

**2005**  
**ANNUAL REPORT**  
**&**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31ST DECEMBER, 2005**

**Leventis**  
A.G. Leventis (Nigeria) Plc



RC No 1654

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**Board of Directors, Officers  
And Professional Advisers**

**BOARD OF DIRECTORS**

Chairman

**AMBASSADOR HAMZAT AHMADU, CON**  
(Walin Sokoto)

Executive Vice Chairman

**CHIEF JOSEPH BABATUNDE OKE, OON**

Managing Director

**ANDREAS LOUCAS** (Cypriot)

Directors

**(BASHORUN) ADEBISI ALLI ADESANYA**

**ADEMOLA ADETONA**

**ABDUL BAYERO** - Resigned with effect from 14/12/05

**HARRY G. DAVID** (Cypriot)

**ANASTASIOS P. LEVENTIS**, OFR (British)

**CHIEF VICTOR C. ODOGWU**

Secretary

**ADEMOLA ADETONA**

Registrar

**JOHN NOSA ALOHAN**

Registered and Transfer Office

Iddo House, Iddo

P.O.Box 159, Lagos.

Tel: 01-7740864; PABX 7740844; 7747602

e-mail: registrar@agleventis.com

Auditors

**AKINTOLA WILLIAMS DELOITTE,**

(Chartered Accountants)

235, Ikorodu Road,

Ilupeju, Lagos.

## Summary of Group Results

For the Year Ended 31 December, 2005

	2005 N'000	2004 N'000	% Increase
<b>MAJOR PROFIT AND LOSS ITEMS</b>			
Turnover	7,035,811	6,120,757	15
Profit before extraordinary item and taxation	593,301	325,825	82
Taxation	(210,931)	(84,833)	149
Minority Interests	(38,885)	(11,564)	236
Profit after taxation and minority interests	343,485	229,428	50
Dividend	176,486	143,817	23
<b>MAJOR BALANCE SHEET ITEMS</b>			
Retained profit	581,121	414,122	40
Share Capital	1,103,037	1,027,266	7
Shareholders' funds	3,676,466	3,438,429	7
<b>Per 50k share data</b>			
	<b>KOBO</b>	<b>KOBO</b>	
Earnings per share - Adjusted	17	12	
Dividend per share - Adjusted	8	7	
Dividend cover (Number of times)	2	2	
Net assets - Adjusted	4,264,914	3,987,993	
	<b>NUMBER</b>	<b>NUMBER</b>	
Number of employees (Group)	1080	1253	
Number of employees (Company)	556	614	

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the **47<sup>th</sup> Annual General Meeting** of **A.G. Leventis (Nigeria) PLC** will be held at **Mainland Hotel, Oyingbo, Ebute-Metta, Lagos** on **Thursday, July 27, 2006 at 12.00 noon** for the following purposes:

1. To receive and consider the audited financial statements for the year ended December 31, 2005 and the Directors', Auditors' and Audit Committee's Reports thereon.
2. To re-elect Directors retiring in accordance with the Company's Articles of Association.
3. To declare a dividend.
4. To authorise the Directors to fix the remuneration of the Auditors.
5. To elect/re-elect Shareholders' representatives on the Audit Committee.

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

All instruments of proxy duly stamped by the Commissioner of Stamp Duties in accordance with the Stamp Duties Act (Cap S.8 Laws of the Federation of Nigeria 2004) should be deposited with the Registrar at Iddo House, Iddo, P.O.Box 159, Lagos not less than 48 hours before the time for holding the meeting.

### BY ORDER OF THE BOARD

**ADEMOLA ADETONA**  
Director/Company Secretary

**IDDO HOUSE, IDDO, LAGOS**

Dated this 27th day of April 2006

### Dividend Warrants

If the payment of a dividend of **8k** per share as recommended by the Directors is approved, the warrants will be posted on **August 14, 2006** to holders of eligible shares whose names appear on the Register of Members on **June 16, 2006**.

### Distinguished Shareholders,

I am delighted to present to you, the Annual Reports and the Group Financial Statements of A. G. Leventis (Nigeria) PLC and its subsidiaries for the year ended December 31, 2005.

It is gratifying to note that the year 2005 marked the beginning of full manifestation of the gains of restructuring our business which we embarked upon a few years ago. I must say, however, that whilst Management deserves some measure of commendation in this regard, your Directors will encourage them to do more as, going by the review of operations of various units as indicated below, the best is yet to come.

**Leventis Motors:** The Division's results in terms of sales and profit improved considerably during the year.

As I reported some two years ago, the focus of this unit has been changed to efficient service delivery to major fleet owners and passenger car customers. The much improved results now being posted have been due to the huge investments made in the re-tooling of our workshops, the training and re-training of high-level man-power to run our workshops as well as Management's efforts at better inventory and cash management resulting in huge savings in finance costs.

A performance related bonus scheme was introduced at the beginning of 2005 which helped to motivate staff at all levels and improve the Division's performance.



**AMBASSADOR HAMZAT AHMADU, CON**  
*(Walin Sokoto)*

We are assured that this trend will continue as Management will consolidate on the gains of the new orientation of the unit. Efforts are also being made to explore the possibility of securing a new agency for one of the strongest brands of commercial vehicles in order to further strengthen the Division for better performance.

**Real Estate:** This Division has had yet another successful year of operation with targets achieved and surpassed.

The Division continued the internal renovation and up-grading of some floors in Iddo House to enhance their rental values. Similarly, additional facilities were provided in some of the other properties of the Company in prime locations in Lagos.

The Division also acquired land from Ogun State Properties Development Corporation (OPIC) along the Lagos-Ibadan Expressway for future development in order to accommodate future expansion/ establishment of industrial units within the Group.

The plans to re-develop one of the properties in Ikoyi have been finalized and the development will start immediately the awaited Government approvals are obtained.

