JULIUS BERGER

Annual Reports 2012

and Financial Statements

Business Results 2012

Group Business

₦ 000

Turnover	201,565,276
Profit Before Taxation	12,341,492
Taxes	(4,328,798)

Share Analysis

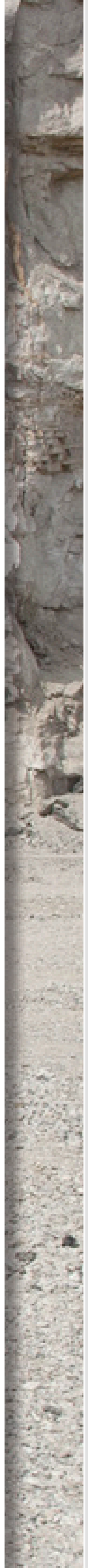
Based on 1.2 Billion ordinary shares of 50 Kobo each

Earnings per Share (₦)	6.83
Net Assets per Share (₦)	12.62
Quote as at December 31, 2012 (₦)	33.00

Employees

Number

	19,234



Drivers of Our Success

Julius Berger is a dynamic Nigerian construction company, which has, over the past five decades, played an integral role in building the foundations for progress in Nigeria.

We have built major road networks, essential bridges, important buildings and key landmarks, all of which augment achievement of a modern day Nigeria.

We have established numerous manufacturing facilities, which increase domestic production and ultimately contribute to Nigeria's economic growth.

We have empowered our staff through investments in long term training and education, which not only sharpen their skills, but also contribute to the human capital development of Nigeria.

Our quality, our people and our commitment: these are the drivers of our success and building blocks of Nigeria's future.

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

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

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Corporate Information

Directors

- Avm (Dr.) Mohammed Nurudeen Imam, CFR, Chairman
- Engr. Heinz Stockhausen (German), Vice Chairman
- HRH Igwe Peter Nwokike Anugwu, JP, OFR, Independent Director
- Engr. Jafaru Damulak
- Mr. Macdonald Olarinde Tubi
- Mr. Harold Samuel Tsumba, Esq.
- Dr. Ernest Nnaemeka Azudialu-Obiejesi
- Mr. George Marks (German), appointed January 1, 2013
- Engr. Wolfgang Goetsch (Austrian), Managing Director
- Mr. Wolfgang Kollermann (German), Financial Director
- Mr. David Herron (Australian), Director Operations, appointed January 1, 2013
- Alhaji Zubairu Ibrahim Bayi, Director Administration, appointed January 1, 2013

Company Secretary

Mrs. Cecilia Ekanem Madueke

Registration Number

6852

Registered Office

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

Auditors

Akintola Williams Deloitte
(Chartered Accountants)
4th Floor Bank of Industries Building
Plot 256, Zone AO Cadastral
Off Herbert Macaulay Way
Central Business District | Abuja FCT

Registrars

Union Registrars Ltd.
2 Burma Road
Apapa | Lagos

Bankers

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

Results at a Glance

for the Year Ended December 31, 2012

	Group 2012 ₦000	Group 2011 ₦000	Change %	Company 2012 ₦000	Company 2011 ₦000	Change %
Turnover	201,565,276	169,413,371	19	196,954,713	167,398,723	18
Profit before taxation	12,341,492	9,933,147	24	11,544,981	9,873,637	17
Profit after taxation	8,260,463	4,411,998	87	7,772,056	4,411,820	76
Profit attributable to equity holders of the parent	8,193,543	4,415,908	86	7,772,056	4,411,820	76
Non-controlling interest	66,920	(3,910)	(1812)	–	–	–
Retained earnings	13,774,577	8,684,026	59	13,496,242	8,604,186	57
Share capital	600,000	600,000	–	600,000	600,000	–
Shareholders' funds	15,144,180	9,746,225	55	14,521,682	9,629,626	51

Per share data

Based on 1.2 (2011: 1.2) Billion ordinary shares of 50 Kobo each

	Group 2012	Group 2011	Change %	Company 2012	Company 2011	Change %
Earnings per share (₦)						
Basic	6.83	3.68	86	6.48	3.68	76
Adjusted	6.83	3.68	86	6.48	3.68	76
Net assets per share (₦)						
Basic	12.62	8.12	55	12.10	8.02	51
Diluted/Adjusted	12.62	8.12	55	12.10	8.02	51
Stock Exchange quotation at December 31 (₦)	33.00	31.60	4	33.00	31.60	4
Number of employees	19,234	18,670	3	18,398	18,235	1

Notice of Annual General Meeting

Notice is hereby given that the 43rd Annual General Meeting of Julius Berger Nigeria Plc will be held at the Shehu Musa Yar'Adua Center, 1 Memorial Drive, Abuja FCT, on Thursday, June 20, 2013, at 11:00 a.m., to transact the following businesses:

Ordinary Business

1. To lay before the Company in General Meeting, the Financial Statements for the period ended December 31, 2012, 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 / reelect 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, by way of Directors' fees, payable to each Director until further notice, be and is hereby fixed at the sum of ₦2,700,000 (Two Million Seven Hundred Thousand Naira) for each Non-Executive Director save the Chairman, whose fees shall be fixed at the sum of ₦4,500,000 (Four Million Five Hundred Thousand Naira), such payments to be made effective from January 1, 2013".

By order of the Board,

Cecilia Ekanem Madueke (Mrs.)
Company Secretary

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

May 14, 2013

Notes Accompanying the Notice

Proxy

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need 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 Ltd., 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 3, 2013 to June 5, 2013, both dates 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 21, 2013, to those members whose names appear in the Register of Members, as at the close of business on May 31, 2013.

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" or "unclaimed dividends" should address their claim(s) to the Registrars, Union Registrars Ltd., 2 Burma Road, Apapa, Lagos or to the Company Secretary at the address of the Registered Office.

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 mandate their dividend and use the Central Securities Clearing System (CSCS).

Forms have been provided for that purpose in this document.

Buildings

Julius Berger develops perfectly designed and engineered buildings which serve a range of functions. From concept and construction, to internal fittings and maintenance, we offer complete construction solutions for building projects. The majority of prefabricated components used in the construction process come from the Company's own production facilities in Nigeria. For turnkey projects, facades, windows and doors are produced by our subsidiary Abumet, while high quality furniture and interior fittings are supplied by our furniture manufacturing facility, AFP.

Our Company is proud to be playing a leadership role in the promotion of sustainable building in Nigeria. In 2012, Julius Berger began work on three buildings which are being developed and constructed to meet the Leadership in Energy and Environmental Design (LEED) System for Green Building Certification. In Agbara, we are building a baby care capacity expansion facility for Procter & Gamble. In Lagos, on Victoria Island, we are constructing a mixed use high-rise office and residential tower for Nestoil. In Abuja, we are building an office for our new engineering subsidiary PrimeTech. These projects not only demonstrate Julius Berger's technical expertise, but also showcase what is achievable utilising green building technology in Nigeria.

Clockwise (both pages):
P&G Baby Care Expansion Facility, Lagos
Julius Berger staff at work
Central Bank of Nigeria Office, Lagos

Corporate Profile

Julius Berger offers clients a full range of integrated construction solutions.

Julius Berger Nigeria Plc is a Nigerian company offering integrated construction solutions. The Company traces its operations back to the construction of the Eko Bridge in 1965, a major infrastructure project in the megacity of Lagos – which still stands strong as a testament to Julius Berger's leading quality.

Years of steady growth followed this pioneer project, during which Julius Berger grew to become the dynamic Nigerian company it is today. Throughout this time, the Company has deployed progressive construction methods to ensure that innovation and quality are prioritised for the benefit of clients. Julius Berger's scope covers all areas of construction, including the pre and post phases. Success is built on the strategy of having vertically integrated operations, which improve efficiency and timeliness of project execution. Additionally, subsidiaries support the Company's ability to offer a complete range of construction related services.

Julius Berger is a brand that is unmistakably recognised throughout Nigeria, a brand that has built a track record of delivering the highest level of performance and a brand synonymous with quality and reliability. This reputation of excellence has been achieved through an unwavering commitment to long term training of staff members, utilisation of cutting-edge technologies and the establishment of collaborative partnerships with clients.

Chairman's Statement

»Performance increased by 17.7 %, resulting in a dividend of 250 Kobo.«

2012 was yet another year of notable success for Julius Berger, as a result of continued focus and progressive strategies. Increased performance and profitability, optimisation of structures, attainment of record milestones in Health, Safety and Environment and the establishment of sustainable Corporate Social Responsibility programmes resulted in visible business success.

Performance in 2012 increased by 17.7 % from 2011. This commendable achievement is attributed to a number of factors, including the handover of large-scale projects such as the Admiralty Alexander Link-Bridge in Lagos, the Escravos Gas-to-Liquids Plant, as well as the completion of a major segment of the Lagos-Badagry Expressway and several projects in Akwa Ibom State. Additionally, a higher turnover in building projects and the award of new contracts, such as the Uyo Ring Road Phase 1, Uyo Stadium, Edo Cement Plant, Bua Sugar Refinery and P&G Baby Care Expansion Facility enhanced 2012's performance.

Improvements in the efficient use of resources and streamlining of processes were main factors leading to an impressive 24 % increase in profitability. In addition, optimised cost structures resulted in an increase in profit before tax. Furthermore, investments in more suitable equipment to support our expanding portfolio and an increase in staff

Highlighted Projects

Completed Works

- Escravos Gas-to-Liquids Facility, Delta
- Admiralty Alexander Link-Bridge, Lagos
- Atlas Cove Jetty Rehabilitation, Lagos
- Abak-Ikot Ekpene Road, Akwa Ibom
- Discharge Drain Abak, Akwa Ibom

Ongoing Works

- River Terminal Airstrip, Bonny Island
- Central Bank of Nigeria Office, Lagos
- Rose of Sharon Building, Lagos
- Railway Completion Ajaokuta to Warri
- Rehabilitation and Expansion of Airport Expressway, Abuja

New Awards

- Isaac Boro Road, Bayelsa
- Bua Sugar Refinery, Port Harcourt
- P&G Baby Care Expansion Facility, Agbara, Lagos
- Nestoil Tower, Lagos
- Abak-Ikot Ekpene Road, Twin Bridge, Akwa Ibom
- Additional Works, Uyo Ring Road, Akwa Ibom
- Ibom Sports Stadium, Uyo, Akwa Ibom
- Edo Cement Plant, Okpella
- National Institute of Legislative Studies, Abuja
- Central Bank of Nigeria Dealing Room, Abuja

productivity, as a result of training, made it possible to create more value for every unit of input. Ultimately, this increase in profitability translates to higher shareholder value and returns. The Board of Directors are pleased to be able to recommend an increased dividend of 250 Kobo (₦2.50), resulting in a total gross dividend payment of ₦3 Billion; which is a marked improvement over that of the 2011 fiscal year, which was 240 Kobo (₦2.40) per each ordinary share.

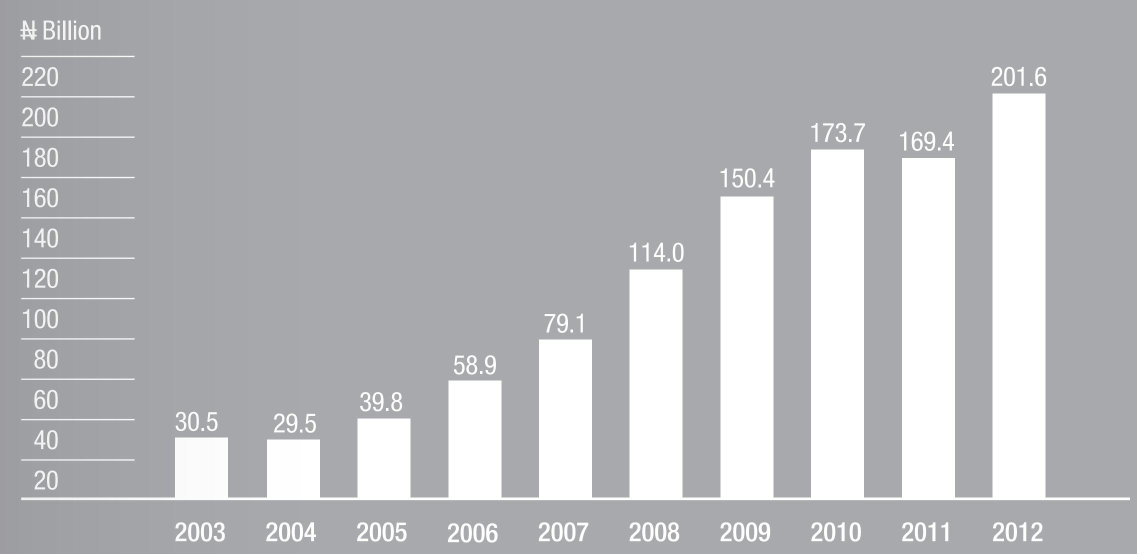
In 2012 we continued to enhance our operational structures and invest in the Julius Berger group of companies, as a means to support provision of integrated construction solutions. PrimeTech Design and Engineering Nigeria and Julius Berger Medical Services, both in their first year of operation, made progress in their structural and recruitment processes. Julius Berger Services Nigeria remained an essential arm in our logistical value chain and also achieved 20% third party business representation. Abumet Nigeria continued to hold a leadership position in the Aluminium manufacturing market. Additionally, in the reporting year, our Company acquired a 90% shareholding of Julius Berger International (JBI), in Germany. JBI is showing strong performance in their function as a key collaborator for planning, design and engineering as well logistical support for our business in Nigeria.

2012 marked a record year for Health, Safety and Environment (HSE) performance. The Company reduced the overall number of work place related accidents by 50% and close to 2,500 drivers attended safe driving courses, resulting in a major reduction in road accidents. Such numbers prove that our focus on HSE training and policy awareness have made a measurable impact in creating a safer working environment, companywide.

Throughout the year we carried out Corporate Social Responsibility activities based on our strategy and areas of focus, including donations of materials and equipment to support and promote education, health and youth sports. Book donations, reading and writing workshops and a writing competition were the key components to the company's literacy improvement campaign. A health campaign was also launched through the distribution of insecticide treated mosquito nets, as a means to reduce malaria infection and related illnesses. Collaboration with the Nigerian Business Coalition Against HIV/AIDS (NIBUCAA) continued in an effort to prevent the spread, and mitigate the impact of HIV/AIDS. Furthermore, in response to major flooding which devastated areas of the country late in the year, Julius Berger assisted relief efforts through emergency response and aid services. I am confident that as we carry forth our strategy into 2013, we will continue to make substantial impact in improving the welfare of our communities.

I am also proud to mention that our Company has again, both domestically and internationally, been recognised for our leadership in the construction sector in Nigeria. In 2012, the Cyber Nigeria Forum, in collaboration with the National Office for Technology Acquisition and Promotion (NOTAP), awarded Julius Berger the African Society

Performance



Merit Award in respect of our outstanding contribution to the technological developments and economic growth of the Nigerian economy. In addition, our Company received an award in the Gold category at the Business Initiative Directions International Quality Summit Convention in New York City, in recognition of our commitment to quality, leadership, technology and innovation.

Such great achievements never come without challenges. While our project portfolio in 2012 remained robust, delayed payments, particularly of public clients, presented hurdles which required modifications to performance planning, and at times, operational adjustments. In addition, a proliferation of new administrative bodies, which introduce laws and regulations, coupled with overlapping old bodies, has created a complicated bureaucratic environment. Navigating this complex setting and readjusting processes to ensure compliance consumes resources. Security was also an ongoing challenge nationwide. While Julius Berger has experienced no serious security incidents in 2012, we cannot ignore the fact that security issues require our Company to remain vigilant.

Despite these circumstances, and as you will read in further detailed throughout this Annual Report, Julius Berger achieved a high level of performance and operational efficiency in 2012. To build on this success strategic targets for 2013 will focus on further diversification of our client portfolio, as a means to mitigate cluster risk and better serve all sectors of the economy. Business development efforts will be maintained; due diligence will continue to be carried out in key areas of opportunity, especially in regards to alternative financing models such as Public Private Partnership (PPP) and Build-Operate-Transfer (BOT). We will continue to modernise administrative, engineering and operational departments and implement cost control measures that optimise the functioning of our Company. We will ensure that capacity building, through investments in the professional development of staff across all functions and operations, takes precedence, as a means of reinforcing the specialised knowhow needed to deliver quality work and superiority in performance.

Esteemed Shareholders, as you all know, Nigeria retains enormous potential. As Africa's second largest economy, the rapidly developing nation is a focal point for not only Nigerian, but also international investors interested in the continent. Such investors are looking for a dynamic partner that can deliver superior quality work to global standards and is able to offer customised solutions based on country specific knowhow. I believe that our business model, operational strategies and company values make us a first choice contractor for such potential clients. As I have said in the past, Julius Berger's leadership in the construction sector is not by chance; each and every day there are challenges to the continued success of our Company. It is only through effective risk assessment, proactive management and an immense amount of hard work that we are able, year after year, to proudly announce our sustained high performance.

In conclusion, I would like to take a moment to bring to your attention that the Company's Financial Reporting System has transitioned to comply with the International Financial Reporting Standards (IFRS). This internationally accepted framework for financial reporting serves as a global language for business affairs, ensuring that company accounts are understandable and comparable across international boundaries. In addition, IFRS provides deeper insights into company development through detailed structures and disclosures. In this respect, we have complied with every aspect of the new IFRS standards. Additionally, we have converted the 2011 and 2010 financial results to the current IFRS standards in full conformity with the international requirement, to ensure accurate comparability.

I am confident that with your unwavering and continued support, our Company will continue to build on our current success in 2013 and beyond.

Thank you,

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

Certification of Financial Statements

Pursuant to Section 7 (2) of the Financial Reporting Council of Nigeria Act, 2011, we have reviewed the Annual Reports of Julius Berger Nigeria Plc for the year ended December 31, 2012.

Based on our knowledge, our financial statement does not contain any untrue statement of a material fact or omit to state a material fact necessary and is not misleading with respect to the period covered by the report.

The Company's Code of Ethics and statement of Business Practices formulated by the Board has been implemented as part of the corporate governance practices of the Company throughout the period of intended reliance and the Directors and key executives of the Company had acted honestly, in good faith and in the best interests of the whole Company.

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

We are responsible for designing the internal controls and procedures surrounding the financial reporting process and assessing these controls (as required by Section 7 (2) (f) of the Financial Reporting Council of Nigeria Act, 2011) and have designed such internal controls and procedures, or caused such controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including our consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared. The controls, which are properly designed, have been operating effectively in the period of intended reliance.

Based on the foregoing, we, the undersigned, hereby certify that to the best of our knowledge and belief the information contained in the financial statements of our Company for the year ended December 31, 2012, appear to be true, correct and up to date.

Wolfgang Goetsch
Managing Director

Wolfgang Kollermann
Financial Director
FRC/2012/ANAN/00000000396

Industries

Julius Berger enables the growth of industries through site preparation works and the provision of comprehensive civil works for plant and factory construction. Thanks to strong teamwork, proven capabilities and unwavering reliability, industry investors consider Julius Berger not only a contractor, but also a partner in the realisation of their projects. Additionally, we have an impressive record integrating the distinctive regulatory demands of the oil and gas industry, in the area of Health, Safety and Environment, into our existing processes and procedures.

As a result of nearly five decades of working in Nigeria, our logistics and resources provide the framework needed to pioneer work in remote locations and challenging circumstances. Construction of the Edo Cement Plant, located in Okpella, Edo State, exemplifies this edge. Julius Berger is responsible for laying the foundation for the greenfield plant, which has a projected final output of 6,000 tons of cement per day. Major earthworks are necessary to make realisation of the plant possible. In Port Harcourt, we are carrying out foundation and civil works for construction of a sugar refinery, semolina building, rice building, pasta building and warehouse for the BUA Group. Extensive piling works transformed swampy marshland into a stable foundation for a vital manufacturing operation.

Clockwise (both pages):
Bua Sugar Refinery, Port Harcourt
Julius Berger staff at work
Apapa Jetty Project Oando, Lagos

Board of Directors' Profiles

Avm (Dr.) Mohammed Nurudeen Imam, CFR
psc, usawc, FSS, LLD (HC)

Chairman, appointed on September, 2008; Director, appointed on January 11, 1999

Member of the Nigerian Society of Engineers; Chairman of the Bayero University Kano Development Board, of the Monument Group of Companies Ltd.; Member of the Board of Governors of Dowen College Lagos, of Prime College Kano

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

Vice Chairman, appointed on December 8, 2009; Director, appointed on September 5, 2008

Managing Director of Bilfinger Berger Nigeria GmbH (Germany)

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

Independent Director, appointed on May 2, 1996

Justice of the Peace and traditional ruler of the ancient Mbaukwu Kingdom in Anambra State; Member of the Board of Directors of Julius Berger Services Nigeria Ltd., of Interfact Beverages Ltd., of Orient Petroleum Ltd.

Engr. Jafaru Damulak
BSc (Civil Engineering)

Director, appointed on August 16, 2007

Member of the Nigerian Society of Engineers, of the Council for the Regulation of Engineering in Nigeria; Managing Director of Elm Properties and Estate Development Company Ltd.; Member of the Board of Directors of PrimeTech Design and Engineering Nigeria Ltd., of NETCOM Africa Ltd.

Engr. Wolfgang Goetsch (Austrian)
Diplom-Ingenieur (Civil Engineer)

Managing Director and Director, appointed on October 15, 2007; joined Julius Berger in 1991

Member of the Nigerian Society of Engineers, of the Council for the Regulation of Engineering in Nigeria; Member of the Board of Directors of Julius Berger Investments Ltd.

Mr. Wolfgang Kollermann (German)
Diploma in Business Administration and Accounting

Financial Director and Director, appointed on September 22, 2010; joined Julius Berger in September 2000

Member of the Association of National Accountants of Nigeria; Member of the Board of Directors of Abumet Nigeria Ltd., of Julius Berger Services Nigeria Ltd., of Julius Berger Medical Services Ltd., of PrimeTech Design and Engineering Nigeria Ltd.

Mr. David Herron (Australian)
BE (Civil Engineering)

Director Operations and Director, appointed on January 1, 2013; joined Julius Berger in 2007

Alhaji Zubairu Ibrahim Bayi
BSc (Buildings)

Director Administration and Director, appointed on January 1, 2013; joined Julius Berger in 1984

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

Director, appointed on September 26, 2011

Member of the Society for Human Resource Management (USA), of the Philadelphia Human Resource Planning Group (USA); Managing Partner of BaileyCole Consulting; Member of the Board of Directors of Julius Berger Investments Ltd.

Mr. Harold Samuel Tsumba, Esq.
LLB (Hons), BL

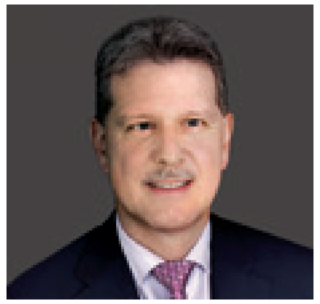
Director, appointed on December 8, 2011

Principal partner in the firm of Tsumba & Tsumba, Legal Practitioners; Chairman and Chief Executive Officer of Taj Holdings Ltd., of CBC West Africa Ltd.

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

Director, appointed on March 22, 2012

Group Managing Director of Nestoil Plc and its group of companies; Member of the Board of Directors of WaterTown Energy Ltd., of B&O Dredging Ltd., of Energy Works Technology Ltd., of Royaloak Hydrocarbon Ltd., and others



Mr. George Marks (German)
Bachelor of Business Administration, DSc (HC)

Director, appointed on January 1, 2013

Chief Executive Officer (CEO) of Julius Berger International GmbH (Germany)

Statement of Directors' Responsibilities

By the provisions of §334 and §335 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, 2012.

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 Nigeria 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 20, 2013, and signed on its behalf by:

Avm (Dr.) Mohammed Nurudeen Imam, CFR
Chairman

Wolfgang Goetsch
Managing Director

Report of the Directors

for the Year Ended December 31, 2012

The Directors are pleased to present to the members of Julius Berger Nigeria Plc (the "Company") at the 43rd 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, 2012.

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 civil engineering works. The Company has six subsidiaries, with their principal activities stated as follows:

Subsidiary	Principal Business Activities	Date of Incorporation	Percentage Holding
Abumet Nigeria Ltd.	Manufacturing of, and dealing in aluminium, steel, iron or other structural products of such nature.	June 15, 1990	70 %
Julius Berger Services Nigeria Ltd.	Operating and managing port services, including stevedoring, shipping and warehousing.	August 30, 2006	100 %
Julius Berger Medical Services Ltd.	Providing health care service and operating medical institutions for such purpose.	August 22, 2011	100 %
PrimeTech Design and Engineering Nigeria Ltd.	Design, planning and engineering services, as well as construction and maintenance works.	August 22, 2011	100 %
Julius Berger Investments Ltd.	Planning and strategic support for business development activities.	June 1, 2012	100 %
Julius Berger International GmbH	Providing logistical and technical support on an international level.	January 27, 2012	90 %

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, 2012 and 2011, are as follows:

Group Results	2012 ₦ 000	2011 ₦ 000
Turnover	201,565,276	169,413,371
Profit attributable to Group activities	8,260,463	4,411,998
Retained Earnings	13,774,577	8,684,026

4. Review of Business Development

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

Shareholders were advised in the year 2011 of the decision to acquire a controlling majority shareholding in an incorporated entity, named Julius Berger International GmbH (JBI), to which would be transferred the technical and logistic business and operations of Bilfinger Berger Nigeria GmbH, Wiesbaden, Germany. This action assured that Julius Berger control all required services such as, planning, procurement, recruitment and capacity building.

