

Cape PLC provides vital industrial services, working predominantly for major clients in the energy sector.

Annual Report 2004

CAPE



Cape PLC

Founded in 1893, Cape PLC is the parent company of a number of service providing organisations operating primarily in the oil and gas, petrochemical and power generation industries. The Company is headquartered in Wakefield with branches across the UK and in 25 countries worldwide.

Cape's main subsidiary companies are:

Cape Industrial Services Limited
Cape East EC (incorporating RB Hilton Limited)
Cape East Pte Limited
Cleton Continental Europe BV

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Financial highlights

Cape Industrial Services operating profit¹

up 14.0% to £11.4m

(2003: £10.0m)

Group profit before tax

up 5.5% to £5.8m

(2003: £5.5m)

Turnover¹

up 4.6% to £238.9m

(2003: £228.3m)

Total operating profit¹

up 45.7% to £5.1m

(2003: £3.5m)

Year end net debt

reduced to £2.4m

(2003: £5.4m)

¹ From continuing operations, including its share of joint ventures.

Significant contract wins

Cape Industrial Services ('CIS') has won a number of significant new contracts, contract extensions and contract renewals, including support for the onshore field works and offshore supply of equipment and materials on the Sakhalin 2 LNG Project.

Strong order book

The CIS order book remains robust in the UK and sales in the Middle and Far East continue to increase. The Board is particularly optimistic about prospects in the Middle East and on Sakhalin Island.

Health and safety



CIS continues to place the heaviest emphasis on health and safety. Numerous awards and commendations were received during the year from both clients and external bodies in recognition of the Group's health and safety standards and achievements.

Cape Industrial Services

Cape Industrial Services is a market leader in the provision of industrial services where the requirement for quality, reliability and safety is paramount.

CIS aims to provide best value solutions, tailored to meet the needs of its clients, supplying them individually or as a seamlessly integrated multi-disciplinary package. The Group's commitment is to its clients, working continuously to improve delivery through its structured approach to the management of safety, quality and costs.

Whilst being proud of its international reputation, CIS is able to deliver its services locally through its network of offices and depots in the UK and in Holland, Belgium and Germany through Cleton. Its international activities are embraced in Cape East which, through its overseas branches, provides the local knowledge and presence required to respond effectively to its clients' needs.

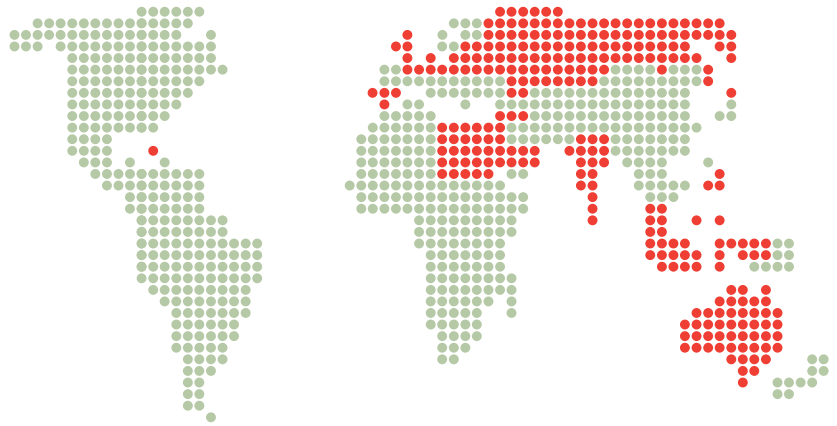
Services			
Scaffolding	Insulation	Industrial cleaning	Refractory linings
			
<p>The supply and erection of scaffolding enables site operators and other contractors to have access to all parts of an industrial plant. This can be for routine maintenance, shutdowns, new construction or other major projects. Computer aided design is used where appropriate.</p>	<p>The provision of thermal and acoustic insulation for industrial applications. Thermal insulation is provided for temperature maintenance, personnel protection, heat conservation and efficient cryogenic insulation at temperatures down to -160°C. An additional service is the calculation of heat loss and provision of infrared equipment for evaluating thermal insulation efficiency.</p>	<p>The provision of a comprehensive range of cleaning services to industry in a broad variety of industrial environments carried out in a safe and controlled way.</p> <p>Cleaning services are provided as planned cleaning programmes carried out on a fixed price, schedule of rates or daywork basis. Cape can provide an emergency response capability and adapt the range of disciplines to meet clients' particular needs.</p>	<p>The lining of boilers, furnaces, kilns and high temperature petrochemical reactors with materials to withstand temperatures in excess of $1,000^{\circ}\text{C}$. This activity also incorporates the business of RB Hilton, and offers design, supply and installation services.</p>
<p>Typical projects</p> <ul style="list-style-type: none"> – new construction – plant maintenance – plant shutdowns – plant upgrades 	<ul style="list-style-type: none"> – new construction – plant maintenance – plant shutdowns – plant upgrades 	<ul style="list-style-type: none"> – plant maintenance – plant shutdowns 	<ul style="list-style-type: none"> – new construction – plant maintenance – plant shutdowns – plant upgrades
<p>Typical markets</p> <ul style="list-style-type: none"> – power generation – offshore oil and gas – refineries – LNG terminals – petrochemicals – pharmaceuticals – process industries – food and beverages – ship repair/module yards 	<ul style="list-style-type: none"> – power generation – offshore oil and gas – refineries – LNG terminals – petrochemicals – pharmaceuticals – process industries – food and beverages – ship repair/module yards 	<ul style="list-style-type: none"> – power generation – offshore oil and gas – refineries – petrochemicals – process industries 	<ul style="list-style-type: none"> – power generation – refineries – LNG terminals – petrochemicals – process industries – smelting/metal processing

Markets

- Offshore/onshore oil and gas facilities
- Power generation and utilities
- Petrochemicals
- Chemical manufacture
- Refineries
- LNG plants
- Pharmaceutical
- Nuclear facilities
- Metal smelting
- Food and beverages

Cape Industrial Services

Now employs a total of approximately 6,700 people operating in 26 countries across the world.



Specialist coatings	Fire protection	Hire & sales	Associated services
			
<p>The provision of a range of coatings for a variety of structures including petrochemical plants, refineries and offshore installations. This provides surface protection and the prevention of corrosion on bare surfaces or those to be insulated or clad.</p>	<p>The application of passive fire protection to a variety of structures in environments ranging from the extreme weather conditions in the North Sea to onshore petrochemical and other installations with high exposure to fire risk.</p>	<p>Through its Hire & Sales Division, Cape supplies scaffolding, access and non-mechanical plant on a hire or sales basis to clients in the construction and engineering industries and to organisers of specific entertainment events.</p> <p>As well as traditional tube, fittings and boards, Cape Hire offers system scaffolding, temporary fencing and hoarding, alloy towers and a full range of metal and timber plant.</p>	<p>In response to client needs, the range of industrial services includes asbestos management, security, training and facilities management. For offshore installations, services include lifting, crane operation, abseiling, catering and logistics. In addition, inspection services are provided identifying corrosion, the efficiency of thermal insulation and refractory linings and the survey and removal of hazardous materials.</p>
<ul style="list-style-type: none"> - new construction - plant maintenance - plant shutdowns - plant upgrades 	<ul style="list-style-type: none"> - new construction - plant maintenance - plant shutdowns - plant upgrades 	<ul style="list-style-type: none"> - new construction - plant shutdowns - plant upgrades - entertainment events 	<ul style="list-style-type: none"> - new construction - plant maintenance - plant shutdowns - plant upgrades
<ul style="list-style-type: none"> - power generation - offshore oil and gas - refineries - LNG terminals - petrochemicals - pharmaceuticals - process industries - food and beverages - ship repair/module yards 	<ul style="list-style-type: none"> - power generation - offshore oil and gas - refineries - LNG terminals - petrochemicals - ship repair/module yards - construction industry 	<ul style="list-style-type: none"> - civil engineering - industrial sites - commercial building sites - entertainment venues 	<ul style="list-style-type: none"> - offshore oil and gas - refineries - LNG terminals - petrochemicals - ship repair/module yards

Cape Industrial Services – Some of our contracts

Cape's technical expertise gives it a strong position in each of the international markets it serves. It operates primarily in the oil and gas, petrochemical and power generation industries.

Client list includes:

Aramco	Heerema
BG Group	Huntsman
BP	Kellogg JGC
British Energy	Mitsui Babcock
British Nuclear Fuels	Nerefco
Chevron Texaco	Qatar Petroleum
Chiyoda	Petronas
Conoco Phillips	PX
Entrepose	Sabic
Exxon Mobil (Esso)	Shell
Foster Wheeler	Toyo Engineering



Servicing clients across the world

UK

Heerema Hartlepool

(2004 – to date)
Cape Industrial Services provides access and painting services on the Buzzard Utilities Platform under construction at Heerema's Hartlepool yard.

Huntsman Petrochemicals Ltd

(2005 – 2009)
Cape Industrial Services has been awarded a multi-discipline services contract as part of an alliance to provide integrated maintenance service including access, insulation, painting, cleaning and grounds maintenance services across all Huntsman assets in the Teesside region.

PX Ltd – Teesside Power Station

(2005 – 2008)
Cape Industrial Services has been awarded a multi-discipline services contract as part of a formal alliance as sole supplier for all access, insulation, painting, cleaning and grounds maintenance services at Teesside Power Station.

BNFL Sellafield

(2005 – 2010)
Cape Industrial Services provides site wide access services including scaffolding, rope and powered access as sole supplier on BNFL's nuclear processing facility at Sellafield.

Holland

Refinery Maintenance

(2003 – to date)
Cleton consolidated its leading presence in Holland's Europort with annual maintenance services at the Shell, Nerefco (BP) and Kuwait Petroleum oil refineries.

Russia

Sakhalin 2 LNG Project

(2004 – to date)
Cape Industrial Services is supporting the onshore field works and offshore supply of materials and equipment, providing common user scaffolding, insulation, fire protection and refractory services on the Sakhalin 2 LNG Project for CTSD, a joint venture between the Chiyoda and Toyo Engineering Corporations from Japan.

Egypt

Damietta LNG Export Terminal

(2002 – to date)
Cape East Egypt and its partners were awarded contracts by a consortium headed by Kellogg JGC valued at \$8 million covering the provision of scaffolding and insulation services.



Left: Bayu Undan offshore;
 Top: Shoaiba Power Station, Saudi Arabia;
 Above: Turbine Hall, UK.

Bahrain

Aluminium Bahrain

(2003 – to date)

RB Hilton has been awarded a \$2.5 million refractory services contract on the new Potline at Aluminium Bahrain's expansion and further contracts for scaffolding.

India

Dahej LNG import terminal

(2002 – 2004)

Cape Industrial Services completed insulation work to India's first LNG receiving terminal under a \$3 million contract with Toyo Engineering.

Oman

Qalhat LNG development

(2003 – to date)

Cape East & Partners LLC was awarded a \$15 million contract by Chiyoda Foster Wheeler covering the provision of painting, scaffolding, insulation and fire protection services on the Qalhat LNG development.

Indonesia

PT Cape East Meiso

(2003 – to date)

Under the direction of Cape East's Singapore regional headquarters, a new subsidiary was established in Indonesia to take advantage of opportunities in the oil and gas sector.

Australia/ Philippines

Bayu Undan offshore development

(2003 – to date)

Cape East Philippines has been awarded a multi-discipline maintenance contract by Clough Aker on the Bayu Undan development offshore Australia/Timor.

Building on existing relationships with clients

An established service provider in the UK Offshore sector for over 20 years, Cape Industrial Services has evolved from a specialist in scaffolding and insulation to a multi-service provider covering a range of activities involved in the day-to-day operation of offshore installations.



Cape's clients include major oil and gas multinationals and its experience with them has enabled it to replicate its activities elsewhere in the world wherever offshore activity takes place including South East Asia, the Arabian Gulf, Caspian Sea and West Africa.

As the frontier of exploration imposes yet greater challenges on clients and their service providers, Cape's commitment to high standards of discipline and safety, innovation and flexible operation has helped it to build relationships with leading multinationals

such as BP Exploration and Production. This is exemplified in its service contract with BP on the Atlantic Frontier, west of Shetland involving a Floating Production and Storage vessel – the Schiehallion, which is 245 metres long with the capacity to store 950,000 barrels of oil.

As early as 1997, when the vessel was still under construction in Harland & Wolff's Belfast yard, Cape's Aberdeen deck crew team spent time in the yard understanding the deck layout in order to plan the conduct of activities on deck. Schiehallion was towed out of Belfast in 1998 and set in position in the Atlantic, anchored by 24 mooring legs.

Cape has retained this key BP contract for over six years reflecting the innovative approach and experience of its Aberdeen based project management team.



BP Schiehallion FPSO Cape continues to extend the service offering to all its clients and broaden the range of services offered.

Logistics management

Cape's deck crew of multi-skilled deck operatives is involved in many aspects of logistics management on Schiehallion including the loading and unloading of supply boats, movement and positioning of containers and plant, landing helicopters and stores maintenance.

Scaffolding

Cape provides a wide range of fabric maintenance services on Schiehallion, particularly where access is an important factor. Services provided include the supply and erection of scaffolding to carry out repair and maintenance or allow others safe access, or, where impracticable, abseiling onto the task in hand.





Insulation

A full range of industrial insulation systems is installed at clients' offshore locations, including thermal products, fire jackets, metallic and non-metallic cladding. Technical reviews provide the opportunity to optimise the insulation and cladding specifications, thereby extending the whole life cycle of assets.

Specialist coatings

Corrosion management is a major factor for all offshore clients and the effective specification and application of specialist coatings helps to maintain plant integrity in the harsh offshore environment of the UK's continental shelf. The effective management of the asset's structural fabric, including the integrity of pipework and vessels, ensures that plant down time is kept to an absolute minimum and preserves or even extends the life expectancy of the asset.

Fire protection

The hazardous environment of offshore locations means that all risks, particularly fire risk, must be properly managed. This usually involves, among other measures, the use of passive fire protection, both intumescent and cementitious. These products are applied to various specifications depending on the required fire rating. They are extensively applied to prevent the spread of fire between process plant and accommodation areas in the event of an emergency incident.

Industrial cleaning

Cape provides industrial cleaning services to the highest safety standards to ensure the care and preservation of its clients' assets. Key to minimising the number of personnel on board is the continuous training of operatives in a range of skills. Working a 'two week on two week off' rota with back-to-back teams, the vicissitudes of the Atlantic weather demands flexibility and tight logistic management.



Chairman's statement and review

The Group has had another good year in which it delivered on its promise of solid organic growth

We continue to aim to be the recognised expert and leader in each of our chosen markets and build value for shareholders

- by reinforcing, developing and building on existing relationships with clients,
- continuing to set market-leading safety standards, and
- extending our service offering.



