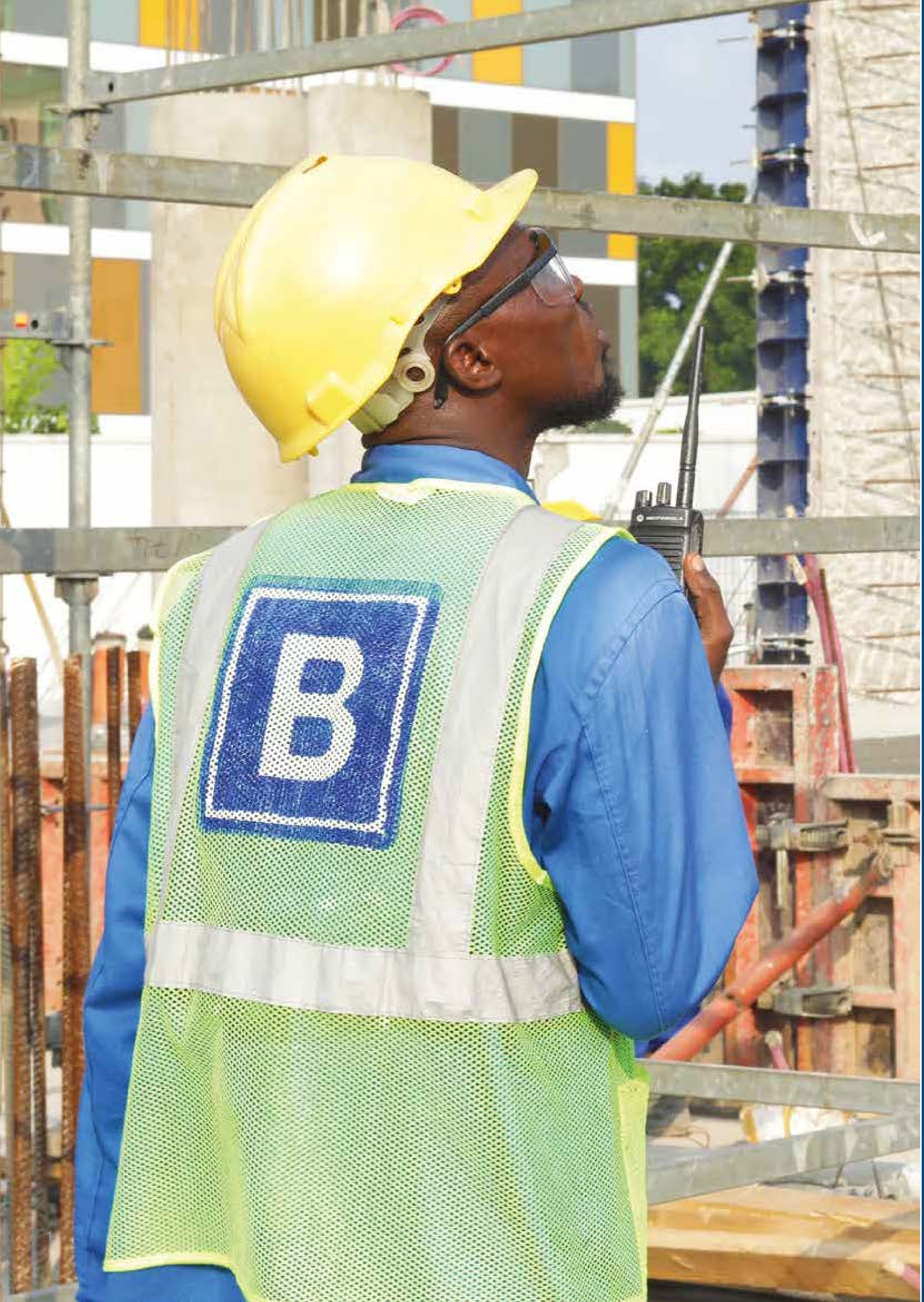
JULIUS BERGER

Annual Reports 2018 and Financial Statements

Contents



Julius Berger's vision is to be Nigeria's most dynamic construction company

Corporate Information

Directors

- Mr. Mutiu Sunmonu, CON, Chairman
- Mr. George Marks (German), Vice Chairman
- Engr. Heinz Stockhausen (German)
- HRH Igwe Peter Nwokike Anugwu, JP, OFR, Independent Director
- Engr. Jafaru Damulak
- Dr. Ernest Nnaemeka Azudialu-Obiejesi
- Mrs. Belinda Ajoke Disu
- Mrs. Gladys Olubusola Talabi
- Dr. Lars Richter (German), Managing Director Appointed wef October 16, 2018
- Alhaji Zubairu Ibrahim Bayi, Director Administration
- Mr. Martin Brack (German), Financial Director
- Mr. Tobias Meletschus (German), Director Corporate Development Appointed wef October 16, 2018

Company Secretary

Mrs. Cecilia Ekanem Madueke

Registration Number

6852

Registered Office

10 Shettima A. Munguno Crescent
Utako 900 108
FCT Abuja

Auditors

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

Registrars

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

Bankers

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

Corporate Profile

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

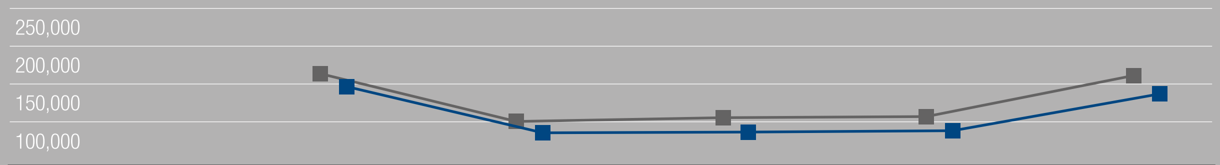
State-of-the-art methods and technologies ensure that quality and innovation are prioritised for the benefit of clients. Subsidiaries and additional facilities make it possible to realise multifaceted projects at the highest level of performance. This structure allows Julius Berger Nigeria Plc to effectively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

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

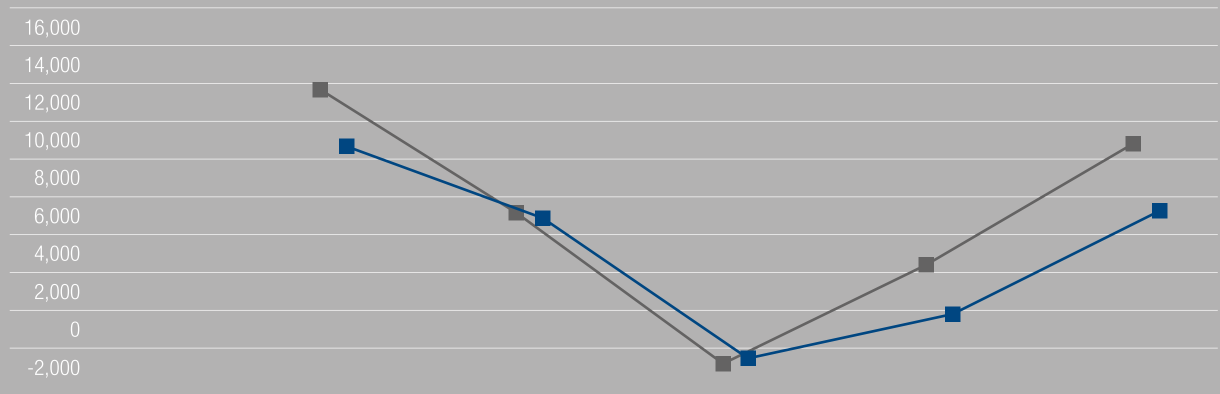
Julius Berger Nigeria Plc together with its subsidiaries, is guided by a value system, which has, over time, defined and differentiated its business, thereby setting a benchmark in the Nigerian construction industry. The Group's competitive edge is solidified through adherence to internationally specified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

Results at a Glance

Turnover and Profit/(Loss) Before Tax

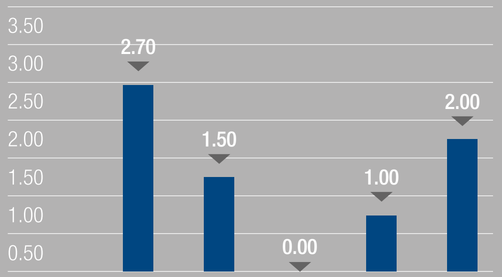


₦ billion	2014	2015	2016	2017	2018
Turnover Group	196,809	133,808	138,994	141,890	194,618
Turnover Company	179,979	119,243	119,813	125,778	170,327



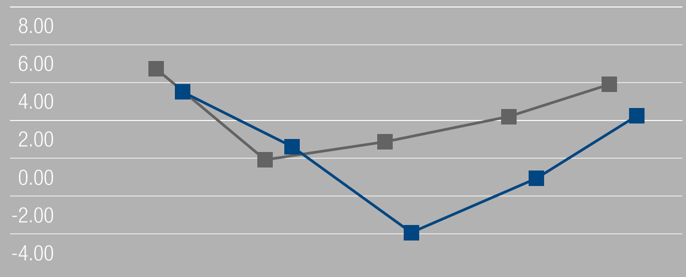
	2014	2015	2016	2017	2018
PBT Group	13,135	6,500	(1,498)	3,739	10,198
PBT Company	10,029	6,234	(1,239)	1,158	6,631

Dividend per Share



₦	2014	2015	2016	2017	2018
Company	2.70	1.50	0.00	1.00	2.00

Earnings per Share



₦	2014	2015	2016	2017	2018
Group	6.13	1.33	2.28	3.61	5.30
Company	4.92	2.01	(2.68)	0.34	3.63

	Group 2018 ₦000	Group 2017 ₦000	Change %	Company 2018 ₦000	Company 2017 ₦000	Change %
Revenue	194,617,712	141,890,498	37.16	170,326,746	125,777,848	35.42
Profit before taxation	10,197,666	3,739,140	172.73	6,630,667	1,158,214	472.49
Profit for the year	6,101,814	2,517,512	142.37	4,641,627	581,825	697.77
Other comprehensive income	899,115	2,207,576	(59.27)	146,586	(181,760)	180.65
Total Comprehensive Income	**7,000,929**	**4,725,089**	**46.47**	**4,788,213**	**400,065**	**1,096.86**
Non-controlling interest	8,530	8,553	(0.27)	–	–	–
Profit attributable to equity holders of the parent	**6,992,399**	**4,716,536**	**48.25**	**4,788,213**	**400,065**	**1,096.86**
Retained earnings	24,009,914	19,447,014	23.46	15,625,482	12,514,240	24.86
Share capital	660,000	660,000	–	660,000	660,000	–
Shareholders' funds	35,417,890	30,095,931	17.68	16,710,922	13,599,680	22.88

Per share data

	Group 2018 ₦	Group 2017 ₦	Change %	Company 2018 ₦	Company 2017 ₦	Change %
Earnings per share						
– Basic	5.30	3.61	46.56	3.63	0.34	953.30
– Diluted	5.30	3.61	46.56	3.63	0.34	953.30
Net assets per share						
– Basic	26.83	22.80	17.68	12.66	10.30	22.88
– Diluted	26.83	22.80	17.68	12.66	10.30	22.88
Stock Exchange quotation at December 31	20.10	28.00	(28.21)	20.10	28.00	(28.21)
Number of employee	12,183	8,625	41.25	10,821	7,699	40.55

Notice of
Annual General Meeting

Notice is hereby given that the 49th 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 20, 2019, at 11:00 a.m., to transact the following business:

Ordinary business

1. To lay before the Company in General Meeting, the Consolidated Financial Statements for the period ended December 31, 2018, the Reports of the Auditors, the Directors of Julius Berger Nigeria Plc (Directors) and the Statutory Audit Committee.

2. To declare a dividend.

3. To elect/re-elect Directors.

4. To authorise the Directors to fix the remuneration of the External Auditors.

5. To constitute the Statutory Audit Committee.

Special business

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

   "That the Directors' fees payable to each Director, save Executive Directors, until further notice, be and is hereby fixed at the sum of ₦6.5 million (six million, five hundred thousand Naira) for each Non-Executive Director save the Chairman, whose fees shall be fixed at the sum of ₦10.5 million (ten million, five hundred thousand Naira), such payments to be made effective from January 1, 2019".

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 6, 2019

Notes

Electronic information

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

Proxy

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

Closure of Register of Members and Transfer Books

The Register of Members and the Transfer Books will be closed from June 3, 2019 to June 7, 2019, both dates inclusive, for the purpose of dividend.

Appointment of members of the Statutory Audit Committee of the Company

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

Right to ask questions

Members have a right to ask questions on their observations or concerns arising from the AR & FS 2018, not only at the Meeting, but also in writing prior to the Meeting, provided that such questions in writing are submitted no later than June 14, 2019.

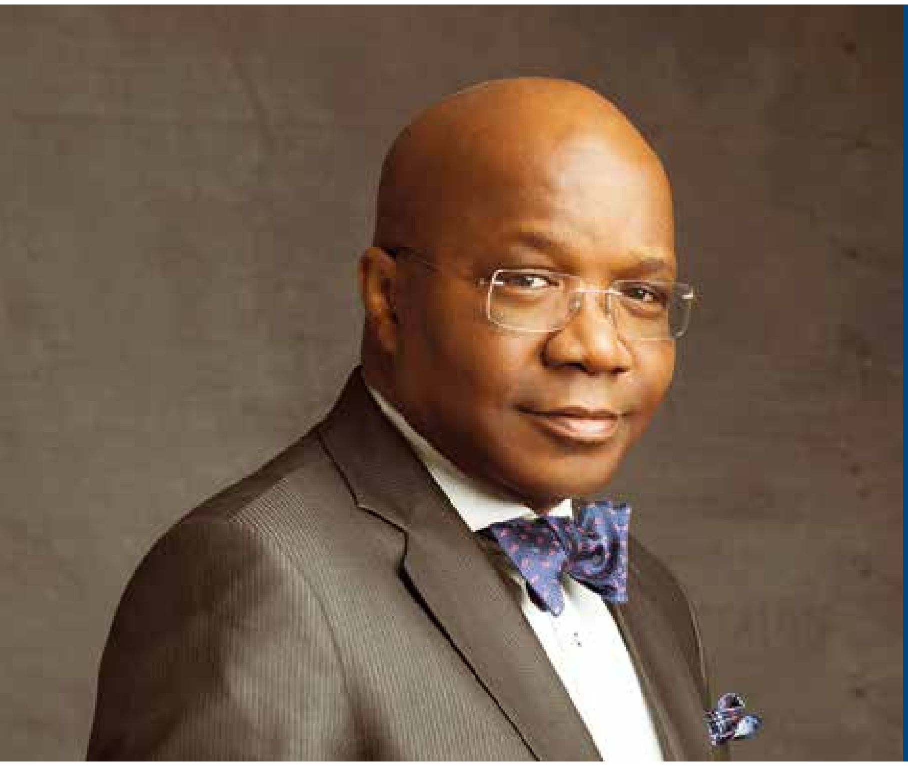
Dividend

If the dividend recommended by the Directors is approved by the members, the dividend will be paid on June 21, 2019, to members whose names appear in the Register of Members, as at the close of business on May 31, 2019 (qualification date).

Unclaimed dividends

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

Chairman's Statement



Highlighted Projects

New awards

- Rehabilitation of Abuja–Kaduna–Zaria–Kano Road
- United Nations Headquarters, Phase 2, Abuja
- Technology Building/Data Communication & Control Centre at NIS, Abuja
- Economic and Financial Crime Commission Headquarters, Maintenance, Abuja
- Dangote Lekki Captive Power Plant, Lagos
- Lagos State House, Dodan Barracks, Lagos
- Lagos–Otta Road, Phase 3/4
- Pleasure Park Cinema, Port Harcourt
- Railway Facilities, Agbor
- Second River Niger Bridge, Main Contract, Asaba/Onitsha

Ongoing works

- Permanent Site of the National Institute for Legislative Studies, Abuja
- Completion of Central Roads, Abuja
- Central Bank of Nigeria, Maintenance, Abuja and Lagos
- FAMFA Office Tower, Lagos
- Lagos–Shagamu Expressway
- Dangote Petroleum Refinery Roads & Drains, Lagos
- Atlas Cove Jetty Operation & Maintenance, Lagos
- Ikot Ekpene Road, Akwa Ibom
- Uyo Etinan Road, Akwa Ibom
- Odukpani–Itu–Ikot Ekpene Road
- Oil Mill–Elelenwo–Akpajo Road, Port Harcourt
- Town Road Rehabilitation Project, Port Harcourt
- Bodo–Bonny Road, Rivers
- Itakpe–Ajaokuta–Warri–Ore Rail Line
- Okpai Power Plant, Phase 2, Delta

Completed works

- Economic and Financial Crime Commission Headquarters, Abuja
- Airport Hanger, Maiduguri
- Abuja Asokoro Fire Station & Interrogation Building
- Pleasure Park, Phase 2, Port Harcourt
- Dangote Apapa Jetty, Lagos
- Bonny MoF Jetty and Cargo Berth
- GE Facility, Calabar Free Trade Zone
- Azura–Edo Independent Power Plant, Benin City

Valued shareholders,

On behalf of the Board of Directors, it gives me great pleasure to present the 2018 Consolidated Financial Statements for Julius Berger Nigeria Plc.

Reflecting on the year 2018, I feel a strong sense of pride in the success we have realised as a Company; achieved in the context of our forward-moving country. Nigeria maintained a positive trajectory amidst persistent socio-economic difficulties, in the aftermath of the most challenging economic situation faced in our recent history. Gross domestic product grew incrementally, with greater contributions from the non-oil sector, inflation declined, foreign reserves steadily accrued and the Naira remained relatively stable. I am hopeful that these positive trends will persist throughout 2019, together with a meaningful diversification of the Nigerian economy, to keep our country on the right path to unlocking a sustainable and inclusive growth.

In parallel, your Company has continued to build success. In 2018, Julius Berger Nigeria Plc concluded final phases to its organisational adjustments - optimisations rolled out to enhance resource utilisation in consideration of project needs, and to ensure our model remains efficient, effective and relevant. The Company saw a seamless succession of our Managing Director and expanded the Executive Management to include a Directorate for Corporate Development, as a means to bolster the exploration and assessment of growth potentials. These actions support the ongoing realisation of operational goals, financial targets and strategic objectives, and ultimately, the sustained improvement of shareholder value.

