Balance at 31 December	**12,009,834**	**9,438,759**	**7,523,860**	**7,163,100**

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

24.4 Information about concentration risk

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

24.5 Contract and retention receivables

	Group 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
Balance at 1 January	144,043,228	132,713,438	129,095,873	121,868,170
Movements in the year	23,410,426	11,329,790	25,117,448	7,227,703
Balance at 31 December	**167,453,654**	**144,043,228**	**154,213,321**	**129,095,873**

24.6 Impairment of financial assets

	Group 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
Recognised on trade receivables	2,658,071	2,086,700	360,760	–
Recognised on withholding tax receivables	1,121,445	444,744	1,260,409	423,887
Impairment losses reversed	(35,175)	(1,567,730)	–	(1,377,586)
	3,744,341	**963,714**	**1,621,169**	**(953,699)**

25. Tax receivables

	Group 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
Balance at 1 January	30,532,451	27,878,593	29,471,664	26,869,348
Movements in the year	15,280,117	13,203,327	14,802,430	12,735,711
Utilised as tax offset	(7,419,179)	(5,997,644)	(6,921,163)	(5,824,801)
	38,393,390	**35,084,276**	**37,352,931**	**33,780,258**
Allowances	(5,673,270)	(4,551,825)	(5,569,003)	(4,308,594)
Balance at 31 December	**32,720,120**	**30,532,451**	**31,783,928**	**29,471,664**
Made up as follows:				
Current portion	2,884,222	2,349,524	2,663,400	2,063,572
Non-current portion	29,835,898	28,182,927	29,120,528	27,408,092
	32,720,120	**30,532,451**	**31,783,928**	**29,471,664**

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

26. Contract assets

	Group 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
Balance at 1 January	1,646,457	1,539,910	–	–
Additions	12,476,339	106,547	12,396,224	–
Reclassifications	(160,156)	–	–	–
Balance at December 31	**13,962,640**	**1,646,457**	**12,396,224**	**–**

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

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

27. Issued capital and dividend

	Group 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
Share capital (Note 27.1)	800,000	792,000	800,000	792,000
Share premium	425,440	425,440	425,440	425,440
	1,225,440	**1,217,440**	**1,225,440**	**1,217,440**

27.1 Share capital

The issued and paid-up share capital of the Company is ₦800 million (2020: ₦800 million). This comprises 1.6 billion (2020: 1.6 billion) ordinary shares of 50 Kobo each. All the ordinary shares rank parri passu in all respects. To the Company's knowledge and belief, there are no restrictions on the transfer of shares in the Company or on voting rights between holders of shares.

27.2 Scrip Capitalisation

Resolved and declared at the 51st Annual General Meeting, the capitalisation of the sum of ₦8,000,000 (eight million naira) from the retained earnings has been distributed as fully paid-up ordinary shares to existing shareholders, whose name appeared in the Register of Members as at the close of business on May 28, 2021 in the proportion of one new ordinary share for every 99 existing ordinary share held by them

27.3 Dividend

The Directors are proposing a final dividend in respect of the financial year ended December 31, 2021 of ₦2.50 per share (2020: ₦0.40), which will absorb an estimated ₦4 billion (2020: ₦633.6 billion) of equity. Subject to approval, it will be paid on June 17, 2022, to shareholders on the register of members as at close of business on May 27, 2022 (qualification date). The dividend has not been provided for and withholding tax will be deducted at the appropriate rate when payment is made.

27.3.1 Unclaimed dividend

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

Unclaimed dividend as at December 31, 2021	Year	Registrar ₦ 000	Company ₦ 000
Dividend No. 32	2010	13,067	54,227
Dividend No. 33	2011	16,980	70,022
Dividend No. 34	2012	22,316	91,708
Dividend No. 35	2013	21,496	90,582
Dividend No. 36	2014	23,905	99,494
Dividend No. 37	2015	24,038	103,172
Dividend No. 38	2016	15,250	65,404
Dividend No. 39	2018	12,461	55,821
Dividend No. 40	2019	25,042	112,827
Dividend No. 41	2020	29,276	131,121
Dividend No. 42	2021	35,882	–

28. Non-controlling interest

	Group 31/12/2021 ₦ 000	Group 31/12/2020 ₦ 000	Company 31/12/2021 ₦ 000	Company 31/12/2020 ₦ 000
Balance at 1 January	59,195	57,357	–	–
Share of (loss)/profit for the year	(53,356)	3,838	–	–
Dividend paid to non-controlling interest	–	(2,000)	–	–
Balance at 31 December	**5,839**	**59,195**	**–**	**–**

29. Borrowings

	Group 31/12/2021 ₦ 000	Group 31/12/2020 ₦ 000	Company 31/12/2021 ₦ 000	Company 31/12/2020 ₦ 000
Bank overdraft (29.1)	19,179,892	19,301,811	19,179,892	19,301,811
Term loan (29.2)	5,590,022	7,813,823	5,590,022	7,813,823
	24,769,914	**27,115,634**	**24,769,914**	**27,115,634**

29.1 Bank overdraft

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

29.2 Term loan

This relates to the drawdown of a loan of €25,000,000 secured from Zenith Bank Plc in 2019 to finance the purchase and importation of various construction equipment. The loan has a tenure of five years and repayable in 10 equal and consecutive semi-annual installment commencing six months from the date of initial drawdown at an interest of 6.2%.