I am pleased to report that the Group has had another good year in which it delivered on its promise of solid organic growth across the majority of the markets in which it operates with increased contributions from each of its principal geographic regions.

Our core business, Cape Industrial Services ('CIS'), has performed ahead of budget and continues to win significant contracts both in the UK and internationally. Turnover from continuing operations, including its share of joint ventures, at £238.9 million, rose by 4.6% (2003: £228.3 million). Total operating profit from continuing operations, including its share of joint ventures increased by 45.7% from £3.5 million to £5.1 million.

These results confirm CIS's position as a leading international provider of industrial support services to the energy sector. CIS remains well positioned for growth, especially in the Middle and Far East.

Turnover

£238.9m (2003: £228.3m)

Total operating profit

£5.1m (2003: £3.5m)

Net debt

£2.4m (2003: £5.4m)

Shareholders' funds

£30.9m (2003: £29.7m)

Strategy

The Group's strategic objectives remain unchanged. They are:

- to become the recognised expert and leader in each of our chosen markets;
- to reinforce, develop and build upon existing relationships with clients;
- to increase leverage from our safety proposition and continue to set challenging safety standards across all areas of the business;
- to extend the service offering to all clients and broaden the range of services offered; and
- to build value for shareholders through improving our return on managed assets.

We remain focused on continuing to deliver on these objectives by leveraging our client relationships, people and technical expertise. We have, both in the UK and overseas, a blue-chip client base in the likes of Aramco, BP, Chiyoda, Entropose, Huntsman, Mitsui Babcock and Shell. We value all these relationships highly and would like to thank all our clients for their continuing support and business.

Each of the Group's principal geographic areas demonstrated increased turnover

Financial summary

CIS made an operating profit from continuing operations, including its share of joint ventures, of £11.4 million – up 14.0% from £10.0 million.

Turnover for the year from continuing operations, including the Group's share of joint ventures, was £238.9 million (2003: £228.3 million), an increase of 4.6%. Moreover, each of the Group's principal geographic areas demonstrated increased turnover and none of the turnover in 2004 was attributable to discontinued operations (2003: £3.6 million).

Group profit on ordinary activities before taxation was £5.8 million (2003: £5.5 million). Total operating profit for the year from continuing operations, including the Group's share of continuing joint ventures, was £5.1 million (2003: £3.5 million). Total operating profit from continuing operations including the Group's share of continuing joint ventures, before compensation for industrial disease costs of £3.7 million (2003: £3.8 million) and industrial disease funding review costs of £1.1 million (2003: £0.3 million) was £9.9 million (2003: £7.6 million) an increase of 30.3%.

After industrial disease and funding review costs, the Group continues to generate cash and closed the year with net debt further reduced at £2.4 million (2003: £5.4 million).

Whilst basic earnings per share ('EPS') decreased from 10.9 pence to 10.7 pence, after adjusting for exceptional items, adjusted basic EPS increased from 6.9 pence to 11.8 pence, a rise of 71.0%.

Shareholders' funds increased from £29.7 million to £30.9 million. A dividend is not being proposed.

Business highlights

The award in November 2004 of a major contract on Sakhalin Island, just off the east coast of Russia, by CTSD Limited (a joint venture between the Chiyoda and Toyo Engineering Corporations), confirms our world class technical expertise across the range of services we provide. CIS will support the onshore field works and offshore supply of materials and equipment for the Sakhalin 2 LNG Project. CIS is also contracted to provide insulation, common user scaffolding, fire protection and refractory services. The facility is one of the early phases of a series of developments onshore and offshore that the owner, Sakhalin Energy, plans to complete on Sakhalin Island.



Aluminium Bahrain Line 5 Expansion. Cape's performance record continues to set market-leading standards.

Thermal insulation

As the appointed term maintenance contractor on Bahrain Petroleum's refinery in Bahrain, RB Hilton provides thermal insulation and asbestos management services, employing a Bahraini labour force trained to best practice and international standards. RB Hilton recently celebrated 25 years in Bahrain.

Refractories

RB Hilton Saudi Arabia maintained its sector leadership in providing refractory maintenance services on Sabic's petrochemical installations throughout the Kingdom and again received the prestigious 'Supplier of the Year' award from Sabic. RB Hilton Bahrain carried out installation and repair works as part of Bapco's annual shutdown and Alba's Expansion.

Scaffolding

RB Hilton has built on its refractories base with the successful introduction of scaffolding services, with scaffold maintenance services being provided to Alba Bahrain, and successful projects accomplished for GPIC in Bahrain and JUPC's Olefins complex at Jubail, Saudi Arabia. In response to local initiatives Saudi nationals are being trained in the company's disciplines.

Fire protection

With in excess of 25 years' experience in the application of cementitious passive fire protection systems on structures within oil refineries and petrochemical installations in the region, RB Hilton has trained applicators approved by leading manufacturers to meet demanding specification requirements. RB Hilton is accredited under ISO 9001 in common with other Cape units operating internationally.





Cape Industrial Services

Performance on time, safely

In 2004, Cape played a key role in Aluminium Bahrain's Line 5 expansion under a contract involving the refractory lining of pot shells in which molten aluminium is produced.



The potline comprises the heart of the smelter and at 1.2 km long is the longest in the world outside Russia. A total of 336 pots were lined using Pechiney AP30 technology involving 30,000 tons of refractories and over four million bricks. The workforce of nearly 200 involved personnel of Bahraini and Indian nationality. Completion of the expansion places Aluminium Bahrain alongside the world's leading manufacturers at the forefront of production and environmental technology.

Cape's Bahrain based subsidiary – RB Hilton – completed the work on time, to budget and over 300,000 man hours were expended over the

nine month period without one lost time incident, giving rise to a special award from main contractor Bechtel for safety performance. RB Hilton is accredited under OHSAS 18001, the first contractor in its sector to achieve this international safety standard. Accreditation under ISO 14001 covering environmental standards was also achieved by RB Hilton Bahrain during the year.

Cape acquired the specialist refractory installation businesses of RB Hilton in 1993 and trades as RB Hilton in Bahrain and Saudi Arabia where it is the market leader. In addition to refractories, the company offers a platform of subcontract services involving thermal insulation, scaffolding and fire protection to multi-national and national oil, gas and petrochemical companies. With operational bases in Bahrain, Jubail and Yanbu the company is able to service clients throughout the region. RB Hilton operates alongside Cape's other subsidiaries in Abu Dhabi, Qatar and Oman.



During 2004, CIS also won a number of other significant new contracts, contract extensions and contract renewals from, among others, BP, Entrepose, Huntsman, Shell and Total underlining the strong relationships our managers at all levels have developed with our established clients.

In February 2005, we announced that CIS had been awarded a significant new contract by British Nuclear Fuels plc ('BNFL') under which CIS will provide site wide access services as sole supplier on BNFL's nuclear processing facility at Sellafield. The contract, which is for an initial three year term with the option to renew annually thereafter up to five years, shows that CIS continues to be the quality option, defining the market-place in terms of standards and services provided.

CIS continues to place the heaviest emphasis on health and safety. In over 16 million man hours the Group achieved an accident frequency rate of just 0.16, which we believe to be amongst the best in our business sector. Amongst many awards received throughout the year, CIS's operation in Bahrain, RB Hilton, recently received a special safety award for the Alba/Bechtel Line 5 expansion project, one of the largest refractory contracts ever undertaken by the Group. The installation was completed in nine months, on schedule, with in excess of 300,000 man hours without one lost time incident. Third party certification of management systems continues throughout the business with, for example, ISO 9001 (Quality) and OHSAS 18001 (Health & Safety) obtained in the Philippines and ISO 14001 (Environmental) in Bahrain and Abu Dhabi.

Industrial disease

I can confirm that the Directors intend shortly to announce detailed proposals for the long-term financing of a significant element of the Group's asbestos related claims in the UK and Cape is currently examining the financing options available. The proposals, on which both shareholders and claimants will have the opportunity to vote, will, when implemented, put the future funding of these claims on a more secure footing and will be of benefit to both claimants and the Group.

The results confirm CIS's position as a leading international provider of industrial support services to the energy sector. CIS remains well positioned for growth, especially in the Middle and Far East.

The Group announced some time ago that it was constructing a purpose-built archive to house, amongst other things, all original records and claims made by former employees. This facility is now complete and the archive assembled.

It continues to be the case that, on the basis of the information presently available, it is not possible for the Directors to quantify with sufficient reliability the amount required to settle future claims and, accordingly, claims are accounted for on the basis of claims lodged and settlements reached. Given the outlook for the Group and assuming that future settlements broadly follow recent history, the Directors anticipate that future claims, to the extent not matched by insurance recoveries can be met from operating cash flows.

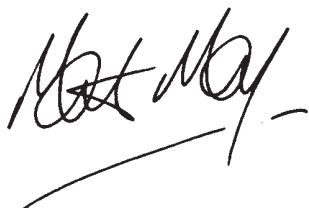
Our people

In November 2004, we were pleased to welcome David McManus to the Board as a non-executive director. David is Vice President of International Operations and an officer of Pioneer Natural Resources, an independent American oil and gas company, and was previously Executive Vice President with BG Group. David brings to us his considerable experience in the energy sector, in particular in two of our strategic growth areas, the Middle and Far East, and he has already made a significant contribution. At the same time, after eight years with Cape, Sean O'Connor retired as a non-executive director. We thank him for his most valuable contribution through a period of major reconstruction.

On behalf of the Board I would also like to thank the management, staff and all employees of the Group around the world for their hard work and commitment in 2004.

Outlook

The CIS order book remains robust in the UK and sales in the Middle and Far East continue to increase. With a good final quarter of 2004 and sales in January and February in line with budget, the Board is confident that in 2005 the Group will continue to demonstrate the good performance it has been delivering since 2002. We are particularly optimistic about prospects in the Middle East and on Sakhalin Island.



Martin K May

Chairman
27 May 2005

On behalf of the Board
I would also like to thank
the management, staff and
all employees of the Group
around the world for their
hard work and commitment
in 2004.

Maintaining market leadership

Cape's commanding international reputation in the field of LNG installations was reflected in the completion of the LNG Export Terminal at Damietta in Egypt.

Under a \$12 million contract with a consortium comprising Kellogg Brown and Root, Japanese Gas Corporation and Tecnicas Reunidas, Cape East Egypt provided common user scaffolding services and, with its partner Orascom Construction Industries, cryogenic insulation services. Under the contract, Cape was obliged to train Egyptian nationals and execute the work within a nine month period. In order to meet a demanding programme a workforce of over 1,000 personnel was engaged to achieve the completion date allowing owner Segas to commence LNG shipments to Western Europe to meet increasing demand for natural gas. The construction of import receiving terminals in Western Europe is presenting further opportunities for Cape.

The formation of Cape East Egypt and the successful completion of the project has enabled Cape to establish a permanent presence in Egypt to provide



ongoing maintenance services to its clients and to take advantage of opportunities arising in North Africa, including Libya and Algeria. This is reflected in the award of a term scaffold maintenance contract for ELNG/British Gas at the Idku LNG plant in Egypt.

Other LNG terminals under construction during the year involving Cape's multi-discipline services include Qalhat LNG in Oman and Sakhalin LNG in Russia, with maintenance and refurbishment activities being conducted on existing LNG plants in Brunei, Malaysia, Abu Dhabi and Qatar.



Damietta LNG
Cape continues to maintain its position as a market leader and recognised expert in its chosen markets.

Insulation

Cryogenic insulation for LNG applications involves temperatures of -160°C and insulation thicknesses of up to 200mm including acoustic layers clad with metallic and non-metallic finishes. Cape has over a period of 25 years trained personnel in the specialised application techniques involved.

Scaffolding

The construction of LNG plants will typically involve over 100,000 cubic metres of scaffold structures designed to provide common user access to the highest international standards of safety. Cape's involvement will include the logistics of scaffold equipment mobilisation, training of personnel and project/safety management.





Coatings

The use of specialist steels requires careful surface preparation involving grit blasting techniques. Coatings are applied in workshops constructed on site or in the field prior to insulation. The multi-skilling of personnel by Cape affords the client flexibility in programming and execution.

Refractories and fire protection

In contrast to cryogenic temperatures, refractory linings are designed to accommodate temperatures of up to 1,000°C in furnaces and heaters, whilst passive fire protection seeks to guard against fire and explosion. Cape applies high temperature and chemical resistant bricks and cements to exacting tolerances and specifications.

Project management

Whether the logistics of mobilising and training a workforce of up to 1,000 men, the coordination of a multi-discipline capability, the setting of high safety disciplines or directing the programming of work to achieve tight completion deadlines, Cape project management is focused on delivery.



Health, safety and the environment

Cape Industrial Services continues to place the greatest emphasis on health & safety, quality and the environment.

Throughout the organisation there is total commitment on the part of management to strive for excellence and to enhance further the Company's market leading performance. To demonstrate the high priority given to health & safety, quality and environmental matters, the annual safety conference for the Group's senior management is always the first meeting held each year. Here the Group reviews past performance and agrees objectives and targets for further improvement.

Cape Industrial Services demonstrates its commitment to health, safety, quality and environmental standards by maintaining third party accreditation to OHSAS 18001: 1999 (Occupational health and safety management systems – Specification) and ISO 9001: 2000 (Quality management

systems – requirements) for all UK operating units and most of the overseas operating units. Cape Industrial Services also holds third party accreditation to ISO 14001: 1996 (Environmental management systems – Specification with guidance for use) for all UK operating units and has obtained accreditation for Bahrain and Abu Dhabi operating units during 2004. It is intended to obtain ISO 14001 accreditation in Qatar during 2005.

Training remains fundamental. In addition to the existing training facility established in the UK, training establishments have been set up in the Middle East (in Abu Dhabi) and in the Far East (in the Philippines), both areas where no other similar facilities exist.

In 2004, numerous awards and commendations were received from both clients and external bodies in recognition of the Group's health & safety standards and achievements.

The Company recognises that people are its greatest asset and the management systems endeavour to allow every member of the Group to contribute to the overall effectiveness of the Group's performance.

Our overriding objectives remain: excellence in service provision, no harm to people, no damage to plant or the environment and no loss of production.

Directors' report

The Directors have pleasure in submitting their report and audited financial statements of the Group for the year ended 31 December 2004.

Principal activities

The Company and its subsidiaries form an international group primarily engaged in the supply of a wide range of services including industrial scaffolding, thermal and acoustic insulation, fire protection, painting, asbestos removal, and related services to major industrial groups, principally in the energy sector. The Company's principal subsidiary undertakings are listed on page 54.

Review of business and future developments

A review of the Group's activities during the year, its strategy and outlook for 2005 is contained in the Chairman's statement on pages 8, 9, 12 and 13.

