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R E P O R T &
F I N A N C I A L
S T A T E M E N T S

COSTAIN
(WEST AFRICA)
Plc



RC 672

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2004

CONTENTS	PAGE
Notice of Annual General Meeting.....	2
Directors, Officers and Professional Advisers.....	3
Results at a Glance.....	4
Chairman's Statement.....	5
Managing Director's Review.....	6
Report of the Directors.....	7-10
Report of the Auditors.....	11
Report of the Audit Committee.....	12
Statement of Accounting Policies.....	13-14
Balance Sheet.....	15
Profit and Loss Account.....	16
Statement of Cash Flows.....	17
Notes to the Accounts.....	18-24
Statement of Value Added.....	25
Five-year Financial Summary.....	26
Shareholders' Information.....	27
Proxy & Admission Form.....	28

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 56th Annual General Meeting of Costain (West Africa) Plc will be held at the Federal Palace Hotel, Ahmadu Bello Way, Victoria Island, Lagos on Friday 17th December 2004 at 11.00 am, for the following purposes:-

ORDINARY BUSINESS

1. To receive the Report of the Directors, the Balance Sheet as at 31st March 2004, Auditors' Report thereon and the Audit Committee's Report.
2. To elect/re-elect Directors who retire by rotation.
3. To authorise the Directors to determine the remuneration of the Auditors.
4. To elect/re-elect members of the Audit Committee for the ensuing year.

SPECIAL BUSINESS

5. To approve the remuneration of the Directors.

BY ORDER OF THE BOARD

Christabel-Immanuela Tabiowo (Mrs)

Company Secretary

Costain (West Africa) Plc

174, Western Avenue, Ebute-Metta, Lagos

10th November 2004

Notes:

PROXIES

A member of the company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company.

A Proxy Form is supplied with this notice. To be effective, a proxy and the authority (if any) under which it is signed or notarially certified or office copy of such authority must be deposited at the Registrar's Office (First Registrars Nigeria Ltd, Plot 2, Abebe Village Road, Iganmu, Lagos) not later than 48 hours before the time fixed for the meeting. A proxy may be delivered by facsimile to the Company's Registrars, Fax 234 1 585 0552.

CLOSURE OF REGISTER

NOTICE IS HEREBY GIVEN that the Register of Members and Transfer Books of the Company will be closed from Monday, 29th November 2004 to Friday 3rd December 2004 (both dates inclusive) for the purpose of preparing an up-to-date Register.

NOMINATION FOR THE AUDIT COMMITTEE

The Audit Committee consists of two Shareholders and two Directors. In accordance with section 359(5) of the Companies and Allied Matters Act 1990, any Member may nominate a shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least **twenty-one (21)** days before the day of the Annual General Meeting.

COMPANY REGISTRATION NO. RC 672 DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS: Chief Newton Chuka Jibunoh OON - Chairman
Richard Kenneth Price [British] - Chief Executive Officer
David Hester [British] - Managing Director
Onuorah Prettylove Aligbe - Deputy Managing Director
Mark Bullen [British] - Commercial Director
Omotola Akinwole Osunkiyesi
Alhaji Mohammed Hassan Koguna
Stephen Prendergast [British]
Alexander John Vaughan [British]

COMPANY

SECRETARY: Mrs. Christabel-Immanuela Tabiowo

REGISTERED OFFICE: 174 Western Avenue
Ebute-Metta
Lagos
Phone No: 01-7748540, 5801870-4
Fax: 5876204,

REGISTRARS & TRANSFER OFFICE: First Registrars Nigeria Limited
Plot 2 Abebe Village Road
Iganmu Lagos
Phone No: 7743309, 5851418, 5456142
Fax: 5850552

AUDITORS: Akintola Williams Deloitte
(Chartered Accountants)

BANKERS: Chartered Bank Plc
Citibank Nigeria Limited
First Bank of Nigeria Plc
Union Bank of Nigeria Plc
Wema Bank Plc

SOLICITORS: Alaba Okupe & Co
MI Jegede & Co
Akin O Sikuade & Co
Adepetun Caxton-Martins Agbor & Segun

RESULTS AT A GLANCE

	2004	2003
	N'000	N'000
Turnover	1,261,909	1,501,992
Loss before Taxation	468,754	42,306
Loss after Taxation	469,010	42,605
AT YEAR-END:		
Share Capital	79,960	79,960
Shareholders' Funds	110,490	201,012
PER 50K SHARE DATA:		
Earnings Per Share	(293k)	(27k)
Net Assets per share	69k	126k
Stock Exchange Quotation	59k	77k

CHAIRMAN'S STATEMENT

My fellow shareholders, it is with much pleasure that I welcome you all to the 56th Annual General Meeting of our company for the year ended 31st March 2004.