29.2.1 Term loan movement schedule

	Group 31/12/2021 ₦ 000	Group 31/12/2020 ₦ 000	Company 31/12/2021 ₦ 000	Company 31/12/2020 ₦ 000
Balance at 1 January	7,813,823	9,092,469	7,813,823	9,092,469
Exchange difference	166,793	666,543	166,793	666,543
Repayment in the year	(2,390,594)	(1,945,189)	(2,390,594)	(1,945,189)
Balance at 31 December	**5,590,022**	**7,813,823**	**5,590,022**	**7,813,823**
Analysed as follows:				
Current portion	2,310,386	2,310,386	2,310,386	2,310,386
Non-current portion	3,279,636	5,503,437	3,279,636	5,503,437
	5,590,022	**7,813,823**	**5,590,022**	**7,813,823**

30. Retirement benefit liabilities

30.1 Defined contribution plan

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

Staff pensions	Group 31/12/2021 ₦ 000	Group 31/12/2020 ₦ 000	Company 31/12/2021 ₦ 000	Company 31/12/2020 ₦ 000
Balance at 1 January	340,301	148,450	326,730	136,141
Provision during the year	2,662,632	2,241,318	2,508,483	2,092,011
Remittance to pension fund administrators	(2,792,651)	(2,049,467)	(2,637,812)	(1,901,422)
Balance at 31 December	**210,282**	**340,301**	**197,401**	**326,730**

The total expense for the defined contribution plans amounted to ₦2.663 billion (2020: ₦2.241 billion).

30.2 Defined benefit plan – discontinued scheme

	Group 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
Present value of unfunded defined benefit obligation	3,757,987	4,615,549	2,863,996	3,224,121
Net liability arising from defined benefit obligation	**3,757,987**	**4,615,549**	**2,863,996**	**3,224,121**

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

	Group 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
Opening defined benefit obligation	4,615,549	3,334,920	3,224,121	2,062,135
Current service cost	457,906	734,503	231,707	143,892
Interest on defined benefit obligation	281,675	267,510	281,675	267,510
Actuarial gains/(losses) due to experience adjustment	(738,227)	933,841	(738,227)	933,841
Payments in the year	(858,916)	(655,225)	(135,280)	(183,257)
Closing defined benefit obligation	**3,757,987**	**4,615,549**	**2,863,996**	**3,224,121**

Liability in the Statement of Financial Position is as follows:

	Group 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
Current portion	210,282	340,301	197,401	326,730
Non-current portion	3,757,987	4,615,549	2,863,996	3,224,121
	3,968,269	**4,955,850**	**3,061,397**	**3,550,851**
The amount recognised in profit or loss and included within staff costs	**3,402,213**	**3,243,331**	**3,021,865**	**2,503,413**

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

Statement of Profit or Loss	Group 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
Cost of sales	457,906	734,503	231,707	143,892
Administrative expenses	2,944,307	2,508,828	2,790,158	2,359,521
	3,402,213	**3,243,331**	**3,021,865**	**2,503,413**
Other comprehensive income	(738,227)	933,841	(738,227)	933,841
	2,663,986	**4,177,172**	**2,283,638**	**3,437,254**

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

30.3 Termination benefits

In the 2012 financial year, an agreement was signed between the Company and the staff union on staff employments benefits pursuant to the termination of the old scheme under the National Joint Industrial Council (NJIC) agreement. The scheme is designed for the benefit of staff member with at least five years continuous service for ex-gratia and 10 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 31/12/2021 Percentage	Valuation at 31/12/2020 Percentage
Discount rate(s)	13.5	9.0
Expected rate(s) of salary increase	12.0	10.0
Average rate(s) of inflation	11.0	11.0

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 31/12/2021 ₦000	Group 31/12/2020 ₦000	Company 31/12/2021 ₦000	Company 31/12/2020 ₦000
Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:	**739,581**	**1,002,013**	**513,382**	**411,402**

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

31. Trade and other payables

31.1 Trade payables

	Group 31/12/2021 ₦ 000	Group 31/12/2020 ₦ 000	Company 31/12/2021 ₦ 000	Company 31/12/2020 ₦ 000
Trade payables	55,139,214	39,085,652	44,395,230	24,413,434
Other payables				
Amount owed to related entities (Note 36.2)	–	–	37,028,496	27,084,481
Other taxation and social security costs	4,685,774	2,404,681	4,685,774	2,404,681
Accruals and deferred income	11,818,306	13,036,308	6,099,281	4,612,691
Dividend payable (Note 31.3)	1,114,090	1,004,889	1,114,090	1,004,889
Other payables	408,804	362,715	116,773	104,968
Trade and other payables	**73,166,188**	**55,894,245**	**93,439,644**	**59,625,144**
Analysed as follows:				
Current Portion	65,430,373	49,720,753	86,682,677	57,611,546
Non-current Portion	7,735,815	6,173,492	6,756,967	2,013,598
	73,166,188	**55,894,245**	**93,439,644**	**59,625,144**

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

31.2 Other taxation and social security costs

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

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

31.3 Dividend summary

	Group 31/12/2021 ₦ 000	Group 31/12/2020 ₦ 000	Company 31/12/2021 ₦ 000	Company 31/12/2020 ₦ 000
Balance at 1 January	1,004,889	867,041	1,004,889	867,041
Dividend declared	635,600	2,642,000	633,600	2,640,000
Dividend refunded	109,201	137,848	109,201	137,848
	1,749,690	3,646,889	1,747,690	3,644,889
Payment	(635,600)	(2,642,000)	(633,600)	(2,640,000)
Balance at 31 December	**1,114,090**	**1,004,889**	**1,114,090**	**1,004,889**

32. Lease liabilities

	Group 31/12/2021 ₦ 000	Group 31/12/2020 ₦ 000	Company 31/12/2021 ₦ 000	Company 31/12/2020 ₦ 000
Maturity analysis - Contractual undiscounted cash flows				
Less than one year	1,013,682	831,248	948,568	766,134
One to five years	8,711,424	8,190,312	1,394,577	873,465
More than five years	13,087,135	12,907,135	960,000	780,000
Total undiscounted lease liabilities at 31 December	**22,812,241**	**21,928,695**	**3,303,145**	**2,419,599**
Lease liabilities included in the statement of financial position				
Balance at 1 January	15,810,120	14,839,120	597,232	656,476
Addition during the year	986,079	2,701,474	1,172,205	1,138,396
Interest on leases	896,531	868,019	229,403	98,065
Payments during the year	(2,558,396)	(2,598,493)	(940,550)	(1,295,705)
Balance at 31 December	**15,134,334**	**15,810,120**	**1,058,290**	**597,232**
Analysed as follows:				
Current Portion	1,677,518	1,561,390	179,908	179,908
Non-current Portion	13,456,816	14,248,730	878,382	417,324
	15,134,334	**15,810,120**	**1,058,290**	**597,232**
Amounts recognised in profit or loss				
Interest on lease liabilities	896,531	868,019	229,403	98,065
Amortisation of rights-of-use assets	2,036,616	1,947,855	1,199,835	1,112,797
Amounts recopgnised in the statement of cash flows				
Total cash outflow for leases	**2,558,396**	**2,598,493**	**940,550**	**1,295,705**

