

**This document is important and should be read carefully. If you are in any doubt about its contents or the action to take, kindly consult your Stockbroker, Accountant, Banker, Solicitor or any other professional adviser for guidance immediately.**

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" ON PAGE 15.



RC: 672

**WEST AFRICA Plc**

**RIGHTS ISSUE**

Of

**519,740,000**

**Ordinary Shares of 50 Kobo each**

at

**₦11.00 per share**

**On the basis of 13 new ordinary shares for every 4 ordinary shares of 50 Kobo each held as at Thursday, 18 October 2007**

**THE RIGHTS BEING OFFERED IN THIS DOCUMENT ARE TRADEABLE ON THE FLOOR OF THE NIGERIAN STOCK EXCHANGE FOR THE DURATION OF THE ISSUE**

**Payable in full on Application**

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APPLICATION LIST OPENS: Wednesday, 12 December 2007

APPLICATION LIST CLOSES: Monday, 31 December 2007

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**ISSUING HOUSES:**



**VETIVA**  
CAPITAL MANAGEMENT LIMITED  
RC.485600



**FBN CAPITAL LIMITED**

RC: 446599

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This Rights Circular and the securities which it offers have been cleared and registered by the Securities & Exchange Commission. It is a civil wrong and a criminal offence under the Investments and Securities Act Cap 124 Laws of the Federation of Nigeria 2004 to issue a Rights Circular which contains false or misleading information. Clearance and registration of this Rights Circular and the securities which it offers do not relieve the parties from any liability arising under the Act for false and misleading statements contained herein or for any omission of a material fact.

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**This Rights Circular is dated Tuesday, 04 December 2007**

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## DEFINITIONS

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Name	Abbreviation	Explanation
Compound Annual Growth Rate	CAGR	Year-on-year growth of an investment over a specified period, if it grows steadily
Dividend Yield	DY	A component of total return on a stock that shows how much a company pays out in dividends each year relative to its share price. Typically a barometer of return for non-quoted stocks
Earnings Per Share	EPS	Amount of profit allocated to each 50 Kobo of share outstanding
Federal Government of Nigeria	FGN	
Gross Earnings		Total earnings received for the financial reporting period/year
Pari-Passu	PP	Equally
Price to Earnings Ratio	P/E Ratio	Amount investors are willing to pay for 1 Kobo of earnings
Profit After Tax	PAT	Net Income after paying corporate tax before paying out dividends
Profit Before Tax	PBT	Net income (after deducting operating expenses and non-cash expenses such as amortisation and depreciation) before paying any corporate tax
Public Offer		Public offer of 178,162,966 ordinary shares of 50 Kobo each at ₦13.00 per share
Rights Issue		Offer by way of rights to existing shareholders of 519,740,000 ordinary shares of 50 Kobo each at ₦11.00 per share
Securities & Exchange Commission	SEC or The Commission	The Nigerian Capital Markets Regulator
The Nigerian Stock Exchange	The NSE or The Exchange	Self Regulatory Organisation
The Total Offer		Offer by way of Rights of 519,740,000 ordinary shares of 50 Kobo each at ₦11.00 per share to existing shareholders and offer for subscription of 178,162,966 ordinary shares of 50 Kobo each at ₦13.00 per share
United States Dollar	US\$	Legal tender in the United States of America

## CORPORATE DIRECTORY

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### Lagos

#### Head Office

174 Funso Williams Street  
Formerly Western Avenue  
Ebute-Metta  
Lagos State  
Telephone: 01 – 7745840, 5851190  
Tel/Fax: 01 – 5801879, 5852507, 5856204  
E-mail: [info@costainwa.com](mailto:info@costainwa.com)  
Website: [www.costainwa.com](http://www.costainwa.com)

### Abuja

Costain Life Camp  
Gwarinpa District  
Garcia  
FCT Abuja  
Telephone: 09 413 7527-29  
Tel/Fax: 01 – 5801879, 5852507, 5856204  
E-mail: [info@costainwa.com](mailto:info@costainwa.com)

## ABRIDGED TIMETABLE

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The dates given below are indicative only. The timetable has been prepared on the assumption that certain key events for the Offer will be achieved as stated, if not, then dates surrounding key events in the timetable may be subject to adjustments.

DATE	ACTIVITY	RESPONSIBILITY
12.12.07	Acceptance List opens	ISSUING HOUSES
31.12.07	Acceptance List closes	ISSUING HOUSES
14.01.08	Receiving Agents make returns	ISSUING HOUSES/REGISTRARS
14.01.08	Lift technical suspension on existing shares	STOCKBROKERS
11.02.08	Forward allotment proposal and draft newspaper advertisement to SEC	ISSUING HOUSES
25.02.08	Receive SEC authorisation of allotment	ISSUING HOUSES
26.02.08	Pay net proceeds of the Total Offer to Contain (West Africa) Plc	ISSUING HOUSES/RECEIVING BANKS
03.03.08	Allotment announcement	ISSUING HOUSES
03.03.08	Return excess/rejected application money	ISSUING HOUSES/REGISTRARS
13.03.08	Distribute share certificates	REGISTRARS
13.03.08	Forward Declaration of Compliance to The Exchange	ISSUING HOUSES /STOCKBROKERS
13.03.08	Listing of the newly issued shares/Trading commences	ISSUING HOUSES /STOCKBROKERS
17.03.08	Submission of Summary Report to SEC	ISSUING HOUSES

## SUMMARY OF THE OFFER

This summary draws attention to information contained elsewhere in this Rights Circular; it does not contain all of the information you should consider in making your investment decision. You should therefore read this summary together with the more detailed information, including the financial statements elsewhere in this Rights Circular.

1. **ISSUER:** **Costain (West Africa) Plc** ("Costain" or "the Company")
2. **ISSUING HOUSES:** Vetiva Capital Management Limited ("Vetiva"); and FBN Capital Limited ("FBN Capital")
3. **SHARE CAPITAL:**  
 Authorised: ₦750,000,000.00 comprising 1,500,000,000 Ordinary Shares of 50 Kobo each  
 Issued and fully paid: ₦79,960,000.00 comprising 159,920,000 Ordinary Shares of 50 Kobo each  
 Now being offered: 519,740,000 Ordinary Shares of 50 Kobo each (Offer by Way of Rights)  
 178,162,966 Ordinary Shares of 50 Kobo each (Offer for Subscription)  
 163,809,305 Ordinary Shares of 50 Kobo each (Debt to Equity Conversion)
4. **PURPOSE:**  
 The Offer is an important step for Costain, towards scaling up the operational capabilities of its construction business and diversifying its revenue base through the establishment of strategic business units with distinct competencies along the value chain, thereby, capturing cost advantage. This will transform Costain into a first class construction company with a robust and diverse revenue base.  
  
 Upon conclusion of the Offer, Costain intends acquiring some strategic businesses with distinct competencies in sub sectors of the construction industry. This will transform the Company into one of the frontline construction companies in the country with multiple competencies in power generation, oil & gas and real estate.
5. **USE OF PROCEEDS:** The net offer proceeds of the total offer (rights and public offer inclusive) estimated at ₦7,687,621,161.03 after deducting the total cost of the Offer estimated at ₦345,637,396.97 (representing 4.3% of the offer) will be applied as follows:

	₦'000	%	Estimated completion period
<b>Investment in Furniture and Joinery Division:</b>	250,000,000.00	3.25	6 months
<b>Investment in plant, transport &amp; equipment:</b>	2,017,200,000.00	26.24	12 months
<b>Business Optimisation:</b>			
Strategic Business Acquisitions	3,500,000,000.00	45.53	18 months
<b>Working Capital:</b>			
Liquidity	1,920,421,161.03	24.98	Continuous
	<b>7,687,621,161.03</b>	<b>100</b>	

6. **METHOD OF OFFER:** Rights Issue
7. **PROVISIONAL ALLOTMENT:** Thirteen (13) new ordinary shares for every four (4) shares ordinary shares held as at 18 October 2007
8. **OFFER PRICE:** ₦11.00 per share
9. **MARKET CAPITALISATION AT RIGHTS PRICE (PRE-OFFER):** ₦1,759,120,000.00
10. **MARKET CAPITALISATION AT RIGHTS PRICE (POST-OFFER):** ₦11,237,954,976.00 (Includes Rights Issue and Conversion)
11. **PAYMENT:** In full on application
12. **ADDITIONAL INFORMATION:** The Company is simultaneously offering by offer for subscription 178,162,966 ordinary shares of 50 Kobo each at ₦13.00 per share to the general public
13. **DISCLOSURES** At the Company's 59th Annual General Meeting, the shareholders authorised the directors to effect the conversion to equity of the existing debt owed to Shoreline Energy International Limited (the core investor in the company) amounting to ₦1,669,698,014.20 as at 31<sup>st</sup> March 2007 plus accrued interest thereon, at the proposed rights issue price. Consequently, the board of directors have approved the conversion of a total debt of ₦1,801,902,349.97 to equity at the rights issue price of ₦11.00. The difference represents the accrued interest up to 31 December 2007 when the total offer is expected to have been concluded.

## SUMMARY OF THE OFFER

- 14. OPENING DATE:** Wednesday, 12 December 2007
- 15. CLOSING DATE:** Monday, 31 December 2007
- 16. STATUS:** The new shares to be issued shall rank *pari passu* in all respects with the issued ordinary shares of the Company and will qualify for any dividend or bonus declared for the year ending 31 March 2008.
- 17. QUOTATION:** The 159,920,000 Ordinary Shares in the Company's issued share capital are quoted on the daily official list of The Nigerian Stock Exchange ("NSE"). An application has been made to the Council of The Nigerian Stock Exchange for the admission to its Daily Official List of the 519,740,000 Ordinary Shares now being offered for subscription.
- 18. FINANCIAL SUMMARY:**  
(Extracted from the Reporting Accountant's Report)

	#'000				
	←----- Year Ended 31 March ----->				
	2007	2006	2005	2004	2003
Gross Income	3,016,397	1,111,761	2,216,355	1,261,909	1,501,992
Profit Before Taxation	147,597	(1,488,639)	(280,753)	468,754	(42,306)
Exceptional Item	-	-	-	-	-
Taxation	(6,300)	(-)	(7,109)	(256)	(299)
Profit After Taxation	141,297	(1,488,639)	(281,347)	(469,010)	(42,605)
Dividend	-	-	-	-	-
Paid-up Share Capital	79,960	79,960	79,960	79,960	79,960
Total Assets	2,552,094	2,158,726	2,237,404	1,804,597	1,594,425
Net Assets	(1,288,424)	(1,429,721)	(143,518)	11,397	201,919
Earnings Per Share adjusted (Kobo)	88	(931)	(176)	(293)	(27)
Dividend Per Share – adjusted (Kobo)	-	-	-	-	-

- 19. FORECAST OFFER STATISTICS:**  
(Extracted from the Reporting Accountants' Memorandum on the Profit Forecast)

Year Ending 31 March	2008	2009	2010
Forecast earnings per share (Kobo)(Fully Diluted)	50	169	315
Forecast earnings per share (Kobo)(Weighted)	136	169	315
Forecast earnings yield at offer price (%)	10.4%	13.0%	24.2%
Forecast dividend per share (Kobo)	-	65	150
Forecast dividend yield at offer price (%)	-	5.00	11.54
Forecast Price/ Earnings Ratio at Offer Price (Fully Diluted)	26	7.69	4.13
Forecast Price/ Earnings Ratio at Offer Price (Weighted)	9.55	7.69	4.13

### Note

The Calculations of the earnings per share (fully diluted) are based on the 1,021,632,271 Ordinary shares of 50 Kobo each as at 31 March 2008, 2009 and 2010. Earnings per share (weighted) are based on the 159,920,000 weighted ordinary shares of 50 kobo each in 2008 and 1,021,632,271 Ordinary shares of 50 kobo each being post offer shares expected to be in issue) as at 31 March 2009 and 2010. Dividends per share are based on 1,021,632,271 Ordinary shares of 50 kobo each in 2008, 2009 and 2010.