Despite our earlier hopes, the year in review did not bring the much-accelerated growth we had hoped. The economic re-engineering of our country was and is still going on. Even though Investors' confidences is returning, there is no real growth yet in the Construction Industry. This was compounded by the fact that major works earlier planned for 2003 were all shelved or cancelled until the elections were concluded. The election ended, but investors were still cautious and most jobs also were stopped, suspended or cancelled. Consequently, the planned turnover we anticipated could not be achieved. The result is that high interest rates from the banks continue to erode our operational profits and capital base.

During the year in review, your company has continued to go through the processes of restructuring begun a few years ago. At this period, Mr. Peter Adams resigned from the Board of Costain International Limited and that of Costain (West Africa) Plc (CWA) - Mr. Richard Pope was appointed as Financial Director but resigned in May 2004. Also Mr. Andrew U. Jibunoh resigned from the Board in August 2004. Presently, we have appointed to the board the following members:

Mr. David Hester - Managing Director, Mr. Mark Bullen - Commercial Director, Mr. S. Prendergast - Director, Mr. A. Vaughan - Director, Mr. Richard K Price is now the Chief Executive Officer while Mr. Tola Osunkiyesi - left the executive, but still remains a member of the Board.

This restructuring followed the acquisition of 36% equity in CWA by Costain Engineering and Construction (Overseas) Ltd. It is believed that with this renewed interest and commitment to the company, CWA will have a stronger management that will return the company to profitability.

As you are aware, through our previous Annual General Meeting, we have indicated that our strategy is to focus more on Private Sector jobs, whilst completing the current Government Projects.

We will also be diversifying our activities into heavy Civil Engineering Works, Marine Engineering as well as Oil and Gas Process Works. These ventures will be in partnership with other specialized companies through Joint Venture Operations. Our overall goal is to make CWA a major player/force once again in the industry.

We appreciate the patience and long suffering of the Shareholders. We assure you that we can now begin to see the light at the end of the tunnel. Given political stability in the Country and the expected growth in our economy, your company will begin to prosper again.

Thank you all.



Chief Newton Chuka Jibunoh, OON

It is believed that with this renewed interest and commitment to the company, CWA will have a stronger management that will return the company to profitability.

MANAGING DIRECTOR'S REVIEW

We welcome you and thank you for attending this 56th Annual General Meeting of the Company.

In the year ending 31st March, 2004 we successfully completed the Deputy Governor's residence in Port Harcourt and the Education Trust Fund Headquarters building in Abuja. We were successful with two contract awards with Shell Trustees (Nig.) Ltd and these contracts are ongoing.

We have a longstanding relationship with Delta State and I am pleased to confirm that we are now concluding the second phase of the Warri Stadium development and cordial negotiations are ongoing in regard to the re-commencement of two other contracts.

Due to the prevailing poor economic climate in the Country, trading in the year to 31st March 2004 continued to be very difficult and challenging. The overpowering burden of bank debt continued to be the predominant influence on the trading year, limiting our ability to secure further works and slowing down existing contracts.

Turnover for the year was ₦1.26bn approx. 16% down on the previous year. The reduced trading level led to an operating loss of ₦74m. Overheads and bank interest amplified this loss to ₦469m and consequently no dividend can be declared at this time.

The current order book stands at ₦2.1bn. We anticipate this will grow to provide improved turnover and operating profit for the current period. As planned, the percentage of turnover attributable to private sector clients is increasing, it presently stands at 35%.

Planned restructuring of the Company and its debt which is targeted to revive our fortunes, began to take place more recently with the restructuring of the Board.

Since April 2004, we have achieved some further significant progress in this regard. Arrangements have also been concluded with several banks on satisfactory terms to restructure our debt burden.

Costain Engineering & Construction (Overseas) Limited have affirmed their commitment to the company by increasing their shareholding to some 36%. In parallel Costain Engineering & Construction (Overseas) Limited have recently made funds available to assist in our recovery.

With the ongoing restructuring and refinancing, we are optimistic for the future of this prestigious company in Nigeria. The company will require significant additional investment by way of working capital to carry us forward until our recovery works through. No effort is being spared in pursuit of this objective. Challenging times and decisions lie ahead and the Board will continue to require utmost support.

Given the requisite support from our staff and our investors, we will restore the well respected "Costain" brand to its rightful place within the Nigerian construction sector in the shortest possible time.



