

# Annual Reports

and Financial Statements

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# 2011

# Our Business Results in 2011

## Business Information of the Group ₦000

Turnover	169,413,371
Profit Before Taxation	10,395,662
Taxes	(5,521,149)
Profit After Taxation	4,874,513

## Share Analysis

(Based on 1,200 Million ordinary shares of 50 Kobo each)

Earnings per Share (₦)	4.07
Net Assets per Share (₦)	8.51
Quote as at December 31, 2011 (₦)	31.60

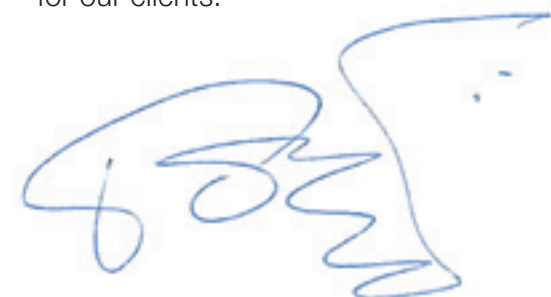
Number of Employees	18,670
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# Our Vision for 2012

"Our vision is to be Nigeria's most dynamic construction company; an integral player in an industry which is laying the foundations for economic progress and development.

We seize opportunities for both the Company and the country and work to find optimised solutions in the delivery of excellence within all our endeavours. By integrating our multiple resources and services we consistently deliver quality that our clients can trust in.

I strongly believe that Julius Berger's top-notch quality is the primary driver of value for our clients."



Avm (Dr.) Mohammed Nuruddeen Imam, CFR  
Chairman of Julius Berger Nigeria Plc



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Chairman of Julius Berger Nigeria Plc

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Corporate Information

Directors

- Avm (Dr.) Mohammed Nuruddeen Imam, CFR, Chairman
- Engr. Heinz Stockhausen (German) Vice Chairman
- Chief (Mrs.) Lucy Anapine Andohol Katsina-Alu Resigned December 8, 2011
- HRH Igwe Peter Nwokike Anugwu, JP, OFR Independent Director
- Engr. Rufai Afolabi Salami Resigned September 26, 2011
- Engr. Jafaru Damulak
- Mr. Macdonald Olarinde Tubi Appointed September 26, 2011
- Mr. Harold Samuel Tsumba, Esq. Appointed December 8, 2011
- Dr. Ernest Nnaemeka Azudialu-Obiejesi Appointed March 22, 2012
- Engr. Wolfgang Goetsch (Austrian) Managing Director
- Mr. Wolfgang Kollermann (German) Financial Director

Company Secretary

Mrs. Cecilia Ekanem Madueke

Registration Number

6852

Registered Office

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

Auditors

Akintola Williams Deloitte  
(Chartered Accountants)  
4<sup>th</sup> Floor Bank of Industry  
Central Business District | Abuja FCT

Registrars

Union Registrars Limited  
2 Burma Road  
Apapa | Lagos

Bankers

- Access Bank Plc
- Diamond Bank Plc
- First Bank of Nigeria Plc
- First City Monument Bank Limited
- Guaranty Trust Bank Plc
- United Bank for Africa Plc
- Zenith Bank Plc

Solicitors

Femi Okunnu & Co.  
Onilewura Chambers  
3 Karimu Kotun Street  
Victoria Island | Lagos

Results at a Glance  
for the Year Ended December 31, 2011

	Group 2011 ₦000	Group 2010 ₦000	Change %	Company 2011 ₦000	Company 2010 ₦000	Change %
Turnover	169,413,371	173,690,552	(3)	167,398,723	171,874,300	(3)
Profit before taxation	10,395,662	8,014,197	30	10,336,152	7,962,201	30
Profit after taxation	4,874,513	2,804,105	74	4,874,335	2,774,825	76
Profit attributable to equity holders of the parent	4,878,423	2,799,632	74	4,874,335	2,774,825	76
Non-controlling interest	(3,910)	4,473	(187)	–	–	–
Retained profit for the year	4,874,513	2,804,105	74	4,874,335	2,774,825	76
Share capital	600,000	600,000	–	600,000	600,000	–
Shareholders' funds	10,208,740	7,733,430	32	10,092,141	7,617,009	33

Per share data:

Based on 1,200 Million (2010: 1,200 Million) ordinary shares of 50 Kobo each

Earnings per share (₦):

– Basic	4.07	2.33	75	4.06	2.31	76
– Adjusted	4.07	2.33	75	4.06	2.31	76

Net assets per share (₦):

– Basic	8.51	6.44	32	8.41	6.35	32
– Diluted / Adjusted	8.51	6.44	32	8.41	6.35	32

Stock Exchange quotation at December 31 (₦)	31.60	50.00	(37)	31.60	50.00	(37)
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Number of employees	18,670	18,690	(1)	18,235	18,210	1
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# Notice of Annual General Meeting

Notice is hereby given that the 42<sup>nd</sup> Annual General Meeting of Julius Berger Nigeria Plc will be held at the Shehu Musa Yar' Adua Center, 1 Memorial Drive, Abuja FCT, Thursday June 21, 2012, at 11.00 A.M., to transact the following business:

## Ordinary Business

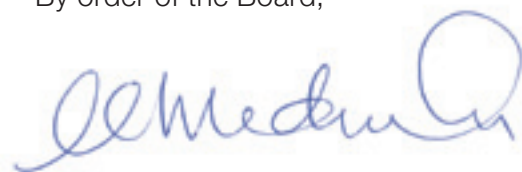
1. To lay before the Company in Annual General Meeting, the Annual Reports and Financial Statements for the period ended December 31, 2011, and the Report of the Auditors thereon, the Report of the Directors, and the Report of the Audit Committee.
2. To declare a dividend.
3. To elect/re-elect Directors.
4. To authorise the Directors to fix the remuneration of the auditors.
5. To elect shareholders as members of the Statutory Audit Committee.

## Special Business

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

"That the total remuneration payable to the Directors until further notice be and is hereby fixed at the sum of ₦19,550,000 (nineteen Million five hundred and fifty thousand Naira) such payment to be made effective from January 1, 2012."

By order of the Board,



Cecilia Ekanem Madueke (Mrs.)  
Company Secretary

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

May 14, 2012

# Notes

## Proxy

A member of the Company entitled to attend and vote at the Annual General Meeting has the right to appoint a proxy to attend and vote in his stead. A proxy needs not be a member of the Company. A proxy form is contained in the Annual Reports and Financial Statements. If it is to be valid for the purpose of the Meeting, it must be completed, detached, duly stamped at the office of the Commissioner for Stamp Duties and deposited at the office of the Registrars, Union Registrars Limited, 2 Burma Road, Apapa, Lagos, not later than 48 hours before the time appointed for holding the Meeting.

## Closure of Register of Members and Transfer Books

The Register of Members and the Transfer Books will be closed from June 4 to June 8, 2012, both days inclusive, for the purpose of dividend.

## Appointment of Members of the Audit Committee

Any member may nominate a shareholder as a member of the 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 Annual General Meeting.

## Dividend Warrants

If the dividend recommended by the Directors is approved by the members, the dividend warrants will be issued on June 22, 2012 to those members whose names appear in the Register of Members, as at the close of business on June 1, 2012.

## Unclaimed Share Certificates and Dividend Warrants

The Company notes that some share certificates have been returned marked "unclaimed". The Company notes further that some dividend warrants sent to shareholders are yet to be presented for payment.

Therefore, all shareholders with "unclaimed share certificates" should write to the Registrars, Union Registrars Limited, 2 Burma Road, Apapa, Lagos, or to the Company Secretary.

Shareholders with "unclaimed dividend" should address their claims to the Registrars for processing of their claims or assistance.

Members are being urged to advise the Registrars or the Company Secretary of any change of address or situation particularly as it relates to share certificates and warrants, as well as to mandate their dividend and use the Central Securities Clearing System (CSCS).

Forms have been provided for that purpose in this document.





# Partnership Buildings Trust

Julius Berger (JB) has a history of delivering perfectly designed and engineered buildings, including administration, commercial and industrial buildings, hotels, hospitals, airport terminals, sports facilities and entire residential districts.

The development of such turnkey buildings requires close collaboration and partnership between Julius Berger and its client, especially when a fine balance must be reached between architecture and engineering. Clients trust that from the first brick being laid to the handover of keys, all aspects of the building are functional, built according to requisitions and reflective of the highest quality standards.

In Lagos, JB is currently rebuilding the Central Bank of Nigeria. Further to solving the logistical challenges of working in a tightly populated area, geotechnical experts carried out comprehensive subsoil investigations in order to determine adequate pile construction before works for the 100 meter building could start. The projects completion is projected for 2012. In the same year the Company will break ground on the construction of a massive baby care facility in Lagos. The factory, which is being built for a multinational client, will meet the Leadership in Energy and Environmental Design (LEED) standards for certification.



Clockwise (both pages):  
Julius Berger Staff at Work  
Petroleum Technology Development Fund Head Office, Abuja  
Economic and Financial Crimes Commission Head Office, Abuja  
Central Bank of Nigeria Branch Office, Lagos



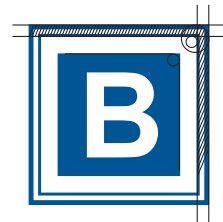
## Corporate Profile

Julius Berger is a dynamic brand built on a value system that has, over time, defined our business and differentiated our Company. We have consistently, for over 45 years, delivered on client's needs to the highest quality standards setting a benchmark in Nigeria's construction industry. Our Nigeria specific know-how, technical expertise and employee dedication are catalysts for our leadership, and ethical conduct is the foundation of our business principles and company culture.

We are an innovative Company and therefore consider change a positive opportunity to build on our historic strengths and drive our organisation forward. We progress with the times in order to stay current and competitive, but always remain true to our core principles and beliefs.

This progress is reflected in our logo modification, which has visually modernised our image, reinforcing our forward looking values and our strengthening differentiation in the market environment. This is especially important in light of our continued growth and expansion into a group of interdependent companies, working both together and in parallel to deliver excellence. Our shared values give us the necessary foundation for future evolution and brand integration across all companies within the Julius Berger Group.

1.



2.

**JULIUS BERGER**  
NIGERIA PLC

3.



The Julius Berger "B", the core element of our logo, symbolises the Company's history and solid foundation as well as the value and quality of its products and services. In the modified logo, the simplified and rounded corners of the frame surrounding the "B" represent fluidity, continuity and forward movement. The wordmark "Julius Berger" now focuses on our strong brand name – the name our Company is recognised by in our operational environment.



Julius Berger Nigeria Plc  
Board of Directors





Avm (Dr.) Mohammed Nuruddeen Imam, CFR  
Chairman of Julius Berger Nigeria Plc

## Chairman's Statement

I have a strong sense of pride in Julius Berger's progress and accomplishments in 2011. Through our focused and progressive approach we have increased profitability and achieved notable milestones. This includes decisions to remodel structures that will further strengthen our Group's competitive edge.

I am also pleased to mention that we continue to receive recognition for our leadership in the construction sector. In 2011 we again won the Sectoral Leadership Award, at the Annual Performance Earnings and Returns Leadership (PEARL) ceremony, proof that year on year, the value of returns we deliver to our investors remains unbeatable. Our success is further evidenced by positive statements from the Deputy Governor of Akwa Ibom State and Directors within the Federal Ministry of Works, who ranked Julius Berger as a top company, delivering long-lasting quality in Nigeria.

While our project portfolio in 2011 remained robust, we must also recognise that there was a slowdown in project acquisition within the public sector, as a result of the Presidential Election and the transitional period thereafter. In addition, increased security concerns put pressure on investment decision of potential clients. Despite these circumstances, Julius Berger was still able to maintain a consistent level of turnover and lower operational costs. This accomplishment is a result of efficiencies in the consolidation of resources and the successful implementation of a diversified business strategy, which mitigates cluster risk and allows Julius Berger to serve all sectors of the economy.

The fact that Julius Berger is and remains a leader in its field of endeavour is not by chance. Each and every day there are challenges to the continued success of our Company and it is only through effective risk assessment, proactive management and the efforts of all our staff that our Company continues to prosper.

### Performance

Although in 2011 Julius Berger achieved a turnover of ₦169.41 Billion, which was a decrease of 3 % on the previous year's performance, the retained profit increased. This increased profitability is a confirmation that our consolidation efforts have positively affected our Company's efficiency and utilisation of resources.

The Nigerian Stock Exchange share valuation of the Company on December 31, 2011, the last trading day of the year, was ₦31.60, which is lower than the quotation price of ₦50.00 per share in 2010. This reduction in the Company's stock value is reflective of the overall trend across all sectors, especially in the second half of 2011.

# Chairman’s Statement (Continued)

## Dividend

In light of the Company’s increased profitability in 2011, the Board of Directors are pleased to be able to recommend an increased dividend of 240 Kobo (₦2.40), resulting in a total gross dividend payment of ₦2.88 Billion. You will recall that the proposed dividend for 2010 was 200 Kobo per each ordinary share.

## Market Environment

According to the National Bureau of Statistics, Nigeria’s Real Gross Domestic Product (GDP) was expected to grow by 7.98 % in 2011. By the third quarter of the year, the reported GDP was tracking slightly below this figure at a 7.41 % growth rate.

Concerns over the Presidential Election, underperformance of the annual budget, labour unrest and a general climate of risk aversion caused speculation, and were drivers of inflation and economic slowdown. Nonetheless, in December 2011, rating agency Standard & Poor’s expressed confidence in the Nigerian economy by upgrading the country’s credit rating from stable to positive, signalling a positive outlook for the increase of foreign investment. This is especially the case for Europe, where investor interest is now firmly focused on Africa; and Nigeria is well placed to take advantage of this.

The Federal Government and the Central Bank of Nigeria continue to make an effort to put in place policies that promote a positive environment for business and investment, but the key challenge is swift implementation. Reforms that deliver strong economic fundamentals, such as that regarding simplification of the National Tax Policy, application of the Petroleum Industry Bill and Power Reforms are in legislation, have yet to be fully actualised, and the market eagerly awaits these policies to take effect.

I believe that all these indicators show that Nigeria is on the right path to achieving a more stable and investment friendly business environment.

## Highlights: Ongoing Works 2011

- Abuja
- Construction of Petroleum Technology Development Fund Head Office
  - Construction of Economic and Financial Crimes Commission Head Office
  - Rehabilitation and Expansion of Airport Expressway, Lot 1 & 2
- Akwa Ibom
- Uyo Governor’s House Complex, Phase 2
  - Infrastructure including discharge drain
  - Dualization of Abak – Ikot Ekpene Road
- Delta
- Escravos Gas-to-Liquids Projects
- Lagos
- Remodelling of Central Bank of Nigeria, Lagos Office
  - Construction of Admiralty Alexander Link-Bridge
  - Reconstruction of Badagry Expressway
  - Rehabilitation of Apapa – Oshodi Expressway, Phase 1
- Rivers
- Bonny River Terminal Airstrip
- Southwest
- Railway Completion Ajaokuta – Warri

## Highlights: New Awards 2011

- Abuja
- Airside Rehabilitation of Abuja International Airport
  - Facility Management of Central Bank of Abuja
  - Facility Management Senate and House of Representatives
- Lagos
- Construction of Rose of Sharon Tower
  - Dualization of Otta – Abeokuta Road, Addendum 3
  - Construction of Oando Jetty
  - Rehabilitation of Atlas Cove Jetty
- Akwa Ibom
- Dualization of Abak – Ikot Ekpene Road to Ikot Oku Ikono
  - Construction of Discharge Drains Abak – Ikot Ekpene Road
  - Construction of Uyo Governor’s House Complex, Phase 3
  - Construction of Uyo Ring Road, Phase 1A

# Chairman’s Statement (Continued)

## Board of Directors

Julius Berger Nigeria Plc witnessed changes in the membership of our Board of Directors in 2011. Specifically, Mr. Macdonald Olarinde Tubi replaced Engineer Rufai Afolabi Salami, who resigned his appointment as a non-Executive Director on September 26, 2011. Mr. Harold Samuel Tumba, Esq. replaced Chief (Mrs.) Lucy Anapine Andohol Katsina-Alu, who resigned her appointment as a non-Executive Director on December 8, 2011. Dr. Ernest Nnaemeka Azudialu-Obiejesi was appointed as a non-Executive Director of the Company on March 22, 2012. His appointment is placed before the 2012 Annual General Meeting for approval.