## SUMMARY OF THE OFFER

### 20. CLAIMS AND LITIGATIONS:

As at 30 of September 2007, based on information supplied by Costain (West Africa) Plc ("Costain") the solicitors to the offer conducted due diligence in respect of pending or threatened litigation, against Costain. Please find below a brief summary of litigation matters pending or threatened against the Company arising in the ordinary course of business. The Solicitors to the Company are not aware of any further claims or litigation save as set out therein.

#### The Company is currently involved in 9 suits.

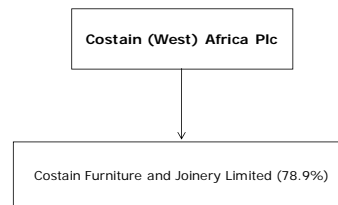
There are 8 suits filed against Costain with a total monetary value of claims of ₦163,549,779.00 (One hundred and sixty three million five hundred and forty nine thousand seven hundred and seventy nine Naira only)

- i) Costain has filed a Counter-Claim in two of the suits mentioned above with a value of ₦14,800,000.00 (Fourteen million and eight hundred thousand Naira only).
- ii) There is one suit filed by Costain (as Plaintiff) in which judgement has been delivered in favour of Costain in the sum of ₦13,112,030.00 (Thirteen Million One Hundred and Twelve Thousand and Thirty Naira). Interest is accruing at the rate of 6% until the judgment is fully paid.
- iii) Accordingly the total monetary value of claims filed by Costain [items (ii) and (iii) above] is ₦27,912,030 (Twenty seven million nine hundred and twelve thousand and thirty Naira)

In the solicitor to the offer's opinion, the claims against Costain are unlikely to succeed as the Company has good defences and the contingent liability arising therefrom should not exceed ₦8,000,000.00 (Eight million Naira). Save for the claims mentioned above the solicitors to the offer are not aware of any other pending and/or threatened claims or litigation against the Company which may be material to the Issue.

### 21. COMPANY STRUCTURE:

Costain has only one subsidiary as illustrated below:



### 22. SHARE CERTIFICATE:

Share certificate in respect of the shares allotted will be sent by registered post not later than 15 working days from the date of allotment. Any investor who does not want to receive a physical share certificate should state his/her stockbroker and his/her CSCS account number in the space provided on the application form.

### 23. DISCLOSURES

At the Company's 59<sup>th</sup> Annual General Meeting, the shareholders authorised the directors to effect the conversion to equity, the existing debt owed to Shoreline Energy International Limited amounting to ₦1,669,98,014.20 as at 31<sup>st</sup> March 2007 plus accrued interest thereon, at the proposed rights issue price.

## **DIRECTORS AND OTHER PARTIES TO THE OFFER**

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<b>CHAIRMAN:</b>	<b>Alhaji (Dr.) Mohammed Hassan Koguna</b> 174 Funso Williams Avenue Ebute-Metta Lagos State
<b>DEPUTY CHAIRMAN:</b>	<b>Mr. Orikolade Karim</b> 174 Funso Williams Avenue Ebute-Metta Lagos State
<b>DIRECTORS:</b>	<b>Mr. Phil Wharton (British)</b> (Managing) 174 Funso Williams Avenue Ebute-Metta Lagos State
	<b>Mr. Mark Fredrick Bullen (British)</b> (Executive) 174 Funso Williams Avenue Ebute-Metta Lagos State
	<b>Mr. Harm Albert Ploeger (Dutch)</b> (Executive) 174 Funso Williams Avenue Ebute-Metta Lagos State
	<b>Mr. Ayodeji Karim</b> (Executive) 174 Funso Williams Avenue Ebute-Metta Lagos State
<b>COMPANY SECRETARY:</b>	<b>Mrs. Christabel-Immanuela Tabiowo</b> 174 Funso Williams Avenue Ebute-Metta Lagos State
<b>REGISTERED OFFICE:</b>	174 Funso Williams Avenue Ebute-Metta Lagos State
<b>ISSUING HOUSES:</b>	<b>Vetiva Capital Management Limited</b> Plot 266B Kofo Abayomi Street Victoria Island Lagos State
	<b>FBN Capital Limited</b> 16 Keffi Street South-West Ikoyi Lagos State
<b>AUDITORS:</b>	<b>Akintola Williams Deloitte</b> 235, Ikorodu Road Lagos State
<b>STOCKBROKERS TO THE OFFER:</b>	<b>Denham Management Limited</b> New Africa House 15 Marina Marina Lagos State

## **DIRECTORS AND OTHER PARTIES TO THE OFFER**

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**Calyx Securities Limited**  
Stock Exchange House (17<sup>th</sup> Floor)  
2/4 Customs Street  
Marina  
Lagos State

**FIS Securities Limited**  
2 Towry Street  
Off Catholic Mission  
Marina  
Lagos State

**REPORTING ACCOUNTANTS:** **Horwath Dafinone (Chartered Accountants)**  
Ceddi Towers  
16 Wharf Road  
Apapa  
Lagos State

**SOLICITORS TO THE COMPANY:** **Adepetun, Caxton-Martins, Agbor and Segun**  
St Nicholas House (9<sup>th</sup> Floor)  
Catholic Mission Street  
Marina  
Lagos State

**SOLICITORS TO THE OFFER** **Akin Delano Legal Practitioners**  
21 Military Street  
Marina  
Lagos State

**REGISTRARS TO THE OFFER:** **First Registrars Nigeria Limited**  
Plot 2 Abebe Village  
Iganmu  
Lagos State

**RECEIVING BANKS:** **First Bank of Nigeria Plc**  
Samuel Asabia House  
35 Marina  
Lagos State

**Skye Bank Plc**  
3 Akin Adesola Street  
Victoria Island  
Lagos State

## THE CHAIRMAN'S LETTER

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The following is the text of a letter received by Vetiva Capital Management Limited and FBN Capital Limited from Alhaji (Dr.) Mohammed Hassan Koguna, Chairman, Board of Directors of Costain (West Africa) Plc:



WEST AFRICA Plc

**Costain (West Africa) Plc**  
174 Funso Williams Avenue  
Ebute-Metta  
Lagos State

**Tuesday, 04 December 2007**

TO ALL SHAREHOLDERS

Dear Shareholders

**COSTAIN (WEST) AFRICA PLC ("THE COMPANY") RIGHTS ISSUE OF 519,740,000 ORDINARY SHARES OF 50 KOBO EACH AT ₦11.00 PER SHARE ("THE OFFER")**

As you are aware, Costain has been putting in place several strategies that will drive the business forward ensuring that in the decades to come, Costain remains a strong construction brand with a diversified revenue base and more importantly seize the opportunities that exist. You will recall at your Company's last Annual General Meeting ("AGM") held at Ladi Kwali Conference Centre, Sheraton Abuja Hotels, Abuja on Tuesday, 25 September 2007, you had authorised the Company to raise additional capital in order to enable the Company execute its overall strategy.

Further to this, I am pleased to inform you that the necessary arrangements regarding the Rights Issue have been made and the requisite approvals have been received from the Securities & Exchange Commission and The Nigerian Stock Exchange for the registration and the listing of the shares now being offered. It is important to note that the shares now being offered will rank pari passu in all respects with the existing share capital of the Company **and will qualify for any dividend and/or bonus issue that may be declared for the financial year ending 31 March 2008.**

Costain (West Africa) Plc ("Costain" or "the Company") is one of Nigeria's strongest construction brands as the brand symbolises strength, integrity, experience and expertise. The focus on customer requirements, commitment to quality and the need to adapt to a changing world has been essential ingredients of our rejuvenation.

Since its establishment in the 1940's the Company has evolved but one constant theme remains – customer satisfaction. Costain's reputation has been built on meeting all customers' needs which does not apply solely to mega projects. Every Costain customer receives the special commitment to skill, innovation and service.

### OVERVIEW

The construction industry in Nigeria is highly fragmented although there are a few companies that have regional or national presence. Out of the large number of construction companies only four are listed on The Nigerian Stock Exchange, with combined annual revenue of about ₦44 billion. However, the industry also consists of smaller players who compete effectively for smaller projects and as subcontractors. The industry is capital intensive and participants tend to compete by capturing costs, correctly estimating costs and integrating along their value chain.

The construction industry continues to be one of the enablers for growth and development within the Nigerian economy, as sound infrastructure is critical for maintaining and enhancing economic growth, competitiveness and quality of life. Typically the availability of infrastructure influences location of business, and the availability of an educated work force.