DL Hester
Managing Director

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2004

The directors submit their report together with the financial statements for the year ended 31 March 2004.

1. RESULT

N'000

The loss of the company for the year after
taxation transferred to general reserve was 469,010

2. LEGAL FORM

The company was incorporated as a private limited liability company on 16 July 1948 and became a public company on 13 March 1974.

3. PRINCIPAL ACTIVITIES

The company operates as building and civil engineering contractors throughout the Federal Republic of Nigeria and also manufactures furniture and joinery.

4. DIRECTORS AND DIRECTORS' INTERESTS

1. The names of the present directors of the company are listed on page 3.
2. Messrs. Stephen Prendergast, Alexander John Vaughan and Mark Bullen who were appointed since the last annual general meeting retire and being eligible, offer themselves for re-election.
3. Messrs Peter Richard Adams, Andrew Uchenna Jibunoh and Chief Olusegun Olusola ceased to be directors of the company during the year under review.
4. Mr. Richard John Newcombe Pope who was appointed a director of the company since the last annual general meeting resigned from the Board in August 2004.
5. In accordance with the company's articles of association, Chief Newton Jibunoh and Mr. O. P. Aligbe retire by rotation and, being eligible, offer themselves for re-election.
6. The interest of the directors in the share capital of the company was as follows:

	Number of shares	
	At 31 March 2004	At 31 March 2003
Chief Newton Chuka Jibunoh	4,762,950	4,762,950
Mr Onuorah Prettylove Aligbe	1,151,708	1,151,708
Alhaji Mohammed Hassan Koguna	432,933	432,933
Mr Omotola Akinwole Osunkiyesi	175,467	175,467
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Report Of The Directors (Cont'd)

5. DIRECTORS' RESPONSIBILITIES

The directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the company at the end of each financial year and of the profit or loss for that year and comply with the provisions of Companies and Allied Matters Act 1990. In doing so they ensure that:

- proper accounting records are maintained;
- internal control procedures are instituted which, as far as is reasonably possible, safeguard the assets and prevent and detect fraud and other irregularities;
- applicable accounting standards are followed;
- suitable accounting policies are adopted and consistently applied;
- judgements and estimates made are reasonable and prudent; and
- the going concern basis is used, unless it is inappropriate to presume that the company will continue in business.

6. SHAREHOLDING STRUCTURE

	Number of shares			
	At 31 March 2004		At 31 March 2003	
	N'000	%	N'000	%
Nigerians	101,450	63.44	101,450	63.44
Foreign shareholders:				
Jiton Holdings Limited	46,894	29.32	46,894	29.32
Costain Engineering Construction (Overseas) Limited	<u>11,576</u>	<u>7.24</u>	<u>11,576</u>	<u>7.24</u>
	<u>159,920</u>	<u>100.00</u>	<u>159,920</u>	<u>100.00</u>

No individual shareholder other than Jiton Holdings Limited held more than 10% of the issued share capital of the company as at 31 March 2004.

7. FIXED ASSETS

Movements in fixed assets during the year are shown in note 5 on page 19. In the opinion of the directors, the market value of the company's properties is not less than the value shown in the financial statements.

8. SUPPLIERS

The company's significant overseas and local suppliers are:

Overseas:

Costain Building & Civil Engineering Limited, United Kingdom.

Local:

Total Nigeria Plc
Steel & Engineering Services (West Africa) Limited
Flour Mills of Nigeria Plc

The company is not associated with the local suppliers and obtains all its materials on an arm's length basis.

Report Of The Directors (Cont'd)

9. DONATIONS

No donations were made during the year.

10. EMPLOYMENT AND EMPLOYEES

Employment of disabled persons:

It is the policy of the company that there should be no discrimination in considering applications for employment including those from disabled persons. All employees whether or not disabled are given equal opportunities to widen their experience and knowledge and to qualify for promotion in furtherance of their careers. As at 31 March 2004, two disabled persons were employed by the company.

Health, safety at work and welfare of employees:

Health and safety regulations are in force within the premises and sites of the company. The company provides subsidy towards transportation, housing and medical expenses to all employees in accordance with the agreement with the National Joint Industrial Council.

Employees' involvement and training:

The company is committed to keeping employees fully informed as much as possible regarding its performance and progress and seeking their views wherever practicable on matters, which particularly affect them as employees. Management, professional and technical expertise are the company's major assets and investment in developing such skills continues. The company's manpower development programme has been broadened to create improved prospects within the organisation. Incentive schemes designed to meet the circumstances of each individual are implemented wherever appropriate and some of these schemes include bonus, promotion, wage review, etc.