Results

The financial results for the year ended 31 December 2004 are set out in the financial statements on pages 22 to 51. The profit for the year is £5.8 million (2003: £5.9 million). The profit on ordinary activities before interest is £5.6 million (2003: £6.0 million).

Dividends

No interim dividend was paid for the year ended 31 December 2004 (2003: nil pence). The Directors are unable to recommend the payment of a final dividend for the year ended 31 December 2004 (2003: nil pence).

Fixed assets

Details of the movements in tangible fixed assets are given in Note 11(b) to the accounts on pages 35 and 36.

Donations

During the year the Group made charitable donations of £21,100 (2003: £5,700) towards various local and national causes. There were no political donations (2003: £nil).

Share listing

The Company's ordinary shares are admitted to and traded on AIM, a market operated by the London Stock Exchange.

International accounting standards

The Group has taken advantage of the option to defer the implementation of International Financial Reporting Standards ('IFRS') to 2007.

Increase in share capital

The Company's issued share capital increased during the year due to the exercise of share options. Further details are provided in note 20 to the accounts on page 41.

Directors

The Directors at the date of this report and their biographical details are as follows:

Martin May (51)

Appointed Chairman in 2003. He is a director of Planestation PLC and a number of private companies including McNicholas, a Fellow of the Institute of Chartered Management Accountants and a founder member and Fellow of the Society of Turnaround Practitioners.

Paul Ainley (59)

Appointed a Director of the Company in 1999. He joined the Group in 1976, was appointed as a director of one of the Group's subsidiaries in 1978 and has been Managing Director of the Cape Industrial Services division since 1995. He has also been a board member of the Offshore Contractors Association since 2002.

Mike Reynolds (46)

Appointed Group Finance Director in 2003. He is a Chartered Accountant who has been Finance Director of the Cape Industrial Services division since 1998.

John Pool (66)

Appointed Non-Executive Director in 1997. A Chartered Secretary who has spent most of his career with Anglo American and Charter PLC. He was Managing Director of ESAB AB – Asia Pacific based in Singapore when he retired in 1996.

David McManus (52)

Appointed Non-Executive Director in November 2004. He was President of ARCO Europe until ARCO's merger with BP in 2000 and then Executive Vice President with BG Group until 2004. He is currently Vice President of International Operations and an Officer of Pioneer Natural Resources, an independent American oil and gas company.

Sean O'Connor retired as a Non-Executive Director on 14 October 2004, a position he had held since 1996.

On 27 July 2004 Mike Reynolds retired as Company Secretary and Benjamin Whitworth was appointed in his place.

Paul Ainley is the Director retiring by rotation under Article 90 and, being eligible, offers himself for reappointment at the Annual General Meeting.

David McManus, having been appointed by the Directors since the last Annual General Meeting, is required to retire at the end of the Annual General Meeting on 29 June and, being eligible, is seeking reappointment by the shareholders at that meeting.

Details of the interests of the Directors in the shares and share option schemes of the Company are shown over the page. No Director had any interests in any contract with the Company or its subsidiaries at any time during the year other than their service contracts and through the share option schemes. No Executive Director has a service contract for a period in excess of one year's duration or with provision for predetermined compensation for loss of office or an amount which equals or exceeds one year's salary and benefits in kind.

The Company has maintained insurance to cover the Directors' and officers' liability as defined in s.310(3)(a) of the Companies Act 1985.

Directors' interests**Shares**

The beneficial interests of the Directors of the Company and their families in the ordinary shares of the Company are set out below:

	2004 Number	2003 Number
MK May	50,000	40,000
PR Ainley	2,580	–
MT Reynolds	2,779	–
JA Pool	10,000	10,000
D McManus (appointed 03.11.04)	–	–

None of the Directors had an interest in the shares of any other company in the Group. There were no changes to the Directors' interests shown above between 1 January 2005 and 23 May 2005.

Share options

The following Directors held options in the Company's share option schemes during the year:

	Earliest date of grant	Exercise date	Surrendered/ expiry date	Exercise price	At 31 December 2003	Granted	Surrendered	Exercised	At 31 December 2004
PR Ainley									
Executive Scheme	02.07.98	02.07.01	02.07.08	£1.535	111,500	–	111,500	–	–
Savings Related Scheme	07.05.99	01.07.04	01.01.05	£0.68	2,580	–	–	2,580	–
Share Option Plan*	07.05.04	07.05.07	07.05.14	£0.60	–	400,000	–	–	400,000
MT Reynolds									
Executive Scheme	05.04.96	05.04.99	05.04.06	£1.67	15,000	–	15,000	–	–
Executive Scheme	02.07.98	02.07.01	02.07.08	£1.535	25,000	–	25,000	–	–
Savings Related Scheme	07.05.99	01.07.04	01.01.05	£0.68	2,779	–	–	2,779	–
Share Option Plan*	07.05.04	07.05.07	07.05.14	£0.60	–	100,000	–	–	100,000
MK May									
Share Option Plan*	07.05.04	07.05.07	07.05.14	£0.60	–	400,000	–	–	400,000

*Performance condition applies.

On or before 1 May 2004, all options granted under the Company's Executive Scheme were surrendered. On 7 May 2004, the Board awarded a total of 1,280,000 options over ordinary shares of 25p each to its senior executives, including each of the Directors named in the above table. The options were granted for nil consideration at an exercise price of 60p per ordinary share under the Company's Share Option Plan.

The middle market price of the shares on 31 December 2004 was 136.5p and the range during the twelve months ended 31 December 2004 was 60.5p to 147.5p.

No other Directors have been granted share options in the shares of the Company or other group entities. None of the terms and conditions of the share options were varied during the year. All options were granted in respect of qualifying services.

The options were granted at nil cost to the Directors and are subject to the condition that they will not be exercisable unless the performance of the Company's adjusted earnings per share over a set three year period exceeds the growth in the Consumer Prices Index over the same period by 3 per cent per annum.

There were no changes to the Directors' interests in share options in the period from 1 January 2005 to 23 May 2005.

Gains made by Directors on share options

On 25 July 2004, pursuant to the exercise of an option granted under the Company's Savings Related Share Option Scheme on 7 May 1999 and exercisable between 1 July 2004 and 1 January 2005 at an exercise price of 68p, PR Ainley was allotted 2,580 ordinary shares in the Company. The market price of the Company's ordinary shares on the date of exercise was 105.5p, therefore, PR Ainley made an aggregate pre-tax gain on the exercise of £967.50.

On 15 October 2004, pursuant to the exercise of an option granted under the Company's Savings Related Share Option Scheme on 7 May 1999 and exercisable between 1 July 2004 and 1 January 2005 at an exercise price of 68p, MT Reynolds was allotted 2,779 ordinary shares in the Company. The market price of the Company's ordinary shares on the date of exercise was 131.5p, therefore, MT Reynolds made an aggregate pre-tax gain on the exercise of £1,764.67.

Supplier payment policy

The supplier payment policy for Group companies is to agree terms and conditions for business transactions with suppliers. Payment is then made subject to these terms and conditions being met. The Company did not have any amounts owed to trade creditors at the end of the year (2003: nil). The Group owed £16.4 million to trade creditors at the end of the year (2003: £16.2 million) which represented 53 creditor days (2003: 52).

Employment policies

The companies in the Group operate within broadly prescribed personnel and employment policies. Each company develops procedures which are most appropriate to the circumstances within which it operates. The Group's training, career development and promotion policies provide equal opportunities for all employees.

Employment of disabled persons

It is Group policy to encourage, wherever practicable, the employment of disabled persons and to provide appropriate opportunities for their training, career development and promotion. Where employees have become disabled in the service of the Group, every effort is made to rehabilitate them in their former occupation or in some suitable alternative.

Employee involvement

The Group continues its practice of keeping all employees informed on matters affecting them and the Group, so that a common awareness amongst all employees is developed in relation to the financial and economic factors that affect the performance of the Group. Where applicable, the Group consults employees or their representatives on a regular basis so that the views of employees can be taken into account in making decisions that are likely to affect their interests. Senior management is kept abreast of developments in financial, commercial and personnel matters and this enables it to ensure that employees at operational level are kept informed. The Group operates pension schemes for the benefit of eligible employees in the UK and overseas. The funds of the pension schemes are administered by trustees and they are held separately from Group funds.

Health and safety

The Group has issued a policy statement on its commitment to a safe working environment for all employees. The CIS Managing Director is responsible for the implementation of the Group policy on Health and Safety within his area of responsibility. During the year Group operations throughout the UK and the rest of the world, were subjected to internal and third party audits to monitor compliance with Company procedures and statutory requirements, as set out in more detail on page 16.

Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss and cash flows of the Group for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

It is the intention of the Group that this document (the Annual Report and Accounts 2004) will be published on the Company's website (in addition to the normal paper version). The maintenance and integrity of the Cape website is the responsibility of the Directors and the work carried out by the auditors does not involve consideration of these matters.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Substantial holdings

The Directors have been advised that as at 23 May 2005 the following have interests of 3 per cent or more in the issued ordinary share capital of the Company:

	Number of ordinary shares	Percentage of issued share capital
M & G Investment Management	8,089,814	14.86
Schroder Investment Management	5,544,667	10.18
Artemis Fund Managers	5,400,000	9.92
Merrill Lynch Investment Managers	5,368,818	9.86
F & C Asset Management	4,805,875	8.82
Cantor Fitzgerald Europe	3,555,000	6.53
Gartmore Investment Management	2,821,726	5.18

The Company has not received notification of any other interests held by persons acting together which at 23 May 2005 represented 3 per cent or more of the issued ordinary share capital.

Annual General Meeting

At the Annual General Meeting to be held on 29 June 2005 resolutions will be proposed on the following items of special business:

- (a) To authorise the Directors to allot shares in accordance with Section 80 of the Companies Act 1985

Under the Company's articles of association the Directors have the power to allot shares, in accordance with Section 80 of the Companies Act 1985, with the authority of an ordinary resolution. The existing authority, which was granted in 2000, is due to expire in 2005. Hence, an ordinary resolution will be proposed at the Annual General Meeting authorising the Directors to allot ordinary shares up to a nominal amount of £4,477,367, being the amount of the unissued, uncommitted authorised ordinary share capital (equivalent to 32 per cent of the present issued ordinary share capital).

- (b) To disapply statutory pre-emption rights under Section 89 of the Companies Act 1985

The Directors consider it to be in the best interests of the Company that they should continue to have the power to allot equity securities for cash other than to existing shareholders up to a maximum amount of 5 per cent of the Company's issued ordinary share capital at 31 December 2004. A special resolution will be proposed at the Annual General Meeting authorising the Directors to allot ordinary shares of up to a nominal amount of £680,401.

The text of all the resolutions is set out in full in the notice convening the Annual General Meeting on pages 55 and 56.

The Annual General Meeting is to be held on 29 June 2005 at the offices of Travers Smith at 10 Snow Hill, London EC1A 2AL.

Independent auditors

The auditors PricewaterhouseCoopers LLP have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

BW Whitworth
Secretary

27 May 2005

Cape House
3 Red Hall Avenue
Paragon Business Village
Wakefield
West Yorkshire
WF1 2UL

Independent auditors' report to the members of Cape PLC

We have audited the financial statements which comprise the consolidated profit and loss account, the consolidated and Company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses, the note of Group historical cost profits and losses, the reconciliation of movements in shareholders' funds, the accounting policies and the related notes.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises: Financial highlights, Chairman's statement and review, Directors' report, and the other items listed on the contents page.

Basis of audit opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, 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.

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the impact of, and accounting for, potential future claims for industrial disease compensation. On the basis of the information presently available, it is not generally possible for the Directors to quantify, with sufficient reliability, the amount required to settle future claims and accordingly claims are generally accounted for on the basis of claims lodged or settlements reached and outstanding at the balance sheet date. However, if it were possible to assess reliably the present value of the amount required to settle future claims such that this was provided in the balance sheet, there would be a materially adverse effect on the Group's financial position. Details of the circumstances relating to this fundamental uncertainty are described in note 26 to the financial statements. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31 December 2004 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Leeds

27 May 2005

Consolidated profit and loss account

for the year ended 31 December 2004

	Notes	Continuing £m	Discontinued £m	2004 Total £m	Continuing £m	Discontinued £m	2003 Total £m
Turnover	1	238.9	–	238.9	228.3	3.6	231.9
Less share of turnover of joint ventures		(5.3)	–	(5.3)	(3.5)	–	(3.5)
Group turnover		233.6	–	233.6	224.8	3.6	228.4
Group operating profit/(loss) before exceptional items		5.8	–	5.8	3.6	(0.1)	3.5
Operating exceptional items	4	(1.1)	–	(1.1)	(0.4)	0.9	0.5
Group operating profit	3	4.7	–	4.7	3.2	0.8	4.0
Share of operating profit in joint ventures	1	0.4	–	0.4	0.3	–	0.3
Total operating profit: group and share of joint ventures	2	5.1	–	5.1	3.5	0.8	4.3
Profit on sale of fixed assets	5	–	0.5	0.5	–	2.4	2.4
Loss on sale and subsequent closure costs of Calsil Division	5	–	–	–	–	(0.7)	(0.7)
Profit on ordinary activities before interest	1	5.1	0.5	5.6	3.5	2.5	6.0
Net interest payable	8			(1.0)			(1.4)
Other finance income	27			1.2			0.9
Profit on ordinary activities before taxation				5.8			5.5
Tax credit on profit on ordinary activities	9			–			0.4
Profit for the year	21			5.8			5.9
Earnings per ordinary share:	10						
– Basic				10.7p			10.9p
– Diluted				10.6p			10.9p
– Adjusted basic				11.8p			6.9p
– Adjusted diluted				11.7p			6.9p

The notes and information on pages 26 to 51 form part of these accounts.

Consolidated and Company balance sheets

at 31 December 2004

	Notes	2004 £m	Group 2003 £m	2004 £m	Company 2003 £m
Fixed assets					
Intangible assets	11	0.1	0.1	–	–
Tangible assets	11	23.4	22.4	–	–
Investments	12	–	–	72.5	66.9
Interest in joint ventures:					
Share of gross assets	12	1.2	0.1	–	–
Share of gross liabilities	12	(0.8)	(0.1)	–	–
		0.4	–	–	–
		23.9	22.5	72.5	66.9
Current assets					
Stocks	13	9.7	10.0	–	–
Debtors	14	63.3	61.9	3.5	4.5
Cash at bank and in hand	16	7.8	7.1	1.4	1.5
		80.8	79.0	4.9	6.0
Creditors: amounts falling due within one year					
Short-term borrowings	17	(4.7)	(2.3)	–	–
Other creditors	17	(51.1)	(49.9)	(2.6)	(2.4)
		(55.8)	(52.2)	(2.6)	(2.4)
Net current assets		25.0	26.8	2.3	3.6
Total assets less current liabilities		48.9	49.3	74.8	70.5
Creditors: amounts falling due after more than one year	18	(5.5)	(10.2)	(41.6)	(40.5)
Provisions for liabilities and charges	19	(16.1)	(16.8)	(6.0)	(7.5)
Net assets excluding pension asset		27.3	22.3	27.2	22.5
Pension asset	27	3.6	7.4	3.7	7.2
Net assets including pension asset		30.9	29.7	30.9	29.7
Capital and reserves					
Called up share capital	20	18.2	18.2	18.2	18.2
Share premium account	21	1.7	1.6	1.7	1.6
Revaluation reserve	21	2.3	2.4	35.1	30.1
Profit and loss account	21	8.7	7.5	(24.1)	(20.2)
Shareholders' funds (includes non-equity interests)		30.9	29.7	30.9	29.7
Equity interests		26.3	25.1	26.3	25.1
Non-equity interests	20	4.6	4.6	4.6	4.6
Shareholders' funds		30.9	29.7	30.9	29.7

These accounts were approved by the Board of Directors on 27 May 2005 and were signed on its behalf by:

MK May Chairman

MT Reynolds Group Finance Director

The notes and information on pages 26 to 51 form part of these accounts.