Although the construction industry was still sluggish in 2018, Julius Berger Nigeria Plc could advance its project portfolio by means of a proactive and strategic approach to project acquisitions. In the year under review, the Company succeeded in securing significant public and private sector projects including the Main Contract for Second River Niger Bridge in Asaba / Onitsha and the Abuja-Kano Road, on which innovative Cold Recycling Methodology is being implemented for the first time in Nigeria.

The Company also saw excellent performance across active project sites. Works for ongoing projects where funding was available progressed well, including the Lagos-Shagamu Expressway, the Permanent Site of the National Institute for Legislative Studies in Abuja, The Famfa Office Tower in Lagos, the Town Roads Rehabilitation Project in Port Harcourt, and the Itakpe-Ajaokuta-Warri Ore Rail Line, to name a few. Furthermore, several projects were commissioned to the full satisfaction

"I feel a strong sense of pride in the success we have realised as a Company; achieved in the context of our forward-moving country."

of clients, including the Economic and Financial Crimes Commission Headquarter, in Abuja, and the Azura-Edo Independent Power Plant, in Edo State, Nigeria's first Independent Power Plant. These successes were achieved while maintaining the highest commitment to Health, Safety and Environmental (HSE) standards, leading Julius Berger Nigeria Plc to attain record-breaking HSE performance in 2018.

Amidst the various developments of the Company, quality standards have been meticulously maintained, as attested by the successful recertification of Julius Berger Nigeria Plc's Quality Management System to meet the updated specifications of the International Organization for Standardization's, ISO 9001:2015. The criteria for certification considers several quality management principles, including a strong customer focus, the motivation and implication of top management as well as the process approach and continual improvement of the organisation – to ensure that customers consistently benefit from good quality services.

In the reporting year the Company's subsidiaries have also shown marked progress. Most notably, Julius Berger Services Nigeria Ltd. saw a tremendous positive improvement, with a 75% increase in port operations considering the number of vessels serviced. This demonstrates that Julius Berger Services Nigeria Ltd.'s services and operational capacities are competitive and of compelling value to clients. The Company's domestic and international design and engineering subsidiaries, PrimeTech Design and Engineering Nigeria Ltd. and Julius Berger International GmbH, steadily worked towards expanding their portfolios to capture a greater portion of third-party clients in their respective markets. Abumet Nigeria Ltd. firmly maintained its market presence and performance, with projects covering all geopolitical regions. The Company's furniture production arm, AFP, continued to develop itself as an impressive symbol of Nigeria's furniture manufacturing capabilities. The brand worked diligently to gain awareness and market share in new segments, while simultaneously building loyalty and repeat business with existing customers. This strategy is proving effective and has provided the foundation for the launch of a second AFP showroom location, in Lagos, in addition to the flagship location in Abuja.

In light of this success, Julius Berger Nigeria Plc ended the year profitably. Consequently, the Board of Directors are pleased to recommend a dividend of ₦2.00 per 50 Kobo ordinary share, resulting in a total gross dividend pay out of ₦2.64 billion.

Julius Berger Nigeria Plc continues to stand apart. The Company remains uniquely positioned as Nigeria's most reliable construction company, capable of unfailingly delivering high quality and innovative solutions, for even the most challenging of projects. This strength and competitive edge will purposefully be protected and cultivated, as a foundation for success. The Company will persist in implementing its long-term diversification strategy regarding client mix and business areas. Opportunities in new segments will vigorously be identified and diligently explored, with emphasis on prospects borne out of the Group's core competencies and expertise. Simultaneously, we will continue to critically assess our rate structures and approach, seeking ways to remain more cost competitive, without compromising our quality. Furthermore, the Management will maintain focus on strategically reducing risk, promoting growth and protecting profit, while ensuring operational structures and resources remain robust enough to capitalise on opportunities in an everchanging market landscape.

While Nigeria has gained a positive footing, with meaningful improvement in several areas, the reality remains that there is still much work to be done as a country to enable a high functioning economy and thriving private sector. Today, many challenges linger in the general business environment, and more specifically, within the construction sector. At the most basic level, timely passage of the yearly Federal Budget, followed by effective implementation and a consistent release schedule for capital expenditure, is of the utmost importance. For Julius Berger Nigeria Plc, delays and unpredictability in capital releases impact financial planning and have a direct negative effect on the Company's cash flow and profitability, resulting in undue losses brought on by the induced utilisation of bank overdrafts, to bridge payment gaps and the ensuing finance costs.

Looking forward with economic forecasts and possible external market influences in view, Julius Berger Nigeria Plc's performance planning for the year 2019 will be upwardly adjusted, to reflect incremental growth targets, which also consider the Company's strong order backlog.

There is no doubt that Nigeria, and in turn Julius Berger Nigeria Plc, will persist in finding greater success by productively investing in the needed solutions for a bright future. As Nigeria works to diversify its economy, a robust infrastructure is required to increase efficiency, connect markets and facilitate a competitive non-oil sector on an international level. As an organisation we remain ready and able to support Nigeria's advancement and to fully seize the tremendous potentials provided by our growing nation. Furthermore, we have the right mechanisms in place to enable the Company to adapt swiftly to potential changing circumstances.

Valued shareholders, thank you for your commitment and trust. I assure you that the Board of Directors, Management and entire staff are fully committed to achieving a level of success you can remain proud of. We will not lose sight of our values, nor will stand still in our efforts to continually seek improvement, as means to efficaciously deliver on the needs of our clients and meet your esteemed expectations.

Thank you.

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

Project Impressions

Abumet Nigeria Ltd. Factory, Abuja

Central Roads, Abuja

National Institute for Legislative Studies, Abuja

Julius Berger Services Nigeria Ltd., Warri Port Operations, Delta

Men at work, Lagos

Railway Facilities, Agbor

Oil Mill–Elelenwo–Akpajo Road, Port Harcourt

Dangote Petroleum Refinery, Lagos

Bodo-Bonny Road, Rivers

Aircraft Hanger, Maiduguri

AFP Furniture Factory, Abuja

AFP Furniture Showroom, Abuja

Uyo Calabar Road

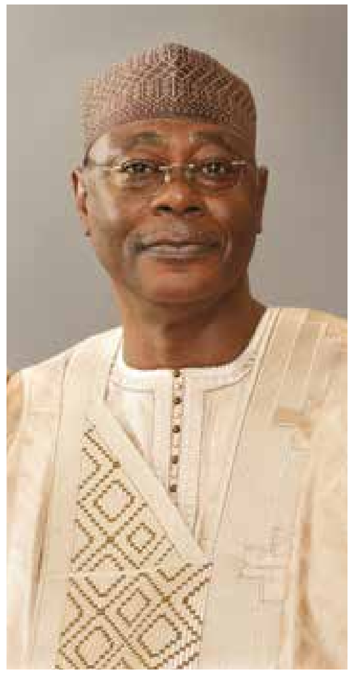
Julius Berger Nigeria Plc AR & FS 2018 | Board of Directors

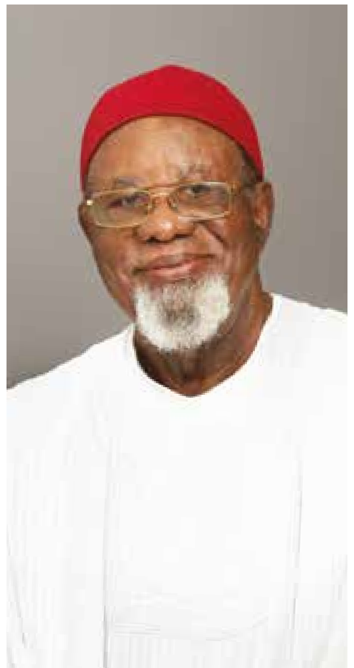
Board of Directors









Julius Berger Nigeria Plc AR & FS 2018 | Directors' Profiles

Directors' Profiles

In order as photographed from top left to bottom right

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

Chairman of the Boards of Directors of Julius Berger Investments Ltd. and Imperial Homes Mortgage Ltd. | Director of Unilever Nigeria Plc

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

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

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

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

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

Dr. Ernest Nnaemeka Azudialu-Obiejesi
BSc., MBA, DBA (HC), FNSE
- Appointed Director on March 22, 2012

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

Mrs. Gladys Olubusola Talabi
LLB, BL, LLM
- Appointed Director with effect from June 30, 2017

Director of Globacom Ltd.

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

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

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

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

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

Director of Julius Berger Investments Ltd. and Abumet Nigeria Ltd.

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

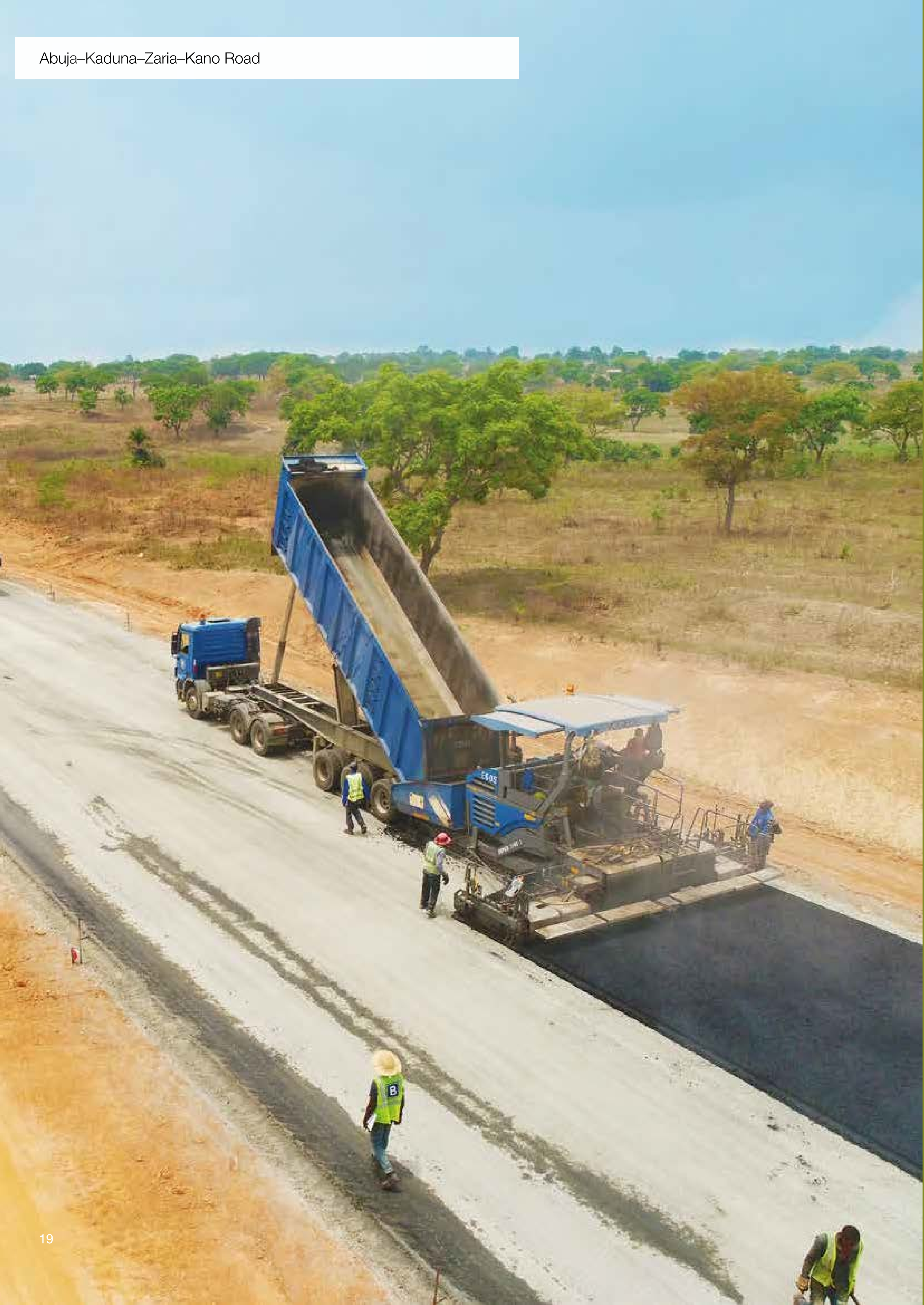
Justice of the Peace and traditional ruler of the ancient Mbaukwu Kingdom in Anambra | Chairman of the Board of Directors of Julius Berger Services Nigeria Ltd. | Director of Interfact Beverages Ltd. and Orient Petroleum Ltd.

Engr. Heinz Stockhausen (German)
Diplom-Ingenieur (Graduate Civil Engineer)

- Appointed Director on September 5, 2008

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

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



Reports to Shareholders

for the Year Ended December 31, 2018

Directors' Report

The Directors are pleased to present to the members of Julius Berger Nigeria Plc at the 49th AGM their report on the business of the Group for the year ended December 31, 2018.

1. Legal form

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

2. Principal activities

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

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

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

Julius Berger Nigeria Plc AR & FS 2018 | Directors' Report

Group results	2018 ₦ 000	2017 ₦ 000
Revenue	194,617,712	141,890,498
Profit attributable to Group activities	7,000,929	4,725,089
Retained earnings	24,009,914	19,447,014

3. Results for the year

Comparative highlights of the operational results of the Group for the years ended December 31, 2018 and 2017 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, 2018, which would affect the Consolidated Financial Statements.

5. Dividends

5.1 Dividend

The Directors are pleased to recommend to the members at the 49th Annual General Meeting, a final dividend for the year ended December 31, 2018, in the sum of ₦2.64 billion representing ₦2.00 per 50 Kobo share, held in the equity of the Company which dividend shall be subject to withholding tax at the appropriate rate at the time of payment.

5.2 Unclaimed dividends

The list of shareholders with unclaimed dividends have been compiled and can be accessed from the Investors' Relations page of the Company's website, www.julius-berger.com. Shareholders who find their names on the lists and have claimed their dividend(s) since December 31, 2018, 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 2018

The Directors who served on the Board of the Company for the year ended December 31, 2018, were as follows:

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

6.2 Changes to the Board

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

6.2.1 Director for approval

Engr. Wolfgang Goetsch resigned his appointment as a Director and retired as Managing Director with effect from October 15, 2018. Dr. Lars Richter was appointed Director and Managing Director with effect from October 16, 2018. Mr. Tobias Meletschus was appointed a Director of the Company and Director Corporate Development with effect from October 16, 2018. In accordance with S249 of the CAMA members would be requested to approve the appointments of Dr. Lars Richter and Mr. Tobias Meletschus.

6.2.2 Directors for re-election

Engr. Heinz Stockhausen, Dr. Ernest Nnaemeka Azudialu-Obiejesi and Mr. George Marks are the Directors retiring by rotation, in accordance with the provisions of S259 of CAMA and the Articles of Association. Engr. Heinz Stockhausen, Dr. Ernest Nnaemeka Azudialu-Obiejesi and Mr. George Marks all being eligible, offer themselves for re-election.

6.3 Directors' interest

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

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

Julius Berger Nigeria Plc AR & FS 2018 | Directors' Report

Number of Directors' direct and indirect holdings as at	March 20, 2019	December 31, 2018	December 31, 2017
Mr. Mutiu Sunmonu, CON	1,000,000	1,000,000	1,000,000
Engr. Heinz Stockhausen	–	–	–
HRH Igwe Peter Nwokike Anugwu, JP, OFR	88,000	88,000	88,000
Engr. Jafaru Damulak	1,980,849	1,980,849	1,980,849
Mr. George Marks	–	–	–
Dr. Ernest Nnaemeka Azudialu-Obiejesi – Indirect*	165,127,597	165,127,597	163,127,597
Mrs. Belinda Ajoke Disu – Indirect**	288,662,079	288,662,079	288,662,079
Mrs. Gladys Olubusola Talabi	–	–	–
Engr. Wolfgang Goetsch	–	–	–
Alhaji Zubairu Ibrahim Bayi	465,619	465,619	417,119
Mr. Martin Brack	–	–	–
Dr. Lars Richter	–	–	–
Mr. Tobias Meletschus	–	–	–

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

7. Share capital and shareholding

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

7.1 Authorised share capital

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

7.2 Issued and fully paid share capital

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

The share capital history of the Company is stated on page 139.

Beneficial ownership	Number of ordinary shares held as at March 20, 2019	Percentage holdings as at March 20, 2019	Number of ordinary shares held as at December 31, 2018	Percentage holdings as at December 31, 2018	Percentage holdings as at December 31, 2017
Goldstone Estates Ltd.	262,262,079	19.9 %	262,262,079	19.9 %	19.9 %
Bilfinger SE	217,800,000	16.5 %	217,800,000	16.5 %	16.5 %
Watertown Energy Ltd.	132,000,000	10.0 %	132,000,000	10.0 %	10.0 %
Ibile Holdings Ltd.	72,600,000	5.5 %	72,600,000	5.5 %	5.5 %
Benue Investment and Property Company Ltd.	66,132,775	5.0 %	66,132,775	5.0 %	4.3 %
Other Nigerian Citizens, Associations and Governments	569,205,146	43.1 %	569,205,146	43.1 %	43.8 %
Total	**1,320,000,000**	**100.0 %**	**1,320,000,000**	**100.0 %**	**100.0 %**

7.3 Beneficial ownership

The issued and paid-up share capital of the Company, as at December 31, 2018, and March 20, 2019, when the Consolidated Financial Statements were approved, were beneficially held as stated in the table above.

7.4 Free float

The free float analysis of the issued and paid-up share capital of the Company, as at December 31, 2018, and March 20, 2019, when the Consolidated Financial Statements were approved, is as stated on page 26.