## Group

The establishment of PrimeTech Design and Engineering Nigeria Limited, our wholly owned design and engineering subsidiary, puts us ahead of our competitors. Working in compliance with the Nigerian Oil and Gas Industry Content Development Act, PrimeTech aims to be the single point of contact for design and engineering projects in the oil and gas sector.

Also established in 2011 was Julius Berger Medical Services Limited (JBMS). Incorporated in order to align all business activities in full compliance with Nigerian regulations, what was an internal department has now been transformed into a limited liability company. The change has no effect on the type or quality of medical services offered to Julius Berger staff. Julius Berger Medical Services will remain the medical service provider for all Group employees and their families.

Further developments are projected for the 2012 fiscal year regarding consolidation of the Julius Berger Group.

## Staff

I remain extremely proud of the skill and dedication that our employees demonstrate across all our divisions and departments. We continue to provide extensive training opportunities for our employees in order to sharpen their skills, for both the benefit of their career, and the maintained delivery of excellence in our works.

In 2011, 6,000 of our staff members participated in courses covering technical, managerial, supervisory and occupational areas. Further, close to 11,000 employees took part in some form of HSE training and each and every Company driver went through our own driver’s education. In addition, Julius Berger sponsored over 200 employees to attended workshops organised by relevant professional bodies, and one of our staff was further sponsored to attend the prestigious and highly recognised National Institute for Policy and Strategic Studies. We are confident that such investments will continue to strengthen our position as a leader within our sector, to the benefit of all stakeholders.

## Research and Development

I believe that research and development are critical components for the continued innovation and success of our business. In parallel, our research and development efforts create value within the Nigerian economy through the boosting of local production and transfer of knowledge and know-how.

In 2011, investment in research for materials technology and construction products included the fabrication of our own bitumen emulsion for road construction, and production of plaster, made with materials sourced locally in the country. Both these developments not only make our Company independent from local manufacturers or importers, but also ensure quality control and creation of jobs.

Additionally, our ongoing cooperation with the National Office for Technology Acquisition and Promotion (NOTAP) included such activities as a workshop aimed at developing strategies that could further facilitate the development of technical expertise and local inputs within the construction industry.

## Chairman's Statement (Continued)

### Health, Safety and Environment

2011 was again witness to continuous improvement in our Health, Safety and Environment (HSE) performance on our construction sites. The Company Lost Time Injury (LTI) Frequency Rate has been reduced from 1.3 in 2010 to 0.92 in 2011, a continued reduction year on year. Of equal importance is the reduction in the Total Recordable Accident Frequency Rate from 4.44 in 2010 to 3.87 in 2011.

The HSE performance of the Bonny Island and Escravos Gas-to-Liquids (EGTL) projects again set standards that all Julius Berger operations aspire to. Our Bonny Island project achieved the extraordinary milestone of five years LTI free in June 2011 and our EGTL project reached 11.2 Million man-hours LTI free in December 2011. Also, our Twin Lakes Estate Development Project received a client award for excellent HSE performance, and its Safety Management System has been successfully recertified by our client.

### Corporate Social Responsibility

The Julius Berger Group continues to make substantial contributions to the betterment of our community. In 2011 the basis for a strategy, built on the pillars of education, health and youth sports, was introduced, creating a vision for our way forward. In line with these areas of focus, numerous activities were actioned throughout the year, including: donations to institutions working to provide education and support to underprivileged youth, organisation of cultural and arts education workshops for schools and orphanages, sponsorship of staff to attend extracurricular training, funding of activities for the National Deaf Football Association, and the provision of corporate facilities for the Nigerian Business Coalition Against Aids (NIBUCAA), to name a few. These contributions are detailed in the Report of the Directors.

### Security

I can report that Julius Berger has experienced no serious security incidents in 2011. Nevertheless, we cannot ignore that security issues require our Company to remain vigilant. While the Niger Delta Amnesty programme continues to prove effective, Boko Haram's activities are an increasing concern. In light of this, Julius Berger has implemented further risk assessment structures within our Security Management System, which allow for continuous review of threats and adjustment of security plans.

### 2012 Outlook

Nigeria retains enormous potential. The rapidly developing nation has immense opportunities in the private sector and scope for growth of downstream industries. These prospects, which are in-line with diversification targets of the Federal Government, are attracting not only Nigerian, but also international investors. This is supported by several visits of European diplomats, including the German Chancellor.

Such investors are looking for a dynamic partner who can deliver expert work to global standards, who is able to meet their demand for quality within the necessary time frame and who has Nigeria specific know-how. Our goal is to be the first choice contractor for such potential clients and the Julius Berger Group's business model, including a logistical partner in Germany, makes this goal possible.

2012 has already been a year of action. The evolution of our Company's structure has been initiated by the transfer of 10 % of Bilfinger Berger SE's shares to a strategic Nigerian shareholder. Additionally, the decision to acquire a majority stake in the business of Bilfinger Berger Nigeria GmbH in Germany, along with the strengthening of our brand, solidifies the foundation for our market leadership and the consolidation of the Julius Berger Group.

Esteemed Shareholders, I acknowledge and appreciate your steadfast support. I can assure you that the Board, Management and staff are working in your best interest at each and every turn. This Annual Report is a tangible example of how our guiding principles work together to build our success. Together we will continue on our journey into the future of our great Company and in order to provide you exceptional returns, we will continuously analyse our strategies and where necessary, adjust our objectives based on the business environment.

Thank you and God bless you all.



Avm (Dr.) Mohammed Nuruddeen Imam, CFR  
Chairman of Julius Berger Nigeria Plc





# Teamwork Reliability

## Industries

Julius Berger has a history of successfully enabling the development of industries by laying the groundwork for plant and factory construction through site preparation works. Due to proven technical competence and reliability, industry investors depend on Julius Berger not only as a contractor, but also as a partner in the realisation of their projects.

Such qualifications coupled with strong teamwork led us to successfully grow our overall contract value on the Escravos Gas-to-Liquids Project, from 27 Billion to almost 88 Billion Naira, as a result of substantial additional work requests from the client, who relied on Julius Berger. The project was completed to the full satisfaction of the client in January 2012.

Also, in 2012, after a long tendering process, in which Julius Berger proved its competence, the Company was awarded construction of a cement plant in Edo State. The project scope includes both site clearing and civil works, with prospects of a larger scope still in negotiation. Upon completion, the impressive plant will have an output of 6,000 tons per day.



Clockwise (both pages):  
Chevron Twin Lake Estate, Lagos  
Bonny River Terminal Airstrip, Rivers  
Julius Berger Staff at Work



# Board of Directors' Profiles



**Avm (Dr.) Mohammed Nuruddeen Imam, CFR, Chairman**  
psc, usawc, FSS, LLD (HC)

- Member of The Nigerian Society of Engineers
- Appointed a non-Executive Director on January 11, 1999 and Chairman on September 2, 2008
  - Chairman of the Bayero University Kano, the Monuments Group of Companies Limited and the Development Board
  - Board member of the Governors of Downen College Lagos and the Prime College Kano



**Engr. Heinz Stockhausen (German), Vice Chairman**  
Dipl.-Ing. (Graduate Civil Engineer)

- Appointed a Director on September 5, 2008 and Vice Chairman on December 8, 2009
- Managing Director of Bilfinger Berger Nigeria GmbH in Wiesbaden, Germany



**Engr. Wolfgang Goetsch (Austrian), Managing Director, Executive**  
Dipl.-Ing. (Graduate Civil Engineer)

- Member of The Nigerian Society of Engineers and The Council for the Regulation of Engineering in Nigeria
- Appointed a Director and Managing Director on October 15, 2007, joined Julius Berger in 1991



**Mr. Wolfgang Kollermann (German), Financial Director, Executive**  
Diploma in Business Administration and Accounting

- Appointed a Director and Financial Director on September 22, 2010, joined Julius Berger in 2000



**HRH Igwe Peter Nwokike Anugwu, JP, OFR**  
Diploma in Agricultural Engineering

- Appointed a non-Executive Director on May 2, 1996
- Justice of the Peace and traditional ruler of the ancient Mbaukwu Kingdom in Anambra State
- Member of the Anambra State Traditional Rulers Council and the Elders Council of Anambra State
- Board member of Intafact Beverages Limited



**Engr. Jafaru Damulak**  
BSc (Civil Engineering)

- Member of The Nigerian Society of Engineers and The Council for the Regulation of Engineering in Nigeria
- Appointed a Director on August 16, 2007
  - Managing Director of Elm Properties and Estate Development Company Limited
  - Board member of NETCOM Africa Limited



**Mr. Macdonald Olarinde Tubi**  
BA (Advertising / Design), MSc (Communication), MBA

- Appointed a Director on September 26, 2011
- Managing Partner of BaileyCole Consulting Nigeria Limited
- Member of the Society for Human Resource Management, USA and the Philadelphia Human Resource Planning Group, USA



**Mr. Harold Samuel Tumba, Esq.**  
LLB (Hons), BL

- Appointed a non-Executive Director on December 8, 2011
- Principal partner in the Firm of Tumba & Tumba, Legal Practitioners
- Chairman and Chief Executive Officer of Taj Holdings Limited and West Africa Limited



**Dr. Ernest Nnaemeka Azudialu-Obiejesi**  
BSc (Accountancy), DBA (HC)

- Appointed a non-Executive Director on March 22, 2012
- Group Managing Director of Nestoil Plc
- Board member of WaterTown Energy Limited, Obijackson (WA) Limited, Century Power Generation Limited

# Report of the Directors for the Year Ended December 31, 2011

The Directors are pleased to present to the members of Julius Berger Nigeria Plc (“the Company”) at the 42<sup>nd</sup> Annual General Meeting their report on the business of the Company and its subsidiaries (“Julius Berger” or “the Group”) for the year ended December 31, 2011.

## 1. Legal Form

The Company was incorporated in Nigeria under the Companies Act 1968, now the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004 (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 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 four subsidiaries, with their principal activities stated as follows:

Subsidiary	Principal Activities	Date of Incorporation	Percentage Holding
Abumet Nigeria Limited	The business of manufacturers and dealers in aluminum, steel, iron or other structural products of any nature.	June 15, 1990	70 %
Julius Berger Services Nigeria Limited	The business of stevedores, superintendents, ports services, port management services, warehousemen and agents in respect thereto.	August 30, 2006	100 %
Julius Berger Medical Services Limited	The business of health care providers, the operation of medical service institutions and health care services.	August 22, 2011	100 %
PrimeTech Design and Engineering Nigeria Limited	The business of engineering, planning, design, development, construction, testing and maintenance of engineering works and products of all descriptions.	August 22, 2011	100 %

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

## 3. Results for the Year

Comparative highlights of the operational results of the Group for the years ended December 31, 2010 and 2011 are as follows:

Group Results	2011 ₦000	2010 ₦000
Turnover	169,413,371	173,690,552
Profit attributable to Group activities	4,878,423	2,799,632
Revenue Reserves	9,146,541	6,667,321

## 4. Review of Business Development

In the year under review, Julius Berger, in the opinion of the Directors, performed satisfactorily.

To ensure compliance with the local content laws and regulations in Nigeria as well as to enhance its on-shore and off-shore technical and logistic capacities, the following strategic initiatives were undertaken by Julius Berger in the year under review:

- The incorporation of a new subsidiary PrimeTech Design and Engineering Nigeria Limited to provide design and engineering support services to the Company;
- The incorporation of another new subsidiary Julius Berger Medical Services Limited (JBMS), to effect compliance with the provisions of the National Health Insurance Scheme Act, CAP N42, Laws of the Federation of Nigeria 2004, to provide all forms of medical and health care services, which constitute a crucial support in the operations of Julius Berger. JBMS is licensed by the relevant Nigerian Health Authorities;
- The decision to acquire a controlling majority shareholding in the incorporated entity, to which is transferred the technical and logistic business and operations of Bilfinger Berger Nigeria GmbH in Wiesbaden, Germany. This assures that Julius Berger is in control of all required services such as planning, procurement, recruitment and capacity building. The execution of this decision is planned for the first half of the year 2012.

The two subsidiaries commenced operations in the year 2012.

Save as herein disclosed, no other events have occurred since the balance sheet date, which would affect the financial statements.

# Report of the Directors for the Year Ended December 31, 2011 (Continued)

## 5. Dividend

### 5.1 Dividends

The Directors are pleased to recommend to the members at the 42<sup>nd</sup> Annual General Meeting, a final dividend for the year ended December 31, 2011, in the sum of ₦2.88 Billion, representing 240 Kobo (₦2.40) 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 share certificates and dividends

The lists of shareholders who have either unclaimed share certificates or dividends have been compiled and are attached with this document. Shareholders who find their names on the lists and have claimed their share certificate(s) or dividend(s) since December 31, 2011, should kindly ignore the attached lists. However, shareholders who are yet to claim their unclaimed share certificate(s) or dividend(s) should contact the Company Secretary or the Registrars, Union Registrars Limited.

## 6. Directors and Directors' Interest and Shareholding

### 6.1 The Directors who served on the Board for the year ended December 31, 2011 were as follows:

- Avm (Dr.) Mohammed Nuruddeen Imam, CFR
- Engr. Heinz Stockhausen (German)
- Chief (Mrs.) Lucy Anapine Andohol Katsina-Alu
- HRH Igwe Peter Nwokike Anugwu, JP, OFR
- Engr. Rufai Afolabi Salami
- Engr. Jafaru Damulak
- Engr. Wolfgang Goetsch (Austrian)
- Mr. Wolfgang Kollermann (German)
- Mr. Macdonald Olarinde Tubi
- Mr. Harold Samuel Tumba, Esq.

### 6.2 Since the last Annual General Meeting

- Engr. Rufai Afolabi Salami resigned his appointment as a non-Executive Director of the Company with effect from September 26, 2011;
- Mr. Macdonald Olarinde Tubi was appointed a non-Executive Director on September 26, 2011;
- Chief (Mrs.) Lucy Anapine Andohol Katsina-Alu resigned her appointment as a non-Executive Director of the Company with effect from December 8, 2011;
- Mr. Harold Samuel Tumba, Esq. was appointed a non-Executive Director on December 8, 2011;
- Dr. Ernest Nnaemeka Azudialu-Obiejesi was appointed a non-Executive Director on March 22, 2012.

In accordance with S249(2) of the CAMA, members would be requested at this Annual General Meeting to approve the appointments of Mr. Macdonald Olarinde Tubi, Mr. Harold Samuel Tumba, Esq. and Dr. Ernest Nnaemeka Azudialu-Obiejesi as non-Executive Directors of the Company.

### 6.3 Directors for re-election

Engr. Jafaru Damulak and HRH Igwe Peter Nwokike Anugwu, JP, OFR are the Directors retiring by rotation. In accordance with the provisions of S259 of CAMA and the Articles of Association, Engr. Jafaru Damulak and HRH Igwe Peter Nwokike Anugwu, JP, OFR, both being eligible, offer themselves for re-election.



# Report of the Directors for the Year Ended December 31, 2011 (Continued)

## 6.4 Director's interest

For the purpose of S275, S276 and S277 of CAMA and in compliance with the listing requirement of The Nigerian Stock Exchange

- no Director notified the Company of any disclosable interest in contracts in which the Company was involved;
- 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 and as notified by them, are as follows:

Directors' holdings as at	March 22, 2012 Number	December 31, 2011 Number	December 31, 2010 Number
Avm (Dr.) Mohammed Nuruddeen Imam, CFR	696,258	696,258	694,612
Engr. Heinz Stockhausen	–	–	–
Chief (Mrs.) Lucy Anapine Andohol Katsina-Alu	390,324	390,324	390,324
HRH Igwe Peter Nwokike Anugwu, JP, OFR	80,000	80,000	80,000
Engr. Rufai Afolabi Salami	–	–	–
Engr. Jafaru Damulak	1,800,772	1,800,772	1,800,772
Engr. Wolfgang Goetsch	–	–	–
Mr. Wolfgang Kollermann	–	–	–
Mr. Macdonald Olarinde Tubi	–	–	–
Mr. Harold Samuel Tumba, Esq.	–	–	–
Dr. Ernest Nnaemeka Azudialu-Obiejesi – Indirect	120,000,000	–	–

## 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 ₦622.5 Million made up of 1.245 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 ₦600 Million made up of 1.20 Billion ordinary shares of 50 Kobo each. The share capital history of the Company is stated on page 87.