**Leventis Foods Limited:** This subsidiary recorded improved sales and profit. Although there has been no increase in selling prices since February 2004, the good result was achieved through higher sales volume, stringent cost control, reduction of wastages and introduction of performance-related bonus scheme for all categories of staff.

The Division installed additional equipment and systems to improve further the high quality of our bread products.

All our production lines are fully integrated and automated from the input of the raw materials to the packaging of the finished produce, thus avoiding the exposure of the food products to the elements. Consequently, our food products are of the highest hygiene.

One of the highest operating costs of the factory is energy. We currently use generators fueled by AGO. We applied to be connected to the Natural Gas Pipeline that passes outside our factory in an effort to reduce fuel costs and pollution, but we are still waiting.

The Board will continue to give the Company the required support to maintain its market leadership in the Lagos Area and expansion to other major cities.

The Company is finalizing arrangements to introduce new products - sausage meat roll

and soya beans roll of high nutritional value into the market.

**Leventis Power Systems Limited:** The sales improved but the profit remained low. This has been attributed to a dynamic market environment characterized by narrow margins as well as prolonged lead time in clearing of goods due to port congestion.

However, the Company's introduction of new technologies, especially the 100% natural gas powered generators and bi-fuel generators (gas and AGO) which had considerably reduced the energy costs of the Company's customers and the use of flue gas analyzer and three-phase power analyzer have increased its credibility as total power solution providers.

With the Government's plan to expand the availability of natural gas in the country, the subsidiary is well positioned to expand its operations in generators using natural gas.

Negotiations are at advanced stages for a new partnership which will take the Group to a higher level as total power solution providers.

**Victoria Beach Hotel Limited:** The sales were about the same as the previous years, but the profit was lower due to the costs of restructuring including redundancy payments to staff.

The unorganized commercial activities at Oyingbo Market and the motor parks around the area continue to pose environmental problems to the hotel operations. Efforts by the Company to partner with the State and local Governments to sanitize the environment and beautify the area have yielded little results. Consequently, the Company has had to under price its facilities below the industry rate to attract customers.

Meanwhile, the hotel has continued to upgrade facilities in the rooms to provide a secure, comfortable and affordable accommodation for guests.

**Abuja (Capital) Motors Limited (ACM):** This Company now remains the only unit in the Group making losses. Discussions are currently going on among the stakeholders to determine its future.

**Operating Results:** Group turnover was up by 15% from N6.1 billion in 2004 to N7 billion for the year ended December 31, 2005. Profit before tax was N593.3 million as against N325.8 million the previous year. After providing N211 million for taxation, net profit after tax and minority interest was N343.5 million compared to N229.4 million in 2004.

The Directors therefore recommend the payment of a dividend of 8 kobo per share amounting to N176.5 million

**Future Prospects:** The various policies and measures introduced by the Federal Government during the recent years, started to yield results in the economy. The exchange rate has stabilized, the interest rates and inflation reduced, the communications improved and the liquidity on the market increased.

It is hoped that economic activities will continue to pick up especially if an improvement in the infrastructure is achieved. The whole nation is anxious about the year 2007, being a year of general elections.

It is the hope of the business community, and indeed of all Nigerians and friends of Nigeria, that the elections will be held under a free and fair atmosphere and the country will come out as a stronger, more united and indivisible nation. This will create a conducive business environment for the inflow of foreign direct investment.

On our part, with virtually all our units now making positive contributions to the Group's profitability, we will continue to build on the successes achieved so far. We will remain flexible enough to identify opportunities which will enable us optimize the utilization of available resources to sustain the growth momentum which we have gathered.

**Directors and Staff:**

Mallam Abdul Bayero resigned from the Board in December, 2005 after serving for over ten years as a director of the Company. His invaluable contribution at our Board meetings will no doubt be missed. We wish him well in his future endeavours.

As at December 31, 2005, the Group had 1060 employees made up of 168 in the Management and 876 in the non-management categories. There are 16 expatriates in the Management cadre.

**Conclusion:** On behalf of the Board of Directors, may I seize this opportunity to thank all stakeholders for their various contributions to the achievement of the Group's objectives.

**Thank you.**

**AMB HAMZAT AHMADU, CON**  
*(Walin Sokoio)*  
Chairman

## Directors' Report

The Directors present to members of the Company, the Annual Report together with the Audited Balance Sheets as at December 31, 2005.

### PRINCIPAL ACTIVITIES

The principal activities of the Company continued to be:

sales and servicing of passenger cars, commercial vehicles, motorcycles, agricultural and construction equipment and industrial machinery; real estate and property development and management; administration and other specialized services to subsidiaries, associated and related Companies; development of and investment in subsidiaries and associated Companies.

### RESULTS FOR THE YEAR

The performance of the Group during the year under review as stated below is considered satisfactory when compared with the performance for the year ended December 31, 2004 .

	Year Ended	
	December 31, 2005	December 31, 2004
	N'000	N'000
Turnover	7,035,811	6,120,757
Profit Before Taxation	593,301	325,825
Taxation	(210,931)	(84,833)
Profit After Taxation	382,370	240,992
Minority Interests	38,885	(11,564)
Profit After Tax and Minority Interests	343,485	229,428

### DIVIDEND

The Directors recommend to the shareholders, the payment of a gross dividend of ₦176,486,000 that is, 8 kobo per share payable to shareholders on the Company's Register as at June 16, 2006. The dividend is subject to the deduction of appropriate withholding tax. If members at the Annual General Meeting approve this recommendation, the appropriation of the profit as at the end of the financial year would be as follows:

	N'000
Profit after taxation and minority interests	343,485
Proposed Dividend	176,486
Retained profit at the end of the period	166,999

### DIRECTORS

Mallam Abdul Bayero resigned from the Board on December 14, 2005 having served for over ten years.

The Directors retiring by rotation in accordance with the Company's Articles of Association are Messrs AP Leventis and Harry G David who, being eligible, offer themselves for re-election.