Consolidated cash flow statement

for the year ended 31 December 2004

	Notes	2004 £m	2004 £m	2003 £m	2003 £m
Net cash inflow from operating activities	22(a)		10.7		11.4
Returns on investments and servicing of finance					
Interest received		0.1		0.1	
Interest paid		(1.1)		(1.5)	
Net cash outflow from returns on investments and servicing of finance			(1.0)		(1.4)
Taxation	22(b)		(0.8)		(0.6)
Capital expenditure and financial investment					
Purchases of tangible fixed assets		(7.3)		(6.5)	
Receipts from sale of tangible fixed assets		2.0		12.6	
Net cash (outflow)/inflow from capital expenditure and financial investment			(5.3)		6.1
Acquisitions and disposals					
Costs associated with the sale and disposal of Cape Calsil		–		(0.8)	
Net cash outflow from acquisitions and disposals			–		(0.8)
Net cash inflow before financing			3.6		14.7
Financing					
Issue of ordinary shares		0.1		–	
Capital element of finance lease rental payments		(0.4)		(0.3)	
Repayment of short-term borrowing		–		(34.0)	
Repayment of long-term borrowings		(4.8)		–	
New long-term borrowings		–		10.0	
Net cash outflow from financing			(5.1)		(24.3)
Decrease in cash in the year	22(c)		(1.5)		(9.6)

	Note	2004 £m	2003 £m
Reconciliation of net cash flow to movement in net debt			
Decrease in cash in the year		(1.5)	(9.6)
Inflow from debt and lease financing		5.2	24.3
Change in debt resulting from cash flows		3.7	14.7
New finance leases		(0.5)	(0.3)
Exchange movement in year		(0.2)	(0.5)
Movement in net debt in year		3.0	13.9
Net debt at 1 January		(5.4)	(19.3)
Net debt at 31 December	22(c)	(2.4)	(5.4)

The notes and information on pages 26 to 51 form part of these accounts.

Consolidated statement of total recognised gains and losses

for the year ended 31 December 2004

	<i>Notes</i>	2004 £m	2003 £m
Profit on ordinary activities after taxation		5.8	5.9
Currency translation differences net of taxation on foreign currency net investments	21	(1.0)	(0.7)
Actuarial (loss)/gain recognised in the pension scheme	27	(5.6)	0.6
Movement on deferred tax relating to pension asset	27	1.8	(0.2)
Total recognised gains relating to the year		1.0	5.6

Note of Group historical cost profits and losses

for the year ended 31 December 2004

	2004 £m	2003 £m
Reported profit on ordinary activities before taxation	5.8	5.5
Realisation of property revaluation gains of previous years	0.1	8.3
Historical cost profit on ordinary activities before taxation	5.9	13.8
Historical cost profit for the year retained after taxation and dividends	5.9	14.2

Reconciliation of movements in shareholders' funds

for the year ended 31 December 2004

Group	<i>Note</i>	2004 £m	2003 £m
Profit on ordinary activities after taxation		5.8	5.9
Currency translation differences net of taxation on foreign currency net investments	21	(1.0)	(0.7)
Exercise of share options		0.1	–
UITF17 credit in respect of share options		0.1	–
Actuarial (loss)/gain in pension scheme net of deferred tax		(3.8)	0.4
Net increase to shareholders' funds		1.2	5.6
Shareholders' funds at 1 January		29.7	24.1
Shareholders' funds at 31 December		30.9	29.7
Company			
Loss on ordinary activities after taxation		(0.3)	(0.7)
Unrealised gain on revaluation of Investments in subsidiary undertakings		5.0	5.8
Exercise of share options		0.1	–
UITF17 credit in respect of share options		0.1	–
Actuarial (loss)/gain in pension scheme net of deferred tax		(3.7)	0.5
Net increase to shareholders' funds		1.2	5.6
Shareholders' funds at 1 January		29.7	24.1
Shareholders' funds at 31 December		30.9	29.7

The notes and information on pages 26 to 51 form part of these accounts.

Accounting policies

1. Accounting convention

The financial statements are prepared under the historical cost convention, except for certain fixed assets which are included at valuation, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. A summary of the more important Group accounting policies are set out below.

2. Basis of consolidation

- (a) The consolidated financial statements comprise the financial statements of the Company and all subsidiary undertakings for the year ended 31 December 2004.
- (b) The results of subsidiary undertakings acquired or disposed of during the year are included in the consolidated profit and loss account from or to their effective dates of acquisition or disposal. Intercompany transactions, balances, and unrealised profits and losses on transactions between Group Companies are eliminated on consolidation.
- (c) The Group's interest in joint ventures is accounted for under the gross equity method. The consolidated financial statements include the Group's share of the profits or losses of joint ventures and the consolidated balance sheet includes the investments in joint ventures at cost, including attributable goodwill, plus the Group's share of post-acquisition reserves.

3. Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of transaction. Profits and losses of subsidiary undertakings, joint ventures and branches which have currencies of operation other than sterling are translated into sterling at average rates of exchange. Assets and liabilities denominated in foreign currencies are translated at the year end exchange rate.

Exchange differences arising from the retranslation of the opening net assets of subsidiary undertakings, joint ventures and branches that have currencies of operation other than sterling, net of any matching exchange differences on related foreign currency loans taken out to hedge overseas investments, are taken to reserves, together with the differences arising when the profit and loss accounts are translated at average rates and compared with rates ruling at the year end. Other exchange differences are taken to the profit and loss account.

4. Turnover

Turnover for manufactured goods is the invoiced value of sales and services of the Group. The policy for recognition of turnover in respect of short and long-term contracts is disclosed in the policy on stocks and work in progress.

5. Cost of sales

Operating expenses, to the extent that they are directly related to contracting activities, are recoverable against contracts and classified within cost of sales.

6. Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration paid over the fair value of the separable net assets acquired) is stated at cost (less provision for impairment) and is amortised through the profit and loss account on a straight line basis over its estimated useful economic life, which is considered to be 20 years. The carrying value of goodwill is reviewed for impairment in accordance with FRS 11 'Impairment of fixed assets and goodwill'. Any impairment is recognised in the profit and loss account.

On the implementation of FRS 10 'Goodwill and Intangible Assets', the Group adopted the transitional arrangements such that all goodwill that had been written off directly to reserves would only be charged to the profit and loss account on subsequent disposal of the business to which it related.

7. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation net of depreciation and any provision for impairment. Cost comprises purchase cost together with any incidental costs of acquisition. Under FRS 15, the Group followed the option within the transitional arrangements to retain the book values of land and buildings, certain of which were last revalued in 1992. Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives with the exception that no depreciation is provided on freehold land. The following rates are applied:

- Freehold buildings – 2% per annum
- Leasehold land and buildings – the period of the lease
- Plant, machinery, fixtures and fittings – 6½% to 33½% per annum.

The carrying value of tangible fixed assets are reviewed for impairment if events or change in circumstances indicate that the carrying value may not be recoverable.

Any impairment in the value of fixed assets is dealt with in the profit and loss account in the period in which it arises.

8. Leased plant and machinery

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the amount representing the outright purchase price is capitalised and the corresponding leasing commitments are shown as obligations to the lessor. The relevant assets are depreciated in accordance with the Group's depreciation policy or over the lease term if shorter. Net finance charges, calculated on the reducing balance method, are included in interest costs.

All other leases are treated as operating leases and the annual rentals charged to the operating profit for the year on a straight line basis.

9. Compensation for industrial disease

Provision is made for compensation for industrial disease where it is possible to estimate the liability with sufficient reliability. As explained in Note 26, this is generally only currently possible in respect of claims lodged and outstanding at the year end. Where this is not possible, a contingent liability is noted. Benefit is recognised for insurance recoveries for claims provided when they are anticipated with virtual certainty.

10. Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value. Contracts are undertaken for customers either on a short or long-term basis. For short-term contracts, work done is substantially billed as performed and for long-term contracts, work is carried out on a substantially fixed or limited-price basis. With respect to short-term contracts, turnover and profit are recognised according to work executed. Amounts taken to turnover in respect of work done not billed are included within amounts recoverable on contracts. Costs incurred, including an appropriate allocation of overheads, in respect of long-term contracts are included in work in progress net of progress payments received and provisions for foreseeable losses. Any payments on account or provisions for foreseeable losses in excess of contract balances are included in creditors. Turnover and attributable profit on long-term contracts is recognised according to the percentage of estimated total contract value completed or the achievement of contractual milestones provided that the outcome of the contract can be assessed with reasonable certainty.

11. Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, tax in the future. Resultant deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted, or where there are deferred tax liabilities against which the assets can be recovered. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

12. Investments in subsidiary undertakings

The cost of investments is revalued each year to the net asset value of the Group's subsidiaries with changes above and below cost dealt with through the revaluation reserve and profit and loss account reserve accordingly. Provision has not been made for any taxation liability on capital gains that might arise on the disposal of subsidiary undertakings at the amount at which they are stated in the balance sheet.

13. Pensions and retirement benefits

The Group operates two major pension schemes in the UK, one is a defined benefit type and the other of the defined contribution type. Full valuations of the defined benefit scheme are performed every three years, using the projected unit method.

The pension expense for defined contribution schemes represents amounts payable in the year. Under the defined benefit scheme any current and past service costs are charged to operating profit and interest costs and expected returns on assets to financing costs or income. Actuarial gains and losses arising from new valuations and from updating the latest actuarial valuation to reflect conditions at the balance sheet date are recognised in the statement of total recognised gains and losses.

The Group continues to account for its pension schemes in the UK in line with the requirements of FRS 17 'Retirement Benefits'.

Further information is provided in note 27.

14. Financial instruments

A derivative instrument is considered to be used for hedging purposes when it alters the risk profile of an existing underlying exposure of the Group in line with the Group's risk management policies.

The Group uses derivative financial instruments primarily to manage exposures to fluctuations in foreign currency exchange rates. As in previous years, it is the Group's policy not to trade in financial instruments.

Gains and losses on foreign currency contracts are deferred and recognised in the profit and loss account when the hedged transaction occurs. Gains and losses arising from the translational hedges of foreign currency investments are taken to reserves.

If an instrument ceases to be accounted for as a hedge, for example because the underlying hedged position is eliminated, the instrument is marked to market and any resultant profit or loss recognised at that time.

Notes to the financial statements

1. Segmental analysis

(a) Business Analysis

	Turnover £m	Pre- exceptional items £m	Operating exceptional items £m (Note 4)	Profit before tax		Net operating assets £m
				Non- operating exceptional items £m (Note 5)	Total £m	
2004						
Continuing operations						
– Cape Industrial Services	233.6	11.0	–	–	11.0	47.4
– Joint ventures	5.3	0.4	–	–	0.4	0.2
– Total Cape Industrial Services	238.9	11.4	–	–	11.4	47.6
– Head Office	–	(1.5)	(1.1)	–	(2.6)	1.8
– Compensation for industrial disease	–	(3.7)	–	–	(3.7)	(16.9)
Total continuing	238.9	6.2	(1.1)	–	5.1	32.5
Discontinued operations						
– Cape Calsil	–	–	–	0.5	0.5	0.8
Total discontinued	–	–	–	0.5	0.5	0.8
Total operations	238.9	6.2	(1.1)	0.5	5.6	33.3
Net interest/net borrowings					(1.0)	(2.4)
Other finance income					1.2	–
					5.8	30.9

There are no significant inter-segment sales between business units.

	Turnover £m	Pre- exceptional items £m	Operating exceptional items £m (Note 4)	Profit before tax		Net operating assets £m
				Non- operating exceptional items £m (Note 5)	Total £m	
2003						
Continuing operations						
– Cape Industrial Services	224.8	9.7	–	–	9.7	45.8
– Joint ventures	3.5	0.3	–	–	0.3	(0.1)
– Total Cape Industrial Services	228.3	10.0	–	–	10.0	45.7
– Head Office	–	(2.3)	(0.4)	–	(2.7)	6.3
– Compensation for industrial disease	–	(3.8)	–	–	(3.8)	(18.8)
Total continuing	228.3	3.9	(0.4)	–	3.5	33.2
Discontinued operations						
– Cape Calsil	3.6	(0.1)	0.9	1.7	2.5	1.9
Total discontinued	3.6	(0.1)	0.9	1.7	2.5	1.9
Total operations	231.9	3.8	0.5	1.7	6.0	35.1
Net interest/net borrowings					(1.4)	(5.4)
Other finance income					0.9	–
					5.5	29.7

Net operating assets represents the net assets of each business unit after adjusting for Group funding loans.

1. Segmental analysis continued

(b) Geographical analysis by origin

	Turnover £m	Profit before tax			Total £m	Net operating assets £m
		Pre- exceptional items £m	Operating exceptional items £m (Note 4)	Non- operating exceptional items £m (Note 5)		
2004						
Continuing operations						
– United Kingdom	151.8	2.4	(1.1)	–	1.3	14.3
– Continental Europe	36.4	0.5	–	–	0.5	6.7
– Rest of the World	45.4	2.9	–	–	2.9	11.3
– Rest of the World joint ventures	5.3	0.4	–	–	0.4	0.2
	238.9	6.2	(1.1)	–	5.1	32.5
Discontinued operations						
– United Kingdom	–	–	–	0.5	0.5	0.9
– Continental Europe	–	–	–	–	–	(0.1)
– Rest of the World	–	–	–	–	–	–
– Inter-segment sales	–	–	–	–	–	–
	–	–	–	0.5	0.5	0.8
Total operations	238.9	6.2	(1.1)	0.5	5.6	33.3
Net interest/net borrowings					(1.0)	(2.4)
Other finance income					1.2	–
					5.8	30.9

	Turnover £m	Profit before tax			Total £m	Net operating assets £m
		Pre- exceptional items £m	Operating exceptional items £m (Note 4)	Non- operating exceptional items £m (Note 5)		
2003						
Continuing operations						
– United Kingdom	150.3	1.0	(0.4)	–	0.6	19.2
– Continental Europe	34.5	0.2	–	–	0.2	6.7
– Rest of the World	40.0	2.4	–	–	2.4	7.4
– Rest of the World joint ventures	3.5	0.3	–	–	0.3	(0.1)
	228.3	3.9	(0.4)	–	3.5	33.2
Discontinued operations						
– United Kingdom	3.6	(0.1)	0.9	1.7	2.5	2.2
– Continental Europe	–	(0.1)	–	–	(0.1)	(0.2)
– Rest of the World	–	0.1	–	–	0.1	(0.1)
– Inter-segment sales	–	–	–	–	–	–
	3.6	(0.1)	0.9	1.7	2.5	1.9
Total operations	231.9	3.8	0.5	1.7	6.0	35.1
Net interest/net borrowings					(1.4)	(5.4)
Other finance income					0.9	–
					5.5	29.7

Net operating assets represents the net assets of each geographical segment after adjusting for Group funding loans.