Julius Berger Nigeria Plc AR & FS 2018 | Directors' Report

Free float	Number of ordinary shares held as at March 20, 2019	Percentage holdings as at March 20, 2019	Number of ordinary shares held as at December 31, 2018	Percentage holdings as at December 31, 2018	Percentage holdings as at December 31, 2017
Strategic shareholding	856,522,451	64.9%	856,522,451	64.9 %	64.5 %
Directors' direct shareholding	3,534,468	0.3 %	3,534,468	0.3 %	0.3 %
Staff schemes	–	–	–	–	–
Free float	459,943,081	34.8 %	459,943,081	34.8 %	35.2 %
Total	**1,320,000,000**	**100.0 %**	**1,320,000,000**	**100.0 %**	**100.0 %**

7.5 Share range analysis

Share range as at December 31, 2018	Number of shareholders	Percentage of shareholders	Number of units held	Percentage shareholding
1 – 500	2,558	22.54 %	467,207	0.04 %
501 – 1000	1,157	10.19 %	864,191	0.07 %
1,001 – 5,000	3,579	31.54 %	9,170,892	0.69 %
5,001 – 10,000	1,700	14.98 %	12,164,286	0.92 %
10,001 – 25,000	1,212	10.68 %	18,872,370	1.43 %
25,001 – 100,000	860	7.58 %	40,173,144	3.04 %
100,001 – 500,000	217	1.91 %	44,813,884	3.39 %
500,001 – 1,000,000	22	0.19 %	15,922,309	1.21 %
1,000,001 – and above	44	0.39 %	1,177,551,717	89.21 %
Total	**11,349**	**100.0 %**	**1,320,000,000**	**100.0 %**

Corporate Social Responsibility	₦
Education	2,650,000
Health	12,230,242
Youth Sports	1,144,000
Community Development	36,358,243
Emergency Response	23,198,413
Total	**75,580,897**

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 106 to 107. In the opinion of the Directors, the market value of the properties, plants and equipment is not less than the value shown in the accounts.

9. Donations and CSR initiatives

During the year 2018, the Company undertook Corporate Social Responsibility (CSR) initiatives shown in the table above and made donations shown in the table on page 28, valued at ₦9.9 million (2017: ₦8.6 million).

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

10. Research and development

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

11. Technical service and knowhow agreement

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

Donations	₦
iCreate Skill Fest	1,200,000
Convention of Business Integrity	1,000,000
Kaduna Polo Club	1,000,000
Mobile Cancer Centers, Lagos	1,000,000
Oloko Town Development and Cultural Union	1,000,000
Nigerian Society of Engineers	750,000
18th Lagos Tennis Tournament	500,000
18th National Women's Conference	500,000
Christopher Kolade Foundation	500,000
Institute of Chartered Accountants	500,000
Lagos Grassroots Soccer	500,000
Pure Souls Learning Foundation	500,000
World Safety Organisation National Office of Nigeria	350,000
IBB Golf and Country Club	300,000
TREM Football Academy	250,000
Total	**9,850,000**

12. Suppliers

The significant suppliers to the Company domestically and internationally are:

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

13. Post year end events

Save as disclosed, there were no significant post year end events that could have had a material effect on the Consolidated Financial Statements for the year ended December 31, 2018, 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, 2018, there were 45 physically challenged persons employed by the Group.

14.2 Health and safety at work and welfare of employees

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

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

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

14.3 Involvement and training

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

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

15. Statutory Audit Committee

The members of the Statutory Audit Committee, appointed at the AGM held on June 21, 2018, in accordance with S359 (3) of CAMA were:

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

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

16. Auditors

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

17. Compliance with regulatory requirements

The Directors confirm that they have reviewed the structures and activities of the Company in view of the Code of Corporate Governance of the Securities and Exchange Commission and the Nigerian Code of Corporate Governance 2018 (the Codes) as well as the regulations of the NSE and the Securities and Exchange Commission (SEC), the Regulators. The Directors confirm that, to the best of their knowledge and as at the date of this report, the Company has been and is in substantial compliance with the provisions of the Codes and the regulatory requirements of the Regulators.

By order of the Board,

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

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

March 20, 2019

Corporate Governance

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

The Corporate Governance structures, procedures and systems are premised on dynamism.

1. The Board of Directors

As at December 31, 2018, the Board comprised of twelve members, eight of whom were Non-Executive Directors, one of whom is the Chairman and another the Independent Director, and four Executive Directors. Profiles of the Directors, in particular the Directors standing for election and re-election, are stated on page 23 in this document.

Apart from the legal and regulatory requirements, there are no specific requirements for qualification for board membership. However, the Company strives to ensure the right mix that is necessary to effectively discharge board functions. Directors are appointed to the Board by the shareholders in General Meeting.

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

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

The Board and its committees have access to the advice and services of the Company Secretary who provides a point of reference and support for all Directors and, if required, the advice and services of other professionals where such advice will improve the quality of their contribution to Board decision making.

The Board meets formally at least once every quarter as the needs of the Company may determine. There is provision in the Articles of Association for less formal meetings of the Board or its committees by electronic communications as well as decisions of the Board or committees by resolutions in writing and these two methodologies, the Board and its committee used as their needs demanded.

The Board met formally four times in the financial year 2018. In addition, the Board held two Executive Sessions on July 24, 2018 and December 5, 2018. Attendance by the Directors at meetings and sessions are as stated on page 32.

2 Committees

2.1 Board Committees

In discharging its oversight responsibilities, the Board makes use of various committees, standing and ad hoc. Each committee has an indepth focus on a particular area of the Board's responsibility and provides

Director	Designation	March 15, 2018	June 19, 2018	September 25, 2018	December 6, 2018	Executive Session July 24, 2018	Executive Session December 5, 2018
Mr. Mutiu Sunmonu, CON	Chairman	•	•	•	•	•	•
Mr. George Marks	Vice Chairman	•	•	•	•	•	•
Engr. Heinz Stockhausen	Director	•	•	•	•	•	•
HRH Igwe Peter Nwokike Anugwu, JP, OFR	Independent Director	•	•	•	•	•	•
Engr. Jafaru Damulak	Director	•	•	•	•	•	•
Dr. Ernest Nnaemeka Azudialu-Obiejesi	Director	•	•	•	•	•	•
Mrs. Belinda Ajoke Disu	Director	–	•	•	•	–	•
Mrs. Gladys Olubusola Talabi	Director	–	•	•	•	•	•
Engr. Wolfgang Goetsch *	Managing Director	•	•	•	N/A	•	N/A
Alhaji Zubairu Ibrahim Bayi	Director Administration	•	•	•	•	•	•
Mr. Martin Brack	Financial Director	•	•	•	•	•	•
Dr. Lars Richter **	Managing Director	N/A	N/A	N/A	•	•	•
Mr. Tobias Meletschus **	Director Corporate Development	N/A	N/A	N/A	•	•	•

Key: • Present; – Absent with apologies; *Resigned from the Board with effect from October 15, 2018; **Appointed to the Board with effect from October 16, 2018

informed feedback and advice to the Board. The activities of each of the Board committees relate to the affairs of the Group and are guided by the various objectives and stated terms of references of the committees.

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

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

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

Risk and Asset Management Committee	Designation	March 15, 2018	July 25, 2018	September 24, 2018	December 5, 2018
Mr. Mutiu Sunmonu, CON	Chairman	▪	▪	▪	▪
Mr. George Marks	Member	▪	▪	▪	▪
Engr. Wolfgang Goetsch*	Member	▪	–	▪	N/A
Mrs. Gladys Olubusola Talabi	Member	–	▪	▪	▪
Mr. Martin Brack	Member	▪	▪	▪	▪

Key: ▪ Present; – Absent with apologies; *Resigned from the Board and committee with effect from October 15, 2018

Board Audit Committee	Designation	January 25, 2018	April 26, 2018	July 25, 2018	October 25, 2018
HRH Igwe Peter Nwokike Anugwu, JP, OFR	Chairman	▪	▪	▪	▪
Engr. Jafaru Damulak	Member	▪	▪	▪	▪
Mrs. Belinda Ajoke Disu	Member	▪	▪	–	▪

Key: ▪ Present; – Absent with apologies

2.1.1 Risk and Asset Management Committee

This committee is responsible for

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

This committee met formally four times in the financial year ended December 31, 2018. The membership of the committee and the attendance by members at meetings are as stated above.

2.1.2 Board Audit Committee

This committee is responsible for:

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

This committee met formally four times in the financial year ended December 31, 2018. The membership of the committee and the attendance by members at meetings are as stated on page 33.

Remuneration Committee	Designation	March 15, 2018	June 19, 2018	August 3, 2018	September 25, 2018	December 6, 2018
Engr. Heinz Stockhausen	Chairman	▪	▪	▪	▪	▪
Engr. Jafaru Damulak	Member	▪	▪	▪	▪	▪

Key: ▪ Present

Nominations and Governance Committee	Designation	March 14, 2018	June 19, 2018	September 24, 2018	December 5, 2018
Mrs. Gladys Olubusola Talabi	Chairman	–	▪	▪	▪
Mr. George Marks	Member	▪	▪	▪	▪
Dr. Ernest Nnaemeka Azudialu-Obiejesi	Member	▪	▪	–	–

Key: ▪ Present; – Absent with apologies

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, 2018. The membership of the committee and the attendance by members at meetings are as stated above.

2.1.4 Nominations and Governance Committee

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

- The effectiveness, evaluation and adequacy of the corporate governance framework, policies and structures as well as the strategic development and

Statutory Audit Committee	Designation	March 14, 2018	July 25, 2018	October 24, 2018	December 5, 2018
Brig. Gen. Emmanuel Ebije Ikwue, GCON - Chairman of the Committee until July 26, 2018	Chairman / Member	▪	▪	▪	▪
Chief Timothy Ayobami Adesiyan - appointed Chairman of the Committee on July 26, 2018	Chairman / Member	▪	▪	▪	▪
Sir Sunday Nnamdi Nwosu	Member	▪	▪	–	▪
HRH Igwe Peter Nwokike Anugwu, JP, OFR	Member	▪	▪	▪	▪
Dr. Ernest Nnaemeka Azudialu-Obiejesi	Member	▪	▪	–	–
Engr. Jafaru Damulak	Member	▪	▪	▪	▪

Key: ▪ Present; – Absent with apologies

entrenchment thereof the Group

- Top level leadership and establishment issues particularly on selection, appraisal and corporate succession planning, matters relating to board(s) nominations and appointments, composition, performance and appraisal
- Monitoring and keeping under review the effectiveness of the compliance function and framework in ensuring adherence to applicable laws and regulations

This committee met formally four times in the financial year ended December 31, 2018. The membership of the committee and the attendance by members at meetings are as stated on page 34.

2.2 Statutory Audit Committee

This committee is a statutory creation, established in strict compliance with S359 (3) of CAMA and whose role has been expanded by the expectations of the Codes.

The committee's composition, membership and responsibilities are as determined by S359 of CAMA.

Membership of the committee is comprised of three shareholders and three Directors who were appointed for the financial year 2018 at the AGM held on June 21, 2018.

This committee met four times in the financial year ended December 31, 2018. The membership of the committee and the attendance by members in the financial year ended December 31, 2018, are as stated above.

The chairman of this committee is always a shareholder.

Attendance of Directors at AGM	June 21, 2018
Mr. Mutiu Sunmonu, CON	▪
Engr. Heinz Stockhausen	▪
HRH Igwe Peter Nwokike Anugwu, JP, OFR	▪
Engr. Jafaru Damulak	▪
Mr. George Marks	▪
Dr. Ernest Nnaemeka Azudialu-Obiejesi	▪
Mrs. Belinda Ajoke Disu	▪
Mrs. Gladys Olubusola Talabi	▪
Engr. Wolfgang Goetsch*	▪
Alhaji Zubairu Ibrahim Bayi	▪
Mr. Martin Brack	▪
Dr. Lars Richter**	N/A
Mr. Tobias Meletschus**	N/A

Key: ▪ Present; *Resigned from the Board with effect from October 15, 2018; **Appointed to the Board with effect from October 16, 2018

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 2018, the members met in Annual General Meeting on June 21, 2018. At the close of the Meeting there were 293 (two hundred and ninety-three) shareholders, 107 (one hundred and seven) proxies and 138 (one hundred and thirty-eight) observers, representatives of regulators and members of the press

Attendance by the Directors is as stated above.

4. The Management

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

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

5. Subsidiary governance

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

6. Specific disclosure requirements of the Regulators

6.1 Insider trading and price sensitive information

In relation to dealings in the shares of the Company, Julius Berger Nigeria Plc has a Securities Trading Policy approved by the Board on March 18, 2015, regarding securities transactions by its employees and Directors and their connected persons as well as those in possession of market sensitive information on terms no less exacting than the required standards set out in the Rules of the NSE. The Directors and employees, in the financial year 2018, complied with the required standard set out in the Rules of the NSE and in the Securities Trading Policy.

6.2 Complaints management framework

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

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

Health, Safety & Environment

Julius Berger Nigeria Plc firmly believes that effective Health, Safety and Environmental (HSE) policies and procedures not only protect our staff and the environment in which we operate, but also enable operational success.

The Company therefore has in place a Health, Safety and Environmental Management System, inclusive of monitoring and control procedures, to proactively reduce risks across all work sites and facilities. Additionally, the Company invest heavily in HSE training for staff at all levels within the organisation, to increase HSE awareness and provide the required knowledge and skills to empower safe and productive workplaces, considering the range of our operational scope. This training is supplemented by targeted educational campaigns to minimise potential hazards where a specialised expertise is required, and further supported by site inspections, audits and regular safety meetings to ensure a clear understanding of, and compliance with, HSE guidelines.

In the year under review, the Company saw continued improvement in its HSE performance, to record levels, with a Lost Time Frequency Rate of 0.32, put simply we had less than 1 Lost Time Injury for every three million man-hours that we worked. This impressive achievement underpins the effectiveness of our operations and is an indicator of world class HSE performance.

The commitment to a robust safety culture continues to be fundamental to Julius Berger Nigeria Plc's business principles. As a company, we refuse to rest on our laurels. We will continue to invest and provide the resources that are needed for continuous improvement in our HSE performance and will continue to work in a manner that protects all who may be affected by our operations.

Risk Management

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

Market risk

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

Operational risk

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

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

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

Compliance risk

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

Information technology risk

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

Reputational risk

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

FAMFA Office Tower, Lagos

Financial Information

for the Year Ended December 31, 2018

Statement of
Directors' Responsibilities

By the provisions of S334 and S335 of CAMA, the Directors are responsible for preparation of the Consolidated Financial Statements, which give a true and fair view of the state of affairs of the Group, and of the profit or loss at the end of each financial year. The Directors are required by the provisions of the Codes to issue this statement in connection with the preparation of the Consolidated Financial Statements for the year ended December 31, 2018.

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

Dr. Lars Richter
Managing Director

March 20, 2019

Note: The Managing Director was granted a waiver by the FRCN to sign the Directors' report without indicating any FRC number

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, 2018.

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, 2018, appear to be true, correct and up to date.

Dr. Lars Richter
Managing Director

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

March 20, 2019

Note: The Managing Director was granted a waiver by the FRCN to sign the Directors' report without indicating any FRC number

Report of the

Statutory Audit Committee

In compliance with S359 (6) of CAMA, we, the members of the Statutory Audit Committee, whose names are stated hereunder, have reviewed and considered the Auditor's Report required to be made in accordance with S359 (3) of CAMA, the Consolidated Financial Statements for the year ended December 31, 2018, and the reports thereon, confirm as follows:

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

Members of the Statutory Audit Committee

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

Signed on behalf of the Committee by,

Chief Timothy Ayobami Adesiyan
Chairman of the Statutory Audit Committee
FRC/2014/IODN/00000003745

March 19, 2019

Nexia
Agbo Abel & Co

43 Anthony Enahoro Street
Utako District
Abuja - Nigeria.

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

Opinion

We have audited the accompanying consolidated financial statements of **Julius Berger Nigeria Plc and its subsidiaries** which comprise the consolidated statement of financial position as at 31 December 2018, 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 49 to 132.

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 2018 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, Companies and Allied Matters Act CAP C20 LFN 2004 and the Financial Reporting Council of Nigeria Act No 6, 2011.

Basis for opinion

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

Key audit matters

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

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

Impairment of receivables	
See note 3.20.1.4 and note 23 to the consolidated financial statements.	
Key audit matter	**How our audit addressed the matter**
The Group adopted IFRS 9 in the year - There is a risk that the trade receivables, particularly contract receivables may be misstated due to wrong application of the expected credit loss model under IFRS 9 regarding impairment of financial assets.	- Our audit procedures were designed to test the existence and recoverability of trade receivables. - We obtained and reviewed the appropriateness of the report of impairment test on receivables carried by management during the year. - We reviewed management identification of scenarios in which receivables may default as well as the cash shortfall that may be incurred. - We also reviewed the reasonableness of the estimation of probability of default events occuring as made by management. - We re-assessed the appropriateness of the expected credit loss calculated for the period. - We circularised selected debtors for confirmation of balances.

Other information

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

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

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

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regards.

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

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Company and its subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company and its subsidiaries or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and its subsidiaries' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Company and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or its subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

In compliance with the requirements of the Sixth Schedule of the Companies and Allied Matters Act CAP C20 LFN 2004, we confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) the Company and its subsidiaries have kept proper books of account, so far as appears from our examination of those books; and

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

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
SG/ICAN
0289510

Tolulope Fasanya - FRC/2012/ICAN/00000000109

for: **Nexia Agbo Abel & Co**

Chartered Accountants

Abuja, Nigeria

20 March 2019

Julius Berger Nigeria Plc AR & FS 2018 | Statement of Financial Position

Statement of Financial Position

	Note	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
Assets					
Non-current assets					
Property, plant and equipment	16	41,342,451	43,621,129	38,636,436	41,036,466
Goodwill	18.1	9,434,576	9,781,954	–	–
Other intangible assets	18.2	–	1,383	–	–
Investment property	19	2,260,012	2,342,484	2,260,012	2,342,484
Investment in subsidiaries	20.1	–	–	16,916,771	16,916,771
Other financial assets	20.2	2,045,681	2,025,055	–	–
Trade and other receivables	23	61,346,789	68,842,492	65,128,223	70,689,703
Tax receivable	24	17,211,734	14,875,011	17,644,652	14,103,168
Deferred tax assets	14.3	2,577,821	2,816,807	2,434,847	2,526,664
Total non-current assets		**136,219,064**	**144,306,315**	**143,020,941**	**147,615,256**
Current assets					
Inventories	21	13,465,981	10,649,880	11,304,296	9,208,956
Amount due from customers under construction contracts		–	31,581,219	–	30,048,392
Trade and other receivables	23	101,484,353	49,837,624	91,108,522	49,393,349
Tax receivable	24	2,571,549	341,132	1,510,342	307,299
Contract asset	25	10,483,108	–	8,943,727	–
Cash and cash equivalents		23,995,718	37,590,125	11,963,926	19,383,619
		152,000,709	**129,999,980**	**124,830,813**	**108,341,615**
Assets classified as held for sale	17	210,227	1,087,498	208,633	1,061,591
Total current assets		**152,210,936**	**131,087,478**	**125,039,446**	**109,403,206**
Total assets		**288,430,000**	**275,393,793**	**268,060,387**	**257,018,462**
Equity and liabilities					
Equity					
Share capital	26	660,000	660,000	660,000	660,000
Share premium	26	425,440	425,440	425,440	425,440
Foreign currency translation reserve		10,260,927	9,508,398	–	–
Retained earnings		24,009,914	19,447,014	15,625,482	12,514,240
Equity attributable to owners of the Company		**35,356,281**	**30,040,852**	**16,710,922**	**13,599,680**
Non-controlling interests	27	61,609	55,079	–	–
Total equity		**35,417,890**	**30,095,931**	**16,710,922**	**13,599,680**
Non-current liabilities					
Retirement benefit liabilities	29.2	3,045,094	2,587,335	1,582,142	1,598,239
Deferred tax liabilities	14.3	7,546,216	7,214,400	6,657,438	6,456,153
Contract liabilities	22.1	160,609,800	122,881,472	160,609,800	122,881,472
Trade and other payables	30	4,578,295	8,284,314	8,471,491	8,284,314
Provisions	31	1,074,169	474,296	832,360	300,000
Total non-current liabilities		**176,853,574**	**141,441,817**	**178,153,231**	**139,520,178**
Current liabilities					
Contract liabilities	22.1	158,102	26,879,477	–	25,018,897
Trade and other payables	30	47,921,155	42,914,438	45,841,795	40,051,985
Bank overdraft	28	25,461,844	33,597,303	25,461,844	38,421,756
Current tax payable	14.2	2,477,144	351,854	1,764,919	307,299
Retirement benefit liabilities	29.1	140,291	112,973	127,676	98,667
Total current liabilities		**76,158,536**	**103,856,045**	**73,196,234**	**103,898,604**
Total liabilities		**253,012,110**	**245,297,862**	**251,349,465**	**243,418,782**
Total equity and liabilities		**288,430,000**	**275,393,793**	**268,060,387**	**257,018,462**

These Financial Statements on pages 49 to 132 were approved by the Board of Directors on March 20, 2019, and signed on its behalf by:

Dr. Lars Richter
Managing Director

Note: The Managing Director was granted a waiver by the FRCN to sign the Directors' report without indicating any FRC number

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

The accounting policies on pages 67 to 87 and notes on pages 88 to 132 form part of these Financial Statements.