**RECORD OF DIRECTORS' ATTENDANCE**

In accordance with Section 258(2) of the Companies and Allied Matters Act, CAP C20 LFN 2004, the record of Directors' attendance at Board Meetings during the period under review will be made available for inspection at the Annual General Meeting.

**INTERESTS OF DIRECTORS**

Directors' interests in the issued share capital of the Company as recorded in the Register of Members and/or as notified by the Directors in compliance with Sections 275 and 276 of the Companies and Allied Matters Act, CAP C20 LFN 2004 and the Listing Requirements of The Nigerian Stock Exchange were as follows:

	No of Shares As At	
	January 1, 2005	December 31, 2004
Amb Hamzat Ahmadu, CON	4,983,331	4,571,864
Chief Joseph Babatunde Oke, OON	2,204,511	2,071,439
Andreas Loucas	-	-
Adebisi Alli Adesanya (Bashorun)	109,000	100,000
Ademola Adetona	4,253,039	4,253,039
Abdullahi Bayero	167,048	167,048
Harry G David	215,580	215,580
Anastasios Paul Leventis, OFR	-	-
Chief Victor Chuks Odogwu	-	-

Other than as disclosed above, the Directors are not aware of any disclosable interests or transactions in the share capital of the Company or of any of its subsidiaries as at December 31, 2005 or at the date of this report.

**DIRECTORS' INTERESTS IN CONTRACTS**

None of the Directors has notified the Company for the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20 LFN 2004 of any disclosable interests in contracts in which the Company was involved either at December 31, 2005 or the date of this report.

**DONATIONS**

The Company made donations amounting to N220,000.00 to Nigerian Conservation Foundation during the year under review.

**CORPORATE GOVERNANCE**

The Directors are committed to internationally recognised best practices in corporate governance. Company policies on corporate governance are continually reviewed with focus on high standard of honesty, integrity, accountability and transparency for the ultimate good of the Company and all stakeholders.

The Board meets regularly every quarter to appraise the Company's performance as well as ensure its compliance with all relevant laws; while an executive committee of the Board meets as often as necessary for strategic planning, monitoring of management's performance and exercise of financial controls in accordance with guidelines laid down by the Board.

### **EMPLOYMENT OF DISABLED PERSONS**

It is the Company's policy to give special consideration to applications for employment received from disabled persons having regard to the individual applicant's aptitudes and abilities. Training, career development and promotion of disabled persons are designed to ensure that they are not disadvantaged.

### **HEALTH, SAFETY AND WELFARE**

The Company maintains a well-equipped staff clinic, which provides medical care to all its employees and cases requiring serious medical attention are referred to designated hospitals in various locations where the Company operates. The Company also pays monthly medical allowances to employees to assist them in catering for the health care needs of members of their families.

Safety regulations are in force within the premises of the Company and employees are regularly informed of these regulations.

The Company runs canteens for junior and management employees where meals are heavily subsidized.

Retirement Benefit Schemes are operated for all qualified employees of the Company in accordance with the Pensions Reform Act 2004.

### **EMPLOYEES' INVOLVEMENT AND TRAINING**

The Company has an effective employer/employee communication system aimed at enhancing industrial harmony. Employees are kept fully informed as much as practicable of the company's activities which particularly affect them as employees and are also encouraged to communicate any information useful to management through the use of suggestion boxes and other channels.

Regular training programmes are usually arranged for employees locally and where applicable, overseas for the improvement of skills and enhancement of career prospects.

### **FIXED ASSETS**

In the opinion of the Directors, the market value of the Company's fixed assets is not less than as shown in the Balance Sheets.

### **AUDITORS**

Messrs Akintola Williams Deloitte having indicated their willingness will continue as the Company's Auditors in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 LFN 2004.

### **BY ORDER OF THE BOARD**

#### **ADEMOLA ADETONA**

Director/Company Secretary

IDDO HOUSE, IDDO, LAGOS

Dated: March 28, 2006

## Report of The Auditors

To The Members Of A G Leventis (Nigeria) Plc

We have audited the financial statements of A.G. Leventis (Nigeria) Plc as at 31 December 2005 set out on pages 13 to 32 which have been prepared on the basis of the accounting policies set out on pages 13 and 14.

### Respective responsibilities of Directors and Auditors

In accordance with the Companies and Allied Matters Act, CAP C20 LFN 2004, the company's Directors are responsible for the preparation of the financial statements. It is our responsibility 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 of account had been properly kept. We have obtained all the information and explanations we required for the purpose of our audit.

### Opinion

In our opinion, the Company and the group have kept proper books of account and the consolidated financial statements are in agreement with the books. The consolidated 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 group as at 31 December 2005 and of the profit and cash flows for the year ended on that date and have been properly prepared in accordance with the Companies and Allied Matters Act CAP C20 LFN 2004.

*Azintor Williams Deloitte*

Chartered Accountants  
Lagos, Nigeria  
28 March, 2006



## Report of The Audit Committee

To The Members Of A G Leventis (Nigeria) Plc

In accordance with Section 359(6) of the Companies and Allied Matters Act (Cap 20 Laws of the Federation of Nigeria, 2004), we, the members of the Audit Committee hereby report as follows:

1. We reviewed the scope and planning of the audit for the year ended December 31, 2005, which, in our opinion, were adequate.
2. We discussed the Auditors' findings/observations during their audit of the Company's accounts for the year under review and we are satisfied with Management's responses thereto, and where necessary recommendations were made for improvement.
3. We are also reasonably convinced that the internal control procedures as well as accounting policies ensure that:
  - the company's assets are safeguarded against loss and/or unauthorised use;
  - transactions are executed in accordance with Management's authorization; and
  - proper records are kept to facilitate the preparation of reliable financial statements in conformity with legal requirements and in accordance with generally accepted accounting principles.



**OTUNBA ADEDOTUN ODUNUGA**  
Chairman of the Audit Committee

Dated this 27th day of April 2006.