11. POST BALANCE SHEET EVENTS

There are no post balance sheet events, which could have had a material effect on the state of affairs of the company as at 31 March 2004 and on the loss to that date which has not been provided for.

12. AUDIT COMMITTEE

Pursuant to section 359 (3) of the Companies and Allied Matters Act, 1990, the company has an Audit committee comprising two Directors and two shareholders namely:

Chief Anthony Obi Obiogbolu (Chairman)
Alhaji Gbadebo Olatokunbo
Mr. Richard Kenneth Price
Mr. Onuorah Prettylove Aligbe

The functions of the Audit committee are as laid down in section 359(6) of the Companies and Allied Matters Act, 1990.

Report Of The Directors (Cont'd)

13. AUDITORS

Messrs. Akintola Williams Deloitte have indicated their willingness, to continue in office as the company's auditors in accordance with section 357(2) of the Companies and Allied Matters Act, 1990. A resolution will be proposed authorising the directors to determine their remuneration.

BY ORDER OF THE BOARD



MRS CHRISTABEL-IMMANUELA TABIOWO

Company Secretary
10th November, 2004

LAGOS, NIGERIA.

REPORT OF THE AUDITORS TO THE MEMBERS OF COSTAIN (WEST AFRICA) PLC

We have audited the financial statements of Costain (West Africa) Plc as at 31 March 2004 set out on pages 13 to 26 which have been prepared on the basis of the accounting policies on page 13 - 14.

Respective responsibilities of Directors and Auditors

In accordance with the Companies and Allied Matters Act, 1990, the company's Directors are responsible for the preparation of the financial statements. Our responsibility is to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with the international standards on auditing issued by the International Federation of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements; and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations, which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements and assessed whether the company's books amount had been properly kept.

As disclosed in note 17 on page 24 the company has suffered losses from its operations and had net current liabilities. The directors' plans in regard to this matter are also described in note 17.

Out of the total liability of sum of ₦133million, representing obligation for staff gratuity, provision of only ₦33million has been made in these accounts.

The financial statements have been prepared on a going concern basis, which pre-supposes that creditors including the banks will provide the necessary support for the company. The validity of this assumption is dependent upon the continuing support of the creditors and the banks.

Opinion

Subject to the above, in our opinion, the company has kept proper books of account and the financial statements are in agreement with the books. The financial statements, drawn up in conformity with the generally accepted accounting standards in Nigeria, give a true and fair view of the state of affairs of the company as at 31 March 2004 and of the loss and cash flows for the year ended on that date, and have been properly prepared in accordance with the Companies and Allied Matters Act, 1990.

Akinola Williams Deloitte

Chartered Accountants
Lagos, Nigeria
10th November, 2004

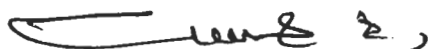


REPORT OF THE AUDIT COMMITTEE TO THE MEMBERS OF COSTAIN (WEST AFRICA) PLC

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, Cap.59 Laws of the Federation of Nigeria, 1990, we, the Members of The Audit Committee of Costain (West Africa) Plc, having carried out our statutory functions under the Act, hereby report as follows:-

- a. That the accounting and reporting policies of the Company are in accordance with the Legal requirements and agreed ethical practices
- Members of the Audit Committee are:-
Chief Anthony Obi Obiogbolu (Chairman)
Alhaji Gbadebo Olatokunbo
Mr. Richard K. Price
Mr. Onuorah Prettylove Aligbe
- b. That the scope and planning of both the external and internal Audit programmes for the year ended 31st March 2004 are satisfactory and reinforce the Company's internal control system.
- Dated 9th November 2004
- c. That having reviewed the External Auditors' findings and recommendations on management matters, we are satisfied with management responses thereon.

Finally, we acknowledge the co-operation of management and staff in the conduct of these duties.



Chief Anthony Obi Obiogbolu
Chairman Audit Committee

STATEMENT OF ACCOUNTING POLICIES

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

1. ACCOUNTING BASIS

The financial statements are prepared under the historical cost convention as modified by the inclusion of certain fixed assets at professional valuation.

2. TURNOVER

Turnover represents external contracting work done and sales of furniture to third parties.

3. STOCKS

Stocks are valued at the lower of cost and net realisable value.

4. WORK IN PROGRESS

Work in progress is valued on the basis of the company engineers' estimate of work done but not yet certified less progress payments received. Claims receivable arising on contracts are accounted for when agreed. In the case of unprofitable contracts, full provision is made for foreseeable losses.

5. FIXED ASSETS

Fixed assets are stated at cost or valuation less accumulated depreciation.