33. Provisions

	Group 31/12/2021 ₦ 000	Group 31/12/2020 ₦ 000	Company 31/12/2021 ₦ 000	Company 31/12/2020 ₦ 000
Balance at beginning of year	1,216,352	873,946	300,000	300,000
Provision for the year	11,645	342,406	–	–
Balance at end of year	**1,227,997**	**1,216,352**	**300,000**	**300,000**
Made up as follows:				
Current portion	–	–	–	–
Non-current portion	1,227,997	1,216,352	300,000	300,000
	1,227,997	**1,216,352**	**300,000**	**300,000**

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

	Group 31/12/2021 ₦ 000	Group 31/12/2020 ₦ 000	Company 31/12/2021 ₦ 000	Company 31/12/2020 ₦ 000
Profit for the year	8,798,773	7,285,688	7,782,070	5,010,198
Adjustment for:				
Investment income	(994,199)	(461,325)	(1,137,199)	(1,004,273)
Finance costs	4,230,804	3,715,933	4,285,619	3,717,075
Depreciation of PPE	7,761,463	6,566,702	7,501,631	6,265,650
Impairment loss of PPE	(159,222)	197,520	(556,052)	319,792
Depreciation of investment property	9,199	(180,475)	9,199	(180,475)
Actuarial gains on retirement benefits	(738,227)	933,841	(738,227)	933,841
Gain on disposal of PPE	(1,116,902)	(1,270,472)	(1,114,589)	(1,272,190)
Adjustment/interest on lease liabilities	412,308	424,913	229,403	98,065
Amortisation of right-of-use assets	2,812,764	1,978,485	1,199,835	1,112,797
Exchange differences	(77,355)	–	(136,539)	–
Increase in provisions	11,645	342,406	–	–
Operating cash flows before movements in working capital	**20,951,051**	**19,533,217**	**17,325,151**	**15,000,480**
(Increase)/decrease in inventories	(19,792,403)	2,982,997	(18,651,722)	2,517,445
Decrease/(increase) in contract assets	56,061	(106,546)	–	–
Increase in trade and other receivables	(73,681,215)	(19,007,423)	(77,767,916)	(8,303,422)
Increase in tax receivable	(2,397,138)	(2,586,898)	(2,312,264)	(2,602,316)
(Decrease)/Increase in retirement benefit liabilities	(975,579)	707,860	(489,454)	418,733
Increase in trade and other payables	17,271,942	10,533,092	33,814,501	6,769,660
Increase/(decrease) in contract liabilities	122,893,434	(3,907,392)	122,240,026	(2,569,451)
Cash generated by operations	**64,326,154**	**8,148,907**	**74,158,322**	**11,231,129**
Movement in taxation	3,480,067	(2,339,165)	1,412,365	(1,599,108)
Net cash from operating activities	**67,806,221**	**5,809,742**	**75,570,687**	**9,632,021**

34.1 Analysis of cash, cash equivalents and net cash

Group	Balance at 01/01/2021 ₦ 000	Cash flow ₦ 000	Exchange and non-cash movements ₦ 000	Balance at 31/12/2021 ₦ 000
Cash and bank balances	**34,931,861**	**26,065,602**	**–**	**60,997,463**
Cash and cash equivalents	34,931,861	26,065,602	–	60,997,463
Bank overdraft	(19,301,811)	121,919	–	(19,179,892)
	15,630,050	**26,187,521**	**–**	**41,817,571**

Company	Balance at 01/01/2021 ₦ 000	Cash flow ₦ 000	Exchange and non-cash movements ₦ 000	Balance at 31/12/2021 ₦ 000
Cash and bank balances	**20,253,663**	**35,724,788**	**–**	**55,978,451**
Cash and cash equivalents	20,253,663	35,724,788	–	55,978,451
Bank overdraft	(19,301,811)	121,919	–	(19,179,892)
	951,852	**35,846,707**	**–**	**36,798,559**

35. Financial instruments

35.1 Capital risk management

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

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

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

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

The gearing ratio at the year end is as follows:

	Group 31/12/2021 ₦ 000	Group 31/12/2020 ₦ 000	Company 31/12/2021 ₦ 000	Company 31/12/2020 ₦ 000
Bank overdraft	(19,179,892)	(19,301,811)	(19,179,892)	(19,301,811)
Debt	(5,590,022)	(7,813,823)	(5,590,022)	(7,813,823)
Cash and bank balance	60,997,463	34,931,861	55,978,451	20,253,663
Net debt (i)	**36,227,549**	**7,816,227**	**31,208,537**	**(6,861,971)**
Equity (ii)	**53,112,774**	**44,949,602**	**29,912,838**	**22,764,368**
Net debt to equity ratio	**0.68**	**0.17**	**1.04**	**(0.30)**

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

35.2 Categories of financial instruments

	Group 31/12/2021 ₦ 000	Group 31/12/2020 ₦ 000	Company 31/12/2021 ₦ 000	Company 31/12/2020 ₦ 000
Financial Assets				
Loans and receivables (Amortised costs)				
Trade and other receivables	159,155,060	139,104,844	162,035,873	135,813,015
Tax receivables	32,720,120	30,532,451	31,783,928	29,471,664
Contact assets	13,962,640	1,646,457	12,396,224	–
Other financial assets	2,392,880	2,305,606	–	–
Cash and bank balances	60,997,463	34,931,861	55,978,451	20,253,663
Total Reportable Financial Assets	**269,228,162**	**208,521,219**	**262,194,476**	**185,538,342**
Financial liabilities				
Amortised cost				
Borrowings	24,769,914	27,115,634	24,769,914	27,115,634
Trade and other payables	75,083,263	57,628,018	93,739,644	59,925,144
Lease liabilities	15,134,334	15,810,120	1,058,290	597,232
Current tax liabilities	3,468,829	2,625,336	3,234,315	2,338,538
Fair Value Through Other Comprehensive Income (FVOCI)				
Retirement benefit liabilities	3,968,269	4,955,850	3,061,397	3,550,851
Total Reportable Financial Liabilities	**122,424,609**	**108,134,958**	**125,863,560**	**93,527,399**