### **Members of the Audit Committee**

Otunba Adedotun Odunuga	-	<b>Chairman</b>
Chief T.A. Adesiyun	-	<b>Member</b>
Ademola Adetona	-	"
A. Bayero	-	"
Chief S.C. Ezendu	-	"
A. Loucas	-	"

## Statement of Principal Accounting Policies

The following are the significant accounting policies adopted by the group in the preparation of its financial statements:

### 1. Basis of Accounting

The Financial statements are prepared on the historical cost basis modified to include the revaluation of certain fixed assets. No adjustments are made to reflect the impact on the financial statements of specific price changes or changes in the general level of prices.

### 2. Basis of Consolidation

The consolidated financial statements include the financial statements of the parent Company, its wholly owned subsidiaries, Guinea Construction Company Limited, Iddo Investment Limited, Victoria Beach Hotel Limited, and partly owned subsidiaries, Abuja Capital Motors Limited, Ideal Infosystems Limited, Leventis Power Systems Limited, Levtrade Limited and Leventis Foods Limited made up to 31 December 2005.

### 3. Turnover

Turnover represents the net value of goods and services sold to third parties, rent and income from facilities provided for affiliated companies.

### 4. Fixed Assets

- a. Fixed assets are stated at cost or valuation less accumulated depreciation.
- b. Fixed assets under finance lease are carried in the accounts at the fair value receivable by the lessor or if lower, the present value of the minimum lease payments discounted at the interest rate implicit in the lease agreements.

### 5. Depreciation

Depreciation is not provided in respect of freehold land, assets under construction and investment properties. Depreciation is calculated so as to write off the cost or valuation of other fixed assets in equal annual instalments over their estimated useful lives at the following rates:

	%
Leased land and buildings	- 2 - 10%
Plant and machinery	- 15%
Motor vehicles	- 25%
Improvements to properties	- 10 - 25%
Office equipment and furniture	- 20%
Computer equipment	- 33 1/3%
Assets under finance lease	- Over the period of the lease

### 6. Investment properties

Investment properties are investments in land or building that are not occupied substantially for use by or in the operations of the investing company or another company in the same group as the investing company.

## Statement of Principal Accounting Policies

Investment properties are revalued internally by the Directors every year and at least every five years by external professional valuers. The revaluation results are reflected in the balance sheet.

### 7. Investments

Investments are valued on the following basis:

Quoted investments	-	lower of cost and market prices.
Unquoted and other investments	-	lower of cost and Directors' valuation.

### 8. Promissory Notes

Interest on promissory notes issued by the Central Bank of Nigeria is credited to profit and loss account as and when received.

### 9. Stocks and work-in-progress

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Work in progress consists of direct material and labour cost together with the relevant workshop overheads. Cost comprises suppliers' invoice price, and where appropriate, freight and other charges incurred to bring the materials to their location and condition. Goods in transit are valued at the invoice price.

### 10. Investment in Lease

Leases are classified as finance leases where the ownership and rewards are transferred to the lessee.

Assets on operating leases are reported at the cost of the leased assets less accumulated depreciation.

### 11. Debtors

Debtors are stated after specific provision for debts considered doubtful of recovery.

### 12. Foreign Currencies

Transactions arising in foreign currencies are recorded in Naira at approximate rates of exchange ruling at the time they arise. Assets and liabilities existing in foreign currencies are converted to Naira at the Foreign Exchange Market rates ruling at the balance sheet date. Losses and realised gains arising therefrom are included in the profit and loss account.

### 13. Deferred Taxation

Deferred taxation on the timing differences between the treatment of certain items for accounting purposes and their treatment for taxation is provided using the liability method in line with SAS 19.

### 14. Retirement Benefit and Gratuity Scheme

The Company operates a defined contribution based retirement benefit scheme for all its Nigerian staff in accordance with the Pension Reform Act of 2004.

The Company also operates a gratuity scheme for its qualified staff, the benefits under which are related to employees' length of service and remuneration.

**Profit and Loss Account**  
For The Year Ended 31 December, 2005

	Note	The Group		The Company	
		2005 N'000	2004 N'000	2005 N'000	2004 N'000
Turnover		7,035,811	6,120,757	3,141,808	2,805,769
Cost of Sales		(5,176,453)	(4,825,268)	(2,187,491)	(2,134,745)
Gross Profit		1,859,358	1,295,489	954,317	671,024
Other Operating Income - net	2	126,466	164,876	53,369	134,248
		1,985,824	1,460,365	1,007,686	805,272
Expenses:					
Selling and Distribution		(64,284)	(72,368)	(17,051)	(19,122)
Administrative		(1,149,974)	(834,334)	(618,901)	(522,764)
Depreciation		(271,222)	(258,148)	(92,508)	(82,581)
Interest and Similar Items		92,957	30,310	122,939	80,632
		(1,392,523)	(1,134,540)	(605,521)	(543,835)
Profit before taxation	3	593,301	325,825	402,165	261,437
Taxation	4	(210,931)	(84,833)	(131,122)	(56,811)
Profit after taxation		382,370	240,992	271,043	204,626
Minority Interests		(38,885)	(11,564)	-	-
Profit after taxation and Minority interest		343,485	229,428	271,043	204,626
Loss of subsidiary disposed		-	27,300	-	-
Revenue reserve brought forward	21	414,122	301,211	310,144	249,335
		757,607	557,939	581,187	453,961
Proposed dividend	5	(176,486)	(143,817)	(176,486)	(143,817)
Retained profit at end of the year		581,121	414,122	404,701	310,144
Earnings per share (Kobo)		17	12	12	10
Dividend per share (Kobo)		8	7	8	7

The accounting policies set out on pages 13 and 14 and the notes on pages 18 to 30 form part of these financial statements.

