

Annual Report & Accounts

2006



INCAR NIGERIA PLC

RC 3303

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**BOARD OF DIRECTORS, OFFICIALS
AND REGISTERED OFFICE**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 44th Annual General Meeting of the Company will be held at the Chelsea Hotel, Plot 389 Cadastral Zone A0, Central Business Area, Abuja on Tuesday, 18th September, 2007 at 12.00 Noon for the following purposes:-

1. To lay before the meeting, the financial statements for the year ended 31st December, 2006 and the Reports of the Directors, Auditors and Audit Committee thereon.
2. To re-elect retiring Directors
3. To approve the remuneration of the Directors
4. To authorise the Directors to determine the remuneration of the Auditors
5. To elect Members of the Audit Committee

BY ORDER OF THE BOARD

J.A.ADEDEJI
(*Company Secretary*)
Lagos, Nigeria

Dated this 4th day of July, 2007.

NOTE:

- (i) **PROXY**
A member entitled to attend and vote at the General Meeting may appoint a proxy in his/her stead and the proxy need not be a member. For a proxy form to be valid for the meeting, it must be executed and deposited at the office of the Registrars, UBA Registrars Limited, UBA House, 57, Marina, Lagos P. O. Box 6492, Lagos not less than 48 hours prior to the time of the meeting.
- (ii) **CLOSURE OF REGISTER**
The Register of Members of the Company will be closed from 10th to 14th September, 2007
- (iii) **AUDIT COMMITTEE**
The Audit Committee consists of three shareholders and three Directors. Any member may nominate a shareholder as a member of the Audit Committee by giving notice of such nomination in writing, to the Secretary of the Company at least twenty-one days before the Annual General Meeting.

**BOARD OF DIRECTORS, OFFICIALS
AND REGISTERED OFFICE**

DIRECTORS:
Alhaji (Dr.) U. A. Mullah, CON - Chairman
Alhaji (Chief) D. S. Yaro - Vice Chairman
Mr. J. O. Emmanuel

Alhaji Aliyu A. El-Nafaty
Alhaji Mai Aliyu Kadatur
Mr. M. O. Adesola

**SECRETARY AND
REGISTERED
OFFICE:**

Mr. Josiah A. Adedeji
10 Ijora Causeway
Ijora,
Lagos.

REGISTRARS:

UBA Registrars Limited
UBA House
57, Marina
Lagos.

AUDITORS:

PKF – Pannell Kerr Forster
(Chartered Accountants)
Tapa House
3/5 Imam Dauda Street
Surulere
Lagos.

RESULTS AT A GLANCE

	2006 N'000	2005 N'000	Percentage: Increase/ (Decrease)
Turnover	109,021	115,612	(5.70)
Profit before taxation	8,110	22,694	(64.26)
Profit after taxation	1,008	8,508	(88.15)
Issued share capital	167,500	155,474	7.74
Shareholders' funds	323,879	301,793	7.32

PER SHARE DATA

Earning per share	0.30k	4k	(92.50)
Stock Exchange Quotation as at 31 st December	6.88k	102k	574.51

CHAIRMAN'S STATEMENT

INTRODUCTION

Distinguished Shareholders, members of the Board of Directors, our esteemed Guests, Gentlemen of the press, Ladies and Gentlemen, it is my great pleasure to welcome you to the 44th Annual General Meeting of our Company and to present to you our Annual Report and Accounts for the financial year ended 31st December, 2006.

THE OPERATING ENVIRONMENT AND REVIEW OF THE ECONOMY

The economic environment under which our Company operated was challenging and dominated by the Reformation Programmes of the Federal Government.

The Gross Domestic Product (GDP) valued at current market prices as at the end of 2006 stood at N18.07 trillion. The crisis in Niger Delta Region resulted in a 4.6% decline in Oil GDP growth rate. The Non-oil growth was 8.93% compared to 8.59% achieved in 2005. The External Reserves of the country as at October, 2006 stood at US\$41.39 billion. Favourable oil prices at the international market coupled with fiscal prudence on the part of the Government accounted for the robust external reserves. Meanwhile, the CBN has appointed seven (7) External Fund Managers to manage part of the country's foreign reserves in partnership with some Nigerian Banks.

The inflation rate according to figures released by the NBS was 8.5% on a year-on-year basis. The trend from the beginning of the year till the end indicated that the economy achieved its target of a single digit inflation rate. The unemployment rate according to available data from CBN was 5.3% as at the end of 2006, an improvement of over 11.90% on the previous year.

The efforts of the Federal Government to diversify the economy base beyond oil, received another major boost during the year with the commencement of Agricultural Credit Support Scheme (ACSS). The scheme was established through the initiative of the Federal Government and Central Bank of Nigeria with active support from the Bankers' Committee. The scheme is funded with N50 billion contributed by 25 banks, various Federal Government Agencies and the thirty-six State Governments. The purpose of the scheme is to develop the agricultural sector of the Nigerian economy by providing credit facilities to farmers at a single digit interest rate.

The Telecommunication Industry also recorded a growth rate of 31.98% in the year 2006, compared to a growth rate of 29.61% achieved in 2005. The Industry is made up of different classes of operators rendering different services. As at August, 2006, the number of telephone lines in Nigeria was 27.95 million.

CHAIRMAN'S STATEMENT (Cont'd)

Provisional figures released by the National Population Commission (NPC) established Nigeria's population at 140 million as against 88.99 million in 1991 population census. The figure showed that the population growth rate in Nigeria is 3.2% compared to 2.9% in 1991.

OPERATING RESULTS

The Turnover of the Group decreased by 5.70% from N115.61 million in 2005 to N109.02 million in 2006. The profit on ordinary activities before taxation was N8.11 million compared to N22.69 million achieved in the preceding year. However, the shareholders' funds increased from N301.80 million in 2005 to N323.88 million in 2006.

BUSINESS TREND

Sales of city train buses accounted for 64% of the total turnover of the group, while Sales of Agricultural Implements recorded only 15% of the total turnover during the year under review. The contribution of Haulage of frozen fish was only 18% of the total turnover.