1. Segmental analysis continued**(c) Business analysis**

	Net operating assets £m	Group funding £m	2004		2003	
			Net assets £m	Net operating assets £m	Group funding £m	Net assets £m
Continuing operations						
– Cape Industrial Services	47.4	20.6	68.0	45.8	21.2	67.0
– Joint ventures	0.2	–	0.2	(0.1)	–	(0.1)
– Total Cape Industrial Services	47.6	20.6	68.2	45.7	21.2	66.9
– Head Office	1.8	(29.5)	(27.7)	6.3	(28.3)	(22.0)
– Compensation for industrial disease	(16.9)	–	(16.9)	(18.8)	–	(18.8)
Total continuing	32.5	(8.9)	23.6	33.2	(7.1)	26.1
Discontinued operations						
– Cape Calsil	0.8	8.9	9.7	1.9	7.1	9.0
– Joint ventures	–	–	–	–	–	–
Total discontinued	0.8	8.9	9.7	1.9	7.1	9.0
Total operations	33.3	–	33.3	35.1	–	35.1
Net borrowings	(2.4)	–	(2.4)	(5.4)	–	(5.4)
	30.9	–	30.9	29.7	–	29.7

(d) Geographical analysis by origin

	Net operating assets £m	Group funding £m	2004		2003	
			Net assets £m	Net operating assets £m	Group funding £m	Net assets £m
Continuing operations						
– United Kingdom	14.3	(8.1)	6.2	19.2	(0.8)	18.4
– Continental Europe	6.7	4.1	10.8	6.7	(2.4)	4.3
– Rest of the World	11.3	(4.9)	6.4	7.4	(3.9)	3.5
– Rest of the World joint ventures	0.2	–	0.2	(0.1)	–	(0.1)
Total continuing	32.5	(8.9)	23.6	33.2	(7.1)	26.1
Discontinued operations						
– United Kingdom	0.9	0.5	1.4	2.2	(1.0)	1.2
– Continuing Europe	(0.1)	7.7	7.6	(0.2)	7.3	7.1
– Rest of the World	–	0.7	0.7	(0.1)	0.8	0.7
– Rest of the World joint ventures	–	–	–	–	–	–
Total discontinuing	0.8	8.9	9.7	1.9	7.1	9.0
Total operations	33.3	–	33.3	35.1	–	35.1
Net borrowings	(2.4)	–	(2.4)	(5.4)	–	(5.4)
	30.9	–	30.9	29.7	–	29.7

(e) Geographical analysis of turnover by destination

	Continuing operations £m	Discontinued operations £m	2004		2003	
			Total £m	Continuing operations £m	Discontinued operations £m	Total £m
United Kingdom	147.6	–	147.6	146.1	3.6	149.7
Continental Europe	36.4	–	36.4	34.5	–	34.5
Rest of the World	49.6	–	49.6	44.2	–	44.2
Rest of the World joint ventures	5.3	–	5.3	3.5	–	3.5
	238.9	–	238.9	228.3	3.6	231.9

2. Operating profit

	2004 £m	2003 £m
Operating profit is stated after charging/(crediting)		
Auditors' remuneration (of which the parent company was £113,000 (2003: £106,000))	0.4	0.4
Non-audit fees payable to auditors	1.0	0.6
Depreciation on owned tangible fixed assets	4.9	5.3
Depreciation of tangible fixed assets under finance leases	0.3	0.3
Profit on disposal of tangible fixed assets	(0.1)	(0.1)
Rental/hire of plant and machinery	4.3	5.2
Operating leases – plant and machinery	–	0.1
Operating leases – other	1.1	1.0
Exchange losses	0.2	0.5

The 2004 non-audit fees payable to auditors represents advice in relation to taxation and industrial disease funding review. The 2003 non-audit fees payable to auditors related to advice in relation to taxation and the renewal of the banking facilities.

Rental/hire of plant and machinery comprises short-term hire charges.

3. Group operating profit

			2004		2003	
	Pre-exceptional items £m	Exceptional items £m (Note 4)	Total £m	Pre-exceptional items £m	Exceptional items £m (Note 4)	Total £m
Analysis of Group operating profit						
Continuing operations						
Turnover	233.6	–	233.6	224.8	–	224.8
Cost of sales	(221.1)	–	(221.1)	(215.0)	–	(215.0)
Gross profit	12.5	–	12.5	9.8	–	9.8
Net operating expenses	(6.7)	(1.1)	(7.8)	(6.2)	(0.4)	(6.6)
Operating profit/(loss)	5.8	(1.1)	4.7	3.6	(0.4)	3.2
Discontinued operations						
Turnover	–	–	–	3.6	–	3.6
Cost of sales	–	–	–	(3.5)	–	(3.5)
Gross profit	–	–	–	0.1	–	0.1
Net operating expenses	–	–	–	(0.2)	0.9	0.7
Operating profit/(loss)	–	–	–	(0.1)	0.9	0.8
Group operating profit	5.8	(1.1)	4.7	3.5	0.5	4.0

Net operating expenses comprise wholly of administrative costs.

4. Operating exceptional items

	2004 £m	2003 £m
The operating exceptional items comprise:		
Continuing:		
Costs relating to the relocation of the Head Office function	–	(0.4)
Costs relating to industrial disease funding review	(1.1)	–
	(1.1)	(0.4)
Discontinued:		
Release of the impairment provision made in 2001 with regard to Cape Calsil fixed assets no longer required	–	0.9
	–	0.9
Total operating exceptional items	(1.1)	0.5

In the year ended 31 December 2003, £0.3 million was incurred in respect of costs relating to the industrial disease funding review. These were included within administrative expenses and not classified as exceptional.

5. Non-operating exceptional items

	2004 £m	2003 £m
The non-operating exceptional items comprise:		
Discontinued:		
Profit on sale of Uxbridge and Caerphilly sites and plant	–	2.4
Loss incurred on the sale of Cape Calsil business to Promat Glasgow Ltd and subsequent closure costs	–	(0.7)
Profit on sale of Botley and Washington sites	0.5	–
Total non-operating exceptional items	0.5	1.7

Because of the availability of tax losses, there was no material tax effect in either the current or comparative year of the above transactions.

6. Directors' emoluments

	Note	2004 £000	2003 £000
The aggregate emoluments of the Directors of the parent Company were:			
Remuneration		471	363
Sums paid to third parties for Directors' services	28	103	222
Gains made on exercise of share options		3	–
Compensation for loss of office		–	139
		577	724
Highest paid director:			
Aggregate emoluments		277	233
Gains made on exercise of share options		1	–
Defined benefit pension scheme:			
Accrued pension entitlement at end of year		142	93

The full content of information required to be included in order to complete the Notes to the Financial Statements with regard to Directors' interests in Cape PLC share option schemes and Cape PLC savings related share options schemes can be found in the Directors' Report.

Retirement benefits are accruing to two (2003: two) Directors under the Group's defined benefit pension scheme.

During the year two Directors (2003: none) exercised share options.

7. Employees

	2004	2003
(a) Average number of employees (including Executive Directors) by business:	Number	Number
Industrial Services	6,653	6,073
Calsil	–	11
Head Office	12	10
	6,665	6,094
Geographically:		
United Kingdom	3,132	2,613
Continental Europe	510	390
Rest of the World	3,023	3,091
	6,665	6,094

	2004	2003
(b) Employment costs, including Directors' emoluments:	£m	£m
Wages and salaries	109.7	105.6
Social security costs	11.3	10.9
Other pension costs	2.0	1.9
	123.0	118.4

8. Net interest payable

	2004	2003
	£m	£m
Interest receivable	0.1	0.1
Interest payable on bank loans and overdrafts	(1.1)	(1.5)
	(1.0)	(1.4)

9. Tax on profit on ordinary activities

	2004	2003
	£m	£m
Analysis of charge/(credit) in period – United Kingdom		
Corporation tax at 30.0% (2003: 30.0%)	–	–
Adjustment in respect of prior periods	–	(0.1)
Overseas tax		
Corporation taxes	1.0	0.9
Adjustment in respect of prior periods	(0.9)	0.1
Total current tax	0.1	0.9
Deferred tax – United Kingdom		
Origination and reversal of timing differences	0.7	0.4
Adjustment in respect of prior periods	(0.9)	(1.7)
	(0.2)	(1.3)
Deferred tax – Overseas		
Origination and reversal of timing differences	–	–
Adjustment in respect of prior periods	0.1	–
	0.1	–
Total deferred tax	(0.1)	(1.3)
Tax credit on profit on ordinary activities	–	(0.4)

9. Tax on profit on ordinary activities continued

There is no tax recognised on gains and losses not included in the profit and loss account.

The current tax charge for the period is lower (2003: lower) than the standard rate of corporation tax in the UK (30.0%). The differences are explained below:

	2004 £m	2003 £m
Profit on ordinary activities before tax	5.8	5.5
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30.0% (2003: 30.0%)	1.7	1.7
Effects of:		
Adjustments to tax in respect of prior periods	(0.9)	–
Adjustment in respect of overseas tax rates	(0.3)	(0.3)
Expenses non-deductible/(income not taxable)	–	1.8
Origination and reversal of timing differences	(0.7)	(0.8)
Recognition of deferred tax on brought forward tax losses	–	(1.5)
Unrelieved overseas taxation	0.3	–
	0.1	0.9

10. Earnings per ordinary share

The basic earning per share calculation for the year ended 31 December 2004 is based on the earnings (after tax and dividends on the 3.5% cumulative preference shares) of £5.8 million (2003: £5.9 million) divided by the weighted average number of ordinary 25p shares of 54,369,148 (2003: 54,326,021).

The diluted earning per share calculation for the year ended 31 December 2004 is based on the earnings (after tax and dividends on the 3.5% cumulative preference shares) of £5.8 million (2003: £5.9 million) divided by the weighted average number of ordinary 25p shares of 54,801,759 (2003: 54,326,021).

Last year the share options were not considered potentially dilutive. This year the share options are considered potentially dilutive as the average share price during the year was above the average exercise prices.

	2004 Shares	2003 Shares
Basic weighted average number of shares	54,369,148	54,326,021
Adjustments:		
Weighted average number of outstanding share options	432,611	–
Diluted weighted average number of shares	54,801,759	54,326,021

An adjusted basic earnings per share has been disclosed which excludes the effects of operating and non-operating exceptional items. It is calculated by dividing the adjusted earnings (after tax and dividends on the 3.5% cumulative preference shares) of £6.4 million (2003: £3.7 million) by the weighted average number of ordinary 25p shares of 54,369,148 (2003: 54,326,021). The adjusted numbers have been provided in order that the effects of exceptional items on reported earnings can be fully appreciated, and has been calculated as follows:

	Earnings £m	2004 EPS pence	Earnings £m	2003 EPS pence
Basic earnings per share	5.8	10.7	5.9	10.9
Adjustments:				
Operating exceptional items	1.1	2.0	(0.5)	(1.0)
Profit on sale of fixed assets	(0.5)	(0.9)	(2.4)	(4.3)
Loss on sale and subsequent closure costs of Calsil Division	–	–	0.7	1.3
Adjusted basic earnings per share	6.4	11.8	3.7	6.9

10. Earnings per ordinary share continued

	Earnings £m	2004 EPS pence	Earnings £m	2003 EPS pence
Diluted earnings per share	5.8	10.6	5.9	10.9
Adjustments:				
Operating exceptional items	1.1	2.0	(0.5)	(1.0)
Profit on sale of fixed assets	(0.5)	(0.9)	(2.4)	(4.3)
Loss on sale and subsequent closure costs of Calsil Division	–	–	0.7	1.3
Adjusted diluted earnings per share	6.4	11.7	3.7	6.9

11. Fixed assets

(a) Intangible assets (goodwill)	£m
Group	
Cost at 1 January 2004 and 31 December 2004	0.2
Accumulated amortisation at 1 January 2004 and 31 December 2004	(0.1)
Net book value at 31 December 2003 and 31 December 2004	0.1

(b) Tangible assets	Total £m	Land and buildings £m	Plant, machinery, fixtures and fittings £m
Group			
Cost or valuation:			
At 1 January 2004	57.5	12.0	45.5
Exchange adjustments	(0.8)	–	(0.8)
Additions at cost	7.8	0.4	7.4
Disposals	(5.1)	(1.0)	(4.1)
At 31 December 2004	59.4	11.4	48.0
Depreciation:			
At 1 January 2004	35.1	3.2	31.9
Exchange adjustments	(0.6)	–	(0.6)
Provided during the year	5.2	0.2	5.0
Disposals	(3.7)	(0.1)	(3.6)
At 31 December 2004	36.0	3.3	32.7
Net book amounts:			
At 31 December 2004	23.4	8.1	15.3
At 31 December 2003	22.4	8.8	13.6

11. Fixed assets continued

	2004 £m	Group 2003 £m
(i) The net book amount of land and building comprises:		
Freehold	7.2	8.0
Long leasehold	0.5	0.4
Short leasehold	0.4	0.4
	8.1	8.8

(ii) The net book amount of group freehold land and buildings at 31 December 2004 includes £3.8 million (2003: £4.6 million) of depreciable assets.

(iii) The total cost or valuation of land and buildings comprises:

At cost	5.8	6.3
At 1992 professional valuation, frozen on implementation of FRS 15	5.6	5.7
	11.4	12.0

(iv) Historical cost figures for land and buildings:

Historical cost	9.1	9.7
Aggregate depreciation	(3.4)	(3.3)
Net book amounts based on historic cost	5.7	6.4

(v) Included in plant and machinery are the following assets which are held under finance leases:

Net book amount	0.7	0.6
Aggregate depreciation	1.5	1.1

The company did not own any fixed assets at the end of the year (2003: nil).