## Balance Sheet

As At 31 December, 2005

	Note	The Group		The Company	
		2005 N'000	2004 N'000	2005 N'000	2004 N'000
<b>ASSETS</b>					
Fixed assets	6	2,780,929	2,885,793	1,491,063	1,451,835
Long term investments	7	8,382	8,382	650,412	650,412
Finance lease assets		4,946	75,485	-	-
Promissory notes	8	319,005	412,616	319,005	421,616
Long term assets		3,113,262	3,391,276	2,460,480	2,523,863
<b>CURRENT ASSETS</b>					
Stocks	9	1,046,134	1,033,859	564,212	561,078
Import in progress		20,677	100,966	-	28,736
Debtors and prepayments	10	1,139,627	1,371,840	951,706	1,075,643
Domiciliary account		423,969	361,674	423,969	361,674
Bank deposits/balances and cash		804,012	59,475	496,076	23,290
		3,434,419	2,927,814	2,435,963	2,050,421
Bank Overdrafts (Secured by negative pledge)		(80,334)	(595,266)	(14,451)	(240,525)
Trade Creditors		(362,329)	(323,622)	(119,306)	(120,296)
Other Creditors	11	(1,184,393)	(1,900,427)	(987,834)	(765,094)
TAXATION	4	(180,883)	(114,734)	(147,095)	(91,212)
NET CURRENT ASSETS		1,626,480	912,653	1,167,277	833,294
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
Deferred taxation	15	(159,093)	(93,853)	(41,603)	(27,132)
<b>PROVISION FOR DEFERRED CHARGES</b>					
Gratuity and similar obligations	12	(219,478)	(107,354)	(184,036)	(75,030)
Deferred interest	16	(96,257)	(114,729)	(96,257)	(114,729)
NET ASSETS		4,264,914	3,987,993	3,305,861	3,140,266
<b>CAPITAL AND RESERVES</b>					
Share capital	17	1,103,037	1,027,266	1,103,037	1,027,266
Share premium	18	435,281	404,935	435,281	404,935
Revaluation reserve	19	1,255,788	1,255,788	1,255,788	1,255,788
Capital reserve on consolidation		194,185	194,185	-	-
Exchange difference reserve	20	107,054	142,133	107,054	142,133
Revenue reserve	21	581,121	414,122	404,701	310,144
SHAREHOLDERS' FUNDS		3,676,466	3,438,429	3,305,861	3,140,266
MINORITY INTERESTS		588,448	549,564	-	-
		4,264,914	3,987,993	3,305,861	3,140,266

The financial statements on pages 13 to 32 were approved by the Board of Directors on March 28, 2006 and were signed on its behalf by:

Ambassador Hamzat Ahmadu CON }  
Mr. Andreas Loucas } Directors

The accounting policies set out on pages 13 and 14 and the notes on pages 18 to 30 form part of these financial statements.

## Consolidated Statement of Cash Flows

For The Year Ended 31 December, 2005

		2005	2004
	Note	N'000	N'000
<b>Cash flows from operating activities</b>			
Cash receipt from customers		7,263,894	6,121,063
Payment to suppliers and employees		(5,790,212)	(5,544,665)
Tax paid	4	(33,136)	(17,281)
Net cash provided by operating activities	13	<u>1,440,546</u>	<u>559,117</u>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of fixed assets		28,251	106,633
Purchase of fixed assets	6	(241,554)	(279,004)
Retirement of promissory notes	8	92,566	94,538
Proceeds of sale of investment		26,070	-
Net cash provided by investing activities		<u>(94,667)</u>	<u>(77,833)</u>
<b>Cash flows from financing activities:</b>			
Proceeds from share capital issue		106,117	592,108
Dividend paid	11	(143,218)	(138,805)
Loan repayment		-	(283,874)
Net interest received		92,957	30,310
Net cash provided by financing activities		<u>55,856</u>	<u>199,739</u>
Net increase in cash and cash equivalents		1,401,735	681,023
Cash and cash equivalents at beginning of the year		(254,088)	(935,111)
Cash and cash equivalents at end of the year	14	<u><u>1,147,647</u></u>	<u><u>254,088</u></u>

## Notes To The Accounts

### 1. THE COMPANY

The Company was incorporated in 1958 as a limited liability company and converted to a public company on November 29, 1978. The principal activities of the Company include property letting and management, provision of financial and other specialised services to and investment in subsidiaries and associated Companies

The Company also engages in the sale and servicing of passenger cars, commercial vehicles, agricultural and construction equipment.

	THE GROUP		THE COMPANY	
	2005 N'000	2004 N'000	2005 N'000	2004 N'000
<b>2. OTHER OPERATING INCOME - NET</b>				
This represents:				
Exchange gain	20,725	2,416	23,027	5,076
Profit on disposal of fixed assets	4,970	103,262	3,222	103,262
Disposal of investment in subsidiaries	-	(5,196)	-	(5,196)
Other income	100,771	64,394	27,120	31,106
	<u>126,466</u>	<u>164,876</u>	<u>53,369</u>	<u>134,248</u>
<b>3. PROFIT BEFORE TAXATION</b>				
The group profit before taxation is arrived at after charging:				
Auditors' remuneration	12,108	10,670	7,037	6,173
Depreciation of own fixed assets	252,736	235,428	92,508	82,581
Depreciation of operating lease assets	18,486	22,720	-	-

## Notes To The Accounts (cont'd)

	THE GROUP		THE COMPANY	
	2005	2004	2005	2004
	N'000	N'000	N'000	N'000
<b>4. TAXATION</b>				
Income tax charges at 30% based on the adjusted profit of the year	125,958	56,770	104,635	43,145
Income tax based on minimum tax	792	740	-	-
Education tax (2% of assessable profit)	19,694	11,214	12,016	5,832
Capital gains tax	357	7,834	-	7,834
Deferred taxation	65,240	13,545	14,471	-
Under provision	(1,110)	(5,270)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
As per profit and loss account	210,931	84,833	131,122	56,811
Balance brought forward	114,734	114,434	91,212	78,004
Payment during the year	(33,136)	(17,281)	(17,623)	(2,087)
Withholding tax utilised	(46,406)	(53,707)	(43,145)	(41,516)
Deferred taxation	(65,240)	(13,545)	(14,471)	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<b>180,883</b>	<b>114,734</b>	<b>147,095</b>	<b>91,212</b>

4.1 The charge for taxation has been computed in accordance with the provisions of the Companies Income Tax Act, CAP C21 LFN 2004 as amended to date and the Education Tax Act, CAPE4 LFN 2004.