DEVELOPMENT OF INCAR PLAZA, ABUJA

As reported last year, the construction work on our proposed Plaza at Central Business District Area Abuja continues. The Builder's work, which is the first phase of the project, is expected to be completed by the end of third quarter of 2007. The second phase of the proposed INCAR PLAZA will commence by the last quarter of the year 2007.

FUTURE OUTLOOK

The principal activities of the Company will continue to be the manufacturing of buses, importation, distribution and servicing of motor vehicles, agricultural and industrial equipment and haulage. APTECH CENTRE in Kaduna commenced operations in May this year. The Board and Management of the Company are embarking on re-development of Ikoyi property in Lagos among other things.

APPRECIATION

My appreciation goes to my colleagues on the Board of Directors for their contributions and to the Shareholders for their understanding and patience. Finally I thank the Management and staff for their dedication, loyalty and support. Thank you and God bless.

Alhaji (Dr) U.A. Mutallab, CON.

CHAIRMAN

REPORT OF THE DIRECTORS

The Directors submit their Annual Report together with the audited financial statements for the year ended 31st December, 2006.

PRINCIPAL ACTIVITIES

The principal activities of the Company continue to be manufacturing of buses, importation, distribution and servicing of motor vehicles, agricultural and industrial machineries/equipment, spare parts and general technical goods. There was no significant change in the activities of the Company during the year under review.

LEGAL FORM

The Company, which was incorporated on 14th March, 1963 as a Private Limited Liability Company, was converted to a Public Company on 24th May, 1978. The shares are currently quoted on the Nigerian Stock Exchange.

ACCOUNTS

Profit for the year before taxation

N'000
8,110

Provision for taxation

(7,102)

Profit after taxation

1,008

=====

DIVIDEND

The Directors do not recommend the payment of dividend.

DIRECTORS

The Directors of the Company during the year under review and as at the date of this report are:-

Alhaji (Dr) U.A. Mutallab CON	Chairman
Alhaji (Chief) D. S. Yaro	Vice Chairman
Mr. J. O. Emmanuel	
Alhaji Aliyu A. El-Nafaty	
Alhaji Mai Aliyu Kadarfur	
Mr. M. O. Adesola	appointed 4/7/2007

In accordance with Section 249 of the Companies and Allied Matters Act, 1990, Mr. M. O. Adesola who was appointed a Director since the last Annual General Meeting, retires and being eligible offers himself for re-election.

Mr. Bode Emmanuel and Alhaji (Chief) D. S. Yaro, retire by rotation in accordance with the Company's Articles of Association and being eligible offer themselves for re-election.

DIRECTORS' INTERESTS

The Directors' interests in the share capital of the Company are as follows:-

	31 st December, 2006	31 st December, 2005
	Number of 50K Shares	Number of 50K Shares

Alhaji (Dr) U.A. Mutallab CON	113,442,367	113,390,657
Alhaji (Chief) D. S. Yaro	3,825,000	3,825,000
Mr. J. O. Emmanuel	-	-
Alhaji Aliyu A. El-Nafaty	-	-
Alhaji Mai Aliyu Kadarfur	-	-
Mr. M. O. Adesola	25,000	25,000

REPORT OF THE DIRECTORS Cont'd.

MAJOR SHAREHOLDERS

As at the date of this report, no persons or Company held up to 5% of the issued share capital of the Company except:-

	50k Share	%
Alhaji (Dr.) U.A. Mutallab	113,442,367	33.86
Barunark Inv. & Dev. Ltd	86,945,348	25.95
Barade Holdings Limited	62,928,128	18.78
Ejupi Nigeria Limited	42,750,000	12.76

EMPLOYMENT OF DISABLED PERSONS

No disabled person was employed by the Company during the year. It is the Company's policy to consider disabled persons for employment, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of a member of staff becoming disabled, every effort is made to ensure that his employment continues and that appropriate training is arranged.

HEALTH, SAFETY AND WELFARE AT WORK OF EMPLOYEES

The Company places a high premium on the health, safety and welfare of its employees in their places of work.

Protective clothing and fire fighting gadget are provided in the workshop and offices. The Company retains medical facilities for the treatment of ailments and accidents on duty. A subsidized canteen is run for the benefit of the employees.

EMPLOYEES' INVOLVEMENT AND TRAINING

It is the Company's policy to maintain effective communication with all employees who, subject to government directives and common practice, should be consulted on and involved in decisions that affect their current jobs or future prospects. The Company has an open door policy whereby employees, at all levels, are free to contact the management on matter concerning them.

POST BALANCE SHEET EVENTS

No important events affecting the Company have taken place since the end of the financial year.

AUDITORS

The Auditors Messrs PKF – Pannell Kerr Forster, have indicated their willingness to be re-appointed under section 357(2) of the Companies and Allied Matters Act 1990.

BY ORDER OF THE BOARD

J.A.ADEDEJI
(Company Secretary)

Dated this 4th day of July, 2007.

REPORT OF THE AUDIT COMMITTEE

To the members of Incar Nigeria Plc.

In accordance with the provisions of Section 359 (6) of the Companies And Allied Matters Act 1990, we confirm that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.

In our opinion, the scope and planning of the audit for the year ended 31st December, 2006 were adequate and we have reviewed the Auditors' findings on Management matters and are satisfied with the responses thereon.

Dated this 4th day of July, 2007.



M.R. LANRE H. SUNMONU

Chairman, Audit Committee

MEMBERS OF THE COMMITTEE

Mr. Lanre H. Sunmonu

Mr. J. O. Emmanuel

Alhaji Aliu A. El-Nafaty

Mr. E. O. B. Oladosu

Alhaji Mai Aliyu Kadafur

Alhaja R. O. Adesina

REPORT OF THE AUDITORS

To the members of Incar Nigeria Plc.

We have audited the Group financial statements of **Incar Nigeria Plc.** as at 31 December, 2006 set out on pages 11 to 23 which have been prepared under the historical cost convention.