Julius Berger Nigeria Plc AR & FS 2018 | Statement of Profit or Loss and Other Comprehensive Income

Statement of
Profit or Loss and Other Comprehensive Income

	Note	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
Revenue	8	194,617,712	141,890,498	170,326,746	125,777,848
Cost of sales		(142,609,198)	(97,591,978)	(132,254,711)	(95,762,476)
Gross profit		**52,008,514**	**44,298,520**	**38,072,035**	**30,015,372**
Marketing expenses		(126,806)	(47,851)	(78,012)	(45,386)
Administrative expenses		(34,466,764)	(35,564,107)	(20,756,369)	(21,042,794)
Impairment loss on trade and tax receivables		(5,326,995)	–	(4,449,772)	–
Operating profit		**12,087,949**	**8,686,562**	**12,787,882**	**8,927,192**
Investment income	9	474,179	1,126,493	983,856	1,361,433
Other gains and losses	10	2,290,317	4,076,096	(1,585,318)	1,949,557
Finance cost	11	(4,563,573)	(6,900,051)	(5,464,539)	(7,830,008)
Foreign exchange acquisition loss		(91,215)	(3,249,960)	(91,215)	(3,249,960)
Profit before tax	12	**10,197,666**	**3,739,140**	**6,630,667**	**1,158,214**
Income tax expense	14.1	(4,095,852)	(1,221,628)	(1,989,040)	(576,389)
Profit for the year		**6,101,814**	**2,517,512**	**4,641,627**	**581,825**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Actuarial gains/(Losses) on retirement benefits		215,567	(181,760)	215,567	(181,760)
Related tax	14.3	(68,981)	54,528	(68,981)	54,528
		146,586	**(127,232)**	**146,586**	**(127,232)**
Items that may be reclassified subsequently to profit or loss					
Differences on translating foreign operations		752,529	2,389,336	–	–
Related tax		–	–	–	–
Total comprehensive income		**7,000,929**	**4,779,617**	**4,788,213**	**454,593**
Attributable to					
Owners of the Company		6,992,399	4,771,064	4,788,213	454,593
Non-controlling interests		8,530	8,553	–	–
Total comprehensive income		**7,000,929**	**4,779,617**	**4,788,213**	**454,593**
Earnings per share					
Basic earnings per share	15	**5.30**	**3.61**	**3.63**	**0.34**
Diluted earnings per share	15	**5.30**	**3.61**	**3.63**	**0.34**

Julius Berger Nigeria Plc AR & FS 2018 | Statement of Changes in Equity

Statement of
Changes in Equity

Group	Share capital ₦ 000	Share premium ₦ 000	Foreign currency translation reserve ₦ 000	Retained earnings ₦ 000	Attributable to owners of the Company ₦ 000	Attributable to non-controlling interest ₦ 000	Total equity ₦ 000
Balance at January 1, 2017	660,000	425,440	7,119,062	17,065,287	25,269,789	46,526	25,316,315
Profit for the year	–	–	–	2,508,959	2,508,959	8,553	2,517,512
Other comprehensive income (net of tax)	–	–	2,389,366	(127,232)	2,262,104	–	2,262,104
Dividends to shareholders	–	–	–	–	–	–	–
Balance at January 1, 2018	660,000	425,440	9,508,398	19,447,014	30,040,852	55,079	30,095,931
Impact of change in accounting policy	–	–	–	(356,970)	(356,970)	–	(356,970)
Adjusted balance at January 1, 2018	660,000	425,440	9,508,398	19,090,044	29,683,882	–	29,738,961
Profit for the year	–	–	–	6,093,284	6,093,284	8,530	6,101,814
Other comprehensive income (net of tax)	–	–	752,529	146,586	899,115	–	899,115
Total comprehensive income	**–**	**–**	**752,529**	**6,239,870**	**6,992,399**	**8,530**	**7,000,929**
Issued share capital (subsidiaries: non-controlling interest)	–	–	–	–	–	–	–
Dividends to shareholders	–	–	–	(1,320,000)	(1,320,000)	(2,000)	(1,322,000)
Balance at December 31, 2018	**660,000**	**425,440**	**10,260,727**	**24,009,914**	**35,356,281**	**61,609**	**35,417,890**

Company	Share capital ₦ 000	Share premium ₦ 000	Foreign currency translation reserve ₦ 000	Retained earnings ₦ 000	Attributable to owners of the Company ₦ 000	Attributable to non-controlling interest ₦ 000	Total equity ₦ 000
Balance at January 1, 2017	660,000	425,440	–	12,059,647	13,145,087	–	13,145,087
Profit for the year	–	–	–	581,825	581,825	–	581,825
Other comprehensive income (net of tax)	–	–	–	(127,232)	(127,232)	–	(127,232)
Dividends to shareholders	–	–	–	–	–	–	–
Balance at January 1, 2018	660,000	425,440	–	12,514,240	13,599,680	–	13,599,680
Impact of change in accounting policy	–	–	–	(356,970)	(356,970)	–	(356,970)
Adjusted balance at January 1, 2018	660,000	425,440	–	12,157,269	13,242,709	–	13,242,709
Profit for the year	–	–	–	4,641,627	4,641,627	–	4,641,627
Other comprehensive income (net of tax)	–	–	–	146,586	146,586	–	146,586
Total comprehensive income	**–**	**–**	**–**	**4,788,213**	**4,788,213**	**–**	**4,788,213**
Issued share capital	–	–	–	–	–	–	–
Dividends to shareholders	–	–	–	(1,320,000)	(1,320,000)	–	(1,320,000)
Balance at December 31, 2017	**660,000**	**425,440**	**–**	**15,625,482**	**16,710,922**	**–**	**16,710,922**

Julius Berger Nigeria Plc AR & FS 2018 | Statement of Cash Flows

Statement of
Cash Flows

	Note	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
Cash flows from operating activities					
Cash receipts from customers		219,090,434	222,626,776	201,212,148	191,984,709
Cash paid to suppliers and employees		(214,637,602)	(187,864,263)	(186,143,989)	(175,447,210)
Cash provided by operating activities		**4,452,832**	**34,762,513**	**15,068,159**	**16,537,499**
Cash paid for taxes		(314,206)	(866,749)	(152,599)	(927,163)
Foreign exchange acquisition loss		(91,215)	(3,249,960)	(91,215)	(3,249,960)
Net cash generated by operating activities	32	**4,047,411**	**30,645,804**	**14,824,345**	**12,360,376**
Cash flows from investing activities					
Purchase of PPE	16	(5,454,801)	(580,197)	(4,813,085)	(217,384)
Deposit for shares		–	(1,723,373)	–	(1,723,373)
Investment property		–	–	–	–
Interest received	9	474,179	97,932	465,856	82,872
Dividend received		–	1,028,561	500,000	1,278,561
Proceeds from disposal of PPE		1,359,836	4,012,422	1,347,641	3,954,002
Net cash (used)/generated by investing activities		**(3,620,786)**	**2,835,345**	**(2,499,588)**	**3,374,778**
Cash flows from financing activities					
Interest paid	11	(4,563,573)	(6,900,051)	(5,464,539)	(7,830,008)
Dividends paid		(1,320,000)	–	(1,322,000)	–
Net cash used in financing activities		**(5,885,573)**	**(6,900,051)**	**(6,784,539)**	**(7,830,008)**
Net (decrease) / increase in cash and cash equivalents		**(5,458,948)**	**26,581,098**	**5,540,218**	**7,905,146**
Cash and cash equivalents at 1 January		3,992,822	(22,588,276)	(19,038,137)	(26,943,283)
Cash and cash equivalents at 31 December	32.1	**(1,466,126)**	**3,992,822**	**(13,497,919)**	**(19,038,137)**
Cash and cash equivalents consist of					
Cash and bank balances		23,995,718	37,590,125	11,963,925	19,383,619
Bank overdraft		(25,461,844)	(33,597,303)	(25,461,844)	(38,421,756)
	32.1	**(1,466,126)**	**3,992,822**	**(13,497,919)**	**(19,038,137)**

Notes to the Financial Statements

for the Year Ended December 31, 2018

General Information

1. General information

Julius Berger Nigeria Plc was incorporated as a private limited liability Company on February 18, 1970. The Company subsequently converted to a public liability company in 1979 with its shares quoted on the Nigerian Stock Exchange. It is registered in Nigeria with registration number, RC 6852. The address of its registered office and principal place of business are disclosed in the introduction to the Annual Report & Financial Statements. The principal activities of the Company and its subsidiaries (the Group) are described in notes 20 and 34 to the Consolidated Financial Statements.

Application of

IFRS Standards

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

2.1 Amendments to IFRSs and the new interpretation that are mandatorily effective for the year ended December 31, 2018

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

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

IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and measurement with a single model that has initially only two classification categories: amortised cost and fair value. Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.

All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognised at fair value. All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss). For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in the their own credit risk in other comprehensive income rather than profit or loss.

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

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

* Required to be implemented for periods beginning on or after January 1, 2018
** Required to be implemented for periods beginning on or after January 1, 2019
*** Required to be implemented for periods beginning on or after January 1, 2020

The changes introduce:

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

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

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

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

Applying IFRS 9: Financial instruments with IFRS 4 insurance contracts (Amendments to IFRS 4)

In September 2016, the IASB published an amendment to IFRS 4, which addresses the concerns of insurance companies about the different effective dates of IFRS 9 Financial instruments and the forthcoming new insurance contracts standard. The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional.

IFRS 4 (including the amendments) will be superseded by the forthcoming new insurance contracts standard. Accordingly, both the temporary exemption and the 'overlay approach' are expected to cease to be applicable when the new insurance standards becomes effective.

IFRS 15: Revenue from contract with customers*

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

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

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

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

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

Step 1	Step 2	Step 3	Step 4	Step 5
Identify the contract with a customer	Identify the performance obligation	Determine the transaction price	Allocate price to performance obligations	Recognise revenue if obligation is satisfied

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

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

Annual improvements (2014-2016 cycle)*

The following improvements were finalised in December 2016:

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

There is immaterial impact of this amendment to the Group Financial Statements.

Transfers of investment property (Amendments to IAS 40)*

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

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

The Board provided two option for transition:

- prospectively, with any impact from the reclassification recognised as adjustment to opening retained earnings as at the date of initial recognition, or
- retrospectively, only permitted without the use of hindsight.

Additional disclosures are required if an entity adopts the requirements prospectively.

Foreign currency transactions and advance consideration (Interpretation 22)*

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

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

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

Entities can choose to apply the interpretation:

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

2.2 New and revised IFRSs that are not mandatorily effective (but allow early application) for the year ended December 31, 2018

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

IFRS 16: Leases**

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

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

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

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

Prepayment features with negative compensation (Amendments to IFRS 9)**

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

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

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)**

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

Uncertainty over income tax treatments (Interpretation 23)**

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

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

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

Annual improvements to IFRS standards (2015-2017 cycle)**

The following improvements were finalised in December 2017:

- IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.
- IFRS 11 - clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- IAS 12 - clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- IAS 23 - clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

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

Plan amendment, curtailment or settlement (Amendments to IAS 19)**

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

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

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

Amendments to references to conceptual framework in IFRS standards***

The main changes to the framework's principles have implications for how and when assets and liabilities are recognised and derecognised in the financial statements.

Under the new framework, a company would book as an asset a right to use the asset, rather than the asset itself. A liability will be recognised if a company has no practical ability to avoid it. This may bring some liabilities on the balance sheet earlier than at present. A company will take an asset off balance sheet when it loses control over all or part of it – i.e. the focus is no longer on the transfer of risks and rewards.

Some of the concepts in the revised framework are entirely new – such as the 'practical ability' approach to liabilities. As they have not been tested as part of any recent standard-setting process, it is unclear what challenges the board will encounter when using them

to develop standards in the future. It is also unclear what challenges preparers of financial statements will face after those future standards become effective.

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.

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

IFRS 17 Insurance contracts***

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

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

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

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

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

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

N/A: In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.

Significant Accounting Policies

3. Significant Accounting Policies

3.1 Statement of compliance

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

3.2 Basis of preparation

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

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

The preparation of Consolidated Financial Statements in conformity with IFRS requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenue and expenses during the reporting period. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future period.

3.3 Basis of consolidation

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

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

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

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

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

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

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

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

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

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

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

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

3.3.2 New standards, interpretations and amendments effective January 1, 2018 (the effect of the initial application of an IFRS on the entity's accounting policies)

The following new standards, amendments and interpretations are effective for the first time for periods beginning on or after January 1, 2018:

IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers (both mandatorily effective for periods beginning on or after January 1, 2018).

IFRS 9 Financial Instruments

The Group has identified that the adoption IFRS 9, which replaces IAS 39 Financial Instruments: Recognition and Measurement from January 1, 2018, will impact its Consolidated Financial Statements in two key areas:

- The Group will need to apply an expected credit loss model when calculating impairment losses on its trade and other receivables (both current and non-current).
- The Group will need to account for its long term borrowings by using the effective interest rate and report it at fair value in accordance with the requirements of IFRS 13.

IFRS 15 Revenue from Contracts with Customers

The Group has concluded that the adoption of IFRS 15 will result in revenue on all construction contracts in progress at the interim reporting date being recognised over time when the specifics of a particular contract result in control of the goods being passed to the customer. Only in the Group's furniture production unit which carries out certain furnishing production contracts, and Abumet Nigeria Limited, which manufactures aluminium, steel and iron products, has revenue been determined at a point in time.

The criteria in IFRS 15 for recognising revenue on contracts are different to those in IAS 18 Revenue, and will result in revenue being recognised later than it was the case in the past and therefore, the board has decided that it will apply IFRS 15 retrospectively, making use of any practical expedient available.

3.4 Business combinations

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;

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

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

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

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

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

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

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

3.4.1 Acquisition of interests from non-controlling shareholders

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

3.5 Goodwill

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

3.6 Revenue recognition

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

3.6.1 Goods and services

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

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

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

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3.6.2 Construction contracts

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

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

3.6.3 Revenue from contracts with customers

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

3.7 Gross amount due from customers

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

3.8 Advance payments received

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

3.9 Borrowing costs

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

3.10 Property, Plant and Equipment

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

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

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

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

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

3.10.1 Capitalisation

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

3.10.1.1 Items to capitalise

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

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3.10.1.2 Items to be expensed

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

3.11 Investment property

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

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

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

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

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

3.12 Non-current assets held for sale

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

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

3.13 Leasing

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

3.13.1 IFRS 16 leases

The Group is required to adopt IFRS 16 Leases from January 1, 2019. The Group has assessed the estimated impact that initial application of IFRS 16 will have on its Consolidated Financial Statements, as described below. The actual impacts of adopting the standard on January 1, 2019, may change because:

- the Group has not finalised the testing and assessment of controls over its new IT systems, and
- the new accounting policies are subject to change until the Group presents its first Financial Statements that include the date of initial application.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

3.13.2 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.

3.13.3 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.

3.13.4 Transition

The Group plans to apply IFRS 16 initially on January 1, 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at January 1, 2019, with no restatement of comparative information.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before January 1, 2019, and identified as leases in accordance with IAS 17 and IFRIC 4.

3.14 Intangible assets

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

3.14.1 Intangible assets acquired separately

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

3.14.2 Internally-generated intangible assets – research and development expenditure

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

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

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

3.14.3 Intangible assets acquired in a business combination

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

3.14.4 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.

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3.16 Taxation

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

3.16.1 Income and deferred tax for the year

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

3.16.2 Income tax

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

3.16.3 Deferred taxation

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

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

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

3.17 Foreign currencies

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

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

3.18 Dividends

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

3.18.1 Unclaimed dividend

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

3.19 Retirement benefits

3.19.1 Defined contribution plan

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

3.19.2 Defined benefit plan

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

3.19.3 Short-term employee benefits

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

3.19.4 Other long-term employee benefits

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

3.19.5 Termination benefits

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

3.20 Financial instruments

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

3.20.1 Financial assets

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

3.20.1.1 Amortised cost and effective interest method

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

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

3.20.1.2 Classification of financial assets

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

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

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

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

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

By default, all other financial assets are measured subsequently.

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.

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.

3.20.1.3 Foreign exchange gains and losses

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

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

3.20.1.4 Impairment of financial assets

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

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.