12. Fixed asset investments

Company	Total £m	Group undertakings	
		Shares £m	Loans £m
Cost or valuation at 1 January 2004	66.9	63.2	3.7
Net decrease	(1.0)	–	(1.0)
Disposal of investments	(0.1)	(0.1)	–
Reversal of provision charged to profit and loss account	1.7	0.7	1.0
Unrealised gain on revaluation of investments in subsidiary undertakings	5.0	5.0	–
Cost or valuation at 31 December 2004	72.5	68.8	3.7
	Total £m	Shares £m	Loans £m
Included within the above are the following movements on provisions:			
At 1 January 2004	(40.0)	(33.7)	(6.3)
Reversal of provision charged to profit and loss account	1.7	0.7	1.0
Provision at 31 December 2004	(38.3)	(33.0)	(5.3)

12. Fixed asset investments continued

If investments in shares in subsidiary undertakings had not been revalued they would have been included at the following amounts:

	2004 £m	2003 £m
Cost	66.6	66.7
Aggregate amounts provided	(33.0)	(33.7)
Net book value	33.6	33.0

The principal subsidiary undertakings at 31 December 2004, which are all included in the consolidation are shown on page 53.

Group	2004 £m	2003 £m
Interest in joint ventures		
Continuing operations		
– Share of gross assets	1.2	0.1
– Share of gross liabilities	(0.8)	(0.1)
	0.4	–

The movement in the interest in joint ventures is attributable to the Group's share of operating profit of joint ventures of £0.4 million (2003: £0.3 million).

The Group has a 51% interest in the Cape Modern Pty joint venture incorporated in Australia for the manufacture and installation of commercial air-conditioning systems and thermal insulation.

The Group has a 51% interest in the Cape Perlite Systems joint venture incorporated in the United Kingdom for the manufacture of Perlite insulation products.

The Group has a 51% interest in Cape C.I.S.L. joint venture incorporated in Trinidad for the provision of insulation services.

The Group has a 50% interest in Orascom Cape joint venture incorporated in Egypt for the provision of insulation and scaffolding services.

The Group has a 50% interest in Orascom Cape WLL, a joint venture incorporated in Bahrain for the provision of insulation services.

The Group's share of net liabilities of joint ventures is included within other creditors (see note 17).

13. Stocks

	2004 £m	Group 2003 £m
Contract work in progress	16.3	24.4
Less: progress payments received and receivable	(10.9)	(17.3)
Contract balances	5.4	7.1
Raw materials and consumables	4.3	2.9
	9.7	10.0

Payments received on account in excess of the value of the work performed on the related contract are included within creditors (see note 17).

14. Debtors

	Note	2004 £m	Group 2003 £m	2004 £m	Company 2003 £m
Amounts falling due within one year:					
Trade debtors		42.6	41.7	–	–
Amounts recoverable on contracts		8.0	8.5	–	–
Amounts owed by Group undertakings		–	–	–	0.2
Amounts owed by joint ventures		1.2	1.1	–	–
Other debtors		3.2	4.5	0.1	0.1
Payroll and other taxes, including social security		–	–	0.3	0.1
UK taxation		–	–	0.4	1.2
Prepayments and accrued income		4.5	2.6	1.0	1.0
Deferred tax	15	3.8	3.5	1.7	1.9
		63.3	61.9	3.5	4.5

15. Deferred taxation

	Notes	2004 £m	Group 2003 £m	2004 £m	Company 2003 £m
Deferred taxation asset comprises:					
Short-term timing differences		0.4	0.6	0.2	0.4
Accelerated capital allowances		1.9	1.5	–	–
Losses		1.5	1.5	1.5	1.5
Overseas tax		–	(0.1)	–	–
Deferred taxation asset included in debtors		3.8	3.5	1.7	1.9
Deferred tax liability on pension asset	27	(1.6)	(3.4)	(1.6)	(3.3)
		2.2	0.1	0.1	(1.4)
Net deferred taxation asset/(liability):					
At 1 January		0.1	(1.0)	(1.4)	(1.2)
Amount transferred to current tax		0.2	–	–	–
Amount credited/(debited) to profit and loss account	9	0.1	1.3	(0.2)	(0.1)
Amount credited/(debited) to statement of total recognised gains and losses		1.8	(0.2)	1.7	(0.1)
At 31 December		2.2	0.1	0.1	(1.4)

The Group has no unprovided deferred tax liability arising on timing differences between the treatment of items for accounts and taxation purposes at 31 December 2004 (2003: £nil). The Group has an unrecognised deferred tax asset of £1.3 million (2003: £0.9 million) arising on losses and timing differences in certain subsidiary undertakings which has not been recognised as there is uncertainty in respect of its future recoverability.

Tax relief is available in respect of trading losses carried forward amounting to approximately £5.0 million (2003: £5.0 million) subject to agreement with the tax authorities. The losses carried forward are in certain entities and can only be utilised against future profits of those entities.

Deferred taxation has not been provided in the event of the distribution of the unappropriated profits or reserves of certain overseas subsidiary undertakings as the Group does not currently intend to make such distributions.

Advance corporation tax written off to date amounts to £1.7 million (2003: £1.7 million) and is available for offset against future United Kingdom corporation tax liabilities subject to certain conditions being met. The future benefit of advance corporation tax has not been accounted for in the provision of deferred taxation as its recoverability is uncertain.

There are no unrecognised deferred tax balances in the Company.

16. Cash at bank and in hand

The cash at bank and in hand for the Company and the Group contains £1.5 million (2003: £1.4 million) held in a trust account. These monies are to be used solely for the settlement of any potential future industrial disease claims from the employees that transferred to Promat Glasgow Limited under the sale agreement regarding the Cape Calsil business. This restriction expires on 12 September 2052 at which point any balance remaining in the account reverts to Cape PLC.

In Abu Dhabi there is a restriction on £0.1 million (2003: £nil) held as a bank guarantee deposit. In the Netherlands there is a restriction on a £0.1 million (2003: £nil) balance held to pay the tax authority and social security. In Azerbaijan there is a restriction on £0.1 million (2003: £nil) held as a bank guarantee. The 2003 cash at bank figure for the Group included a £0.6 million balance held by Standard Chartered Bank as security against the provision of an overdraft facility in an overseas subsidiary which has now been released.

17. Creditors: amounts falling due within one year

	Notes	2004 £m	Group 2003 £m	2004 £m	Company 2003 £m
Finance leases	18&23	0.2	0.2	–	–
Bank overdrafts	18&23	4.5	2.1	–	–
Short-term borrowings	23	4.7	2.3	–	–
Other creditors:					
Payments received on account	13	1.2	0.5	–	–
Trade creditors		16.4	16.2	–	–
Amounts owed to Group undertakings		–	–	–	0.9
Amounts owed to joint ventures		0.1	0.2	–	–
Payroll and other taxes, including social security		5.9	8.3	–	–
UK taxation		0.9	0.9	–	–
Overseas taxation		1.2	1.7	–	–
Other creditors		8.4	7.3	1.8	0.8
Accruals and deferred income		17.0	14.8	0.8	0.7
		51.1	49.9	2.6	2.4
		55.8	52.2	2.6	2.4

Other creditors include £0.1 million (2003: £0.1 million) in respect of the Group's share of the liabilities of its joint venture undertakings.

18. Creditors: amounts falling due after more than one year

	Note	2004 £m	Group 2003 £m	2004 £m	Company 2003 £m
Long-term borrowings:					
Finance leases		0.3	0.2	–	–
Bank loans	23	5.2	10.0	–	–
Amounts owed to Group undertakings		–	–	41.6	40.5
		5.5	10.2	41.6	40.5

The bank loans and overdrafts of £9.7 million (2003: £12.1 million) are secured by fixed and floating charges over the UK assets of the Group.

18. Creditors: amounts falling due after more than one year continued

	Note	2004 £m	Group 2003 £m
The finance lease rentals fall due as follows:			
Within one year		0.3	0.2
Between one and two years		0.2	0.1
Between two and five years		0.1	0.1
Total rentals due		0.6	0.4
Less: finance charges included above		(0.1)	–
		0.5	0.4
The aggregate of secured finance leases is shown as:			
Amounts falling due within one year	17	0.2	0.2
Amounts falling due between one and two years		0.2	0.1
Amounts falling due between two and five years		0.1	0.1
		0.5	0.4

Finance leases are at the weighted average interest rate of 10.8% (2003: 8.6%) over an average period to termination of 1.7 years (2003: 1.6 years).

19. Provisions for liabilities and charges

Group	Total	Compensation for industrial disease (i)	Other provisions (ii)
	£m	£m	£m
At 1 January 2004	16.8	13.4	3.4
Net transfers	1.4	1.4	–
Charge to profit and loss account	4.0	3.7	0.3
Utilised in the year	(6.1)	(5.5)	(0.6)
At 31 December 2004	16.1	13.0	3.1
Company			
At 1 January 2004	7.5	5.1	2.4
Net transfers	(0.2)	(0.2)	–
Charge to profit and loss account	1.8	1.5	0.3
Utilised in the year	(3.1)	(2.6)	(0.5)
At 31 December 2004	6.0	3.8	2.2

- (i) The charge to profit for the compensation for industrial disease in the year net of insurance recoveries is £3.7 million (2003: net charge of £3.8 million). The provision for industrial disease represents the expected costs of settling notified claims. It is anticipated that most of these claims will be paid within the next three years. Insurance recoveries of £2.5 million (2003: £3.0 million) are receivable against certain of these claims and are included in the Balance Sheet under 'prepayments and accrued income'. The basis for the provision and the contingent liability in respect of future settlements is described in note 26 (i).
- (ii) Other provisions relate mainly to the amount expected to be incurred in respect of the decision made in 2002 to sell and close the Calsil business. £0.7 million of the provision is expected to be utilised within the next two years and the balance over the longer term as the provisions crystallise.

20. Share capital

Group and Company	2004 £m	2003 £m
(a) Authorised		
Equity:		
73,663,439 ordinary shares of 25p each (2003: 73,663,439 ordinary shares of 25p)	18.4	18.4
Non-equity:		
15,067 8.4% cumulative preference shares of £1 each (2003: 15,067)	–	–
250,000 3.5% cumulative preference shares of £1 each (2003: 250,000)	0.3	0.3
431,906,031 deferred shares of 1p each (2003: 431,906,031)	4.3	4.3
	4.6	4.6
	23.0	23.0
<hr/>		
	2004 £m	2003 £m
(b) Called up, fully paid and allotted		
Equity:		
54,421,880 ordinary shares of 25p each (2003: 54,326,021)	13.6	13.6
Non-equity:		
250,000 3.5% cumulative preference shares of £1 each (2003: 250,000)	0.3	0.3
431,906,031 deferred shares of 1p each (2003: 431,906,031)	4.3	4.3
	4.6	4.6
	18.2	18.2

95,859 ordinary shares of 25p each were issued upon exercise of the share options below.

(c) Share options

The following share options in respect of ordinary shares were outstanding at 31 December 2004.

Savings related share option scheme	Date of grant	Number of shares	Price	Date of exercise
	7.5.99	52,093	68p	1.7.06

95,859 options were exercised and 51,302 options lapsed during the year. All options must be exercised within six months of the above date.

Executive share option plan

7.5.04	1,280,000	60p	7.5.07 to 7.5.14
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528,000 options were surrendered during the year in respect of the previous Executive Share Option Scheme.

Further details of the Executive Share Option Plan are shown in the Directors' report on page 18.

(d) 3.5% cumulative preference shares

Dividend rights: Fixed cumulative preferential dividend at the rate of 3.5% per annum payable half yearly in arrears on 31 March and 30 September. An interim dividend of £4,375 was paid during the year and the final dividend was deferred.

Redemption of shares: The shares have no redemption entitlement.

Winding up: On a winding up the holders have priority before all other classes of share to receive repayment of capital plus all arrears of dividend.

Voting rights: The holders have no voting rights unless the dividend is in arrears by six months or more.

(e) Deferred shares

Dividend rights, redemption of shares and voting rights: The holders have no dividend rights, no redemption entitlement and no voting rights.

Winding up: On a winding up the holders are entitled to repayment of capital only after ordinary shareholders have received £100 for each ordinary share.

21. Reserves

Group	Total £m	Share premium account £m	Revaluation reserve £m	Profit and loss account £m
At 1 January 2004	11.5	1.6	2.4	7.5
Currency translation differences net of tax on foreign currency net investments	(1.0)	–	–	(1.0)
Profit for the year	5.8	–	–	5.8
Exercise of share options	0.1	0.1	–	–
UITF17 credit in respect of share options	0.1	–	–	0.1
Transfer on sale of properties	–	–	(0.1)	0.1
Actuarial loss on pension schemes	(5.6)	–	–	(5.6)
Movement on deferred tax relating to pension assets	1.8	–	–	1.8
At 31 December 2004	12.7	1.7	2.3	8.7

Company	Total £m	Share premium account £m	Revaluation reserve £m	Profit and loss account £m
At 1 January 2004	11.5	1.6	30.1	(20.2)
Unrealised gain on revaluation of investments in subsidiary undertakings	5.0	–	5.0	–
Loss for the year	(0.3)	–	–	(0.3)
Exercise of share options	0.1	0.1	–	–
UITF17 credit in respect of share options	0.1	–	–	0.1
Actuarial loss on pension scheme	(5.4)	–	–	(5.4)
Movement on deferred tax relating to pension assets	1.7	–	–	1.7
At 31 December 2004	12.7	1.7	35.1	(24.1)

Group	2004 £m	2003 £m
Profit and loss reserve comprises:		
Profit and loss account excluding pension asset	5.1	0.1
Pension asset	3.6	7.4
Profit and loss reserve	8.7	7.5

The cumulative goodwill charged to reserves at 31 December 2004 was £9.2 million (2003: £9.2 million). This goodwill has been eliminated as a matter of accounting policy. It will be charged or credited in the profit and loss account on subsequent disposal of the business to which it relates.

Included in the Group profit and loss account is a loss of £1.0 million (2003: £0.7 million) in relation to foreign currency borrowings.

As permitted by Section 230 of the Companies Act 1985 no separate profit and loss account is presented for the Company. Of the Group profit for the year, a loss of £0.3 million (2003: £0.7 million) is dealt with in the financial statements of the Company.