### 5. DIVIDEND

Dividend of 8 kobo (2004 - 7 kobo) per ordinary share of 50 kobo each was recommended by the Directors. The dividend is subject to appropriate withholding tax.

## Notes To The Accounts (cont'd)

### 6. FIXED ASSETS

#### 6.1 The Group

	Investment properties	Freehold and leasehold land and building	Plant, machinery and fittings	Motor vehicles	Improvement to properties	Assets under construction	Assets under operating lease	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<b>Cost or valuation:</b>								
At 1 January, 2005	782,875	1,111,102	1,456,446	241,135	130,029	27,803	134,525	3,883,915
Additions	31,394	12,953	40,254	27,006	23,005	88,694	18,248	241,554
Transfers	-	(1,826)	44,465	-	3,678	(48,495)	32,178	30,000
Disposals	-	-	(54,457)	(14,189)	-	-	(51,465)	(120,111)
Adjustment	-	(85,920)	-	-	-	-	-	(85,920)
<b>At 31, December, 2005</b>	<b>814,269</b>	<b>1,036,309</b>	<b>1,486,708</b>	<b>253,952</b>	<b>156,712</b>	<b>68,002</b>	<b>133,486</b>	<b>3,949,438</b>
<b>Depreciation</b>								
At 1 January 2005	-	204,630	550,631	149,861	32,601	-	60,399	998,122
Charge for the year	-	25,387	172,213	<b>39,833</b>	15,303	-	18,486	271,222
Transfers	-	-	(242)	-	-	-	32,083	31,841
Disposals	-	-	(49,637)	(8,251)	-	-	(41,465)	(99,353)
Adjustment	-	(33,323)	-	-	-	-	-	(33,323)
<b>At 31 December, 2005</b>	<b>-</b>	<b>196,694</b>	<b>672,965</b>	<b>181,443</b>	<b>47,904</b>	<b>-</b>	<b>69,503</b>	<b>1,168,509</b>
<b>Net Book Values:</b>								
At 31 December, 2005	<b>814,269</b>	<b>839,615</b>	<b>813,743</b>	<b>72,509</b>	<b>108,808</b>	<b>68,002</b>	<b>63,983</b>	<b>2,780,929</b>
At 31 December, 2004	<b>782,875</b>	<b>906,472</b>	<b>905,815</b>	<b>91,274</b>	<b>97,428</b>	<b>27,803</b>	<b>74,126</b>	<b>2,885,793</b>

## Notes To The Accounts (cont'd)

### 6.2 The Company

	Investment properties	Freehold and leasehold land and building	Plant, machinery furniture and fittings	Motor vehicles	Improvement to properties	Assets under construction	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<b>Cost or valuation:</b>							
At 1 January, 2005	747,969	545,665	353,931	114,002	130,029	3,798	1,895,394
Additions	31,394	-	17,809	18,192	23,005	41,367	131,767
Transfers	-	-	120	-	3,678	(3,798)	-
Disposals	-	-	(20,933)	(3,378)	-	-	(24,311)
<b>At 31 Dec., 2005</b>	<b>779,363</b>	<b>545,665</b>	<b>350,927</b>	<b>128,816</b>	<b>156,712</b>	<b>41,367</b>	<b>2,002,850</b>
<b>Depreciation:</b>							
At 1 January, 2005	-	111,485	224,459	75,014	32,601	-	443,559
Charge for the year	-	10,794	49,594	16,817	15,303	-	92,508
Disposals	-	-	(20,932)	(3,348)	-	-	(24,280)
<b>At December 31, 2005</b>	<b>-</b>	<b>122,279</b>	<b>253,121</b>	<b>88,483</b>	<b>47,904</b>	<b>-</b>	<b>511,787</b>
<b>Net Book Value:</b>							
At December 31, 2005	779,363	423,386	97,806	40,333	108,808	41,367	1,491,063
At December 31, 2004	747,969	434,180	129,472	38,988	97,428	3,798	1,451,835

6.3 The freehold and leasehold land, buildings and investment properties are stated at:

	Investment Properties N'000	Freehold and leasehold land & building N'000
Valuation	747,969	523,375
Addition at cost	31,394	22,290
	<u>779,363</u>	<u>545,665</u>

6.4 The investment properties were revalued on 31 December 2003 on a forced sale value basis by Messrs Jide Taiwo & Co, Estate Surveyors and Valuers. The freehold and leasehold land and buildings were revalued on 31 December 1992 on open market basis by Messrs. J.A. Oluwatudimu & Co. Subsequent additions are stated at cost.

**Notes To The Accounts (cont'd)**

	The Group		The Company	
	2005 N'000	2004 N'000	2005 N'000	2004 N'000
<b>7. Subsidiaries, associated and affiliated companies</b>				
<b>7.1 Unquoted Investments:</b>				
Subsidiary Companies	-	-	642,030	642,030
Other Investments	8,382	8,382	8,382	8,382
	<b>8,382</b>	<b>8,382</b>	<b>650,412</b>	<b>650,412</b>

**Class of Shares**

		2005 % Holding	2004 % Holding
The subsidiaries (unquoted) are:			
Abuja Capital Motors Limited	Ordinary	71	71
Guinea Construction Company Limited	Ordinary	100	100
Iddo Investment Limited	Ordinary	100	100
Ideal Infosystems Limited	Ordinary	51	51
Leventis Power Systems Limited	Ordinary	51	51
Levtrade Limited	Ordinary	51	51
Victoria Beach Hotel Limited	Ordinary	100	100
Leventis Foods Limited	Ordinary	51	51

- 7.2 In the opinion of the Directors the value of the unquoted investments are not lower than cost.
- 7.3 All the above subsidiaries and associated companies were incorporated in Nigeria and have their registered offices in Lagos.