In the year 2012, Julius Berger Nigeria Plc acquired a 90 % equity shareholding in JBI.

We are also pleased to report that in the year under review, a new wholly owned subsidiary, Julius Berger Investments Ltd. (JB Inv.), was added to Julius Berger. JB Inv. shall be the vehicle to actualise the strategic direction of the Board and Management for participations and shareholdings.

The two subsidiaries were operative in the year 2012.

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

5. Dividend and Shareholder Interest

5.1 Dividend

The Directors are pleased to recommend to the members at the 43rd Annual General Meeting, a final dividend for the year ended December 31, 2012, in the sum of ₦3 Billion, representing 250 Kobo (₦2.50) per 50 Kobo share, held in the equity of the Company. Dividend shall be subject to withholding tax at the appropriate rate at the time of payment.

5.2 Unclaimed dividends and share certificates

A list of shareholders who have either unclaimed dividends or share certificates have been compiled and are attached with this document. Shareholders who find their names on the lists and have claimed their dividend(s) or share certificate(s) since December 31, 2012, should kindly ignore the attached list. However, shareholders who are yet to claim their unclaimed dividend(s) or share certificate(s) should contact the Company Secretary or the Registrars, Union Registrars Ltd.

6. Directors and Directors' Interest and Shareholding

6.1 Board of Directors in 2012

The Directors who served on the Board for the year ended December 31, 2012 were as follows:

- Avm (Dr.) Mohammed Nurudeen Imam, CFR
- Engr. Heinz Stockhausen (German)
- HRH Igwe Peter Nwokike Anugwu, JP, OFR
- Engr. Jafaru Damulak
- Engr. Wolfgang Goetsch (Austrian)
- Mr. Wolfgang Kollermann (German)
- Mr. Macdonald Olarinde Tubi
- Mr. Harold Samuel Tsumba, Esq.
- Dr. Ernest Nnaemeka Azudialu-Obiejesi

6.2 Changes since the last Annual General Meeting

- Mr. David Herron was appointed a Director of the Company and Director Operations with effect from January 1, 2013
- Alhaji Zubairu Ibrahim Bayi was appointed a Director of the Company and Director Administration with effect from January 1, 2013
- Mr. George Marks was appointed a Non-Executive Director with effect from January 1, 2013
- in accordance with § 249 (2) of the CAMA and Article 95 of the Company's Articles of Association, members would be requested to approve the appointments of Mr. David Herron and Alhaji Zubairu Ibrahim Bayi
- in accordance with § 249 (2) of the CAMA, members would be requested at this Annual General Meeting to approve the appointment of Mr. George Marks as a Non-Executive Director

6.3 Directors for reelection

Avm (Dr.) Mohammed Nurudeen Imam, CFR and Engr. Heinz Stockhausen are the Directors retiring by rotation. In accordance with the provisions of § 259 of CAMA and the Articles of Association, Avm (Dr.) Mohammed Nurudeen Imam, CFR and Engr. Heinz Stockhausen, both being eligible, offer themselves for reelection.

6.4 Directors' interest

For the purposes of § 275, 276 and 277 of the CAMA and in compliance with the listing requirement of the Nigerian Stock Exchange:

- save for Dr. Ernest Nnaemeka Azudialu-Obiejesi, who has indicated that he is a director and member of the Nestoil Group, which includes Nestoil Ltd. and WaterTown Energy Ltd., which group has substantial dealings with the Company, 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 as notified by them are as follows:

Number of Directors' Direct and Indirect Holdings as at	March 20, 2013	December 31, 2012	December 31, 2011
Avm (Dr.) Mohammed Nurudeen Imam, CFR	711,258	711,258	696,258
Engr. Heinz Stockhausen	–	–	–
HRH Igwe Peter Nwokike Anugwu, JP, OFR	80,000	80,000	80,000
Engr. Jafaru Damulak	1,800,772	1,800,772	1,800,772
Mr. Macdonald Olarinde Tubi	–	–	–
Mr. Harold Samuel Tsumba	27,500	27,500	–
Dr. Ernest Nnaemeka Azudialu-Obiejesi – Indirect	147,297,816	147,297,816	–
Mr. George Marks	–	–	–
Engr. Wolfgang Goetsch	–	–	–
Mr. Wolfgang Kollermann	–	–	–
Mr. David Herron	–	–	–
Alhaji Zubairu Ibrahim Bayi	251,500	251,500	–

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 1.2 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 1.2 Billion ordinary shares of 50 Kobo each. The share capital history of the Company is stated on page 167.

7.3 Beneficial ownership

The issued and paid-up share capital of the Company, as at December 31, 2012 and March 20, 2013, when the financial statements were approved, were beneficially held as follows:

	Number of Ordinary Shares Held as at March 20, 2013	Percentage Holdings as at March 20, 2013	Number of Ordinary Shares Held as at December 31, 2012	Percentage Holdings as at December 31, 2012
Bilfinger SE	478,420,072	39.9 %	478,420,072	39.9 %
WaterTown Energy Ltd.	120,000,000	10.0 %	120,000,000	10.0 %
Oasis Petroleum Company Ltd.	2,001,032	0.2 %	116,101,032	9.7 %
Ibile Holdings Ltd.	65,997,000	5.5 %	65,997,000	5.5 %
Benue Investment and Property Company Ltd.	62,561,358	5.2 %	62,561,358	5.2 %
Other Nigerian Citizens & Associations	471,020,538	39.2 %	356,920,538	29.7 %
Total	**1,200,000,000**	**100.0 %**	**1,200,000,000**	**100.0 %**

7.4 Free float

The Free Float analysis of the issued and paid-up share capital of the Company, as at December 31, 2012, and March 20, 2013, when the financial statements were approved, is as follows:

	Number of Ordinary Shares Held as at March 20, 2013	Percentage Holdings as at March 20, 2013	Number of Ordinary Shares Held as at December 31, 2012	Percentage Holdings as at December 31, 2012
Strategic shareholding	925,703,922	77 %	925,703,922	77 %
Directors' direct shareholding	2,856,030	0 %	2,856,030	0 %
Staff schemes	–	–	–	–
Free float	271,440,048	23 %	271,440,048	23 %
Total	**1,200,000,000**	**100 %**	**1,200,000,000**	**100 %**

7.5 Share Range Analysis

Share Range	Number of Shareholders	Percentage of Shareholders	Number of Units Held	Percentage Shareholding
1 – 500	1,612	16 %	377,592	0 %
501 – 1000	1,097	11 %	860,218	0 %
1,001 – 5,000	3,406	34 %	8,796,675	1 %
5,001 – 10,000	1,790	18 %	12,521,010	1 %
10,001 – 25,000	1,100	11 %	16,813,097	1 %
25,001 – 100,000	867	8 %	39,660,737	3 %
100,001 – 500,000	181	2 %	35,288,741	3 %
500,001 – 1,000,000	27	0 %	19,871,687	2 %
1,000,001 – and above	41	0 %	1,065,810,243	89 %
Total	**10,121**	**100 %**	**1,200,000,000**	**100 %**

8. Property, Plant and Equipment (PPE)

Significant movements in properties and equipments constituting the PPE of the Group during the year are indicated in Note 14 on page 104. 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. CSR Initiatives and Donations

During the year 2012, the Company undertook Corporate Social Responsibility (CSR) initiatives and made donations valued at ₦43.6 Million (2011: ₦15.6 Million) as follows:

Corporate Social Responsibility Initiatives	₦
Literacy Campaign	9,500,000
NIBUCAA Peer Mentoring Training	3,500,000
Malaria Prevention Campaign	9,000,000
NDFA Sport Support	1,500,000
Total	**23,500,000**

Date	Donatee	₦
20.01.12	Nigerian Mining and Geosciences Society	100,000
14.03.12	Law Students Association of Nigeria	100,000
21.03.12	Nigerian Medical Association	250,000
18.06.12	Federation of Construction Industry	500,000
18.06.12	Ejike & Chineze Mgbemena Foundation	5,000,000
13.08.12	Construction and Civil Engineering Senior Staff Association	1,000,000
15.08.12	Independence Day Golf Tournament	150,000
16.08.12	Lagos Governor's Open Squash Championship	500,000
24.09.12	Ladies Section Golf Development Program	100,000
23.10.12	Delegation of German Industry and Commerce in Nigeria – European Nigerian Business Forum	1,000,000
07.11.12	Nigerian Institute of Public Relations	250,000
20.11.12	Nigerian Society of Mining Engineers	250,000
23.11.12	Patrick Speech & Languages Centre	250,000
23.11.12	Adunni Olorisha Trust Restoration Osogbo (UNESCO)	5,000,000
29.11.12	Association of Professional Bodies of Nigeria	500,000
29.11.12	Goethe Institute Anniversary	1,000,000
05.12.12	Miners Association of Nigeria	150,000
06.12.12	Abuja Metropolitan Music Society	2,000,000
11.12.12	Home for the Blind	150,000
13.12.12	Nigerian Society of Engineers	1,000,000
14.12.12	Tony International Gymnastics Club	200,000
14.12.12	Mark Sports Foundation	250,000
14.12.12	Chartered Institute of Arbitrators Nigeria	250,000
	Sundries	103,800
	Total:	**20,053,800**

No donation was made to any political party.

10. Research and Development

Julius Berger invests in research and development in order to deliver on client requisitions innovatively. These initiatives enhance 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.

11. Technical Service and Knowhow Agreement

The Company has an expiring Technical Services Agreement with Bilfinger Berger Nigeria GmbH. This agreement will be replaced with a Technical Service Agreement with Julius Berger International GmbH, which will be registered with the National Office for Technology Acquisition and Promotion (NOTAP).

12. Suppliers

The significant suppliers to the Company domestically and internationally are:

- Julius Berger International GmbH
- Flour Mills of Nigeria Plc
- Moraga Nigeria Ltd.
- Abumet Nigeria Ltd.
- Dangote Cement Industries Ltd.
- Samofaz Nigeria Ltd.
- Tabson Nigeria Ltd.
- Wabeco Ltd.
- Apex Paint Ltd.
- Ringardas Nigeria Ltd.
- Asca Bitumen

13. Events After Reporting Period End

Save as disclosed, there were no significant post balance sheet events, that could have had a material effect on the accounts for the year ended December 31, 2012, 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 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, 2012, there were 48 physically challenged persons employed by the Group.

14.2 Health and safety at work and welfare of employees

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

The Group provides medical attention, in accordance with the welfare schedule agreed with the operating domestic workers unions as well as the provisions of the National Health Insurance Scheme Act CAP N42, Laws of the Federation of Nigeria 2004, to all staff and their immediate families comprising a spouse and four children.

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

14.3 Involvement and training

The Group is engaged in the training and education of its staff. Training is the key to improvement of skills and expertise within the Company.

Management, technical skills and expertise are the drivers of excellence in Julius Berger.

15. Audit Committee

The members of the Statutory Audit Committee, appointed at the Annual General Meeting held on June 21, 2012, in accordance with § 359 (3) of CAMA were:

- Chief Timothy Adesiyan, Chairman
- HRH Igwe Peter Nwokike Anugwu, JP, OFR, Member
- Brig. Gen. Emmanuel Ebije Ikwue, GCON, Member
- Mr. Wolfgang Kollermann, Member
- Sir Sunday Nnamdi Nwosu, KSS, Member
- Mr. Macdonald Olarinde Tubi, Member

The Committee met in accordance with the provisions of § 359 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

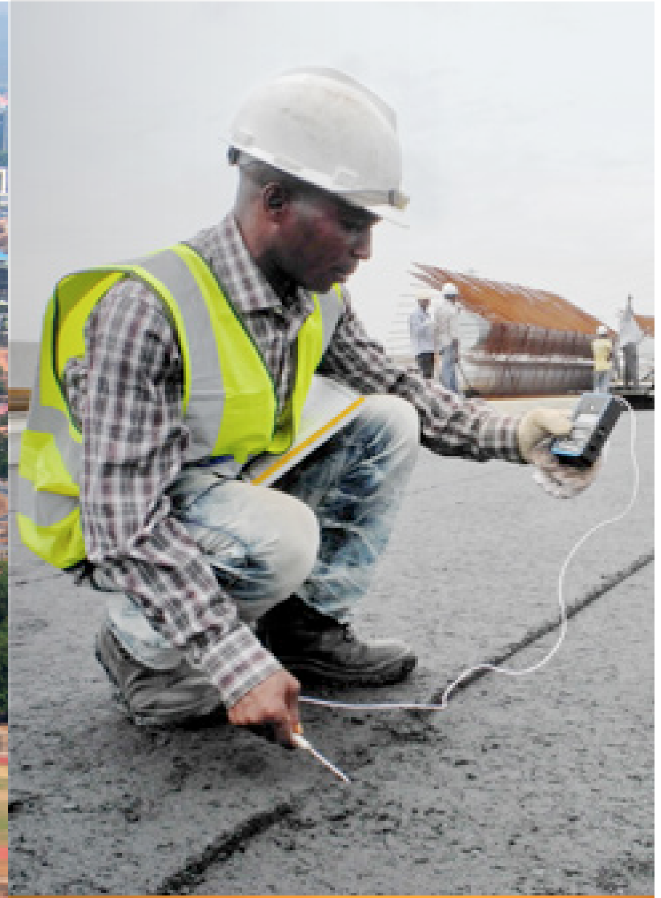
The Directors confirm that they have reviewed the structures and activities of the Company in view of the Code of Best Practices on Corporate Governance in Nigeria published in April 2011 (the "Code") and the regulations of the Nigerian Stock Exchange and the Securities and Exchange Commission (the "Regulators"). The Directors confirm an infringement of the provisions of Clause 3 (d) and 6 (a) (Note xiii), of the General Undertaking Appendix 111 of the Nigerian Stock Exchange for which a financial penalty in the sum ₦ 1,470,000 (One Million Four Hundred and Seventy Thousand Naira) was imposed upon the Company. Save as herein mentioned, the Directors confirm that, to the best of their knowledge and as at the date of this Report, the Company has been and is in substantial compliance with the provisions of the Code and the regulatory requirements of the Regulators.

By order of the Board,

Cecilia Ekanem Madueke (Mrs.)
Company Secretary

March 20, 2013

Infrastructure



Julius Berger develops efficient infrastructure systems. We design, engineer, construct and rehabilitate civil structures across Nigeria. Our sizeable fleet of specialised equipment provides unique support to enable efficient construction of large-scale projects, such as construction of major national infrastructure and entire urban areas. Such structures facilitate the connection of people, places, goods and services, and ultimately promote the economic and social development of Nigeria.

Julius Berger's first project was the Eko Bridge in Lagos. In what was the nation's capital and is still today the economic centre of Nigeria, this mega-project served as a stepping stone to the future. Since that time we have built several bridges of major importance. In 2012 our Company completed work on the Admiralty Alexander Link-Bridge in Lagos. The bridge, built utilising impressive pylon and cable-stayed construction, not only provides much needed relief to existing traffic routes, but also stands as a landmark of modern Nigeria. In Uyo, the capital of Akwa Ibom, Julius Berger continues to develop regional roads and flyovers. Also, two large-scale drainage projects have been constructed utilising closed pipe-jacking technology, an efficient and environmentally friendly microtunneling method pioneered by Julius Berger.

Clockwise (both pages):
Completion of roads B6 / B12 Central Area, Abuja
Julius Berger staff at work
Admiralty Alexander Link-Bridge, Lagos

Report on Corporate Governance

for the Year Ended December 31, 2012

Julius Berger Nigeria Plc Board and Management have put in place structures, procedures and systems to ensure substantial compliance with the CAMA, the Memorandum and Articles of Association of our Company, the Code of Corporate Governance in Nigeria, published in April 2011 by the Securities and Exchange Commission (the "Code"), and the requirements of all our Regulators.

Corporate Governance structures, procedures and systems are premised on dynamism hence in the year 2011 a new Memorandum and Articles of Association was approved by the shareholders of Julius Berger, which is substantially compliant with CAMA and the Code.

1. The Board of Directors

The Board of Directors (the "Board") is made up of eight Non-Executive Directors, one of whom is an Independent Director, and four Executive Directors. Profiles of the Directors, in particular the Directors standing for election and reelection, are stated on page 20 in this document.

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 Annual General Meeting.

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

In line with global best practice, the roles of the Chairman and Managing Director are separate and clearly defined. The Chairman is responsible for Board leadership whilst the Managing Director is responsible for the day to day running of the Company, on behalf of the Board. The Board 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 or its Committees by electronic communications as well as decisions of the Board or Committees by resolutions in writing.

The Board met four times in the financial year 2012. Attendance by the Directors was as follows (on page 37):

Director	Designation	Number of Board Meetings attended
Avm (Dr.) Mohammed Nurudeen Imam, CFR	Chairman	4
Engr. Heinz Stockhausen	Vice Chairman	4
Engr. Wolfgang Goetsch	Managing Director	4
Mr. Wolfgang Kollermann	Financial Director	4
HRH Igwe Peter Nwokike Anugwu, JP, OFR	Independent Director	4
Engr. Jafaru Damulak	Director	4
Mr. Macdonald Olarinde Tubi	Director	4
Mr. Harold Samuel Tsumba, Esq.	Director	4
Dr. Ernest Nnaemeka Azudialu-Obiejesi	Director	3
*Mr. George Marks	Director	N/A
*Mr. David Herron	Director Operations	N/A
*Alhaji Zubairu Ibrahim Bayi	Director Administration	N/A

* Appointed with effect from January 1, 2013; N/A Not applicable or absent

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 businesses 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 four times in the financial year ended December 31, 2012. The membership of the committee and the attendance by members at meeting were as follows:

Director	Designation	Number of Committee Meetings attended
Avm (Dr.) Mohammed Nurudeen Imam, CFR	Chairman	4
Engr. Heinz Stockhausen (resigned from the Committee with effect from October 11, 2012)	Member	2
Engr. Wolfgang Goetsch	Member	4
Mr. Wolfgang Kollermann	Member	4

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 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 four times in the financial year ended December 31, 2012. The membership of the committee and the attendance by members at meetings were as follows:

Director	Designation	Number of Committee Meetings attended
HRH Igwe Peter Nwokike Anugwu, JP, OFR	Chairman	4
Engr. Jafaru Damulak	Member	4
Mr. Harold Samuel Tsumba, Esq.	Member	4

1.3 Remuneration Committee

This committee is responsible is 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 relations policies

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

This committee met three times in the financial year ended December 31, 2012. The membership of the committee and the attendance by members at meetings were as follows:

Director	Designation	Number of Committee Meetings attended
Engr. Heinz Stockhausen	Chairman	3
Engr. Jafaru Damulak	Member	3

1.4 Ad-hoc Special Purpose Committee

In addition to the standing committees, the Board at its meeting of December 8, 2011, constituted and established an Ad-hoc Special Purpose Committee for the negotiations and acquisition of 90 % equity capital of Julius Berger International GmbH.

This committee held seven meetings in the financial year ended December 31, 2012, to enable the committee to achieve the objectives for which it was constituted. The membership of the committee and the attendance by members were as follows:

Director	Designation	Number of Committee Meetings attended
Engr. Jafaru Damulak	Chairman	7
Mr. Macdonald Olarinde Tubi	Member	7
Mr. Wolfgang Kollermann	Member	7

1.5 Statutory Audit Committee

This committee is a statutory creation, established in strict compliance with § 359 (3) of the CAMA and whose role has been expanded by the expectations of the Code.

The committee's responsibilities are also stated in § 359 of CAMA.

Membership of the committee is comprised of three shareholders and three directors who were appointed for the financial year 2012 at the Annual General Meeting held on June 21, 2012.

The chairman of this committee is always a shareholder.

This committee met three times in the financial year ended December 31, 2012. The membership of the committee and the attendance by members in the financial year ended December 31, 2012, were as follows:

Director	Designation	Number of Committee Meetings attended
Alhaji (Dr.) Bamanga Muhammad Tukur, CON Chairman and Member until June 21, 2012	Chairman	–
Chief Timothy Adesiyan Chairman from July 26, 2012	Chairman	3
Sir Sunday Nnamdi Nwosu, KSS	Member	3
Brig. Gen. Emmanuel Ebije Ikwue, GCON Member (Designation)	Member	2
HRH Igwe Peter Nwokike Anugwu, JP, OFR	Member	3
Mr. Macdonald Olarinde Tubi	Member	2
Mr. Wolfgang Kollermann	Member	3

Committees report directly to the Board regarding committee activities, issues and related recommendations and decisions, while the Audit Committee is further required to issue a report to the shareholders in terms specified by CAMA.

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

2. The Shareholders

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

Shareholders have the opportunity at Annual 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 2012, the members met in the Annual General Meeting on June 21, 2012. 155 shareholders, 120 proxies and 146 observers and members of the Press were present at the Meeting. Attendance by the Directors was as follows:

Director	June 21, 2012
Avm (Dr.) Mohammed Nurudeen Imam, CFR	▪
Engr. Heinz Stockhausen	▪
Engr. Wolfgang Goetsch	▪
Mr. Wolfgang Kollermann	▪
HRH Igwe Peter Nwokike Anugwu, JP, OFR	▪
Engr. Jafaru Damulak	▪
Mr. Macdonald Olarinde Tubi	▪
Mr. Harold Samuel Tsumba, Esq.	▪
Dr. Ernest Nnaemeka Azudialu-Obiejesi	▪
* Mr. George Marks	N/A
* Mr. David Herron	N/A
* Alhaji Zubairu Ibrahim Bayi	N/A

* Appointed with effect from January 1, 2013;
N/A Not applicable or absent

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

Report on Corporate Social Responsibility

We aspire to operate our business in a manner that exceeds the ethical, legal, economical and public expectations of the society.

In Julius Berger, we believe that our duty, apart from financial success, is to support the development of the country in the interest of its people. Our Corporate Social Responsibility (CSR) initiatives focus on areas of social improvement in the aim of creating measurable differences. Such areas, which form the pillars of the Company's CSR strategy, are: education, health and sports. Additionally, our Company provides support when social services are scarce or have reached the limits of their capacities, including fire service or emergency response. Julius Berger also takes on a high level of responsibility in the labour market. Training and professional development programmes highlight our focused and goal oriented investments in employee education.

In 2012 Julius Berger launched a literacy campaign with the goal of to improving literacy in Nigeria. This campaign included the donation of close to 8,000 books, the formation of book clubs as well as reading and writing workshops in Government schools. 2012 also saw the establishment of the Company's malaria prevention initiative. 7,000 long lasting insecticide treated mosquito nets were distributed to families, as a means to reduce malaria infection and related illnesses. Additionally, Julius Berger held peer mentoring training in collaboration with the Nigerian Business Coalition Against AIDS (NIBUCAA). Comprehensive knowledge on HIV/AIDS and its transmission gave participants a foundation for becoming "Peer Mentors" able to share knowledge with their colleagues, families and community members.

Report on Health, Safety and Environment

HSE management and practices are fundamental components of Julius Berger's business principles and corporate culture.

In Julius Berger, we believe that effective management of Health, Safety and Environment (HSE) affairs not only protects staff, but also contributes to the Company's operational success. As such, we prioritise the health and safety of all employees, subcontractors or contractual partners, as well as the people and environment that may be affected by our sphere of activity. We invest in ongoing training of our workforce and dedicate numerous resources to increase HSE awareness based on best practice standards. Monitoring and control procedures including site inspection and audit, regular safety meetings, training and educational campaigns support the implementation of HSE policy and are key components in minimising risk and promoting HSE targets. Also, we believe in proactive risk reduction.

2012 marked a record year for HSE performance. The Company's Lost Time Injury Frequency Rate reduced from 0.91 in 2011 to 0.48 in 2012 and the Total Recordable Accident Frequency Rate also reduced from 3.86 in 2011 to 2.06 in 2012. In simple terms we have less than one Lost Time Injury for every two million man-hours that we work. There has been a 50 % reduction in accidents in 2012, which strongly indicates that we are being successful in removing workplace hazards throughout our business. We continue to conduct all our activities in a manner that meets Federal and State environmental compliance requirements and are active in promoting good environmental practice on behalf of the Company and our clients.

Report on Risk Management

Julius Berger's Integrated Risk Management System ensures proactive identification of risks and employs continued assessment and monitoring mechanisms to minimize negative impact on the Company's business. Identified risks which pose the most threat, both in terms of likelihood and consequence, to Julius Berger's business are: market risk, financial and operational risk, legal risk, information security risk and environmental and reputational risk.