### 7.3 Beneficial ownership

The issued and paid-up share capital of the Company, as at December 31, 2011 and March 22, 2012, when the financial statements were approved, were beneficially held as follows:

	March 22, 2012 Number	March 22, 2012 Percentage Holdings	December 31, 2011 Number	December 31, 2011 Percentage Holdings
Bilfinger Berger	478,420,072	39.87 %	598,420,072	49.87 %
Nigerian Governments, Citizens & Associations	721,579,928	60.13 %	601,579,928	50.13 %
<b>Total</b>	<b>1,200,000,000</b>	<b>100.00 %</b>	<b>1,200,000,000</b>	<b>100.00 %</b>

In compliance with S95 of CAMA, and as at March 22, 2012, the following companies gave notice of substantial shareholdings in the equity of the Company:

Company	Number of Shares	Percentage Holdings
Bilfinger Berger	478,420,072	39.87 %
Watertown Energy Limited	120,000,000	10.00 %

The Company recognises other major shareholders as follows:

Company	Number of Shares	Percentage Holdings
Ibile Holdings Limited	65,997,000	5.50 %
Benue Investment and Property Company Limited	62,561,358	5.21 %
Plateau Investment and Property Development Company Limited	55,326,644	4.61 %

# Report of the Directors for the Year Ended December 31, 2011 (Continued)

## 7.4 Share range analysis

Share Range	Number of Shareholders	Percentage of Shareholders	Number of Shares Held	Percentage Holdings
1 – 500	1,435	14.42 %	430,010	0.03 %
501 – 1,000	1,097	10.02 %	904,434	0.07 %
1,001 – 5,000	3,395	34.12 %	8,755,104	0.73 %
5,001 – 10,000	1,804	18.12 %	12,584,813	1.05 %
10,001 – 25,000	1,100	11.05 %	16,846,305	1.41 %
25,001 – 100,000	864	8.68 %	39,469,993	3.29 %
100,001 – 500,000	179	1.79 %	34,990,207	2.92 %
500,001 – 1,000,000	33	0.33 %	23,283,567	1.94 %
1,000,001 – 999,999,999,999	47	0.47 %	1,062,735,567	88.56 %
<b>Total</b>	<b>9,954</b>	<b>100.00 %</b>	<b>1,200,000,000</b>	<b>100.00 %</b>

## 8. Properties and Equipment

Significant movements in properties and equipments constituting the fixed assets of the Group during the year are indicated in note 7 on page 62. In the opinion of the Directors, the market value of the properties and equipments is not less than the value shown in the accounts.

## 9. Donations and CSR Initiatives

During the year 2011, the Company undertook Corporate Social Responsibility (CSR) initiatives and made donations valued at ₦15.61 Million (2010: ₦11.40 Million) as follows:

Corporate Social Responsibility Initiatives	₦
Abuja Metropolitan Music Society (Cultural Presentation)	200,000
Family Care Foundation	60,000
Model Secondary School Maitama (Art Education Workshop)	450,000
Model Secondary School Maitama (Geological Garden)	250,000
National Deaf Football Association	1,500,000
Nigeria Business Coalition Against Aids (Corporate Office Abuja)	3,000,000
Nike Centre for Art and Culture (Cultural Education Workshop)	900,000
<b>Total</b>	<b>6,360,000</b>

Donations	₦
ULES Student Opportunities Fund	250,000
Osun State University Conference	150,000
Patrick Speech & Languages Centre Lagos	500,000
Poor Handmaids of Jesus Christ	1,000,000
Daughters of Charity Hope Center	1,000,000
M. Luther King JR. Memorial Foundation	1,000,000
FOCI 2011 Annual General Meeting	600,000
Fortune Special School	50,000
Nigeria Institution of Civil Engineers	200,000
Lagos Governor's Open Squash Championships	500,000
11 <sup>th</sup> Governor's Cup Lagos	500,000
Nigerian Autistic Society	200,000
Abuja Metropolitan Music Society	1,500,000
Daughters of Charity Hope Center	1,200,000
Sundries	600,000
<b>Total</b>	<b>9,250,000</b>

Julius Berger is a founding member of the Nigerian Business Coalition Against AIDS (NIBUCAA) and additionally supports NIBUCCA by contributions in kind.

No donation was made to any political party.

## 10. Research and Development

Julius Berger prides itself on its skills and ability to deliver the desires of its clients within time, to specification and innovatively. This has been achieved by the deployment of research and development initiatives and standards to enhance its design, planning, execution, construction and local engineering capabilities. Julius Berger would ensure that it continues to lead in all phases of construction and engineering technology in Nigeria by continuously researching into new methodologies, designs, products and services.

# Report of the Directors for the Year Ended December 31, 2011 (Continued)

## 11. Technical Service and Know-How Agreement

The Company has a valid and subsisting Technical Services Agreement with Bilfinger Berger which is registered with the National Office for Technology Acquisition and Promotion (NOTAP).

## 12. Suppliers

The significant suppliers to the Company locally and internationally are:

- G. Tesch GmbH
- Hanse Logistics GmbH
- Flour Mills of Nigeria Plc
- Moaraga Nigeria Limited
- Abumet Nigeria Limited
- Julius Berger Services Nigeria Limited
- Dangote Cement Industries Limited
- Samofaz Nigeria Limited
- Tabson Nigeria Limited
- Wabeco Limited
- Apex Paint Limited
- Ringardas Nigeria Limited
- Asca Bitumen

## 13. Post Balance Sheet Events

Save as disclosed, there were no significant post balance sheet events, which could have had a material effect on the accounts for the year ended December 31, 2011, 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

Julius Berger’s policy prohibits discrimination of physically challenged persons in the consideration of applications for employment as well as the treatment of staff in employment. As at December 31, 2011, there were 46 physically challenged persons employed by the Group.

### 14.2 Health and safety at work and welfare of employees

Julius Berger, in view of the nature of its business, places a high priority on the health, safety and welfare of its employees as well as its visitors in all aspects of its operations. To this end, there is strict observance of health and safety policies and structures within the work environment.

The Group provides medical attention to all staff and their immediate family members comprising a spouse and four children, in accordance with the welfare schedule agreed with the operating domestic workers union.

The Group is in compliance with the provisions of the Pensions Reform Act of 2005.

### 14.3 Involvement and training

The Group engaged its consultation machinery for the dissemination of information and involvement in matters concerning the staff and corporate affairs.

The skills and expertise of every member of staff are the bedrock of Julius Berger’s excellence. Training is key to the continued retention of these skills and expertise within Julius Berger.

## 15. Audit Committee

The members of the Statutory Audit Committee appointed at the Annual General Meeting held on July 7, 2011, in accordance with S359(3) of CAMA were:

Name	Designation
Alhaji (Dr.) Bamanga Muhammad Tukur, CON	Chairman
HRH Igwe Peter Nwokike Anugwu, JP, OFR	Member
Mr. Wolfgang Kollermann	Member
Chief Timothy Adesiyon	Member
Sir Sunday Nnamdi Nwosu, KSS	Member
Engr. Rufai Afolabi Salami	Member

# Report of the Directors for the Year Ended December 31, 2011 (Continued)

Subsequent to the resignation of Engr. Rufai Afolabi Salami on September 26, 2011, the composition of the Audit Committee was as follows:

Name	Designation
Alhaji (Dr.) Bamanga Muhammad Tukur, CON	Chairman
HRH Igwe Peter Nwokike Anugwu, JP, OFR	Member
Mr. Wolfgang Kollermann	Member
Chief Timothy Adesiyun	Member
Sir Sunday Nnamdi Nwosu, KSS	Member

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

## 16. Auditors

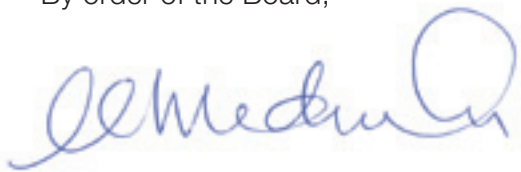
The Auditors, Messrs. Akintola Williams Deloitte, have indicated their willingness to continue in office. A resolution will be proposed authorising the Directors to determine their remuneration.

## 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 Best Practices on Corporate Governance in Nigeria published in April 2011 (“the Code”) and the regulations of The Nigerian Stock Exchange and the Securities and Exchange Commission (“the Regulators”). The Directors confirm that, to the best of their knowledge, the Company has been and is in substantial compliance with the provisions of the Code and the regulatory requirements of the Regulators.

The Directors further confirm that, from January 1, 2012, Julius Berger is prepared for compliance with the International Financial Reporting Standards (IFRS).

By order of the Board,



Cecilia Ekanem Madueke (Mrs.)  
Company Secretary  
March 22, 2012



# Value Quality Facility Services Nigeria

Facility Services Nigeria (FSN) was established as a means to offer quality real estate management, operation and maintenance; its mission is to preserve the sustained availability and high value client assets.

FSN provides premium preventive and proactive facility services from a single source. The team handles the operation of building and office infrastructure, acts on behalf of industry clients, provides warehouse and supply chain management and refurbishes facilities as required. Also available through FSN is computer assisted facility management, optimising workflow and process controlling, and resource management aimed at reducing operating costs. This multiservice operational structure simplifies the often complex process of asset maintenance, allowing clients the freedom to concentrate on their core business.

In addition to being an advisory source for our clients, FSN is above all focused on offering a wide selection of quality material and components with a 100 % guarantee regarding performance and delivery. FSN is committed to using modern equipment and cutting edge procedures in order to guarantee the highest levels of operational performance and excellence.



# Report on Risk Management

In the course of its business activities, Julius Berger creates opportunities and takes risks, both must be thoroughly weighed and considered. Business success depends on the principle that the risks taken are managed and that they are outweighed by the opportunities.

For the timely identification, evaluation and responsible handling of risks, effective detection management, control and audit systems must be in place, which together form Julius Berger’s Integrated Risk Management System. This system has been set to identify issues which could have a significant negative impact on our business. Further it establishes a framework to evaluate and counteract such risks through various control and monitoring mechanisms.

The risks identified within our specific business are market risk, operational risk, legal risk, information security risk and environmental and reputational risk, for which clear structures in terms of areas of responsibility and management are applied.

## Market Risk

The business of our Company is dependent on the general economic situation and the development of Nigeria, which is an emerging market also affected by both the macro-economic and global economic situation. Furthermore we are exposed to political and social risk in the region.

Moreover, growing competition in the construction sector, along with the developing legal framework of industry specific legislation, ordinances and regulations are risks that must be addressed with special focus.

Unreliable performance of Federal Budgets, as exemplified in 2011, is a primary risk that has to be assessed. In order to mitigate this risk we have put in place a strategy that further diversifies our portfolio, meaning that we are actively seeking private clients which fulfil our criteria, by passing through our risk assessment and approval system.

## Operational Risk

Operational risk in the acquisition phase includes the selection of projects and clients, the establishment of subsequent conditions, such as contractual parameters, the project specific competence and capacity of the Company as well as payment planning and security.

In the execution phase, procurement, in terms of materials and machinery, logistics and human resources, as well as environmental factors, must be identified and assessed. Project controlling means that contracts are continuously subjected to a thorough commercial and legal examination throughout the life of the project. Technical aspects are analysed separately by experts in each respective field.

Beyond complying with regulatory requirements, the Julius Berger Group is embedding a robust operational risk management practice, culture and environment to promote the soundness of our institution. The Company has instituted an internal audit department, and regular risk management meetings at all major project sites are held in order to manage and adjust operations accordingly. Further, risk awareness is continually increased in order to ensure compliance across all levels and functions of the company structure.

## Legal Risk

Common to business, companies are sometimes involved in litigation or arbitration. While we strive to avoid legal disputes wherever possible, this goal cannot always be achieved. Nonetheless, the level of awareness needed to identify, mitigate and manage such legal risk in our activities and transactions continues to improve.

Our compliance system, which is constantly being developed, is set to make targeted efforts to avoid these risks. Suspicious events are actively confronted and investigated. This includes implementation of a whistle blowing policy. This policy allows all employees and business partners to raise genuine concerns, in good faith, without fear of reprisals. This system assures that all irregularities reported are taken seriously and investigated as appropriate.

## Information Technology Risk

Julius Berger has adopted systems to meet the fundamental objective of ensuring the security, confidentiality, integrity and availability of its information assets. In order to prevent unauthorised access and data loss and to guarantee the permanent availability of our systems, we protect our information technology with numerous technical installations. Our information technology structures are largely standardised, we use software products from leading producers and applicable security guidelines are regularly adapted to the latest technical developments.

## Environmental and Reputational Risk

Accidents at our project sites, damage to the environment, actual or alleged deficits and errors in our performance as well as compliance violations can all damage our reputation and impact our financial situation. We counteract damage to our reputation through open communication and cooperation with clients and our host communities. Through the implementation and prioritisation of Quality Management Systems and Health, Safety and Environment Policies, the Julius Berger Group is poised to continue ensuring effective social and environmental risk management practices in all its activities, products and services.

## Corporate Social Responsibility

Julius Berger is committed to being a responsible corporate citizen. We are mindful of, and feel a sense of responsibility towards our staff, as well as the society and environment in Nigeria. In Julius Berger, Corporate Social Responsibility (CSR) is not a task, but rather a corporate attitude engrained in every aspect of our business. We continually take into account the sustainable impact of our actions and actively seek out opportunities to add value in our communities.

Our programmes are built on the ideal that by focusing our efforts in areas of social improvement, we can make a measurable difference in the future of people and communities. Such areas, which form the pillars of our CSR strategy are, education, health and sports. To realise this goal, we carried out numerous activities in 2011, including, but not limited to: donations to institutions working to provide education and support to underprivileged youth, organisation of educational workshops in schools and orphanages, and sponsorship of sports initiatives.

Our corporate responsibility efforts also include the fostering of social and economic sustainability through the training of workers and building of capacity with local suppliers, cultivating skills and knowledge that will benefit them long after a project is finished. Additionally, we work to create more environmentally friendly workplaces by utilising green technologies in our construction and by promoting simple steps, such as turning off computers at night, which can add up to significant energy conservation.



## Investment Commitment



## Health, Safety and Environment

The health and safety of our employees and those affected by our operations is of the highest priority to Julius Berger.

We are firmly committed to an ethos of safe construction and invest heavily in the on-going training of our workforce in all aspects relating to our operations. This is exemplified by the year on year reduction of the Company's Lost Time Injury and Total Recordable Accident frequency rates.

Such high performance, also recognised by clients, is a catalyst for building on our success and reinforcing our commitment to continual improvement. We believe that every accident is avoidable, and strive to achieve our ultimate Health, Safety and Environment (HSE) goal of zero fatalities.

We dedicate numerous resources to increase HSE awareness, based on HSE best practice standards, resulting in growing HSE expertise within our organisation. Initiatives include the introduction of a successful HSE supervisory training module. Since the course was introduced over 2,500 supervisors have been trained. Further, in 2011, we have trained over 11,500 employees in defensive driving, which is an essential element in minimising risk and promoting a safer driving environment in Nigeria.

The implementation of Safety and Environment Policies, control procedures such as random site visits, regular safety meetings, training, education and ongoing campaigns drive home the need for safety every day.

# Expertise Training



# Report on Corporate Governance for the Financial Year Ended December 31, 2011

At Julius Berger Nigeria Plc (“Julius Berger”), our Board and Management have put in place structures, procedures and systems to ensure substantial compliance with the Code of Corporate Governance in Nigeria published in April 2011 by the Securities and Exchange Commission (“the Code”), the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004 (CAMA), the requirements of all our Regulators and the Memorandum and Articles of Association of our Company.

Our corporate governance structures, procedures and systems are premised on dynamism and it is of note that in the year 2011 the shareholders of Julius Berger approved a new Memorandum and Articles of Association, which is substantially compliant with the Code and CAMA.

## 1. The Board of Directors

The Board of Directors (“the Board”) is made up of seven non-Executive Directors, one of whom is an Independent Director and two Executive Directors. Profiles of the Directors, in particular the Directors standing for election and re-election, are stated on pages 20 and 21 in this document.

The Board meets at least once every quarter as the needs of the Company may determine. There is provision in the newly approved Articles of Association for meetings of the Board by electronic communications as well as decisions of the Board by resolutions in writing.