RESPECTIVE RESPONSIBILITY OF DIRECTORS AND AUDITORS

In accordance with the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria (LFN), 2004, 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 generally accepted auditing standards. 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 Group'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, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

The financial statements drawn up in conformity with generally accepted accounting principles and the accounting standards issued to date by the Nigerian Accounting Standards Board are in agreement with the books of account, which in our opinion have been properly kept. We have obtained all the information and explanations we required for the purposes of our audit.

OPINION

In our opinion, the Group financial statements give a true and fair view of the state of the Company's affairs and of the Group as at 31 December, 2006 and of the Profit and Cash flows of the Group for the year ended on that date, and have been properly prepared in accordance with the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria (LFN), 2004.

PKF
Pamwell Kerr Forster
Chartered Accountants
Lagos



Date: 4th July 2007

STATEMENT OF ACCOUNTING POLICIES

Year ended 31 December 2006

The following are the significant accounting policies adopted by the Company in the preparation of the financial statements.

1. Basis of Accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of some leasehold properties.

2. Consolidation

The group financial statements incorporate the results of the company and its subsidiary company, Sea-Bride Fishing Company Limited. The other subsidiary (Incar InfoTech Limited) has not been consolidated because of its immaterial result. The financial statements of the company is for twelve months ended 31 December 2006, while that of its subsidiary is for nine months ended 30 September 2006.

3. Fixed Assets

Fixed Assets are stated at cost or valuation less accumulated depreciation. Depreciation is calculated on a straight-line basis to write off the cost of fixed assets over their expected useful lives at the following annual rates:

Leasehold land and buildings	-	2% or amortized over life of lease if less than 50 years
Plant and Equipment	-	20%
Furniture and Fitting	-	15%
Motor Vehicles:		
New	-	33 1/3%
Fairly Used	-	50%
Office/Computer Equipment	-	15%

Cost related to fixed asset under construction or in the course of implementation is disclosed as work in progress. The cost attributable to each asset is transferred to the relevant category immediately the asset is put into use and depreciated accordingly.

Gains or losses on disposal of fixed assets are included in the profit and loss Account.

4. Stocks

Stocks are stated at lower of cost and net realizable value and cost includes: cost, insurance and freight plus other local costs after providing for slow moving and obsolete stock.

STATEMENT OF ACCOUNTING POLICIES Cont'd.

Year ended 31 December 2006

5. **Turnover**
Turnover represents the value of goods and services invoiced to third parties during the year, net of VAT and discounts.
6. **Debtors**
Debtors are stated after deduction of specific provisions for any debt considered bad or doubtful of recovery.
7. **Foreign Currencies Transactions**
Transactions in foreign currencies are translated into Naira at the rates of exchange ruling on the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates is included as an exchange gain or loss in the Profit and Loss Account.
8. **Taxation**
 - (i) **Income Taxation**
Income Tax payable is provided on taxable profits at the current statutory rate.
 - (ii) **Deferred Taxation**
Deferred Taxation, which arises principally from timing differences in recognition of items of accounting and taxation purposes, is calculated using the liability method. This represents taxation at the rate of Corporate Income tax on the difference between the depreciation charged in the accounts and the capital allowances claimable for tax purposes.
9. **Retirement Benefit Scheme**
The company in line with the Provisions of the Pension Reform Act 2004 has instituted a defined contribution pension scheme for its employees. Contributions to the scheme are funded through payroll deductions of 7.5% of employees' emolument while the company contribution of 7.5% of employees' emolument is charged to the Profit and Loss Account.
10. **Investments**
 - i) **Investment in Subsidiaries** - Investments in subsidiaries are stated at cost.
 - ii) **Short-term Investment** - Short-term investment is stated at cost. Interest earned is reported as interest income in the Profit and Loss Account.

GROUP BALANCE SHEET

As at 31 December 2006

	Note	GROUP		COMPANY	
		2006	2005	2006	2005
		N'000	N'000	N'000	N'000
FIXED ASSETS					
INVESTMENT IN SUBSIDIARIES	1	125,015	115,867	124,739	115,513
SHORT TERM INVESTMENT	2.1	920	920	5,270	5,270
GOODWILL	2.3	-	100,000	-	100,000
DEFERRED CHARGES	25	96	78	-	-
	3	2,431	4,862	2,431	4,862
		128,462	221,727	132,440	225,645
CURRENT ASSETS					
Stocks	4	43,505	32,390	43,450	31,391
Debtors	5	404,526	82,965	403,979	82,125
Cash at Bank		650	16,096	649	12,826
		448,681	131,451	448,078	126,342
CREDITORS:					
Amount falling due within one year:					
Creditors and Accruals	6	177,114	32,356	176,305	26,953
Taxation	15.2	7,972	6,701	7,162	6,041
		185,086	39,057	183,467	32,994
NET CURRENT ASSETS/(LIABILITIES)		263,595	92,394	264,611	93,348
PROVISION FOR LIABILITIES					
Deferred Taxation	15.3	(15,955)	(11,069)	(15,955)	(11,069)
Gratuities and Pensions	7	(1,723)	(1,259)	(1,723)	(1,259)
CREDITORS					
Amount falling due after more than one year	6.2	(50,500)	-	(50,500)	-
NET ASSETS		323,879	301,793	328,873	306,665
CAPITAL AND RESERVES					
Share Capital	8	167,500	155,474	167,500	155,474
Share Premium	9	135,638	126,586	135,638	126,586
Revaluation Reserve	10	64,837	64,837	64,837	64,837
Profit and Loss Account- (Deficit)	11	(44,096)	(45,104)	(39,102)	(40,232)
SHAREHOLDERS' FUNDS		323,879	301,793	328,873	306,665
MINORITY INTEREST	24	-	-	-	-
		323,879	301,793	328,873	306,665

Approved by the Board of Directors on 4th July, 2007

U.A. MUTALLAB
U.A. MUTALLAB

DIRECTORS

J.O. EMANUEL
J.O. EMANUEL

The accounting policies on pages 11 to 12 and the notes on pages 16 to 23 form an integral part of these financial statements.