Market Risk

Julius Berger is a company working in Nigeria and for Nigeria. As such, the business of Julius Berger is dependent on the general economic situation and the development of the country. As an emerging market, political, financial and social challenges play a major role in the market situation of the country. Macroeconomic and global economics also have an influence. Additionally, 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. In order to mitigate such risk the Company focuses on maintaining a high degree of diversification and a medium-low risk predictive portfolio profile.

The Company's business success is built on the principle that both risk and opportunity are thoroughly weighed and managed.

Financial and Operational Risk

In the daily functioning of business, Julius Berger has exposure to certain financial risks, including credit and liquidity risks, as well as foreign currency and interest rate risks. Such risk exposures are managed and counterbalanced through various financial planning and monitoring instruments.

Operational risk in the acquisition phase of construction projects includes the selection of 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 of materials and machinery, logistics and human resources, as well as environmental factors, must be assessed and managed. A project controlling framework has been established to regulate such risks. Contracts are continuously subjected to thorough commercial, technical and legal examination throughout the life of the project.

Legal Risk

No business is safe from the threat of litigation or arbitration. Julius Berger maintains a high level of awareness to mitigate and manage legal risk in the Company's activities. All business activities abide by Nigerian law and regulation. Additionally, Julius Berger's Compliance System has set regulations targeted at identifying suspicious events, which are actively confronted and scrutinised. This includes implementation of a whistle blowing policy, which 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 or data loss and to guarantee the permanent availability of the Company's Systems, resources are allocated to technical installations that protect the Company's information technology. Information technology structures are largely standardised, software products in use are those of leading producers and applicable security guidelines are regularly adapted to the latest technical developments.

Environmental and Reputational Risk

Accidents on a project site, damage to the environment, actual or alleged deficits and errors in the Company's performance as well as compliance violations are risks that could impact Julius Berger's financial situation and damage the Company's reputation. Julius Berger counteracts the risk of reputational damage through open communication and cooperation with clients and host communities. Through the implementation and prioritisation of Quality Management Systems and Health, Safety and Environment Policies, Julius Berger is poised to continue ensuring effective social and environmental risk management practices in all its activities, products and services.

Report of the Audit Committee

to the Members of Julius Berger Nigeria Plc

In compliance with § 359 (6) of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004 (CAMA), we, the members of the Audit Committee with names stated hereunder, have reviewed and considered the Auditor's Report required to be made in accordance with § 359 (3) of CAMA. The Audited Financial Statements of the Company, for the year ended December 31, 2012, and the reports thereon, 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.

Chief Timothy Adesiyan
Chairman

March 19, 2013

Members of the Audit Committee

- Chief Timothy Adesiyan
- HRH Igwe Peter Nwokike Anugwu, JP, OFR
- Brig. Gen. Emmanuel Ebije Ikwue, GCON
- Mr. Wolfgang Kollermann
- Sir Sunday Nnamdi Nwosu, KSS
- Mr. Macdonald Olarinde Tubi

Report of the Independent Auditors

to the Members of Julius Berger Nigeria Plc

Deloitte.

Akintola Williams Deloitte
4th Floor, Bank of Industry Building
Plot 256 Zone AO Cadastral
Off Herbert Macaulay Way
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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

Julius Berger Nigeria Plc.

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of **Julius Berger Nigeria Plc and its subsidiaries** which comprise the consolidated statement of financial position as at 31 December 2012, 31 December 2011 and 1 January 2011, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the years ended 31 December 2012 and 31 December, 2011, a summary of significant accounting policies and other explanatory information set out on pages 52 to 158.

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

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Julius Berger Nigeria Plc and its subsidiaries** as at 31 December 2012, 31 December 2011 and 1 January, 2011 and the financial performance and cash flows for the year then ended 31 December 2012 and 31 December 2011 in accordance with the Companies and Allied Matters Act CAP C20 LFN 2004, the Financial Reporting Council of Nigeria Act No 6, 2011 and the International Financial Reporting Standards.

Akintola Williams Deloitte

Chartered Accountants
Abuja, Nigeria
20 March 2013
FRC number: 845

Statement of Financial Position

as at December 31, 2012

	Note	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Group 01/01/2011 ₦000	Note	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000	Company 01/01/2011 ₦000
Non-current assets								
Property plant and equipment	14	57,079,027	55,421,778	60,136,274	14	56,172,990	54,650,926	59,843,793
Goodwill	16	4,634,422	–	–		–	–	–
Other intangible assets	16	127,935	–	–		–	–	–
Investments in subsidiaries		–	–	–	17	11,375,207	273,990	196,275
Trade and other receivables	21	1,706,067	161,554	–	21	1,706,063	161,544	–
Tax receivable	22	25,957,783	12,458,367	10,864,756	22	25,368,942	12,280,502	10,658,983
Deferred tax assets	12	3,017,036	3,362,383	3,519,364	12	2,899,471	3,244,818	3,418,624
Other financial assets	18	4,125,734	–	–	18	4,125,734	–	–
Total non-current assets		**96,648,004**	**71,404,082**	**74,520,394**		**101,648,407**	**70,611,780**	**74,117,675**
Current assets								
Inventories	19	10,710,071	11,061,851	9,599,274	19	9,837,796	10,509,295	9,220,763
Amount due from customers under construction contracts	20	5,544,984	7,587,091	5,795,633	20	5,544,984	7,587,091	5,794,465
Trade and other receivables	21	41,582,008	46,230,007	38,417,462	21	39,814,653	47,272,198	38,624,411
Tax receivable	22	13,089,156	23,425,928	19,692,599	22	13,082,788	23,226,833	19,577,997
Cash and bank balances		10,731,468	11,827,635	5,606,533		4,821,084	11,658,397	5,590,912
Current assets		81,657,687	100,132,512	79,111,501		73,101,305	100,253,814	78,808,548
Assets classified as held for sale	15	728,473	711,495	376,674	15	728,473	711,495	376,674
Total current assets		**82,386,160**	**100,844,007**	**79,488,175**		**73,829,778**	**100,965,309**	**79,185,222**
Total assets		**179,034,164**	**172,248,089**	**154,008,569**		**175,478,185**	**171,577,089**	**153,302,897**
Equity								
Share capital	23	600,000	600,000	600,000	23	600,000	600,000	600,000
Share premium	23	425,440	425,440	425,440	23	425,440	425,440	425,440
Foreign currency translation reserve		222,992	–	–		–	–	–
Retained earnings	24	13,774,577	8,684,026	6,667,321	24	13,496,241	8,604,186	6,591,569
Equity attributable to owners of the Company		**15,023,009**	**9,709,466**	**7,692,761**		**14,521,681**	**9,629,626**	**7,617,009**
Non-controlling interests	25	121,171	36,759	40,669				
Total equity		**15,144,180**	**9,746,225**	**7,733,430**		**14,521,681**	**9,629,626**	**7,617,009**
Non-current liabilities								
Borrowings	26	–	–	1,238,397	26	–	–	1,238,397
Retirement benefit liabilities	27	1,656,643	–	–	27	1,449,205	–	–
Deferred tax liabilities	12	5,666,877	5,440,300	5,172,521	12	5,693,035	5,312,958	5,045,101
Amount due to customers under construction contracts	20	86,487,144	94,097,474	32,455,518	20	86,071,448	94,097,474	32,455,518
Provisions	29	1,268,007	–	–	29	1,268,007	–	–
Total non-current liabilities		**95,708,671**	**99,537,774**	**38,866,436**		**94,481,695**	**99,410,432**	**38,739,016**
Current liabilities								
Amount due to customers under construction contracts	20	18,863,122	13,658,887	61,652,717	20	18,740,904	12,837,557	61,094,482
Trade and other payables	28	33,121,063	19,310,108	17,891,571	28	31,481,698	19,862,147	18,052,029
Borrowings	26	8,208,260	16,038,018	16,729,800	26	8,208,260	16,038,018	16,729,800
Current tax payable	12	3,551,109	3,482,077	3,616,598	12	3,047,502	3,450,695	3,593,687
Retirement benefit liabilities	27	4,667,759	10,475,000	7,518,017	27	4,596,445	10,348,614	7,476,874
Provision	29	400,000	–	–	29	400,000	–	–
Total current liabilities		**68,811,313**	**62,964,090**	**107,408,703**		**66,474,809**	**62,537,031**	**106,946,872**
Total liabilities		**163,889,984**	**162,501,864**	**146,275,139**		**160,956,504**	**161,947,463**	**145,685,888**
Total equity and liabilities		**179,034,164**	**172,248,089**	**154,008,569**		**175,478,185**	**171,577,089**	**153,302,897**

Wolfgang Goetsch
Managing Director

Wolfgang Kollermann
Financial Director

Statement of Profit or Loss and Other Comprehensive Income

for the Year Ended December 31, 2012

	Note	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Note	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000
Revenue	6	201,565,276	169,413,371	6	196,954,713	167,398,723
Cost of sales		(156,726,348)	(135,789,354)		(157,423,249)	(134,589,286)
Gross profit		**44,838,928**	**33,624,017**		**39,531,464**	**32,809,437**
Marketing expenses		(153,661)	(94,636)		(152,155)	(91,479)
Administration expenses		(31,704,992)	(22,820,461)		(27,066,902)	(21,998,911)
Operating profit		**12,980,275**	**10,708,920**		**12,312,407**	**10,719,047**
Investment income	7	838,767	99,303	7	647,810	99,303
Other gains and losses	8	1,232,358	1,072,482	8	1,293,546	1,002,000
Finance costs	9	(2,709,908)	(1,947,558)	9	(2,708,783)	(1,946,713)
Profit before tax	10	**12,341,492**	**9,933,147**	10	**11,544,980**	**9,873,637**
Income tax expense	12	(4,328,798)	(5,521,149)	12	(3,772,925)	(5,461,817)
Profit for the year		**8,012,694**	**4,411,998**		**7,772,055**	**4,411,820**
Other comprehensive Income for the year net of taxes:						
Foreign currency translation reserve		247,769	–		–	–
Total comprehensive income		**8,260,463**	**4,411,998**		**7,772,055**	**4,411,820**
Attributable to:						
Owners of the Company		8,193,543	4,415,908		–	–
Non-controlling interests	25	66,920	(3,910)		–	–
		8,260,463	**4,411,998**		**–**	**–**
Basic earnings per share	13	**6.83**	**3.68**	13	6.48	3.68
Diluted earnings per share	13	**6.83**	**3.68**	13	6.48	3.68

Statement of Changes in Equity

for the Year Ended December 31, 2012

Group	Share capital ₦000	Share premium ₦000	Foreign currency translation reserve ₦000	Retained earnings ₦000	Attributable to owners of the Company ₦000	Attributable to non-controlling interest ₦000	Total equity ₦000
Balance at January 1, 2011	600,000	425,440	–	6,667,321	7,692,761	40,669	7,733,430
Profit for the year	–	–	–	4,415,908	4,415,908	(3,910)	4,411,998
Other comprehensive income (net of tax)	–	–	–	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**–**	**4,415,908**	**4,415,908**	**(3,910)**	**4,411,998**
Unclaimed dividend transferred to reserves	–	–	–	797	797	–	797
Dividends to shareholders	–	–	–	(2,400,000)	(2,400,000)	–	(2,400,000)
Balance at December 31, 2011	600,000	425,440	–	8,684,026	9,709,466	36,759	9,746,225
Profit for the year	–	–	–	7,970,551	7,970,551	42,143	8,012,694
Other comprehensive income (net of tax)	–	–	222,992	–	222,992	24,777	247,769
Total comprehensive income for the year	**–**	**–**	**222,992**	**7,970,551**	**8,193,543**	**60,920**	**8,260,463**
Dividends to shareholders	–	–	–	(2,880,000)	(2,880,000)	–	(2,880,000)
Additional non-controlling interest from the acquisition of a subsidiary	–	–	–	–	–	17,492	17,492
Balance at December 31, 2012	600,000	425,440	222,992	13,774,577	15,023,009	121,171	15,144,180

Company	Share capital ₦000	Share premium ₦000	Retained earnings ₦000	Total equity ₦000
Balance at January 1, 2011	600,000	425,440	6,591,569	7,617,009
Profit for the year	–	–	4,411,820	4,411,820
Other comprehensive income (net of tax)	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**4,411,820**	**4,411,820**
Unclaimed dividend transferred to reserves	–	–	797	797
Dividends to shareholders	–	–	(2,400,000)	(2,400,000)
Balance at December 31, 2011	600,000	425,440	8,604,186	9,629,626
Profit for the year	–	–	7,772,055	7,772,055
Other comprehensive income (net of tax)	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**7,772,055**	**7,772,055**
Dividends to shareholders	–	–	(2,880,000)	(2,880,000)
Additional non-controlling interest from the acquisition of a subsidiary	–	–	–	–
Balance at December 31, 2012	600,000	425,440	13,496,241	14,521,681

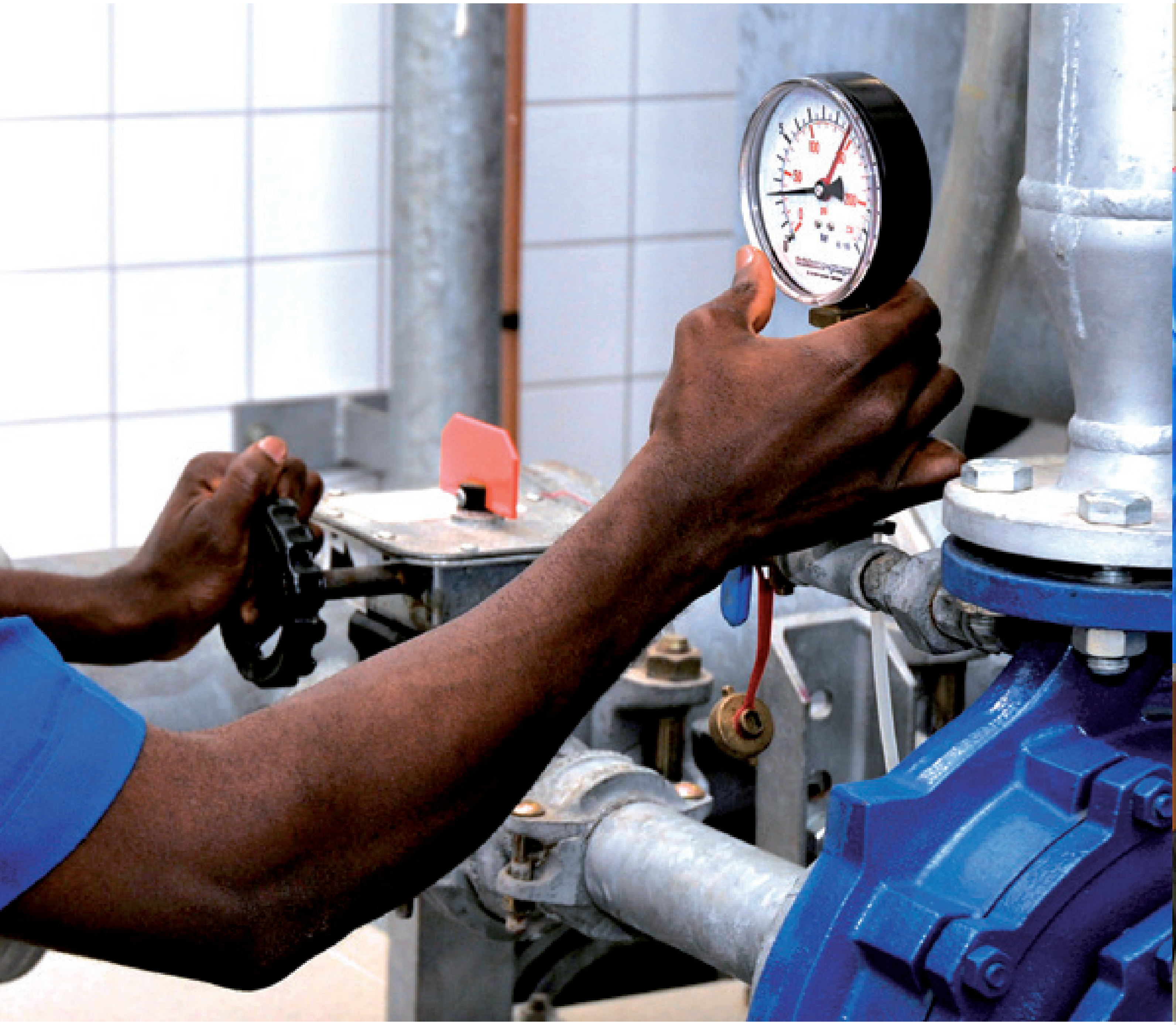
Statement of Cash Flows

for the Year Ended December 31, 2012

Group	Note	31/12/2012 ₦000	31/12/2011 ₦000
Cash flows from operating activities			
Cash received from customers		223,891,094	144,585,423
Cash paid to suppliers and employees		(191,881,154)	(123,734,160)
Cash generated by operating activities		**32,009,940**	**20,851,263**
Cash paid for taxes		(461,102)	(969,694)
Net cash generated by operating activities	30	**31,548,838**	**19,881,569**
Cash flows from investing activities			
Purchase of government bonds		–	–
Purchase of property, plant and equipment	14	(15,148,513)	(9,050,139)
Investment in subsidiary		(5,572,360)	–
Interest received		838,767	99,303
Proceeds from disposal of property, plant and equipment		1,810,750	2,168,050
Net cash used in investing activities		**(18,071,356)**	**(6,782,786)**
Cash flows from financing activities			
Loan received		–	–
Repayment of loans	26	(1,257,104)	(2,047,739)
Interest paid	9	(2,709,908)	(1,947,558)
Dividends paid		(2,776,879)	(2,190,602)
Net cash used in financing activities		**(6,743,891)**	**(6,185,899)**
Net increase in cash and cash equivalents		6,733,591	6,912,884
Cash and cash equivalents at the beginning of the year		(4,210,383)	(11,123,267)
Cash and cash equivalents at the end of the year	30.1	**2,523,208**	**(4,210,383)**
Cash and cash equivalents consist of:			
Cash and bank balances		10,731,468	11,827,635
Borrowings (bank overdrafts)		(8,208,260)	(16,038,018)
	30.1	**2,523,208**	**(4,210,383)**

Company	Note	31/12/2012 ₦000	31/12/2011 ₦000
Cash flows from operating activities			
Cash received from customers		216,643,073	143,200,033
Cash paid to suppliers and employees		(184,966,399)	(123,032,712)
Cash generated by operating activities		**31,676,674**	**20,167,321**
Cash paid for taxes		(455,449)	(963,135)
Net cash generated by operating activities	30	**31,221,225**	**19,204,186**
Cash flows from investing activities			
Purchase of government bonds		–	–
Purchase of property, plant and equipment	14	(14,832,157)	(8,449,242)
Investment in subsidiary		(11,101,217)	(77,715)
Interest received		647,810	99,303
Proceeds from disposal of property, plant and equipment		1,799,550	2,146,789
Net cash used in investing activities		**(23,486,014)**	**(6,280,865)**
Cash flows from financing activities			
Loan received		–	–
Repayment of loans	26	(1,257,104)	(2,047,739)
Interest paid	9	(2,708,783)	(1,946,713)
Dividends paid		(2,776,879)	(2,169,602)
Net cash used in financing activities		**(6,742,766)**	**(6,164,054)**
Net increase in cash and cash equivalents		992,445	6,759,267
Cash and cash equivalents at the beginning of the year		(4,379,621)	(11,138,888)
Cash and cash equivalents at the end of the year	30.1	**(3,387,176)**	**(4,379,621)**
Cash and cash equivalents consist of:			
Cash and bank balances		4,821,084	11,658,397
Borrowings (bank overdrafts)		(8,208,260)	(16,038,018)
	30.1	**(3,387,176)**	**(4,379,621)**

Services



Julius Berger provides comprehensive facility services. Our mission is to preserve the sustained availability and high value of clients' assets. As such, we offer a full range of premium preventive and proactive facility management and refurbishment services. As the first Nigerian construction company to provide comprehensive facility management, we have set out to promote a maintenance culture in the country.

We handle the operation of building and office infrastructure and also provide warehouse, supply chain and computer assisted facility management, which allows clients the freedom to concentrate on their core business. Clients trust that the same level of quality which defines our core construction business also exemplifies our expertise in facility services. For the National Assembly in Abuja, Julius Berger handles complete facility management. Staff is available for around the clock service to manage technical and infrastructural maintenance. Dedicated crews are responsible for maintaining the wide array of standard equipment and specialised systems. For the Central Bank of Nigeria, Julius Berger refurbished an existing conference room to deliver a highly functional conference suite with cutting-edge technical and media capabilities.

Clockwise (both pages):
Julius Berger staff at work
Central Bank of Nigeria, Abuja

Notes to the Financial Statements

for the Year Ended December 31, 2012

1. General Information

Julius Berger Nigeria Plc was incorporated as a private limited liability company in 1970. The Company subsequently converted to a public limited liability company and its shares became listed on the Nigerian Stock Exchange in 1991. The Company is registered in Nigeria, registration number RC 6852. The addresses of its registered office and principal place of business are disclosed in the introduction to this Annual Report. The principal activities of the Company and its subsidiaries (the "Group") are described in Notes 5 and 16 to the financial statements.

2. Application of New and Revised International Financial Reporting Standards (IFRS)

2.1 New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 9: Financial Instruments[3]
- IFRS 10: Consolidated Financial Statements[1]
- IFRS 11: Joint Arrangements[1]
- IFRS 12: Disclosure of Interests in Other Entities[1]
- IFRS 13: Fair Value Measurement[1]
- Amendments to IFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
- Amendments to IFRS 9 and IFRS 7: Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
- Amendments to IFRS 10, IFRS 11 and IFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
- IAS 19 (as revised in 2011): Employee Benefits[1]
- IAS 27 (as revised in 2011): Separate Financial Statements[1]
- IAS 28 (as revised in 2011): Investments in Associates and Joint Ventures[1]
- Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities[2]
- Amendments to IFRSs: Annual Improvements to IFRSs 2009-2011 Cycle
- IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine[1]

1 Effective for annual periods beginning on or after January 1, 2013
2 Effective for annual periods beginning on or after January 1, 2014
3 Effective for annual periods beginning on or after January 1, 2015

2.1.1 IFRS 9 Financial instruments

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition. Below are the key requirements.

All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability, that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The Directors anticipate that the application of IFRS 9 in the future may have an insignificant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

2.1.2 New and revised standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011). Below are the key requirements.

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation – Special Purpose Entities will be withdrawn upon the effective date of IFRS 10. Under IFRS 10, there is only one basis for consolidation, that is, control. In addition, IFRS 10 includes a new definition of control that contains three elements: a) power over an investee, b) exposure, or rights, to variable returns from its involvement with the investee, and c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers will be withdrawn upon the effective date of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportional consolidation.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

In June 2012, the amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the application of these IFRSs for the first time.

These five standards together with the amendments regarding the transition guidance are effective for annual periods beginning on or after January 1, 2013, with earlier application permitted, provided all of these standards are applied at the same time.

The Directors anticipate that the application of these five standards will have an insignificant impact on amounts reported in the consolidated financial statements.

The Directors anticipate that IFRS 11 will have no effect to the Group's financial statements as the Group does not engage in such activities.

2.1.3 IFRS 13 Fair value measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy, currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures, will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

The Directors anticipate that the application of the new standard may affect certain amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

2.1.4 Amendments to IFRS 7 and IAS 32 Offsetting financial assets and financial liabilities and the related disclosures

The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to IFRS 7 are effective for annual periods beginning on or after January 1, 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to IAS 32 are not effective until annual periods beginning on or after January 1, 2014, with retrospective application required.

The Directors anticipate that the application of these amendments to IAS 32 and IFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

2.1.5 IAS 19 Employee benefits

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

The amendments to IAS 19 require retrospective application. Based on the Directors' preliminary assessment, when the Group applies the amendments to IAS 19 for the first time for the year ending December 31, 2013, the profit after income tax for the year ended December 31, 2012, would not be materially different. The net effect could however reflect a number of adjustments, including their income tax effects: a) full recognition of actuarial gains through other comprehensive income and decrease in the net pension deficit, b) immediate recognition of past service costs in profit or loss and an increase in the net pension deficit.

2.1.6 Annual improvements to IFRSs 2009–2011 cycle issued in May 2012

The annual improvements to IFRSs 2009–2011 cycle include a number of amendments to various IFRSs. The amendments are effective for annual periods beginning on or after January 1, 2013. Amendments to IFRSs include:

- amendments to IAS 1 Presentation of Financial Statements
- amendments to IAS 16 Property, Plant and Equipment
- amendments to IAS 32 Financial Instruments: Presentation

Amendments to IAS 1

The amendments to IAS 1 clarify that an entity is required to present a statement of financial position as at the beginning of the preceding period (third statement of financial position) only when the retrospective application of an accounting policy, restatement or reclassification has a material effect on the information in the third statement of financial position and that the related notes are not required to accompany the third statement of financial position.