35.3 Risk management

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

35.3.1 Market risk management

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

35.3.1.1 Interest rate risk management

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

35.3.2 Foreign currency risk management

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

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

	Group 31/12/2021 ₦ 000	Group 31/12/2020 ₦ 000	Company 31/12/2021 ₦ 000	Company 31/12/2020 ₦ 000
Monetary assets / liabilities denominated in Euro				
Cash and bank balances	3,967,588	14,184,437	112,851	219,283
Trade receivables	6,913,778	10,895,471	3,015,694	3,822,272
Trade payables	(2,520,551)	(24,454,526)	(29,127,242)	(19,123,129)
	8,360,815	**625,381**	**(25,998,696)**	**(15,081,574)**
Monetary assets / liabilities denominated in Dollar				
Cash and bank balances	7,770,347	13,131,083	7,651,215	13,018,812
Trade receivables	(18,260,822)	(18,531,813)	(17,894,595)	(18,711,195)
Trade payables	1,102,290	25,025	1,053,135	110,152
	(9,388,184)	**(5,375,705)**	**(9,190,245)**	**(5,582,230)**

For Euro and US Dollar, 2.13% and 6.03% (2020: 22.94% and 12.55%) respectively, are the sensitivity rates used when reporting foreign currency risk internally to Key Management Personnel and represent 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 2.13% and 6.03% (2020: 22.94% and 12.55%) 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 31/12/2021 ₦ 000	Group 31/12/2020 ₦ 000	Company 31/12/2021 ₦ 000	Company 31/12/2020 ₦ 000
Naira depreciates by 2.13% (2020: 22.94%) against Euro	(178,085)	(10,944)	553,772	(3,459,713)
Naira depreciates by 6.03% (2020: 12.55%) against US Dollar	(566,108)	(7,526)	(554,172)	(700,570)
Impact on reported profit	**(744,193)**	**(18,470)**	**(400)**	**(4,160,283)**

35.3.3 Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its investing activities (primarily trade receivables), and from its financing activities; including deposits with financial institutions and financial guarantees.

35.3.3.1 Trade receivables

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

35.3.3.2 Deposits with financial institutions

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

35.3.3.3 Exposure to credit risks

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

	Group 31/12/2021 ₦ 000	Group 31/12/2020 ₦ 000	Company 31/12/2021 ₦ 000	Company 31/12/2020 ₦ 000
Trade receivables	158,553,481	138,844,897	155,624,110	130,867,422
Cash and bank balances	60,997,463	34,931,861	55,978,451	20,253,663
	219,550,944	**173,776,758**	**211,602,561**	**151,121,085**

35.3.3.4 Collateral held as security and other credit enhancements

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

35.3.3.5 Liquidity risk management

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

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

Group	< 1 year ₦ 000	1 – 3 years ₦ 000	3 – 6 years ₦ 000	Total ₦ 000
Financial assets				
Trade and other receivables	99,123,436	45,184,823	14,846,801	159,155,060
Tax receivable	2,884,222	29,835,898	–	32,720,120
Contract assets	13,962,640	–	–	13,962,640
Other financial assets	–	2,392,880	–	2,392,880
Cash and bank balances	60,997,463	–	–	60,997,463
	176,967,761	**77,413,601**	**14,846,801**	**269,228,162**
Financial liabilities				
Borrowings	21,490,278	3,279,636	–	24,769,914
Trade and other payables	67,347,448	7,735,815	–	75,083,263
Current tax liabilities	3,468,829	–	–	3,468,829
Retirement benefit liabilities	210,282	3,757,987	–	3,968,269
	92,516,837	**14,773,438**	**–**	**107,290,275**

Company	< 1 year ₦ 000	1 – 3 years ₦ 000	3 – 6 years ₦ 000	Total ₦ 000
Financial assets				
Trade and other receivables	102,004,249	45,184,823	14,846,801	162,035,873
Tax receivable	2,663,400	29,120,528	–	31,783,928
Contract assets	12,396,224	–	–	12,396,224
Other financial assets	–	–	–	–
Cash and bank balances	55,978,451	–	–	55,978,451
	173,042,324	**74,305,351**	**14,846,801**	**262,194,476**
Financial liabilities				
Borrowings	21,490,278	3,279,636	–	24,769,914
Trade and other payables	86,982,677	6,756,967	–	93,739,644
Current tax liabilities	3,234,315	–	–	3,234,315
Retirement benefit liabilities	197,401	2,863,996	–	3,061,397
	111,904,671	**12,900,599**	**–**	**124,805,270**

35.3.5 Fair value of financial instruments

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

36. Related party information

36.1 Identity of related entities

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

Abumet Nigeria Ltd.

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

Julius Berger Free Zone Enterprise

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

Julius Berger International GmbH

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

Julius Berger Investments Ltd.

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

Julius Berger Medical Services Ltd.

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

Julius Berger Services Nigeria Ltd.

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

PrimeTech Design and Engineering Nigeria Ltd.