GROUP PROFIT AND LOSS BALANCE SHEET

For the year ended 31 December 2006

GROUP.....	COMPANY.....	
	2006 N'000	2005 N'000	2006 N'000	2005 N'000
TURNOVER	109,021	115,612	88,468	53,546
COST OF SALES	(95,097)	(108,469)	(79,159)	(51,054)
GROSS PROFIT	13,924	7,143	9,309	2,492
ADMINISTRATIVE EXPENSES	(45,529)	(47,691)	(40,986)	(42,525)
PROFIT ON DISPOSAL OF FIXED ASSETS	1,270	6,791	1,270	6,791
OPERATING GLOSS	(30,335)	(33,757)	(30,407)	(33,242)
INCOME FROM RENT, INTEREST & OTHERS	47,832	60,630	47,747	60,482
INTEREST AND SIMILAR CHARGES	(9,387)	(4,179)	(9,239)	(3,873)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	8,110	22,694	8,101	23,367
PROVISION FOR TAXATION	(7,102)	(14,186)	(6,971)	(13,876)
PROFIT AFTER TAXATION	1,008	8,508	1,130	9,491
BASIC EARNINGS PER SHARE (KOBO)	0.30	0.34	0.34	0.34

Basic Earnings per share are calculated by dividing the net profit after tax attributable to ordinary shares by the weighted average number of ordinary shares in issue during the year.

The accounting policies on page 11 to 12 and the notes on pages 16 to 23 form an integral part of these financial statements.

GROUP CASH FLOWS STATEMENT

Year ended 31 December 2006

GROUP.....	COMPANY.....	
	2006 N'000	2005 N'000	2006 N'000	2005 N'000
CASH FLOWS FROM OPERATING ACTIVITIES:	8,111	22,694	8,101	23,367
Profit before tax				
Adjustments:				
Profit on disposal of fixed assets	(1,270)	(6,791)	(1,270)	(6,791)
Depreciation	5,406	2,540	5,329	2,463
Interest paid	9,239	4,179	9,239	3,873
Gratuities & Pension	464	1,259	464	1,259
Deferred Expenditure written off	2,431	2,431	2,431	2,431
Operating profit before changes in working capital	24,381	26,312	24,294	26,602
Changes in Working Capital:				
Stock	(11,115)	8,973	(12,060)	9,403
Sea Brite Fishing Co. Ltd		(993)		(993)
Trade Debtors	(4,331)	(4,725)	(4,624)	(6,133)
Advance payment for construction work	(346,952)		(346,952)	
Other Debtors	29,722	(68,506)	29,722	(68,506)
Trade Creditors	135,421	(29,276)	140,015	(29,276)
Other Creditors and Accruals	8,399	(7,929)	8,399	(5,778)
Tax Paid	(164,475)	(76,144)	(161,206)	(74,681)
Net Cash (used in)/from operating Activities	(165,439)	(76,144)	(162,170)	(74,681)
CASH FLOWS FROM INVESTING ACTIVITIES:	(14,557)	(43,520)	(14,557)	(43,520)
Purchase of fixed assets				
Investments in subsidiaries	100,000	(100,000)	100,000	(100,000)
Short term investments		4,691		4,691
Deferred Expenditure		6,791		6,791
Proceeds on Disposal of fixed assets	1,270		1,270	
Net Cash from/(used in) investing activities	86,713	(132,038)	86,713	(135,588)
CASH FLOWS FROM FINANCING ACTIVITIES:	21,079	240,385	21,079	240,185
Cash proceeds from right issue	50,500		50,500	
Loan Received	(9,239)	(4,179)	(9,239)	(3,873)
Interest paid				
Net Cash from Financing Activities	62,340	236,206	62,340	236,312
Net Increase/(Decrease) in cash and Cash Equivalent	(16,386)	28,024	(13,117)	26,043
Cash and Cash Equivalent as at 1 January	16,096	(11,928)	12,826	(13,217)
Cash and Cash Equivalent as at 31 December	(290)	16,096	(291)	12,826
Cash and Cash Equivalent is made up of:				
Cash and Bank Balances	650	16,096	649	12,826
Bank Overdraft	(940)		(940)	
	(290)	16,096	(291)	12,826

NOTES TO THE GROUP FINANCIAL STATEMENTS

Year ended 31 December 2006

1 FIXED ASSETS

	Land & Building	Plant & Equipment	Office Equipment Furniture & Fittings	Motor Vehicles	Capital Work in Progress	TOTAL
	N'000	N'000	N'000	N'000	N'000	N'000
(A) GROUP COST/VALUATION						
January 1 2006	71,187	3,558	10,725	11,517	65,261	162,248
Additions	-	2,993	58	11,505	-	14,556
Disposals	-	(400)	(320)	(2,609)	-	(3,329)
December 31 2006	71,187	6,151	10,463	20,413	65,261	173,475
DEPRECIATION						
January 1 2006	23,495	3,361	8,561	10,964	-	46,381
Charge in the year	1,424	639	657	2,688	-	5,408
Disposals	-	(400)	(320)	(2,609)	-	(3,329)
December 31 2006	24,919	3,600	8,898	11,043	-	48,460
NET BOOK VALUE						
At December 31 2006	46,268	2,551	1,565	9,370	65,261	125,015
At December 31 2005	47,692	197	2,164	553	65,261	115,867

(B) COMPANY

	Land & Building	Plant & Equipment	Office Equipment Furniture & Fittings	Motor Vehicles	Capital Work in Progress	TOTAL
	N'000	N'000	N'000	N'000	N'000	N'000
COST/VALUATION						
January 1 2006	71,187	3,558	10,211	11,517	65,261	161,734
Additions	-	2,993	58	11,505	-	14,556
Disposals	-	(400)	(320)	(2,609)	-	(3,329)
December 31 2006	71,187	6,151	9,949	20,413	65,261	172,961
DEPRECIATION						
January 1 2006	23,495	3,361	8,401	10,964	-	46,221
Charge in the Year	1,424	639	579	2,688	-	5,330
Disposals	-	(400)	(320)	(2,609)	-	(3,329)
December 31 2006	24,919	3,600	8,660	11,043	-	48,222
NET BOOK VALUE						
December 31 2006	46,268	2,551	1,289	9,370	65,261	124,739
December 31 2005	47,692	197	1,810	553	65,261	115,513

The Land and Buildings are stated at professional valuation carried out in 1992, subsequent to the valuation, additions were stated at cost. Professional revaluation of the properties between December 1994 and July 1998 by Messrs Knight Frank Estate Surveyors and Valuers put a total value of N567m on the properties at the open market. The latter valuations have not been used in these financial statements.