**THE NIGERIAN CONSTRUCTION INDUSTRY**

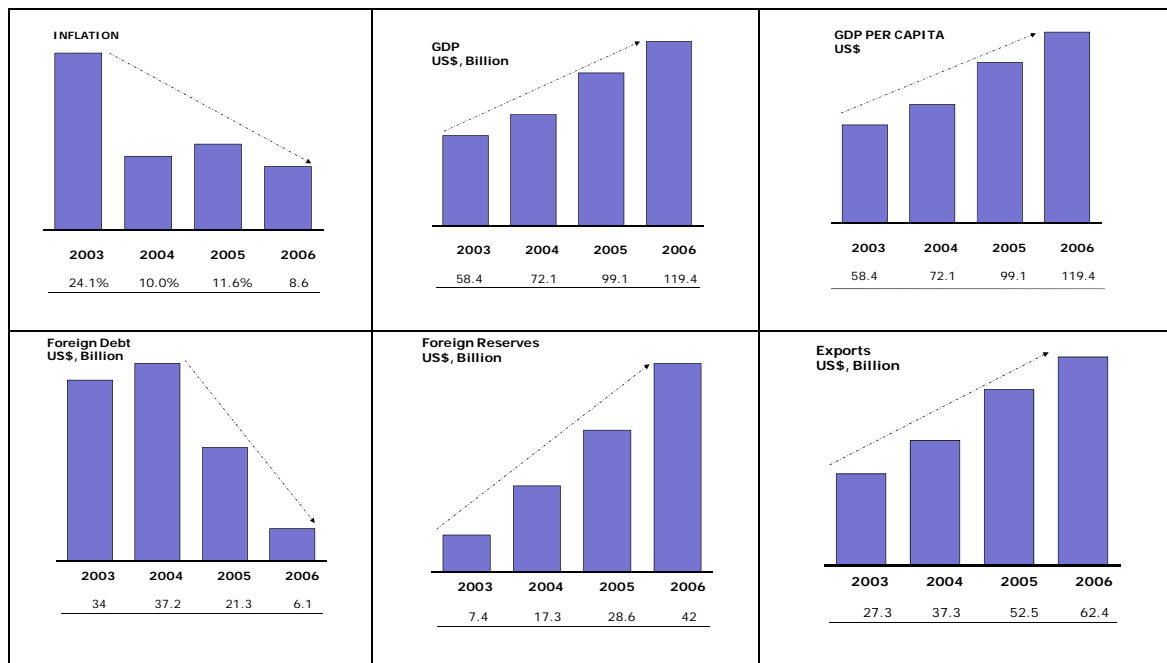
In Nigeria, the construction business is typically split between public which is primarily infrastructure and private which is primarily real estate. The demands for both segments are driven primarily by growing population, growing GDP, low interest rates, government policy/budgetary allocation.

**CHALLENGES AND OPPORTUNITIES OF THE CONSTRUCTION INDUSTRY**

Over the last decade the poor payment schedule and inflationary trends had resulted in the inability of construction companies to estimate costs, thereby, reducing profit margins. In addition, the entrance of a few new players with operational capacity and requisite expertise into the industry has intensified competition.

However, the opportunities are numerous as construction business is highly dependent on the overall economic growth pattern which has been very positive in Nigeria over the past years.

The following graphs providing a summary of some key economic indicators:



Source: UBS Research

The most important of these economic indices is the reduction of foreign debt which has improved significantly the ability of the FGN to invest in infrastructure while the stable macro-economic environment has made it possible to estimate costs of projects. Consequently, the result has been a surge to invest heavily toward upgrading and building new infrastructure projects.

Though Nigeria's GDP per capita remains low, it has increased significantly from US\$500 in 2003 to about US\$808 in 2006. In addition, in 2006 GDP growth was estimated to be about 5.7% and interest rates and inflation have been falling over the past years. This has created a vibrant middle class with the pent up demand for quality real estate. Consequently, real estate construction continues to grow.

Another area of opportunity for construction companies is the growth in Public-Private Partnerships ("PPP") and Private Finance Initiatives ("PFI") due to the funding challenges being experienced by Federal and State Governments. It is becoming apparent to the FGN and State governments that public projects such as housing, bridges and roads can be brought to fruition faster and with greater cost efficiency through the use of PPPs or PFIs. This is becoming very popular in states which have a significant economically empowered population.

### FUTURE OUTLOOK

The gradual upswing in economic activity and the attendant policy drive is expected to lead to the following phenomena:

Element	Reason
Public Construction	The robust pace of economic activity resulting from the economic restructuring such as reduction in external debt and the policy drive by the FGN and State Government to dedicate resources towards significantly improving infrastructure such as road networks, water dams, power projects e.t.c. Based on the 2007 budget about ₦2 trillion is expected to be expended on the transport (i.e. roadwork's, water projects, power projects).
Private Construction	The demand for quality real estate projects will continue to outstrip supply especially in key cities due to the rural-urban migration and the concentration of commercial activities by companies and other institutions in these cities. This trend should continue as a strong economy will create jobs.
PPP and PFI	Due to the growth of this segment, construction companies are beginning to identify a specific opportunity/challenge such as traffic congestion, analyse it, conduct a survey and present a proposal to the FGN, state government or agency.

### CONCLUSION

The construction industry has many participants; however, a few companies dominate the industry with numerous fringe players. The construction industry remains a high growth sector in terms of revenue; however, participants will be challenged towards capturing cost advantage as well as having the requisite skill and operational capacity to execute the envisaged projects. In addition, construction companies that provide solutions regarding the concept and financing for infrastructure projects are likely to have significant opportunities in the market.

### BUSINESS STRATEGY

The key success factors for the construction industry which is at a growth stage include the following; (1) Availability of plant and equipment, (2) Strong brand name recognised as a symbol of trust, integrity, experience and expertise, (3) Being able to estimate costs appropriately and (4) Capturing costs along the value chain. Consequently, the Costain's business strategy encompasses its long term strategy and tactical plans towards strengthening these attributes, thereby maximizing return on investment for shareholders.

It is important to note that Costain, a civil engineering, infrastructure solution and building contracting company, is well placed and geared up to meet the trends in the Nigerian market. With Costain's wealth of experience and knowledge, the Company is in an ideal position to seek out creative solutions to complicated problems especially in the areas of harbours, airports, roads, bridges, rail roads, dams, water treatment works, and buildings (i.e. office blocks, high rise structures, housing, warehouses). The Company provides complete solutions, including design, engineering, build, maintenance, electric power, etc.

Strategies to achieve these objectives are:

- **Diversify Revenue Base.** Costain intends to diversify its revenue base by increasing its participation along the value chain. To this end, the Company is planning to invest significantly in its furniture & joinery business and foundation business, as well as further investments in alternative construction methods. In addition, strategic acquisitions of a number of companies will be executed in order to gain market share rapidly.
- **Cost Advantage.** It is expected that by increasing its involvement along the value chain, Costain can reduce costs significantly. This strategy is in addition to ensuring that the Company does not just compete on cost but provides unique solutions and ideas for executing projects.

- **Risk Management.** The construction industry is one with high risk levels. Consequently, Costain emphasises having sound project management skills, management of the supply chain, good corporate governance and robust internal control skills to mitigate the existing risks in projects.
- **International Outlook.** Costain has commenced steps towards identifying markets outside Nigeria especially in Sub-Saharan Africa. A number of high value opportunities in a number of countries have already been earmarked for further study. Costain intends to push on with this strategy.
- **Knowledge Base.** With almost 60 years of successfully executing civil engineering and construction projects in Nigeria, Costain has developed a wealth of knowledge and skills that will be used to position the Company at the forefront of PPP/PFI.

Costain will continue to realign its strategy in order to be the leader of its industry with the drive to create the future.

### MISSION & VISION

Costain's vision, mission, objectives and strategy are driven by the necessity to create a unique construction company with multiple competencies that delivers superior value to all stakeholders. This goal is aptly captured in the Company's values as boldly stated in its **Mission, Vision, Objective** and **Strategy** statements as follows respectively:

**"TO BE THE LEADER IN THE DELIVERY OF SUSTAINABLE ENGINEERING AND CONSTRUCTION SOLUTIONS THAT MEET OUR CUSTOMERS NEEDS".**

**"TO BE SEEN AS AN AUTOMATIC CHOICE FOR PROJECTS REQUIRING INNOVATION, INITIATIVE, TEAMWORK AND MANAGERIAL SKILLS".**

**"TO DEVELOP A SUSTAINABLE BUSINESS THROUGH GROWTH WHICH DELIVERS PROFITABILITY TO OUR SHAREHOLDERS, VALUE TO OUR CUSTOMERS AND A REWARDING CAREER FOR OUR STAFF".**

**"TO HAVE SKILLED TEAMS COMMITTED TO A COMMON MANAGEMENT SYSTEM USING TOOLS AND GUIDES TO PROVIDE A CONSISTENT APPROACH TO BEST PRACTICE AND BEST VALUE".**

To this end, Costain is committed to deploying highly efficient personnel, technology and processes to enhance innovation and service quality.

The above description of our value proposition demonstrates our articulated approach towards sustaining Costain among the top construction firms. It is also important to note that the macro-economic reforms will provide the impetus to grow revenues while our increased involvement along the value chain will increase profitability margins.

### SERVICES

#### 1. Construction and Civil Engineering

Costain over the years has played a key role in building many landmark infrastructural projects such as roads, bridges, dams, railways and airports. The projects have been consistent in demonstrating seamless execution and timely delivery of projects which has given the company its edge over competitors. Some notable infrastructure projects executed by Costain include the 21 year old Erinle Dam of Ede headworks and water treatment plant in Oyo State.

#### 2. Building

Costain is dedicated to designing and constructing durable and functional buildings with exquisite taste within the delivery times specified by its clients. Costain also offers feasibility studies, turnkey and as fast track solutions and maintenance of buildings at client's request. Some notable building projects executed by Costain include the construction of Newcom House Lagos, for many years, the tallest building in Africa, and the rivers state secretariat building.

### Furniture and Joinery

In order to meet the growing demand for high quality furniture by its clients, Costain decided to carve out a division to specialise in the production of furniture and joinery. It was also an opportunity for Costain to capture additional revenue as most of the company's projects required some form of wood work.

Since the establishment of the Furniture and Joinery Division, it has continued to produce and deliver state of the art furniture for a variety of public buildings, residential complexes and offices. Recently Costain produced furniture for the Shell trustees' housing estate in Maitama, Abuja, a world class building project consisting of 52 housing units of various designs, an administrative building and a multi storey servants quarters complex. It includes facilities for leisure (e.g. swimming pool, tennis court, club house and squash court).

### **STRATEGIC PARTNERS**

Costain has a strategic relationship with Costain Group Plc, a major UK listed company with worldwide activities in engineering and construction, particularly known for its skills in maritime works. Founded in 1865, Costain Group has over the years earned a reputation for undertaking some ambitious and technically demanding projects. This is exemplified by its participation in projects such as the channel tunnel (underground train that links UK and France), Hong Kong's new airport at Chek lap Kok, Hong Kong and the Thames Barrier in London, U.K.

### **PURPOSE OF THE OFFER**

The Offer is an important step towards Costain, scaling up the operational capabilities of its construction business and diversifying its revenue base through the establishment of strategic business units with distinct competencies along the value chain, thereby, capturing cost advantage. This will transform Costain into a first class construction company with a robust and diverse revenue base.

Upon conclusion of the Offer, Costain intends acquiring some strategic businesses with distinct competencies in sub sectors of the construction industries. This will transform the Company into one of the frontline construction companies in the country with multiple competencies in power generation, oil & gas and real estate.

The net offer proceeds of the total offer (rights and public offer inclusive) estimated at ₦7,687,621,161.03 after deducting the total cost of the Offer estimated at ₦345,637,396.97 (representing 4.3% of the offer) will be applied as follows:

	₦'000	%	Estimated completion period
<b>Investment in Furniture and Joinery Division:</b>	250,000,000.00	3.25	6 months
<b>Investment in plant, transport &amp; equipment:</b>	2,017,200,000.00	26.24	12 months
<b>Business Optimisation:</b>			
Strategic Business Acquisitions*	3,500,000,000.00	45.53	18 months
<b>Working Capital:</b>			
Liquidity	1,920,421,161.03	24.98	Continuous
	<b>7,687,621,161.03</b>	<b>100</b>	

\*The company intends to acquire some strategic businesses with distinct competencies in sub-sectors of the construction industry.