## Notes To The Accounts (cont'd)

	2005 N'000	2004 N'000
<b>8. PROMISSORY NOTES</b>		
At 1 January	421,616	538,586
Capital receipts	(77,060)	(78,702)
Revenue receipts (Note 14)	(15,506)	(15,836)
Exchange rate difference	(10,045)	(22,432)
At 31 December	<b><u>319,005</u></b>	<b><u>421,616</u></b>

Promissory notes were issued by the Central Bank of Nigeria in favour of A.G. Leventis (Nigeria) Plc U.K Buying Office and Leventis Motors U.K. Buying Office covering part of the debts due to uninsured overseas creditors incurred before January 1, 1984. The value of the notes has been greatly inflated due to the depreciation of the Naira.

	The Group		The Company	
	2005 N'000	2004 N'000	2005 N'000	2004 N'000
<b>9. STOCKS</b>				
Raw materials	28,123	42,134	-	-
Stock for resale	617,479	696,022	403,584	442,117
Work-in-progress	70,375	58,130	32,885	27,675
Production spare parts and sundry stocks	328,098	237,445	125,684	91,158
Goods in transit	2,059	128	2,059	128
	<b><u>1,046,134</u></b>	<b><u>1,033,859</u></b>	<b><u>564,212</u></b>	<b><u>561,078</u></b>

### 10. DEBTORS AND PREPAYMENTS

Trade debtors	336,605	373,675	136,172	108,988
Amounts due from related companies	529,104	563,862	491,337	529,041
Amounts due from subsidiary companies	-	-	208,694	186,089
Other debtors	215,404	321,357	92,047	230,968
Prepayments and deposits	33,241	30,098	23,456	20,557
Assets on finance lease	25,273	82,848	-	-
	<b><u>1,139,627</u></b>	<b><u>1,371,840</u></b>	<b><u>951,706</u></b>	<b><u>1,075,643</u></b>

## Notes To The Accounts (cont'd)

	The Group		The Company	
	2005 N'000	2004 N'000	2005 N'000	2004 N'000
<b>11. OTHER CREDITORS</b>				
Short term loans and advances	-	79,971	-	-
Amounts due to subsidiary companies	-	-	171,102	144,650
Amounts due to related companies	57,938	64,817	24,152	28,547
Dividends (Note 11.1)	177,085	143,817	177,085	143,817
Other taxation	53,789	46,261	52,045	42,620
Other creditors	363,488	247,318	193,228	142,345
Accruals	320,670	200,609	185,262	91,849
Deferred income and payments received in advance	211,423	198,746	184,960	171,266
	<b><u>1,184,393</u></b>	<b><u>981,539</u></b>	<b><u>987,834</u></b>	<b><u>765,094</u></b>
<b>11.1. DIVIDEND PAYABLE</b>				
At 1 January	143,817	138,805	143,817	138,805
Paid during the year	(143,218)	(138,805)	(143,218)	(138,805)
	599	-	599	-
Proposed dividend	176,486	143,817	176,486	143,817
At 31 December (Note 11)	<b><u>177,085</u></b>	<b><u>143,817</u></b>	<b><u>177,085</u></b>	<b><u>143,817</u></b>
<b>12. Gratuity and Similar obligations</b>				
At 1 January	107,354	48,087	75,030	37,192
Charge for the year	186,220	65,559	141,264	54,783
Payments during the year	(74,096)	(6,292)	(32,258)	(16,945)
At 31 December	<b><u>219,478</u></b>	<b><u>107,354</u></b>	<b><u>184,036</u></b>	<b><u>75,030</u></b>

**Notes To The Accounts (cont'd)**

	2005 N'000	2004 N'000
<b>13. Reconciliation of profit after tax to net cash generated by operating activities</b>		
Profit after tax	382,370	240,992
Adjustment for non cash and operating items:		
Depreciation	271,222	258,148
Amortisation of finance leased assets	128,114	194,540
Net interest receivable	(92,957)	(30,310)
Profit on fixed assets disposed	(4,970)	(103,262)
profit on investments disposed	(23,689)	-
	<hr/> 660,090	<hr/> 560,108
<b>Working capital changes</b>		
(Increase)/Decrease in stocks	(12,275)	130,972
Decrease in trade debtors	130,276	4,257
Decrease/(Increase) in other debtors	46,813	(384,957)
Increase in import in progress	80,289	169,714
Increase/(Decrease) in trade creditors	38,707	(38)
Increase in other creditors	253,133	6,161
Increase in gratuity	112,124	59,055
(Decrease)/Increase in taxation	66,149	300
Increase in deferred tax	65,240	13,545
	<hr/> <b>1,440,546</b>	<hr/> <b>559,117</b>
<b>14. Reconciliation of cash and cash equivalents</b>		
Bank and Cash	804,012	59,475
Domiciliary accounts	423,969	361,674
Bank overdrafts and acceptances	(80,334)	(675,237)
	<hr/> <b>1,147,647</b>	<hr/> <b>(254,088)</b>

## Notes To The Accounts (cont'd)

	The Group		The Company	
	2005 N'000	2004 N'000	2005 N'000	2004 N'000
<b>15. DEFERRED TAXATION</b>				
At 1 January	93,853	80,308	27,132	27,132
Transfer from profit and loss account (note 4)	65,240	13,545	14,471	-
At 31 December	<u>159,093</u>	<u>93,853</u>	<u>41,603</u>	<u>27,132</u>
<b>16. DEFERRED INTEREST</b>				
At 1 January			114,729	136,372
Payment			(15,506)	(15,836)
Exchange difference			(2,966)	(5,807)
At 31 December			<u>96,257</u>	<u>114,729</u>

The above represent capitalised interest included in the value of promissory notes issued by the Central Bank of Nigeria (see note 8).