3.20.1.5 Derecognition of financial assets

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

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

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

3.20.2 Financial liabilities and equity instruments

3.20.2.1 Classification as debt or equity

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

3.20.2.2 Equity instruments

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

3.20.2.3 Financial liabilities

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

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

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

3.20.2.4 Foreign exchange gains and losses

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

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

3.20.2.5 Derecognition of financial liabilities

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

3.21 Provisions

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

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

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

3.22 Related parties

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

3.23 Earnings per share

The Group presents basic earnings per share (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).

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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 realizable. Net realizable 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 (2) 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 9: Financial instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Group's approach was to include the impairment of trade receivables in other expenses. Consequently, the Group reclassified impairment losses amounting to ₦4.84 billion, recognised under IAS 39, from 'other expenses' to 'impairment loss on trade receivables and contract assets' in the statement of profit or loss and OCI for the year ended December 31, 2017. Impairment losses on other financial assets are presented under 'admin expenses', similar to the presentation under IAS 39, and not presented separately in the statement of profit or loss and OCI due to materiality considerations.

Additionally, the Group has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

The following table summarises the impact, net of tax, of transition to IFRS 9 on the opening balance of reserves, retained earnings and NCI.

Retained earnings:	Group Impact of adopting IFRS 9 on opening balance ₦000	Company Impact of adopting IFRS 9 on opening balance ₦000
Recognition of expected credit losses under IFRS 9	(114,229)	(114,229)
Related tax	34,269	34,269
Impact at January 1, 2018	(79,960)	(79,960)

5.1.1 Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments (for derivatives that are used as hedging instruments.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at January 1, 2018.

Group (Financial assets)	Carrying amount under IAS 39 ₦000	Reclassification ₦000	Remeasurement ₦000	Carrying amount under IFRS 9 ₦000
Amortised cost				
Trade and other receivables:				
Brought forward: Loans and receivables	152,286,390	(152,286,390)	–	–
Carried forward: Amortised cost	–	152,286,390	–	152,286,390
Tax receivables:				
Brought forward: Loans and receivables	15,216,143	(15,216,143)	–	–
Carried forward: Amortised cost	–	15,216,143	(79,960)	15,136,183
Cash and cash equivalents:				
Brought forward: Loans and receivables	37,590,125	(37,590,125)	–	–
Carried forward: Amortised cost	–	37,590,125	–	37,590,125
Total amortised cost	**205,092,658**	**–**	**(79,960)**	**205,012,698**

Company (Financial assets)	Carrying amount under IAS 39 ₦000	Reclassification ₦000	Remeasurement ₦000	Carrying amount under IFRS 9 ₦000
Amortised cost				
Trade and other receivables:				
Brought forward: Loans and receivables	150,131,443	(150,131,443)	–	–
Carried forward: Amortised cost	–	150,131,443	–	150,131,443
Tax receivables:				
Brought forward: Loans and receivables	14,410,467	(14,410,467)	–	–
Carried forward: Amortised cost	–	14,410,467	(79,960)	14,330,507
Cash and cash equivalents:				
Brought forward: Loans and receivables	19,383,619	(19,383,619)	–	–
Carried forward: Amortised cost	–	19,383,619	–	19,383,619
Total amortised cost	**183,925,529**	**–**	**(79,960)**	**183,845,568**

5.1.2 Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39 – see Significant Accounting Policy 3.20.1.4.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at January 1, 2018 results in an additional allowance for impairment as follows.

	Group 31/12/2018 ₦000	Company 31/12/2018 ₦000
Loss allowance at December 31, 2017, under IAS 39	4,901,804	4,838,727
Trade and other receivables	–	–
Tax Receivables	79,960	79,960
Cash and cash equivalents	–	–
Contract assets recognised on adoption of IFRS 15	–	–
Loss allowance at January 1, 2018, under IFRS 9	**4,981,764**	**4,918,687**

6. IFRS 15: Revenue from contracts with customers

The Group has applied IFRS 15 using the cumulative effect method – i.e. by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at January 1, 2018. Therefore, the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11. The details of the significant changes and quantitative impact of the changes are set out below.

6.1 Percentage of Completion (POC)

Previously, the Group recognised revenue for all construction contract based on engineer's certification plus work in progress in accordance with the requirement of IAS 11 on construction contracts. Under IFRS 15, the Group recognises revenue when a customer obtains control over the product and formally accept it. Under the Group contracts with customers, the customers controls all of the work in progress, as constructions are being carried out and therefore, for such contracts revenue is recognised progressively based on measurement and certification by the customer.

6.2 Impacts on Financial Statements

The following table summarises the impact, net of tax, of transition to IFRS 15 on retained earnings and NCI at January 1, 2018.

Consolidated statement of financial position for the year ended December 31, 2017	Group As reported ₦000	Group Adjustments ₦000	Group As restated ₦000
Gross amount due from customers	30,048,392	(30,048,392)	–
Trade and other receivables	120,083,051	–	120,083,051
Tax receivable	14,410,467	(114,229)	14,226,238
Deferred tax assets	2,526,664	34,269	2,560,933
Others	89,949,888	4,672,523	94,622,410
Total assets	**257,018,461**	**(25,455,830)**	**231,562,631**
Deferred tax liabilities	(6,456,153)	–	(6,456,153)
Gross amount due to customers	(25,018,897)	25,018,897	–
Trade and other payables	(171,217,772)		(171,217,772)
Current tax payable	(307,299)	79,963	(227,336)
Others	(40,418,662)		(40,418,662)
Total liabilities	**(243,418,782)**	**25,098,859**	**(218,319,922)**
Retained earnings	(12,514,240)	356,970	(12,157,269)
Non-controlling interest	–	–	–
Others	(1,085,440)	–	(1,085,440)
Total equity	**(13,599,680)**	**356,970**	**(13,242,709)**
Total equity and liabilities	**(257,018,462)**	**25,455,830**	**(231,562,631)**
Revenue	125,777,848	(5,029,495)	120,748,353
Cost of sales	(95,762,476)	3,459,276	(92,303,200)
Administrative expenses	(21,042,794)	(114,229)	(21,157,023)
Others	(7,814,364)	1,213,247	(6,601,117)
Profit before tax	1,158,214	(471,202)	687,012
Income tax expenses	(576,389)	114,231	(462,158)
Profit for the year	581,825	(356,970)	224,855
Total comprehensive income	**454,593**	**(356,970)**	**97,623**

The following tables summarise the impacts of adopting IFRS 15 on the Group's Statement of Financial Position as at December 31, 2018, and its Statement of Profit or Loss and OCI for the year then ended for each of the line items affected. There was no material impact on the Group's Statement of Cash Flows for the year ended December 31, 2018.

Consolidated statement of financial position for the year ended December 31, 2018	Group As reported ₦000	Group Adjustments ₦000	Group Without adoption of IFRS 15 ₦000
Gross amount due from customers	–	30,048,392	30,048,392
Trade and other receivables	162,831,141	–	162,831,141
Tax receivable	19,783,283	114,229	19,897,512
Deferred tax assets	2,577,821	(34,269)	2,543,552
Contract assets	10,483,108	–	10,483,108
Others	92,754,647	(4,672,523)	88,082,124
Total assets	**288,430,000**	**25,455,830**	**313,885,830**
Deferred tax liabilities	7,546,216	–	7,546,216
Gross amount due to customers	–	25,018,897	25,018,897
Trade and other payables	52,499,449	–	52,499,449
Current tax payable	2,477,145	79,963	2,557,108
Contract liabilities	160,609,800	–	160,609,800
Others	29,879,500	–	29,879,500
Total liabilities	**253,012,110**	**25,098,860**	**278,110,970**
Retained earnings	24,009,914	356,970	24,366,884
Non-controlling interest	61,609	–	61,609
Others	11,346,367	–	11,346,367
Total equity	**35,417,890**	**356,970**	**35,774,860**
Total equity and liabilities	**288,430,000**	**25,455,830**	**313,885,830**
Revenue	194,617,712	(5,029,495)	189,588,217
Cost of sales	(142,609,198)	3,459,276	(139,149,922)
Administrative expenses	(34,466,764)	(114,229)	(34,580,993)
Others	(7,344,084)	1,213,247	(6,130,837)
Profit/(Loss) before tax	10,197,666	(471,202)	9,726,464
Income tax expenses	(4,095,852)	114,231	(3,981,621)
Profit/(Loss) for the year	6,101,814	(356,970)	5,744,844
Total comprehensive income	**7,000,929**	**(356,970)**	**6,643,959**

IFRS 15 did not have a significant impact on the Group's accounting policies with respect to other revenue streams.

6.3 Disaggregated revenue information

Group	Government 31/12/2018 ₦000	Government 31/12/2017 ₦000	Private 31/12/2018 ₦000	Private assets 31/12/2017 ₦ 000	Total reportable segments 31/12/2018 ₦000	Total reportable segments 31/12/2017 ₦000
Primary geographical markets						
Nigeria	159,367,226	107,738,341	23,693,571	28,204,682	183,060,797	135,943,023
Europe & Asia	–	–	11,556,914	5,947,475	11,556,914	5,947,475
	159,367,226	**107,738,341**	**35,250,485**	**34,152,157**	**194,617,711**	**141,890,498**
Major product/services lines						
Civil works	90,839,319	61,410,854	20,092,776	19,466,730	110,932,095	80,877,584
Building works	54,184,857	36,631,036	11,985,165	11,611,733	66,170,022	48,242,769
Services	14,343,050	9,696,451	3,172,544	3,073,694	17,515,594	12,770,145
	159,367,226	**107,738,341**	**35,250,485**	**34,152,157**	**194,617,711**	**141,890,498**
Timing of revenue recognition						
At a point in time	88,568	410,975	15,149,364	9,652,930	15,237,932	10,063,905
Overtime	159,278,658	107,327,366	20,101,121	24,499,227	179,379,779	131,826,593
	159,367,226	**107,738,341**	**35,250,485**	**34,152,157**	**194,617,711**	**141,890,498**

Company	Government 31/12/2018 ₦000	Government 31/12/2017 ₦000	Private 31/12/2018 ₦000	Private assets 31/12/2017 ₦ 000	Total reportable segments 31/12/2018 ₦000	Total reportable segments 31/12/2017 ₦000
Primary geographical markets						
Nigeria	148,281,344	99,682,178	22,045,402	26,095,669	170,326,746	125,777,847
Europe & Asia	–	–	–	–	–	–
	148,281,344	**99,682,178**	**22,045,402**	**26,095,669**	**170,326,746**	**125,777,847**
Major product/services lines						
Civil works	84,520,366	56,818,842	12,565,879	14,874,531	97,086,245	71,693,373
Building works	50,415,657	33,891,940	7,495,437	8,872,528	57,911,094	42,764,468
Services	13,345,321	8,971,396	1,984,086	2,348,610	15,329,407	11,320,006
	148,281,344	**99,682,178**	**22,045,402**	**26,095,669**	**170,326,746**	**125,777,847**
Timing of revenue recognition						
At a point in time	88,568	410,974	3,592,451	3,705,455	3,681,019	4,116,429
Overtime	148,192,777	99,271,204	18,452,951	22,390,214	166,645,727	121,661,418
	148,281,344	**99,682,178**	**22,045,402**	**26,095,669**	**170,326,746**	**125,777,847**

6.4 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 2019 ₦000	Group 2020 ₦000	Group Total ₦000	Company 2019 ₦000	Company 2020 ₦000	Company Total ₦000
Civil works	167,523,000	171,755,000	339,278,000	145,112,000	150,003,000	295,115,000
Building works	85,277,000	87,431,000	172,708,000	84,388,000	82,001,000	166,389,000
Services	20,301,000	20,814,000	41,115,000	23,002,000	24,996,000	47,998,000
Total	**273,101,000**	**280,000,000**	**553,101,000**	**252,502,000**	**257,000,000**	**509,502,000**

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

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

The Management expect that incremental fees to intermediaries as a result of obtaining contracts with customers are receivables. There were no incremental fees recognised in the period to December 31, 2018.

6.5 Performance obligations

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

Civil works

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

Building works

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

Services

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

Procurement services

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

Manufacturing services

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

7. Segmental analysis

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

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

7.1 Principal segment activities

Civil works

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

Building works

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

Services

The segment provides forward looking facility management solutions, which ensure the useful life of a building is extended and maintenance costs are significantly reduced.

Available through the segment is a computer assisted facility and resource management, aimed at optimising workflow and process controlling and reducing operating costs.

7.2 Segment revenue

	Group 31/12/2018 ₦000	Group 31/12/2017 ₦000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦000
Class of business				
Civil works	101,911,942	74,301,235	103,470,246	76,407,641
Building works	82,433,294	60,099,880	66,612,244	49,189,836
Services	10,272,476	7,489,383	244,257	180,371
Total revenue	**194,617,712**	**141,890,498**	**170,326,748**	**125,777,848**

7.3 Segment profit/(loss) and results

	Group 31/12/2018 ₦000	Group 31/12/2017 ₦000	Company 31/12/2018 ₦000	Company 31/12/2017 ₦000
Class of business				
Civil works	9,387,223	6,745,783	8,070,230	5,633,810
Building works	2,389,270	1,716,961	4,608,175	3,216,957
Services	311,458	223,818	109,476	76,425
Total profit of segments	**12,087,951**	**8,686,562**	**12,787,881**	**8,927,192**
Corporate income/(costs)	2,199,111	826,136	(1,676,533)	(1,300,403)
EBIDTA	**14,287,062**	**9,512,698**	**11,111,348**	**7,626,789**
Finance costs	(4,563,573)	(6,900,051)	(5,464,539)	(7,830,008)
Adjusted profit/(loss) before tax	**9,723,489**	**2,612,647**	**5,646,809**	**(203,219)**
Other items	474,179	1,126,493	983,856	1,361,433
Profit before income tax	**10,197,666**	**3,739,140**	**6,630,667**	**1,158,214**

Notes:
7.3.1 Corporate costs comprise the costs of operating head office functions and certain overheads.
7.3.2 EBITDA is earnings before investment income, finance costs and taxes.
7.3.3 The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and Directors' salaries, investment income, other gains and losses as well as finance costs. This is the measure reported to the Management for the purposes of resource allocation and assessment of segment performance.

7.4 Information about major customers

Included in the revenue reported by Group are four clients whose individual balances of ₦93.2 billion (2017: ₦19.2 billion), represent more than 10% of the total revenue reported by the Group. No other single client contributed 10% or more to the Group's revenue for 2018.

7.5 Segment assets and liabilities

Group	Segment assets 31/12/2018 ₦000	Segment liabilities 31/12/2018 ₦000	Segment net assets/liabilities 31/12/2018 ₦000	Segment assets 31/12/2017 ₦000	Segment liabilities 31/12/2017 ₦000	Segment net assets/liabilities 31/12/2017 ₦000
Class of business						
Civil works	79,465,814	(86,343,604)	(6,877,790)	70,613,558	(81,360,718)	(10,747,160)
Building works	47,919,986	(53,345,134)	(5,426,148)	42,580,953	(50,266,588)	(7,685,635)
Services	124,826,857	(73,578,614)	51,248,243	110,921,515	(69,332,395)	41,589,120
	252,211,657	**(213,267,352)**	**38,944,305**	**224,116,026**	**(200,959,701)**	**23,156,325**
Net cash	23,995,718	(25,461,844)	(1,466,126)	37,590,125	(33,597,303)	3,992,822
Unallocated assets/(liabilities)	12,222,624	(14,282,913)	(2,060,289)	13,687,642	(10,740,858)	2,946,784
	288,429,999	**(253,012,109)**	**35,417,890**	**275,393,793**	**(245,297,862)**	**30,095,931**

Company	Segment assets 31/12/2018 ₦000	Segment liabilities 31/12/2018 ₦000	Segment net assets/liabilities 31/12/2018 ₦000	Segment assets 31/12/2017 ₦000	Segment liabilities 31/12/2017 ₦000	Segment net assets/liabilities 31/12/2017 ₦000
Class of business						
Civil works	74,585,844	(85,163,709)	(10,577,865)	68,466,518	(77,759,178)	(9,292,660)
Building works	42,149,318	(49,597,839)	(7,448,521)	38,691,216	(45,285,571)	(6,594,355)
Services	119,801,049	(80,161,538)	39,639,511	109,972,083	(73,191,919)	36,780,164
	236,536,211	**(214,923,086)**	**21,613,125**	**217,129,817**	**(196,236,668)**	**20,893,149**
Net cash	11,963,926	(25,461,844)	(13,497,918)	19,383,619	(38,421,756)	(19,038,137)
Unallocated assets/(liabilities)	19,560,250	(10,964,536)	8,595,714	20,505,026	(8,760,358)	11,744,668
	268,060,387	**(251,349,466)**	**16,710,921**	**257,018,462**	**(243,418,782)**	**13,599,680**

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 31/12/2018 ₦000	Group 31/12/2017 ₦000	Company 31/12/2018 ₦000	Company 31/12/2017 ₦000
Construction contracts	178,532,590	135,290,888	166,645,727	121,661,419
Rendering of services	16,085,122	6,599,610	3,681,019	4,116,429
	194,617,712	**141,890,498**	**170,326,746**	**125,777,848**

9. Investment income

	Group 31/12/2018 ₦000	Group 31/12/2017 ₦000	Company 31/12/2018 ₦000	Company 31/12/2017 ₦000
Investment income consists of interest income from				
Interest income	474,179	97,932	465,856	82,872
Dividend received	–	1,028,561	518,000	1,278,561
	474,179	**1,126,493**	**983,856**	**1,361,433**

10. Other gains and losses

	Group 31/12/2018 ₦000	Group 31/12/2017 ₦000	Company 31/12/2018 ₦000	Company 31/12/2017 ₦000
Profit from sale of PPE	529,887	3,215,223	523,339	3,206,363
Net foreign exchange gains/(losses)	862,693	185,943	(2,539,373)	(1,256,806)
Sundry income	897,746	674,930	430,717	–
	2,290,326	**4,076,096**	**(1,585,317)**	**1,949,557**

11. Finance costs

	Group 31/12/2018 ₦000	Group 31/12/2017 ₦000	Company 31/12/2018 ₦000	Company 31/12/2017 ₦000
Interest on overdraft	3,511,797	5,411,052	3,511,797	6,341,009
Interest on loan	616,551	1,327,823	1,517,517	1,327,823
Other finance charges	435,225	161,176	435,225	161,176
	4,563,573	**6,900,051**	**5,464,539**	**7,830,008**