The Board met five times in the financial year 2011. Attendance by the Directors was as follows:

Director	Designation	Number of Board Meetings attended
Avm (Dr.) Mohammed Nuruddeen Imam, CFR	Chairman	5
Engr. Heinz Stockhausen	Vice Chairman	5
Engr. Wolfgang Goetsch	Managing Director	5
Mr. Wolfgang Kollermann	Financial Director	5
HRH Igwe Peter Nwokike Anugwu, JP, OFR	Director	5
Engr. Jafaru Damulak	Director	5
Engr. Rufai Afolabi Salami *	Director	4
Chief (Mrs.) Lucy Anapine Andohol Katsina-Alu **	Director	5
Mr. Macdonald Olarinde Tubi ***	Director	2
Mr. Harold Samuel Tumba, Esq. ****	Director	–
Dr. Ernest Nnaemeka Azudialu-Obiejesi *****	Director	–

\* Resigned with effect from September 26, 2011; \*\* Resigned with effect from December 8, 2011;

\*\*\* Appointed with effect from September 26, 2011; \*\*\*\* Appointed with effect from December 8, 2011;

\*\*\*\*\* Appointed with effect from March 22, 2012; – Not Applicable or Absent

Apart from the legal and regulatory requirements, there are no specific requirements for qualification for board membership. However, Julius Berger 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 meetings.

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 Management.

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

In discharging its oversight responsibilities, the Board makes use of various committees. Each committee has an in-depth focus on a particular area of the Board’s responsibility and provides informed feedback and advice to the Board. The activities of each of the Board committees relate to the affairs of the Group and are guided by the objectives and stated Terms of References of the committee.

The following standing committees which are tailored to the Company’s business have been established:

### 1.1 Project Review and Logistics Committee

This committee is responsible for:

- The review and evaluation of real estate needs of the Company;
- The review and evaluation of the financing needs of the Company;
- The review and evaluation of investment made by the Company;
- Evaluation and approval of third party arrangements;
- Approval of projects and the underlying proposals.

This committee met once in the financial year ended December 31, 2011. The membership of the committee and the attendance by members at meeting were as follows:

Director	Designation	November 17, 2011
Avm (Dr.) Mohammed Nuruddeen Imam, CFR	Chairman	•
Engr. Heinz Stockhausen	Member	•
Engr. Wolfgang Goetsch	Member	•
Mr. Wolfgang Kollermann	Member	•



# Report on Corporate Governance for the Financial Year Ended December 31, 2011 (Continued)

## 1.2 Board Audit Committee

This committee is responsible for:

- The review and integrity of financial statements of the Company, including the annual, half-year and quarterly reports and accounts;
- 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;
- Overseeing the risk management systems;
- The review of the whistle blowing structures and policies of the Company;
- The review and approval of the Company's corporate social responsibility obligations;
- The oversight of related party disclosures.

This committee met twice in the financial year ended December 31, 2011. The membership of the committee and the attendance by members at meetings were as follows:

Director	Designation	July 28, 2011	December 7, 2011
HRH Igwe Peter Nwokike Anugwu, JP, OFR	Chairman	•	•
Engr. Jafaru Damulak	Member	•	•
Chief (Mrs.) Lucy Anapine Andohol Katsina-Alu**	Member	•	–

## 1.3 Remuneration Committee

This committee is responsible for:

- Top level establishment issues particularly on selection, appraisal, compensation and corporate succession planning;
- Matters relating to Board(s) nominations and appointments, composition, performance and appraisal;
- Remuneration and reward-based budgeting and strategies;
- Review and establishment of human relation policies.

This committee met twice in the financial year ended December 31, 2011. The membership of the committee and the attendance by members at meetings were as follows:

Director	Designation	July 28, 2011	December 7, 2011
Engr. Heinz Stockhausen	Chairman	•	•
Engr. Jafaru Damulak	Member	•	•

The Remuneration Committee of the Board is comprised only of non-Executive Directors.

## 1.4 Statutory Audit Committee

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

The committee's responsibilities are also stated in S359 of CAMA .

Membership of the committee is comprised of three shareholders and three Directors who were appointed for the financial year 2011 at the Annual General Meeting held on July 7, 2011.

This committee met thrice in the financial year ended December 31, 2011. The membership of the committee and the attendance by members in the financial year ended December 31, 2011 were as follows:

Members	Designation	March 21, 2011	July 28, 2011	December 7, 2011
Alhaji (Dr.) Bamanga Muhammad Tukur, CON	Chairman	•	•	•
Chief Timothy Adesiyen	Member	•	•	•
Sir Sunday Nnamdi Nwosu, KSS	Member	•	•	•
HRH Igwe Peter Nwokike Anugwu, JP, OFR	Member	•	•	•
Engr. Rufai Afolabi Salami *	Member	–	–	–
Mr. Wolfgang Kollermann	Member	•	•	•

The chairman of this committee is always a shareholder.

Save for the Statutory Audit Committee, the Board has the sole responsibility for determining the responsibility, membership and chair of these committees.

These committees report directly to the Board regarding committee activities, issues and related recommendations and decisions. The Statutory Audit Committee is further required to report to the shareholders on its activities.

# Report on Corporate Governance for the Financial Year Ended December 31, 2011 (Continued)

## 2. 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 2011, the members met in General Meeting on July 7, 2011. 197 shareholders and 46 proxies were present at the meeting. Attendance by the Directors was as follows:

Director	July 7, 2011
Avm (Dr.) Mohammed Nuruddeen Imam, CFR	•
Engr. Heinz Stockhausen	•
Engr. Wolfgang Goetsch	•
Mr. Wolfgang Kollermann	•
HRH Igwe Peter Nwokike Anugwu, JP, OFR	•
Engr. Jafaru Damulak	•
Engr. Rufai Afolabi Salami*	•
Chief (Mrs.) Lucy Anapine Andohol Katsina-Alu**	•
Mr. Macdonald Olarinde Tubi***	–
Mr. Harold Samuel Tumba, Esq.****	–
Dr. Ernest Nnaemeka Azudialu-Obiejesi*****	–

## 3. The Management

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

Management consists of the Managing Director, the Executive Director(s) and Heads of Departments. The Management executes its responsibilities within the limits set for it by the Board, which periodically reviews its performance.

# Statement of Directors’ Responsibilities

By the provisions of S334 and S335 of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004 (CAMA), the Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Company and its subsidiaries, and of the profit or loss at the end of each financial year.

The Directors are required by the provisions of the Code of Corporate Governance issued by the Securities and Exchange Commission (SEC) in April 2011 to issue this statement in connection with the preparation of the financial statements for the year ended December 31, 2011.

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;
- Judgment and estimates made are reasonable and prudent;

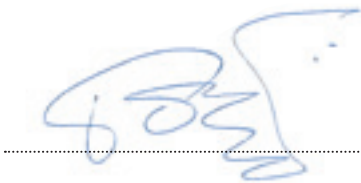
- The going concern basis is used, unless it is inappropriate to presume that the Company will continue in business;
- Internal control procedures are instituted, which as far as is reasonably possible, are adequate, safeguard the assets and prevent and detects fraud and other irregularities.

The Directors accept responsibility for the preparation of these financial statements, which have been prepared in compliance with:

- The provisions of CAMA;
- The provisions of the Financial Reporting Council of Nigeria, Act No. 6 of 2011;
- The published accounting and financial reporting standard issued by the Financial Reporting Council of Nigeria;
- The regulations of SEC and The Nigerian Stock Exchange.

The Directors have made an assessment of the Company’s ability to continue as a going concern based on the supporting assumptions stated in the financial statements, and have every reason to hold that the Company will remain a going concern in the financial year ahead.

Approved by the Board of Directors on March 22, 2012 and signed on its behalf by:



Avm (Dr.) Mohammed Nuruddeen Imam, CFR  
Chairman



Engr. Wolfgang Goetsch  
Managing Director





# Innovation Technology

## Bridges & Tunnels

In parallel to the growth of cities and entire regions within the country, bridges continue to grow in importance, as a means of connecting people and creating commerce. This is especially true in the southern part of the country where marshy wetland and bodies of water need to be navigated. One such project is the current construction of a bridge connecting the high traffic areas of Lekki and Ikoyi, in Lagos. There, JB is utilising world class engineering and design to deliver a technologically advanced bridge that will not only stand as a solution to the challenges of a growing mega city, but also as a landmark, symbolising Nigeria's progress and innovation.

Also, in response to the need for an innovative solution to incessant flooding in southern Nigeria, Julius Berger has pioneered the use of closed pipe jacking technology, a trenchless micro-tunnelling technique which can be utilised as a means to build sustainable drainage infrastructure. This technology is independent from weather conditions, limits interruption to traffic and surrounding infrastructure works and minimises disruption to the environment and its citizenry. This technique is successfully being utilised on several discharge drain projects in Akwa Ibom.



Clockwise (both pages):  
First and fourth picture: Micro-Tunnelling Project, Uyo  
Second and third picture: Admiralty Alexander Link-Bridge, Lagos



## Report of the Audit Committee to the Members of Julius Berger Nigeria Plc

In compliance with Section 359(6) of Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004 (CAMA), we, the members of the Audit Committee, have reviewed and considered the Auditor's Report required to be made in accordance with Section 359(3) of CAMA, the Audited Financial Statements of the Company for the year ended December 31, 2011 and the reports thereon and confirm as follows:

1. The accounting and reporting policies of the Company are in accordance with legal requirement and agreed ethical practices.
2. The scope and planning of audit requirement were in our opinion adequate.
3. We have reviewed the findings on Management matters, in conjunction with the External Auditors and are satisfied with the response of Management thereon.
4. The Company's system of accounting and internal controls were adequate.
5. We have made the recommendations required to be made in respect of the External Auditors.



Alhaji (Dr.) Bamanga Muhammad Tukur, CON  
Chairman  
March 21, 2012

### Members of the Audit Committee

- Alhaji (Dr.) Bamanga Muhammad Tukur, CON
- HRH Igwe Peter Nwokike Anugwu, JP, OFR
- Mr. Wolfgang Kollermann
- Chief Timothy Adesiyan
- Sir Sunday Nnamdi Nwosu, KSS

## Report of the Independent Auditors to the Members of Julius Berger Nigeria Plc



# Statement of Significant Accounting Policies for the Year Ended December 31, 2011

The following are the significant accounting policies adopted by the Group in the preparation of these consolidated financial statements:

## 1. Basis of Accounting

The consolidated financial statements are prepared under the historical cost basis.

## 2. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company, and its subsidiaries Julius Berger Services Nigeria Limited, Abumet Nigeria Limited, Julius Berger Medical Services Limited and PrimeTech Design and Engineering Nigeria Limited. The financial statements of these components are all made up to December 31, 2011.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein.

## 3. Revenue Recognition

### 3.1 Revenue

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.

### 3.2 Construction contracts

Revenue from construction contracts represents the value of engineers' certificates for all work done during the year, less retention monies, which are brought into the accounts only when collectable.

### 3.3 Goods and services

Turnover represents the net invoice value of sales to third parties.

## 4. Fixed Assets

All fixed assets are stated at cost less accumulated depreciation.

## 5. Depreciation of Fixed Assets

Depreciation is provided to write off the cost of fixed assets at the following annual rates:

- Buildings
  - 10 % in the year of acquisition and thereafter at
  - 10 % per annum on the book written down value;
- Plant and machinery and other fixed assets
  - 32.5 % in the year of acquisition and thereafter at
  - 12.5 % per annum on the book written down value.

## 6. Stocks

Stocks are valued at the lower of cost or net realisable value. Cost comprises suppliers' invoice prices and where appropriate, other charges incurred to bring the materials to their location and condition. Cost in the case of finished products includes a proportion of production overhead.

## 7. Work-in-Progress

Work-in-progress is valued on the basis of engineers' estimate of the quantum of work done but not yet certified. 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.

## 8. Debtors

Debtors are stated after deduction of specific provision or any debt considered doubtful of collection.

### 8.1 Contract debtors

Contract debtors represent amounts due on works certified which have not been paid by clients.

### 8.2 Retention

Retentions represent amounts withheld which are treated as memorandum entries and recognised in the financial statements, in accordance with the Statements of Accounting Standards (SAS 5), issued by the Financial Reporting Council of Nigeria.

## 9. Taxation

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

### 9.1 Deferred taxation

Provision for deferred taxation is made by the liability method and calculated at the current rate of taxation on the differences between the net book value of qualifying fixed assets and their corresponding tax written down values, in accordance with the Statement of Accounting Standard on Taxes (SAS 19), issued by the Financial Reporting Council of Nigeria.

# Statement of Significant Accounting Policies for the Year Ended December 31, 2011 (Continued)

## 9.2 Income tax

Income tax is provided on taxable profit at the current statutory rate.

## 10. Foreign Currencies

All transactions in foreign currencies are recorded in Naira at the rate of exchange ruling at the date of the transaction. Foreign currency balances are converted to Naira at the rates of exchange ruling at the balance sheet date. All differences arising there from are taken to the profit and loss account.

## 11. Retirement Benefits

Retirement benefits for members of staff are structured through a defined contributory pension scheme, which is independent of the Company's finances and is managed by Pension Fund Administrators. The scheme, which is funded by contributions from both the employees and the employer, each at 7.5 %, is consistent with the Pension Reform Act 2004. In addition, full provision is being made in the financial statements for liabilities due at the balance sheet date in respect of employees' terminal gratuities based on qualifying years of service and applicable emoluments, as per operating collective agreement. This is paid to employees as at when due.

## 12. Marketable Securities

Marketable securities comprise government bonds and other securities held for fixed redemption date are stated at cost and premiums or discounts arising on purchase are amortised on the yield to redemption.

## 13. Investments

Investments are classified as short-term or long-term investments.

### 13.1 Short-term investments

Debts and equity securities held for a period not exceeding one year are classified as short-term investments.

### 13.2 Long-term investments

Investments intended to be held for a period exceeding one year, which are either held to maturity or available for sale in response to needs for liquidity or changes in interest rates, exchange rates or equity prices, are classified as long-term investments.

### 13.3 Valuation

- Quoted investments other than dated securities are stated:
  - At the lower of cost and market value for short-term investments;
  - At cost for long-term investments.
 Provision is made for permanent diminution in the value of the investments;
- Unquoted investments are held as long-term and stated at cost less provision for diminution in values;
- Dated securities are stated at cost;
- Investments in subsidiaries are stated at cost and investment income is accounted for on accrual basis.

## 14. 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 in accordance with Statement of Accounting Standard (SAS 23) issued by the Financial Reporting Council of Nigeria.

## 15. Dividend

### 15.1 Proposed dividend

Proposed dividend for the year is recognised as a liability only when declared and approved by shareholders at the Annual General Meeting.

### 15.2 Unclaimed dividends

Unclaimed dividends are amounts payable to shareholders in respect of dividends previously declared by the Company which have remained unclaimed by the shareholder. In compliance with S385 of the Companies and Allied Matters Act, CAP C20, LFN 2004, unclaimed dividends after 12 years are transferred to the revenue reserve.

## 16. Earnings Per Share

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

## 17. Risk Management

The existing code of corporate governance has been designed to mitigate risks, both identified and anticipated. In respect of risk identified, provision is only made for the amount the Directors consider prudent in relation to probable cash flow. For anticipated risks, appropriate controls are instituted by Management.

## 18. Segment Reporting

A segment is a distinguishable component of the Group that is engaged in providing related products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from those of other segments.

Information is presented in respect of the Group's business and geographical segments. The business segments are determined by Management based on the Group's internal reporting structure.

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





# Responsibility Sustainability

## Roads & Railways

Road systems and railways are essential as a means to transport cargo and people. Accordingly, JB continues to build and expand vital traffic networks in the Company's three main locations: Abuja, Lagos and Uyo. Multiple road projects are currently in progress in these locations, including the reconstruction of the Badagry Expressway and rehabilitation of the Apapa – Oshodi Expressway in Lagos, the rehabilitation and expansion of the Airport Expressway in Abuja, and the dualization of Abak – Ikot Ekpene Road in Akwa Ibom.

Further, as an extension to the existing Itakpe – Ajaokuta Ore Railway Line, JB is progressing on the expansion of this railway line, from Ajaokuta to Warri, reaching the Delta Steel Plant. The significance of this project cannot be understated. The ability of trains to haul large quantities of goods, such as bulk cargo shipments, agricultural and industrial raw materials in particular, as well as significant numbers of people over long distances will play a major role in the economic development of Nigeria. As an alternative to road transport, such a rail transport system could dramatically improve travel time and offer reliable schedules that could be included in the planning of economic activities such as production and distribution, supporting the growth of industries within the country.