### RISKS AND MITIGATING FACTORS

It is important to note that like any other investment, investment in the shares of Costain would expose an investor to certain risks. However, the company's business strategy, growth strategy as well as strategic acquisition strategy have been carefully analysed to cushion the effects of the risk and subsequently protect investors. The risks associated with any investment can be divided into the following types: (a) Country risks (b) Political risk (c) Currency risks (d) Sectoral/Industry and (e) Company/Specific risks.

#### (A) Country Risks

##### Downturn in the national, regional and local economic climates

*A large proportion of Costain's income is earned within the Nigerian Shores. Hence a downturn in the Nigerian economy or a change in the overall national economy may have an impact on the demand for the company's services. This effect may be more severe in the area of real estate development services.*

**Mitigating Factor:** Costain already operates a furniture and joinery division and is in the process of expanding and further diversifying its revenue base into other areas such as oil and gas, real estate and infrastructure finance, such that the overall effect of an economic movement or regulation in any one of these business areas will be minimised due to revenue from other business areas.

#### (B) Political Risk

##### Change of Government Policy

*Certain of the company's activities are dependent on the current Governments' policies with regard to improving public infrastructure, buildings and services. The Nigerian Government or other Governments of countries in which the company may operate, now or in the future, may decide to change their priorities or programmes, including reducing present or future investment levels in infrastructure, public sector buildings, housing projects or other areas in which the company would expect to compete for work. Any reduction in such government investment and funding would be likely to adversely affect the company's future revenues and profitability in the relevant sectors.*

**Mitigating Factor:** These factors are beyond the control of the company and cannot, therefore be mitigated

#### (C) Currency Risks

##### Foreign Exchange Risks

*There exists the risk of foreign investors being exposed to the Naira depreciating against major foreign currencies and thereby reducing their real returns from income and capital distributions due to them.*

**Mitigating Factor:** The expected return on an investment in Costain may compensate for any negative currency movements. In addition, the exchange rate of Naira to major currencies has been stable over the last 3-5 years and is expected to remain stable in the medium to long term based on the improving macro-economic fundamentals of Nigeria and the overall monetary policies of the Central Bank of Nigeria.

#### (D) Sectoral/Industry Risks

##### Revenues and operating performance may fluctuate with business cycles in the industry

*Traditionally, the financial performance of the construction companies has tended to fluctuate in cyclical patterns characterised by periods of significant competition in pricing and the economy's strength.*

**Mitigating Factor:** The construction industry is expected to grow over the next decades due to the macro-economic policies of the FGN; the key driver being the projected GDP growth. It is envisaged that the Nigerian economy will continue to grow over the next five years.

### (E) Specific/Company Risks

Due to the nature of our business and the size of the huge financial obligations required to execute our projects, Costain is exposed to the risks arising from insufficient working capital to complete projects.

**Mitigating Factor:** This capital raising exercise will ensure that the company is fully equipped and has sufficient funds with highly skilled and competent workforce to enable it deliver excellent construction services and complete projects on time, within budget and to the required quality and standard.

### CORPORATE GOVERNANCE

#### COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Costain (West Africa) Plc ("the Company") has imbibed the highest standards of corporate governance and best practices. The Company's business and operations are conducted in an open and transparent manner in line with international best practices and in accordance with the provisions of the relevant laws. The Company is in compliance with SEC's code of corporate governance requirements. Please find below the company's level of compliance with the code:

- In line with the Company's vision to maintain the highest standards and to ensure the independence of the Internal Audit function, the Board approved a charter on the Company's Internal Audit. This Charter isolates and insulates the Internal Audit Department from the control or influence of the Executive Management and also frees staff within the internal audit units from operational and management responsibilities that could impair their ability to make independent reviews of all aspects of the Company's operations thereby making the department independent. Under the Charter, the Internal Auditors report directly to the Board
- There is a balance of power and authority so that no individual or coalition of individuals has unfettered powers of decision making
- In Compliance with Section 359 of the Companies and Allied Matter Act (1990), the Company has a standing Shareholders' Audit Committee to protect the interest of the Company's shareholders
- In accordance with the provisions of Section 359 of the Companies and Allied Matters Act 1990, one third of the Directors of the Company retire annually. The Directors to retire every year shall be those who have been longest in office since their last election
- The responsibilities of the Chairman are clearly separated from that of the head of management (i.e. MD/CEO) such that no one individual/related party has unfettered powers of decision making by occupying the two positions at the same time.

The Board of Directors consists of six members; a non-Executive Chairman, a non-Executive Deputy Chairman, Managing Director and three Executive Directors. Re-election/election of Board members is ratified by the shareholders at the Annual General Meeting upon the recommendation of the Board of Directors.

The oversight functions of the Board are performed through its various committees namely: The Board Committee on Human Resources, Board Audit Committee and Board Risk Management Committee.

The Board Committees meet once every quarter and report to the full Board on a quarterly basis. These committees are constituted as follows:

**Board Committee on Human Resources:** The Committee reviews the Company's human resources policy and is tasked with the management of the Company's staff welfare. The Committee meets quarterly.

**Board Audit Committee:** This Committee is responsible for ensuring compliance with the Company's accounting and reporting policies; legal and ethical practices; reviewing the scope and planning of audit requirements; making recommendations to the Board on appointment, removal and remuneration of the external auditors; regularly reviewing the effectiveness of the Company's system of accounting and internal control. This committee comprises of 2 (two) members of the board (One executive and One Non-Executive Board member)

**Executive Board:** The Executive Board sees to the day-to-day running of the Company and takes decisions on the running of the business. They see to it that the Board fulfils its responsibilities relating to the establishment of policies, standards and guidelines for risk and safety management, and compliance with legal and regulatory requirements in the Company

**Shareholders Audit Committee:** In compliance with section 359 of the Companies and Allied Matters Act, 1990, the Company has a standing Shareholders' Audit Committee constituted by two shareholders of the company.

**Board Committee on Projects:** The Committee meets monthly to review the Project Manager's Reports (PMR) on site operations, in order to review all on-going projects of the Company. The primary goal of the Committee is to achieve compliance with budgetary matters for all site operations and to identify risks and opportunities.

**Directors Remuneration Committee:** The Company intends to set up a Directors Remuneration Committee at its next Annual General Meeting.

### UNCLAIMED DIVIDENDS

As at 31 August 2007, the value of unclaimed dividends stood at ₦2,900,324.73 (Two Million, Nine Hundred Thousand, Three Hundred and Twenty Four Naira and Seventy Three Kobo Only). The number of shareholders with unclaimed dividends stood at 17,970 (Seventeen Thousand Nine Hundred and Seventy). The Company has not paid dividends over the past 5 years, however in the event that dividends are declared the Company has adopted a policy of circulating an unclaimed dividend notification along with the company accounts during its Annual General Meeting ("AGM") in compliance with S382(1) of CAMA.

### CONCLUSION

The future of Costain remains very bright and full of opportunities which we will harness. I encourage prospective investors as well as existing shareholders to participate fully in this offer as our Company is being positioned for greater achievements.



**Alhaji (Dr.) M.H. Koguna**

## **GOING CONCERN STATUS**

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### **LETTER FROM THE AUDITORS IN RESPECT OF THE GOING CONCERN STATUS**

**Wednesday, 31 October 2007**

**The Directors**

Vetiva Capital Management Limited  
Plot 266B Kofo Abayomi Street  
Victoria Island  
Lagos State

and

**The Directors**

FBN Capital Limited  
16 Keffi Street  
South West Ikoyi  
Lagos State

Gentlemen,

**CONFIRMATION OF THE GOING CONCERN STATUS**

Costain (West Africa) Plc ("Costain" or "the Company") is Offering to the public 178,162,966 ordinary shares of 50 Kobo each at ₦13.00 per share and 519,740,000 ordinary shares of 50 Kobo each at ₦11.00 per share to undertake specific strategic initiatives.

Based on the representations received from the Directors of Costain and our review of the past results of the company, as well as existing operational position, Costain has working capital deficiency and management is making efforts to address this issue by raising additional capital through the proposed offer for subscription and rights issue. Other than this, we confirm that nothing has come to our notice that indicates that the company will not continue in operation in the foreseeable future as a going concern.

Yours faithfully,



**Akintola Williams Deloitte**

## **FIVE -YEAR FINANCIAL INFORMATION**

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### **STATEMENT OF SIGNIFICANT 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 have been prepared under the historical cost convention as modified by the inclusion of fixed assets at professional revaluation.

#### **2. TURNOVER**

Turnover is calculated on the percentage of completion method of revenue recognition less retention monies which are brought into the accounts only on receipt. Revenue is apportioned to each accounting period on the basis of the proportion of the contract executed during that period to the total of the contract value, and sales of furniture to third parties.

#### **3. STOCKS**

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

#### **4. WORK IN PROGRESS**

Work in progress is valued on the basis of the Company's engineers' estimate less progress payments received. Claims arising on contracts are accounted for on the receipt of cash. In the case of unprofitable contracts, full provision is made for foreseeable losses. Retentions are accounted for on receipt.

#### **5. FIXED ASSETS**

Fixed assets are stated at cost or professional valuation plus subsequent addition at cost less accumulated depreciation.

#### **6. DEPRECIATION OF FIXED ASSETS**

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

	%
Plant and Equipment:	
Light	33.33
Heavy	10
Motor Vehicles:	
Cars & Buses	33.33
Trailers & Lorries	16.5
Furniture and fittings	20
Office equipment	33.33
Leasehold property:	
50 years and above	2
Below 50 years	Over the unexpired period
Freehold land	Nil

#### **7. FOREIGN CURRENCIES**

- a. Transactions in foreign currencies are recorded in Naira at the rates of exchange ruling at the dates of the transactions.
- b. Balances in foreign currencies are converted to Naira at the rates of exchange ruling at the balance sheet date.
- c. Gains/Losses arising there from are taken to the profit and loss account.

### **8. DEFERRED TAXATION**

Deferred tax, which is principally from timing difference in the recognition of items for accounting and tax purposes, is calculated using the liability method. This represents taxation at the current rate of corporate income tax on the difference between the net book value of qualifying fixed assets and their corresponding tax written down values. This is in accordance with SAS 19 on Accounting for Taxes.

### **9. DEBTORS**

Debtors are stated after making specific provisions for balances considered bad or doubtful of recovery.

### **10. RETIREMENT BENEFIT SCHEME**

1. Costain operated a staff provident fund up to 31 December 2004. Savings made by employees on a voluntary basis were deducted from their monthly wages. Each employee's contribution was met equally by the Company. The costs were charged to the profit and loss account.
2. The Company makes provision for staff gratuity. The employees' benefits are based on the individual employee's years of service and the existing staff conditions of service. The costs are charged to the profit and loss account.
3. The Company operates a contributory pension scheme covering all eligible employees where the employer and the employees contribute 7.5% each in accordance with the Pension Reform Act 2004. Benefits under the scheme are generally related to employees' length of service and remuneration. The costs are charged to the profit and loss account.