NOTES TO THE GROUP FINANCIAL STATEMENTS

Year ended 31 December 2006

	GROUP.....	COMPANY.....	
	2006	2005	
	N'000	N'000	
2006	2005	2006	2005
N'000	N'000	N'000	N'000

2 INVESTMENT

2.1 INVESTMENT IN SUBSIDIARIES				
98 per cent holding in the share capital of Incar Infotech Limited (The company was incorporated on 26 August 2004, and commenced operation in October 2005)	920	920	920	920
87 per cent holding in Sea-Bride Fishing company Limited(2.2)	-	-	4,350	4,350
	920	920	5,270	5,270

2.2 Sea-Bride Fishing Company Limited ceased operations on 1st October 2006.

2.3 SHORT TERM INVESTMENT

This represents short-term investment in Willmotts Investments Limited	-	100,000	-	100,000
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This represents short-term investment in Willmotts Investments Limited (Project Manager). The investment was, however, terminated on 30 April 2006.

3 DEFERRED EXPENDITURE

(i) Franchise Fees for Information Technology and expenses incurred on training school - Balance B/Fwd	4,862	7,293	4,862	7,293
Expenses incurred in year	-	-	-	-
Less Amount written off in the year	4,862	7,293	4,862	7,293
	(2,431)	(2,431)	(2,431)	(2,431)
	2,431	4,862	2,431	4,862

The Deferred Expenditure represents franchise fee for Information Technology Training Agreement signed with Aprtech Infotech Limited in September 2003 and some expenses incurred to set up the training school. The amount will be amortized over five years starting from September 2003.

(ii) Expenses on Increase of authorized share capital	-	7,000	-	7,000
Balance B/Fwd	-	-	-	-
Expenses on Increase of authorized share capital	-	7,000	-	7,000
Amount transferred to share premium	-	(7,000)	-	(7,000)

NOTES TO THE GROUP FINANCIAL STATEMENTS

Year ended 31 December 2006

NOTES TO THE GROUP FINANCIAL STATEMENTS

Year ended 31 December 2006

GROUP.....	COMPANY.....	
	2006 N'000	2005 N'000	2006 N'000	2005 N'000
4 STOCKS				
Vehicles, Machinery and Equipment	10,927	7,043	10,927	7,043
Spare parts and other Stores	17,286	9,476	17,231	8,477
Work in Progress	15,292	15,871	15,292	15,871
	43,505	32,390	43,450	31,391
5 DEBTORS				
Trade Debtors	16,123	11,792	15,633	11,009
Other debtors and prepayments	9,828	49,790	9,771	49,733
Advance payment for construction work on Incar Plaza- Abuja (5.1)	346,952	-	346,952	-
Deposit for Investment in Aprtech Limited (5.2)	31,623	21,383	31,623	21,383
	404,526	82,965	403,979	82,125
5.1 This amount represents advance payment made to contractors that are handling construction of Incar Plaza, Abuja.				
5.2 This represent amount incurred on behalf of Aprtech Infotech Limited pending regularization of Aprtech Infotech Limited share capital.				
6 CURRENT LIABILITIES				
Amount falling due within one year:				
Trade and other Creditors (Note 6.1)	176,174	32,356	175,365	26,953
Bank overdrafts	940	-	940	-
	177,114	32,356	176,305	26,953
6.1 TRADE AND OTHER CREDITORS				
Trade Creditors	7,893	1,139	7,893	1,139
Other Creditors and Accrual	35,022	31,217	34,213	25,814
Loan from affiliate company	133,259	-	133,259	-
	176,174	32,356	175,365	26,953
6.2 CREDITORS				
Amount falling due after more than one year:				
Loan (6.3)	50,500	-	50,500	-
6.3 The N50.5 Million loan facility represents working capital loan from National Automotive Council (NAC) through the Bank of Industry. The loan is secured on fixed assets of the company located at No.5 Ahmed Taha Avenue, Kaduna. The loan is in two tranches of N18,000,000 and N32,500,000 with interest rate of 12.5% and 10% respectively. The facilities are, however, repayable after 45 months and 75 months respectively.				
7 GRATUITIES AND PENSIONS				
7.1 GRATUITIES				
Balance B/Fwd	-	4,982	-	4,982
Charge for the year	-	-	-	-
Payment during the year	-	(4,982)	-	(4,982)
Balance C/Fwd	-	-	-	-
7.2 PENSIONS				
Balance B/Fwd	1,259	-	1,259	-
Charge for the year	464	1,259	464	1,259
Balance C/Fwd	1,723	1,259	1,723	1,259
8 SHARE CAPITAL				
Authorized:				
500,000,000 Ordinary Shares of 50k each	250,000	250,000	250,000	250,000
Issued and fully paid:				
334,983,588 Ordinary Shares of 50k each (9.1)	167,500	155,474	167,500	155,474
(2005: 310,949,147)	155,474	41,875	155,474	41,875
Balance B/Fwd	12,026	113,599	12,026	113,599
Right issue of 24,034,441 Ordinary Shares of 50k each	167,500	155,474	167,500	155,474
	179,526	324,547	179,526	324,547
At the Annual General Meeting of the Company held on 30 September 2003, Directors proposed to offer by way of right to all holders of the ordinary share at the close of business on August 30 2004, 251,250,000 ordinary shares of 50k each at N1.20k per share payable in full on acceptance in proportion of three new ordinary shares for the ordinary share held at the close of business. Acceptance list opens December 3, 2004 and closed January 12, 2005. The proceed from shares issued was received in April, December 2005 and February 2006.				
9 SHARE PREMIUM				
Balance B/Fwd	126,586	-	126,586	-
Amount received on right issue in excess of nominal rate	9,052	151,829	9,052	151,829
Expenses incurred	-	(25,243)	-	(25,243)
	135,638	126,586	135,638	126,586
10 REVALUATION RESERVE				
Surplus on Revaluation of Properties	64,837	64,837	64,837	64,837