Clockwise (both pages):  
Badagry Expressway, Lagos  
Railway Ajaokuta – Warri, Southwest  
Circle Road in Central Area, Abuja  
Julius Berger Staff at Work



## Profit and Loss Account for the Year Ended December 31, 2011

	Note	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
Turnover	2	169,413,371	173,690,552	167,398,723	171,874,300
Cost of sales		(135,326,839)	(143,927,199)	(134,126,771)	(142,970,322)
Gross profit		34,086,532	29,763,353	33,271,952	28,903,978
Other income	3	1,558,583	2,087,870	1,516,131	2,075,380
		35,645,115	31,851,223	34,788,083	30,979,358
Administrative expenses		(23,301,895)	(22,951,833)	(22,505,218)	(22,132,493)
Interest payable and similar charges		(1,947,558)	(885,193)	(1,946,713)	(884,664)
Profit on ordinary activities before taxation and non-controlling interest	4	10,395,662	8,014,197	10,336,152	7,962,201
Taxation	5	(5,521,149)	(5,210,092)	(5,461,817)	(5,187,376)
Profit on ordinary activities after taxation but before non-controlling interest		4,874,513	2,804,105	4,874,335	2,774,825
Retained profit for the year but before non-controlling interest		4,874,513	2,804,105	4,874,335	2,774,825

### Attributable to:

Equity holders of the parent	18	4,878,423	2,799,632	4,874,335	2,774,825
Non-controlling interest	19	(3,910)	4,473	–	–
		4,874,513	2,804,105	4,874,335	2,774,825

### Earnings per share (₦):

Basic	6	4.07	2.33	4.06	2.31
Diluted / adjusted		4.07	2.33	4.06	2.31

The statement of significant accounting policies on pages 50 to 53 and the notes on pages 59 to 78 form part of these financial statements.

## Balance Sheet for the Year Ended December 31, 2011

	Note	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
<b>Non current assets:</b>					
Fixed assets	7	56,595,788	60,512,948	55,824,936	60,220,467
Investments	8	–	–	273,990	196,275
Long term receivable	11	12,458,367	10,864,756	12,280,502	10,658,983
Deferred taxation	14	16,823	–	–	–
		69,070,978	71,377,704	68,379,428	71,075,725
<b>Current assets:</b>					
Stocks and work in progress	9	18,648,942	15,394,907	18,096,386	15,015,228
Contract debtors and retention	10	40,134,488	31,012,832	39,522,873	30,469,275
Amount due from related companies	25	–	–	1,764,134	807,896
Other debtors and prepayments	11	29,683,001	27,097,229	29,373,568	26,925,237
Bank and cash		11,827,635	5,606,533	11,658,397	5,590,912
		100,294,066	79,111,501	100,415,358	78,808,548
<b>Creditors: amounts falling due within one year</b>					
Trade creditors		(8,882,783)	(6,862,507)	(8,766,475)	(6,784,679)
Amount due to related companies	25	(847,290)	–	(1,668,879)	(374,519)
Bank loan and overdrafts	12	(16,038,018)	(16,729,800)	(16,038,018)	(16,729,800)
Taxation	5	(3,482,077)	(3,616,598)	(3,450,695)	(3,593,687)
Other creditors	13	(117,401,963)	(105,154,637)	(116,410,501)	(104,448,977)
Net current liabilities		(46,358,065)	(53,252,041)	(45,919,210)	(53,123,114)
Total assets less current liabilities		22,712,913	18,125,663	22,460,218	17,952,611
Deferred taxation	14	(2,094,740)	(1,653,157)	(2,068,140)	(1,626,477)
<b>Creditors: amounts falling due after one year</b>					
Term loan	16	–	(1,238,397)	–	(1,238,397)
<b>Provision for liabilities and charges:</b>					
Staff retirement benefits	15	(10,409,433)	(7,500,679)	(10,299,937)	(7,470,728)
Net assets		10,208,740	7,733,430	10,092,141	7,617,009
<b>Capital and reserves:</b>					
Share capital	17	600,000	600,000	600,000	600,000
Share premium		425,440	425,440	425,440	425,440
Revenue reserve	18	9,146,541	6,667,321	9,066,701	6,591,569
Attributable to equity holders of the parent		10,171,981	7,692,761	10,092,141	7,617,009
Non-controlling interest	19	36,759	40,669	–	–
		10,208,740	7,733,430	10,092,141	7,617,009

These financial statements on pages 50 to 83 were approved by the Board of Directors on March 22, 2012 and signed on its behalf by:

Avm (Dr.) Mohammed Nuruddeen Imam, CFR  
Chairman

Engr. Wolfgang Goetsch  
Managing Director

The statement of significant accounting policies on pages 50 to 53 and the notes on pages 59 to 78 form part of these financial statements.

## Statement of Cash Flows for the Year Ended December 31, 2011

	Note	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
<b>Cash flows from operating activities:</b>					
Cash receipts from customers		135,483,227	135,162,397	134,197,477	132,949,610
Cash paid to suppliers and employees		(119,475,230)	(127,500,033)	(118,898,553)	(125,286,227)
Output VAT		9,102,196	10,111,753	9,002,556	9,985,234
Input VAT		(4,258,930)	(2,255,122)	(4,134,159)	(2,155,704)
Cash provided by operating activities		20,851,263	15,518,995	20,167,321	15,492,913
Taxes paid	5	(969,694)	(831,685)	(963,135)	(827,614)
Net cash provided by operating activities	20	19,881,569	14,687,310	19,204,186	14,665,299

### Cash flows from investing activities:

Sales of Lagos State Government bonds		–	2,000,000	–	2,000,000
Investment income received		–	271,855	–	271,855
Purchase of subsidiary shares		–	–	(77,715)	(4,500)
Interest received		99,303	92,348	99,303	92,336
Proceeds from sale of fixed assets		2,168,050	2,561,171	2,146,789	2,559,943
Purchase of fixed assets	7	(9,050,139)	(26,046,698)	(8,449,242)	(25,963,429)
Net cash used in investing activities		(6,782,786)	(21,121,324)	(6,280,865)	(21,043,795)

### Cash flows from financing activities:

Dividend paid		(2,190,602)	(2,862,499)	(2,169,602)	(2,862,499)
Dividend paid to minority shareholders		–	(7,500)	–	–
Loan repayment		(2,047,739)	(1,888,466)	(2,047,739)	(1,888,466)
Interest paid		(1,947,558)	(885,193)	(1,946,713)	(884,664)
Net cash (used in) / provided by financing activities		(6,185,899)	(5,643,658)	(6,164,054)	(5,635,629)
Net increase / (decrease) in cash and cash equivalents		6,912,884	(12,077,672)	6,759,267	(12,014,125)
Cash and cash equivalents at January 1		(11,123,267)	954,405	(11,138,888)	875,237
Cash and cash equivalents at December 31	22	(4,210,383)	(11,123,267)	(4,379,621)	(11,138,888)

The statement of significant accounting policies on pages 50 to 53 and the notes on pages 59 to 78 form part of these financial statements.

## Notes to the Financial Statements for the Year Ended December 31, 2011

### 1. The Company

The Company was incorporated as a private limited liability company in 1970 and was subsequently converted to a public limited liability company and its shares became listed on The Nigerian Stock Exchange in 1991.

The principal activities of the Company cover planning, design and construction of civil engineering and building works. The subsidiaries, Abumet Nigeria Limited, in which the entity owns 70%, is involved in the manufacturing and installation of building aluminium while Julius Berger Services Nigeria Limited, a wholly owned subsidiary, is involved in port management services. Julius Berger Medical Services Limited is involved in providing medical service under the National Health Insurance Scheme, while PrimeTech Design and Engineering Nigeria Limited is involved in civil engineering and structural design activities.

### 2. Turnover

Turnover represents revenue from construction contracts executed on behalf of third parties and the net value of goods and services invoiced to external customers in Nigeria. An analysis of turnover is shown below:

	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
Revenue from construction contracts	167,398,723	171,874,300	167,398,723	171,874,300
Revenue from sale of goods and services	2,014,648	1,816,252	–	–
	169,413,371	173,690,552	167,398,723	171,874,300

### Further analysis of sales on Company basis:

Julius Berger Nigeria Plc	167,398,723	171,874,300	167,398,723	171,874,300
Abumet Nigeria Limited	1,152,564	1,144,285	–	–
Julius Berger Services Nigeria Limited	862,084	671,967	–	–
	169,413,371	173,690,552	167,398,723	171,874,300

### 2.1

None of the subsidiaries listed above qualify as a reportable segment as prescribed by SAS 24.



## Notes to the Financial Statements for the Year Ended December 31, 2011 (Continued)

### 3. Other Income

	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
Profit from sale of fixed assets	1,419,460	1,712,418	1,416,828	1,711,189
Interest received	99,303	92,348	99,303	92,336
Interest on government bonds	–	271,855	–	271,855
Sundry income	39,820	11,249	–	–
	1,558,583	2,087,870	1,516,131	2,075,380

### 4. Profit on Ordinary Activities Before Taxation and Non-Controlling Interest

The profit before tax is stated after charging/(crediting):

	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
Depreciation	9,349,794	13,366,187	9,276,644	13,305,935

#### Directors' emoluments:

Fees	11,850	8,450	11,850	8,450
Others	103,480	81,639	102,920	81,079
Auditors' remuneration	39,500	39,500	30,000	30,000
Bank interests	1,947,558	885,193	1,946,713	884,664
Exchange loss	386,798	145,863	414,828	141,434
Interest on government bonds	–	(271,855)	–	(271,855)
Loss/(profit) on disposal of fixed assets	1,451,616	(1,712,418)	1,421,341	(1,711,189)
Interest received	(99,303)	(92,348)	(99,303)	(92,336)

### 5. Taxation

	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
<b>Based on the profit for the year:</b>				
Income tax	2,923,921	2,914,823	2,897,526	2,895,516
Education tax	460,437	533,293	455,449	529,687
Capital gains tax	97,720	168,484	97,720	168,484
Under provision for prior years	1,611,805	964,948	1,569,459	964,049
	5,093,883	4,581,548	5,020,154	4,557,736
Deferred tax	427,266	628,544	441,663	629,640
Per profit and loss account	5,521,149	5,210,092	5,461,817	5,187,376

At January 1	3,616,598	3,954,270	3,593,687	3,942,253
Adjustment	(1,503)	–	–	–
Under provision for prior years	1,611,805	964,948	1,569,459	964,049
Tax based on the profit for the year	3,482,078	3,616,600	3,450,695	3,593,687
	8,708,978	8,535,818	8,613,841	8,499,989
Payment in the year	(969,694)	(831,685)	(963,135)	(827,614)
Withholding tax utilised (Note 11.1)	(4,257,207)	(4,087,535)	(4,200,011)	(4,078,688)
At December 31	3,482,077	3,616,598	3,450,695	3,593,687

The charge for taxation in these financial statements is based on the provisions of the Companies Income Tax Act, (CAP C21, LFN 2004) as amended to date. Education tax is based on the provisions of the Education Tax Act (CAP E4, LFN 2004).

### 6. Earnings Per Share – Basic

Earnings per share (basic) are calculated based on the profit after tax and the number of ordinary shares issued and paid up at December 31 of every year.

	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
Profit for the year attributable to equity holders of parent	4,878,423	2,799,632	4,874,335	2,774,825
Number of ordinary shares in issue (units)	1,200,000	1,200,000	1,200,000	1,200,000
Earnings per share (₦) – Basic	4.07	2.33	4.06	2.31

# Notes to the Financial Statements for the Year Ended December 31, 2011 (Continued)

## 7. Fixed Assets

Group	Buildings ₦000	Plant & Machinery ₦000	Other Fixed Assets ₦000	Capital Work in Progress ₦000	Total ₦000
<b>Cost:</b>					
At January 1, 2011	7,826,346	101,648,642	585,093	1,683,016	111,743,097
Additions during the year	546,657	6,978,534	47,622	1,477,326	9,050,139
Transfers	3,160,342	–	–	(3,160,342)	–
Disposals	(812)	(4,314,614)	(137,358)	–	(4,452,784)
Write-offs (Note 7.2)	(1,849,102)	–	–	–	(1,849,102)
At December 31, 2011	9,683,431	104,312,562	495,357	–	114,491,350
<b>Depreciation:</b>					
At January 1, 2011	1,653,927	49,231,669	344,553	–	51,230,149
Charge for the year	711,514	8,596,984	41,296	–	9,349,794
Eliminated on disposals	(555)	(2,602,341)	(81,485)	–	(2,684,381)
At December 31, 2011	2,364,886	55,226,312	304,364	–	57,895,562
<b>Net book value:</b>					
At December 31, 2011	7,318,545	49,086,250	190,993	–	56,595,788
At December 31, 2010	6,172,419	52,416,973	240,540	1,683,016	60,512,948

Company	Buildings ₦000	Plant & Machinery ₦000	Other Fixed Assets ₦000	Capital Work in Progress ₦000	Total ₦000
<b>Cost:</b>					
At January 1, 2011	7,770,598	101,227,825	406,109	1,683,016	111,087,548
Additions during the year	39,687	6,932,229	–	1,477,326	8,449,242
Transfers	3,160,342	–	–	(3,160,342)	–
Disposals	–	(4,223,363)	(112,266)	–	(4,335,629)
Write-offs (Note 7.2)	(1,849,102)	–	–	–	(1,849,102)
At December 31, 2011	9,121,525	103,936,691	293,843	–	113,352,059
<b>Depreciation:</b>					
At January 1, 2011	1,615,920	48,993,183	257,978	–	50,867,081
Charge for the year	697,092	8,567,240	12,312	–	9,276,644
Eliminated on disposals	–	(2,553,974)	(62,628)	–	(2,616,602)
At December 31, 2011	2,313,012	55,006,449	207,662	–	57,527,123
<b>Net book value:</b>					
At December 31, 2011	6,808,513	48,930,242	86,181	–	55,824,936
At December 31, 2010	6,154,678	52,234,642	148,131	1,683,016	60,220,467

### 7.1 Capital work-in-progress

This represents accumulated costs relating to the construction of a staff estate in Utako, Abuja, which includes the aggregate sum of the cost of direct materials, direct labour and attributable overhead cost. The estate was completed and put into use in 2011.

### 7.2 Land written-off during the year

This represents a write-off of the plot of land located at Plot 150, Teslim Elias Street Victoria Island, Lagos, amounting to ₦ 1,849,102,109.56, as the title was revoked by the Lagos State Government.

# Notes to the Financial Statements for the Year Ended December 31, 2011 (Continued)

## 8. Investments

	Holding Percentage	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
Julius Berger Services Nigeria Limited	100 %	–	–	199,990	182,275
PrimeTech Design and Engineering Nigeria Limited	100 %	–	–	50,000	–
Julius Berger Medical Services Limited	100 %	–	–	10,000	–
Abumet Nigeria Limited	70 %	–	–	14,000	14,000
In subsidiaries (unquoted)	–	–	–	273,990	196,275

All the above investments are unquoted. Directors are of the opinion that the values of the investments in the subsidiary companies are not lower than cost.

## 9. Stocks and Work-in-Progress

	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
Construction materials	4,159,567	4,753,892	3,498,050	4,378,581
Consumable materials	2,269,159	1,788,552	2,269,159	1,788,552
Spare parts and tools	4,344,972	2,828,526	4,339,151	2,826,216
Construction work-in-progress	7,587,091	5,795,633	7,587,091	5,794,465
Others	548,248	286,580	543,690	285,690
Provision for stock obsolescence	(260,095)	(58,276)	(140,755)	(58,276)
At December 31	18,648,942	15,394,907	18,096,386	15,015,228

## 10. Contract Debtors and Retention

	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
Contract debtors including retentions	41,645,008	32,152,463	40,945,643	31,561,275
Provision for bad and doubtful debts (Note 10.1)	(1,510,520)	(1,139,631)	(1,422,770)	(1,092,000)
	40,134,488	31,012,832	39,522,873	30,469,275

Retentions withheld from various contracts made up of both those recognised when certified and those kept in memorandum records as at December 31, 2011 amounted to ₦4.23 Billion (2010: ₦5.64 Billion).