6. DEPRECIATION OF FIXED ASSETS

Depreciation is provided to write off the cost or valuation of fixed assets on a straight line basis at the following annual rates:

Plant and equipment	- 10% to 33 ^{1/3%}
Motor vehicles	- 16 ^{1/2%} to 33 ^{1/3%}
Office equipment, furniture and fittings	- 20% to 33 ^{1/3%}
Leasehold properties:	
50 years and above	- 2%
Below 50 years	- Over the unexpired period.
Freehold land	- Nil

7. FOREIGN CURRENCIES

.1 Transactions in foreign currencies are recorded in Naira at the rates of exchange ruling at the dates of the transactions.

Statement Of Accounting Policies (Cont'd)

- .2 Balances in foreign currencies are converted to Naira at the rates of exchange ruling at the balance sheet date.
- .3 Gains/losses arising therefrom are taken to the profit and loss account.

8. DEFERRED TAXATION

Provision for deferred taxation is made by the liability method and calculated at the current rate of taxation on the difference between the net book value of qualifying fixed assets and their corresponding tax written down values.

9. RETIREMENT BENEFITS SCHEME

Liabilities in respect of retirement benefits are provided by payment to Costain (West Africa) African Staff Provident Fund.

BALANCE SHEET AS AT 31 MARCH 2004

	Note	2004 N'000	2003 N'000
FIXED ASSETS	5	875,699	516,522
LONG-TERM INVESTMENTS	6	5,378	5,378
		881,077	521,900
CURRENT ASSETS			
Stocks and work in progress	7	406,763	906,884
Debtors and prepayments	8	209,136	147,011
Bank and cash balances		307,621	24,008
TOTAL CURRENT ASSETS		923,520	1,077,903
CREDITORS			
Amount falling due within one year	9	(1,694,107)	(1,398,791)
Net current liabilities		(770,587)	(320,888)
TOTAL ASSETS LESS CURRENT LIABILITIES		110,490	201,012
CAPITAL AND RESERVES			
Share capital	10	79,960	79,960
Revaluation reserve	11	981,580	603,092
Share premium		44,189	44,189
General reserve (deficit)	12	(995,239)	(526,229)
		110,490	201,012

Approved by the Board of Directors on 10th November, 2004
and signed on its behalf by:

 _____ David L Hester	} DIRECTORS
 _____ Onuorah Prettylove Aligbe	

The accounting policies on pages 13 -14 and the notes on pages 18 to 24 form part of these financial statements.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2004

	Note	2004 N'000	2003 N'000
Turnover		1,261,909	1,501,992
Profit on sale of fixed assets		5,565	6,337
Interest received & other income		9,157	68,095
Exceptional income	2	137,000	0
		1,413,631	1,576,424
EXPENSES:			
Direct costs		1,187,476	1,070,383
Administration expenses		502,476	353,755
Interest expenses		192,433	194,592
		1,882,385	1,618,730
Loss before taxation	3	(468,754)	(42,306)
Taxation	4	(256)	(299)
Loss after taxation transferred To general reserve	12	(469,010)	(42,605)

The accounting policies on pages 13 and 14 and the notes on pages 18 to 24 form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2004

	2004 N'000	2003 N'000
Cash flows from operating activities		
Cash receipts from customers	1,201,192	1,742,285
Cash paid to employees and suppliers	(787,259)	(1,642,823)
	<u>413,933</u>	<u>99,462</u>
Income taxes paid	(358)	(49)
Net cash provided by operating activities	<u>413,575</u>	<u>99,413</u>
Cash flows from investing activities		
Purchase of fixed assets	(46,426)	(15,661)
Interest receivable and similar income	144,749	38,972
Proceeds from sale of fixed assets	5,388	4,832
Net cash provided by investing activities	<u>103,711</u>	<u>28,143</u>
Cash flows from financing activities		
Interest paid	(192,433)	(194,592)
Net cash provided by financing activities	<u>(192,433)</u>	<u>(194,592)</u>
Net increase/(decrease) in cash and cash equivalents	324,853	(67,036)
Cash and cash equivalents at 1 April	(694,333)	(627,297)
Cash and cash equivalents at 31 March	<u>(369,480)</u>	<u>(694,333)</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004

1. THE COMPANY

The company was incorporated as a private limited liability company on 16 July 1948 and became a public company on 13 March 1974. The company operates as building and civil engineering contractor throughout the Federal Republic of Nigeria and also manufactures furniture and joinery.

2. EXCEPTIONAL INCOME

This relates to interest waived for total and final settlement of debts of N367million owed to First Bank of Nigeria Plc as at 31 March 2004.