22. Consolidated cash flow statement

(a) Reconciliation of Group operating profit to net operating cash flow from operating activities

	2004 £m	2003 £m
Continuing operations		
Group operating profit	4.7	3.2
Depreciation charge on fixed assets	5.2	5.6
Profit on disposal of fixed assets	(0.1)	(0.1)
Difference between pension charge and cash contributions	1.2	1.2
Decrease/(increase) in stocks	0.2	(0.1)
Increase in debtors	(0.7)	(4.6)
Increase in creditors	1.3	8.7
Decrease in provisions (excluding deferred tax)	(0.6)	(5.1)
Net cash inflow from continuing operations	11.2	8.8
Discontinued operations		
Group operating profit	–	0.8
Release of impairment of fixed assets	–	(0.9)
Costs relating to the relocation of the Head Office function	–	0.4
Decrease in stocks	–	3.2
(Increase)/decrease in debtors	(0.1)	2.1
Decrease in creditors	(0.3)	(1.3)
Decrease in provisions (excluding deferred tax)	(0.1)	(1.7)
Net cash (outflow)/inflow from discontinued operations	(0.5)	2.6
Total net cash inflow from operating activities	10.7	11.4
(b) Analysis of tax paid		
UK corporation tax	(0.1)	–
Overseas tax	(0.7)	(0.6)
	(0.8)	(0.6)

(c) Reconciliation of movement in net debt

	Notes	At 31 December 2004 £m	Cash flow £m	New finance leases £m	Exchange movements £m	At 1 January 2004 £m
Cash at bank and in hand	16	7.8	0.9	–	(0.2)	7.1
Bank overdrafts	17	(4.5)	(2.4)	–	–	(2.1)
Debt due after 1 year	18	(5.2)	4.8	–	–	(10.0)
Finance leases	17 & 18	(0.5)	0.4	(0.5)	–	(0.4)
		(2.4)	3.7	(0.5)	(0.2)	(5.4)

The cash at bank and in hand above includes £1.8 million (2003: £2.0 million) for which there is a restricted use, as explained in note 16.

(d) Cash flow relating to exceptional items and major non-cash transactions

Specific items within the operating cash flows relate to the operating exceptional items shown in note 4.

23. Financial instruments

Foreign currency risk

The Group faces currency exposures on trading transactions undertaken by its subsidiaries in foreign currencies and on transactional exposures. In order to manage transactional exchange risk the Group uses forward currency contracts to hedge significant non-sterling commitments or anticipated transactions. The decision to hedge is influenced by the size of the exposure, the certainty of it arising and the current exchange rate. At the year end, there was one significant forward contract in existence to manage transactional exchange risk. This is described further in sub-note (g).

The Group policy in respect of foreign currency assets is two fold. Firstly to designate relevant intra-group foreign currency loans as hedges against assets held in those currencies. Secondly, given the basket of currencies which make up the remaining foreign currency assets and the inherent natural hedge therein, it is thought unnecessary to enter into additional external hedges. This policy is subject to regular review.

Interest rate risk

The Group finances its operations mainly through bank borrowings. Bank borrowings can be denominated in any currency and bear interest rates at the appropriate currency rate. All year-end borrowings are drawn in sterling and bear interest at floating rates. No instruments are currently used to hedge against interest rates.

In accordance with the requirements of FRS 13 the following information is given to provide a clear understanding of the Group's treasury position. As allowed under the Standard, other than currency risk disclosures, certain short-term debtors, creditors and provisions have been excluded from the figures.

(a) Interest rate risk and currency profile of financial assets

The Group's financial assets comprise cash. This earns interest at a floating rate of 3% below the bank base rate (2003: 3% below the bank base rate) or at fixed rates of between 0% and 2.25% (2003: fixed rates of between 1% and 1.5%) on UK balances and at rates between 0% and 3% (2003: 0% to 4.1%) on international balances.

	2004 £m	2003 £m
Analysis of financial assets by major currency at 31 December:		
Euro	2.2	1.3
UK Sterling	1.6	1.5
UAE Dirham	0.4	0.2
Omani Rials	0.3	–
Bahraini Dinar	0.5	0.4
Saudi Arabian Riyal	0.2	0.5
United States Dollar	1.3	1.7
Singapore Dollar	0.2	0.1
Thai Baht	0.3	0.2
Indian Rupee	0.1	0.2
Malaysian Ringgit	–	0.2
Philippine Peso	0.1	–
Qatar Riyal	0.3	0.4
Maltese Lira	0.1	0.2
Kuwaiti Dinar	–	0.1
Other currencies	0.2	0.1
	7.8	7.1

(b) Interest rate risk and currency profile of financial liabilities

The Group's financial liabilities comprise bank loans, overdrafts, finance leases, non-equity interests and certain provisions. All bank overdrafts are at a floating interest rate of 1.5% (2003: 1.5%) over bank base rate and bank loans are at a floating rate of 2% over LIBOR (2003: 2% over LIBOR). Uncommitted borrowings are at a floating interest rate of 4.0% over base (2003: 1.5% over LIBOR). Certain of the Group's provisions for liabilities and charges meet the definition of financial liabilities as shown in note 19. These have been excluded from the financial liabilities disclosures, however they are all denominated in sterling, are non-interest bearing and their maturity profiles are disclosed within the narrative information of note 19.

23. Financial instruments continued

The weighted average interest rate for the fixed rate finance leases is disclosed in note 18. The non-equity interests comprise the deferred shares and 3.5% cumulative preference shares which have no redemption entitlement other than on a winding up of the Company.

	2004 £m	2003 £m
Analysis of financial liabilities by major currency at 31 December:		
£ Sterling		
– bank loans and overdrafts	7.5	10.0
– finance leases	0.5	0.4
– non-equity interests	4.6	4.6
Euro bank overdraft	2.2	2.1
	14.8	17.1

All the Group's creditors falling due within one year (other than bank loans and overdrafts and finance leases) are excluded from the table above either due to the exclusion of short-term items or because they do not meet the definition of a financial liability, such as tax balances.

(c) Maturity of financial liabilities

The maturity profile of the carrying amount of the Group's financial liabilities, other than short-term trade creditors and accruals and the non-redeemable non-equity interests at 31 December was as follows:

	Bank loans and overdrafts £m	Finance leases £m	Total £m
2004			
In one year or less, or on demand	4.5	0.2	4.7
In more than one year but not more than two years	5.2	0.2	5.4
In more than two years but not more than five years	–	0.1	0.1
	9.7	0.5	10.2

	Bank loans and overdrafts £m	Finance leases £m	Total £m
2003			
In one year or less, or on demand	2.1	0.2	2.3
In more than one year but not more than two years	–	0.1	0.1
In more than two years but not more than five years	10.0	0.1	10.1
	12.1	0.4	12.5

The above analysis for the Group does not include the preference shares and provisions for liabilities and charges referred to above.

The Group's £5.2 million bank loan is repayable within twelve months of the balance sheet date, but as the amount is drawn under a three year committed revolving credit facility it is classified in the table above as repayable between one and two years on the basis of the expiry of the facility in August 2006.

(d) Borrowing facilities

The Group has the following undrawn committed borrowing facilities available at 31 December in respect of which all conditions precedent had been met at that date:

	2004 Floating rate £m	2003 Floating rate £m
Expiring within one year	0.7	3.0
Expiring between one and two years	9.8	–
Expiring in more than two years	–	5.0
	10.5	8.0

The facilities expiring within one year are annual facilities subject to review at various dates during 2005.

23. Financial instruments continued**(e) Currency exposures**

The table below shows the extent to which Group companies have monetary assets and liabilities in currencies other than their local currency. Foreign exchange differences on re-translation of these assets and liabilities are taken to the profit and loss account of the Group Companies and the Group.

	Net foreign currency monetary assets/(liabilities)			Total £m
	US\$ £m	Euro £m	Other currencies £m	
2004				
Functional currency of group operation:				
UK Sterling	(0.1)	1.3	0.3	1.5
UAE Dirham	0.1	–	0.1	0.2
Malaysian Ringgit	–	–	–	–
Trinidad and Tobago Dollar	–	–	–	–
Egyptian Pound	–	–	–	–
Singapore Dollar	0.1	–	–	0.1
Philippine Peso	0.1	–	(0.1)	–
Qatar Riyal	–	–	–	–
Azerbaijan Manat	0.4	–	–	0.4
Kazakstan Tenge	0.9	–	–	0.9
Saudi Riyal	0.2	–	–	0.2
Omani Rial	0.4	–	–	0.4
Bahraini Dinar	0.1	–	–	0.1
Total	2.2	1.3	0.3	3.8

2003**Functional currency of group operation:**

UK Sterling	0.9	0.5	–	1.4
UAE Dirham	1.1	–	0.1	1.2
Malaysian Ringgit	0.6	–	(0.2)	0.4
Trinidad and Tobago Dollar	0.1	–	–	0.1
Egyptian Pound	0.1	–	–	0.1
Singapore Dollar	0.1	–	–	0.1
Philippine Peso	0.2	–	–	0.2
Qatar Riyal	0.1	–	(0.1)	–
Total	3.2	0.5	(0.2)	3.5

The amounts in the table take into account the effect of forward currency contracts entered into to manage currency exposures.

(f) Fair values of financial assets and financial liabilities

In the Directors' opinion, the carrying value of all financial assets and liabilities, excluding derivative financial instruments analysed below, represents the 'fair value' of such assets and liabilities.

	Book value 2004 £m	Fair value 2004 £m	Book value 2003 £m	Fair value 2003 £m
Derivative financial instruments held to hedge the currency exposure on expected future sales:				
Forward foreign currency contract	–	(0.1)	–	–

23. Financial instruments continued

Summary of methods and assumptions

Finance leases, non-equity interests and provisions	The fair value has been taken as the book value as the difference is not considered material.
Bank loans	The fair value of bank loans approximates to the carrying value reported in the balance sheet as they are at floating rate where payments are reset to market rates at intervals of less than one year.
Cash and bank overdrafts	The fair value of cash and bank overdrafts approximates to the carrying amount because of the short maturity of these instruments.
Forward foreign currency contracts	Fair value is normally based on market price of comparable instruments at the balance sheet date.

(g) Hedges

As explained on page 44, the Group's policy is to hedge against currency risk using forward currency contracts.

As shown in the table below, the Group had an unrecognised loss of £0.1 million at the year end in respect of a forward currency contract entered into on 30 November 2004. This contract was taken out to hedge against exposed currency risk for a long term project on Sakhalin Island. This forward contract involves selling a total of US\$12.8 million in exchange for sterling and US\$2.2 million in exchange for Euros at various value dates between March 2005 and June 2007.

2004	Unrecognised:					Deferred:
	Gains £m	Losses £m	Total net gains/ (losses) £m	Gains £m	Losses £m	Total net gains/ (losses) £m
Gains and losses on hedges at 1 January 2004	–	–	–	–	–	–
Losses arising in the year	–	(0.1)	(0.1)	–	–	–
Gains and losses on hedges at 31 December 2004	–	(0.1)	(0.1)	–	–	–

The Group did not have off balance sheet (unrecognised) and on balance sheet (deferred) gains and losses in respect of financial instruments used as hedges at the end of 2003.

(h) Financial instruments held for trading purposes

The Group does not trade in financial instruments.

24. Capital commitments

	2004 £m	Group 2003 £m
Capital expenditure authorised but not provided for in these accounts against which orders have been placed	0.2	0.5
Capital expenditure authorised but not provided for in these accounts against which orders have not been placed	–	0.2
	0.2	0.7

25. Commitments under operating leases

	2004 £m	Group 2003 £m
Land and buildings		
Annual commitments under operating leases expiring:		
Within one year	0.1	0.2
Between one year and five years	0.2	0.3
After five years	0.3	0.5
	0.6	1.0
Other		
Annual commitments under operating leases expiring:		
Within one year	0.1	0.1
Between one year and five years	0.5	0.4
	0.6	0.5

26. Contingent liabilities

- (i) There is a history of industrial disease claims being lodged against the Group for a number of years. Where the Group has determined that it is appropriate to do so, settlement has been made. Based on this experience, it is likely that similar claims will continue to be received for the foreseeable future. However, there is significant uncertainty over the number, nature, timing and validity of such future claims. This is as a result of, inter alia, uncertainties concerning the population that may have been exposed to asbestos and that may develop asbestos related diseases, the nature and timing of the diseases that may develop, the impact of other factors which might have contributed to the claimant's condition, changes in the legal environment and to the typical cost of settlement. These factors affect considerations of liability and the quantum of settlement. Experience to date is that some of these claims will be at least partially covered by insurance policies, but the amount of cover will not be known until the details of the claims are available. As a result of these uncertainties, the amount of the Group's obligation cannot generally be measured with sufficient reliability. Accordingly, the Group provides in the profit and loss account each year for the estimated liability in respect of industrial disease claims lodged and outstanding at the year-end.

If it were possible to assess reliably the present value of amounts that might be paid in future settlements such that this was to be provided in the Balance Sheet, there would be a materially adverse effect on the Group's financial position. There is great uncertainty over the net present value of the future claim settlements. These could occur over a period of more than twenty years. However, in aggregate they are likely to exceed the amount of the net assets included in the current Group Balance Sheet.

Based on the recent history of settlements, the Directors anticipate that future settlements can be made from the future cash flows generated by the trading operations of the Group. Should the future pattern as regards timing and quantum of claims prove to be materially and adversely different from the historic trend, there could be a material adverse effect on the Group's financial position.

- (ii) The Company was the defendant in proceedings brought by some 7,500 South African residents who claimed that they suffered injury as the result of mining activities in South Africa undertaken by former subsidiaries of Cape PLC. The Company entered into an agreement on 13 March 2003 with the claimants in the group action and new claimants who had come forward in 2002.

It is possible that claims could arise in the future from claimants who were not included in the group action, or who claim they have developed an asbestos related disease since the date of the settlement and as a result of the Group's former mining activities in South Africa. There is a significant uncertainty as to whether such future claims will be made and as to the number, nature, timing and validity of such claims. However, no such claims have been received to date.

- (iii) Certain companies in the Group continue to be named, along with several asbestos fibre and asbestos product suppliers, as defendants in a number of legal actions in North America. The plaintiffs in such actions are claiming substantial damages as a result of the use of these products. The Company has received legal advice in the UK that default judgements obtained in North America against Companies within the Group which are not present in North America, would not be enforceable in the UK. Consequently the Directors believe that the above-mentioned matters are unlikely to have a material effect on the Group's financial position.
- (iv) The Company's subsidiary, Cape Industrial Services Limited, together with other companies involved in offshore contracting work, is a defendant in proceedings before the Employment Tribunal under the Working Time Regulations 1998 brought by a small number of employees claiming that their paid annual leave should be taken from scheduled working time. If successful, the claimants (and other affected employees who are not party to the proceedings) could be entitled to compensation. Under the terms of certain of its contracts, Cape Industrial Services Limited would be entitled to additional payment from its clients. There is significant uncertainty as to whether the claimants will succeed and, if they do, as to the number of affected employees, the amount of any compensation that would be awarded and the extent to which it could be recovered under relevant contracts.
- (v) There are a number of leasehold properties in respect of which the Group is liable for dilapidations, and rent in the event of default by its sub-tenants. Given the nature of these arrangements it is difficult to assess the potential liability with certainty and as a consequence contingent liabilities may exist. The Directors believe that any such contingent amounts would not have a material effect on the Group's financial position.
- (vi) The Group has contingent liabilities in respect of guarantees and bonds entered into in the normal course of business, in respect of which no loss is expected.