### **11. INVESTMENT**

Investments are stated at cost less diminution in value thereof.

### **12. TAXATION**

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

## FIVE -YEAR FINANCIAL INFORMATION

### PROFIT AND LOSS ACCOUNTS

Year ended 31st March,	Note	2007 =N=000	2006 =N=000	2005 =N=000	2004 =N=000	2003 =N=000
Turnover	2	3,016,397	1,111,761	1,992,912	1,261,909	1,501,992
Direct costs		(2,308,585)	(1,998,036)	(1,945,669)	(1,187,476)	(1,070,383)
<b>Gross profit</b>		<b>707,812</b>	<b>(886,275)</b>	<b>47,243</b>	<b>74,433</b>	<b>431,609</b>
<b>Other operating income</b>	3	<b>14,555</b>	<b>214,154</b>	<b>124,130</b>	<b>14,722</b>	<b>74,432</b>
<b>Exceptional income</b>	4	<b>-</b>	<b>-</b>	<b>135,840</b>	<b>137,000</b>	<b>-</b>
		<b>722,367</b>	<b>(672,121)</b>	<b>307,213</b>	<b>226,155</b>	<b>506,041</b>
<b>Overheads:</b>						
Administration expenses		420,558	473,672	603,828	602,476	352,848
Interest expenses and similar charges	5	154,212	133,420	174,248	192,433	194,592
		<b>574,770</b>	<b>607,092</b>	<b>778,076</b>	<b>794,909</b>	<b>547,440</b>
<b>Profit/(loss) before taxation</b>	6	<b>147,597</b>	<b>(1,279,213)</b>	<b>(470,863)</b>	<b>(568,754)</b>	<b>(41,399)</b>
Taxation	7(a)	(6,300)	-	(594)	(256)	(299)
<b>Profit / (loss) after taxation</b>		<b>141,297</b>	<b>(1,279,213)</b>	<b>(471,457)</b>	<b>(569,010)</b>	<b>(41,698)</b>
Earnings/(loss) per share	8	<b>88k</b>	<b>(800)k</b>	<b>(295)k</b>	<b>(356)k</b>	<b>(26)k</b>

## FIVE -YEAR FINANCIAL INFORMATION

### BALANCE SHEETS

As at 31st March,	Note	2007 =N=000	2006 =N=000	2005 =N=000	2004 =N=000	2003 =N=000
<b>Assets employed</b>						
<b>FIXED ASSETS</b>						
Fixed assets	9	1,108,782	1,060,933	1,169,336	875,699	516,522
Long term investments	10	458	2,525	5,378	5,378	5,378
		<u>1,109,240</u>	<u>1,063,458</u>	<u>1,174,714</u>	<u>881,077</u>	<u>521,900</u>
<b>CURRENT ASSETS</b>						
Stocks	11	101,238	123,250	134,796	152,308	152,727
Work in progress	12	616,262	235,913	615,190	254,455	754,157
Debtors and prepayments	13	627,900	597,545	317,679	210,043	147,918
Bank and Cash Balances		97,454	92,118	182,428	307,621	24,008
		<u>1,442,854</u>	<u>1,048,826</u>	<u>1,250,093</u>	<u>924,427</u>	<u>1,078,810</u>
<b>CREDITORS: Amounts falling due within one year:</b>						
Creditors and accruals	14	(2,566,739)	(2,487,891)	(1,513,615)	(1,645,048)	(1,382,912)
Taxation	7(b)	(6,300)	(7,798)	(7,798)	(7,204)	(7,306)
		<u>(1,130,185)</u>	<u>(1,446,863)</u>	<u>(271,320)</u>	<u>(727,825)</u>	<u>(311,408)</u>
<b>NET CURRENT LIABILITIES</b>						
		<u>(1,130,185)</u>	<u>(1,446,863)</u>	<u>(271,320)</u>	<u>(727,825)</u>	<u>(311,408)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>						
		<u>(20,945)</u>	<u>(383,405)</u>	<u>903,394</u>	<u>153,252</u>	<u>210,492</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>						
Staff retirement benefits	15	(116,738)	(220,841)	(231,149)	(141,855)	(8,573)
<b>CREDITORS: Amounts falling due after more than one year</b>						
Term loans	16	(1,150,741)	(825,475)	(815,763)	-	-
		<u>(1,150,741)</u>	<u>(825,475)</u>	<u>(815,763)</u>	<u>-</u>	<u>-</u>
<b>NET (LIABILITIES)/ASSETS</b>						
		<u>(1,288,424)</u>	<u>(1,429,721)</u>	<u>(143,518)</u>	<u>11,397</u>	<u>201,919</u>
<b>REPRESENTED BY:</b>						
<b>CAPITAL AND RESERVES</b>						
Called-up share capital	17	79,960	79,960	79,960	79,960	79,960
Revaluation reserve	18	1,291,132	1,291,132	1,298,122	981,580	603,092
Share premium		44,189	44,189	44,189	44,189	44,189
Accumulated deficit	19	(2,703,705)	(2,845,002)	(1,565,789)	(1,094,332)	(525,322)
		<u>(1,288,424)</u>	<u>(1,429,721)</u>	<u>(143,518)</u>	<u>11,397</u>	<u>201,919</u>

## FIVE -YEAR FINANCIAL INFORMATION

### CASH FLOW STATEMENTS

Year ended 31st March,	Note	2007 =N=000	2006 =N=000	2005 =N=000	2004 =N=000	2003 =N=000
<b>Cash flows from Operating Activities:</b>						
Cash received from customers		3,135,337	1,398,812	2,475,824	1,201,192	1,742,285
Cash paid to suppliers and employees		(3,103,937)	(1,680,136)	(2,570,058)	(1,077,259)	(1,352,823)
Tax paid	7	(7,798)	-	-	(358)	(49)
<b>Net cash flow from operating activities</b>		<b>23,602</b>	<b>(281,324)</b>	<b>(94,234)</b>	<b>123,575</b>	<b>389,413</b>
<b>Cash flows from investing activities:</b>						
Proceeds from sale of fixed assets		8,317	5,461	165,619	5,388	4,832
Purchase of fixed assets		(182,492)	(13,640)	(73,990)	(46,426)	(15,661)
Interest receivable and similar income		6	225,267	4,128	144,749	38,972
Proceeds from sale of shares		16,638	-	-	-	-
<b>Net cash flow from investing activities</b>		<b>(157,531)</b>	<b>217,088</b>	<b>95,757</b>	<b>103,711</b>	<b>28,143</b>
<b>Cash flows from financing activities:</b>						
Interest paid	5	(154,212)	(133,420)	(174,248)	(192,433)	(194,592)
Loan obtained		325,266	9,712	806,702	-	-
Loan repaid		-	-	(380,252)	-	-
<b>Net cash flow by financing activities</b>		<b>171,054</b>	<b>(123,708)</b>	<b>252,202</b>	<b>(192,433)</b>	<b>(194,592)</b>
Net increase/(decrease) in cash and cash equivalents		37,125	(187,944)	253,725	34,853	222,964
Cash and cash equivalents at the beginning of the year		(303,699)	(115,755)	(369,480)	(404,333)	(627,297)
<b>Cash and cash equivalents at the end of the year</b>	20	<b>(266,574)</b>	<b>(303,699)</b>	<b>(115,755)</b>	<b>(369,480)</b>	<b>(404,333)</b>

### WORKING CAPITAL

Costain (West Africa) Plc, having considered the Company's present financial position and the anticipated proceeds from the Issue, are of the opinion that the Company will have adequate working capital for its immediate and foreseeable funding requirements.

## THE PROFIT FORECAST

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### LETTER FROM THE REPORTING ACCOUNTANTS ON THE PROFIT FORECAST

#### **The Directors**

Costain (West Africa) Plc  
174 Funso Williams Avenue  
Formerly Western Avenue  
Ebute-Metta  
Lagos

and

#### **The Directors**

Vetiva Capital Management Limited  
Plot 266B Kofo Abayomi Street  
Victoria Island  
Lagos State

and

#### **The Directors**

FBN Capital Limited  
16 Keffi Street  
South West Ikoyi  
Lagos State


**Friday 19 October 2007**

Gentlemen,

#### **PROFIT FORECAST**

We have reviewed the accounting bases and assumptions for the profit forecast of Costain (West Africa) Plc for three years ending 31 March 2008, 2009 and 2010. The Directors of the company are solely responsible for the forecasts including the set of assumptions on which it is based.

In our opinion, the profit forecasts so far as the accounting bases and calculations are concerned have been properly compiled based on the assumptions made by the Directors, and has been presented on a basis consistent with the accounting policies that are normally adopted by the Company.



**Howarth Dafinone.**  
(Chartered Accountants)

## THE PROFIT FORECAST

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### BASES AND ASSUMPTIONS PERTAINING TO THE FORECAST

#### BASES

- (a) The Company's financial statements as at 31<sup>st</sup> March, 2007 formed the basis for ensuring the reasonableness of the forecast for the three years ending 31<sup>st</sup> March, 2008 and 2009 and 2010. The forecast for 2009 and 2010 are based on the estimated results of the Company and its proposed subsidiaries.
- (b) The forecasts have been prepared on a basis consistent with the accounting policies normally adopted by the Company.
- (c) In accordance with the Statement of Accounting Standards (SAS 21), the weighted average number of shares outstanding in 2008 was used as the denominator for the calculation of the earnings per share in that year. This is based on the assumption that the proceeds of the hybrid offer will be available to the Company by the end of December, 2007.
- (d) At the Annual General Meeting of the Company held on 25<sup>th</sup> September, 2007, the directors were authorised to effect the conversion to equity of the amount due to Shoreline Energy International Limited as at 31<sup>st</sup> March, 2007 together with the accrued interest as at the time of the conversion at the proposed right issue price. It is assumed that the conversion would generate an additional 163,809,305 ordinary shares in December 2007.

#### GENERAL ASSUMPTIONS

The following are the main assumptions underlying the profit forecast for the three years ending 31<sup>st</sup> March, 2008, 2009 and 2010.

- (a) The ordinary shares for subscription shall be fully taken up when offered.
- (b) The right issue shall be fully taken up by the existing shareholders.
- (c) There shall be no material change in the accounting policies currently used by the Company.
- (d) There shall be no significant changes in Federal Government monetary and fiscal policies that will adversely affect the Company.
- (e) There shall be no drastic changes in the political and economic environment both local and international that will adversely affect the operations of the Company.
- (f) There shall be no material changes in economic policy or other events, which will reduce the credit facilities available to the Company.
- (g) There shall be no material changes in the international currencies exchange rates.
- (h) There shall be no material changes in government regulations affecting labour costs and operating expenses besides the ones already in force in 2007.
- (i) There shall be no litigation with adverse and material consequences to the Company.
- (j) The Company shall suffer no major uninsured losses or catastrophes during the period.
- (k) The management will not undergo any significant changes during the forecast period.