NOTES TO THE GROUP FINANCIAL STATEMENTS

Year ended 31 December 2006

11 PROFIT AND LOSS ACCOUNT

Movements in the year are as follows:

	GROUP		COMPANY		
	2006	2005	2006	2005	2005
	N'000	N'000	N'000	N'000	N'000
(Loss) b/f 1 January, 2006	(45,104)	(49,991)	(40,232)	(49,723)	
Retained Profit for the year	1,008	4,887	1,130	9,491	
Loss as at 31 December, 2006	(44,096)	(45,104)	(39,102)	(40,232)	

12 TRADING PROFIT/(LOSS)

Trading Profit/(Loss) is arrived at after

	2006	2005	2006	2005
	N'000	N'000	N'000	N'000
Charging/(Crediting):				
Directors' Emoluments:	475	475	475	475
Fees	1,500	1,500	1,500	1,500
Other Emoluments				
(Gain)/Losses on Foreign Exchange transaction	5,408	2,540	5,328	2,463
Depreciation	920	950	720	750
Auditors' remuneration	9,239	4,179	9,239	3,873
Finance charges	(1,270)	(6,791)	(1,270)	(6,791)
(Profit)/Loss on disposal of fixed assets				

13 ANALYSIS OF TURNOVER

Turnover represents the value of goods sold to third parties at invoiced prices, net of VAT and discount.

	GROUP		COMPANY		
	2006	2005	2006	2005	2005
	Turn- Gross over Profit (Loss)	Turn- Gross over Profit (Loss)	Turn- Gross over Profit (Loss)	Turn- Gross over Profit (Loss)	Turn- Gross over Profit (Loss)
Vehicles Sales Division	N'000 N'000	N'000 N'000	N'000 N'000	N'000 N'000	N'000 N'000
Vehicles Spares Division	69,780 8,954	46,420 1,308	69,780 8,954	46,420 1,308	69,780 8,954
Workshop Division	15 (373)	24 (570)	15 (373)	24 (570)	15 (373)
Industrial Machinery & Equipment Division	1,775 (1,470)	1,198 (750)	1,775 (1,470)	1,198 (750)	1,775 (1,470)
Frozen Fish	16,898 2,197	5,904 2,504	16,898 2,197	5,904 2,504	16,898 2,197
	20,553 4,616	62,066 4,651	20,553 4,616	62,066 4,651	20,553 4,616
	109,021 13,924	115,612 7,143	88,468 9,308	53,546 2,492	88,468 9,308

14 INCOME FROM RENT, INTEREST AND OTHERS

	2006	2005	2006	2005
	N'000	N'000	N'000	N'000
Rent	13,466	10,829	13,466	10,829
Interest	12,667	38,000	12,667	38,000
Sale of scraps and other income	21,699	11,801	21,614	11,653
	47,832	60,630	47,747	60,482

NOTES TO THE GROUP FINANCIAL STATEMENTS

Year ended 31 December 2006

15 TAXATION

15.1 Per Profit & Loss Account

	2006	2005	2006	2005
	N'000	N'000	N'000	N'000
Underprovision in the previous year	-	265	-	265
Provision in the year:				
Income Tax	1,905	2,003	1,774	1,693
Education Tax	184	653	184	653
Capital Gain Tax	127	614	127	614

Deferred Taxation-Income tax(15.3)
Deferred Taxation-Capital Gain Tax(15.3)

	2006	2005	2006	2005
	N'000	N'000	N'000	N'000
Deferred Taxation-Income tax(15.3)	2,216	3,535	2,085	3,225
Deferred Taxation-Capital Gain Tax(15.3)	(1,598)	10,651	(1,598)	10,651
	6,484	6,484	6,484	6,484
	7,102	14,186	6,971	13,876

15.2 Per Balance Sheet

	2006	2005	2006	2005
	N'000	N'000	N'000	N'000
Balance B/Fwd.	6,701	2,816	6,041	2,816
Current Year Provision	2,235	3,885	2,085	3,225
Payment during the year	(964)	-	(964)	-
	7,972	6,701	7,162	6,041

The charge for taxation has been computed in accordance with the provisions of the Companies Income Tax Act CAP C21 LFN 2004 and the Education Tax Act CAP E4 LFN 2004 as amended to date.

15.3 DEFERRED TAXATION

	2006	2005	2006	2005
	N'000	N'000	N'000	N'000
Balance 1 January 2006	11,069	418	11,069	418
Charged for the year-Income tax (15.1)	(1,598)	10,651	(1,598)	10,651
Charged in the year-Capital Gain Tax (15.1)	6,484	-	6,484	-
Balance 31 December 2006	15,955	11,069	15,955	11,069

The Company has adopted the Statement of Accounting Standard (SAS 19) in deferred taxation computed, using the liability method.

16 BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit after tax attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. Profit after tax for the year attributable to ordinary shareholders

	2006	2005	2006	2005
	N'000	N'000	N'000	N'000
Weighted average number of shares in issue	330,978	238,126	330,978	238,126
Basic earnings per share (Kobo)	0.30	4	0.34	4

NOTES TO THE GROUP FINANCIAL STATEMENTS

Year ended 31 December 2006

GROUP.....	COMPANY.....	
	2006	2005
	N'000	N'000

17 CONTINGENT LIABILITIES

There is a litigation pending in respect of the repairs of tractors of a customer amounting to N 25.4million (2005: N25.4million) in addition to claims for loss of use of the vehicles. The actions are being vigorously contested and the directors are of the opinion that no significant liability will arise therefrom.