The amendments also clarify that additional comparative information is not necessary for periods beyond the minimum comparative financial statement requirements of IAS 1. However, if additional comparative information is provided, the information should be presented in accordance with IFRSs, including related note disclosure of comparative information for any additional statements included beyond the minimum comparative financial statement requirements. Presenting additional comparative information voluntarily would not trigger a requirement to provide a complete set of financial statements. The Directors do not anticipate that the amendments to IAS 1 will have a significant effect on the Group's consolidated financial statements.

Amendments to IAS 16

The amendments to IAS 16 clarify that spare parts, standby equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise. The Directors do not anticipate that the amendments to IAS 16 will have a significant effect on the Group's consolidated financial statements.

Amendments to IAS 32

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 Income Taxes. The Directors anticipate that the amendments to IAS 32 will have no effect on the Group's consolidated financial statements as the Group has already adopted this treatment.

2.1.7 IFRIC 20 Stripping costs in the production phase of a surface mine

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine (production stripping costs). Under the interpretation, the costs from this waste removal activity (stripping), which provide improved access to ore, is recognised as a non-current asset (stripping activity asset) when certain criteria are met, whereas the costs of normal ongoing operational stripping activities are accounted for in accordance with IAS 2 Inventories. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part.

IFRIC 20 is effective for annual periods beginning on or after January 1, 2013. Specific transitional provisions are provided to entities that apply IFRIC 20 for the first time. However, IFRIC 20 must be applied to production stripping costs incurred on or after the beginning of the earliest period presented.

The Directors anticipate that IFRIC 20 will have no effect on the Group's financial statements as the Group does not engage in such activities.

3. Significant Accounting Policies

3.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards.

3.2 Basis of preparation

The consolidated financial statements are prepared on a historical cost basis except for certain financial and equity instruments that have been measured at fair value. The following are the significant accounting policies adopted by the Group in the preparation of these financial statements.

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

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

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

3.2.1 Transition to IFRS – first time application

Until December 31, 2011, the Group prepared its consolidated financial statements in accordance with Nigeria GAAP (NGAAP) as issued by the FRCN (formerly Nigerian Accounting Standards Board (NASB). The Group followed the provisions of IFRS 1, "First Time Adoption of IFRS", in preparing its opening and comparative IFRS Statement of Financial Position as at the date of transition January 1, 2011 and comparative date of December 31, 2011. Certain of the Group's IFRS significant accounting policies used for this opening and comparative Statement of Financial Position differ from the NGAAP significant accounting policies applied at those same dates. The resulting adjustments arose from events and transactions before the date of transition to IFRS. Therefore, as required by IFRS 1, those adjustments were recognised directly through retained earnings as of January 1, 2011.

There are mandatory exceptions and voluntary exemptions allowed under IFRS 1. The Group has adopted all the mandatory exceptions that are applicable to it. Below are the first time adoption decisions regarding the exemptions taken. Other exemptions of IFRS 1 which are not discussed here are not relevant to the Group's business.

Business combination: The Group has elected not to apply IFRS 3 to past business combination before the transition date.

Accounting for investments in subsidiaries, jointly controlled entities and associates in separate financial statements: At transition, the Group took the carrying values for investments in subsidiaries under NGAAP as deemed cost for IFRS transition statement of financial position.

3.2.2 Transition to IFRS – effect of transition

Reconciliation of the Group's Statement of Financial Position prepared under NGAAP and IFRS as at January 1, 2011, and December 31, 2011, are also presented in Note 37 to the financial statements. Reconciliation of the Group's Statement of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2011, prepared in accordance with NGAAP and IFRS, as well as the reconciliation of the shareholders equity as at December 31, 2011, prepared under the NGAAP and IFRS, are also disclosed in Note 37 to the financial statements.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements are all made up to December 31.

3.3.1 Accounting for subsidiaries

Income and expenses of subsidiaries acquired or disposed of during the year are included in the Statement of Profit or Loss and Other Comprehensive Income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. 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 on 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 non-controlling shareholder's share of changes in equity since the date of combination.

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

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

- the aggregate of the fair value of the consideration received and the fair value of any retained interest
- the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests

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

3.4 Business combinations

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

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

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

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

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

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

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

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

3.4.1 Acquisition of interests from non-controlling shareholders

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

3.5 Goodwill

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

3.6 Revenue recognition

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

3.6.1 Goods and services

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

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

3.6.2 Construction contracts

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

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

3.7 Gross amount due from customers

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

3.8 Advance payments received

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

3.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.10 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment, if any.

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

Maintenance, repairs, and renewals are generally charged to expense during the financial period in which they are incurred. However, major renovations are capitalised and included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group.

No depreciation to land properties applies.

Losses or gains on disposals of assets are recognised in the Statement of Profit or Loss and Other Comprehensive Income under 'other gains and losses'.

Depreciation is recognised so as to write-off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the diminishing balance method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Buildings: 10 % in the year of acquisition and thereafter at 10 % per annum on the book written down value.

Plant, machinery and other PPE: 32.5 % in the year of acquisition and thereafter at 12.5 % per annum on the book written down value.

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

3.11 Non-current assets held for sale

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

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

3.12 Leasing

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

3.12.1 The Group as lessor

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

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

3.12.2 The Group as lessee

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

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

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

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

3.13 Intangible assets

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

3.13.1 Intangible assets acquired separately

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

3.13.2 Internally generated intangible assets – Research and development expenditure

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

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

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

3.13.3 Intangible assets acquired in a business combination

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

3.13.4 Derecognition of intangible assets

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

3.14 Inventories

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

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

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

3.15 Taxation

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

3.15.1 Income and deferred tax for the year

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

3.15.2 Income tax

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

3.15.3 Deferred taxation

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

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

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

3.16 Foreign currencies

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

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

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

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

3.17 Dividends

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

3.18 Retirement benefits

3.18.1 Defined contribution plan

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Retirement benefit plans for members of staff are structured through a defined contributory pension scheme, which is independent of the Group's finances and is managed by Pension Fund administrators. The scheme, which is funded by contributions from both employees and employer at 7.5 % each, is consistent with the Pension Reform Act 2004.

3.18.2 Defined benefit plan

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with

actuarial valuations being carried out periodically so that a provision for the present value of the estimated cost for liabilities due at the reporting date in respect of employees' terminal gratuities based on qualifying years of service and applicable emoluments as per operating collective agreement is being made in the statement of financial position.

3.19 Financial instruments

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

3.19.1 Financial assets

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

3.19.1.1 Amortised cost and effective interest method

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

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

3.19.1.2 Classification of financial assets

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

3.19.1.2.1 Fair value through profit or loss (FVTPL)

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss is included in the 'other gains and losses' line item in the Consolidated Statement of Comprehensive Income.

Interest income on debt instruments as at FVTPL is included in the net gain or loss described above.

Dividend income on investments in equity instruments at FVTPL is recognised in profit or loss when the Group's right to receive the dividends is established in accordance with IAS 18 Revenue and is included in the net gain or loss described above.

3.19.1.2.2 Held-to-maturity

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

3.19.1.2.3 Available-for-sale (AFS)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as a) loans and receivables, b) held-to-maturity investments or c) financial assets at fair value through profit or loss. Available-for-sale financial instruments are initially measured at fair value, which represents consideration given plus transaction costs, and subsequently carried at fair value. Fair value is based on market prices for these assets. AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period. Gains or losses are recognised in statement of other comprehensive income and accumulated as a fair value reserve in the statement of changes in equity until the asset is disposed of or impaired, and then the cumulative gain or loss is recognised in profit or loss.

3.19.1.2.4 Loans and receivables

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

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

Contract receivables and retentions: Contract receivables and retentions are initially recognised at fair value, and are subsequently classified as loans and receivables and measured at amortised cost using the effective interest rate method. Contract receivables and retentions comprise amounts due in respect of certified or approved certificates by the client or consultant at the reporting date for which payment has not been received, and amounts held as retentions on certified certificates at the reporting date. Contract receivables are stated after deduction of specific allowance for any debt considered doubtful of collection. The allowance for bad and doubtful debts is based on the estimated irrecoverable which is determined based on the ageing of the receivable balance and historical experience.

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

3.19.1.3 Foreign exchange gains and losses

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

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

3.19.1.4 Impairment of financial assets

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

Objective evidence of impairment could include:

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

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

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

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

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

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

3.19.1.5 Derecognition of financial assets

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

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

On derecognition of a financial asset that is classified as fair-value-through-other-comprehensive-income (FVTOCI), the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is reclassified to retained earnings.

3.19.2 Financial liabilities and equity instruments

3.19.2.1 Classification as debt or equity

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

3.19.2.2 Equity instruments

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

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

3.19.2.3 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below market interest rate are measured in accordance with the specific accounting policies set out below.

3.19.2.3.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term or
- on initial recognition it is part of a portfolio of identified financial instruments

that the Group manages together and has a recent actual pattern of short term profit-taking or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise or
- the financial liability forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Grouping is provided internally on that basis or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL

Financial liabilities at FVTPL are stated at fair value. Any gains or losses arising on remeasurement of held-for-trading financial liabilities are recognised in profit or loss. Such gains or losses that are recognised in profit or loss incorporate any interest paid on the financial liabilities and are included in the 'other gains and losses' line item in the Consolidated Statement of Comprehensive Income.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Group as at fair value through profit or loss are recognised in profit or loss.

3.19.2.3.2 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'finance costs' line item.

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

3.19.2.3.3 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies

3.19.2.3.4 Foreign exchange gains and losses

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

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

3.19.2.3.5 Derecognition of financial liabilities

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

3.20 Provisions

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

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

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

3.21 Related parties

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

3.22 Earnings per share

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

3.23 Segment reporting

Segment information is presented in respect of the Group's business segments. The business segments are determined by management based on the Group's internal reporting structure. The determination of the Group's operating segments is based on the organisation units for which information is reported to the Group's management. The Group has three segments, civil works, building works and services. These three segments have separate reporting structures.

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

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

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

3.24 Impairment

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

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

3.25 Transfer pricing

Transactions between entities in the Group and all connected persons are carried on in a manner consistent with the arm's length principle using the appropriate transfer pricing method. Where necessary, the Group will enter into an advance pricing agreement to establish an appropriate set of criteria for determining whether the person has complied with the arm's length principle for certain future controlled transactions undertaken by the Group over a fixed period of time.

4. Critical Judgement Areas and Key Sources of Estimation Uncertainty

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

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

4.1 Critical judgements in applying the Group's accounting policies

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

4.1.1 Income taxes

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

4.1.2 Revenue recognition

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

4.1.3 Allowance for doubtful debts/receivables

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

4.1.4 Review of the useful lives of tangible assets

The Directors believe that the consumption pattern on items of property, plant and equipment is such that a higher value is consumed in the first year the asset is put to use and subsequently, the net book value is spread over the remaining useful life of the assets. The judgment exercised is based on past experience with similar assets, technological obsolescence and declining residual values.

4.1.5 Write-down of inventories to net realisable value

Management has written-down inventories that are obsolete to a nil value as they are not expected to be useable. Obsolescence is determined based on the expiry date as at the reporting date.

4.2 Key sources of estimation uncertainty

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

4.2.1 Provision for rehabilitation of quarry

The provision made for rehabilitation of quarry is based on estimated cost of materials, labour and other direct cost that will be incurred in rehabilitation in 2017 (five years' time). An adjustment factor for inflation based on general price index and market premium was used to determine the estimated future cash flows. The present value of the estimated outflow is determined by adjusting the expected future cost using a discount rate that reflects the Group's current borrowing cost.

4.2.2 Impairment loss on property, plant and equipment

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

5. Segmental Analysis of Continuing Operations

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

Julius Berger Nigeria Plc reports on its business in three segments: civil works, building works and services. The Management regularly review performance of theses segments.

5.1 Principal segment activities

Civil works: The segment is responsible for provision of professional services in the areas of engineering, construction and maintenance of various infrastructures. Such infrastructure includes traffic networks, harbours, jetties, wharfs, airports and auxiliary buildings for the oil and gas sector.

Building works: The segment is responsible for the designing and building of administration, commercial and industrial buildings, hotels, hospitals, airport terminals, sports facilities and residential districts, to name a few. Under this segment is a furniture production unit which supports turnkey construction.

Services: The segment provides facility management solutions to ensure the useful life of a building is extended and maintenance costs are significantly reduced. Available through the segment is a technical, infrastructural and commercial facility management, as well as refurbishment, renovation and furnishing capabilities.

5.2 Revenue

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000
Class of business:				
Civil works	124,985,722	103,398,076	120,375,160	101,383,428
Building works	76,307,590	75,889,534	76,307,591	65,889,534
Services	271,964	125,761	271,962	125,761
Total revenue	**201,565,276**	**169,413,371**	**196,954,713**	**167,398,723**

5.3 Profit or loss and results

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000
Class of business:				
Civil works	243,745,818	204,497,975	231,510,992	187,418,784
Building works	114,211,015	106,486,956	107,623,031	96,967,407
Services	(296,255,087)	(282,464,236)	(292,970,311)	(261,858,664)
Total profit of segments	**61,701,746**	**28,520,695**	**46,163,712**	**22,527,528**
Corporate costs	(46,650,346)	(16,639,990)	(31,909,949)	(10,707,178)
EBITA	**15,051,400**	**11,880,705**	**14,253,763**	**11,820,350**
Finance costs	(2,709,908)	(1,947,558)	(2,708,783)	(1,946,713)
Adjusted profit before tax	12,341,492	9,933,147	11,544,980	9,873,637
Other items	–	–	–	–
Profit before income tax	**12,341,492**	**9,933,147**	**11,544,980**	**9,873,637**

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

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

5.4 Information about major customers

Included in the revenue reported by civil works of ₦128.2 Billion (2011: ₦92.8 Billion) are three customers whose individual balances of ₦53.7 Billion (₦35.8 Billion), ₦42.1 Billion (2011: ₦19.2 Billion) and ₦24.9 Billion (2011: ₦39.9 Billion) represent more than 10% of the total revenue reported by the Group. No other single customers contributed 10% or more to the Group's revenue for both 2012 and 2011.

5.5 Segment assets and liabilities

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

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

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

Group	Segment Assets December 31, 2012 ₦000	Segment Liabilities December 31, 2012 ₦000	Segment Net Assets/Liabilities December 31, 2012 ₦000	Segment Assets December 31, 2011 ₦000	Segment Liabilities December 31, 2011 ₦000	Segment Net Assets/Liabilities December 31, 2011 ₦000
Class of business:						
Civil works	42,441,622	(84,392,743)	(41,951,121)	42,926,732	(77,510,546)	(34,583,814)
Building works	21,863,866	(37,354,165)	(15,490,299)	22,113,771	(34,307,947)	(12,194,176)
Services	61,933,234	(16,601,851)	45,331,383	56,133,273	(15,247,976)	40,885,297
	126,238,722	**(138,348,760)**	**(12,110,038)**	**121,173,776**	**(127,066,469)**	**(5,892,693)**
Net cash	10,731,468	(8,208,260)	2,523,208	11,827,635	(16,038,018)	(4,210,383)
Unallocated assets/(liabilities)	42,063,974	(17,332,964)	24,731,010	39,246,678	(19,397,377)	19,849,301
	179,034,164	**(163,889,984)**	**15,144,180**	**172,248,089**	**(162,501,864)**	**9,746,225**

Company	Segment Assets December 31, 2012 ₦000	Segment Liabilities December 31, 2012 ₦000	Segment Net Assets/Liabilities December 31, 2012 ₦000	Segment Assets December 31, 2011 ₦000	Segment Liabilities December 31, 2011 ₦000	Segment Net Assets/Liabilities December 31, 2011 ₦000
Class of business:						
Civil works	56,754,787	(83,912,857)	(27,158,070)	43,249,884	(80,120,430)	(36,870,546)
Building works	29,237,314	(37,141,756)	(7,904,442)	22,280,243	(35,463,141)	(13,182,898)
Services	72,057,058	(16,507,448)	55,549,610	55,636,412	(15,761,396)	39,875,016
	158,049,159	**(137,562,061)**	**20,487,098**	**121,166,539**	**(131,344,966)**	**(10,178,428)**
Net cash	4,821,084	(8,208,260)	(3,387,176)	11,658,397	(16,038,018)	(4,379,621)
Unallocated assets/(liabilities)	12,607,943	(15,186,184)	(2,578,241)	38,752,153	(14,564,478)	24,187,674
	175,478,186	**(160,956,505)**	**14,521,681**	**171,577,089**	**(161,947,463)**	**9,629,626**

6. Revenue

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000
Construction contracts	196,954,714	167,398,723	196,954,713	167,398,723
Rendering of services	4,610,562	2,014,648	–	–
	201,565,276	**169,413,371**	**196,954,713**	**167,398,723**

7. Investment Income

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000
Investment income consists of interest income from:				
Other financial assets	507,745	–	507,745	–
Bank deposits	331,022	99,303	140,065	99,303
	838,767	**99,303**	**647,810**	**99,303**

8. Other Gains and Losses

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000
Profit from sale of property, plant and equipment	874,680	1,419,460	868,556	1,416,828
Net foreign exchange gains/(losses)	56,484	(386,798)	206,119	(414,828)
Sundry income	301,194	39,820	218,871	–
	1,232,358	**1,072,482**	**1,293,546**	**1,002,000**

9. Finance Cost

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000
Interest on overdraft	1,795,288	1,044,920	1,795,288	1,044,920
Interest on loan	–	71,167	–	71,167
Other finance charges	914,620	831,471	913,495	830,626
	2,709,908	**1,947,558**	**2,708,783**	**1,946,713**

10. Profit for the Year

Profit for the year on continuing operation has been arrived at after charging/(crediting):

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000
Net exchange gain/(losses)	(56,484)	386,798	(206,118)	414,828
Depreciation of property, plant and equipment	11,370,648	9,349,794	11,255,138	9,276,644
Write downs of inventories recognised as an expense	164,201	201,819	210,372	82,479
Audit remuneration	96,000	49,500	60,000	35,000
Staff costs (see Note 11)	49,443,312	43,225,552	46,085,310	41,983,484
Gain on disposal of property, plant and equipment	(874,680)	(1,419,460)	(868,556)	(1,416,828)

The total remuneration of the Group's Auditor, Akintola Williams Deloitte and other professional firms for services provided to the Group:

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000
Audit fees:				
Parent group	70,000	40,000	60,000	30,000
Subsidiaries Auditors (Ernst & Young and Agbo Abel Nexia)	26,000	9,500	–	–
Other audit related fees	–	–	–	–
Audit and audit related fees	**96,000**	**49,500**	**60,000**	**30,000**
Other fees:				
Taxation	7,000	3,000	7,000	3,000
Others	3,000	3,000	3,000	3,000
Total fees	**106,000**	**45,500**	**70,000**	**36,000**

11. Staff Costs and Employee Numbers

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000
Wages and salaries	46,285,284	38,004,997	43,025,869	36,895,835
Social security costs	410,629	387,061	410,629	387,061
Defined benefit plans	1,490,248	3,800,153	1,449,205	3,707,244
Defined benefit pension schemes expense	1,257,051	1,033,341	1,199,607	993,344
	49,443,312	**43,225,552**	**46,085,310**	**41,983,484**

	Number	Number	Number	Number
The average number of people employed was as follows:				
Civil works	3,218	5,692	3,118	5,592
Building works	6,455	4,626	6,005	4,476
Services	9,561	8,352	9,275	8,167
	19,234	**18,670**	**18,398**	**18,235**

The average number of employees in the services division includes managerial staff as well as executive management.

	Number	Number	Number	Number
Managerial staff	121	115	98	97
Senior staff	777	758	710	715
Junior staff	18,336	17,797	17,590	17,423
	19,234	**18,670**	**18,398**	**18,235**

12. Taxation

12.1 Income tax recognised in Statement of Profit or Loss and Other Comprehensive Income

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000
Current tax				
Current tax expense in respect of the current year	3,087,037	2,923,921	2,585,591	2,897,526
Education tax (2 % of assessable profit)	435,066	460,436	432,905	455,449
Capital gains tax in respect of disposal of items of PPE in the current year	29,006	97,719	29,006	97,720
Adjustments in relation to the current tax of prior years	20,668	1,611,806	–	1,569,459
Deferred tax				
Deferred tax expense recognised in the current year	757,021	427,266	725,423	441,663
Total income tax expense recognised in the current year	**4,328,798**	**5,521,149**	**3,772,925**	**5,461,817**

The income tax expense for the year can be reconciled to the accounting profit as follows:				
Profit before tax from operations	12,341,492	9,933,147	11,544,981	9,873,637
Expected income tax expense calculated at 30 % (2011: 30 %)	3,702,448	2,979,944	3,463,494	2,962,091
Education tax expense calculated at 2 % (2011: 2 %) of assessable profit	435,066	460,436	432,905	455,449
Effect of income that is exempt from taxation	(2,773,468)	(2,130,722)	(2,672,980)	(2,130,722)
Effect of expenses that are not deductible in determining taxable profit	6,061,855	5,870,147	5,703,060	5,861,605
Effect of unrecognised and unused tax losses now recognised as deferred tax assets	417,450	344,834	421,067	344,834
Effect of different tax rates of subsidiaries and adjustments	(4,321,248)	(4,140,282)	(4,329,050)	(4,140,282)
Deferred tax expense recognised in the current year	757,021	427,266	725,423	441,663
Income tax expense recognised in profit or loss	4,279,124	3,811,623	3,743,919	3,794,638
Capital gains tax in relation to the disposal of items of PPE	29,006	97,720	29,006	97,720
Adjustments recognised in the current year in relation to the current tax of prior years	20,668	1,611,806	–	1,569,459
	4,328,798	**5,521,149**	**3,772,925**	**5,461,817**

The tax rate used for the 2012 and 2011 reconciliations above is the corporate tax rate of 30 % payable by corporate entities in Nigeria on taxable profits under the Companies Income Tax Act.