### DETAILED ASSUMPTIONS

The specific bases and their related assumptions that were used in the preparation of the projected financial statements are as set out below:

#### Turnover

The forecast of the building and civil engineering turnover for the years ending 31<sup>st</sup> March, 2008 and 2009 is based on opportunities identified as at 1<sup>st</sup> September, 2007 and a small number of yet unidentified opportunities.

The Group turnover is expected to increase by over 65% in 2010 based on the further establishment of the Costain brand in the market and an increase of opportunities in the Sub-Saharan Region.

It is expected that the subsidiaries to be acquired using part of the proceeds of the offer, would contribute earnings during the last three quarters of the year ending 31<sup>st</sup> March, 2009.

#### Direct costs and gross margins

The direct costs and the related gross margins are set as a percentage of turnover based on the Company's current experience in the construction sector.

#### Administrative expenses

The administrative expenses are based on the levels of overhead costs of the Company as experienced during the 2007 financial year whilst adjusting for changes in overhead structure and inflation at the rate of 10% per annum.

#### Interest rates

Interest rates will stabilize in the year 2008 and are not expected to exceed 17% in the years 2009 and 2010.

#### Taxation

Taxation is calculated as a percentage of the pretax profits of the Company taking into account the tax benefits available to the Company as at 31<sup>st</sup> March, 2007. The percentage and other assumptions used for the calculations are based on the provisions of the tax laws prevailing as at 1<sup>st</sup> September, 2007.

## THE PROFIT FORECAST

The Directors of Costain, having considered the Company's present financial position and the anticipated proceeds from the Offer, are of the opinion that the Company will have adequate working capital and sufficient liquidity to meet its immediate and foreseeable obligations and funding requirements.

The Directors are of the opinion that subject to unforeseen circumstances and based on the assumptions made below, the profit before taxation for the years ending 31 March 2008, 2009 and 2010 will be in the order of ₦538,000,000.00, ₦2,250,000,000.00 and ₦4,501,000,000.00 estimate that in the absence of unforeseen circumstances and based on the assumptions stated below, the profit before taxation of the Company is as follows:

	N'000		
Year Ending 31 March	2008	2009	2010
Profit Before Taxation	538,000	2,250,000	4,501,000
Estimated Taxation	(24,000)	(555,000)	(1,350,000)
Profit After Taxation	514,000	1,695,000	3,151,000
Dividend Proposed	-	664,000	1,533,000
Forecast Earnings per Share (Kobo) (Fully Diluted)	50	169	315
Forecast Earnings per Share (Kobo)(Weighted)	136	169	315
Forecast Earnings Yield at Offer Price	10.4%	13.00%	24.2%
Forecast Dividend per Share (Kobo)	-	0.65	1.50
Forecast dividend yield at offer price	-	5.00	11.54
Forecast Price/ Earnings Ratio at Offer Price (Fully Diluted)	26	7.69	4.13
Forecast Price/ Earnings Ratio at Offer Price (Weighted)	9.55	7.69	4.13

### Note

The Calculations of the earnings per share (fully diluted) are based on the 1,021,632,271 Ordinary shares of 50 Kobo each as at 31 March 2008, 2009 and 2010. Earnings per share (weighted) are based on the 159,920,000 weighted ordinary shares of 50 kobo each in 2008 and 1,021,632,271 Ordinary shares of 50 kobo each being post offer shares expected to be in issue) as at 31 March 2009 and 2010. Dividends per share are based on 1,021,632,271 Ordinary shares of 50 kobo each in 2008, 2009 and 2010.

## STATUTORY AND GENERAL INFORMATION

### INCORPORATION AND SHARE CAPITAL HISTORY

Costain (West Africa) Plc ("Costain" or "the Company") was incorporated in 1948 as a private company in Nigeria.

The Company's authorised share capital is currently ₦750,000,000.00 divided into 1,500,000,000 ordinary shares of 50 Kobo each of which ₦79,960,000.00 divided into 159,920,000 ordinary shares of 50 Kobo each are fully paid up.

The changes in the share capital of the Company since incorporation are summarised below:

Year	Authorised (₦)		Issued & Fully Paid-up (₦)		Consideration
	Increase	Cumulative	Increase	Cumulative	
1948	150,000	150,000	73,600	73,600	Cash
1949	250,000	400,000	-	73,600	-
1952	200,000	600,000	-	73,600	-
1959	400,000	1,000,000	265,650	339,250	Bonus Issue
1974	300,000	1,300,000	425,750	765,000	Cash
1977	1,300,000	2,600,000	1,225,000	1,990,000	Bonus Issue
1978	-	2,600,000	460,000	2,450,000	Cash
1980	1,075,000	3,675,000	1,225,000	3,675,000	Bonus Issue
1982	1,873,500	5,512,500	-	3,675,000	-
1983	-	5,512,500	1,873,500	5,512,500	Bonus Issue
1992	24,487,500	30,000,000	14,000,000	19,512,500	Cash
1994	70,000,000	100,000,000	-	19,512,500	-
1995	-	100,000,000	9,756,250	29,268,750	Bonus
1995	-	100,000,000	50,691,250	79,960,000	Cash
2005	650,000,000	750,000,000	-	76,960,000	-
2007	-	750,000,000	-	79,960,000	-

### SHAREHOLDING STRUCTURE

As at 30<sup>th</sup> June 2007, the 159,920,000 ordinary shares of 50 Kobo each in the issued ordinary share capital of the Company were beneficially held as follows:

Shareholder	No. Of Ordinary Shares Held	%
Shoreline Energy International Limited	63,884,705	39.95
Other Nigerian Individuals and Institutions	96,035,295	60.05
<b>TOTAL</b>	<b>159,920,000</b>	<b>100.00</b>

Except as stated above, no shareholder holds more than 5% of the issued share capital of the Company as at 30<sup>th</sup> June, 2007.

## STATUTORY AND GENERAL INFORMATION

### DEBT TO EQUITY SWAP

At the Company's 59th Annual General Meeting, the shareholders authorised the directors to effect the conversion to equity of the existing debt owed to Shoreline Energy International Limited amounting to ₦1,669,698,014.20 as at 31st March 2007 plus accrued interest thereon, at the proposed rights issue price. The debt was originally owed to Costain UK which had provided capital to Costain to sustain its operations; however, due to the acquisition of the interests of Costain UK by Shoreline Energy International Limited, the debt was transferred to Shoreline Energy International Limited. The amount of debt currently owed to Shoreline Energy International Limited shall be ₦1,801,902,349.97 (including accrued interest up to 31 December 2007) resulting in the issue of 163,809,305 ordinary shares of 50 Kobo each ranking pari passu in all respects with the existing shares of the Company.

Consequently, upon conversion and conclusion of the total offer the shareholding will be held as follows:

Shareholder	No. Of Ordinary Shares Held	%
Shoreline Energy International Limited	435,319,301	42.61*
Other Nigerian Individuals and Institutions	585,886,339	57.39
<b>TOTAL</b>	<b>1,021,632,271</b>	<b>100.00</b>

\*It is assumed that Shoreline Energy International Limited will fully take up its rights from the rights issue and not participate in the public offer.

### DIRECTORS' BENEFICIAL INTERESTS

The interests of the Directors of Costain in the issued share capital of the Company as recorded in the Register of Members as at 14th September 2007 and as notified by them for the purpose of Section 275 (1) of the Companies & Allied Matters Act Cap C20 LFN 2004 are as follows:

Directors	Direct Shareholding	Indirect Shareholding	Total Shareholding
Alhaji (Dr.) Mohammed Hassan Koguna	1,122,633	-	1,122,633
Mr. Orikolade Karim*	Nil	63,884,705	63,884,705
Mr. Phil Wharton	Nil	Nil	Nil
Mr. Mark Fredrick Bullen	Nil	Nil	Nil
Mr. Harm Albert Ploeger	Nil	Nil	Nil
Mr. Ayodeji Karim	Nil	Nil	Nil

\*Mr. Orikolade Karim represents the interests of Shoreline Energy International Limited

### INDEBTEDNESS

As at 31 March 2007, the Company had no outstanding bank loans, acceptances and overdrafts other than in the ordinary course of business. The Company also had no outstanding debentures, mortgages, charges or other similar indebtedness other than in the ordinary course of business. However, the Company has a debt of ₦1,669,689,014.20 owed to Shoreline Energy International Limited which it intends to convert to equity concurrently with the offer. In addition, as at 31 September 2007 the company has contingent liabilities in the ordinary course of business amounting to ₦163,549,779.00 from cases pending against the Company.

### SUBSIDIARIES AND ASSOCIATED COMPANIES

As at 31, August 2007, the Company had the following subsidiaries and associated companies:

	Shareholding
<b>Subsidiaries:</b>	
Costain Furniture and Joinery Limited	78.9%

### CLAIMS AND LITIGATION

As at 30<sup>th</sup> of September 2007, based on information supplied by Costain West Africa Plc ("Costain"), the Solicitors to the Offer, have conducted due diligence in respect of pending or threatened litigation, against Costain. Please find below a brief summary of litigation matters pending or threatened against the Company arising in the ordinary course of business.. The Solicitors to the Offer are not aware of any further claims or litigation save as set out therein.

#### **The Company is currently involved in 9 suits.**

- i) There are 8 suits filed against Costain with a total monetary value of claims of ₦163,549,779.00 (One hundred and sixty three million five hundred and forty nine thousand seven hundred and seventy nine Naira only)
- ii) Costain has filed a Counter-Claim in two of the suits mentioned above with a value of ₦14,800,000.00 (Fourteen million and eight hundred thousand Naira only).
- iii) There is one suit filed by Costain (as Plaintiff) in which judgement has been delivered in favour of Costain in the sum of ₦13,112,030.00 (Thirteen Million One Hundred and Twelve Thousand and Thirty Naira). Interest is accruing at the rate of 6% until the judgment is fully paid.
- iv) Accordingly the total monetary value of claims filed by Costain [items (ii) and (iii) above] is ₦27,912,030 (Twenty seven million nine hundred and twelve thousand and thirty Naira)

In our opinion, the claims against Costain are unlikely to succeed as the Company has good defences and the contingent liability arising therefrom should not exceed ₦8,000,000.00 (Eight million Naira). Save for the claims mentioned above, the solicitors to the offer are not aware of any other pending and/or threatened claims or litigation against the Company which may be material to the Issue.

### COSTS AND EXPENSES

The total cost and expenses of the Offer including fees payable to the SEC, The NSE, professional parties, filing fees, legal fees, brokerage commission, printing, advertising and other expenses are estimated at ₦345,637,396.97 representing approximately 4.3% of the total offer.