12. Profit for the year

	Group 31/12/2018 ₦000	Group 31/12/2017 ₦000	Company 31/12/2018 ₦000	Company 31/12/2017 ₦000
Profit for the year has been arrived at after charging/(crediting)				
Net foreign exchange losses	(862,693)	(185,943)	2,539,373	1,256,806
Depreciation of PPE	7,749,333	7,873,178	7,241,772	7,578,897
Depreciation of investment property	98,725	101,976	98,725	101,976
Net impairment	(49,622)	(1,513,590)	–	(1,590,267)
Audit remuneration (see Note 12.1)	98,420	98,420	55,920	55,920
Staff costs (see Note 13)	68,769,099	59,717,637	41,544,783	36,703,079
Gain on disposal of PPE	(529,887)	(3,215,223)	(523,339)	(3,206,363)

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 31/12/2018 ₦000	Group 31/12/2017 ₦000	Company 31/12/2018 ₦000	Company 31/12/2017 ₦000
Audit fees				
Parent group	52,920	52,920	52,920	52,920
Subsidiaries auditors (Ernst & Young and Deloitte & Touche)	42,500	42,500	–	–
Other audit related fees	3,000	3,000	3,000	3,000
Audit and audit-related fees	**98,420**	**98,420**	**55,920**	**55,920**
Other fees				
Taxation	13,770	12,980	4,500	4,500
Others	1,350	1,650	250	250
Total fees	**113,540**	**113,050**	**60,670**	**60,670**

13. Staff costs and employee numbers

	Group 31/12/2018 ₦000	Group 31/12/2017 ₦000	Company 31/12/2018 ₦000	Company 31/12/2017 ₦000
Wages and salaries	66,245,459	58,513,387	39,835,342	35,678,696
Social security costs	31,665	5,335	–	–
Defined benefit plans	939,838	318,021	299,204	265,034
Defined contribution (pension schemes)	1,552,139	880,894	1,410,237	759,349
	68,769,101	**59,717,637**	**41,544,783**	**36,703,079**

	Group 31/12/2018 Number	Group 31/12/2017 Number	Company 31/12/2018 Number	Company 31/12/2017 Number
The average number of people employed was as follows:				
Civil works	3,002	1,117	2,667	1,117
Building works	5,983	4,516	5,314	3,811
Services	3,198	2,992	2,840	2,771
	12,183	**8,625**	**10,821**	**7,699**

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

	Group 31/12/2018 Number	Group 31/12/2017 Number	Company 31/12/2018 Number	Company 31/12/2017 Number
Managerial staff	118	117	91	91
Senior staff	386	478	324	349
Junior staff	11,679	8,030	10,406	7,259
	12,183	**8,625**	**10,821**	**7,699**

14. Taxation

14.1 Income tax recognised in profit or loss

	Group 31/12/2018 ₦000	Group 31/12/2017 ₦000	Company 31/12/2018 ₦000	Company 31/12/2017 ₦000
Current tax				
Current tax expense in respect of the current year	3,280,732	461,704	1,510,342	307,299
Education tax (2 % of assessable profit)	273,149	10,722	254,577	–
Adjustments in relation to the current tax of prior years	40,150	28,785	–	–
Deferred tax				
Deferred tax charged in the current year	570,802	665,889	293,102	214,562
Total income tax expense recognised in the current year	**4,164,833**	**1,167,100**	**2,058,021**	**521,861**
The income tax expense for the year can be reconciled to the accounting profit as follows:				
Profit/(Loss) before tax from operations	**10,197,666**	**3,739,140**	**6,630,667**	**1,158,214**
Expected income tax expense calculated at 30 % (2017: 30 %)	3,059,300	1,121,742	1,989,200	347,464
Education tax expense calculated at 2 % (2017: 2 %) of assessable profit	273,149	10,722	254,577	–
Effect of income that is exempt from taxation	–	–	–	–
Effect of expenses that are not deductible in determining taxable profit	261,582	(631,253)	(478,858)	(40,165)
Effect of unrecognised and unused tax losses now recognised as deferred tax assets	–	–	–	–
Effect of different tax rates of subsidiaries and adjustments	–	–	–	–
Deferred tax expense recognised in the current year	570,802	665,889	293,102	214,562
Income tax expense recognised in profit or loss	**4,164,833**	**1,167,100**	**2,058,021**	**521,861**
Relating to the component of profit or loss	4,095,852	1,221,628	1,989,040	576,389
Relating to the component of other comprehensive income	68,981	(54,528)	68,981	(54,528)
	4,164,833	**1,167,100**	**2,058,021**	**521,861**

The tax rate used for the 2018 and 2017 reconciliations above is the corporate tax rate of 30% payable by corporate entities in Nigeria on taxable profits under the Companies Income Tax Act.

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14.2 Current tax liabilities

	Group 31/12/2018 ₦000	Group 31/12/2017 ₦000	Company 31/12/2018 ₦000	Company 31/12/2017 ₦000
Income tax payable				
Expense	3,280,732	461,704	1,510,342	307,299
Provisional payment	(1,076,737)	(120,572)	–	–
	2,203,995	**341,132**	**1,510,342**	**307,299**
Education tax payable	273,149	10,722	254,577	–
	2,477,144	**351,854**	**1,764,919**	**307,299**

14.3 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group 31/12/2018 ₦000	Group 31/12/2017 ₦000	Company 31/12/2018 ₦000	Company 31/12/2017 ₦000
Deferred tax assets	2,577,821	2,816,807	2,434,847	2,526,664
Deferred tax liabilities	(7,546,216)	(7,214,400)	(6,657,438)	(6,456,153)
Deferred tax liabilities (net)	**(4,968,395)**	**(4,397,593)**	**(4,222,591)**	**(3,929,489)**
The gross movement in deferred taxation during the year				
Balance at beginning of year	4,397,593	3,731,704	3,929,489	3,714,927
Profit or loss charge	501,821	720,417	224,121	269,090
Tax charge relating to components of other comprehensive income	68,981	(54,528)	68,981	(54,528)
Balance at end of year	**4,968,395**	**4,397,593**	**4,222,591**	**3,929,489**

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, 2018	7,252,684	(608,992)	570,708	7,214,400
Charged to profit or loss	(30,755)	194,414	168,178	331,817
Balance at December 31, 2018	**7,221,909**	**(414,578)**	**738,886**	**7,546,217**

Group	Retirement benefit obligation ₦000	Impairment and tax losses ₦000	Provisions and others ₦000	Total ₦000
Deferred tax assets				
Balance at January 1, 2018	84,501	(2,953,090)	51,782	(2,816,807)
Charged to profit or loss	(66)	(613,081)	783,151	170,004
Charged to other comprehensive income	68,981	–	–	68,981
Balance at December 31, 2018	**153,416**	**(3,566,171)**	**834,933**	**(2,577,822)**

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, 2018	7,155,650	(699,497)	–	6,456,153
Charged to profit or loss	(55,644)	201,318	55,612	201,285
Balance at December 31, 2018	**7,100,006**	**(498,179)**	**(55,612)**	**6,657,438**

Company	Retirement benefit obligation ₦000	Impairment and tax losses ₦000	Provisions and others ₦000	Total ₦000
Deferred tax assets				
Balance at January 1, 2018	85,970	(2,953,090)	340,456	(2,526,664)
Charged to profit or loss	–	(613,081)	635,917	22,836
Charged to other comprehensive income	68,981	–	–	68,981
Balance at December 31, 2018	**154,951**	**(3,566,171)**	**976,373**	**(2,434,847)**

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 31/12/2018 ₦000	Group 31/12/2017 ₦000	Company 31/12/2018 ₦000	Company 31/12/2017 ₦000
Earnings				
Earnings for the purpose of basic earnings and diluted earnings per share being net profit attributable to equity holders of the Company	6,992,399	4,771,064	4,788,213	454,593
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,320,000	1,320,000	1,320,000	1,320,000
Earnings per 50 K share (₦) – basic	5.30	3.61	3.63	0.34
Earnings per 50 K share (₦) – diluted	5.30	3.61	3.63	0.34

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, 2017	6,225,787	10,746,891	108,426,833	1,703,722	127,103,233
Additions	136,077	–	81,205	362,915	580,197
Reclassifications as held for sale	–	–	(2,060,547)	(137,794)	(2,198,341)
Adjustment and exchange difference	–	–	41,607	97,843	139,450
As at January 1, 2018	**6,361,864**	**10,746,891**	**106,489,098**	**2,026,686**	**125,624,539**
Additions	–	–	4,833,960	620,841	5,454,801
Disposal	–	–	(12,500)	(358,153)	(370,653)
Reclassifications from held for sale	–	–	489,042	–	489,042
Reclassifications as held for sale	–	–	(822,263)	(30,867)	(853,130)
Adjustment and exchange difference	–	–	–	–	–
At December 31, 2018	**6,361,864**	**10,746,891**	**110,977,337**	**2,258,507**	**130,344,599**
Accumulated depreciation					
As at January 1, 2017	–	4,172,153	68,895,646	975,830	74,043,629
Charge for the year	–	305,773	7,372,394	195,011	7,873,178
Adjustment and exchange difference	–	–	37,197	69,674	106,871
Reclassifications as held for sale	–	–	(1,754,187)	(99,261)	(1,853,448)
As at January 1, 2018	**–**	**4,477,926**	**74,551,050**	**1,141,254**	**80,170,230**
Charge for the year	–	305,773	7,126,117	317,443	7,749,333
Disposal	–	–	(6,853)	(315,486)	(322,339)
Adjustment and exchange difference	–	–	14,111	–	14,111
Reclassifications from held for sale	–	–	331,049	–	331,049
Reclassifications as held for sale	–	–	(694,470)	(29,324)	(723,794)
At December 31, 2018	**–**	**4,783,699**	**81,321,004**	**1,113,887**	**87,218,590**
Impairment					
Balance at January 1, 2017	–	–	3,274,203	72,576	3,346,770
Charges for the year	–	–	–	76,676	76,676
Reversal in the year	–	–	(1,590,266)	–	(1,590,266)
Balance at January 1, 2018	**–**	**–**	**1,683,937**	**149,243**	**1,833,180**
Charges for the year	–	–	–	–	–
Reversal in the year	–	–	–	(49,622)	(49,622)
Balance at December 31, 2018	**–**	**–**	**1,683,937**	**99,621**	**1,783,558**
Carrying amount					
At December 31, 2018	**6,361,864**	**5,963,192**	**27,972,396**	**1,044,999**	**41,342,451**
At December 31, 2017	**6,361,864**	**6,268,965**	**30,254,111**	**736,189**	**43,621,129**

Company PPE	Land ₦ 000	Buildings ₦ 000	Plant and machinery ₦ 000	Office equipment ₦ 000	Total ₦ 000
Cost					
As at January 1, 2017	5,933,862	9,141,074	107,783,904	62,884	122,921,724
Additions	136,078	–	81,206	–	217,284
Reclassifications as held for sale	–	–	(2,036,761)	(4,298)	(2,041,059)
As at January 1, 2018	**6,069,940**	**9,141,074**	**105,828,349**	**58,586**	**121,097,948**
Additions	–	–	4,813,085	–	4,813,085
Reclassifications from held for sale	–	–	489,042	–	489,042
Reclassifications as held for sale	–	–	(822,263)	(30,867)	(853,130)
At December 31, 2018	**6,069,940**	**9,141,074**	**110,308,213**	**27,719**	**125,546,944**
Accumulated depreciation and impairment loss					
As at January 1, 2017	–	3,952,357	68,567,165	34,781	72,554,303
Charge for the year	–	251,635	7,327,262	–	7,578,897
Reclassifications as held for sale	–	–	(1,751,571)	(4,083)	(1,755,654)
As at January 1, 2018	**–**	**4,203,992**	**74,142,857**	**30,698**	**78,377,547**
Charge for the year	–	251,635	6,990,137	–	7,241,772
Reclassifications as held for sale	–	–	(694,470)	(29,324)	(723,794)
Reclassifications from held for sale	–	–	331,049	–	331,049
At December 31, 2018	**6,069,940**	**4,455,627**	**80,769,573**	**1,374**	**85,226,574**
Impairment					
Balance at January 1, 2017	–	–	3,274,203	–	3,274,203
Reversal in the year	–	–	(1,590,267)	–	(1,590,267)
Balance at January 1, 2018	**–**	**–**	**1,683,936**	**–**	**1,683,936**
Reversal in the year	–	–	–	–	–
Balance at December 31, 2018	**–**	**–**	**1,683,936**	**–**	**1,683,936**
Carrying amount					
At December 31, 2018	**6,069,940**	**4,685,447**	**27,854,704**	**26,345**	**38,636,436**
At December 31, 2017	**6,069,940**	**4,937,082**	**30,001,556**	**27,888**	**41,036,466**

16.1 Contractual commitment for capital expenditure

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

17. Non-current assets held for sale

Group	Plant and machinery ₦ 000	Office equipment ₦ 000	Total ₦ 000
As at January 1, 2017	1,087,498	–	1,087,498
Additions	–	–	–
Reclassifications as held for sale	–	–	–
Balance at January 1, 2018	**1,087,498**	**–**	**1,087,498**
Additions	129,336	–	129,336
Reclassifications to PPE	(127,126)	(30,867)	(157,993)
Disposal	(848,614)	–	(848,614)
Balance at December 31, 2018	**241,094**	**(30,867)**	**210,227**

At the reporting date, PPE of ₦129.3 million (2017: ₦1.1 billion) were reclassified as non-current assets held for sale. The assets are taken to the sales yard once it has been determined that their value will be realised from sale and not continuous use in the business operation by the Company's Equipment Repair Centre and sales is expected to be completed within one year.

18. Intangible assets

18.1 Goodwill

	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
Cost	4,606,412	4,606,412	–	–
Impairment	–	13,825	–	–
Exchange difference	4,828,164	5,161,717	–	–
	9,434,576	**9,781,954**	**–**	**–**

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.

18.2 Other intangible assets

	Group licenses ₦ 000	Group Total ₦ 000	Company licenses ₦ 000	Company Total ₦ 000
Cost				
Balance at January 1, 2018	4,149	4,149	–	–
Additions during the year	–	–	–	–
Balance at December 31, 2018	**4,149**	**4,149**	**–**	**–**
Accumulated amortisation				
Balance at January 1, 2018	2,766	2,766	–	–
Charge for the year	1,383	1,383	–	–
Balance at December 31, 2018	**4,149**	**4,149**	**–**	**–**
Carrying amount				
Balance at December 31, 2018	**–**	**–**	**–**	**–**
Balance at December 31, 2017	**1,383**	**1,383**	**–**	**–**

The other intangible assets represents software licences acquired as part of the net asset of Julius Berger International GmbH. The amortisation of the useful life of the licenses is 3 years. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

19. Investment property

	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
Cost				
As at January 1	2,742,372	2,742,372	2,742,372	2,742,372
Additions during the year	–	–	–	–
At December 31	**2,742,372**	**2,742,372**	**2,742,372**	**2,742,372**
Accumulated amortisation				
At January 1	399,888	297,912	399,888	297,912
Adjustment	(16,253)	–	(16,253)	–
Charge for the year	98,725	101,976	98,725	101,976
At December 31	**482,360**	**399,888**	**482,360**	**399,888**
Carrying amount				
At December 31	**2,260,012**	**2,342,484**	**2,260,012**	**2,342,484**

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, 2018, has been arrived at on the basis of a valuation carried out at that date by the group to be ₦2.3 billion.

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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 real estate in consecutive years of the projection in line with the requirement of IFRS 13.

20. Investments

20.1 Investments in subsidiaries

	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2018 ₦ 000
As at January 1	–	–	16,916,771	15,193,398
Additions during the year	–	–	–	1,723,373
Disposals	–	–	–	–
At December 31	**–**	**–**	**16,916,771**	**16,916,771**

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

Name of subsidiaries	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the parent 2018	2017
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 %

20.2 Other financial assets

	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2018 ₦ 000
As at January 1	2,025,055	1,723,373	–	–
Additions during the year	–	–	–	–
Disposals	20,626	301,682	–	–
At December 31	**2,045,681**	**2,025,055**	**–**	**–**

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.

21. Inventories

	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
Construction materials	1,609,883	1,952,828	851,287	1,091,802
Consumables	3,283,940	1,896,928	2,866,172	1,675,553
Spares	8,411,038	6,462,998	7,294,818	6,047,937
Others	367,145	501,872	357,708	494,365
	13,672,006	**10,814,626**	**11,369,985**	**9,309,657**
Allowances (Note 21.1)	(206,025)	(164,746)	(65,689)	(100,701)
	13,465,981	**10,649,880**	**11,304,296**	**9,208,956**

21.1 Obsolete inventory

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

	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
Balance at beginning of year	164,746	105,342	100,701	41,297
Amount (written back)/ charged to profit or loss	41,279	59,404	(35,012)	59,404
Balance at end of year	**206,025**	**164,746**	**65,689**	**100,701**

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21.2 Inventory recognised as expense

The cost of inventories recognised as an expense during the year in respect of operations was ₦69.6 billion (December 31, 2017: ₦41.9 billion).

21.3 Inventory pledged as securities

Inventories have not been pledged as security for liabilities.

22. Amount due from/to customers from construction contract

	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
Construction costs incurred plus recognised profits less recognised losses to date	–	876,488,425	–	862,850,709
Less progress billings	(160,767,902)	(994,668,155)	(160,609,800)	(980,702,686)
	(160,767,902)	**(118,179,730)**	**(160,609,800)**	**(117,851,977)**
Recognised and included in the Consolidated and Separate Financial Statements as amounts				
Due from customers under construction contracts	–	31,581,219	–	30,048,392
Due to customers under construction contracts (Note 22.1)	(160,767,902)	(149,760,949)	(160,609,800)	(147,900,369)
	(160,767,902)	**(118,179,730)**	**(160,609,800)**	**(117,851,977)**

22.1 Contract liabilities

	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
Current portion	158,102	26,879,477	–	25,018,897
Non-current portion	160,609,800	122,881,472	160,609,800	122,881,472
	160,767,902	**149,760,949**	**160,609,800**	**147,900,369**

23. Trade and other receivables

	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
Trade receivables				
Contract and retention receivables (Note 23.5)	140,586,464	111,176,537	122,553,016	108,453,937
Receivables from rendering of services	5,658,384	–	11,641,272	–
Less allowance for doubtful debt (Note 23.3)	(8,423,300)	(4,901,804)	(7,735,762)	(4,838,727)
	137,821,548	**106,274,733**	**126,458,526**	**103,615,210**
Other receivables				
Supplier advances	13,912,313	5,572,250	13,408,360	4,836,276
Amount owed by related entities (Note 34.2)	–	–	5,982,888	5,476,619
Amount owed by staff debtors	55,990	150,632	35,236	128,408
Prepayments and accrued income	4,423,179	2,147,526	4,320,851	2,090,410
Other receivables	6,618,112	4,534,975	6,030,884	3,936,129
	162,831,142	**118,680,116**	**156,236,745**	**120,083,052**
Analysed as follows:				
Current Portion	101,484,353	49,837,624	91,108,522	49,393,349
Non-current Portion	61,346,789	68,842,492	65,128,223	70,689,703
	162,831,142	**118,680,116**	**156,236,745**	**120,083,052**

Trade receivables expected to be recovered within one year include retentions of Nil (2017: Nil) relating to contracts in progress.