12.2 Current tax liabilities

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000
Income tax payable	3,087,037	2,923,921	2,585,591	2,897,526
Education tax payable	435,066	460,436	432,905	455,449
Capital gains tax payable	29,006	97,719	29,006	97,720
	3,551,109	**3,482,077**	**3,047,502**	**3,450,695**

12.3 Deferred tax assets and liabilities – Group

Deferred tax assets and liabilities are attributable to the following:

Group	31/12/2012 ₦000	31/12/2011 ₦000	01/01/2011 ₦000
Deferred tax assets			
Deferred tax assets to be recovered after more than 12 months	1,974,788	1,409,654	760,061
Deferred tax assets to be recovered within 12 months	1,042,248	1,952,729	2,759,303
	3,017,036	**3,362,383**	**3,519,364**
Deferred tax liabilities			
Deferred tax liabilities to be recovered after more than 12 months	4,694,956	4,849,443	3,631,769
Deferred tax liabilities to be recovered within 12 months	971,921	590,856	1,540,752
	5,666,877	**5,440,299**	**5,172,521**
Deferred tax liabilities (net)	**(2,649,841)**	**(2,077,916)**	**(1,653,157)**
The gross movement in deferred taxation during the year is as follows:			
Balance at January 1	2,077,916	1,653,156	1,024,613
Exchange differences	–	–	–
Profit or loss charge	105,476	(113,065)	210,722
Tax charge/(credit) relating to components of other comprehensive income	651,544	(1,017,918)	417,822
Tax charge/(credited) directly to equity	(185,095)	1,555,743	–
Balance at December 31	**2,649,841**	**2,077,916**	**1,653,157**

12.3 Deferred tax assets and liabilities – Group (continued)

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

Deferred Tax Liabilities	Accelerated Tax Depreciation ₦000	Adjustments & Fair Value Gains ₦000	Others ₦000	Total ₦000
Balance at January 1, 2011	3,631,769	–	1,540,752	5,172,521
Charged to profit or loss	1,204,756	–	–	1,204,756
Charged to other comprehensive income	17,966	(5,048)	(949,896)	(936,978)
Balance at December 31, 2011	**4,854,491**	**(5,048)**	**590,856**	**5,440,299**
Charged to profit or loss	30,608	–	381,065	411,673
Charged to other comprehensive income	–	(185,095)	–	(185,095)
Balance at December 31, 2012	**4,885,099**	**(190,143)**	**971,921**	**5,666,877**

Deferred Tax Assets	Retirement Benefit Obligation ₦000	Impairment & Tax Losses ₦000	Provisions and Others ₦000	Total ₦000
Balance at January 1, 2011	(874,865)	(1,884,438)	(760,061)	(3,519,364)
Charged to profit or loss	(848,763)	75,181	(469,058)	(1,242,640)
Charged to other comprehensive income	–	1,580,157	(180,536)	1,399,622
Balance at December 31, 2011	**(1,723,628)**	**(229,100)**	**(1,409,655)**	**(3,362,383)**
Charged to profit or loss	1,290,883	(380,402)	(1,216,678)	(306,197)
Charged to other comprehensive income	–	–	651,544	651,544
Balance at December 31, 2012	**(432,745)**	**(609,502)**	**(1,974,789)**	**(3,017,036)**

12.4 Deferred tax assets and liabilities – Company

Deferred tax assets and liabilities are attributable to the following:

Company	31/12/2012 ₦000	31/12/2011 ₦000	01/01/2011 ₦000
Deferred tax assets			
Deferred tax assets to be recovered after more than 12 months	1,957,964	1,392,831	760,061
Deferred tax assets to be recovered within 12 months	941,507	1,851,987	2,658,563
	2,899,471	**3,244,818**	**3,418,624**
Deferred tax liabilities			
Deferred tax liabilities to be recovered after more than 12 months	4,639,017	4,640,009	3,422,256
Deferred tax liabilities to be recovered within 12 months	1,054,018	672,949	1,622,845
	5,693,035	**5,312,958**	**5,045,101**
Deferred tax liabilities (net)	**(2,793,564)**	**(2,068,140)**	**(1,626,477)**
The gross movement in deferred taxation during the year is as follows:			
Balance at January 1	2,068,140	1,626,477	815,099
Exchange differences	651,544	484,515	311,463
Profit or loss charge	73,880	(42,852)	499,915
Tax charge / (credited) directly to equity	–	–	–
Balance at December 31	**2,793,564**	**2,068,140**	**1,626,477**

12.4 Deferred tax assets and liabilities – Company (continued)

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

Deferred Tax Liabilities	Accelerated Tax Depreciation ₦000	Adjustments & Fair Value Gains ₦000	Others ₦000	Total ₦000
Balance at January 1, 2011	3,422,256	–	1,622,845	5,045,101
Charged to profit or loss	1,199,787	–	–	1,199,787
Charged to other comprehensive income	17,966	–	(949,896)	(931,930)
Balance at December 31, 2011	**4,640,009**	**–**	**672,949**	**5,312,958**
Charged to profit or loss	(990)	–	381,067	380,077
Charged to other comprehensive income	–	–	–	–
Balance at December 31, 2012	**4,639,019**	**–**	**1,054,016**	**5,693,035**

Deferred tax assets	Retirement Benefit Obligation ₦000	Impairment & Tax Losses ₦000	Provisions and Others ₦000	Total ₦000
Balance at January 1, 2011	(774,125)	(1,884,438)	(760,061)	(3,418,624)
Charged to profit or loss	(848,763)	75,181	(469,058)	(1,242,640)
Charged to other comprehensive income	–	1,580,157	(163,711)	1,416,446
Balance at December 31, 2011	**(1,622,888)**	**(229,100)**	**(1,392,830)**	**(3,244,818)**
Charged to profit or loss	1,290,883	(380,402)	(1,216,678)	(306,197)
Charged to other comprehensive income	–	–	651,544	651,544
Balance at December 31, 2012	**(332,005)**	**(609,502)**	**(1,957,964)**	**(2,899,471)**

13. Earnings Per Share

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

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000
Earnings				
Earnings for the purpose of basic earnings and diluted earnings per share being net profit attributable to equity holders of the Company	8,193,543	4,415,908	7,772,056	4,411,820
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,200,000**	**1,200,000**	**1,200,000**	**1,200,000**
Earnings per 50 Kobo share (₦) – basic and diluted	**6.83**	**3.68**	**6.48**	**3.68**

14. Property, Plant and Equipment

Group	Land ₦000	Buildings ₦000	Plant & Machinery ₦000	Other Fixed Assets ₦000	Capital Work-In-Progress ₦000	Total ₦000
Cost:						
Balance at January 1, 2011	2,344,102	5,482,246	101,193,801	663,260	1,683,016	111,366,425
Write-offs	(1,849,102)	–	–	–	–	(1,849,102)
Additions	39,687	506,970	6,978,535	47,621	1,477,326	9,050,139
Transfers from capital work in progress	–	3,160,342	–	–	(3,160,342)	–
Disposals	–	(811)	(4,314,614)	(137,358)	–	(4,452,783)
Reclassifications to assets held for sale	–	–	(334,821)	–	–	(334,821)
Balance at December 31, 2011	**534,687**	**9,148,747**	**103,522,901**	**573,523**	**–**	**113,779,858**
Arising on acquisition	–	–	10,399	–	–	10,399
Additions	89,549	–	14,742,608	316,356	–	15,148,513
Disposals	–	–	(5,650,186)	(93,504)	–	(5,743,690)
Reclassifications	–	–	(37,909)	–	–	(37,909)
Balance at December 31, 2012	**624,236**	**9,148,747**	**112,587,813**	**796,375**	**–**	**123,157,171**
Accumulated depreciation and impairment loss:						
Balance at January 1, 2011	–	1,653,927	49,175,389	400,835	–	51,230,151
Charge for the year	–	711,515	8,596,984	41,296	–	9,349,795
Eliminated on disposals	–	(555)	(2,602,341)	(81,485)	–	(2,684,381)
Eliminated on reclassification to assets held for sale	–	–	–	–	–	–
Impairment loss	–	–	462,515	–	–	462,515
Balance at December 31, 2011	**–**	**2,364,887**	**55,632,547**	**360,646**	**–**	**58,358,080**
Charge for the year	–	678,385	10,637,168	55,095	–	11,370,648
Disposals	–	–	(4,358,819)	5,336	–	(4,353,484)
Eliminated on disposals	–	–	–	–		–
Eliminated on reclassification to assets held for sale	–	–	–	–	–	–
Impairment loss	–	–	702,899	–	–	702,899
Balance at December 31, 2012	**–**	**3,043,272**	**62,613,795**	**421,077**	**–**	**66,078,144**
Net book value:						
Balance at December 31, 2012	**624,236**	**6,105,475**	**49,974,018**	**375,298**	**–**	**57,079,027**
Balance at December 31, 2011	**534,687**	**6,783,860**	**47,890,354**	**212,877**	**–**	**55,421,778**
Balance at January 1, 2011	**2,344,102**	**3,828,319**	**52,018,412**	**262,425**	**1,683,016**	**60,136,274**

Company	Land ₦000	Buildings ₦000	Plant & Machinery ₦000	Other Fixed Assets ₦000	Capital Work-In-Progress ₦000	Total ₦000
Cost:						
Balance at January 1, 2011	2,344,102	5,426,496	100,851,151	406,109	1,683,016	110,710,874
Write-offs	(1,849,102)	–	–	–	–	(1,849,102)
Additions	39,687	–	6,932,229	–	1,477,326	8,449,242
Transfers from capital work in progress	–	3,160,342	–	–	(3,160,342)	–
Disposals	–	–	(4,223,363)	(112,266)	–	(4,335,629)
Reclassifications to assets held for sale	–	–	(334,821)	–	–	(334,821)
Balance at December 31, 2011	**534,687**	**8,586,838**	**103,225,196**	**293,843**	**–**	**112,640,564**
Arising on acquisition		–	–	–	–	–
Additions	89,549	–	14,742,608	–	–	14,832,157
Disposals		–	(5,649,235)	(55,490)	–	(5,704,725)
Reclassifications		–	(37,909)	–	–	(37,909)
Balance at December 31, 2012	**624,236**	**8,586,838**	**112,280,659**	**238,353**	**–**	**121,730,087**
Accumulated depreciation and impairment loss:						
Balance 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)
Eliminated on reclassification to assets held for sale	–	–	–	–	–	–
Impairment loss	–	–	462,515	–	–	462,515
Balance at December 31, 2011	**–**	**2,313,012**	**55,468,964**	**207,662**	**–**	**57,989,638**
Charge for the year	–	627,382	10,620,450	7,306	–	11,255,138
Disposals	–	–	(4,362,821)	(27,758)	–	(4,390,579)
Eliminated on disposals	–	–	–	–	–	–
Eliminated on reclassification to assets held for sale	–	–	–	–	–	–
Impairment loss	–	–	702,899	–	–	702,899
Balance at December 31, 2012	**–**	**2,940,394**	**62,429,492**	**187,210**	**–**	**65,557,097**
Net book value:						
Balance at December 31, 2012	**624,236**	**5,646,444**	**49,851,167**	**51,143**	**–**	**56,172,990**
Balance at December 31, 2011	**534,687**	**6,273,826**	**47,756,232**	**86,181**	**–**	**54,650,926**
Balance at January 1, 2011	**2,344,102**	**3,810,576**	**51,857,968**	**148,131**	**1,683,016**	**59,843,793**

The following useful lives are used in the calculation of depreciation:
Building 60–110 years; Plant and Machinery: 6–7 years; Other fixed assets: 6–7 years

14.1 Contractual commitment for capital expenditure

There are capital commitments for the purchase of land and buildings amounting to ₦1.5 Billion (2011: nil).

14.2 Assets pledged as security for liability

There is a debenture over the floating assets stamped and registered for ₦700 Million and used as collateral for the bank overdraft facilities.

15. Non Currents Assets Held for Sale

At the reporting date, property, plant and equipment of ₦728 Million (2011: ₦711 Million) were reclassified as non-current assets held for sale. The assets are taken to the sales yard once it has been determined that their value will be realised from sale and not continous use in the business operation by the ERC department and sales is expected to be completed within one year.

16. Intangible Assets

16.1 Goodwill

The purchased goodwill below was existing in the books of Julius Berger International GmbH. The entity purchased a stake in the Company including the goodwill which was acquired in piecemeal with 60 % interest purchased on June 29, 2012 and the remaining 30 % on December 28, 2012. It is the Group's policy to test goodwill for impairment annually and more frequently if there are indications of impairment. No impairment loss has been recognised as there are no indications that the goodwill is impaired.

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000
Cost	4,634,422	–	–	–
Accumulated impairment loss	–	–	–	–
	4,634,422	**–**	**–**	**–**

16.2 Other intangible assets

	Group Licences ₦000	Group Total ₦000	Company Licences ₦000	Company Total ₦000
Cost:				
Balance at January 1, 2012	–	–	–	–
Additions during the year	157,827	157,827	–	–
Balance at December 31, 2012	**157,827**	**157,827**	**–**	**–**
Accumulated amortization:				
Balance at January 1, 2012	–	–	–	–
Additions during the year	29,892	29,892	–	–
Balance at December 31, 2012	**29,892**	**29,892**	**–**	**–**
Net book value:				
Balance at December 31, 2012	**127,935**	**127,935**	**–**	**–**
Balance at December 31, 2011	**–**	**–**	**–**	**–**

The other intangible assets were part of the net assets acquired from the acquisition of Julius Berger International GmbH. There were no existing intangible assets prior to this acquisition. The amortisation of the useful life of the licenses is 3 years.

17. Investments in Subsidiaries

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000
Balance at January 1	–	–	273,990	196,275
Additions	–	–	11,101,217	77,715
Disposals	–	–	–	–
Balance at December 31	**–**	**–**	**11,375,207**	**273,990**

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

Name of Subsidiary	Principal Business Activities	Place of Incorporation and Operation	Proportion of Ownership Interest and Voting Power Held by the Parent Group		
			31/12/12	31/12/11	01/01/11
Abumet Nigeria Ltd.	Manufacturing of, and dealing in aluminium, steel, iron or other structural products of such nature.	Abuja, Nigeria	70 %	70 %	70 %
Julius Berger Services Nigeria Ltd.	Operating and managing port services, including stevedoring, shipping and warehousing.	Abuja, Nigeria	100 %	100 %	100 %
Julius Berger Medical Services Ltd.	Providing health care service and operating medical institutions for such purpose.	Abuja, Nigeria	100 %	100 %	-
PrimeTech Design and Engineering Nigeria Ltd.	Design, planning and engineering services, as well as construction and maintenance works.	Abuja, Nigeria	100 %	100 %	-
Julius Berger Investments Ltd.	Planning and strategic support for business development activities.	Abuja, Nigeria	100 %	-	-
Julius Berger International GmbH	Providing logistical and technical support on an international level.	Wiesbaden, Germany	90 %	-	-

During the year, the Group incorporated a wholly owned subsidiary Julius Berger Investments Ltd. Also, through a purchase arrangement, the parent Group acquired 90 % controlling interest in the ownership of Julius Berger International GmbH from Bilfinger Berger SE on an agreement in two installments.

18. Other Financial Assets

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000
Investments in bonds				
Balance at January 1	–	–	–	–
Additions	4,125,734	–	4,125,734	–
Disposals	–	–	–	–
Balance at December 31	**4,125,734**	**–**	**4,125,734**	**–**

In 2011, the Federal Government of Nigeria entered into an agreement to repay debt owed construction companies through the issuance of bond. The bond issue is managed under the Local Contractors Receivables Management Ltd. (Bonds Issuance Programme). The bond has a ₦100 per value split coupon with fixed interest rate at 16.5 % per annum payable on its offer at the end of three year zero coupon period and on the said principal sum semi-annually in arrears each year during the tenor subject to and in accordance with the conditions and provisions of the tranche trust deed.

The recovery from the three tranches received during the year amounted to a principal sum of ₦3.6 Billion with interest recognised in the profit or loss account of ₦508 Million.

The investment in bonds is carried at amortised cost and has been classified as held to maturity.

19. Inventories

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Group 01/01/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000	Company 01/01/2011 ₦000
Construction materials	3,751,646	4,159,567	4,753,892	3,226,126	3,498,050	4,378,581
Consumables	2,261,223	2,269,159	1,788,552	2,089,625	2,269,159	1,788,552
Spares	4,498,964	4,344,972	2,828,526	4,336,454	4,339,151	2,826,216
Others	622,534	548,248	286,580	536,718	543,690	285,690
	11,134,367	11,321,946	9,657,550	10,188,923	10,650,050	9,279,039
Allowances (Note 19.1)	(424,296)	(260,095)	(58,276)	(351,127)	(140,755)	(58,276)
	10,710,071	**11,061,851**	**9,599,274**	**9,837,796**	**10,509,295**	**9,220,763**

19.1

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

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Group 01/01/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000	Company 01/01/2011 ₦000
Balance at January 1	260,095	58,276	–	140,755	58,276	–
Amount charged to profit or loss	164,201	201,819	58,276	210,372	82,479	58,276
Balance at December 31	**424,296**	**260,095**	**58,276**	**351,127**	**140,755**	**58,276**

19.2

The cost of inventories recognised as an expense during the year in respect of operations was ₦18.1 Billion (December 31, 2011: ₦16.8 Billion).

19.3

Inventories have not been pledged as security for liabilities.

20. Amount Due from / to Customers from Construction Contract

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Group 01/01/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000	Company 01/01/2011 ₦000
Amount due from / to customers from construction contract						
Construction costs incurred plus recognised profits less recognised losses to date	436,220,695	231,399,479	61,986,108	436,220,695	231,399,479	61,986,108
Less: progress billings	(535,522,273)	(331,568,749)	(150,298,710)	(534,984,357)	(330,747,419)	(149,741,643)
Less: retentions	(503,704)	–	–	(503,704)	–	–
	(99,805,282)	**(100,169,270)**	**(88,312,602)**	**(99,267,366)**	**(99,347,940)**	**(87,755,535)**
Recognised and included in the consolidated financial statements as amounts:						
Due from customers under construction contracts	5,544,984	7,587,091	5,795,633	5,544,984	7,587,091	5,794,465
Due to customers under construction contracts (Note 20.1)	(105,350,266)	(107,756,361)	(94,108,235)	(104,812,352)	(106,935,031)	(93,550,000)
	(99,805,282)	**(100,169,270)**	**(88,312,602)**	**(99,267,366)**	**(99,347,940)**	**(87,755,535)**

20.1 Gross amounts due to customers

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Group 01/01/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000	Company 01/01/2011 ₦000
Current portion	18,863,122	13,658,887	61,652,717	18,740,904	12,837,557	61,094,482
Non-current portion	86,487,144	94,097,474	32,455,518	86,071,448	94,097,474	32,455,518
	105,350,267	**107,756,361**	**94,108,235**	**104,812,352**	**106,935,031**	**93,550,000**

Gross amounts due to customers from construction contracts includes advances received from clients of ₦101.5 Billion (2011: ₦107.8 Billion) for the Group and ₦100.9 Billion (2011: ₦106.9 Billion) for the Company.

21. Trade and Other Receivables

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Group 01/01/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000	Company 01/01/2011 ₦000
Trade receivables						
Contract and retention receivables (Note 24.1)	28,499,280	41,033,393	32,658,060	28,403,324	40,945,643	31,518,429
Receivables from rendering of services	1,878,057	611,615	–	–	–	–
Less: allowance for doubtful debt (see Note 21.3)	(1,539,715)	(1,510,520)	(1,139,631)	(1,443,759)	(1,422,770)	(1,092,000)
	28,837,622	40,134,488	31,518,429	26,959,565	39,522,873	30,426,429
Other receivables						
Supplier advances	7,437,664	5,525,691	5,879,393	7,640,374	5,497,388	6,422,681
Amount owed by related parties	666,938	–	–	3,077,752	1,764,134	807,896
Amount owed by staff debtors	85,950	132,670	92,604	67,406	132,670	92,604
Advance to vendors	3,393,358	–	–	1,464,744	–	–
Prepayments and accrued income	1,160,476	437,158	927,036	604,812	355,133	874,801
Other receivables	1,706,067	161,554	–	1,706,063	161,544	–
	43,288,075	**46,391,561**	**38,417,462**	**41,520,716**	**47,433,742**	**38,624,411**
Analysed as follows:						
Current portion	41,582,008	46,230,007	38,417,462	39,814,653	47,272,198	38,624,411
Non-current portion	1,706,067	161,554	–	1,706,063	161,544	–
	43,288,075	**46,391,561**	**38,417,462**	**41,520,716**	**47,433,742**	**38,624,411**

Trade receivables expected to be recovered within one year include retentions of ₦4.2 Billion (2011: ₦5.6 Billion) relating to contracts in progress.

Trade and other receivables are classified as loans and receivables.

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

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

21.1 Age of receivables that are past due but not impaired

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000
0–3 years	39,073,043	44,006,029	37,317,040	45,088,239
Above 3 years	676,954	676,954	676,954	676,954
	39,749,997	**44,006,029**	**37,993,994**	**45,088,239**

21.2 Age of receivables that are past due but impaired

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000
0–3 years	321,393	40,119	310,037	–
Above 3 years	3,216,685	2,345,413	3,216,685	2,345,413
	3,538,078	**2,385,532**	**3,526,722**	**2,345,413**

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

21.3 Allowances for credit losses

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000
Balance brought forward	1,510,520	1,139,631	1,422,770	1,092,000
Impairment losses recognised on receivables	1,302,568	962,763	1,291,212	922,644
Amounts written-off during the year as uncollectible	(800,989)	(575,833)	(800,990)	(591,874)
Amounts recovered during the year	(3,150)	(16,041)	–	–
Impairment losses reversed	(469,234)	–	(469,233)	–
	1,539,715	**1,510,520**	**1,443,759**	**1,422,770**

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

21.4 Information about concentration risk

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

21.5 Contract and retention receivables

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000
Balance at January 1	39,610,623	31,518,429	39,522,873	30,426,429
Movements in the year	(11,111,343)	9,514,964	(11,119,549)	10,519,214
	28,499,280	**41,033,393**	**28,403,324**	**40,945,643**
Allowances	(1,443,759)	(1,422,770)	(1,443,759)	(1,422,770)
Balance at December 31	**27,055,521**	**39,610,623**	**26,959,565**	**39,522,873**

22. Tax Receivable

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000
Balance at January 1	35,884,295	30,557,355	35,507,335	30,236,980
Movements in the year	7,979,130	9,584,147	7,714,486	9,470,366
Utilised as tax offset	(2,943,921)	(4,257,207)	(2,897,526)	(4,200,011)
	40,919,504	**35,884,295**	**40,324,295**	**35,507,335**
Allowances	(1,872,565)	–	(1,872,565)	–
Balance at December 31	**39,046,939**	**35,884,295**	**38,451,730**	**35,507,335**
Made up as follows:				
Receivable within one year	13,089,156	23,425,928	13,082,788	23,226,833
Receivable after more than one year	25,957,783	12,458,367	25,368,942	12,280,502
	39,046,939	**35,884,295**	**38,451,730**	**35,507,335**

Tax receivable include credit notes confirmed by the Federal Inland Revenue Service of ₦10.2 Billion (2011: ₦6.7 Billion) relating to deductions of withholding tax on approved certificates made by our various clients and advance payment of VAT on contract of ₦13.1 Billion (2011: ₦12.2 Billion). The remaining balance represents deductions on withholding tax for which the credit notes have not been received and thus not confirmed by the Federal Inland Revenue Service.

23. Issued Capital

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Group 01/01/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000	Company 01/01/2011 ₦000
Share capital (Note 23.1)	600.000	600.000	600.000	600.000	600.000	600.000
Share premium	425.440	425.440	425.440	425.440	425.440	425.440
	1.025.440	**1.025.440**	**1.025.440**	**1.025.440**	**1.025.440**	**1.025.440**

23.1

The authorised share capital of the Company is ₦622,500 Million (2011: ₦622,500 Million). This comprises 1.2 Billion (2011: 1.2 Billion) ordinary shares of 50 Kobo each. Issued and fully paid share capital consists of 1.2 Billion shares at 50 Kobo each. All the ordinary shares rank parri passu in all respects. To the Company's knowledge and belief, there are no restrictions on the transfer of shares in the Company or on voting rights between holders of shares.

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

24. Retained Earnings

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Group 01/01/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000	Company 01/01/2011 ₦000
Balance at January 1	8,684,026	6,667,321	6,762,689	8,604,186	6,591,569	6,696,744
Prior year dividend	(2,880,000)	(2,400,000)	(2,895,000)	(2,880,000)	(2,400,000)	(2,880,000)
Unclaimed dividend to retained earnings	–	797	–	–	797	–
Retained profit for the year	7,970,551	4,415,908	2,799,632	7,772,055	4,411,820	2,774,825
Balance at December 31	**13,774,577**	**8,684,026**	**6,667,321**	**13,496,241**	**8,604,186**	**6,591,569**

Dividend

The Directors are proposing a final dividend in respect of the financial year ended December 31, 2012 of 250 Kobo per share (2011: 240 Kobo), which will absorb an estimated ₦3 Billion (2011: ₦2.9 Billion) of equity. Subject to approval, it will be paid on June 21, 2013 to those shareholders whose names appear in the Register of Members as at the close of business on May 31, 2013.

The dividend has not been provided for and withholding tax will be deducted at the appropriate rate when payment is made.

In line with the provisions of §385 of the CAMA, unclaimed dividends not recovered by shareholders within 12 years had been transferred to retained earnings.

25. Non-Controlling Interest

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Group 01/01/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000	Company 01/01/2011 ₦000
Balance at beginning of year	36,759	40,669	40,696	–	–	–
Share of profit for the year	42,143	(3,910)	4,473	–	–	–
Dividend paid to non-controlling interest	–	–	(4,500)	–	–	–
Share of foreign currency translation reserve	24,777	–	–	–	–	–
Non-controlling interests arising on the acquisition of JBI	17,492	–	–	–	–	–
Balance at end of year	**121,171**	**36,759**	**40,669**	**–**	**–**	**–**

26. Borrowings – Group and Company

Group and Company	31/12/2012 ₦000	31/12/2011 ₦000	01/01/2011 ₦000
Bank overdrafts (Note 26.1)	8,208,260	9,237,262	14,799,100
Promissory notes (Note 26.2)	–	5,543,652	–
Term loan (Note 26.3)	–	1,257,104	1,930,700
	8,208,260	**16,038,018**	**16,729,800**

26. Borrowings – Group and Company (continued)

26.1

Bank overdrafts comprise various facilities obtained by the Group 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.

26.2

The promissory notes were given to Zenith Bank and Guaranty Trust Bank Plc to serve as guarantees for import financing at a rate of 18 % as at December 31, 2011. The terms are renewable based on changes in the ruling monetary policy rates.

26.3

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. The loan has been fully repaid in the current year.

26.3.1 Term loan movement schedule – Group and Company

Group and Company	31/12/2012 ₦000	31/12/2011 ₦000	01/01/2011 ₦000
Balance at beginning of year	1,257,104	3,169,097	5,448,782
Repayment in the year	(1,257,104)	(2,047,739)	(1,888,466)
Exchange difference on translation	–	135,746	(391,219)
Balance at end of year	**–**	**1,257,104**	**3,169,097**
Made up as follows:			
Current portion	–	1,257,104	1,930,700
Non-current portion	–	–	1,238,397
	–	**1,257,104**	**3,169,097**

27. Retirement Benefit Liabilities

27.1 Defined contribution plan

Retirement benefits for members of staff are structured through a defined contributory pension scheme, which is independent of the Group's finances and is managed by private pension fund administrators. The scheme, which is funded by contributions from both employees and employer at 7.5 % each of relevant emoluments, is consistent with the Pension Reform Act 2004.