	2006	2005
Capital Gains Tax	150	150
Customs Bond	3,352	3,352
	3,352	3,352

18 CAPITAL COMMITMENTS

Capital commitments at 31 December, 2006 - N1 billion (2005: N1 billion)

19 STAFF COSTS

	2006	2005
Wages and Salaries	15,340	12,821
Personnel and housing	1,610	1,318
Gratuity Contribution	661	3,103
Medical	835	581
	18,446	17,823

20 STAFF NUMBER

Average number employed :

	2006	2005
Senior	17	15
Junior	32	32
	49	47

21 EMPLOYMENTS OF EMPLOYEES

Other than executive directors whose emoluments fall within the following ranges:

N	2006	2005
60,001 to 70,000	-	17
70,001 to 80,000	-	-
80,001 to 90,000	-	-
90,001 to 110,000	15	3
110,001 to 130,000	7	6
130,001 to 200,000	14	14
200,001 to 400,000	8	5
400,001 and above	5	2
	49	47

NOTES TO THE GROUP FINANCIAL STATEMENTS

Year ended 31 December 2006

GROUP.....	COMPANY.....	
	2006	2005
	N'000	N'000

22 EMPLOYMENTS OF DIRECTORS

	2006	2005
Fees paid to Non-Executive Directors	325	325
Fees paid to the Chairman	150	150
Other emoluments paid to Chairman	1,500	1,500

The number of directors whose emoluments fell within the following ranges was :

	2006	2005
0	0	0
10,000	10,000	10,000
20,020	20,020	20,020
30,000	30,000	30,000
40,000	40,000	40,000
50,000	50,000	50,000
60,000	60,000	60,000
70,000	70,000	70,000
80,000	80,000	80,000
90,000	90,000	90,000
100,000	100,000	100,000
110,000	110,000	110,000
120,020	120,020	120,020
130,000	130,000	130,000
140,000	140,000	140,000
150,000	150,000	150,000
160,000	160,000	160,000
and above	1	1

23 RECLASSIFICATIONS

Certain prior balances have been reclassified to enhance the comparability with current period presentation.

24 MINORITY INTEREST

87 per cent interest in the Paid-Up Capital of: Sea-Bride Fishing Co. Ltd. Minority Interest on Reserve

Deficit balance transferred to Goodwill	650	650
	(746)	(728)
	(96)	(78)
	96	78

25 GOODWILL

Deficit balance in Minority Shareholders Account in Sea-Bride Fishing Co. Ltd.

	96	78
--	----	----

26 THE COMPANY

The Company was incorporated on 14th March, 1963 as a Private Limited Liability Company and commenced business same year. The Company was converted to a Public Company on 24th May, 1978. The principal activities of the Company are manufacturing of buses, importation, distribution and servicing of motor vehicles, agricultural and industrial machineries/ equipment, spare parts and general technical goods.

GROUP STATEMENT OF VALUE ADDED

Year ended 31 December 2006

GROUP.....	COMPANY.....			
	2006 N'000	%	2005 N'000	%	2006 N'000	2005 N'000
TURNOVER	109,021		115,612		88,468	53,546
Less Cost of Goods and Services:						
Local	(98,933)		(123,874)		(85,936)	(64,675)
Foreign	(12,953)		(8,819)		(12,953)	(8,819)
Other Income	(2,865)		(17,081)		(10,421)	(19,948)
Value Added	49,102		67,273		49,017	67,273
	46,237	100	50,192	100	38,596	100
					47,325	100
Distributed as follows:						
Employees:						
Salaries, Gratuity and Welfare	18,446	40	19,796	39	15,927	41
Government Taxes	7,102	15	3,535	7	2,085	5
Finance House:						
Interest and Bank charges	9,387	20	4,179	8	9,239	24
Retained for Assets Replacement:						
Depreciation	5,408	12	2,540	5	5,329	14
Deferred Taxation	4,886	11	10,651	21	4,886	13
Retained Profit for the year	1,008	2	9,491	20	1,130	3
	46,237	100	50,192	100	38,596	100
					47,325	100

Value added represents the additional wealth the Group has been able to create by its own and its employees efforts. This statement shows the allocation of the wealth between employees, shareholders, government and that retained for the future creation of more wealth.

GROUP FIVE-YEAR FINANCIAL SUMMARY

Year ended 31 December 2006

GROUP.....	COMPANY.....			
	2006 N'000	2005 N'000	2004 N'000	2003 N'000	2002 N'000	
ASSETS EMPLOYED:						
Fixed Assets	125,015	115,867	74,887	71,740	73,342	
Investment	920	920	920	-	-	
Short term Investment	-	100,000	-	-	-	
Goodwill	96	78	3,899	-	-	
Deferred charges	2,431	4,862	14,293	5,227	-	
Current Assets	448,681	131,451	51,464	63,565	60,720	
Liabilities	(253,264)	(51,385)	(88,742)	(51,540)	(31,682)	
	323,879	301,793	56,721	88,992	102,380	
FINANCED BY:						
Share Capital	167,500	155,474	41,875	41,875	41,875	
Share Premium	135,638	126,586	-	-	-	
Revaluation Surplus	64,837	64,837	64,837	64,837	64,837	
Profit and Loss account (Deficit)	(44,096)	(45,104)	(49,991)	(17,720)	(4,332)	
	323,879	301,793	56,721	88,992	102,380	
Turnover	109,021	115,612	171,991	166,914	47,528	
Profit/(Loss) before tax	8,110	22,694	(32,539)	(14,221)	(17,441)	
Profit/(Loss) after tax	1,008	8,508	(33,960)	(13,388)	(18,422)	
Dividend						
Earning/(Loss) per share(Kobo)	0.30	4	(38)	(16)	(22)	

Basic earnings per share is calculated by dividing the net profit after tax attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

STATISTICAL ANALYSIS OF SHARES

SHARE RANGE	NO. OF SHAREHOLDERS	NO. OF SHARES	% SHAREHOLDINGS
1 - 1,000	2,528	1,077,582	0.32
1,001 - 10,000	626	1,807,953	0.54
10,001 - 100,000	76	2,915,066	0.87
100,001 - 500,000	15	2,448,829	0.73
500,001 - 1,000,000	1	800,000	0.24
1,000,001 - 1,000,000,000	12	325,950,570	97.30
Total	3,258	335,000,000	100.00

PROXY

44th Annual General Meeting to be held at 12:00 Noon on 18th September, 2007 at the Chelsea Hotel, Plot 389 Cadastral Zone A0, Central Business Area, Abuja.