Trade and other receivables are classified as loans and receivables.

The Group has recognised an allowance for doubtful debts (see note 21.3) against all receivables over six yearsin consideration that the Management's continuous efforts to recover these debts is gradually becoming uncertain. Allowances for doubtful debts are recognised against trade receivables based on the Management's assessment of the credit quality of individual customers, receivables that are in dispute, financial standing of customers and the willingness of the customers to pay.

Trade receivables disclosed above include amounts (see table on page 114 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.

23.1 Age of receivables that are past due but not impaired

	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
0 – 3 years	162,831,141	118,680,116	156,236,745	120,083,052
Above 3 years	–	–	–	–
	162,831,141	**118,680,116**	**156,236,745**	**120,083,052**

23.2 Age of receivables that are past due but impaired

	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
0 – 3 years	687,538	63,077	–	–
Above 3 years	7,735,762	4,838,727	7,735,762	4,838,727
	8,423,300	**4,901,804**	**7,735,762**	**4,838,727**

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

23.3 Allowances for credit losses

	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
Balance at January 1	4,901,804	9,439,523	4,838,727	9,304,437
Impairment losses recognised on receivables	3,521,496	(4,537,719)	2,897,035	(4,465,710)
Amounts written off during the year as uncollectible	–	–	–	–
Amounts recovered during the year	–	–	–	–
Balance at December 31	**8,423,300**	**4,901,804**	**7,735,762**	**4,838,727**

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.

23.4 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.

23.5 Contract and retention receivables

	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
Balance at January 1	111,176,537	102,069,780	108,453,937	99,252,917
Movements in the year	29,409,927	9,106,757	14,099,079	9,201,020
Balance at December 31	**140,586,464**	**111,176,537**	**122,553,016**	**108,453,937**

24. Tax receivables

	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
Balance at January 1	15,216,143	27,443,877	14,410,467	26,677,972
Movements in the year	12,451,503	22,356,835	12,270,208	21,886,816
Utilised as tax offset	(6,116,989)	(39,139,284)	(5,972,943)	(38,852,510)
	21,550,658	**10,661,428**	**20,707,732**	**9,712,278**
Allowances	(1,767,375)	4,554,715	(1,552,737)	4,698,189
Balance at December 31	**19,783,282**	**15,216,143**	**19,154,995**	**14,410,467**
Made up as follows:				
Current portion	2,571,549	341,132	2,247,720	307,299
Non-current portion	17,211,734	14,875,011	16,907,274	14,103,168
	19,783,283	**15,216,143**	**19,154,994**	**14,410,467**

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

25. Contract assets

	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
Balance at January 1	–	–	–	–
Additions	10,484,908	–	8,943,727	–
Reclassifications	–	–	–	–
Balance at December 31	**10,484,908**	**–**	**8,943,727**	**–**

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

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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.

26. Issued capital and dividend

	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
Share capital (Note 26.1)	660,000	660,000	660,000	660,000
Share premium	425,440	425,440	425,440	425,440
	1,085,440	**1,085,440**	**1,085,440**	**1,085,440**

26.1 Share capital

The authorised share capital of the Company is ₦800 million (2017: ₦800 million). This comprises 1.6 billion (2017: 1.6 billion) ordinary shares of 50 kobo each. Issued and fully paid share capital consists of 1.32 billion (2017: 1.32 billion) shares at 50 kobo each. All the ordinary shares rank parri passu in all respects. To the Company's knowledge and belief, there are no restrictions on the transfer of shares in the Company or on voting rights between holders of shares.

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

The Directors are proposing a final dividend in respect of the financial year ended December 31, 2018 of ₦2.00 per share (2017: ₦1.00), which will absorb an estimated ₦2.64 billion (2017: ₦1.32 billion) of equity. Subject to approval, it will be paid on June 21, 2019 to shareholders on the register of members as at close of business on May 31, 2019 (qualification date). The dividend has not been provided for and withholding tax will be deducted at the appropriate rate when payment is made.

27. Non-controlling interest

	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
Balance at beginning of year	55,079	46,526	–	–
Share of profit for the year	8,530	8,553	–	–
Share of foreign currency translation reserve	–	–	–	–
Dividend paid to non-controlling interest	(2,000)	–	–	–
Purchase of non-controlling interest	–	–	–	–
Balance at end of year	**61,609**	**55,079**	**–**	**–**

28. Bank overdraft

	Group 31/12/2018 ₦000	Group 31/12/2017 ₦000	Company 31/12/2018 ₦000	Company 31/12/2017 ₦000
Bank overdraft	25,461,844	33,597,303	25,461,844	38,421,756
	25,461,844	**33,597,303**	**25,461,844**	**38,421,756**
Made up as follows:				
Current portion	25,461,844	33,597,303	25,461,844	38,421,756
Non-current portion	–	–	–	–
	25,461,844	**33,597,303**	**25,461,844**	**38,421,756**

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

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

29. Retirement benefit liabilities

29.1 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 31/12/2018 ₦000	Group 31/12/2017 ₦000	Company 31/12/2018 ₦000	Company 31/12/2017 ₦000
Balance at January 1	112,973	39,133	98,667	27,146
Provision during the year	1,552,139	880,894	1,410,237	759,349
Remittance to pension fund administrators	(1,524,821)	(807,054)	(1,381,228)	(687,828)
Balance at December 31	**140,291**	**112,973**	**127,676**	**98,667**

The total expense for the defined contribution plans amounted to ₦1,552 million (2017: ₦881 million).

29.2 Defined benefit plan – Discontinued scheme

	Group 31/12/2018 ₦000	Group 31/12/2017 ₦000	Company 31/12/2018 ₦000	Company 31/12/2017 ₦000
Present value of unfunded defined benefit obligation	3,045,094	2,587,335	1,582,142	1,598,239
Deficit	–	–	–	–
Net actuarial gains/(losses) not recognised	–	–	–	–
Net liability arising from defined benefit obligation	**3,045,094**	**2,587,335**	**1,582,142**	**1,598,239**

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

	Group 31/12/2018 ₦000	Group 31/12/2017 ₦000	Company 31/12/2018 ₦000	Company 31/12/2017 ₦000
Opening defined benefit obligation	2,587,335	2,463,491	1,598,239	1,311,668
Current service cost	749,901	142,608	109,267	89,621
Interest on defined benefit obligation	189,937	175,413	189,937	175,413
Curtailment	–	–	–	–
Actuarial gains/(losses) due to experience adjustment	(215,567)	181,760	(215,567)	181,760
Payments in the year	(266,512)	(375,937)	(99,734)	(160,223)
Closing defined benefit obligation	**3,045,094**	**2,587,335**	**1,582,142**	**1,598,239**

Liability in the Statement of Financial Position is as follows:

	Group 31/12/2018 ₦000	Group 31/12/2017 ₦000	Company 31/12/2018 ₦000	Company 31/12/2017 ₦000
Current portion	140,291	112,973	127,676	98,667
Non-current portion	3,045,094	2,587,335	1,582,142	1,598,239
	3,185,385	**2,700,308**	**1,709,818**	**1,696,906**
The amount recognized in profit or loss and included within staff costs	**2,491,975**	**1,198,915**	**1,709,441**	**1,024,383**

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

Statement of Profit or Loss	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
Cost of sales	749,901	142,608	109,267	89,621
Administrative expenses	1,742,074	1,056,307	1,600,174	934,762
	2,491,975	**1,198,915**	**1,709,441**	**1,024,383**
Other comprehensive income	(215,567)	181,760	(215,567)	181,760
	2,276,408	**1,380,675**	**1,493,874**	**1,206,143**

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

29.3 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 5 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 31/12/2018 Percentage	Valuation at 31/12/2017 Percentage
Discount rate(s)	15.5 %	14.5 %
Expected rate(s) of salary increase	12.0 %	12.0 %
Average rate(s) of inflation	12.0 %	12.0 %

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

Other assumptions:

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

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	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:	**939,838**	**318,021**	**299,204**	**265,034**

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

30. Trade and other payables

	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
Trade payables (Note 30.1)	30,844,338	29,278,214	19,220,712	12,492,738
Other payables				
Amount owed to related entities (Note 34.2)	–	–	21,467,495	23,380,635
Other taxation and social security costs	8,005,094	7,654,176	8,002,323	7,645,262
Accruals and deferred income	10,684,727	12,854,279	4,765,456	3,520,969
Dividend payable	818,885	1,263,015	800,885	1,263,015
Other payables	2,146,406	149,068	56,415	33,680
Trade and other payables	**52,499,450**	**51,198,752**	**54,313,286**	**48,336,299**
Analysed as follows:				
Current Portion	47,921,155	42,914,438	45,841,795	40,051,985
Non-current Portion	4,578,295	8,284,314	8,471,491	8,284,314
	52,499,450	**51,198,752**	**54,313,286**	**48,336,299**

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

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

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

31. Provisions

	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
Balance at beginning of year	474,296	454,232	300,000	300,000
Provision no longer required	–	–	–	–
Provision for the year	599,873	20,064	832,360	–
Balance at end of year	**1,074,169**	**474,296**	**832,360**	**300,000**
Made up as follows:				
Current portion	–	–	–	–
Non-current portion	1,074,169	474,296	832,360	300,000
	1,074,169	**474,296**	**832,360**	**300,000**

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

	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
Profit for the year	7,000,929	4,779,617	4,788,211	454,593
Adjustments for				
Investment income	(474,179)	(1,126,493)	(983,856)	(1,361,433)
Finance costs	4,563,573	6,900,051	5,464,539	7,830,008
Depreciation of PPE	7,745,082	7,873,178	7,241,772	7,578,897
Impairment loss of PPE	163,504	(1,513,590)	–	(1,590,267)
Depreciation of investment property	61,846	101,976	82,472	101,976
Actuarial gains on retirement benefits	(215,567)	181,760	(215,567)	181,760
Gain on disposal of PPE	(529,887)	(3,215,223)	(523,339)	(3,206,363)
Impact of changes in accounting policy	(356,970)	–	(356,970)	–
Increase in provisions	624,186	20,064	532,360	–
Operating cash flows before movements in working capital	**18,582,517**	**14,001,340**	**16,029,624**	**9,989,171**
(Increase)/decrease in inventories	(2,816,101)	1,049,646	(2,095,339)	(43,399)
(Increase)/decrease in gross amount due from customers	31,565,373	1,501,236	30,048,392	(410,727)
Increase in trade and other receivables	(51,153,748)	(11,844,406)	(45,079,421)	(11,025,537)
(Increase)/decrease in tax receivable	(4,713,676)	12,227,734	(4,744,527)	12,267,505
Decrease/(increase) in retirement benefit liabilities	700,640	197,684	228,479	176,333
Decrease/(increase) in trade and other payables	(216,229)	7,183,434	5,976,987	(2,855,101)
Increase in gross amount due to customers	9,729,711	6,735,316	12,709,430	5,135,930
Cash generated by operations	**1,678,487**	**31,051,984**	**13,073,625**	**13,234,175**
Movement in taxation	2,368,924	(406,180)	1,750,721	(873,799)
Net cash from operating activities	**4,047,411**	**30,645,804**	**14,824,346**	**12,360,376**

32.1 Analysis of cash, cash equivalents and net cash

Group	Balance at 01/01/2018 ₦ 000	Cash flow ₦ 000	Exchange and non-cash movements ₦ 000	Balance at 31/12/2018 ₦ 000
Cash and bank balances	**37,590,125**	**(13,594,407)**	**–**	**23,995,718**
Cash and cash equivalents	37,590,125	(13,594,407)	–	23,995,718
Bank overdraft	(33,597,303)	8,135,459	–	(25,461,844)
	3,992,822	**(5,458,948)**	**–**	**(1,466,126)**

Company	Balance at 01/01/2018 ₦ 000	Cash flow ₦ 000	Exchange and non-cash movements ₦ 000	Balance at 31/12/2018 ₦ 000
Cash and bank balances	**19,383,619**	**(7,419,693)**	**–**	**11,963,926**
Cash and cash equivalents	19,383,619	(7,419,693)	–	11,963,926
Bank overdraft	(38,421,756)	12,959,912	–	(25,461,844)
	(19,038,137)	**5,540,219**	**–**	**(13,497,918)**

33. Financial instruments

33.1 Capital risk management

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

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

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

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

The gearing ratio at the year end is as follows:

	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
Debt	(25,461,844)	(33,597,303)	(25,461,844)	(38,421,756)
Cash and bank balance	23,995,718	37,590,125	11,963,926	19,383,619
Net debt (i)	**(1,466,126)**	**3,992,822**	**(13,497,918)**	**(19,038,137)**
Equity (ii)	**35,417,890**	**30,095,931**	**16,710,922**	**13,599,680**
Net debt to equity ratio	**(0.04)**	**0.13**	**(0.81)**	**(1.40)**

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

33.2 Categories of financial instruments

	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
Financial Assets				
Loans and receivables				
Trade and other receivables	150,406,327	111,327,169	141,420,377	108,582,345
Tax receivable	19,783,282	15,216,143	19,154,995	14,410,467
Amount due from customers under construction contracts	–	31,581,219	–	30,048,392
Cash and bank balances	23,995,718	37,590,125	11,963,926	19,383,619
Total Reportable Financial Assets	**194,185,327**	**195,714,656**	**172,539,298**	**172,424,824**
Financial liabilities				
Amortised cost				
Bank overdraft	25,461,844	33,597,303	25,461,844	38,421,756
Trade and other payables	53,731,721	78,552,525	55,145,646	73,655,196
Current tax liabilities	2,477,144	351,854	1,764,919	307,299
Fair Value Through Other Comprehensive Income (FVOCI)				
Retirement benefit liabilities	3,185,385	2,700,308	1,709,818	1696,906
Total Reportable Financial Liabilities	**84,856,094**	**115,201,990**	**84,082,227**	**114,081,157**

33.3 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.

33.3.1 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.

33.3.1.1 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.

33.3.2 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 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
Monetary assets / liabilities denominated in Euro				
Cash and bank balances	13,424,107	1,043,806	2,329,755	1,002,260
Trade receivables	30,641,615	26,868,241	24,589,671	25,444,246
Trade payables	(4,967,823)	(2,543,719)	(22,720,371)	(8,506,796)
	39,097,898	**25,368,326**	**4,199,055**	**17,939,710**
Monetary assets / liabilities denominated in Dollars				
Cash and bank balances	5,063,250	5,764,047	4,744,018	5,764,047
Trade receivables	6,577,390	4,503,174	7,238,327	2,478,288
Trade payables	(68,016)	(111,845)	(179,256)	(2,026)
	11,572,624	**10,155,376**	**11,803,089**	**8,240,309**

4% and 1.2% (2017: 14%) are the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represents The 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 4% and 1.2% (2017: 14%) change in foreign currency rates. Foreign exchange rate risk sensitivity to foreign exchange movements in the above example has been calculated on a symmetric basis.

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

	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
Naira depreciates by 4% (2017: 14%) against Euro	1,563,916	(3,551,566)	167,962	(2,511,559)
Naira depreciates by 1.2% (2017: 14%) against US Dollar	(138,871)	(1,421,753)	(141,637)	(1,153,643)
Impact on reported profit	**1,425,044**	**(4,973,317)**	**26,326**	**(3,665,202)**

Foreign exchange rate risk sensitivity to foreign exchange movements in the above example has been calculated on a symmetric basis. The symmetric basis assumes that increase or decrease in foreign exchange movement would result in the same amount.

33.3.3 Credit risk management

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

33.3.3.1 Trade receivables

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

33.3.3.2 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.

33.3.3.3 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 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
Trade receivables	137,821,548	106,274,733	126,458,526	103,615,210
Cash and bank balances	23,995,718	37,590,125	11,963,926	19,383,619
	161,817,266	**143,864,858**	**138,422,452**	**122,998,829**

33.3.3.4 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.

33.3.4 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	150,406,327	–	–	150,406,327
Tax receivable	2,571,549	17,211,734	–	19,783,283
Amount due from customers under construction contracts	–	–	–	–
Cash and bank balances	23,995,718	–	–	23,995,718
	176,973,594	**17,211,734**	**–**	**194,185,328**
Financial liabilities				
Bank overdraft	25,461,844	–	–	25,461,844
Trade and other payables	53,731,721	–	–	53,731,721
Current tax liabilities	2,477,144	–	–	2,477,144
Retirement benefit liabilities	140,291	3,045,094	–	3,185,385
	81,811,000	**3,045,094**	**–**	**84,856,094**

Company	< 1 year ₦ 000	1 – 3 years ₦ 000	3 – 6 years ₦ 000	Total ₦ 000
Financial assets				
Trade and other receivables	141,420,377	–	–	141,420,377
Tax receivable	1,510,342	17,644,652	–	19,154,994
Amount due from customers under construction contracts	–	–	–	–
Cash and bank balances	11,963,926	–	–	11,963,926
	154,894,645	**17,644,652**	**–**	**172,539,297**
Financial liabilities				
Bank overdraft	25,461,844	–	–	25,461,844
Trade and other payables	55,145,646	–	–	55,145,646
Current tax liabilities	1,764,919	–	–	1,764,919
Retirement benefit liabilities	127,676	1,582,142	–	1,709,818
	82,500,085	**1,582,142**	**–**	**84,082,227**

33.3.5 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.