Staff pensions

Group	31/12/2012 ₦000	31/12/2011 ₦000	01/01/2011 ₦000
Balance at beginning of year	65,567	17,338	8,904
Provision during the year	1,257,051	1,033,341	921,332
Remittance to pension fund administrators	(1,238,444)	(985,112)	(912,898)
Balance at end of year	**84,174**	**65,567**	**17,338**

Company	31/12/2012 ₦000	31/12/2011 ₦000	01/01/2011 ₦000
Balance at beginning of year	48,677	6,146	4,987
Provision during the year	1,199,581	993,334	889,502
Remittance to pension fund administrators	(1,199,601)	(950,803)	(888,343)
Balance at end of year	**48,657**	**48,677**	**6,146**

The balance outstanding at year end represents pension deductions of members of staff who are yet to complete their account opening procedures with any of the pension fund administrator. The total expense for the defined contribution plans amounted to ₦1.2 Billion (2011: ₦1 Billion).

27.2 Defined benefit plan – discontinued scheme

Prior to 2011, the Group had a retirement benefit plan for which provisions have been made in the financial statement for estimated liabilities due at the reporting date in respect of employees' terminal gratuities based on qualifying years of service and applicable emoluments as per operating collective agreement. The provisions are reviewed at each reporting date to reflect the current best estimate.

In 2011, an agreement was reached between the construction industry and the National Joint Industrial Council to liquidate the accumulated staff retirements benefits before the retirement age of all employees and henceforth, to settle the several benefit and gratuities on annual basis. The provisions made to date on the scheme were equal to the liability agreed with staff members. In 2012, the Group commenced payment of the outstanding staff retirement benefits and expects to complete payment in the 2013 financial year.

The amount outstanding at the financial year end is as stated below:

Group	31/12/2012 ₦000	31/12/2011 ₦000	01/01/2011 ₦000
Balance at beginning of the year	10,409,433	7,500,679	6,304,374
Provision during the year	–	3,815,241	1,611,705
Payments during the year	(5,817,228)	(906,487)	(415,400)
Balance at end of the year	**4,592,205**	**10,409,433**	**7,500,679**

Company	31/12/2012 ₦000	31/12/2011 ₦000	01/01/2011 ₦000
Balance at beginning of the year	10,299,937	7,470,728	6,272,206
Provision during the year	–	3,707,244	1,606,704
Payments during the year	(5,752,149)	(878,035)	(408,182)
Balance at end of the year	**4,477,788**	**10,299,937**	**7,470,728**

The amounts recognised in the Statement of Financial Position in respect of both the defined contribution plan and the defined benefits scheme are determined as follows:

27.3 Defined benefit plan – ex gratia scheme

During the financial year, an agreement was signed between the Company and the Staff Union on staff employment benefits pursuant to the termination of the old scheme under the National Joint Industrial Council (NJIC) Agreement. The scheme is designed for the benefit of staff member with at five years continuous service for ex gratia and ten years continuous service for severance benefits.

There are no planned assets for the scheme as the Group believes that these obligations can be supported in the event they become payable. The present value of the defined benefit obligation, and the related current service cost and past service cost, were performed in-house and measured using the projected unit credit method.

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

	Valuation at 31/12/2012	Valuation at 31/12/2011
Discount rate(s)	10.4 %	–
Expected rate(s) of salary increase	12.0 %	–

The basis of computation are in line with the exit bonus and ex gratia payments.

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

Other assumptions

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

27.3 Defined benefit plan – ex gratia (continued)

Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000
Current service cost	1,449,205	–	1,449,205	–
	1,449,205	**–**	**1,449,205**	**–**

The expense for the year is included in the 'employee benefits expense' in profit or loss. The expense for the year has been included in profit or loss as 'administrative expenses'.

The amount included in the Statement of Financial Position arising from the entity's obligation in respect of its defined benefit plans is as follows:

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000
Present value of unfunded defined benefit obligation	1,449,205	–	1,449,205	–
Deficit	–	–	–	–
Net actuarial gains/(losses) not recognised	–	–	–	–
Net liability arising from defined benefit obligation	**1,449,205**	**–**	**1,449,205**	**–**

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

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000
Opening defined benefit obligation	**–**	**–**	**–**	**–**
Current service cost	1,449,205	–	1,449,205	–
Closing defined benefit obligation	**1,449,205**	**–**	**1,449,205**	**–**

Liability in the Statement of Financial Position

Group	31/12/2012 ₦000	31/12/2011 ₦000	01/01/2011 ₦000
Current portion	4,667,759	10,475,000	7,518,017
Non-current portion	1,656,643	–	–
	6,324,402	**10,475,000**	**7,518,017**

Company	31/12/2012 ₦000	31/12/2011 ₦000	01/01/2011 ₦000
Current portion	4,596,445	10,348,613	7,476,874
Non-current portion	1,449,205	–	–
	6,045,650	**10,348,613**	**7,476,874**

The amount recognised in the Statement of Profit or Loss and Other Comprehensive Income and included within staff costs (Note 11)

Group	31/12/2012 ₦000	31/12/2011 ₦000	01/01/2011 ₦000
Group	**1,490,348**	**3,815,241**	**1,611,704**
The total amount is recognised in profit or loss as follows:			
Cost of sales	589,387	1,566,458	594,480
Administrative expenses	900,961	2,248,783	1,017,224
The total amount recognised in profit or loss	**1,490,348**	**3,815,241**	**1,611,704**

Company	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000	Company 01/01/2011 ₦000
Company	**1,449,205**	**3,707,244**	**1,606,703**
The total amount is recognised in profit or loss as follows:			
Cost of sales	579,682	1,482,897	594,480
Administrative expenses	869,523	2,224,347	1,012,223
The total amount recognised profit or loss	**1,449,205**	**3,707,244**	**1,606,703**

28. Trade and Other Payables

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Group 01/01/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000	Company 01/01/2011 ₦000
Trade payables (Note 28.1)	18,198,144	8,882,783	6,862,507	11,539,507	9,132,301	6,784,679
Other payables						
Amount owed to related entities (Note 32.2)	2,286,731	847,290	–	12,312,682	1,668,879	374,519
Other taxation and social security costs (Note 28.2)	2,582,623	3,148,144	3,562,522	2,582,623	3,148,144	3,562,522
Accruals and deferred income	7,800,280	2,716,215	2,341,767	3,676,722	3,114,503	2,341,767
Dividend payable	358,082	254,961	46,360	358,082	254,961	25,360
Other payables	1,895,203	3,460,715	5,078,415	1,012,082	2,543,359	4,963,182
Trade and other payables	**33,121,063**	**19,310,108**	**17,891,571**	**31,481,698**	**19,862,147**	**18,052,029**

28.1

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 180 days. For all the suppliers, no interest is charged on the trade payables. The Company has Financial Risk Management policies in place to ensure that all payables are paid within the preagreed credit terms.

28.2

Other taxation and social security costs represent deductions of VAT on advances and withholding tax from suppliers and subcontractors yet to be remitted to the Federal Inland Revenue Service.

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

29. Provisions

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Group 01/01/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000	Company 01/01/2011 ₦000
Balance at beginning of the year	–	–	–	–	–	–
During the year	1,668,007	–	–	1,668,007	–	–
Balance at end of the year	**1,668,007**	**–**	**–**	**1,668,007**	**–**	**–**
Current	400,000	–	–	400,000	–	–
Non-current	1,268,007	–	–	1,268,007	–	–
	1,668,007	**–**	**–**	**1,668,007**	**–**	**–**

Provisions during the year relate to:

Quarry rehabilitation, decommissioning and accretion cost: This relates to the Management's best estimate of the present value of the cost for the quarry rehabilitation. Julius Berger Nigeria Plc has an environmental obligation to restore the quarry site at the end of their exploration. Restoration exercises will be performed on the quarry site at completion of use includes profiling of the site area and backfilling with earth materials and top soil. Management's best estimates are arrived at using expected cash outflows for labour and material cost after adjusting for inflation rates, market risk premium and cost of capital.

Provision for judgement debt: This relates to a court case in which a judgement debt in the sum of ₦400 Million is provided for in the financial statements.

30. Reconciliation of Profit to Net Cash Provided by Operating Activities

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000
Profit for the year	8,260,463	4,411,998	7,772,055	4,411,820
Adjustments for:				
Investment income	(838,767)	(99,303)	(647,810)	(99,303)
Finance costs	2,709,908	1,947,558	2,708,783	1,946,713
Depreciation of property, plant and equipment	11,370,648	9,349,794	11,255,138	9,276,643
Gain on disposal of property, plant and equipment	1,683,016	(1,419,460)	(868,556)	(1,416,828)
Increase / (decrease) in provisions	2,065,961	1,682,865	1,278,177	1,563,525
Operating cash flows before movements in working capital	**25,251,229**	**15,873,452**	**21,497,787**	**15,682,570**
Decrease / (increase) in inventories	187,579	(1,664,396)	461,127	(1,371,011)
Decrease / (increase) in gross amount due from customers	2,042,107	(1,791,458)	2,042,107	(1,792,626)
Decrease / (increase) in trade and other receivables	3,074,291	(8,599,438)	5,913,026	(5,913,815)
Increase in tax receivable	(5,035,209)	(5,031,372)	(4,816,960)	(8,165,871)
(Decrease) / increase in retirement benefit liabilities	(4,358,036)	2,956,983	(4,302,964)	2,871,740
Increase in trade and other payables	12,152,016	4,195,426	12,227,551	4,209,497
(Decrease) / increase in gross amount due to customers	(2,406,094)	13,648,126	(2,122,679)	13,385,031
Cash generated by operations	**30,907,882**	**19,587,323**	**30,898,995**	**18,905,515**
Movement in taxation	640,956	294,246	322,230	298,671
Net cash from operating activities	**31,548,838**	**19,881,569**	**31,221,225**	**19,204,186**

30.1 Analysis of cash, cash equivalents and net cash

Group	Balance at January 1, 2012 ₦000	Cash Flow ₦000	Exchange and Non-Cash Movements ₦000	Balance at December 31, 2012 ₦000
Cash and bank balances	11,827,635	(625,549)	(470,618)	10,731,468
Cash and cash equivalents	11,827,635	(625,549)	(470,618)	10,731,468
Borrowings (bank overdrafts)	(16,038,018)	7,829,758	–	(8,208,260)
	(4,210,383)	**7,204,209**	**(470,618)**	**2,523,208**

Company	Balance at January 1, 2012 ₦000	Cash Flow ₦000	Exchange and Non-Cash Movements ₦000	Balance at December 31, 2012 ₦000
Cash and bank balances	11,658,397	(6,366,700)	(470,613)	4,821,084
Cash and cash equivalents	11,658,397	(6,366,700)	(470,613)	4,821,084
Borrowings (bank overdrafts)	(16,038,018)	7,829,758	–	(8,208,260)
	(4,379,621)	**1,463,058**	**(470,613)**	**(3,387,176)**

31. Financial Instruments

31.1 Capital risk management

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

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

The Group is not subject to any externally imposed capital requirements. The Management of the Group reviews the capital structure on a frequent basis to ensure that gearing is within acceptable limit.

The gearing ratio at the year end is as follows:

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000
Debt	8,208,260	16,038,018	8,208,260	16,038,018
Cash and cash equivalents	(10,731,468)	(11,827,635)	(4,821,084)	(11,658,397)
Net debt (i)	**(2,523,208)**	**4,210,383**	**3,387,176**	**4,379,621**
Equity (ii)	**20,714,841**	**10,208,740**	**20,107,026**	**9,629,626**
Net debt to equity ratio	**–**	**0.41**	**0.17**	**0.45**

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

31.2 Categories of financial instruments

Group 31/12/2012	Loans and Receivables ₦000	Held to Maturity ₦000	Non-Financial Assets ₦000	Total ₦000
Assets				
Property, plant and equipment	–	–	57,079,027	57,079,027
Goodwill	–	–	4,762,357	4,762,357
Deferred tax assets	–	–	3,017,036	3,017,036
Other financial assets	–	4,125,734	–	4,125,734
Inventories	–	–	10,710,071	10,710,071
Gross amount due from customers	–	–	5,544,984	5,544,984
Trade and other receivables	37,028,174	–	6,259,901	43,288,075
Tax receivable	–	–	39,046,938	39,046,938
Cash and bank balances	10,731,468	–	–	10,731,468
Assets classified as held for sale	–	–	728,473	728,473
	47,759,642	**4,125,734**	**127,148,788**	**179,034,164**

Group	Amortised Cost ₦000	Non-Financial Liabilities ₦000	Total ₦000
Liabilities			
Borrowings	8,208,260	–	8,208,260
Retirement benefit liabilities	4,667,759	1,656,643	6,324,402
Deferred tax liabilities	–	5,666,877	5,666,877
Trade and other payables	33,121,063	–	33,121,061
Gross amount due to customers	–	105,350,267	105,350,267
Current tax payable	–	3,551,109	3,551,109
Provisions	–	1,668,007	1,668,007
	45,997,082	**117,892,902**	**163,889,984**

31.2 Categories of financial instruments (continued)

Group 31/12/2011	Loans and Receivables ₦000	Held to Maturity ₦000	Non-Financial Assets ₦000	Total ₦000
Assets				
Property, plant and equipment	–	–	55,421,778	55,421,778
Goodwill	–	–	–	–
Deferred tax assets	–	–	3,362,383	3,362,383
Other financial assets	–	–	–	–
Inventories	–	–	11,061,851	11,061,851
Gross amount due from customers	–	–	7,587,091	7,587,091
Trade and other receivables	45,792,849	–	598,712	46,391,561
Tax receivable	–	–	35,884,295	35,884,295
Cash and bank balances	11,827,635	–	–	11,827,635
Assets classified as held for sale	–	–	711,495	711,495
	57,702,519	–	114,627,605	172,248,089

Group	Amortised Cost ₦000	Non-Financial Liabilities ₦000	Total ₦000
Liabilities			
Borrowings	16,038,018	–	16,038,018
Retirement benefit liabilities	10,475,000	–	10,475,000
Deferred tax liabilities	–	5,440,300	5,440,300
Trade and other payables	19,310,108	–	19,310,108
Gross amount due to customers	–	107,756,361	107,756,361
Current tax payable	–	3,482,077	3,482,077
Provisions	–	–	–
	45,823,126	116,678,738	162,501,864

Group 01/01/2011	Loans and Receivables ₦000	Held to Maturity ₦000	Non-Financial Assets ₦000	Total ₦000
Assets				
Property, plant and equipment	–	–	60,136,274	60,136,274
Goodwill	–	–	–	–
Deferred tax assets	–	–	3,519,364	3,519,364
Other financial assets	–	–	–	–
Inventories	–	–	9,599,274	9,599,274
Gross amount due from customers	–	–	5,795,633	5,795,633
Trade and other receivables	37,542,661	–	874,801	38,417,462
Tax receivable	–	–	30,557,355	30,557,355
Cash and bank balances	5,606,533	–	–	5,606,533
Assets classified as held for sale	–	–	376,674	376,674
	43,149,194	–	110,859,374	154,008,569

Group	Amortised Cost ₦000	Non-Financial Liabilities ₦000	Total ₦000
Liabilities			
Borrowings	17,968,197	–	17,968,197
Retirement benefit liabilities	7,518,017	–	7,518,017
Deferred tax liabilities	–	5,172,521	5,172,521
Trade and other payables	17,891,571	–	17,891,571
Gross amount due to customers	–	94,108,235	94,108,235
Current tax payable	–	3,616,598	3,616,598
Provisions	–	–	–
	43,377,785	102,897,354	146,275,139

31.2 Categories of financial instruments (continued)

Company 31/12/2012	Loans and Receivables ₦000	Held to Maturity ₦000	Non-Financial Assets ₦000	Total ₦000
Assets				
Property, plant and equipment	–	–	56,172,990	56,172,990
Goodwill	–	–	–	–
Deferred tax assets	–	–	2,899,471	2,899,471
Other financial assets	–	4,125,734	–	15,500,941
Inventories	–	–	9,837,796	9,837,796
Gross amount due from customers	–	–	5,544,984	5,544,984
Trade and other receivables	37,745,097	–	3,775,619	41,520,716
Tax receivable	–	–	38,451,730	38,451,730
Cash and bank balances	4,821,084	–	–	4,821,084
Assets classified as held for sale	–	–	728,473	728,473
	42,566,181	**4,125,734**	**117,411,065**	**164,102,978**

Company	Amortised Cost ₦000	Non-Financial Liabilities ₦000	Total ₦000
Liabilities			
Borrowings	8,208,260	–	8,208,260
Retirement benefit liabilities	4,596,445	1,449,205	10,348,614
Deferred tax liabilities	–	5,693,035	5,693,035
Trade and other payables	31,481,698	–	31,481,698
Gross amount due to customers	–	104,812,352	104,812,352
Current tax payable	–	3,047,502	3,047,502
Provisions	–	1,668,007	1,668,007
	44,286,403	**116,670,101**	**160,956,504**

Company 31/12/2011	Loans and Receivables ₦000	Held to Maturity ₦000	Non-Financial Assets ₦000	Total ₦000
Assets				
Property, plant and equipment	–	–	54,650,926	54,650,926
Goodwill	–	–	–	–
Deferred tax assets	–	–	3,244,818	3,244,818
Other financial assets	–	–	–	–
Inventories	–	–	10,509,295	10,509,295
Gross amount due from customers	–	–	7,587,091	7,587,091
Trade and other receivables	46,917,065	–	516,677	47,433,742
Tax receivable	–	–	35,507,335	35,507,335
Cash and bank balances	11,658,397	–	–	11,658,397
Assets classified as held for sale	–	–	711,495	711,495
	58,575,462	**–**	**112,727,637**	**171,030,099**

Company	Amortised Cost ₦000	Non-Financial Liabilities ₦000	Total ₦000
Liabilities			
Borrowings	16,038,018	–	16,038,018
Retirement benefit liabilities	10,348,614	–	10,348,614
Deferred tax liabilities	–	5,312,958	5,312,958
Trade and other payables	19,862,147	–	19,862,147
Gross amount due to customers	–	106,935,031	106,935,031
Current tax payable	–	3,450,695	3,450,695
Provisions	–	–	–
	46,248,779	**115,698,684**	**161,947,463**

31.2 Categories of financial instruments (continued)

Company 01/01/2011	Loans and Receivables ₦000	Held to Maturity ₦000	Non-Financial Assets ₦000	Total ₦000
Assets				
Property, plant and equipment	–	–	59,843,793	59,843,793
Deferred tax assets	–	–	3,418,624	3,418,624
Inventories	–	–	9,220,763	9,220,763
Gross amount due from customers	–	–	5,794,465	5,794,465
Trade and other receivables	38,624,411	–	–	38,624,411
Tax receivable	–	–	30,236,980	30,236,980
Cash and bank balances	5,590,912	–	–	5,590,912
Assets classified as held for sale	–	–	376,674	376,674
	44,215,323	**–**	**108,891,299**	**153,106,622**

Company	Amortised Cost ₦000	Non-Financial Liabilities ₦000	Total ₦000
Liabilities			
Borrowings	17,968,197	–	17,968,197
Retirement benefit liabilities	7,476,874	–	7,476,874
Deferred tax liabilities	–	5,045,101	5,045,101
Trade and other payables	18,052,029	–	18,052,029
Gross amount due to customers	–	93,550,000	93,550,000
Current tax payable	–	3,593,687	3,593,687
	43,497,100	**102,188,788**	**145,685,888**

31.3 Risk management

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

31.3.1 Market risk

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

31.3.1.1 Interest rate risk management

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

31.3.1.2 Foreign currency risk management

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

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

31.3.1.2 Foreign currency risk management (continued)

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Group 01/01/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000	Company 01/01/2011 ₦000
Monetary assets / liabilities denominated in Euro						
Cash and bank balances	8,339,646	770,985	9,958,193	2,860,788	770,985	9,958,193
Trade receivables	18,622,137	687,515	–	15,015,817	687,515	–
Trade payables	(5,220,991)	(8,113,933)	–	(4,766,321)	(8,113,933)	–
	21,740,792	**(6,655,433)**	**9,958,193**	**13,110,284**	**(6,655,433)**	**9,958,193**
Monetary assets / liabilities denominated in Dollars						
Cash and bank balances	(400,789)	30,862	111,626	(400,789)	30,862	111,626
Trade receivables	43,173	127,930	–	43,173	127,930	–
Trade payables	(941,609)	(412,478)	–	(941,609)	(412,478)	–
	(1,299,225)	**(253,686)**	**111,626**	**(1,299,225)**	**(253,686)**	**111,626**

Sensitivity analysis

10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents Management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. Foreign exchange rate risk sensitivity to foreign exchange movements in the above example has been calculated on a symmetric basis. The symmetric basis assumes that an increase or decrease in foreign exchange movement would result in the same amount.

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Group 01/01/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000	Company 01/01/2011 ₦000
Naira strengthens by 10% against Euro	2,174,079	(665,543)	995,819	1,311,028	(665,543)	995,819
Naira strengthens by 10% against Dollar	129,923	25,369	(11,163)	129,923	25,369	(11,163)
Impact on reported profit	**2,304,002**	**(640,176)**	**984,656**	**1,440,951**	**(640,176)**	**984,656**
Naira weakens by 10% against Euro	(2,174,079)	665,543	(995,819)	(1,311,028)	665,543	(995,819)
Naira weakens by 10% against Euro	(129,923)	(25,369)	11,163	(129,923)	(25,369)	11,163
Impact on reported profit	**(2,304,002)**	**640,176**	**(984,656)**	**(1,440,951)**	**640,176**	**(984,656)**

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

31.3.2 Credit risk

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

31.3.2.1 Trade receivables

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group transacts with government, government institutions and other top rated entities and individuals that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually. See Note 21 for further information.

31.3.2.2 Deposits with financial institutions

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

31.3.2.3 Exposure to credit risks

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

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Group 01/01/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000	Company 01/01/2011 ₦000
Trade receivables (net)	28,837,622	40,134,488	31,518,429	26,959,565	39,522,873	30,426,429
Cash and bank balances	10,731,468	11,827,635	5,606,533	4,821,084	11,658,397	5,590,912
	39,569,090	**51,962,123**	**37,124,962**	**31,780,649**	**51,181,270**	**36,017,341**

31.3.2.4 Collateral held as security and other credit enhancements

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

31.3.3 Liquidity risk management

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

Liquidity tables

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

Group	< 1 year ₦000	1–3 years ₦000	3–6 years ₦000	Total ₦000
Financial assets				
Cash and bank balances	10,731,468	–	–	10,731,468
Trade and other receivables	37,028,174	–	–	37,028,174
Other financial assets	–	–	4,125,734	4,125,734
	47,759,642	**–**	**4,125,734**	**51,885,376**
Financial liabilities				
Borrowings	8,208,260	–	–	8,208,260
Trade and other payables	33,121,063	–	–	33,121,063
Retirement benefit liabilities	4,667,759	–	–	4,667,759
	45,997,082	**–**	**–**	**45,997,082**

Company	< 1 year ₦000	1–3 years ₦000	3–6 years ₦000	Total ₦000
Financial assets				
Cash and bank balances	4,821,084	–	–	4,821,084
Trade and other receivables	37,745,097	–	–	37,745,097
Other financial assets	–	–	4,125,734	4,125,734
	42,566,180	**–**	**4,125,734**	**46,691,915**
Financial liabilities				
Borrowings	8,208,260	–	–	8,208,260
Trade and other payables	31,481,698	–	–	31,481,698
Retirement benefit liabilities	4,596,445	–	–	4,596,445
	44,286,403	**–**	**–**	**44,286,403**

31.6 Fair value of financial instruments

The fair values together with the carrying amounts shown in the Statement of Financial Position are as follows:

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

Group	31/12/2012 Carrying Amount ₦000	31/12/2012 Fair Value ₦000	31/12/2011 Carrying Amount ₦000	31/12/2011 Fair Value ₦000	01/01/2011 Carrying Amount ₦000	01/01/2011 Fair Value ₦000
Financial assets						
Cash and bank balances	10,731,468	10,731,468	11,827,635	11,827,635	5,606,533	5,606,533
Trade and other receivables	37,028,147	37,028,174	45,792,849	45,792,849	37,542,661	37,542,661
Other financial assets	4,125,734	4,125,734	–	–	–	–
Financial liabilities						
Borrowings	8,208,260	8,208,260	8,208,260	8,208,260	17,968,197	17,968,197
Trade and other payables	33,121,603	33,121,063	19,310,108	19,310,108	17,891,571	17,891,571
Retirement benefit liabilities	4,667,759	4,667,759	10,475,000	10,475,000	7,518,017	7,518,017

Company	31/12/2012 Carrying Amount ₦000	31/12/2012 Fair Value ₦000	31/12/2011 Carrying Amount ₦000	31/12/2011 Fair Value ₦000	01/01/2011 Carrying Amount ₦000	01/01/2011 Fair Value ₦000
Financial assets						
Cash and bank balances	4,821,084	4,821,084	11,658,397	11,658,397	5,590,912	5,590,912
Trade and other receivables	37,745,097	37,745,097	46,917,065	46,917,065	38,624,411	38,624,411
Other financial assets	4,125,734	4,125,734	–	–	–	–
Financial liabilities						
Borrowings	8,208,260	8,208,260	16,038,018	16,038,018	17,968,197	17,968,197
Trade and other payables	31,481,698	31,481,698	19,862,147	19,862,147	18,052,029	18,052,029
Retirement benefit liabilities	4,596,445	4,596,445	10,348,614	10,348,614	7,476,874	7,476,874

32. Related Party Information

32.1 Identity of related entities

- Abumet Nigeria Ltd., Subsidiary
- Julius Berger Services Nigeria Ltd., Subsidiary
- PrimeTech Design and Engineering Nigeria Ltd., Subsidiary
- Julius Berger Medical Services Ltd. Nigeria, Subsidiary
- Julius Berger International GmbH, Subsidiary
- Julius Berger Investments Ltd., Subsidiary
- Bilfinger SE, Major investor
- Construction Engineering Contracting GmbH, Sub-subsidiary
- Key Management Personnel (Note 32.4)

32.2 Outstanding balances

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000
Due from related entities				
Abumet Nigeria Ltd.	–	–	937,665	872,724
Julius Berger Services Nigeria Ltd.	–	–	743,274	890,238
PrimeTech Design and Engineering Nigeria Ltd.	–	–	303,169	236
Julius Berger Medical Services Ltd.	–	–	426,706	936
Julius Berger International GmbH	–	–	–	–
Julius Berger Investments Ltd.	–	–	–	–
Bilfinger SE	666,938	–	666,938	–
	666,938	**–**	**3,077,752**	**1,764,134**
Due to related entities				
Abumet Nigeria Ltd.	–	–	424,472	424,352
Julius Berger Services Nigeria Ltd.	–	–	169,389	397,237
PrimeTech Design and Engineering Nigeria Ltd.	–	–	16,448	–
Julius Berger Medical Services Ltd.	–	–	105,709	–
Julius Berger International GmbH	–	–	9,309,933	–
Julius Berger Investments Ltd.	–	–	–	–
Bilfinger SE	2,286,731	847,290	2,286,731	847,290
	2,286,731	**847,290**	**12,312,682**	**1,668,879**

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

32.3 Related party transactions

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

	Group Sale of Goods and Services ₦000	Group Purchase of Goods and Services ₦000	Company Sale of Goods and Services ₦000	Company Purchase of Goods and Services ₦000
Bilfinger SE	2,043,337	6,978,221	–	–
Julius Berger Services Nigeria Ltd.	–	–	962,434	227,849
Abumet Nigeria Ltd.	–	–	827,831	72,714
PrimeTech Design and Engineering Nigeria Ltd.	–	–	135,458	(16,448)
Julius Berger Medical Services Ltd.	–	–	1,270,678	(105,709)
Julius Berger International GmbH	–	–	41,947,181	(5,312,275)
Julius Berger Investment Ltd.	–	–	–	–
	2,043,337	6,978,221	45,143,582	(5,133,869)

Abumet Nigeria Ltd.: This is a 70 % owned subsidiary of Julius Berger Nigeria Plc. The Company entered into various transactions with the related party ranging from purchase of goods and services, to expenses incurred by the related company. The outstanding amount is from the various transactions entered with the related party.