3. LOSS BEFORE TAXATION

The trading loss is stated after charging:

	2004 N'000	2003 N'000
Depreciation	60,586	59,426
Director's emoluments:	7,792	7,792
Auditors' remuneration	2,400	2,000
Interest paid	<u>192,433</u>	<u>194,592</u>

4. TAXATION

.1 Per profit and loss account

Education tax	-	299
Capital gains tax	<u>256</u>	<u>-</u>
	<u>256</u>	<u>299</u>

Per balance sheet:

.2

Education tax - current year	-	299
Prior year	3,462	3,373
Capital gains tax - current year	256	-
Prior year	<u>3,486</u>	<u>3,634</u>

Balance at 31 March	<u>7,204</u>	<u>7,306</u>
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.3 Income tax and education tax are based on the provision of the Companies Income Tax Act (LFN Cap 60) as amended to date and Education Tax Act 1993 respectively.

As a result of unrelieved losses and capital allowances the company is not liable to income tax.

.4 The company adopted SAS 19 regarding deferred taxation for the first time in the accounts for the year ended 31 March 2002. Compliance resulted in a deferred tax asset, which has not been recognised in these accounts.

Notes To The Accounts (Cont'd)

5. FIXED ASSETS

Summary	Land and buildings N'000	Plants and equipments N'000	Motor vehicles N'000	Furniture & fittings N'000	Total N'000
Cost:					
At 1 April	383,696	279,398	109,191	23,802	796,087
Additions	2,000	6,647	35,621	2,158	46,426
Revaluation	374,000	-	-	-	374,000
Disposals	-	(5,487)	(20,449)	-	(25,936)
At 31 March	<u>759,696</u>	<u>280,558</u>	<u>124,363</u>	<u>25,960</u>	<u>1,190,577</u>
Depreciation:					
At 1 January	21,096	146,589	89,274	22,606	279,565
Charge for the year	7,506	43,995	8,090	995	60,586
Elimination on disposal	-	(4,864)	(20,409)	-	(25,273)
At 31 March	<u>28,602</u>	<u>185,720</u>	<u>76,955</u>	<u>23,601</u>	<u>314,878</u>
Net Book Value					
At 31 March 2004	<u>731,094</u>	<u>94,838</u>	<u>47,408</u>	<u>2,359</u>	<u>875,699</u>
At 31 March 2003	<u>362,600</u>	<u>132,809</u>	<u>19,917</u>	<u>1,196</u>	<u>516,522</u>

2. Land and buildings were professionally revalued by Messrs RCO Okafor & Co, Chartered Surveyors and Valuers at 30 September 1998, while plants and equipments were revalued at 15 September 2000. The valuations which were based on an open market value between a willing buyer and a willing seller were incorporated in the financial statements.
3. Abuja Life Camp was professionally valued by RCO Okafor & Co, Chartered Surveyors and Valuers on 10 September 2002. Also, the head office and Furniture & Joinery unit were professionally valued by the same firm on 20th June 2003 and 25th June 2003 respectively but adopted into the account on 31 March 2004. The valuation was based on an open market value. The surplus on revaluation has been credited to Revaluation reserve.

Notes To The Accounts (Cont'd)

	2004 N'000	2003 N'000
.4		
Included in the value of land and buildings are revalued properties as follows:		
Land held under statutory right of occupancy	8,547	8,547
Land held under leases - long lease	<u>722,547</u>	<u>354,053</u>
	<u>731,094</u>	<u>362,600</u>
.5		
The depreciation charge for the year is included in the financial statements as follows:		
Contract cost	43,995	49,241
Administration expenses	<u>16,591</u>	<u>10,185</u>
	<u>60,586</u>	<u>59,426</u>
.6		
There is no asset for which there is no record of cost.		
6 LONG - TERM INVESTMENTS (UNLISTED SHARES AT COST)		
Related company	2,525	2,525
Subsidiary company	<u>2,853</u>	<u>2,853</u>
	<u>5,378</u>	<u>5,378</u>
.1		
In the opinion of the Directors, the market value of the investments is not below cost.		
.2		
The financial statements of Foundation Engineering (Nigeria) Limited, a wholly-owned subsidiary, are not consolidated with these financial statements as it would be of no real value to the members of the company as the amount involved is insignificant.		
7. STOCKS	2004 N'000	2003 N'000
Raw materials	36,765	35,828
Work-in-progress	254,455	754,157
Finished goods	2,201	3,718
Spare parts and tools	<u>113,342</u>	<u>113,181</u>
	<u>406,763</u>	<u>906,884</u>

The Directors consider that the realisable value of stock is not lower than the book value.