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

Construction Engineering Contracting GmbH

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

36.2 Outstanding balances

	Group 31/12/2021 ₦ 000	Group 31/12/2020 ₦ 000	Company 31/12/2021 ₦ 000	Company 31/12/2020 ₦ 000
Due from related entities				
Abumet Nigeria Ltd.	–	–	3,167,468	2,109,731
Julius Berger Investments Ltd.	–	–	125,750	104,411
Julius Berger Medical Services Ltd.	–	–	173,081	54,341
Julius Berger Services Nigeria Ltd.	–	–	2,097,069	1,990,683
PrimeTech Design and Engineering Ltd.	–	–	261,620	435,056
	–	**–**	**5,824,988**	**4,694,222**
Due to related entities				
Abumet Nigeria Ltd.	–	–	–	381,555
Julius Berger Free Zone Enterprise	–	–	427,504	519,186
Julius Berger International GmbH	–	–	35,513,058	25,073,768
Julius Berger Medical Services Ltd.	–	–	937,934	646,115
Julius Berger Services Nigeria Ltd.	–	–	150,000	415,796
PrimeTech Design and Engineering Nigeria Ltd.	–	–	–	48,060
	–	**–**	**37,028,496**	**27,084,480**

Julius Berger Nigeria Plc AR & CFS 2021 | Notes to the Financial Statements

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

36.3 Related party transactions

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

	Group Sale of goods & services ₦ 000	Group Purchase of goods & services ₦ 000	Company Sale of goods & services ₦ 000	Company Purchase of goods & services ₦ 000
Abumet Nigeria Ltd.	–	–	1,183,863	1,779,517
Julius Berger International GmbH	–	–	215,725	46,770,383
Julius Berger Medical Services Ltd.	–	–	772,138	2,084,380
Julius Berger Services Nigeria Ltd.	–	–	349,262	984,415
PrimeTech Design and Engineering Nigeria Ltd.	–	–	979,627	1,687,169
	–	**–**	**3,500,615**	**53,305,864**

36.4 Key Management Personnel

▪ Mr. Mutiu Sunmonu, CON	- Chairman
▪ Mr. George Marks, (German)	- Vice Chairman
▪ Engr. Jafaru Damulak	- Director
▪ Dr. Ernest Nnaemeka Azudialu-Obiejesi	- Director
▪ Engr. Goni Musa Sheikh	- Director
▪ Mr. Ernest Chukwudi Ebi, MFR, FCIB, FIOD	- Independent Director
▪ Mrs. Belinda Ajoke Disu, CAL	- Director
▪ Mrs. Gladys Olubusola Talabi	- Director
▪ Engr. Dr. Lars Richter (German)	- Managing Director (Executive)
▪ Alhaji Zubairu Ibrahim Bayi	- Director Administration (Executive)
▪ Mr. Martin Brack (German)	- Financial Director (Executive) Resigned wef December 31, 2021
▪ Mr. Christian Hausemann (German)	- Finanical Director (Executive) Appointed wef January 1, 2022
▪ Mr. Tobias Meletschus (German)	- Director Corporate Development (Executive)
▪ Mr. Karsten Hensel (German)	- Director Resigned wef December 31, 2021

36.4.1 Remuneration of Key Management Personnel

	Group 31/12/2021 ₦ 000	Group 31/12/2020 ₦ 000	Company 31/12/2021 ₦ 000	Company 31/12/2020 ₦ 000
Short term benefits	1,158,545	943,601	1,156,045	943,601
Long term benefits	–	–	–	–
Post-employment benefits	–	–	–	–
Termination benefits	–	–	–	–
	1,158,545	**943,601**	**1,156,045**	**943,601**

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

36.5 Details of loans from/to Key Management Personnel

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

36.6 Identify the ultimate controlling party of Julius Berger Nigeria Plc

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

36.7 Other information on Key Management Personnel

	Group 31/12/2021 ₦ 000	Group 31/12/2020 ₦ 000	Company 31/12/2021 ₦ 000	Company 31/12/2020 ₦ 000
Emoluments				
Chairman	10,500	10,500	10,500	10,500
Other Directors	1,148,045	933,101	1,145,545	933,101
	1,158,545	**943,601**	**1,156,045**	**943,601**
Fees	52,000	52,000	49,500	49,500
Other emoluments	1,106,545	891,601	1,106,545	891,601
	1,158,545	**943,601**	**1,156,045**	**941,101**
Highest paid Director	**408,907**	**316,642**	**408,907**	**316,642**

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

₦1,000,001 – ₦3,000,000	–	–	–	–
₦3,000,001 and above	13	13	12	12
Number of Directors who had no emoluments	–	–	–	–

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

37. Guarantees and other financial commitments

37.1 Guarantee, pledge of financial commitments

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

37.2 Contingent liabilities

There are a number of legal suits outstanding against the Company as at 31 December 2021. The Company has made adequate provision for losses that may arise from litigation claims.

37.3 Financial commitments

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

38. Events after the reporting period

There were no material events after the reporting period that could have had material effect on the state of affairs of the Group as at December 31, 2021, and the profit for the year then ended date, which have not been adequately provided for or recognised in the Consolidated Financial Statements.

39. Comparative figures

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

40. Approval of Consolidated Financial Statements

The Consolidated Financial Statements were approved by the Board of Directors and authorised for issue on March 30, 2022.

41. Impact of COVID-19

The Group has considered the impact of COVID-19 on its business operations and has put in place appropriate safeguards to minimise negative impact of the COVID-19 pandemic. In doing so, the Group has considered impacts on the basis of the following accounting standards:

41.1 Expected credit losses under IFRS 9 (Financial instruments)

COVID-19 can affect the ability of the Group to receive payments as and when due, which is an indication of a significant increase in credit risk. For this, the Group reviewed its impairment assessment of trade receivables.

41.2 Impairment of tangible and intangible assets under IAS 36 (Impairment of non-financial assets)

As a result of the impact of COVID-19, the Group performed an impairment assessment of assets (in addition to the requirement to perform an impairment test at least annually of goodwill and intangible assets with an indefinite useful life).

41.3 Deferred tax assets in accordance with IAS 12 (Income taxes)

Tax considerations, e.g. the impact of a reduced flow of goods and services on transfer pricing agreements, recoverability of deferred tax assets and emergency economic stimulus by tax authorities in the form of special tax rebate has been assessed by the Group.

The Board of Directors is taking all necessary steps to ensure business continuity for the Group and to protect its employees, revenue, results and cash-flows as much as possible against the impacts from the COVID-19 pandemic and its impact on the Nigerian economy.