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

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

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

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

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

Bilfinger SE: This is an associated company which owns 39.87 % stake in Julius Berger Nigeria Plc. The Company entered into various transactions with the related party ranging from provision of technical services and knowhow, to expenses incurred by the related company. The outstanding amount is from the various transactions entered with the related party.

Construction Engineering Contracting GmbH: This is a wholly owned subsidiary of Julius Berger International GmbH (a 90 % owned subsidiary of Julius Berger Nigeria Plc). The Company did not enter into any transactions with the related party in the period.

Key Management Personnel:

- AVM (Dr.) Mohammed Nurudeen Imam, CFR, Chairman
- Engr. Heinz Stockhausen (German), Vice Chairman
- Engr. Wolfgang Goetsch (Austrian), Managing Director
- Mr. Wolfgang Kollermann (German), Financial Director
- HRH Igwe Peter Nwokike Anugwu, JP, OFR, Independent Director
- Engr. Jafaru Damulak, Director
- Mr. Macdonald Olarinde Tubi, Director
- Mr. Harold Samuel Tsumba, Esq., Director
- Dr. Ernest Nnaemeka Azudialu-Obiejesi, Director

32.4 Remuneration of Key Management Personnel

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000
Short term benefits	206,360	115,330	175,800	114,770
Long term benefits	–	–	–	–
Post employment benefits	–	–	–	–
Termination benefits	–	–	–	–

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

32.5 Details of loans to / from Key Management Personnel

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

32.6 Identify the ultimate controlling party of Julius Berger Nigeria Plc

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

32.7 Other information on Key Management Personnel

	Group 31/12/2012 ₦000	Group 31/12/2011 ₦000	Company 31/12/2012 ₦000	Company 31/12/2011 ₦000
Emoluments:				
Chairman	3,000	3,000	3,000	3,000
Other Directors	203,360	112,330	172,800	111,770
Fees	13,800	11,850	13,800	11,850
Other emoluments	192,560	103,480	162,000	102,920
	206,360	**115,330**	**175,800**	**114,770**
Highest paid Director	**88,000**	**53,435**	**88,000**	**53,435**
The number of Directors excluding the chairman whose emoluments fell within the following ranges were:				
₦190,001 – ₦3,000,000	7	7	7	7
₦3,000,001 and above	2	2	2	2
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.

33. Business Combinations

33.1 Subsidiaries acquired

2012	Principal Activity	Date of Acquisition	₦000
Julius Berger International GmbH	Logistic and technical supports	29/06/2012	7,048,000
		28/12/2012	4,003,000
			11,051,000

Julius Berger International GmbH was acquired as a strategic move to improve of the Group's activities as it relates to logistic and technical support services.

33.2 Consideration transferred – Julius Berger International GmbH

Cash	₦000
60 % interest	7,048,000
30 % interest	4,003,000
Total	**11,051,000**

During the year, the Parent group acquired 90 % controlling interest in the ownership of Julius Berger International SE from Bilfinger Berger GmbH on an agreement payable in two installments.

There were no acquisition related cost or any other cost associated with the acquisition of Julius Berger International GmbH apart form the consideration transferred to Bilfinger Berger SE.

33.3 Assets acquired and liabilities recognised at the dates of acquisition

	29/06/2012 ₦000	28/12/2011 ₦000
Current assets		
Inventories	1,041,794	168,981
Trade and other receivables	8,438,504	13,712,704
Cash and cash equivalents	105,346	5,478,858
Non-current assets		
Property plant and equipment	127,699	160,821
Other intangible assets	150,895	127,935
Goodwill	4,430,881	4,634,422
Shares in subsidiaries	685,218	732,284
Deferred tax assets	–	185,095
Current liabilities		
Trade and other payables	(14,418,070)	(11,848,860)
Taxations	–	(587,611)
Retirement benefit liabilities	(464,377)	–
Non-current liabilities		
Retirement benefit liabilities	–	(207,438)
Net assets	**97,890**	**12,557,191**

33.4 Non-controlling interests

The non-controlling interest (10 % ownership interest in Julius Berger International GmbH) recognised at the acquisition date was measured by reference to the proportionate share of net assets and amounted to ₦1.3 Billion (at 90 % acquisition).

33.5 Goodwill arising on acquisition

	₦000
60 % interest	
Consideration transferred	7,048,000
Plus: non-controlling interests (10 % in Julius Berger International GmbH)	39,156
Less: value of identifiable net assets acquired	97,890
Goodwill arising on acquisition	**7,185,046**
90 % interest	
Consideration transferred	11,051,000
Plus: non-controlling interests (10 % in Julius Berger International GmbH)	1,255,719
Less: value of identifiable net assets acquired	(12,557,191)
Goodwill arising on acquisition	**(250,472)**

Goodwill arose in the acquisition of Julius Berger International GmbH because the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce and expertise knowledge of Julius Berger International GmbH. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

33.6 Net cash outflow on acquisition of subsidiaries

	31/12/2012 ₦000
Consideration paid in cash	11,051,000
Less: cash and cash equivalent balances acquired	(5,478,640)
	5,572,360

33.7 Impact of acquisitions on the results of the Group

Included in the profit for the year is ₦431 Million attributable to the additional business generated by Julius Berger International GmbH. Revenue for the year includes ₦2.5 Billion in respect of Julius Berger International GmbH.

34. Guarantees and Other Financial Commitments

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

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

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.

35. Events After the Reporting Period

Subsequent to the financial reporting period, Guaranty Trust Bank Plc in an arm's length transaction has offered to discount the local contract receivables (bonds) issued to the Group for a total consideration of ₦3.7 Billion subjected to terms and condition of the bond and a successful transfer of original certificate to the bank on February 20, 2013. The Group has accepted the terms of the offer and have transferred the bonds to Bank for the agreed consideration.

Except as disclosed above, there were no other material events after the reporting period which could have had material effect on the state of affairs of the Group at December 31, 2012, and the profit for the year then ended date that have not been adequately provided for or recognised in the Financial Statements.

36. Approval of Financial Statements

The financial statements were approved by the Board of Directors and authorised for issue on March 20, 2013.

37. Effects of First Time Adoption of IFRS

37.1 Statement of Financial Position as at January 1, 2011

The impact of adopting International Financial Reporting Standards is shown in the reconciliation below:

Group	Note	Previous GAAP ₦000	Reclassi-fications ₦000	Adjustments ₦000	Effect of Transition to IFRSs ₦000	As at 01/01/2011 IFRS ₦000
Non-current assets						
Property, plant and equipment	b	60,512,948	(376,674)	–	(376,674)	60,136,274
Investments in subsidiary		–	–	–	–	–
Tax receivables		10,864,756	–	–	–	10,864,756
Deferred tax assets	c	–	3,519,364	–	3,519,364	3,519,364
Total non-current assets		**71,377,704**	**3,142,690**	**–**	**3,142,690**	**74,520,394**
Current assets						
Inventories	d	15,394,907	(5,795,633)	–	(5,795,633)	9,599,274
Contract debtors and retentions	f	31,012,832	(31,012,832)	–	(31,012,832)	–
Gross amount due from customers	d	–	5,795,633	–	5,795,633	5,795,633
Trade and other receivables	f	–	38,417,462	–	38,417,462	38,417,462
Other debtors and prepayments	f	27,097,229	(27,097,229)	–	(27,097,229)	–
Due from related companies		–	–	–	–	–
Tax receivables	g	–	19,692,599	–	19,692,599	19,692,599
Cash and cash equivalents		5,606,533	–	–	–	5,606,533
		79,111,501	**–**	**–**	**–**	**79,111,501**
Assets held for sale	b	–	376,674	–	376,674	376,674
Total current assets		**79,111,501**	**376,674**	**–**	**376,674**	**79,488,175**
Total assets		**150,489,205**	**3,519,364**	**–**	**3,519,364**	**154,008,569**
Equity						
Share capital		600,000	–	–	–	600,000
Share premium		425,440	–	–	–	425,440
Retained earnings		6,667,321	–	–	–	6,667,321
Total equity attributable to owners of the parent		**7,692,761**	**–**	**–**	**–**	**7,692,761**
Non-controlling interest		40,669	–	–	–	40,669
		7,733,430	**–**	**–**	**–**	**7,733,430**
Non-current liabilities						
Borrowings		1,238,397	–	–	–	1,238,397
Retirement benefit liabilities	i	7,500,679	(7,500,679)	–	(7,500,679)	–
Deferred tax liabilities	c	1,653,157	3,519,364	–	3,519,364	5,172,521
Gross amount due to customers	e	–	32,455,518	–	32,455,518	32,455,518
Total non-current liabilities		**10,392,233**	**28,474,203**	**–**	**28,474,203**	**38,866,436**
Current liabilities						
Gross amount due to customers	e	–	61,652,717	–	61,652,717	61,652,717
Trade and other payables	h	6,862,507	11,029,064	–	11,029,064	17,891,571
Retirement benefit liabilities	i	–	7,518,017	–	7,518,017	7,518,017
Borrowings		16,729,800	–	–	–	16,729,800
Other creditors	h	105,154,637	(105,154,637)	–	(105,154,637)	–
Due to related companies		–	–	–	–	–
Current tax liabilities		3,616,598	–	–	–	3,616,598
		132,363,542	**(24,954,839)**	**–**	**(24,954,839)**	**107,408,703**
Liabilities classified as held for sale		–	–	–	–	–
Total current liabilities		**132,363,542**	**(24,954,839)**	**–**	**(24,954,839)**	**107,408,703**
Total liabilities		**142,755,775**	**3,519,364**	**–**	**3,519,364**	**146,275,139**
Total equity and liabilities		**150,489,205**	**3,519,364**	**–**	**3,519,364**	**154,008,569**

Company	Note	Previous GAAP ₦000	Reclassi-fications ₦000	Adjustments ₦000	Effect of Transition to IFRSs ₦000	As at 01/01/2011 IFRS ₦000
Non-current assets						
Property, plant and equipment	b	60,220,467	(376,674)	–	(376,674)	59,843,793
Investments in subsidiary		196,275	–	–	–	196,275
Tax receivable		10,658,983	–	–	–	10,658,983
Deferred tax assets	c	–	3,418,624	–	3,418,624	3,418,624
Total non-current assets		**71,075,725**	**3,041,950**	**–**	**3,041,950**	**74,117,675**
Current assets						
Inventories	d	15,015,228	(5,794,465)	–	(5,794,465)	9,220,763
Contract debtors and retentions	f	30,469,275	(30,469,275)	–	(30,469,275)	–
Gross amount due from customers	d	–	5,794,465	–	5,794,465	5,794,465
Trade and other receivable	f	–	38,624,411	–	38,624,411	38,624,411
Other debtors and prepayments	f	26,925,237	(26,925,237)	–	(26,925,237)	–
Due from related companies	f	807,896	(807,896)	–	(807,896)	–
Tax receivable	g	–	19,577,997	–	19,577,997	19,577,997
Cash and cash equivalents		5,590,912	–	–	–	5,590,912
		78,808,548	**–**	**–**	**–**	**78,808,548**
Assets held for sale	b	–	376,674	–	376,674	376,674
Total current assets		**78,808,548**	**376,674**	**–**	**376,674**	**79,185,222**
Total assets		**149,884,273**	**3,418,624**	**–**	**3,418,624**	**153,302,897**
Equity						
Share capital		600,000	–	–	–	600,000
Share premium		425,440	–	–	–	425,440
Retained earnings		6,591,569	–	–	–	6,591,569
Total equity attributable to owners of the parent		**7,617,009**	**–**	**–**	**–**	**7,617,009**
Non-controlling interest		–	–	–	–	–
		7,617,009	**–**	**–**	**–**	**7,617,009**
Non-current liabilities						
Borrowings		1,238,397	–	–	–	1,238,397
Retirement benefit liabilities	i	7,470,728	(7,470,728)	–	(7,470,728)	–
Deferred tax liabilities	c	1,626,477	3,418,624	–	3,418,624	5,045,101
Gross amount due to customers	e	–	32,455,518	–	32,455,518	32,455,518
Total non-current liabilities		**10,335,602**	**28,403,414**	**–**	**28,403,414**	**38,739,016**
Current liabilities						
Gross amounts due to customers	e	–	61,094,482	–	61,094,482	61,094,482
Trade and other payables	h	6,784,679	11,267,350	–	11,267,350	18,052,029
Retirement benefit liabilities	i	–	7,476,874	–	7,476,874	7,476,874
Borrowings		16,729,800	–	–	–	16,729,800
Other creditors	h	104,448,977	(104,448,977)	–	(104,448,977)	–
Due to related companies	h	374,519	(374,519)	–	(374,519)	–
Current tax liabilities		3,593,687	–	–	–	3,593,687
		131,931,662	**(24,984,790)**	**–**	**(24,984,790)**	**106,946,872**
Liabilities classified as held for sale		–	–	–	–	–
Total current liabilities		**131,931,662**	**(24,984,790)**	**–**	**(24,984,790)**	**106,946,872**
Total liabilities		**142,267,264**	**3,418,624**	**–**	**3,418,624**	**145,685,888**
Total equity and liabilities		**149,884,273**	**3,418,624**	**–**	**3,418,624**	**153,302,897**

37.2 Statement of Financial Position as at December 31, 2011

The impact of adopting International Financial Reporting Standards is shown in the reconciliation below:

Group	Note	Previous GAAP ₦000	Reclassi-fications ₦000	Adjustments ₦000	Effect of Transition to IFRSs ₦000	As at 31/12/2011 IFRS ₦000
Non-current assets						
Property, plant and equipment	a, b	56,595,788	(711,495)	(462,515)	(1,174,010)	55,421,778
Investments in subsidiaries		–	–	–	–	–
Trade and other receivables		–	161,554	–	161,554	161,554
Tax receivables		12,458,367	–	–	–	12,458,367
Contract debtors and retentions		–	–	–	–	–
Deferred tax assets	c	16,823	3,345,560	–	3,345,560	3,362,383
Total non-current assets		**69,070,978**	**2,795,619**	**(462,515)**	**2,333,104**	**71,404,082**
Current assets						
Inventories	d	18,648,942	(7,587,091)	–	(7,587,091)	11,061,851
Contract debtors and retentions	f	40,134,488	(40,134,488)	–	(40,134,488)	–
Gross amount due from customers	d	–	7,587,091	–	7,587,091	7,587,091
Trade and other receivables	f	–	46,230,007	–	46,230,007	46,230,007
Other debtors and prepayments	f	29,683,001	(29,683,001)	–	(29,683,001)	–
Due from related companies		–	–	–	–	–
Tax receivables	g	–	23,425,928	–	23,425,928	23,425,928
Cash and cash equivalents		11,827,635	–	–	–	11,827,635
		100,294,066	**(161,554)**	**–**	**(161,554)**	**100,132,512**
Assets held for sale		–	711,495	–	711,495	711,495
Total current assets		**100,294,066**	**549,941**	**–**	**549,941**	**100,844,007**
Total assets		**169,365,044**	**3,345,560**	**(462,515)**	**2,883,045**	**172,248,089**
Equity						
Share capital		600,000	–	–	–	600,000
Share premium		425,440	–	–	–	425,440
Retained earnings		9,146,541	–	(462,515)	(462,515)	8,684,026
Total equity attributable to owners of the parent		**10,171,981**	**–**	**(462,515)**	**(462,515)**	**9,709,466**
Non-controlling interest		36,759	–	–	–	36,759
		10,208,740	**–**	**(462,515)**	**(462,515)**	**9,746,225**
Non-current liabilities						
Borrowings		–	–	–	–	–
Retirement benefit liabilities	i	10,409,433	(10,409,433)	–	(10,409,433)	–
Deferred tax liabilities	c	2,094,740	3,345,560	–	3,345,560	5,440,300
Gross amount due from customers	e	–	94,097,474	–	94,097,474	94,097,474
Trade and other payables		–	–	–	–	–
Total non-current liabilities		**12,504,173**	**87,033,601**	**–**	**87,033,601**	**99,537,774**
Current liabilities						
Gross amount due from customers	e	–	13,658,887	–	13,658,887	13,658,887
Trade and other payables	h	8,882,783	10,427,325	–	10,427,325	19,310,108
Other creditors	h	117,401,963	(117,401,963)	–	(117,401,963)	–
Retirement benefit liabilities	i	–	10,475,000	–	10,475,000	10,475,000
Due to related companies	h	847,290	(847,290)	–	(847,290)	–
Borrowings		16,038,018	–	–	–	16,038,018
Current tax liabilities		3,482,077	–	–	–	3,482,077
		146,652,131	**(83,688,041)**	**–**	**(83,688,041)**	**62,964,090**
Liabilities classified as held for sale		–	–	–	–	–
Total current liabilities		**146,652,131**	**(83,688,041)**	**–**	**(83,688,041)**	**62,964,090**
Total liabilities		**159,156,304**	**3,345,560**	**–**	**3,345,560**	**162,501,864**
Total equity and liabilities		**169,365,044**	**3,345,560**	**(462,515)**	**2,883,045**	**172,248,089**

Company	Note	Previous GAAP ₦000	Reclassi-fications ₦000	Adjustments ₦000	Effect of Transition to IFRSs ₦000	As at 31/12/2011 IFRS ₦000
Non-current assets						
Property, plant and equipment	a, b	55,824,936	(711,495)	(462,515)	(1,174,010)	54,650,926
Investments in subsidiaries		273,990	–	–	–	273,990
Trade and other receivables		–	161,554	–	161,554	161,554
Tax receivable		12,280,502	–	–	–	12,280,502
Contract debtors and retentions		–	–	–	–	–
Deferred tax assets	c	–	3,244,818		3,244,818	3,244,818
Total non-current assets		**68,379,428**	**2,795,619**	**(462,515)**	**2,333,104**	**70,611,790**
Current assets						
Inventories	d	18,096,386	(7,587,091)	–	(7,587,091)	10,509,295
Contract debtors and retentions	f	39,522,873	(39,522,873)	–	(39,522,873)	–
Gross amount due from customers	d	–	7,587,091	–	7,587,091	7,587,091
Trade and other receivable	f	–	47,272,188	–	47,272,188	47,272,188
Other debtors and prepayments	f	29,373,568	(29,373,568)	–	(29,373,568)	–
Due from related companies	f	1,764,134	(1,764,134)	–	(1,764,134)	–
Tax receivable	g	–	23,226,833	–	23,226,833	23,226,833
Cash and cash equivalents		11,658,397	–	–	–	11,658,397
		100,415,358	**(161,554)**	**–**	**(161,554)**	**100,253,804**
Assets held for sale	b	–	711,495	–	711,495	711,495
Total current assets		**100,415,358**	**549,941**	**–**	**549,941**	**100,965,299**
Total assets		**168,794,786**	**3,345,560**	**(462,515)**	**2,883,045**	**171,577,089**
Equity						
Share capital		600,000	–	–	–	600,000
Share premium		425,440	–	–	–	425,440
Retained earnings		9,066,701	–	(462,515)	(462,515)	8,604,186
Total equity attributable to owners of the parent		**10,092,141**	**–**	**(462,515)**	**(462,515)**	**9,629,626**
Non-controlling interest		–	–	–	–	–
		10,092,141	**–**	**(462,515)**	**(462,515)**	**9,629,626**
Non-current liabilities						
Borrowings		–	–	–	–	–
Retirement benefit liabilities	i	10,299,937	(10,299,937)	–	(10,299,937)	–
Deferred tax liabilities	c	2,068,140	3,244,818	–	3,244,818	5,312,958
Gross amount due from customers	e	–	94,097,474	–	94,097,474	94,097,474
Trade and other payables		–	–	–	–	–
Total non-current liabilities		**12,368,077**	**87,042,355**	**–**	**87,042,355**	**99,410,432**
Current liabilities						
Gross amounts due to customers	e	–	12,837,557	–	12,837,557	12,837,557
Trade and other payables	h	8,766,475	11,095,672	–	11,095,672	19,862,147
Retirement benefit liabilities	i	–	10,348,614	–	10,348,614	10,348,614
Borrowings		16,038,018	–	–	–	16,038,018
Other creditors	h	116,410,501	(116,410,501)	–	(116,410,501)	–
Due to related companies	h	1,668,879	(1,668,879)	–	(1,668,879)	–
Current tax liabilities		3,450,695	–	–	–	3,450,695
		146,334,568	**(83,797,537)**	**–**	**(83,797,537)**	**62,537,031**
Liabilities classified as held for sale		–	–	–	–	–
Total current liabilities		**146,334,568**	**(83,797,537)**	**–**	**(83,797,537)**	**62,537,031**
Total liabilities		**158,702,645**	**3,244,818**	**–**	**3,244,818**	**161,947,463**
Total equity and liabilities		**168,794,786**	**3,345,560**	**(462,515)**	**2,883,045**	**171,577,089**

37.3 Statement of Changes in Equity as at January 1, 2011 and December 31, 2011

The impact of adopting International Financial Reporting Standards is shown in the reconciliation below:

	Group at 01/01/2011 (Date of Transition)	Group at 31/12/2011 (End of Last Period Presented Under Previous GAAP)	Company at 01/01/2011 (Date of Transition)	Company at 31/12/2011 (End of Last Period Presented Under Previous GAAP)
Total equity under previous GAAP	**7,733,430**	**10,208,740**	**7,617,009**	**10,092,141**
Impairment of property, plant and equipments	–	(462,515)	–	(462,515)
	–	(462,515)	–	(462,515)
Tax effect of the above	–	–	–	–
Total adjustment to equity	**–**	**(462,515)**	**–**	**(462,515)**
Total equity under IFRSs	7,733,430	9,746,225	7,617,009	9,629,626

37.4 Statement of Profit or Loss and Other Comprehensive Income

The impact of adopting International Financial Reporting Standards is shown in the reconciliation below:

Group Year Ended 31/12/2011	Note	Previous GAAP ₦000	Effect of Transition to IFRSs ₦000	IFRSs ₦000
Revenue		169,413,371	–	169,413,371
Cost of sales	a	(135,326,839)	(462,515)	(135,789,354)
Gross profit		**34,086,532**	**(462,515)**	**33,624,017**
Marketing expenses		–	(94,636)	(94,636)
Administrative expenses		(23,301,895)	481,434	(22,820,461)
Other income	j	1,558,583	(1,558,583)	–
Operating profit		**12,343,220**	**(1,634,300)**	**10,708,920**
Investment income	j	–	99,303	99,303
Other gains and losses	j	–	1,072,482	1,072,482
Finance costs		(1,947,558)	–	(1,947,558)
Profit before tax		**10,395,662**	**(462,515)**	**9,933,147**
Taxation		(5,521,149)	–	(5,521,149)
Profit / (loss) for the period from continuing operations		**4,874,513**	**(462,515)**	**4,411,998**
Other comprehensive Income		**–**	**–**	**–**
Total comprehensive income		**4,874,513**	**(462,515)**	**4,411,998**

Company Year Ended 31/12/2011	Note	Previous GAAP ₦000	Effect of Transition to IFRSs ₦000	IFRSs ₦000
Revenue		167,398,723	–	167,398,723
Cost of sales	a	(134,126,771)	(462,515)	(134,589,286)
Gross profit		**33,271,952**	**(462,515)**	**32,809,437**
Marketing expenses		–	(91,479)	(91,479)
Administrative expenses		(22,505,218)	506,307	(21,998,911)
Other income	j	1,516,131	(1,516,131)	–
Operating profit		**12,282,865**	**(1,563,818)**	**10,719,047**
Investment income	j	–	99,303	99,303
Other gains and losses	j	–	1,002,000	1,002,000
Finance costs		(1,946,713)	–	(1,946,713)
Profit before tax		**10,336,152**	**(462,515)**	**9,873,637**
Taxation		(5,461,817)	–	(5,461,817)
Profit / (loss) for the period from continuing operations		**4,874,335**	**(462,515)**	**4,411,820**
Other comprehensive Income		**–**	**–**	**–**
Total comprehensive income		**4,874,335**	**(462,515)**	**4,411,820**

37.5 Statement of Cash flows

The impact of adopting International Financial Reporting Standards is shown in the reconciliation below:

Group	Note	Previous GAAP ₦000	Transition to IFRSs ₦000	IFRSs ₦000
Net cash flows from operating activities		19,881,569	–	19,881,569
Net cash flows from investing activities	j	(6,782,786)	99,303	(6,683,483)
		13,098,783	99,303	13,198,086
Net cash flows from financing activities	j	(6,185,899)	(99,303)	(6,285,202)
Net increase / (decrease) in cash and cash equivalents		6,912,884	–	6,912,884
Cash and cash equivalents at beginning of period		(11,123,267)	–	(11,123,267)
Cash and cash equivalents at end of period		**(4,210,383)**	**–**	**(4,210,383)**

Analysis of cash and cash equivalents under IFRSs

Group	01/01/2011 ₦000	31/12/2011 ₦000
Cash and cash equivalents consist of:		
Cash and bank balances	5,606,533	11,827,635
Borrowings (bank overdrafts)	(16,729,800)	(16,038,018)
Total cash and cash equivalents	**(11,123,267)**	**(4,210,383)**

Company	Note	Previous GAAP ₦000	Transition to IFRSs ₦000	IFRSs ₦000
Net cash flows from operating activities		19,204,186	–	19,204,186
Net cash flows from investing activities	j	(6,380,168)	99,303	(6,280,865)
		12,824,018	99,303	12,923,321
Net cash flows from financing activities	j	(6,064,751)	(99,303)	(6,164,054)
Net increase / (decrease) in cash and cash equivalents		6,759,267	–	6,759,267
Cash and cash equivalents at beginning of period		(11,138,888)	–	(11,138,888)
Cash and cash equivalents at end of period		**(4,379,621)**	**–**	**(4,379,621)**

Analysis of cash and cash equivalents under IFRSs

Company	01/01/2011 ₦000	31/12/2011 ₦000
Cash and cash equivalents consist of:		
Cash and bank balances	5,590,912	11,658,397
Borrowings (bank overdrafts)	(16,729,800)	(16,038,018)
Total cash and cash equivalents	**(11,138,888)**	**(4,379,621)**

37.6 Notes to reconciliations

Adjustments

a Under the Nigerian GAAP, no impairment loss was recognised on property plant and equipment. Under IFRS, ₦462,515 was recognised as impairment loss.

Reclassifications

b Under Nigerian GAAP, there was 'no asset held for sale' category. Under IFRS, asset that were to be sold within 12 months of the reporting period that met the held for sale designation under IFRS 5 were reclassified to the 'asset held for sale' category.

c Under Nigerian GAAP, deferred taxation were presented as a net position. Under IFRS, deferred taxation has to be separated between asset and liabilities in line with IAS 12.

d Under Nigerian GAAP, construction work in progress was included in the 'inventory balance'. Under IFRS, in line with IAS 11, construction work in progress is accounted for as 'gross amount due from customer' and shown separately as a line item in the Statement of Financial Position.

e Under the Nigerian GAAP, advances from customers were included in the 'creditors'. Under IFRS, based on IAS 11 advances from customers are presented as 'gross amount due to customers'.

Presentation differences

f **Trade and other receivables:** Under the Nigerian GAAP, 'contract debt' and 'retentions' are shown separately as a line item. Under IFRS, in line with IAS 1, they are presented as 'trade and other receivables'.

Under the Nigerian GAAP, included in 'other debtors and prepayments' are withholding tax and VAT receivables that have now been reclassified as 'tax receivables'. Other balances included in 'debtors and prepayments' have been reclassified as 'trade and other receivables'.

Under the Nigerian GAAP, 'due from related parties' were shown as a separate line item. Under IFRS, in line with IAS 1 they are reclassified as 'trade and other receivables'.

g **Tax receivables:** 'Tax receivables' represents withholding tax receivables and VAT receivables that was reclassified from 'other debtors and prepayments'. Long term receivable under the Nigeria GAAP are also tax receivables and have been presented as such under IFRS.

h **Trade and other payables:** Under the Nigerian GAAP, 'other creditors' are shown as a line item. Under IFRS, it has been reclassified as 'trade and other payables'.

Under the Nigerian GAAP, 'due to related parties' were shown as a separate line item. Under IFRS, it has been reclassified as 'trade and other payables'.

Under the Nigerian GAAP, 'other creditors' is shown as a line item. Under IFRS, it has been reclassified as 'trade and other payables' except for advances from contractors that have been reclassified as 'gross amount due to customers' and 'unpaid staff pension' (defined contributory scheme) that is presented as 'retirement benefit liabilities'.

i **Retirement benefits liabilities:** Under the Nigerian GAAP, provisions for staff retirement benefits are presented as a non-current item 'retirement benefit liabilities' as they meet the definition of non-current liabilities under IFRS. Retirement benefit liabilities also includes unpaid staff pension (defined contributory scheme).

j **Other income:** Under IFRS, the balance of 'other income' presented under Nigerian GAAP has been broken down into 'other gains and losses' and 'investment income' to meet the presentation requirement of IAS 1. Also in the Statement of Cash Flows, 'investment income' has been removed.

Statement of Value Added

for the Year Ended December 31, 2012

	Group 2012 ₦000	Group 2012 %	Group 2011 ₦000	Group 2011 %	Company 2012 ₦000	Company 2012 %	Company 2011 ₦000	Company 2011 %
Revenue	201,565,276		169,413,371		196,954,713		167,398,723	
Bought in materials and services:								
Foreign	(25,090,429)		(20,991,464)		(25,072,100)		(20,863,649)	
Local	(100,361,716)		(83,965,855)		(100,288,402)		(83,454,596)	
Value added	**76,113,129**	**100**	**64,456,052**	**100**	**71,594,211**	**100**	**63,080,478**	**100**
Applied as follows:								
To pay employees:								
Staff costs	49,443,312	65	43,225,552	67	46,085,310	64	41,983,484	66
To pay providers of capital:								
Finance costs	2,709,908	3	1,947,558	3	2,708,783	4	1,946,713	3
To pay government:								
Taxation	3,571,777	5	5,093,883	8	3,047,502	4	5,020,154	8
Retained for future replacement of assets and expansion of business:								
Depreciation	11,370,648	15	9,349,795	14	11,255,138	16	9,276,644	15
Deferred tax	757,021	1	427,266	1	725,423	1	441,663	1
Retained earning	8,193,543	11	4,415,908	7	7,772,055	11	4,411,820	7
Non-controlling interest	66,920	–	(3,910)	–	–	–	–	–
	76,113,129	**100**	**64,456,052**	**100**	**71,594,211**	**100**	**63,080,478**	**100**

"Value added" represents the additional wealth which the Group and the Company 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.

Three-Year Financial Summary

for the Year Ended December 31, 2012

Balance Sheet	Group 2012 ₦000	Group 2011 ₦000	Group 2010 ₦000	Company 2012 ₦000	Company 2011 ₦000	Company 2010 ₦000
Non-current assets						
Property, plant and equipment	57,079,027	55,421,778	60,136,274	56,172,990	54,650,926	59,843,793
Goodwill	4,634,422	–	–	–	–	–
Other intangible assets	127,935	–	–	11,375,207	273,990	196,275
Trade and other receivables	1,706,067	161,554	–	1,706,063	161,544	–
Tax receivables	25,957,783	12,458,367	10,864,756	25,368,942	12,280,502	10,658,983
Deferred tax assets	3,017,036	3,362,383	3,519,364	2,899,471	3,244,818	3,418,624
Other financial assets	4,125,734	–	–	4,125,734	–	–
Net current liabilities	13,574,847	37,879,917	(27,920,528)	7,354,969	38,428,278	(27,761,650)
	110,222,851	**109,283,999**	**46,599,865**	**109,003,376**	**109,040,058**	**46,356,025**
Non-current liabilities						
Borrowings	–	–	(1,238,397)	–	–	(1,238,397)
Retirement benefits liabilities	(1,656,643)	–	–	(1,449,205)	–	–
Deferred tax liabilities	(5,666,877)	(5,440,300)	(5,172,521)	(5,693,035)	(5,312,958)	(5,045,101)
Amount due to customers under construction contracts	(86,487,144)	(94,097,474)	(32,455,517)	(86,071,448)	(94,097,474)	(32,455,518)
Provisions	(1,268,007)	–	–	(1,268,007)	–	–
Net Assets	**15,144,180**	**9,746,225**	**7,733,430**	**14,521,681**	**9,629,626**	**7,617,009**
Capital and reserves						
Share capital	600,000	600,000	600,000	600,000	600,000	600,000
Share premium	425,440	425,440	425,440	425,440	425,440	425,440
Foreign currency translation reserve	222,992	–	–	–	–	–
Retained earnings	13,774,577	8,684,026	6,677,321	13,496,241	8,604,186	6,591,569
Attributable to equity holders of the parent	**15,023,009**	**9,709,466**	**7,702,761**	**14,521,681**	**9,629,626**	**7,617,009**
Non-controlling interest	121,171	36,759	40,669	–	–	–
	15,144,180	**9,746,225**	**7,733,430**	**14,521,681**	**9,629,626**	**7,617,009**
Turnover and profit						
Revenue	201,565,276	169,413,371	173,690,552	196,954,713	167,398,723	171,874,300
Profit before taxation	12,341,492	9,933,147	8,014,197	13,496,241	9,873,637	7,962,201
Profit after taxation	8,193,543	4,411,998	2,804,105	7,772,055	4,411,820	2,774,825
Dividend		2,880,000	2,400,000	–	2,880,000	2,400,000
Earnings per ordinary share (₦):						
Actual	6.83	3.68	2.33	6.48	3.68	2.31
Diluted/Adjusted	6.83	3.68	2.33	6.48	3.68	2.31
Net Asset per share (₦):						
Actual	12.62	8.12	6.44	12.10	8.02	6.35
Diluted/Adjusted	12.62	8.12	6.44	12.10	8.02	6.35
Dividend per share (₦):						
Actual	–	2.40	2.00	–	2.40	2.00
Diluted/Adjusted	–	2.40	2.00	–	2.40	2.00
Dividend cover (times)	–	1.53	1.17	–	1.53	1.16

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.

Made in Nigeria

Julius Berger constantly seeks to invest in innovative ways to deliver products and services, made in Nigeria and for Nigeria. From design to basic raw material on to the final fit out, Julius Berger increases domestic production and ultimately contributes to Nigeria's economic growth.

The Company's product line includes quarry products, plaster mortar binder, bitumen emulsion, concrete bricks and blocks, reconditioned tires, aluminum windows and facades, the finest hard and soft furnishings, to name a few. No matter the product, all Julius Berger production facilities follow strict quality control guidelines, ensuring Nigeria gets the quality product that is the hallmark of the Company's brand.

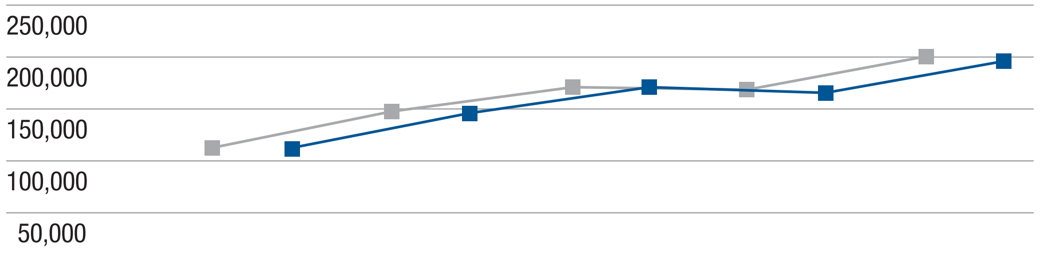
Made in Nigeria is not just a slogan for Julius Berger, it is our Mission.

Turnover and Profit Before Tax

for the Year Ended December 31, 2012

Turnover

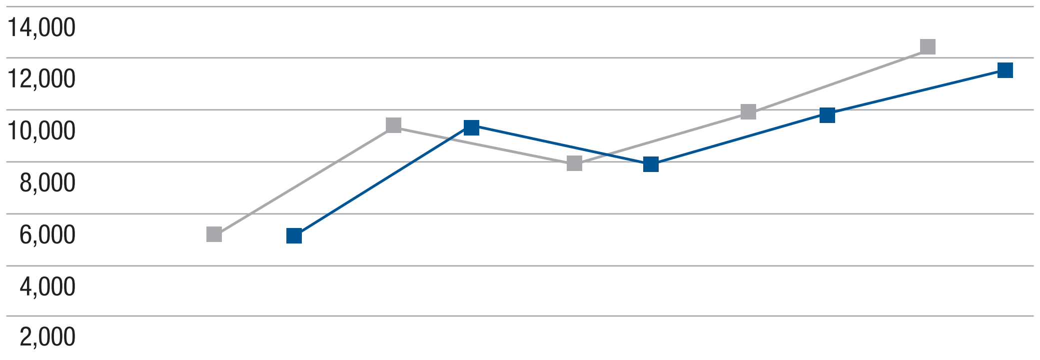
₦ Million	2008	2009	2010	2011	2012



Group	114,029	150,358	173,691	169,413	201,565
Company	112,476	148,426	171,874	167,399	196,955

Profit Before Tax

₦ Million	2008	2009	2010	2011	2012



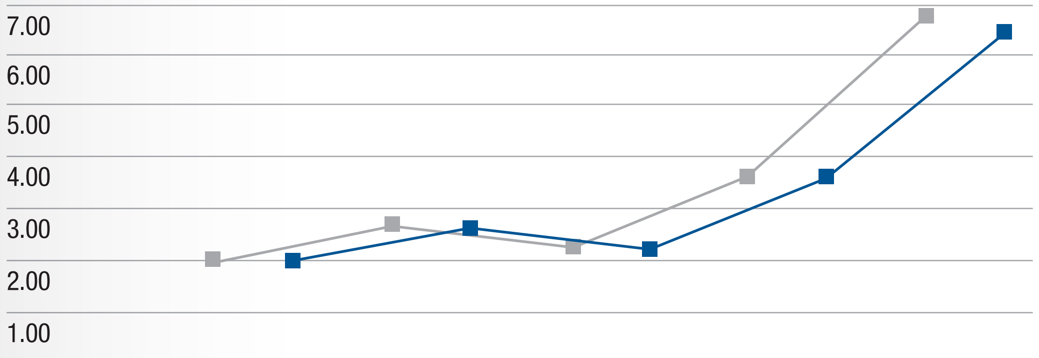
Group	5,241	9,444	8,014	9,933	12,341
Company	5,170	9,369	7,962	9,874	11,545

Earnings and Dividend per Share

for the Year Ended December 31, 2012

Earnings per Share

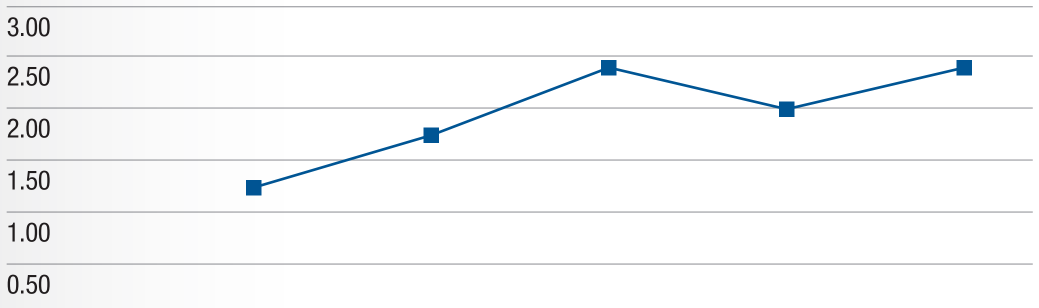
₦	2008	2009	2010	2011	2012



Group	2.09	2.75	2.33	3.68	6.83
Company	2.04	2.72	2.31	3.68	6.48

Dividend per Share

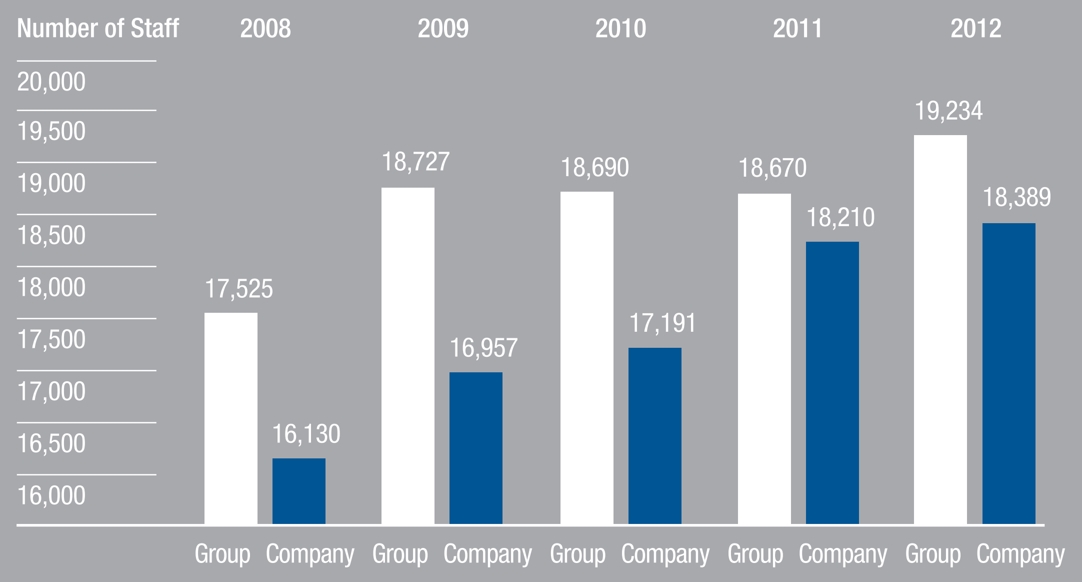
₦	2008	2009	2010	2011	2012



Company	1.25	1.75	2.40	2.00	2.40

Total Staff Strength

for the Year Ended December 31, 2012



Share Capital History

for the Years from 1970 to 2008

Year	Authorised Share Capital Nominal Value		Issued and Paid-Up Share Capital	
	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
1996	180,000,000	90,000,000	180,000,000	90,000,000
2000	225,000,000	112,500,000	225,000,000	112,500,000
2001	270,000,000	135,000,000	–	–
2005	345,000,000	172,500,000	300,000,000	150,000,000
2008	1,245,000,000	622,500,000	1,200,000,000	600,000,000

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

Shareholder Administration

Our esteemed Shareholders,

To make our interaction with you on a number of issues, that have been agitating shareholders, easier and more seamless, we hereby attach a number of forms for your use.

We urge you and trust that you would take advantage of these forms and the opportunities they would present to ease shareholder management. These forms are also available on the Company's website as well as on the website of the Registrars Union Registrars Ltd., or at their address at 2 Burma Road, Apapa, Lagos P.M.B 12717 Lagos.

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

In the following we would like to share this additional information with you:

Authority to Mandate and Change of Address

Several of you, our esteemed Shareholders, and indeed the Regulators, have expressed to the Board their concerns about the unclaimed dividend balances as well as the status of unclaimed certificates. After discussing with the Registrars, it was recognised that the Company, the shareholders and the 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.

To this end, all 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. 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.

2. 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.

3. establish CSCS accounts to which shares arising from corporate actions such as bonus, rights and offers for sale or subscription would be credited.

Kindly complete the Authority to Mandate and Change Address Form.

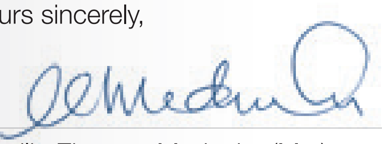
Authority to Electronically Receive Corporate Information

In line with the developments in electronic communications and to circumvent the usual issue of late receipt of corporate information, we would like to introduce to our shareholders 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.

If you so elect, **kindly complete the Authority to Electronically Receive Information Form**.

Yours sincerely,



Cecilia Ekanem Madueke (Mrs)
Company Secretary

JULIUS BERGER

Proxy Form

43rd 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 20, 2013 at 11:00 a.m. in the forenoon.

I/We being a member/members of Julius Berger Nigeria Plc hereby appoint the person named below or failing him the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the 43rd Annual General Meeting of that Company to be held on June 20, 2013 and at every adjournment thereof.

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 to this form to obtain entrance to the Meeting.
3. Provision has been made on this form for the Chairman of the Meeting to act as your proxy. However, if you so wish, you may insert in the space provided on the form the name of any person, whether a member of the Company or not, who will attend the Meeting and vote on your behalf.
4. Please sign the above Proxy Form and post it so as to reach the Registrars, Union Registrars Ltd., 2 Burma Road, Apapa, Lagos, not later than 48 hours before the appointed 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.

Shareholder Name

Proxy Name

Date (dd/mm/yyyy)

Shareholder's Signature

Nos.	Resolutions	For	Against
1.	To declare a dividend		
2.	To approve the appointment of Alhaji Zubairu Ibrahim Bayi as a Director		
3.	To approve the appointment of Mr. David Herron as a Director		
4.	To approve the appointment of Mr. George Marks as a Director		
5.	To reelect Avm (Dr.) Mohammed Nurudeen Imam, CFR as a Director		
6.	To reelect Engr. Heinz Stockhausen as a Director		
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 Directors		

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

Admission Card

Please admit the person named below at the 43rd Annual General Meeting of Julius Berger Nigeria Plc to be held at 11:00 a.m. in the forenoon on Thursday, June 20, 2013 at the Shehu Musa Yar'Adua Center, 1 Memorial Drive, Abuja FCT.

Cecilia Ekanem Madueke (Mrs.)
Company Secretary

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.

Attendant Name

Signature of Attendee's

For Registrar / Company Use Only

Shareholder Name

Number of Shares

Please fold here for posting.

Please affix postage stamp here

The Registrars
Union Registrars Ltd.
2 Burma Road
Apapa
Lagos

Please detach Admission Card and keep it.

JULIUS BERGER

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

Name of Bank and Branch

Sort Code

Account Number (Current or Savings)

Stamp of Bank and Signature of Account Schedule Officer

CSCS Details

Name of Broker

CSCS Account Number

Stamp of Broker and Signature of Account Schedule Officer

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

Old Address

New Address

Other Information

GSM Number

Email

Shareholder Name

Date (dd/mm/yyyy)

Shareholder Signature

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

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The Registrars
Union Registrars Ltd.
2 Burma Road
Apapa
Lagos

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JULIUS BERGER

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 report and notices of general meeting to shareholders by electronic means".

By enrolling in electronic delivery service, you have agreed that announcements/shareholder communication material can be made available electronically to you either semi-annually or annually. Annual Report, 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 lodgement 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
stamp here

The Registrars
Union Registrars Ltd.
2 Burma Road
Apapa
Lagos

Please fold here for posting.

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