### DECLARATIONS

Except as otherwise disclosed in this Rights Circular:

- (a) No share of Costain is under option or agreed conditionally or unconditionally to be put under option;
- (b) No commissions, discounts, brokerages or other special terms have been granted by Costain to any person in connection with the offer or sale of any share of the Company;
- (c) Save as discussed herein, the Directors of Costain have not been informed of any holding representing 10% or more of the issued share capital of the Company;
- (d) There are no founders', management or deferred shares or any options outstanding in Costain;
- (e) There are no material service agreements between Costain or any of its Directors and employees other than in the ordinary course of business;
- (f) There are no long term service agreements between Costain and any of its Directors and employees except Pension Agreements;
- (g) No Director of the Company has had any interest, direct or indirect, in any property purchased or proposed to be purchased by the Company in the five years prior to the date of this Prospectus; and

## STATUTORY AND GENERAL INFORMATION

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- (h) No Director or key management staff of the Company is or has been involved in any of the following (whether in or outside Nigeria):
1. A petition under any bankruptcy or insolvency laws filed (and not struck out) against him/her or any partnership in which he/she is or was a partner or any company of which he/she is or was a Director or key personnel;
  2. A conviction in a criminal proceeding or is named subject of pending criminal proceedings relating to fraud or dishonesty; and
  3. The subject of any order, judgement or ruling of any court of competent jurisdiction or regulatory body relating to fraud or dishonesty, restraining him/her from acting as an investment adviser, dealer in securities, Director or employee of a financial institution and engaging in any type of business or activity.

### MATERIAL CONTRACTS

The following agreements have been entered into and are considered material to this Offer:

1. A Vending Agreement dated Thursday, 06 December 2007 by which Vetiva Capital Management Limited and FBN Capital Limited have agreed to offer for subscription, 178,162,966 Ordinary Shares of 50 Kobo each in Costain (West Africa) Plc and offer by way of rights 519,740,000 Ordinary Shares of 50 Kobo each in Costain (West Africa) Plc to existing shareholders;
2. An Underwriting Agreement dated Thursday, 06 December 2007 by which Vetiva Capital Management Limited and FBN Capital Limited have agreed to underwrite the Company's offer for subscription of 178,162,966 Ordinary Shares of 50 Kobo each in Costain (West Africa) Plc;
3. An agreement with Costain Group Plc (UK) for the provision of engineering services and knowledge to Costain and/or its customers as and when needed and against a fee for the services supplied; and
4. A loan agreement with Costain Group Plc (UK) for the sum of £4,632,000.00 which served as working capital required by the company to fund its operations<sup>2</sup>.

Other than as stated above, the Company has not entered into any material contract except in the ordinary course of business.

### RELATED PARTY TRANSACTIONS

As at the date of this Prospectus, there were no related party transactions.

### OFF BALANCE SHEET ITEMS

As at the date of this prospectus, the Company had no off balance sheet items.

### MERGERS AND TAKEOVER

Upon the conclusion of the offer, Costain has intentions to embark on a strategic acquisition exercise to acquire equity stakes in several companies with distinct competences and shared common values. This will ensure that the company will be one of the frontline construction companies in the country with multiple competencies in key sectors of the construction industry.

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<sup>2</sup> In 2007, Shoreline Energy International acquired the shares of Costain Group Plc in the company inclusive of the loan and the accrued interest thereon. This loan including the accrued interest until December 31 2007 will now be converted to equity at the rights issue price.

### RELATIONSHIP BETWEEN THE ISSUER AND THE ISSUING HOUSES/OTHER ADVISERS

As at the date of this Prospectus, there was no shareholding relationship between Costain and its Advisers except in the ordinary course of business.

### CONSENTS

The following have given and not withdrawn their written consents to the issue of this Prospectus with their names and reports (where applicable) included in the form and context in which they appear:

<b>Directors of the Company</b>	Alhaji (Dr.) Mohammed Hassan Koguna <b>(Chairman)</b> Mr. Orikolade Karim (Vice Chairman) Mr. Phil Wharton (Managing Director) Mr. Mark Fredrick Bullen (Executive Director) Mr Harm Ploeger (Executive Director) Mr. Ayodeji Karim (Executive Director)
<b>Company Secretary</b>	Mrs. Christabel-Immanuela Tabiowo
<b>Issuing Houses</b>	Vetiva Capital Management Limited FBN Capital Limited
<b>Auditors</b>	Akintola Williams Deloitte
<b>Stockbrokers to the Offer</b>	Denham Management Limited Calyx Securities Limited FIS Securities Limited
<b>Reporting Accountants</b>	Horwath Dafinone (Chartered Accountants)
<b>Solicitors to the Company</b>	Adepetun Caxton-Martins, Agbor and Segun
<b>Solicitors to the Offer</b>	Akin Delano Legal Practitioners
<b>Registrars to the Offer</b>	First Registrars Nigeria Limited
<b>Receiving Banks</b>	First Bank of Nigeria Plc Skye Bank Plc

### DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the offices of Vetiva Capital Management Limited, Plot 266B Kofo Abayomi Street, Victoria Island, Lagos, and at the offices of FBN Capital Limited, 16 Keffi Street, Ikoyi S.W, Lagos during normal business hours on any weekday (except public holidays), from Wednesday, 12 December 2007 until Monday, 31 December 2007.

- (a) Certificate of Incorporation of the Company;
- (b) Memorandum and Articles of Association of the Company;
- (c) The Circular issued in respect of the Offer;
- (d) Shareholders' Resolution authorising the Offer;
- (e) Board Resolution recommending the Offer;
- (f) The audited financial statements of the Company for each of the five years ended 31 March 2007;
- (g) The Report of Horwath Dafinone, Reporting Accountants, on the audited financial statements of the Company for each of the five years ended 31 March 2007;
- (h) The Memorandum of Reporting Accountants, on the Profit Forecast of the Company for the three years ending 31 March 2008, 2009 and 2010;
- (i) The list of claims and litigations referred to above;
- (j) The material contracts referred to above;
- (k) The letter of approval from the SEC;
- (l) The letter from The NSE approving the Listing; and
- (m) The written consents referred to above.



WEST AFRICA Plc

Costain (West Africa) Plc  
174 Funso Williams Avenue  
Ebute-Metta  
Lagos State

Tuesday, 04 December 2007

**COSTAIN (WEST AFRICA) PLC ("THE COMPANY") RIGHTS ISSUE OF 519,740,000 ORDINARY SHARES OF 50 KOBO EACH AT ₦11.00 PER SHARE ("THE OFFER") ON ACCEPTANCE NOT LATER THAN MONDAY, 31 DECEMBER 2007**

Dear Sir/Madam,

**1. Provisional Allotment**

The letter dated Tuesday, 04 December 2007 from the Chairman of your Company, which is on page 11 of this Rights Circular, contains particulars of the Rights Issue now being made. The Directors of your Company have provisionally allotted to you the number of new ordinary shares set out on the first page of the Acceptance/Renunciation Form, representing 13 (Thirteen) new ordinary shares for every 4 (four) ordinary shares that appeared against your name in the Company's Register of Members at the close of business on Thursday, 18 October 2007. The new shares to be issued shall rank pari passu in all respects with the issued ordinary shares of the Company and will qualify for any dividend or bonus declared for the year ending 31 March 2008.

You may accept all or some of the shares allotted to you or renounce your rights to all or some of them. Shareholders who elect to accept the provisional allotment in full should complete box A of the Acceptance/Renunciation Form, while those who elect to renounce their rights partially or in full should complete box B of the form. You may also apply for additional shares over and above your provisional allotment as described in 2(b) below.

**2. Acceptance and Payment**

The receipt of any payment with your Acceptance/Renunciation Form will constitute an acceptance of all or part of this Allotment on the terms of this letter, subject to the Memorandum and Articles of Association of the Company and to the clearance of the Securities & Exchange Commission. If payment is not received by Monday, 31 December 2007, the provisional allotment will be deemed to have been declined and will be cancelled.

You may participate in the Issue through any of the following methods:

**(A) Full Acceptance**

If you wish to accept this provisional allotment in full, please complete box A of the enclosed Acceptance/Renunciation Form. The completed Acceptance/Renunciation Form together with a cheque or bank draft for the full amount payable must be submitted to any of the Receiving Agents listed in this document not later than Monday, 31 December 2007. The cheque or draft must be made payable to the Receiving Agent, drawn on a bank in the same town or city in which the Receiving Agent is located and crossed "**Costain (West Africa) Plc Rights Issue**" with your name, address and day time telephone number (if any) written on the back of the cheque or draft. All cheques and drafts will be presented upon receipt and all Acceptance/Renunciation Forms in respect of which cheques are returned unpaid will be rejected and returned through the post.

**(B) Applying for Additional shares**

This may be done by any of the following processes:

- i. **Purchasing rights on floor of The Exchange.** Rights can only be purchased through any of the stockbrokers listed on page 37 of this document. The stockbroker will guide you regarding payment. Shareholders/investors who purchase rights on the Floor of The Exchange are guaranteed the number of shares purchased i.e. they will not be subject to the allotment process in respect of the number of shares so purchased (please refer to item 3 on the next page).

- ii. **Completing item (2) of box A of the Acceptance/Renunciation Form.** Payment should be made in accordance with (a) above. Shareholders who apply for additional number of shares using the Acceptance/ Renunciation Form will be subject to the allotment process and may therefore be allotted less than the number of additional number of shares applied for (please see item 4 below).

**(C) Partial Acceptance**

To accept your provisional allotment partially, please complete item (1) of box B and submit your Acceptance/Renunciation Form to any of the Receiving Agents listed on page 37 of this document together with a cheque or bank draft made payable to the Receiving Agent for the full amount payable in respect of the number of shares you have decided to accept.

If you wish to renounce your provisional allotment partially or in full, please complete item (2) of box B, if you however wish to trade all or some of your renounced rights on the Floor of The Exchange, please complete item (iii) of box B and submit your Acceptance/Renunciation to a stockbroker (NOT A BANK) of your choice together with payment for any provisional allotment you are accepting partially. The stockbroker will guide you on the procedure for trading your rights.

**3. Trading in Rights**

The approval of The Exchange has been obtained for trading in the rights of the Company. The rights will be tradable between Wednesday, 12 December 2007 and Monday, 31 December 2007 at the price at which the rights are quoted on The Exchange. If you wish to renounce your rights partially or in full, you may trade such renounced rights on the Floor of The Exchange between these dates. Please complete item (iii) of box B of the Acceptance / Renunciation Form and contact your stock broker for assistance. If you wish to purchase renounced rights, please contact your stockbroker who will guide you regarding payment and the procedure for purchasing Costain (West Africa) Plc Rights.

**4. Allotment of Additional Shares**

Ordinary shares which are not taken up by Monday, 31 December 2007, will be allotted on a basis to be determined by the Directors of Costain (West Africa) Plc and cleared by SEC, to existing shareholders who have applied and paid for additional shares by completing item (2) of box A. Ordinary shares not taken up by shareholders after allotment will revert to the unissued authorised share capital of the Company.