42. Corporate diversification

At the meeting held on September 22, 2020, the Board of Directors approved a diversification opportunity for the Company within the agro-processing sector. The Board of Directors and the Executive Mangement strongly believe that this diversification direction will support the continued success of the Group in the future and align with the strategic objective of the Government to stimulate value creation in Nigeria.

43. Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of The Exchange 2015 (Issuers' Rule), Julius Berger Nigeria Plc maintains a Security Trading Policy (Policy) which guides Directors, Audit Committee members, employees and all individuals categorised as insiders in relation to their dealings in the Company's shares. The Policy undergoes periodic review by the Board and is updated accordingly. The Company has made specific inquiries of all its Directors and other insiders and is not aware of any infringement of the Policy during the period.

Second River Niger Bridge, Asaba/Onitsha

ADDITIONAL INFORMATION

for the year ended December 31, 2021

Julius Berger Nigeria Plc AR & CFS 2021 | 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 2021 ₦000	Group 2021 %	Group 2020 ₦000	Group 2020 %	Company 2021 ₦000	Company 2021 %	Company 2020 ₦000	Company 2020 %
Revenue	**338,806,798**		**241,779,455**		**317,210,503**		**235,206,675**	
Bought in materials and services								
Foreign	(2,108,208)	–	(21,923,982)	–	(31,034,071)	–	(38,568,161)	–
Local	(230,483,034)	–	(135,005,797)	–	(198,717,835)	–	(129,064,100)	–
Value added	**106,215,556**	**100.0**	**84,849,676**	**100.0**	**87,458,597**	**100.0**	**67,574,414**	**100.0**
Applied as follows:								
To pay employees' salaries, wages, and social benefits								
Staff costs	79,606,815	74.9	64,833,242	76.4	64,039,520	73.2	50,351,796	74.5
To pay providers of capital								
Finance costs	4,230,804	4.0	3,715,933	4.4	4,285,619	4.9	3,717,075	5.5
To pay government								
Taxation	4,426,435	4.2	3,190,998	3.8	3,234,315	3.7	2,338,538	3.5
To provide for maintenance and development								
Depreciation	7,907,594	7.4	6,670,273	7.9	7,600,485	8.7	6,364,375	9.4
Deferred tax	1,245,134	1.2	(846,458)	(1.0)	516,588	0.6	(207,568)	(0.3)
Retained earnings	8,852,129	8.3	7,281,850	8.6	7,782,070	8.9	5,010,198	7.4
Non-controlling interest	(53,356)	(0.1)	3,838	0.0	–	–	–	–
Value added	**106,215,556**	**100.0**	**84,849,676**	**100.0**	**87,458,597**	**100.0**	**67,574,414**	**100.0**