(Block Capitals Please)

I/We,, being a member/member(s) of Incar Nigeria Plc. hereby appoint, (Block Capitals Pls) or failing him/her, the Chairman of the Meeting as my/our proxy to act and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 18th September, 2007 and at any adjournment thereof.

Dated this Day of 2007

Shareholder's Signature:

*Delete as necessary

Resolutions	For	Against
To re-elect Directors		
To approve the remuneration of the Directors		
To authorize the Directors to fix the remuneration of the Auditors		
To elect members of the Audit Committee		

Please indicate "X" in the appropriate square how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will use his discretion to vote or abstain from voting.

NOTES:

- A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy in his stead. A proxy need not be a member of the Company.
 - To be valid, executed forms of proxy should be deposited with the Registrars, UBA Registrars Limited, UBA House, 57, Marina, Lagos P. O. Box 6492, Lagos not less than 48 hours before the time of holding the meeting.
 - If the shareholder is a corporation, this form must be under its seal or under the hand of some officers or Attorney duly authorized in that behalf.
- Before pasting the above form, please tear off this part and retain it for admission to the meeting.*

INCAR NIGERIA PLC
RC 3360
44th ANNUAL GENERAL MEETING ADMISSION CARD

Please Admit, to the 44th Annual General Meeting of INCAR NIG PLC, which will be held at the Chelsea Hotel, Plot 389 Cadastral Zone A0, Central Business Area, Abuja on 18th September, 2007 at 12:00 Noon.

Name of Shareholder:

Signature of person attending:

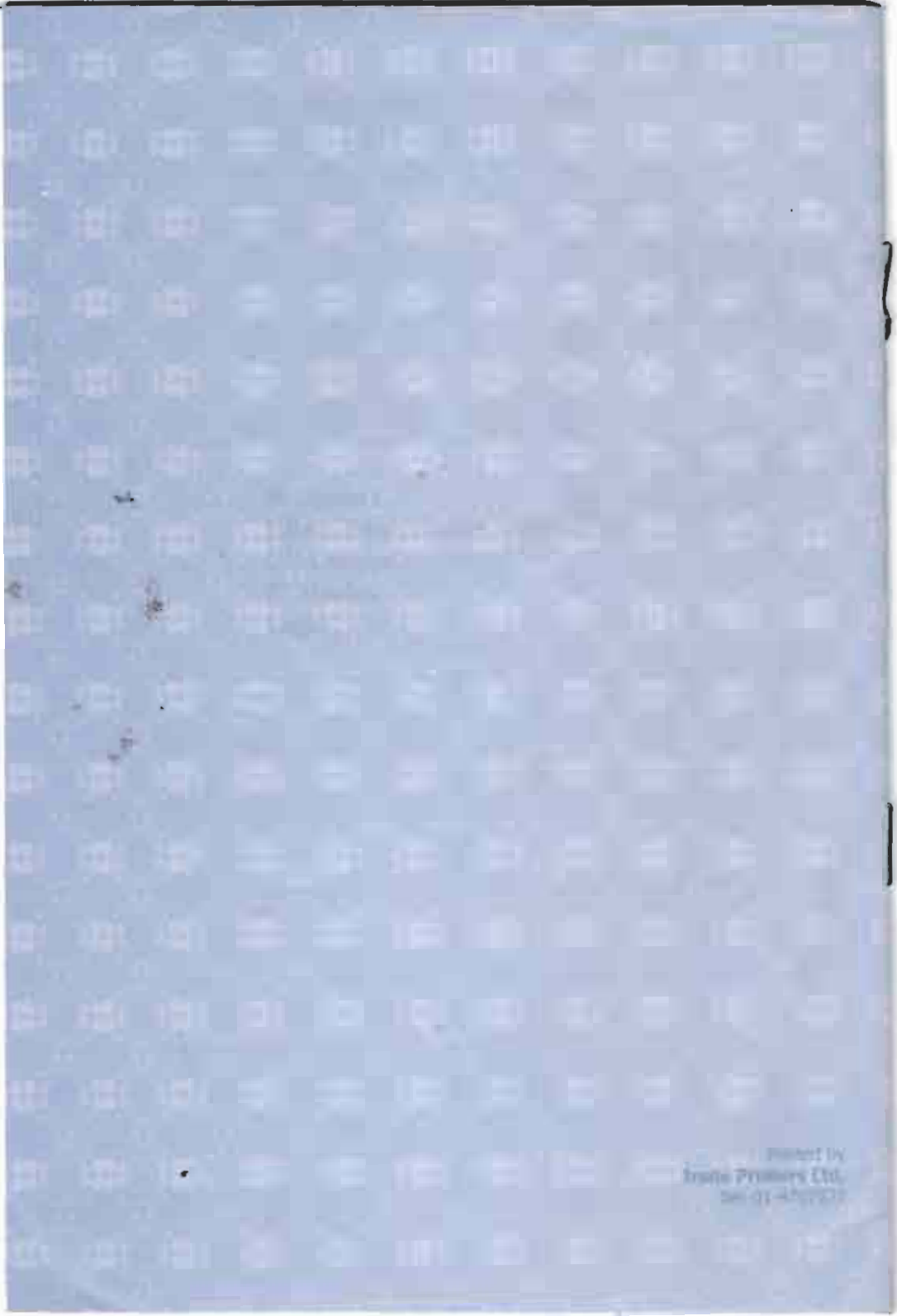
(a) The admission card must be produced by the shareholder or his proxy to obtain entrance to the Annual General Meeting.

(b) The shareholders or their proxies are requested to sign the admission cards before attending the Meeting

J.A.ADEDEJI
Company Secretary

Number of shares

Full name and Address of shareholder



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