### 10.1 Provision for bad and doubtful debts

	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
At January 1	1,139,631	1,383,261	1,092,000	1,350,000
Provision in the year	962,763	454,259	922,644	406,628
	2,102,394	1,837,520	2,014,644	1,756,628
Write-offs in the year	(591,874)	(697,889)	(591,874)	(664,628)
At December 31	1,510,520	1,139,631	1,422,770	1,092,000

## 11. Other Debtors and Prepayments

	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
Staff debtors	132,670	92,604	132,670	92,604
Prepayments	598,712	927,036	516,677	874,801
Sundry debtors	3,965,357	3,590,602	3,937,054	3,590,602
Withholding tax recoverable (Note 11.1)	11,214,756	9,261,783	11,032,750	9,149,880
Value added tax on contracts	12,211,172	10,430,816	12,194,083	10,428,117
Suppliers' advances	1,560,334	2,794,388	1,560,334	2,789,233
	29,683,001	27,097,229	29,373,568	26,925,237



# Notes to the Financial Statements for the Year Ended December 31, 2011 (Continued)

## 11.1 Withholding tax recoverable

	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
At January 1	20,126,539	15,214,106	19,808,863	15,003,479
Movement in the year	7,803,791	8,999,968	7,704,401	8,884,072
	27,930,330	24,214,074	27,513,264	23,887,551
Utilised as tax off-sets (Note 5)	(4,257,207)	(4,087,535)	(4,200,011)	(4,078,688)
At December 31	23,673,123	20,126,539	23,313,253	19,808,863

### Made up as follows:

Receivable within one year (Note 11.1)	11,214,756	9,261,783	11,032,750	9,149,880
Long term receivable	12,458,367	10,864,756	12,280,502	10,658,983
	23,673,123	20,126,539	23,313,252	19,808,863

## 12. Bank Loan and Overdrafts

	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
Bank overdrafts	9,237,262	14,799,100	9,237,262	14,799,100
Term loan (Note 16)	1,257,104	1,930,700	1,257,104	1,930,700
Promissory notes	5,543,652	–	5,543,652	–
	16,038,018	16,729,800	16,038,018	16,729,800

Bank overdrafts comprise various facilities obtained by the Company to meet import financing and working capital requirements. There is a debenture over the floating assets stamped and registered for ₦700 Million and used as collateral for the bank overdraft facilities.

The promissory notes were given to Zenith Bank Plc and Guaranty Trust Bank Plc to serve as guarantees for import financing facilities at a rate of 18 % as at December 31, 2011. The terms are renewable based on changes in the Monetary Policy Rates (MPR).

## 13. Other Creditors

	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
Advance receipts on contracts	106,492,875	94,108,235	105,671,545	93,550,000
Sundry creditors and accruals	10,221,815	10,562,075	10,069,393	10,451,299
Retentions from subcontractors	366,745	420,629	365,925	416,172
Staff pension (Note 13.1)	65,567	17,338	48,677	6,146
Dividend (Note 21)	254,961	46,360	254,961	25,360
	117,401,963	105,154,637	116,410,501	104,448,977

## 13.1 Staff Pension

	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
At January 1	17,338	8,904	6,146	4,987
Provision during the year	1,033,341	921,332	993,334	889,502
Payment during the year	(985,112)	(912,898)	(950,803)	(888,343)
At December 31	65,567	17,338	48,677	6,146

The balance on staff pension represents the amounts to be remitted to the Pension Fund administrators for staff who are yet to complete the account opening procedures.

## 14. Deferred Taxation

### 14.1 Liability

	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
At January 1	1,653,157	1,024,613	1,626,477	996,837
Adjustment	(5,049)	–	–	–
Movement during the year	446,632	628,544	441,663	629,640
At December 31	2,094,740	1,653,157	2,068,140	1,626,477

## Notes to the Financial Statements for the Year Ended December 31, 2011 (Continued)

### 14.2 Assets

	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
At January 1	(2,543)	–	–	–
Movement during the year	19,366	–	–	–
At December 31	16,823	–	–	–

The Group has adopted the requirements of SAS 19 on accounting for taxes with respect to provision for deferred taxation.

### 15. Staff Retirement Benefits

	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
At January 1	7,500,679	6,304,374	7,470,728	6,272,206
Provision during the year	3,815,241	1,611,705	3,707,244	1,606,704
Payment during the year	(906,487)	(415,400)	(878,035)	(408,182)
At December 31	10,409,433	7,500,679	10,299,937	7,470,728

During the year, an agreement was reached between the construction industry and the National Joint Industrial Council to liquidate the accumulated staff retirements benefits and henceforth, to settle staff retirement benefit and gratuities on annual basis. In 2012, the Group will commence the process of liquidating the outstanding staff retirement benefits and gratuities.

### 16. Term Loan

	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
At January 1	3,169,097	5,448,782	3,169,097	5,448,782
Repayment in the year	(2,047,739)	(1,888,466)	(2,047,739)	(1,888,466)
Exchange difference on translation	135,746	(391,219)	135,746	(391,219)
At December 31	1,257,104	3,169,097	1,257,104	3,169,097

#### Made up as follows:

Due within one year (Note 12)	1,257,104	1,930,700	1,257,104	1,930,700
Due after one year	–	1,238,397	–	1,238,397
	1,257,104	3,169,097	1,257,104	3,169,097

This represents a term loan secured from HSBC Bank London. The loan is to finance supply of capital goods and related services with German exporters up to a maximum aggregate amount of €50,000,000. The loan is divided into five facility types with a tenure of three years. Interest is payable half yearly at six months above EURIBOR plus 1.2 margin. 85 % of the loan is secured by Hermes Euler Credit Recovery Insurance. Union Bank of Nigeria Plc serves as guarantor.

### 17. Share Capital

#### 17.1 Authorised

	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
1.245 Billion ordinary shares of 50 Kobo each	622,500	622,500	622,500	622,500

#### 17.2 Issued and fully paid

	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
1.200 Billion ordinary shares of 50 Kobo each	600,000	600,000	600,000	600,000

### 18. Revenue Reserve

	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
At January 1	6,667,321	6,762,689	6,591,569	6,696,744
Prior year dividend (Note 21)	(2,400,000)	(2,895,000)	(2,400,000)	(2,880,000)
Unclaimed dividend to revenue reserve	797	–	797	–
Retained profit for the year	4,878,423	2,799,632	4,874,335	2,774,825
At December 31	9,146,541	6,667,321	9,066,701	6,591,569

In line with the provisions of S385 of the Companies and Allied Matters Act (CAP C20, LFN 2004), unclaimed dividends not recovered by shareholders within 12 years had been transferred to revenue reserves.

# Notes to the Financial Statements for the Year Ended December 31, 2011 (Continued)

## 19. Non-Controlling Interest

	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
Share capital	4,500	4,500	–	–
Retained profit brought forward	36,169	31,696	–	–
Share of current year profit	(3,910)	4,473	–	–
	36,759	40,669	–	–

## 20. Reconciliation of Profit After Tax to Net Cash Provided by Operating Activities

	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
Profit after tax	4,874,513	2,804,105	4,874,335	2,774,825

### Adjustments:

Depreciation of fixed assets	9,349,794	13,366,187	9,276,644	13,305,935
Provisions for stock obsolescence and doubtful debt	1,682,865	1,150,276	1,563,525	1,150,276
(Loss)/profit on disposal of fixed assets	1,453,386	(1,704,837)	1,421,341	(1,711,189)
Bank interests	1,946,713	885,193	1,946,713	884,664

### Changes in assets and liabilities:

(Increase)/ decrease in stocks	(3,455,854)	(284,177)	(3,163,637)	(281,147)
(Increase)/ decrease in contract debtors	(9,425,561)	14,978,363	(9,384,368)	15,101,428
Increase in amount due from subsidiaries	–	–	(956,238)	(19,268)
Increase in sundry debtors and prepayment	(4,205,249)	(5,302,703)	(4,069,851)	(5,150,481)
Increase in amount due to related parties	847,290	–	1,981,796	154,078
Increase in trade creditors	1,948,648	2,816,384	1,294,360	2,784,070
Increase in staff gratuity and retirement benefit	2,847,180	1,196,305	2,829,209	1,198,522
(Increase)/ decrease in other creditors	11,723,598	(15,508,658)	11,291,688	(15,807,488)
Increase in taxation	294,246	290,872	298,669	281,074
	19,881,569	14,687,310	19,204,186	14,665,299

## 21. Dividend

	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
At January 1	46,360	21,359	25,360	7,859
Prior year dividend	2,400,000	2,895,000	2,400,000	2,880,000
Unclaimed dividend transferred to retained earnings (Note 18)	(797)	–	(797)	–
Payment during the year	(2,190,602)	(2,869,999)	(2,169,602)	(2,862,499)
At December 31	254,961	46,360	254,961	25,360

The dividend payable as at December 31, 2011 represents unclaimed dividend, which forms part of the bank balances as at that date.

The Directors propose that a dividend of 240 Kobo (2010: 200 Kobo) per ordinary share will be paid to the shareholders. The dividend is subject to approval at the Annual General Meeting and deduction of withholding tax at the appropriate rate. Consequently, it has not been included as a liability in these financial statements. The proposed dividend is payable to all shareholders on the Register of Members on June 21, 2012. The total estimated dividend to be paid is ₦2,880 Million (2010: ₦2,400 Million).

## 22. Cash and Cash Equivalents

	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
Cash and bank	11,827,635	5,606,533	11,658,397	5,590,912
Term loan (Note 16)	(1,257,104)	(1,930,700)	(1,257,104)	(1,930,700)
Bank overdrafts	(9,237,262)	(14,799,100)	(9,237,262)	(14,799,100)
Promisory notes (Note 12)	(5,543,652)	–	(5,543,652)	–
	(4,210,383)	(11,123,267)	(4,379,621)	(11,138,888)



# Notes to the Financial Statements for the Year Ended December 31, 2011 (Continued)

## 23. Information Regarding Directors and Employees

### 23.1 Chairman's and Directors' emoluments, pension and compensation for loss of office

	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
<b>Emoluments:</b>				
Chairman	3,000	2,240	3,000	2,000
Other Directors	112,330	87,849	111,770	87,529
	115,330	90,089	114,770	89,529
Fees	11,850	8,450	11,850	8,450
Other emoluments	103,480	81,639	102,920	81,079
	115,330	90,089	114,770	89,529
Highest paid Director	53,435	41,414	53,435	41,414

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

	Group 2011 Number	Group 2010 Number	Company 2011 Number	Company 2010 Number
₦ 190,001– 2,000,000	6	6	6	6
₦ 2,000,001 and above	4	3	4	3
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.

### 23.2 Employees remunerated at higher rates, staff strength and costs

23.2.1 Employees whose emoluments were in excess of ₦ 100,000 excluding allowances

	Group 2011 Number	Group 2010 Number	Company 2011 Number	Company 2010 Number
₦ 100,001 – 250,000	1,657	2,001	1,570	1,914
₦ 250,001 – 400,000	1,259	2,135	1,058	1,882
₦ 400,001 – 500,000	2,306	2,871	2,244	2,799
₦ 500,001 – 600,000	3,257	2,876	3,230	2,842
₦ 600,001 and above	10,181	8,807	10,133	8,773

23.2.2 Average number of persons in the employment of the Group during the financial year

	Group 2011 Number	Group 2010 Number	Company 2011 Number	Company 2010 Number
Managerial	115	113	97	96
Senior staff	758	721	715	680
Junior staff	17,797	17,856	17,423	17,434
	18,670	18,690	18,235	18,210

23.2.3 Aggregate payroll costs

	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
Wages and salaries, including staff bonus	42,000,242	39,520,037	41,099,751	38,806,576
Contribution to pension schemes	1,033,337	921,332	993,334	899,502
Industrial Training Fund	387,061	290,939	383,577	282,303
	43,420,640	40,732,308	42,476,662	39,988,381

# Notes to the Financial Statements for the Year Ended December 31, 2011 (Continued)

## 24. Guarantees and Other Financial Commitments

The Company and its subsidiaries did not charge any of their assets to secure liabilities of third parties.

### 24.1 Contingent liabilities

There were contingent liabilities in the ordinary course of business arising from guarantees in respect of the following transactions:

	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
Bonds and guarantees	157,160,142	151,058,286	157,160,142	151,058,286
Staff car and housing loans	20,468	15,015	20,468	15,015
	157,180,610	151,073,301	157,180,610	151,073,301

The Directors consider that no material losses will arise from these guarantees.

### 24.2 Financial commitments

The Directors are of the opinion that all known liabilities and commitments have been taken into account in the preparation of these financial statements. These liabilities are relevant in assessing the state of the Group's affairs.

### 24.3 Capital commitments

There are no known capital commitments for the approval of the Directors in the year 2011 (2010: ₦731,610,419).

### 24.4 Security for bank facilities

There is a debenture over the floating assets stamped and registered for ₦700 Million and used as collateral for the bank overdraft facilities. Also, 85 % of the HSBC loan is secured by Hermes Euler Credit Recovery Insurance.

## 25. Related Party Transactions

The Company entered into various transactions with related parties ranging from purchase of goods or services, to expenses incurred by the related party on behalf of the Company.

Related parties to the Company are as listed:

- Bilfinger Berger: This is an associated company which as at December 31, 2011, owns 49.87 % stake in Julius Berger Nigeria Plc. Subsequent to year end, it reduced it's stake to 39.87 %;
- Julius Berger Services Nigeria Limited: This is a 100 % owned subsidiary of Julius Berger Nigeria Plc;
- Julius Berger Medical Services Limited: This is a 100 % owned subsidiary of Julius Berger Nigeria Plc;
- PrimeTech Design and Engineering Nigeria Limited: This is a 100 % owned subsidiary of Julius Berger Nigeria Plc;
- Abumet Nigeria Limited: This is a 70 % owned subsidiary of Julius Berger Nigeria Plc.

### 25.1 Amount due from related companies

	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
Abumet Nigeria Limited	–	–	872,624	570,808
Julius Berger Services Nigeria Limited	–	–	890,238	237,088
Julius Berger Medical Services Limited	–	–	986	–
PrimeTech Design and Engineering Nigeria Limited	–	–	286	–
	–	–	1,764,134	807,896

## Notes to the Financial Statements for the Year Ended December 31, 2011 (Continued)

### 25.2 Amount due to related companies

	Group 2011 ₦000	Group 2010 ₦000	Company 2011 ₦000	Company 2010 ₦000
Bilfinger Berger	847,290	–	847,290	–
Abumet Nigeria Limited	–	–	424,351	204,407
Julius Berger Services Nigeria Limited	–	–	397,238	170,112
	847,290	–	1,668,879	374,519

Trading with related parties were on commercial terms and conditions were similar to transactions entered into with third parties. Consequently, the Directors are of the opinion that there are no conflicts of interest.

### 26. Risk Management

- The Company has diversified its customer base to include clients from the oil and gas sector, private individuals and others. This, within the existing customer portfolio, is to prevent the occurrence of any unanticipated risk in a particular customer cluster or business line;
- The selection of clients or contracts to be executed is done by Executive Management based on a liquidity analysis of the prospective customers;
- Management is proactive in the recovery of payments, especially debts that are overdue. An age analysis of debtors is carried out by Management on a periodic basis and efforts are geared towards recovery of all existing debts;
- Management has established sound banking relationships to ensure availability of funds in case there is delay in payment which companies in the construction industry are often subjected to.

### 27. Subsidiaries and Consolidated Financial Statements

Details of the Company's subsidiaries as at December 31, 2011 are as follows:

Subsidiary	Place of Incorporation	Holding Percentage	Proportion of Voting Power	Principal Activity
Julius Berger Services Nigeria Limited	Nigeria	100 %	100	Port management services
Julius Berger Medical Services Limited	Nigeria	100 %	100	Health care services
PrimeTech Design and Engineering Nigeria Limited	Nigeria	100 %	100	Design and civil engineering
Abumet Nigeria Limited	Nigeria	70 %	70	Manufacturing and installation of aluminium building components

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved since the Company has the power to govern the financial and operating policies of the subsidiaries so as to obtain benefits from their activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement, from the effective date of acquisition, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

### 28. Technical Service Agreement

The Company has a technical service agreement with Bilfinger Berger, which is renewable every three years, subject to the approval of the National Office for Technology Acquisition and Promotion (NOTAP). The agreement with number NOTAP/AG-CS/1493/4/98 was last renewed on January 1, 2010. The amount of technical service fee charged to the profit and loss was ₦5.0 Billion (2010: ₦5.1 Billion).