Julius Berger Nigeria Plc AR & CFS 2021 | Five-Year Financial Summary

FIVE-YEAR FINANCIAL SUMMARY

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

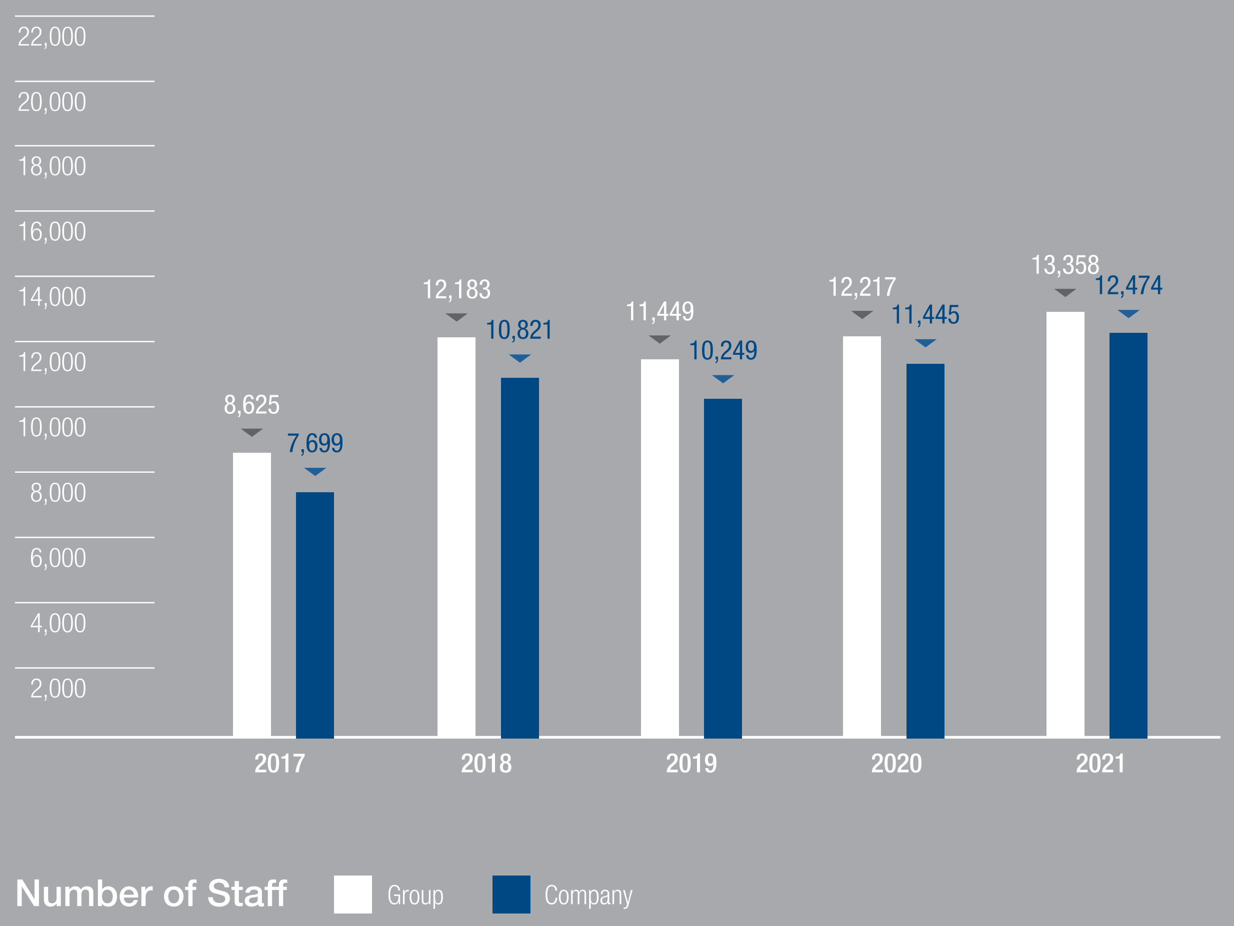
Statement of Financial Position	Group 2021 ₦000	Group 2020 ₦000	Group 2019 ₦000	Group 2018 ₦000	Group 2017 ₦000	Company 2021 ₦000	Company 2020 ₦000	Company 2019 ₦000	Company 2018 ₦000	Company 2017 ₦000
Non-current assets										
Property, plant and equipment	72,772,695	45,567,163	42,769,660	41,342,451	43,621,129	69,734,897	42,315,804	39,700,230	38,636,436	41,036,466
Right-of-use assets	13,430,113	14,267,877	13,457,535	–	–	2,305,788	1,957,975	1,918,354	–	–
Goodwill	11,150,502	11,393,512	9,268,642	9,434,576	9,781,954	–	–	–	–	–
Other intangible assets	1,885,685	2,074,253	2,262,821	–	1,383	–	–	–	–	–
Investment property	2,006,525	1,972,907	1,792,431	2,260,012	2,342,484	2,006,525	1,972,907	1,792,431	2,260,012	2,342,484
Investment in subsidiaries	–	–	–	–	–	16,916,771	16,916,771	16,916,771	16,916,771	16,916,771
Trade and other receivables	60,031,624	64,847,570	52,908,763	61,346,789	68,842,492	60,031,624	64,847,570	52,908,763	65,128,223	70,689,703
Tax receivables	29,835,898	28,182,927	24,400,384	17,211,734	14,875,011	29,120,528	27,408,092	23,566,705	17,644,652	14,103,168
Deferred tax assets	6,730,603	4,413,990	3,798,902	2,577,821	2,816,807	5,213,061	4,011,003	3,617,728	2,434,847	2,526,664
Other financial assets	2,392,880	2,305,606	2,048,547	2,045,681	2,025,055	–	–	–	–	–
Net current assets	184,035,662	77,539,032	100,259,125	76,052,400	27,231,433	157,716,008	49,847,723	72,391,777	51,843,212	5,504,602
	384,272,188	**252,564,837**	**252,966,810**	**212,271,464**	**171,537,748**	**343,045,202**	**209,277,845**	**212,812,759**	**194,864,153**	**153,119,858**
Non-current liabilities										
Borrowings	(3,279,636)	(5,503,437)	(7,273,975)	–	–	(3,279,636)	(5,503,437)	(7,273,975)	–	–
Retirement benefits liabilities	(3,757,987)	(4,615,549)	(3,334,920)	(3,045,094)	(2,587,335)	(2,863,996)	(3,224,121)	(2,062,135)	(1,582,142)	(1,598,239)
Deferred tax liabilities	(12,060,675)	(8,498,928)	(8,730,298)	(7,546,216)	(7,214,400)	(9,412,896)	(7,694,250)	(7,508,543)	(6,657,438)	(6,456,153)
Contract liabilities	(289,640,487)	(167,360,747)	(169,930,198)	(160,609,800)	(122,881,472)	(289,640,487)	(167,360,747)	(169,930,198)	(160,609,800)	(122,881,472)
Lease liabilities	(13,456,816)	(14,248,730)	(13,468,417)	–	–	(878,382)	(417,324)	(476,568)	–	–
Trade and other payables	(7,735,815)	(6,173,492)	(9,027,064)	(4,578,295)	(8,284,314)	(6,756,967)	(2,013,598)	(4,867,170)	(8,471,491)	(8,284,314)
Provisions	(1,227,997)	(1,216,352)	(873,946)	(1,074,169)	(474,296)	(300,000)	(300,000)	(300,000)	(832,360)	(300,000)
Net Assets	**53,112,774**	**44,947,602**	**40,327,992**	**35,417,890**	**30,095,931**	**29,912,839**	**22,764,368**	**20,394,170**	**16,710,922**	**13,599,680**
Capital and reserves										
Share capital	800,000	792,000	660,000	660,000	660,000	800,000	792,000	660,000	660,000	660,000
Share premium	425,440	425,440	425,440	425,440	425,440	425,440	425,440	425,440	425,440	425,440
Foreign currency translation reserve	15,943,640	15,987,480	9,303,052	10,260,927	9,508,398	–	–	–	–	–
Retained earnings	35,937,856	27,683,487	29,882,143	24,009,914	19,447,014	28,687,398	21,546,928	19,308,730	15,625,482	12,514,240
Attributable to equity holders of the parent	**53,106,936**	**44,888,407**	**40,270,635**	**35,356,281**	**30,040,852**	**29,912,838**	**22,764,368**	**20,394,170**	**16,710,922**	**13,599,680**
Non-controlling interest	5,839	59,195	57,357	61,609	55,079	–	–	–	–	–
	53,112,774	**44,947,602**	**40,327,992**	**35,417,890**	**30,095,931**	**29,912,838**	**22,764,368**	**20,394,170**	**16,710,922**	**13,599,680**
Revenue and profit										
Revenue	338,806,798	241,779,455	266,430,227	194,617,712	141,890,498	317,210,503	235,206,675	243,488,979	170,326,746	125,777,848
Profit before taxation	14,176,018	3,856,642	13,918,812	10,197,666	3,739,140	10,794,746	8,075,009	10,079,724	6,630,666	1,158,214
Profit after taxation	8,852,129	7,281,850	7,554,354	6,992,399	4,771,064	7,782,070	5,010,198	6,323,248	4,788,211	454,593
Dividend	–	635,600	2,642,000	2,648,000	1,322,000	–	633,600	2,640,000	2,640,000	1,320,000
Earnings per ordinary share (₦)										
Actual	5.53	4.60	5.72	5.30	3.61	4.86	3.16	4.79	3.63	0.34
Diluted/Adjusted	5.53	4.55	4.72	4.37	2.98	4.86	3.13	3.95	2.99	0.28
Net asset per share (₦)										
Actual	33.20	28.38	30.55	26.83	22.80	18.70	14.37	15.45	12.66	10.30
Diluted/Adjusted	33.20	28.09	25.20	22.14	18.81	18.70	14.23	12.75	10.44	8.50
Dividend per share (₦)										
Actual	–	0.40	2.00	2.00	1.00	–	2.00	2.00	2.00	1.00
Diluted/Adjusted	–	0.40	2.00	1.67	0.83	–	2.00	2.00	1.67	0.83
Dividend cover (times)	–	1.95	3.32	2.30	1.95	–	8.91	2.49	1.76	–