34. Related party information

34.1 Identity of related entities

- Abumet Nigeria Ltd., subsidiary
- Julius Berger Free Zone Enterprise, subsidiary
- Julius Berger International GmbH, subsidiary
- Julius Berger Investments Ltd., subsidiary
- Julius Berger Medical Services Ltd., subsidiary
- Julius Berger Services Nigeria Ltd., subsidiary
- PrimeTech Design and Engineering Nigeria Ltd., subsidiary
- CEC Construction Engineering + Contracting GmbH, sub-subsidiary
- Key Management Personnel (note 34.4)

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.

CEC Construction Engineering + Contracting GmbH

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

34.2 Outstanding balances

	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
Due from related entities				
Abumet Nigeria Ltd.	–	–	1,291,467	2,419,941
Julius Berger Free Zone Enterprise	–	–	1,718,035	1,123,919
Julius Berger International GmbH	–	–	94,853	–
Julius Berger Investment Ltd.	–	–	72,243	–
Julius Berger Medical Services Ltd.	–	–	88,197	758,334
Julius Berger Services Nigeria Ltd.	–	–	2,412,135	469,383
PrimeTech Design and Engineering Nigeria Ltd.	–	–	305,959	705,043
	–	**–**	**5,982,889**	**5,476,620**
Due to related entities				
Abumet Nigeria Ltd.	–	–	178,065	1,109,724
Julius Berger Free Zone Enterprise	–	–	29,556	4,824,453
Julius Berger International GmbH	–	–	21,172,923	20,908,557
Julius Berger Medical Services Ltd.	–	–	60,934	721,338
Julius Berger Services Nigeria Ltd.	–	–	–	88,997
PrimeTech Design and Engineering Nigeria Ltd.	–	–	26,017	552,019
	–	**–**	**21,467,495**	**28,205,088**

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

34.3 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.	–	–	1,260,941	1,339,970
Julius Berger Free Zone Enterprise	–	–	6,540,995	123,704
Julius Berger International GmbH	–	–	–	41,955,224
Julius Berger Medical Services Ltd.	–	–	751,279	1,219,849
Julius Berger Services Nigeria Ltd.	–	–	2,626,860	414,891
PrimeTech Design and Engineering Nigeria Ltd.	–	–	609,809	786,720
	–	**–**	**11,789,884**	**45,840,358**

34.4 Key Management Personnel

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

34.4.1 Remuneration of Key Management Personnel

	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
Short term benefits	583,582	561,392	581,582	559,392
Long term benefits	–	–	–	–
Post-employment benefits	–	–	–	–
Termination benefits	–	–	–	–
	583,582	**561,392**	**581,582**	**559,392**

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

34.5 Details of loans from/to Key Management Personnel

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

34.6 Identify the ultimate controlling party of Julius Berger Nigeria Plc

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

34.7 Other information on Key Management Personnel

	Group 31/12/2018 ₦ 000	Group 31/12/2017 ₦ 000	Company 31/12/2018 ₦ 000	Company 31/12/2017 ₦ 000
Emoluments				
Chairman	5,200	5,200	5,200	5,200
Other directors	578,382	556,192	576,382	554,192
	583,582	**561,392**	**581,582**	**559,392**
Fees	17,600	17,600	17,600	17,600
Other emoluments	565,982	543,792	563,982	541,792
	583,582	**561,392**	**581,582**	**559,392**
Highest paid Director	**318,783**	**277,257**	**318,783**	**277,257**

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

₦ 190,001 – ₦ 3,000,000	7	7	6	6
₦ 3,000,001 and above	6	6	5	5
Number of Directors who had no emoluments	–	–	–	–

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

35. Guarantees and other financial commitments

35.1 Guarantee, pledge of financial commitments

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

35.2 Contingent liabilities

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

35.3 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.

36. Events after the reporting period

There were no material events after the reporting period which could have had material effect on the state of affairs of the Group as at December 31, 2018, and the profit for the year then ended date that have not been adequately provided for or recognised in the Consolidated Financial Statements.

37. Comparative figures

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

38. Approval of Financial Statements

The Financial Statements were approved by the Board of Directors and authorised for issue on March 20, 2019.

Lagos–Shagamu Expressway

Additional Information

for the Year Ended December 31, 2018

Julius Berger Nigeria Plc AR & FS 2018 | 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 2018 ₦000	Group 2018 %	Group 2017 ₦000	Group 2017 %	Company 2018 ₦000	Company 2018 %	Company 2017 ₦000	Company 2017 %
Revenue	**194,617,712**		**141,890,498**		**170,326,746**		**125,777,848**	
Bought in materials and services								
Foreign	(292,037)	–	(962,119)	–	(35,106,687)	–	(20,714,541)	–
Local	(102,019,331)	–	60,417,605	–	(74,024,006)	–	(51,872,892)	–
Value added	**92,306,344**	**100.0**	**80,510,774**	**100.0**	**61,196,053**	**100.0**	**53,190,415**	**100.0**
Applied as follows:								
To pay employees' salaries, wages, and social benefits								
Staff costs	68,769,101	74.5	59,717,637	74.2	41,544,783	67.9	36,703,079	69.0
To pay providers of capital								
Finance costs	4,563,573	4.9	6,900,051	8.6	5,464,539	8.9	7,830,008	14.7
To pay government								
Taxation	3,553,881	3.9	472,426	0.6	1,764,919	2.9	307,299	0.6
To provide for maintenance and development								
Depreciation	7,848,058	8.5	7,975,154	9.9	7,340,497	12.0	7,680,873	14.4
Deferred tax	570,802	0.6	665,889	0.8	293,102	0.5	214,562	0.4
Retained earnings	6,992,399	7.6	4,771,064	5.9	4,788,213	7.8	454,593	0.9
Non-controlling interest	8,530	0.0	8,553	0.0	–	–	–	–
Value added	**92,306,344**	**100.0**	**80,510,774**	**100.0**	**61,196,053**	**100.0**	**53,190,415**	**100.0**

Julius Berger Nigeria Plc AR & FS 2018 | Four-Year Financial Summary

Four-Year Financial Summary

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

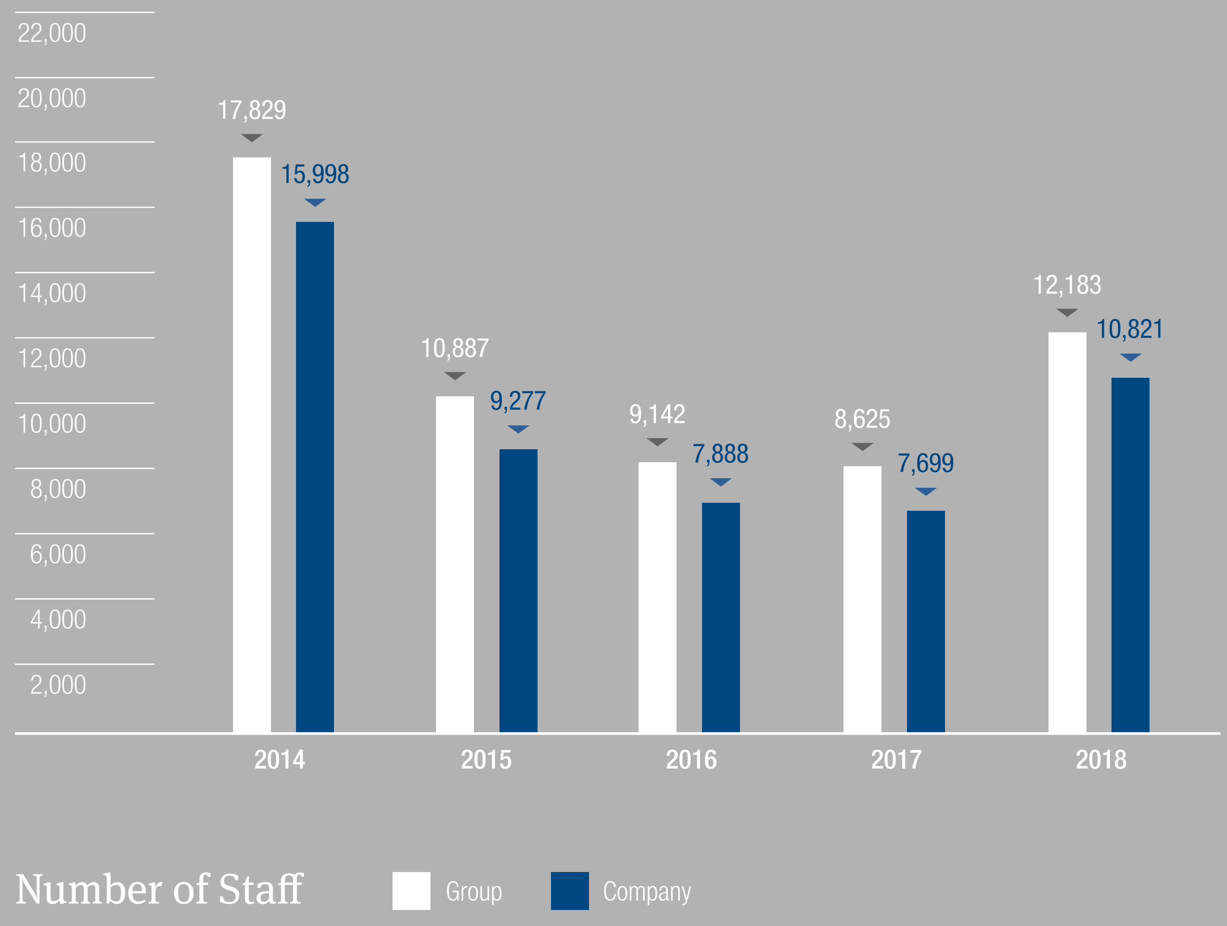
Balance Sheet	Group 2018 ₦000	Group 2017 ₦000	Group 2016 ₦000	Group 2015 ₦000	Company 2018 ₦000	Company 2017 ₦000	Company 2016 ₦000	Company 2015 ₦000
Non-current assets								
PPE	41,342,451	43,621,129	49,712,834	58,376,513	38,636,436	41,036,466	47,093,218	55,470,657
Goodwill	9,434,576	9,781,954	8,348,748	5,041,184	–	–	–	–
Other intangible assets	–	1,383	2,766	32,712	–	–	–	–
Investment property	2,260,012	2,342,484	2,444,460	2,546,436	2,260,012	2,342,484	2,444,460	2,546,436
Investment in subsidiaries	–	–	–	–	16,916,771	16,916,771	15,193,398	15,193,398
Trade and other receivables	61,346,789	68,842,492	61,228,646	844,122	65,128,223	70,689,703	61,209,346	844,122
Tax receivables	17,211,734	14,875,011	26,026,032	20,765,642	17,644,652	14,103,168	25,282,312	20,273,902
Deferred tax assets	2,577,821	2,816,807	5,453,858	10,087,301	2,434,847	2,526,664	5,375,286	9,874,831
Other financial assets	2,045,681	2,025,055	–	–	–	–	–	–
Net current liabilities	76,052,400	27,231,433	14,820,415	48,816,811	51,843,212	5,504,602	(2,132,893)	40,089,016
	212,271,464	**171,537,748**	**168,037,759**	**146,510,721**	**194,864,153**	**153,119,858**	**154,465,127**	**144,292,362**
Non-current liabilities								
Borrowings	–	–	–	–	–	–	–	–
Retirement benefits liabilities	(3,045,094)	(2,587,335)	(2,463,491)	(1,853,781)	(1,582,142)	(1,598,239)	(1,311,668)	(1,420,945)
Deferred tax liabilities	(7,546,216)	(7,214,400)	(9,185,562)	(12,989,322)	(6,657,438)	(6,456,153)	(9,090,213)	(12,568,459)
Amount due to customers under construction contracts	(160,609,800)	(122,881,472)	(119,098,895)	(106,971,355)	(160,609,800)	(122,881,472)	(119,098,895)	(111,344,506)
Trade and other payables	(4,578,295)	(8,284,314)	(11,519,264)	–	(8,471,491)	(8,284,314)	(11,519,264)	–
Provisions	(1,074,169)	(474,296)	(454,232)	(404,308)	(832,360)	(300,000)	(300,000)	(300,000)
Net Assets	**35,417,890**	**30,095,931**	**25,316,315**	**24,291,955**	**16,710,922**	**13,599,680**	**13,145,087**	**18,658,452**
Capital and reserves								
Share capital	660,000	660,000	660,000	660,000	660,000	660,000	660,000	660,000
Share premium	425,440	425,440	425,440	425,440	425,440	425,440	425,440	425,440
Foreign currency translation reserve	10,260,927	9,508,398	7,119,062	419,755	–	–	–	–
Retained earnings	24,009,914	19,447,014	17,065,287	22,729,580	15,625,482	12,514,240	12,059,647	17,573,012
Attributable to equity holders of the parent	**35,356,281**	**30,040,852**	**25,269,789**	**24,234,775**	**16,710,922**	**13,599,680**	**13,145,087**	**18,658,452**
Non-controlling interest	61,609	55,079	46,526	57,180	–	–	–	–
	35,417,890	**30,095,931**	**25,316,315**	**24,291,955**	**16,710,922**	**13,599,680**	**13,145,087**	**18,658,452**
Turnover and profit								
Revenue	194,617,712	141,890,498	138,993,752	133,807,574	170,326,746	125,777,848	119,813,392	119,242,541
Profit/(Loss) before taxation	10,197,666	3,739,140	(1,498,029)	6,499,973	6,630,666	1,158,214	(1,239,251)	6,234,338
Profit/(Loss) after taxation	6,992,399	4,771,064	3,015,014	1,759,887	4,788,211	454,593	(3,533,365)	2,656,300
Dividend	–	1,322,000	–	1,980,000	–	1,320,000	–	1,980,000
Earnings per ordinary share (₦)								
Actual	5.30	3.61	2.28	1.33	3.63	0.34	(2.68)	2.01
Diluted/Adjusted	5.30	3.61	2.28	1.33	3.63	0.34	(2.68)	2.01
Net asset per share (₦)								
Actual	26.83	22.80	19.18	18.40	12.66	10.30	9.96	14.14
Diluted/Adjusted	26.83	22.80	19.18	18.40	12.66	10.30	9.96	14.14
Dividend per share (₦)								
Actual	–	1.00	–	1.50	–	1.00	–	1.50
Diluted/Adjusted	–	1.00	–	1.50	–	1.00	–	1.50
Dividend cover (times)	4.62	1.95	–	0.89	0.48	3.52	–	1.34

Share Capital History

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

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

Staff Strength



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 rather than paper certification. We still have more work to do especially for those of our shareholders who have yet to adopt any of the electronic means stated herein.

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

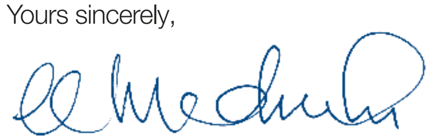
We would advise our esteemed shareholders that the Annual Reports and Financial Statements together with the Proxy and Admission Forms are available for download on the investor relations portal on the Company's website, www.julius-berger.com, as well as on the website of the Registrars, Greenwich Registrars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

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

We urge you to take advantage of the forms and the opportunity they present to ease shareholder management.

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

Yours sincerely,



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

Proxy Form

49th Annual General Meeting (AGM) of Julius Berger Nigeria Plc to be held at the Shehu Musa Yar'Adua Centre, 1 Memorial Drive, Abuja FCT on Thursday June 20, 2019, at 11:00 a.m. in the forenoon.

I/We being a member/members of Julius Berger Nigeria Plc hereby appoint the person named below or failing him the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the 49th AGM of that Company to be held on June 20, 2019 and at every adjournment thereof.

Shareholder Name

Proxy Name

Date (dd/mm/yyyy)

Shareholder's Signature

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

Nos.	Resolutions	For	Against
1.	To declare a dividend		
2.	To approve the appointment of Engr. Dr. lars Richter as an Executive Director		
3.	To approve the appointment of Mr. Tobias Meletschus as an Executive Director		
4.	To re-elect Engr. Heinz Stockhausen as a Director		
5.	To re-elect Dr. Ernest Nnaemeka Azudialu-Obiejesi as a Director		
6.	To re-elect Mr. George Marks as a Director		
7.	To authorise the Directors to fix the remuneration of Auditors		
8.	To constitute the Statutory Audit Committee		
9.	To fix the remuneration of Directors		

Notes

1. Please indicate with an 'x' in the appropriate squares how you wish your votes to be cast on the resolutions set out above.
2. A member (shareholder) who is unable to attend the AGM is allowed to vote by proxy. The above proxy form has been prepared to enable you exercise your right to vote in case you cannot personally attend the Meeting. Members wishing to vote by proxy should please ensure that the appropriate stamp duties due on the proxy form are paid. The proxy must produce the "Admission Card", attached to this form, to obtain entrance to the Meeting.
3. Provision has been made on this form for the Chairman of the Meeting to act as your proxy. However, if you so wish, you may insert in the space provided on the form the name of any person, whether a member of the Company or not, who will attend the Meeting and vote on your behalf.
4. Please sign the above proxy form and post it so as to reach the Registrars, Greenwich Registrars & Data Solutions Ltd., 274 Muritala Muhammed Way, Ebute Metta 101 212, Lagos, not later than 48 hours before the appointed time for holding the Meeting. If executed by a corporation, the proxy form must bear the common seal of such corporation.
5. It is a requirement of the law under the Stamp Duties Act Cap 411, Laws of the Federation of Nigeria 1990, that for any instrument of proxy to be valid for voting at the Meeting of shareholders, it must bear the evidence that the required stamp duties have been paid.

Admission Card

Please admit the person named below at the 49th AGM of Julius Berger Nigeria Plc to be held at 11:00 a.m. in the forenoon on Thursday, June 20, 2019, at the Shehu Musa Yar'Adua Centre, 1 Memorial Drive, Abuja FCT.

Mrs. Cecilia Ekanem Madueke
Company Secretary
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Notes

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

Attendee's Name

Signature of Attendee

For Registrars / Company Use Only

Shareholder Name

Number of Shares

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

Please fold here for posting.

Please affix postage stamp here

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

Cut off from here.

Authority to Mandate and Change of Information

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

Banker Details

Name of Bank and Branch

Sort Code

Account Number (Current or Savings)

Stamp of Bank and Signature of Account Schedule Officer

CSCS Details

Name of Broker

CSCS Account Number

Stamp of Broker and Signature of Account Schedule Officer

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

Old Address

New Address

Other Information

Telephone Number

Telephone Number

Email

Shareholder Name

Date (dd/mm/yyyy)

Shareholder Signature

Please fold here for posting.

Please affix postage stamp here

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

Please fold here for posting.

Julius Berger Nigeria Plc
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