Notes To The Accounts (Cont'd)

	2004 N'000	2003 N'000
8. DEBTORS AND PREPAYMENTS		
Trade debtors	8,500	4,554
Other debtors	127,788	69,609
Withholding tax recoverable	72,848	72,848
	<u>209,136</u>	<u>147,011</u>
9. CREDITORS		
Amounts falling due within one year:		
Bank loans and overdraft	677,101	718,341
Trade creditors and accruals	1,003,915	667,257
Dividend (note 13)	5,887	5,887
Taxation (note 4)	7,204	7,306
	<u>1,694,107</u>	<u>1,398,791</u>

The bank facilities are secured on negative pledge on the assets of the company.

10. SHARE CAPITAL

	2004 N'000	2003 N'000
Authorised:		
200,000,000 ordinary shares of 50k each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:		
159,920,000 ordinary shares of 50k each	<u>79,960</u>	<u>79,960</u>

11. REVALUATION RESERVE

Surplus arising from revaluation of assets		
At 1 April	603,092	430,290
Revaluation surplus in the year (Note 3.1)	379,328	177,000
Elimination on disposal	(840)	(4,198)
At 31 March	<u>981,580</u>	<u>603,092</u>

12. GENERAL RESERVE

At 1 April	(526,229)	(483,624)
Transferred from profit and loss account	(469,010)	(42,605)
At 31 March	<u>(995,239)</u>	<u>(526,229)</u>

Notes To The Accounts (Cont'd)

	2004 N'000	2003 N'000
13. DIVIDEND	5,887	5,887

- .1 Unpaid and unclaimed in respect of prior years
- .2 Unpaid and unclaimed dividends are the amounts payable to Nigerian and foreign shareholders in respect of dividends previously declared by the company.

14. CHAIRMAN AND DIRECTORS' EMOLUMENTS

.1 Emoluments		
Chairman	1,200	1,200
Other directors	5,182	6,592
	<u>6,382</u>	<u>7,792</u>
As:		
Fees	222	112
Others	6,160	7,680
	<u>6,382</u>	<u>7,792</u>

- .2 The number of Directors excluding the chairman whose emoluments were within the following ranges are:

N		Number	Number	
50,001	-	100,000	1	2
1,890,001	-	1,900,000	2	3
			<u>2</u>	<u>3</u>
Highest paid director			N1,920,000	N1,920,000

- .3 No directors' emoluments were waived during the year and no payment was made to any director past or present in respect of pensions and compensation for loss of office.

15. STAFF

- .1 The average number of persons employed as at 31 March:-

	2004 Number	2003 Number
Contract	757	713
Administration	75	89
	<u>832</u>	<u>802</u>

The total staff costs amounted to N240,913,000 (2003 - N163,723,000).

Notes To The Accounts (Cont'd)

- 2 Number of employees whose emoluments excluding allowances and provident fund contributions were within the following ranges:

The employees in receipt of emoluments		2004 Number	2003 Number
N	N		
60,001	- 70,000	3	35
70,001	- 80,000	5	40
80,001	- 90,000	50	77
90,001	- 100,000	152	74
110,001	- 120,000	36	72
120,001	- 130,000	20	15
130,001	- 140,000	2	13
140,001	- 150,000	2	20
150,001	- 160,000	15	11
160,001	- 170,000	1	6
170,001	- 180,000	13	36
180,001	- 190,000	19	43
190,001	- 200,000	28	7
200,001	- 210,000	60	8
210,001	- 220,000	19	5
220,001	- 230,000	4	7
230,001	- 240,000	5	8
240,001	- 250,000	2	3
250,001	- 260,000	2	2
260,001	- 270,000	18	11
270,001	- 280,000	4	2
280,001	- 290,000	7	9
290,001	- 300,000	6	6
300,001	- 400,000	33	26
400,001	- 500,000	27	24
500,001	- 600,000	5	2

16. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

Retirement benefits:

The company maintains a contributory provident fund scheme for the benefit of its employees. The company's contribution is charged to the profit and loss account.

Contingent liabilities

There were contingent liabilities at the balance sheet date arising in the ordinary course of business on performance bonds amounting to N505,135,373 (2003 - N62,841,332). In the opinion of the directors no loss is expected to arise from these bonds.

Notes To The Accounts (Cont'd)

Capital expenditure

Capital expenditure authorised by the directors but not contracted was nil (2003 - nil)

Other financial commitments

The directors are of the opinion that all known liabilities and commitments which are relevant in assessing the company's state of affairs have been taken into account in the preparation of the financial statements under review.