## Notes to the Financial Statements for the Year Ended December 31, 2011 (Continued)

### 29. Post Balance Sheet Events

There were no material post balance sheet events which could have had material effect on the state of affairs of the Group as at December 31, 2011 and the profit for the year then ended date that have not been adequately provided for or recognised in the financial statements.

In January 2012, Watertown Energy Limited acquired through a sale and purchase transaction the 10 % stake in the Company through shares relinquished by Bilfinger Berger. The transaction has been properly executed on the floor of the Nigerian Stock Exchange.

### 30. Comparative Figures

Certain comparative figures have been restated in line with the presentation in the current year.

### 31. Approval of Financial Statements

The financial statements were approved by the Board of Directors and authorised for issue on March 22, 2012.

## Statement of Value Added for the Year Ended December 31, 2011

	Group 2011 ₦000	%	Group 2010 ₦000	%	Company 2011 ₦000	%	Company 2010 ₦000	%
Turnover	169,413,372		173,690,552		167,398,723		171,874,300	

#### Bought in materials and services:

Foreign	(21,847,552)		(50,673,046)		(22,315,051)		(50,779,862)	
Local	(82,452,166)		(60,019,621)		(81,047,500)		(58,953,257)	
Value added	65,113,654	100	62,997,885	100	64,036,172	100	62,141,181	100

#### To pay employees:

Salaries, wages, pensions and social benefits	43,420,640	67	40,732,308	65	42,476,662	66	39,978,381	64
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#### To pay providers of capital:

Interest on loan and bank overdrafts	1,947,558	3	885,193	2	1,946,713	3	884,664	2
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#### To pay government:

Taxation	5,093,883	8	4,581,548	7	5,020,155	8	4,557,736	7
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#### Retained for future replacement of assets & expansion of business:

Depreciation	9,349,794	14	13,366,187	21	9,276,644	14	13,305,935	21
Deffered tax	427,266	1	628,544	1	441,663	1	629,640	1
Retained profit	4,878,423	7	2,799,632	4	4,874,335	8	2,774,825	5
Non-controlling interest	(3,910)	–	4,473	–	–	–	–	–
	65,113,654	100	62,997,885	100	64,036,172	100	62,131,181	100

“Value added” represents the additional wealth which the Company and the Group have been able to create by its own and its employees’ efforts. The statement shows the allocation of that wealth between the employees, providers of capital, government and that retained for the future creation of more wealth.

## Five-Years Financial Summary – Group for the Year Ended December 31, 2011

	Group 2011 ₦000			Group 2010 ₦000	Group 2009 ₦000	Group 2008 ₦000	Group 2007 ₦000
<b>Balance sheet</b>							
<b>Assets:</b>							
Fixed assets	56,595,788			60,512,948	48,688,772	28,574,055	23,999,928
Investment	–			–	–	–	–
Government Bonds	–			–	2,000,000	–	5,684,000
Long term receivable	12,458,367			10,864,756	888,093	197,719	194,205
Deferred taxation	16,823			–	–	–	–
Net current liabilities	(46,358,065)			(53,252,041)	(32,849,657)	(16,679,984)	(19,400,648)
	22,712,913			18,125,663	18,727,208	12,091,790	10,477,485
Deferred taxation	(2,094,740)			(1,653,157)	(1,024,613)	(866,450)	(867,019)
Term loans (due after 1 year)	–			(1,238,397)	(3,569,396)	–	–
Staff retirement benefits	(10,409,433)			(7,500,679)	(6,304,374)	(4,581,645)	(3,975,038)
Net Assets	10,208,740			7,733,430	7,828,825	6,643,695	5,635,428
<b>Capital and reserves:</b>							
Share capital	600,000			600,000	600,000	600,000	150,000
Share premium	425,440			425,440	425,440	425,440	425,440
General reserve	9,146,541			6,667,321	6,762,689	5,588,520	5,038,820
Attributable to equity holders of the parent	10,171,981			7,692,761	7,788,129	6,613,960	5,614,260
Non-controlling interest	36,759			40,669	40,696	29,735	21,168
	10,208,740			7,733,430	7,828,825	6,643,695	5,635,428
<b>Turnover and profit</b>							
Turnover	169,413,371			173,690,552	150,358,257	114,028,617	79,073,892
Profit before taxation	10,395,662			8,014,197	9,444,412	5,241,121	3,152,486
Profit after taxation	4,874,513			2,804,105	3,300,131	2,508,265	1,768,252
Dividend	–			2,400,000	2,895,000	2,115,000	375,000
<b>Earnings per ordinary share (₦):</b>							
– Actual	4.07			2.33	2.75	2.09	5.89
– Diluted / adjusted	4.07			2.33	2.75	2.09	5.89
<b>Net asset per share (₦):</b>							
– Actual	8.51			6.44	6.52	5.54	18.78
– Diluted / adjusted	8.51			6.44	6.52	5.54	18.78
<b>Dividend per share (₦):</b>							
– Actual	–			2.00	2.40	1.75	3.75
– Diluted / adjusted	–			2.00	2.40	1.75	3.75
<b>Dividend cover (Times):</b>							
	–			1.17	1.14	1.19	1.57

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.

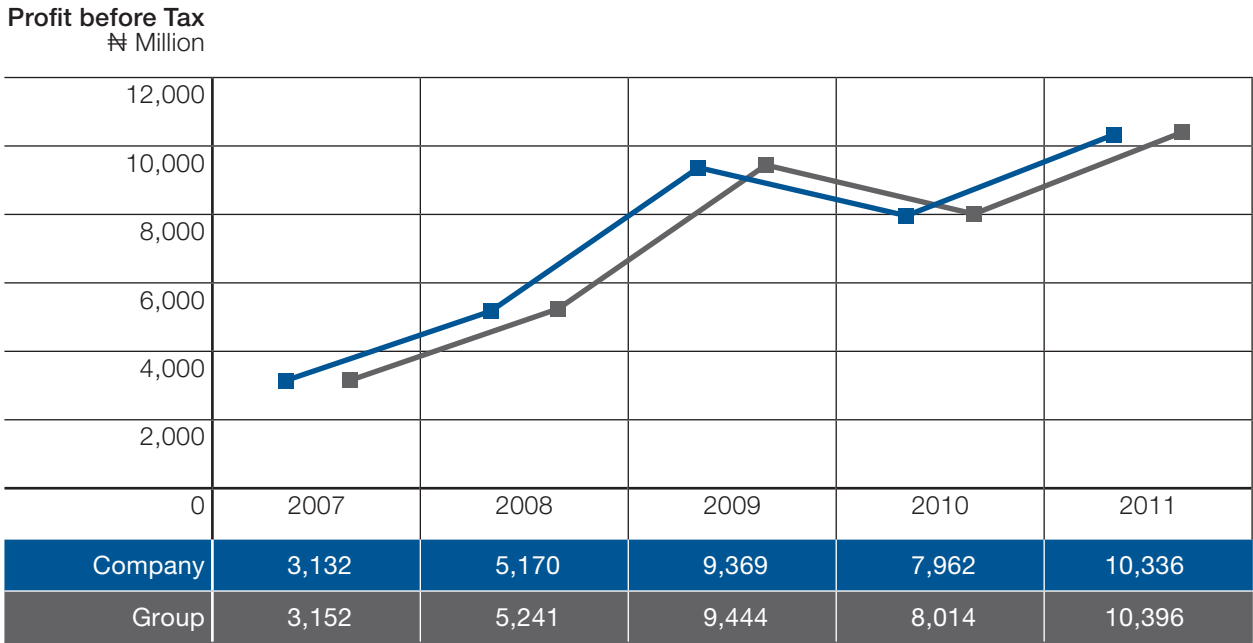
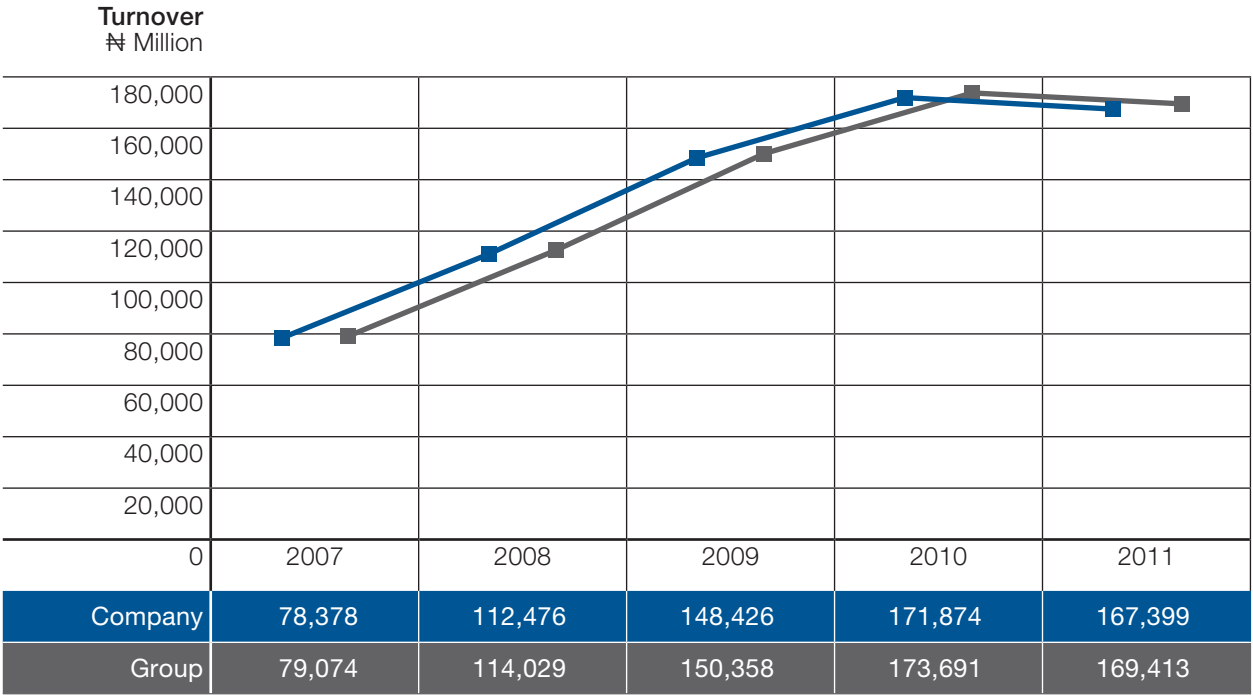
## Five-Years Financial Summary – Company for the Year Ended December 31, 2011

	Company 2011 ₦000			Company 2010 ₦000	Company 2009 ₦000	Company 2008 ₦000	Company 2007 ₦000
<b>Balance sheet</b>							
<b>Assets:</b>							
Fixed assets	55,824,936			60,220,467	48,411,728	28,381,334	23,824,562
Investment	273,990			196,275	191,775	191,775	191,775
Long term receivable	12,280,502			10,658,983	868,595	197,209	194,205
Government bonds	–			–	2,000,000	–	5,684,000
Net current liabilities	(45,919,210)			(53,123,114)	(32,911,475)	(16,794,478)	(19,621,658)
	22,460,218			17,952,611	18,560,623	11,975,840	10,272,884
Deferred taxation	(2,068,140)			(1,626,477)	(996,837)	(858,269)	(858,269)
Term loans (due after 1 year)	–			(1,238,397)	(3,569,396)	–	–
Staff retirement benefits	(10,299,937)			(7,470,728)	(6,272,206)	(4,554,509)	(3,803,980)
Net Assets	10,092,141			7,617,009	7,722,184	6,563,062	5,610,635
<b>Capital and reserves:</b>							
Share capital	600,000			600,000	600,000	600,000	150,000
Share premium	425,440			425,440	425,440	425,440	425,440
Revenue reserve	9,066,701			6,591,569	6,696,744	5,537,622	5,035,195
	10,092,141			7,617,009	7,722,184	6,563,062	5,610,635
<b>Turnover and profit</b>							
Turnover	167,398,723			171,874,300	148,426,197	112,475,888	78,377,640
Profit before taxation	10,336,152			7,962,201	9,369,147	5,170,401	3,132,048
Profit after taxation	4,874,335			2,774,825	3,259,122	2,452,427	1,763,706
Dividend	–			2,400,000	2,880,000	2,100,000	375,000
Special dividend	–			–	–	–	1,125,000
<b>Earnings per ordinary share (₦):</b>							
– Actual	4.06			2.31	2.72	2.04	5.88
– Diluted / adjusted	4.06			2.31	2.72	2.04	1.47
<b>Net asset per share (₦):</b>							
– Actual	8.41			6.35	6.44	5.47	18.70
– Diluted / adjusted	8.41			6.35	6.44	5.47	4.68
<b>Dividend per share (₦):</b>							
– Actual	–			2.00	2.40	1.75	1.25
– Diluted / adjusted	–			2.00	2.40	1.75	0.31
<b>Dividend cover (Times):</b>							
	–			1.16	1.13	1.17	4.70

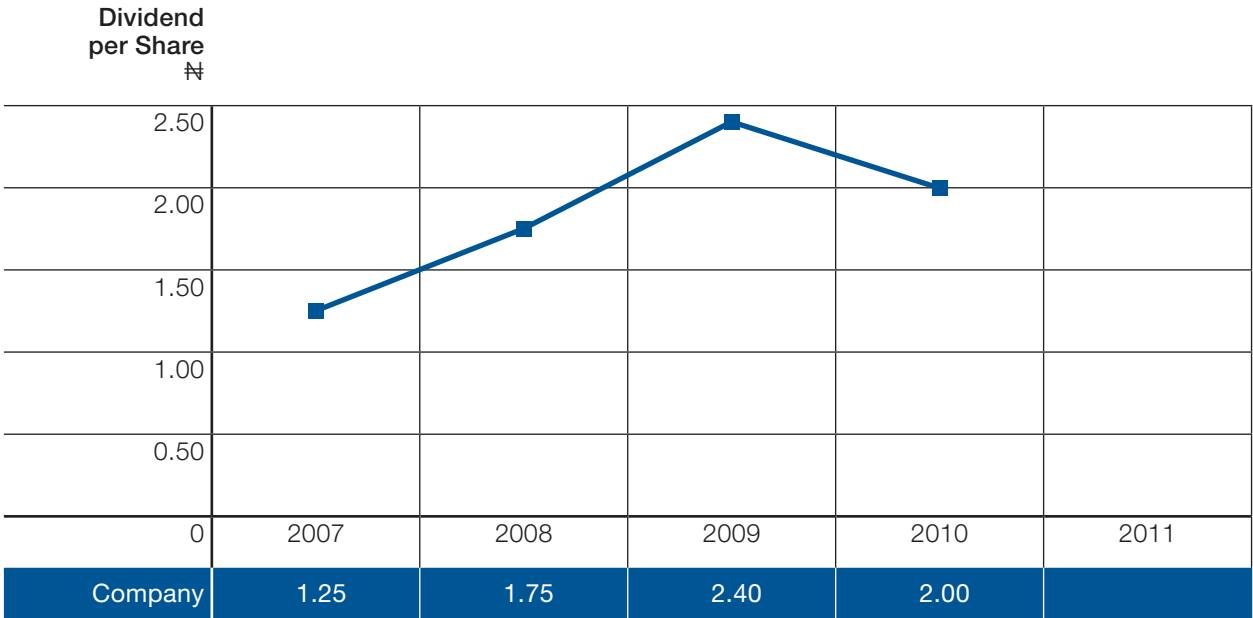
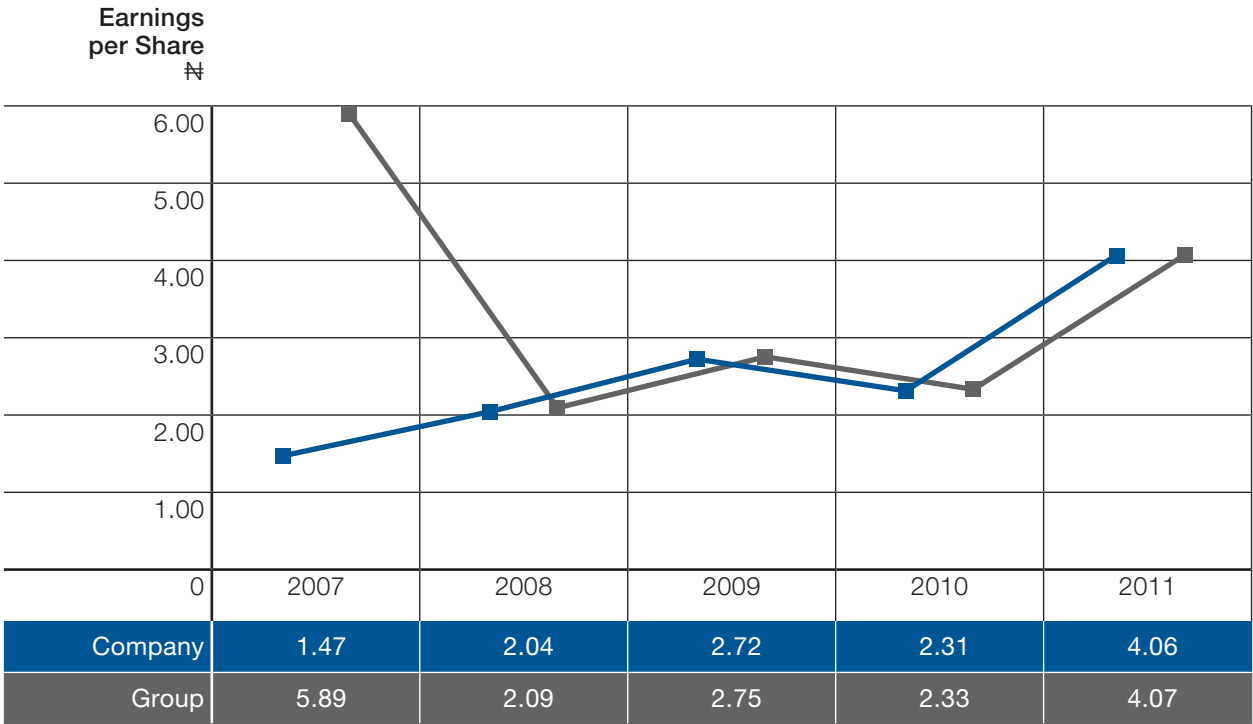
Earnings, dividend and net asset per share are based on profit after tax and the number of issued and fully paid ordinary shares at the end of each financial year.