	2005	2004
	N'000	N'000
<b>17. SHARE CAPITAL</b>		
<b>17.1 Authorised:</b>		
2.4 billion (2004 - 2.4 billion) Ordinary shares of 50k each	<u>1,200,000</u>	<u>1,200,000</u>
<b>17.2 Issued and fully paid</b>		
2,206,075,254 (2004 - 2,054,532,345) Ordinary Shares of 50k each	<u>1,103,037</u> <u>1,103,037</u>	<u>1,027,266</u> <u>1,027,266</u>

**Notes To The Accounts (cont'd)**

	2005 N'000	2004 N'000
<b>18. SHARE PREMIUM</b>		
At 1 January	404,935	325,754
Addition during the year	30,346	79,181
At 31 December	<u>435,281</u>	<u>404,935</u>
<b>19. REVALUATION RESERVE</b>		
At 1 January	1,255,788	1,278,491
Movement during the year	-	(22,703)
At 31 December	<u>1,255,788</u>	<u>1,255,788</u>
<b>20. EXCHANGE DIFFERENCE RESERVE</b>		
At 1 January	142,133	186,758
For the year	(35,079)	(44,625)
At 31 December	<u>107,054</u>	<u>142,133</u>

The net unrealised exchange difference arose on conversion of the promissory notes issued by the Central Bank of Nigeria which have remained unpaid. Consequently, the exchange difference is unrealised and therefore not available for distribution to shareholders.

	The Group		The Company	
	2005 N'000	2004 N'000	2005 N'000	2004 N'000
<b>21. Revenue Reserve</b>				
At 1 January	414,122	301,211	310,144	249,335
Disposed subsidiary	-	27,300	-	-
For the year	166,999	85,611	94,557	60,809
At 31 December	<u>581,121</u>	<u>414,122</u>	<u>404,701</u>	<u>310,144</u>

**Notes To The Accounts (cont'd)**

	The Group		The Company	
	2005 N'000	2004 N'000	2005 N'000	2004 N'000
<b>22. CHAIRMAN'S AND DIRECTORS' EMOLUMENTS</b>				
<b>22.1. Emoluments</b>				
Chairman	628	628	628	628
Other Directors	16,439	12,737	16,219	11,711
	<u>17,067</u>	<u>13,365</u>	<u>16,847</u>	<u>12,339</u>
Chairman	628	628	628	628
The highest paid director earned	7,236	6,526	7,236	6,526
	<u>7,864</u>	<u>7,154</u>	<u>7,864</u>	<u>7,154</u>

22.2. The number of Directors excluding the Chairman whose emoluments were with the following ranges:

	N	N	Number	Number	Number	Number
Below	80,000		-	-	-	-
80,001 -	100,000		2	2	2	2
180,001 -	200,000		-	-	-	-
300,001 -	400,000		2	2	2	2
1,180,001 and above			3	2	3	2
Directors with no emolument			22	22	-	-
			<u>29</u>	<u>28</u>	<u>7</u>	<u>6</u>

**23. Staff**

23.1. The average number of persons employed during the year was as follows:-

	Number	Number	Number	Number
Managerial	193	168	113	74
Others	887	1,085	443	540
	<u>1,080</u>	<u>1,253</u>	<u>556</u>	<u>614</u>

## Notes To The Accounts (cont'd)

	2005 N'000	2004 N'000	2005 N'000	2004 N'000
<b>23.2</b> The aggregate staff cost was				
salaries and wages	273,420	254,653	220,407	213,178
Other related staff cost	63,134	48,304	31,134	31,143
	<u>336,554</u>	<u>302,957</u>	<u>251,541</u>	<u>244,321</u>

### 23.3. Employees remunerated at higher rates

The number of employees in receipt of emoluments within the following Ranges

		Number	Number	Number	Number
N	N				
Below	200,000	109	127	10	7
200,001 -	300,000	535	738	304	303
300,001 -	400,000	234	185	120	185
400,001 -	500,000	43	77	27	46
500,001 -	1,000,000	118	91	68	52
Over	1,000,000	<u>41</u>	<u>35</u>	<u>27</u>	<u>21</u>

### 24. CONTINGENT LIABILITIES

	2005 N'000	2004 N'000
Guarantees given in respect of:		
Subsidiary Companies	20,000	20,000
Associated Company	-	-
Related Company	15,000	15,000
Third Parties	4,375	4,375
Employees' bank loans	20	20
	<u>39,395</u>	<u>39,395</u>

### 25. Capital Commitments

There was a capital commitment N725 million as at 31 December 2005. (2004 - N29 million).

**3. UNCLAIMED DIVIDENDS AND SHARE CERTIFICATES**

Our records show that some dividend warrants in respect of past dividends declared have not been presented to the bank for payment.

A number of share certificates posted to shareholders have also been returned to us by the post office.

Shareholders who have not received their entitlements are advised to contact the Registrar's Department of A. G. Leventis (Nigeria) Plc. on the 3rd Floor of Iddo House, Iddo. P. O. Box 159, Lagos.

Tel: 7740864, 7740844, 7748339, Email: registrar@agleventis.com

**4. UNCLAIMED DEBENTURE INTEREST**

A full list is available at our Registrar's Department, Iddo House, P. O. Box 159, Lagos.

**5. Analysis of shareholding as at December 31, 2005.**

RANGE	SHAREHOLDERS	% OF SHAREHOLDERS	SHARES HELD	% OF PAID UP CAPITAL
Below 5,000	25,036	89.13	21,586,692	0.98
5,001-10,000	1,160	4.13	8,310,597	0.38
10,001-50,000	1,310	4.67	28,152,728	1.27
50,001 - 100,000	240	0.85	17,845,355	0.81
100,001 - 500,000	259	0.92	55,566,378	2.51
500,001 - 1,000,000	51	0.18	35,408,809	1.61
Over 1,000,000	34	0.12	2,039,304,695	92.44
	28,090	100	2,206,075,254	100

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