**4. Surplus Subscription Monies**

If any subscription for additional shares is not accepted or is accepted for fewer shares than the number applied for, a crossed cheque for the value of the additional shares or the full balance of the amount with the accrued interest will be returned by registered post within 5 (five) working days after the date of allotment.

**6. Share Certificates**

At the completion of the Issue, the ordinary shares will be registered and transferable in units of 50 Kobo each. Share certificates will be sent by registered post not later than 15 working days after the approval of the clearance of the allotment by SEC. An investor who does not wish his/her share certificate to be posted should therefore state his/her stockbroker as well as CSCS account number on the space provided on the acceptance form.

Yours faithfully,



**Mrs. Christabel-Immanuela Tabiowo**  
Company Secretary

## RECEIVING AGENTS

Application Forms may be obtained free of charge from any of the following Receiving Agents registered as market operators by the SEC, to whom brokerage will be paid at the rate of ₦0.75 per ₦100.00 worth of shares allotted in respect of applications bearing their official stamps.

*The Issuing Houses cannot accept responsibility for the conduct of any of the institutions listed below. Investors are therefore advised to conduct their own enquiries before choosing an agent to act on their behalf. Evidence of lodgement of funds at any of the Receiving Agents listed below, in the absence of corresponding evidence of receipt by the Issuing Houses, cannot give rise to a liability on the part of the Issuing Houses under any circumstances.*

### BANKS

Access Bank Plc	Oceanic Bank International Plc
Afribank Nigeria Plc	Platinum Habib Bank Plc
Diamond Bank Plc	Skye Bank Plc
ECO Bank Nigeria Plc	Standard Chartered Bank Plc
Equitorial Trust Bank Limited	Sterling Bank Plc
Fidelity Bank Plc	Spring Bank Plc
First Bank of Nigeria Plc	Union Bank of Nigeria Plc
First City Monument Bank Plc	United Bank for Africa Plc
First Inland Bank Plc	Unity Bank Plc
Guaranty Trust Bank Plc	Wema Bank Plc
Intercontinental Bank Plc	Zenith Bank Plc
IBTC Chartered Bank Plc	
Nigerian International Bank Ltd.	

### STOCKBROKERS AND OTHERS

Adamawa Securities Ltd	Finmal Finance Company Ltd	Newdevco Finance Securities Ltd
Adonai Stockbrokers Ltd	First Equity Securities Ltd	Niche Securities Ltd
AIL Securities Ltd	First Stockbrokers Ltd	Nigerian Stockbrokers Ltd
Alngrade Securities Ltd	Folu Securities Ltd	Network Securities & Finance Ltd
Allbond Investments Ltd	Foresight Securities & Investment Ltd	Nova Finance & Securities Ltd
Alltrade Securities Ltd	Forte Asset Management Ltd	Options Securities Ltd
Alliance Capital Management Ltd	Forthright Securities & Investments Ltd	OMF Securities & Finance Ltd
AMYN Investments Ltd	Fountain Securities Ltd	Partnership Investment Co. Ltd
Anchoria Investment & Securities Ltd	FSDH Securities Ltd	Pennisula Assets Management and Investment Company Limited
APT Securities & Fund Ltd	Future View Securities Ltd	Pine Fields Investment Services Ltd
Bacad Finance & Investment Co Ltd	Genesis Securities Ltd.	PIPC Securities Ltd
Bestworth Assets & Trust Ltd	Gidauniya Investment & Securities Ltd	Peak Securities Ltd
BFCL Assets & Investment Ltd	Global Capital Market Ltd	Perfection Securities & Investment Ltd
BGL Securities Ltd	Golden Securities Ltd	PIPC Securities Ltd
BGL Limited	Great Africa Trust Ltd	Platinum Capital Ltd
BIC Securities Ltd	Greenwich Trust Ltd	Premium Securities Ltd
BSD Securities Ltd	GTI Capital Ltd	Professional Stockbroker Ltd
Capital Assets Ltd	Heritage Investment & Securities Ltd	Profund Securities Ltd
Capital Trust Brokers Ltd	Horizon Stockbrokers Ltd	Prominent Securities Ltd
Capital Express Securities Ltd	IBTC Asset Management Ltd	PSL Limited
Century Securities Ltd	IBN Securities Ltd	P.S.I. Securities Ltd
Calyx Securities Ltd	ICON Stockbroker Ltd	Rainbow Securities & Investment Co. Ltd
Cash Craft Asset Management Ltd.	IMB Morgan Plc	Riverside Trust Limited
Capital Bancorp Ltd	Indemnity Finance Ltd	Reward Investments & Services Ltd
Cashville Investments & Securities Ltd.	Independent Securities Ltd	Royal Crest Finance Ltd
Centre-Point Investment Ltd	Integrated Trust & Investments Ltd	Sanbros Trust & Securities Ltd
City Investment Management Ltd	Intercontinental Securities Ltd	Securities Solutions Ltd
City Securities Ltd	International Capital Securities Ltd	Securities Swaps Ltd
City-Code Trust & Investments Ltd	International Standard Securities Ltd	Shallom Investment & Securities Ltd
Consolidated Investment Ltd	Intercontinental Capital Markets Ltd	Sigma Securities Ltd
Cooper Flemming Stockbrokers Ltd	Interstate Securities Ltd	Silver Financial Services Ltd
Core Trust & Investment Ltd	Investors & Trust Co Ltd	SMADAC Securities Ltd
Crane Securities Ltd	Jamkol Investments Ltd	Solid-Rock Securities & Investment Ltd
Crossworld Securities Ltd	Jenkins Investment Ltd	Springboard and Investments Trust Ltd
Clearview Investment Co Ltd	Kinley Securities Ltd	Stanbic Equities Nigeria Ltd
Counters Trust Securities Ltd	Kundila Finance Services Ltd	Summa Guaranty & Trust Co. Ltd
CSL Stockbrokers Ltd	Lakeworth Investments & Securities Ltd	Summit Finance Company Ltd
DakaL Securities Ltd	LB Securities Ltd	Support Services Ltd
DBL Securities Ltd	Lead Securities & Investment Ltd	Tiddo Universal Securities & Finance Ltd
De-canon Investments Ltd	Lighthouse Asset Management Ltd	Tomil Trusts Ltd
De-Lords Securities Ltd	Lion Stockbrokers Ltd	Topmost Finance & Investment s Ltd
Denham Management Ltd	Lynac Securities Ltd	TRW Stockbrokers Ltd
Dependable Securities Ltd	Magnartis Fin & Inv Ltd	Transglobe Investment & Finance Co Ltd
Dominion Trust Ltd	Mainland Trust Ltd	Trade Link Finance & Securities Ltd
Dynamic Portfolios Ltd	Maninvest Securities Ltd	Tropics Securities Ltd
Empire Securities Ltd	Marina Securities Ltd	Trust and Financial Services Ltd
Euro Comm Securities Ltd	MBC Securities Ltd	Trusthouse Investment Ltd
Express Portfolio Services Ltd	Mega Equities Ltd	Trust Yields Securities Ltd
Falcon Securities Ltd	Mercov Securities Ltd	UBA Securities Ltd
FBN Capital Limited	M & F Investment Ltd	UNEX Securities & Investment Ltd
F & C Securities Ltd	Molten Trust Ltd	Union Stockbrokers Ltd
Fidelity Union Securities Ltd	Mutual Alliance Investment & Securities Ltd	Valmon Securities Ltd
Fidelity Finance Ltd	Midas Stockbrokers Ltd	Valueline Securities & Investment Ltd
Financial Derivatives Ltd	Midlands Investment & Trust Co. Ltd	Vetiva Capital Management Limited
Financial Equities Ltd	Mission Securities Ltd	Vision Trust & Investments Ltd
Financial Trust Co Ltd	Morgan Trust & Asset Management Ltd	WSTC Financial Services Ltd
	Mountain Investment & Securities Ltd	Yobe Investment Co. Ltd
		Zenith Securities Ltd
		Zuma Securities Ltd





## Acceptance/Renunciation Form

**(A) TRADING IN RIGHTS**

- i. Shareholders who renounce their Rights partially or in full may trade their Rights on the floor of The Exchange. The renounced Rights will be traded actively on the floor of The Exchange.
- ii. Shareholders who wish to acquire additional shares over and above their provisional allotment may purchase renounced Rights (see A.IV. below) and/or apply for additional shares by completing item (II) of box B below.
- iii. Shareholders who purchase Rights on the floor of The Exchange are guaranteed the number of shares purchased. They will not be subject to the allotment process in respect of shares so purchased. Those that apply for additional shares by completing item (II) of box B will be subject to the allotment process i.e. they may be allotted a smaller number of additional shares than what they applied for.
- iv. If you wish to purchase renounced Rights please contact your stockbroker who will guide you regarding payment and the procedure for purchasing Costain (West Africa) Plc Rights.

**DETAILS OF  
SHAREHOLDER'S  
PROVISIONAL  
ALLOTMENT**

**PLEASE COMPLETE SECTION B OR C AS APPLICABLE**

**(B) FORM OF FULL ACCEPTANCE AND REQUEST FOR ADDITIONAL SHARES**

- i. I/We accept this allotment in full as shown above.
- ii. I/We also apply for the following additional shares.

This section should be completed if you wish to apply for additional shares

No. of Additional Shares Applied for	Additional Amount payable at <b>₦11.00</b> per share
	<b>N</b>

- iii. I/We agree to accept the same or smaller number of additional shares in respect of which allotment may be made to me/us in accordance with the Provisional Allotment Letter contained in the Rights Circular.
- iv. I/We enclose my/our bank draft for N..... being the amount payable as shown above, plus any additional amount payable as shown in item (ii) above.

**(C) FORM OF RENUNCIATION OR PARTIAL ACCEPTANCE**

1 No. of Shares accepted	2 Amount payable at ₦11.00 per share	3 No. of Shares renounced
	<b>N</b>	

- i. I/We accept the number of shares as shown in Column (1) above and enclose my/our bank draft for ₦..... shown in column (2) above.
- ii. I/We hereby renounce my/our right to Ordinary Shares shown in Column (3) above being the balance of the Ordinary Shares allotted to me/us.
- iii. I/We confirm that I/We wish to trade my/our rights to ..... Ordinary Shares (being my/our renounced shares as shown in Column (3) above on the floors of The Exchange. I/We shall obtain a Transfer Form from my/our stockbroker, complete it in accordance with his instructions and return it to the stockbroker with the form.

(for either B or C)

Signature.....2nd Signature .....  
(for Joint/Corporate Allottees)

Date.....Next of Kin.....

CSCS NO (if you want shares allotted credited to your CSCS A/C)

Clearing House Number (CHN):

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Name of your Stockbroker

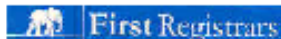
GSM (for SMS)

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Stamp of Receiving Agent

SEAL OF CORPORATE ALLOTTEE



4577075049