17. GOING CONCERN CONSIDERATIONS

As at 31 March 2004, the company made a loss after taxation of N469,010,000 which increased the accumulated losses to N995,239,000. The company also had net current liabilities of N770,587,000 at 31 March 2004. However, the board of directors is putting in motion arrangements to revitalise the company by aggressive marketing efforts, which will enhance the turnover and improve its profitability.

Consequently, these financial statements have been prepared on a going concern basis which pre-supposes that the creditors and bankers will provide the necessary support for the company. The validity of this assumption is dependent upon the continuing support of the creditors and the banks.

18. TURNOVER

Turnover represents external contracting work done and sales of furniture to third parties, all within Nigeria. The analyses of turnover by activities are as follows:

	2004 N'000	2003 N'000
Contracts	1,138,389	1,404,389
Plant and transport - Hiring	100,655	1,855
Furniture and joinery	22,865	95,748
	<u>1,261,909</u>	<u>1,501,992</u>

STATEMENT OF VALUE ADDED

	2004		2003	
	₦'000	%	₦'000	%
TURNOVER	1,261,909		1,501,992	
Bought-in materials and services	(1,236,731)		(1,126,557)	
VALUE ADDED	25,178	100	375,435	100
Applied as follows:				
In payment to employees: Salaries, wages and other benefits	240,913	957	163,723	44
In payment to government: Income and education taxes	256	1	299	0
Providers of capital: Interest expenses	192,433	764	194,592	52
Retained for future replacement of assets and expansion of business:				
Depreciation	60,586	241	59,426	16
(Loss)/profit	(469,010)	(1,863)	(42,605)	(11)
VALUE ADDED	25,178	100	375,435	100

Value added represents the wealth created by the efforts of the company and its employees. This statement shows the allocation of the wealth between employees, providers of capital, government and that retained by the company for the future creation of wealth.

FIVE-YEAR FINANCIAL SUMMARY

	Year ended 31-Mar	31-Mar	18 months to 31-Mar	Year ended 30 September	
	2004 N'000	2003 N'000	2002 N'000	2001 N'000	2000 N'000
Funds employed:					
Share capital	79,960	79,960	79,960	79,960	79,960
Revaluation reserve	981,580	603,092	430,290	433,805	409,844
Share premium	44,189	44,189	44,189	44,189	44,189
General reserve	(995,239)	(526,229)	(483,624)	(503,672)	(466,778)
	<u>110,490</u>	<u>201,012</u>	<u>70,815</u>	<u>54,282</u>	<u>67,215</u>
Represented by:					
Fixed assets	875,699	516,522	385,560	434,225	453,010
Long- term investments	5,378	5,378	5,378	5,378	4,446
Net current liabilities	(770,587)	(320,888)	(320,123)	(385,321)	(390,241)
	<u>110,490</u>	<u>201,012</u>	<u>70,815</u>	<u>54,282</u>	<u>103,923</u>
TURNOVER	<u>1,261,909</u>	<u>1,501,992</u>	<u>2,096,507</u>	<u>578,085</u>	<u>664,151</u>
(Loss)/Profit before taxation	(468,754)	(42,306)	22,655	(31,626)	(229,589)
(Loss)/Profit after taxation	<u>(469,010)</u>	<u>(42,605)</u>	<u>20,048</u>	<u>(36,894)</u>	<u>(231,591)</u>
Earnings per share	(293k)	(27k)	13k	(23k)	(145k)
Net asset per share	<u>69k</u>	<u>126k</u>	<u>44k</u>	<u>34k</u>	<u>42k</u>

NOTES:

1. Earnings and dividend per share are based on the issued share capital at 31 March 2004.
2. Earnings per share is based on profit after taxation.

SHAREHOLDERS' INFORMATION

STATISTICAL ANALYSIS OF SHAREHOLDING

The Registrar advised that the range of shareholding is as follows

Range	No. of Holders	Percent	Units	Percent
1 - 500	6,969	35.74%	2,223,444	1.39%
501 - 1,000	7,727	39.63%	5,198,741	3.25%
1001 - 5000	3,521	18.06%	8,502,042	5.32%
5001 - 10000	572	2.93%	4,393,030	2.75%
10001 - 500000	682	3.50%	34,166,260	21.36%
500001 - 1000000	11	0.06%	8,084,875	5.06%
1000000 - 999999999	16	0.08%	97,351,608	60.88%
Grand Total	19,498	100.00	159,920,000	100.00



RC 672

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