SHARE CAPITAL HISTORY

Year	Issued share capital nominal value		Paid-up share capital nominal value	
	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
2020			1,584,000,000	792,000,000
2021			1,600,000,000	800,000,000

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

STAFF STRENGTH



JULIUS BERGER

SHAREHOLDER INFORMATION

Our Esteemed Shareholders,

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

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

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

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

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

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

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

Yours sincerely,

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

Proxy Form

52nd Annual General Meeting (AGM) of Julius Berger Nigeria Plc to be held at the Shehu Musa Yar'Adua Centre, 1 Memorial Drive, FCT Abuja on Thursday June 16, 2022, at 11:00 a.m. in the forenoon.

I/We being a member/members of Julius Berger Nigeria Plc hereby appoint the Chairman of the meeting or failing him____________________ as my/our proxy to vote for me/us and on my/our behalf at the 52nd AGM of the Company to be held on June 16, 2022, and at every adjournment thereof.

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

Notes

1. Please indicate with an 'x' in the appropriate box how you wish your votes to be cast on the resolutions set out above.
2. A member (shareholder) who is unable to attend the AGM is allowed to vote by proxy. A proxy need not be a member of the Company. The above proxy form has been prepared and stamp duties paid to enable you exercise your right to vote in case you cannot personally attend the Meeting. The proxy must produce the "Admission Card", attached to this form, to obtain entrance to the meeting.
3. Provision has been made on this form for the Chairman of the meeting to act as your proxy in default of appointment. Members, entitled to attend and vote at this AGM, may however wish to appoint as alternative to the Chairman, any of the underlisted selected persons as their proxies, to attend and vote in their stead:
   - Mr. Mutiu Sunmonu, CON
   - Alhaji Zubairu Ibrahim Bayi
   - Mr. Ernest Chukwudi Ebi, MFR, FCIB, FIOD
   - Mrs. Adebisi Oluwayemisi Bakare
   - Mr. Patrick Ajudua
   - Sir Sunny Nnamdi Nwosu, KSS
   - Engr. Tobun Olayiwola
   - Mrs. Adetutu Ganiat Siyonbola
   - Hon. Bright Nwabughogu
   - Mrs. Oludewa Thorpe
4. Please sign the above proxy form and post it so as to reach the Registrars, Greenwich Registrars & Data Solutions Ltd., 274 Murtala 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. The Company has made arrangement at its cost, for the stamping of the duly completed and signed proxy forms submitted to the Company's Registrars within the stipulated time.

Shareholder Name

Proxy Name

Date (dd/mm/yyyy)

Shareholder's Signature

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

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

Nos.	Resolutions	For	Against
1.	To declare a dividend		
2.	To approve the appointment of Mr. Christian Hausemann as an Executive Director		
3.	To re-elect Mr. Mutiu Sunmonu, CON, as a Non-Executive Director		
4.	To re-elect Mrs. Belinda Ajoke Disu as a Non-Executive Director		
5.	To re-elect Mrs. Gladys Olubusola Talabi as a Non-Executive Director		
6.	To authorise the Directors to fix the remuneration of Auditors		
7.	To constitute the Statutory Audit Committee		

Admission Card

Please admit the person named below at the 52nd AGM of Julius Berger Nigeria Plc to be held at 11:00 a.m. in the forenoon on Thursday, June 16, 2022, at the Shehu Musa Yar'Adua Centre, 1 Memorial Drive, FCT Abuja.

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

Notes

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

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

Please fold here for posting.

Please affix postage stamp here

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

Cut off from here.

JULIUS BERGER

Authority to Mandate and Change of Information

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

Banker Details

Name of Bank and Branch

Sort Code

Account Number (Current or Savings)

Stamp of Bank and Signature of Account Schedule Officer

CSCS Details

Name of Broker

CSCS Account Number

Stamp of Broker and Signature of Account Schedule Officer

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

Old Address

New Address

Other Information

Telephone Number

Telephone Number

Email

Shareholder Name

Date (dd/mm/yyyy)

Shareholder Signature

Please fold here for posting.

Please affix postage stamp here

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

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CODE OF BUSINESS CONDUCT AND ETHICS FOR DIRECTORS AND MANAGEMENT

1. Introduction

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

Directors fully understand and acknowledge that:

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

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

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

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

2. Loyalty

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

3. Integrity

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

4. Conflicts of Interest

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

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

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

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

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

5. Secret profit

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

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

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

6. Confidentiality

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

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

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

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

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

7. Fair dealing

All Directors must endeavour to deal fairly with the respective Group's customers, suppliers, competitors, officers, and employees. None should take unfair advantage of anyone

through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practices.

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

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

8. Work environment

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

9. Protection and proper use of Company assets

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

10. Accounting complaints

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

11. Fraud, misappropriation, theft, embezzlement and bribery

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

12. Reporting any illegal or unethical behavior

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

13. Obligations

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

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

14. Compliance with laws, rules and regulations

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

15. Standard of conduct

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

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

16. Amendment, modification and waiver

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

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

17. Sanctions

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

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