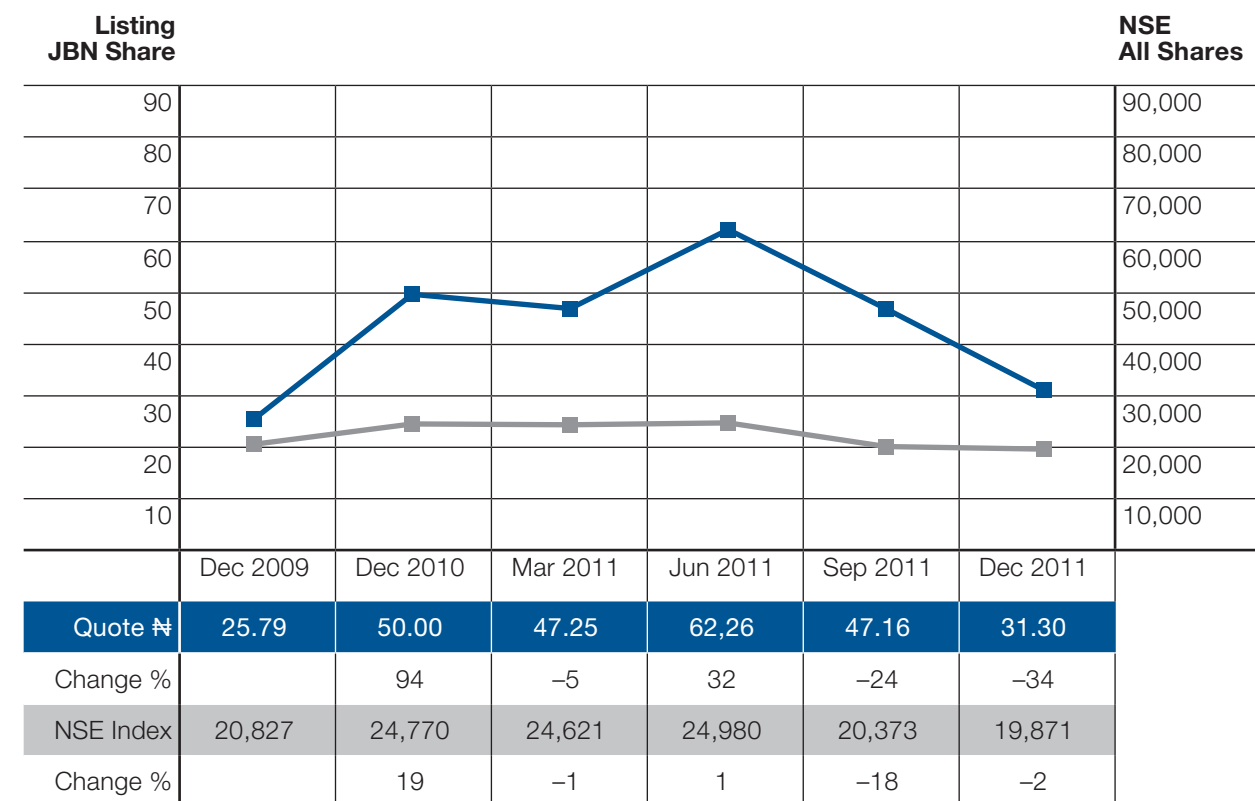
Turnover and Profit Before Tax  
for the Year Ended December 31, 2011



Earnings and Dividend per Share  
for the Year Ended December 31, 2011



## Company Share Performance for the Year Ended December 31, 2011



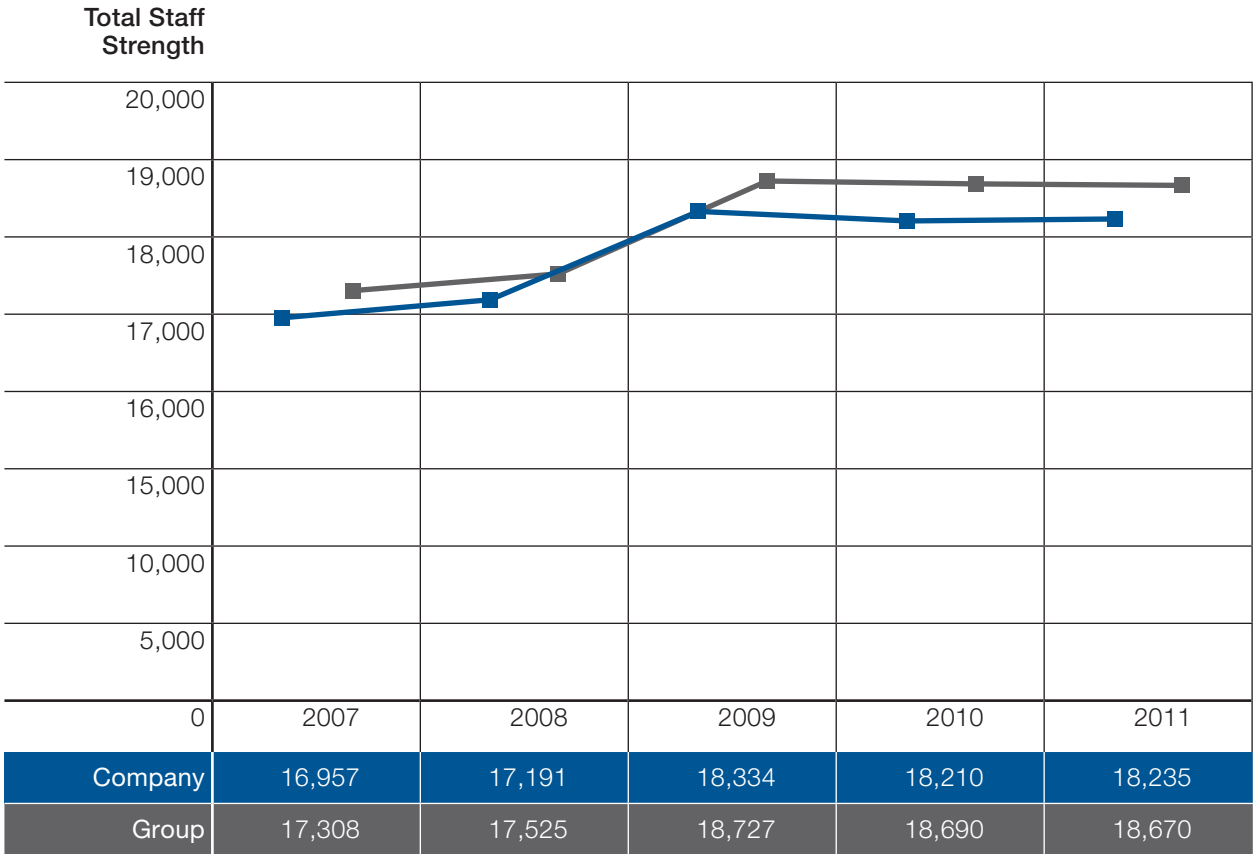
## Development of Company Share Capital for the years from 1970 to 2008

	Authorised Share Capital		Issued And Paid-Up Share Capital	
Year	Number of Shares	Amount ₹	Number of Shares	Amount ₹
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
1998	–	–	120,000,000	60,000,000
1999	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	225,000,000	112,500,000
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

**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.

**Note:** 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.

# Total Staff Strength for the Year Ended December 31, 2011



# Administration Forms

Our Esteemed Shareholders,

In order to address some administrative concerns expressed by you and the Regulators in the past, we would like to take the opportunity to provide a number of forms for your use. We urge you and trust that you would take advantage of these forms and the opportunities they present to ease your shareholding management. The following forms are attached to this Annual Report:

- 1. Proxy Form;
- 2. Authority to Mandate and Change of Address Form;
- 3. Authority to Electronically Receive Corporate Information Form.

These forms will also be available on the Company's website as well as on the website of the Union Registrars Limited, or at their address at 2 Burma Road, Apapa, Lagos, P.M.B. 12717.

After completion, the filled forms should be deposited either at the Union Registrars Limited main office or with any of their branch offices nationwide or with the Company Secretary at Julius Berger Head Office, 10 Shettima A. Munguno Crescent, Utako, Abuja FCT, or our Lagos Office, 16 Ijora Causeway, Lagos.

Please allow us to give you the following additional information on the purpose of these forms:

**Proxy Form**

Each member of the Company is entitled to appoint a representative, a proxy, who can attend and vote in his stead at the Annual General Meeting. Julius Berger encourages each member to make use of this entitlement and complete the attached proxy form according to the instructions stated on the Proxy Form.

**Authority to Mandate and Change of Address**

It is recognised that the Company, the shareholders and Registrars share the burden of ensuring that the balance on the unclaimed dividends account is kept well reduced and evidence of holdings is properly documented. For this reason, shareholders of Julius Berger Nigeria Plc with unclaimed dividends and certificates are urged to come forward to claim their dividends and certificates.

Shareholders are also encouraged to:

- 1. Have their accounts mandated for e-dividend payment. Dividends would be credited to the account stated hereunder 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 of shareholders, forward advice slips of payment(s) made to such shareholders.
- 2. Establish CSCS accounts to which shares arising from corporate actions such as bonus, rights and offers for sale or subscription would be credited.
- 3. Inform the registrars promptly of any change of address or significant information that may affect your records as shareholders and follow up to ensure rectification.

**Authority to Electronically Receive Corporate Information**

In line with the developments in electronic communications, we would like to introduce to you the electronic delivery of corporate information such as annual reports and financial statements, proxy forms, and others.

With this service, instead of receiving paper copies of corporate information and materials, you can elect to receive a soft copy thereof, online via your email address or receive an email that will provide electronic links to this corporate information or receive a compact disk of the corporate information by post.

Yours sincerely,

Cecilia Ekanem Madueke (Mrs.)  
Company Secretary



# Proxy Form

**42<sup>nd</sup> Annual General Meeting of Julius Berger Nigeria Plc to be held at the Shehu Musa Yar’Adua Center, 1 Memorial Drive, Abuja FCT, on Thursday, June 21, 2011 at 11.00 A.M.**

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 42<sup>nd</sup> Annual General Meeting of that Company to be held on June 21, 2012 and at every adjournment thereof.

Shareholder Name
Proxy Name
Date (dd/mm/yyyy)
Shareholder Signature

Nos.	Resolutions	For	Against
1.	To declare a dividend		
2.	To approve the appointment of Mr. Macdonald Olarinde Tubi as a non-Executive Director		
3.	To approve the appointment of Mr. Harold Samuel Tumba, Esq. as a non-Executive Director		
4.	To approve the appointment of Dr. Ernest Nnaemeka Azudialu-Obiejesi as a non-Executive Director		
5.	To re-elect Engr. Jafaru Damulak		
6.	To re-elect HRH Igwe Peter Nwokike Anugwu, JP, OFR		
7.	To authorise the Directors to fix the remuneration of the Auditors		
8.	To elect members of the Audit Committee		
9.	To fix the remuneration of the 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 Annual General Meeting 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 below 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, 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, Union Registrars Limited, 2 Burma Road, Apapa, 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.

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

# Admission Card

Please admit the person named below at the 42<sup>nd</sup> Annual General Meeting of Julius Berger Nigeria Plc to be held at 11.00 A.M. on Thursday, June 21, 2011, at the Shehu Musa Yar’Adua Center, 1 Memorial Drive, Abuja FCT.

Cecilia Ekanem Madueke (Mrs.)  
Company Secretary

Attendant Name
Signature of Attendant

## 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 Annual General Meeting.
2. Shareholders of their proxies must sign this authority for admission before attending the Meeting.

For Registrar/Company Use Only
Shareholder Name
Number of Shares

# Authority to Mandate and Change of Address

Kindly direct my / our dividend payment(s) and my / our shares in respect of my / our holdings in the above named Company into my / our account(s) stated below:

Bankers Details	CSCS Details
Name of Bank and Branch	Name of Broker
Sort Code	CSCS Account Number
Account Number (Current or Savings)	Stamp of Broker and Signature of Account Schedule Officer
Stamp of Bank 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	
GSM Number	Email
Shareholder Name	Shareholder Signature
Date (dd/mm/yyyy)	

Corporate shareholders should please execute and seal in accordance with provisions of their Articles of Association.

Please fold here for posting.

Please affix  
postage  
stamp here

**The Registrars**  
Union Registrars Limited  
2 Burma Road  
Apapa  
Lagos

Please detach Admission Card and keep it.

# Authority to Electronically Receive Corporate Information

I/We hereby agree to electronically receive corporate information from Julius Berger Nigeria Plc, including but not limited to, Annual Reports and Financial Statements, proxy forms, prospectus, newsletter and other corporate documentations through (please tick one option):

	Electronic copy via a compact disk (CD) sent to my postal address.
	Receive notification by email or GSM to download from the Company website or the Registrars website.
	Kindly forward to my email address stated hereunder.

## Description of Service

This procedure is in line with the consolidated Securities and Exchange Commission rule 193 (b) of September 2011 which states inter alia: “A registrar of a public company may dispatch annual reports and notices of general meeting to shareholders by electronic means”.

By enrolling in electronic delivery service, you have agreed that announcement / shareholder communication material can be made available electronically to you either semi-annually or annually. Annual reports, proxy statement, prospectus and newsletters are examples of shareholder communications that can be made available electronically. The subscription / enrolment will be effective for all holdings in the specified accounts on an ongoing basis unless you change or cancel your enrolment.

It is the shareholders responsibility to notify the Company through the Registrars or office of the Company Secretary of the changes to their names, addresses, or other contact details. The election and relevant contact address details will stand until such time as the Company receives alternative instructions from the shareholders.

Shareholders should please note that with electronic communications, the Company’s obligation will be satisfied when it transmits any of the corporate information to the electronic address on record with the Registrars. The Company cannot be held responsible for any failure in transmission beyond its control any more than it can for postal failures.

Before electing for electronic communication, shareholders should ensure that they have the appropriate equipment and computer capabilities sufficient for the purpose.

The Company takes all reasonable precautions to ensure no viruses are present in any communication it sends out. But the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that Shareholders subject all messages to virus checking procedures prior to use. Any electronic communication received by the Company, including the lodgment of an electronic proxy form that is found to contain any virus, will not be accepted.

GSM Number	Email
Shareholder Name	Shareholder Signature
Date (dd/mm/yyyy)	

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postage  
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**The Registrars**  
Union Registrars Limited  
2 Burma Road  
Apapa  
Lagos

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