27. Pensions

The Group operates two major pension schemes in the UK, one is of the defined benefit type and the other of the defined contribution type. The assets of both schemes are held in trustee administered funds. The latest valuation of the defined benefit scheme was assessed by independent qualified actuaries as at 6 April 2004, using the projected unit method. The main actuarial assumptions adopted in the valuation were that over the long-term the annual investment return would be 1.25% higher than general earnings inflation and 3% higher than the annual increase in present and future pensions. The valuation showed that the defined benefit scheme had a market value of £97.5 million and was 104% funded.

The pension expense in the period for the defined contribution pension scheme of £0.3 million (2003: £0.3 million) equalled the Group contributions to the scheme. This excludes the additional provision disclosed for 2003 within the FRS 17 disclosures. Pensions for employees of overseas companies are provided in accordance with local requirements and practices.

The defined benefit scheme disclosures of the Group in this note also include figures relating to a small scheme held by a subsidiary undertaking.

The Group and Company continue to fully adopt the arrangements of FRS 17. As a result the most recent full actuarial valuations referred to above were updated to 31 December 2004 and adjusted by qualified independent actuaries for the assumptions used as specified below:

Group and Company

As at 31 December	2004	2003	2002
Rate of increase in pensionable salaries	3.90%	3.75%	3.50%
Rate of increase in pensions in payment	2.90%	2.75%	2.50%
Discount rate	5.30%	5.40%	5.50%
Inflation	2.90%	2.75%	2.50%

Funded status and expected return on assets

The assets in the pension schemes and the expected annual rate of return (net of investment management expenses) as at 31 December were as follows:

Group	Note	% p.a.	2004		2003		2002
			£m	% p.a.	£m	% p.a.	£m
Equities		7.50%	44.5	7.50%	46.4	7.50%	41.6
Bonds		4.52%	60.0	4.78%	55.0	4.48%	53.5
Total market value of assets			104.5		101.4		95.1
Present value of scheme liabilities			(99.3)		(90.6)		(84.6)
Surplus in the schemes			5.2		10.8		10.5
Related deferred tax liability	15		(1.6)		(3.4)		(3.2)
Net pension asset			3.6		7.4		7.3

Company

Equities		7.50%	43.2	7.50%	45.3	7.50%	41.6
Bonds		4.52%	60.1	4.78%	55.0	4.48%	52.5
Total market value of assets			103.3		100.3		94.1
Present value of scheme liabilities			(98.0)		(89.8)		(83.6)
Surplus in the schemes			5.3		10.5		10.5
Related deferred tax liability	15		(1.6)		(3.3)		(3.2)
Net pension asset			3.7		7.2		7.3

Analysis of amount charged to operating profit

Year to 31 December	2004	Group	2004	Company
	£m	2003	£m	2003
Current service cost	1.2	0.9	1.1	0.9
Provision for additional contributions (defined contribution scheme)	–	0.3	–	0.3
Total operating charge	1.2	1.2	1.1	1.2

27. Pensions continued**Analysis of amount credited to other finance income**

Year to 31 December	2004 £m	Group 2003 £m	2004 £m	Company 2003 £m
Expected return on pension scheme assets	5.9	5.4	5.9	5.3
Interest on pension scheme liabilities	(4.7)	(4.5)	(4.7)	(4.5)
Net return	1.2	0.9	1.2	0.8

Analysis of amount in statement of total recognised gains and losses

	2004 £m	Group 2003 £m	2004 £m	Company 2003 £m
Actual return less expected return on pension scheme assets	4.1	5.4	4.0	5.4
Experience gain arising on the scheme liabilities	0.5	–	0.6	–
Changes in assumptions underlying the present value of scheme liabilities	(10.2)	(4.8)	(10.0)	(4.8)
Actuarial (loss)/gain in statement of total recognised gains and losses	(5.6)	0.6	(5.4)	0.6

	2004 £m	Group 2003 £m	2004 £m	Company 2003 £m
Movement in surplus during the year				
Surplus in the scheme at the beginning of the year	10.8	10.5	10.6	10.3
Movement in the year:				
Service cost	(1.2)	(0.9)	(1.1)	(0.9)
Provision for additional contributions	–	(0.3)	–	(0.3)
Other finance income	1.2	0.9	1.2	0.9
Actuarial (loss)/gain	(5.6)	0.6	(5.4)	0.6
Surplus in the scheme at the end of the year	5.2	10.8	5.3	10.6

	2004	2003	Group 2002	2004	2003	Company 2002
History of experience gains and losses						
Difference between the actual and expected return on scheme assets:						
Amount (£m)	4.1	5.4	(16.1)	4.0	5.4	(15.9)
Percentage of scheme assets	3.9	5.3	(16.9)	3.9	5.4	(16.9)
Experience gains and losses on scheme liabilities:						
Amount (£m)	0.5	–	0.7	0.6	–	0.9
Percentage of scheme liabilities	0.5	–	0.8	0.6	–	1.1
Total amount recognised in statement of total recognised gains and losses:						
Amount (£m)	(5.6)	0.6	(15.4)	(5.4)	0.6	(15.0)
Percentage of scheme liabilities	5.6	0.7	(18.2)	5.5	0.7	(17.9)

The valuation at 31 December 2004 showed a decrease in the surplus from £10.8 million to £5.2 million. As a result of the current surplus, it was agreed with the actuaries and trustees of the pension scheme that no contributions are to be paid for the foreseeable future.

One of the Group's subsidiaries in the Netherlands operates two defined benefit schemes. The first one is an industry-wide defined benefit scheme. This scheme has been accounted for as a defined contribution scheme as the company is unable to identify its share of the underlying assets and liabilities and, therefore, the surplus or deficit arising under FRS 17.

The second defined benefit scheme is operated in association with an insurance company. There are only five contributing participants in this scheme and the employer's funding is up to date. This scheme has not been accounted for under FRS 17, however the impact is not considered to be material for the Group accounts.

The pension expense in the year for these two schemes was £0.6 million (2003: £0.5 million).

28. Related party transactions

The Company has taken advantage of the exemption available under FRS 8 not to disclose any transactions or balances between group entities that have been eliminated on consolidation. Other related party transactions are detailed below.

During the year £78,000 (2003: £192,000) was paid to M&J Associates (1953) Limited for management services provided by Martin May, a Director, in connection with his duties as a Director of Cape PLC.

During the year £25,000 (2003: £30,000) was paid to The Sean O'Connor Consultancy Limited for management services provided by Sean O'Connor in connection with his duties as a Non-Executive Director. During the year £15,000 (2003: £nil) was paid to Trillium Venture Developments Limited for consultancy services provided by Sean O'Connor in the year.

During the year Cape Modern pty, a 51% joint venture undertaking purchased goods totalling £0.9 million (2003: £1.1 million) from the Group. There was a £nil balance (2003: £0.2 million) owed by Cape Modern pty at the year end.

During the year Cape Perlite Systems, a 51% joint venture undertaking purchased goods totalling £nil (2003: £nil) from the Group. There was a £0.2 million balance (2003: £0.2 million) owed by Cape Perlite Systems at the year end.

During the year Orascom Cape (WLL), a 50% joint venture, was provided with a working capital loan from various group undertakings to complete projects undertaken. There was a £0.3 million (2003: £nil) balance owed by Orascom Cape (WLL) at the year end.

There have been no other material transactions with related parties during the year.

Five year financial summary

	Notes	Year ended 31 December 2004 £m	Year ended 31 December 2003 £m	Year ended 31 December 2002 £m	Year ended 31 December 2001 £m	Year ended 31 December 2000 £m
Profit and loss account						
Turnover	(i)					
Continuing operations		238.9	228.3	191.7	217.4	188.3
Discontinued operations		–	3.6	33.1	49.2	50.8
Group turnover		238.9	231.9	224.8	266.6	239.1
Group operating profit/(loss) before exceptional items						
Continuing operations		5.8	3.6	5.0	4.2	2.7
Discontinued operations		–	(0.1)	(0.6)	(5.3)	(3.9)
		5.8	3.5	4.4	(1.1)	(1.2)
Share of operating profit/(loss) in joint ventures						
Continuing operations		0.4	0.3	0.1	(0.2)	(0.3)
Discontinued operations		–	–	(0.2)	(3.0)	(0.2)
		0.4	0.3	(0.1)	(3.2)	(0.5)
Operating exceptional items						
Continuing operations		(1.1)	(0.4)	10.5	(13.5)	(7.0)
Discontinued operations		–	0.9	2.5	(15.9)	(8.7)
		(1.1)	0.5	13.0	(29.4)	(15.7)
Total operating profit/(loss): group and share of joint ventures						
Continuing operations		5.1	3.5	15.6	(9.5)	(4.6)
Discontinued operations		–	0.8	1.7	(24.2)	(12.8)
		5.1	4.3	17.3	(33.7)	(17.4)
Non operating exceptional items						
Continuing operations		–	–	–	–	–
Discontinued operations		0.5	1.7	(3.3)	–	–
		0.5	1.7	(3.3)	–	–
Profit/(loss) on ordinary activities before interest						
Net interest payable		(1.0)	(1.4)	(1.7)	(1.9)	(1.6)
Other finance income	(ii)	1.2	0.9	2.3	3.2	4.0
Profit/(loss) on ordinary activities before taxation		5.8	5.5	14.6	(32.4)	(15.0)
Tax on profit/(loss) on ordinary activities		–	0.4	(0.3)	(0.3)	0.5
Profit/(loss) for the year		5.8	5.9	14.3	(32.7)	(14.5)
Compensation for industrial disease	(iii)	(3.7)	(3.8)	(2.4)	(3.7)	(4.4)
Earnings/(loss) per ordinary share – Basic		10.7p	10.9p	26.2p	(60.0)p	(26.8)p
Dividend per ordinary share		0.0p	0.0p	0.0p	0.0p	2.0p

	Year ended 31 December 2004	Year ended 31 December 2003	Year ended 31 December 2002	Year ended 31 December 2001	Year ended 31 December 2000
Balance sheet	<i>Note</i>	£m	£m	£m	£m
Employment of capital					
Fixed assets		23.9	22.5	30.9	37.4
Pension asset		3.6	7.4	7.3	17.5
Other net assets/(liabilities)		5.8	5.2	5.2	(8.3)
		33.3	35.1	43.4	46.6
Capital employed					
Capital and reserves		30.9	29.7	24.1	20.5
Net borrowings		2.4	5.4	19.3	26.1
		33.3	35.1	43.4	46.6
Net assets per ordinary share	<i>(iv)</i>	57p	55p	44p	38p

Notes:

- (i) Turnover includes the Group's share of the turnover of the joint ventures.
- (ii) Other finance income is "deemed" income from return on pension asset and arises through the introduction of FRS 17 in 2001.
- (iii) Compensation for industrial disease represents amounts charged to the profit and loss account. It is before additional operating exceptional items relating to the South African litigation.
- (iv) Net assets per ordinary share has been calculated on the basis of deferred shares having no real value.
- (v) Year ended 31 December 2000 figures as shown above are the figures restated as shown in the 2001 accounts.

Principal subsidiary undertakings

as at 31 December 2004

Cape Industrial Services

Wakefield

Managing Director: Paul Ainley
Telephone +44 (0)1924 871000

The provision of specialised services to major industrial groups in the UK and internationally, primarily in the energy sector. Services include: scaffolding, insulation, specialist coatings, fire protection, refractory linings, inspection and other associated services including asbestos removal.

Cape Industrial Services Limited

Wakefield

Co-ordination of industrial services activities in the UK.

St Albans

Co-ordination of international industrial services activities.

Cleton Continental Europe BV

Vlaardingen, The Netherlands

Co-ordination of industrial services activities in Continental Europe.

Cape East EC (incorporating RB Hilton Limited)

Bahrain

Co-ordination of industrial services activities in the Middle East.

Cape East Private Limited

Singapore

Co-ordination of industrial services activities in the Asia Pacific region.

Notes:

1. The subsidiary undertakings listed are those whose results, in the opinion of the Directors, principally affected the profit or assets of the Group. The subsidiary undertakings operate principally in the countries in which they are incorporated.
2. The subsidiary undertakings listed are wholly but indirectly owned.
3. Of the subsidiary undertakings listed, only Cape Industrial Services Limited and RB Hilton Limited are incorporated and registered in England and Wales.
4. There are no subsidiary undertakings that have been excluded from the consolidation.

Notice of Annual General Meeting

Notice is hereby given that the one hundred and twelfth Annual General Meeting of Cape PLC ('Company') will be held at the offices of Travers Smith at 10 Snow Hill, London EC1A 2AL on 29 June 2005 at 10.30 am when the following business will be considered:

Ordinary Resolutions

To consider and, if thought fit, to pass the following resolutions, each of which will be proposed as ordinary resolutions:

Resolution 1

To receive the audited accounts and the reports of the Directors and the auditors thereon for the year ended 31 December 2004.

Resolution 2

To reappoint Mr PR Ainley, who retires by rotation as a Director of the Company.

Resolution 3

To reappoint Mr D McManus, who has been appointed by the Board since the last Annual General Meeting, as a Director of the Company.

Resolution 4

To re-appoint PricewaterhouseCoopers LLP as auditors of the Company, to hold office from the conclusion of the meeting until the conclusion of the next general meeting at which accounts are laid before the Company,

Resolution 5

To authorise the Directors to set the auditors' remuneration.

Resolution 6

That, pursuant to section 80 of the Companies Act 1985 ('Act'), and in substitution for all existing authorities under that section, the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (within the meaning of section 80 of the Act) up to an aggregate nominal amount of £4,477,367, provided that (unless previously revoked, varied or renewed) this authority shall expire on 28 June 2010, save that the Company may make an offer or agreement before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to any such offer or agreement as if the authority conferred by this resolution had not expired.

Special Resolutions

To consider and, if thought fit, to pass the following resolutions as special resolutions:

Resolution 7

That, subject to the passing of resolution 6, pursuant to section 95(1) of the Act, and in substitution for all existing authorities under that section, the Directors be and are generally empowered to allot equity securities (within the meaning of section 94(2) of the Act) for cash pursuant to the authority conferred by resolution 5 as if section 89(1) of the Act did not apply to such allotment, provided that such power shall be limited to:

- (i) the allotment of equity securities in connection with an offer (whether by way of a rights issue, open offer or otherwise) to the holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange;
- (ii) the allotment of equity securities for cash (otherwise than pursuant to sub-paragraph (i) above up to an aggregate nominal amount of £680,401 (representing five per cent of the issued ordinary share capital of the Company at 30 April 2005),

and (unless previously revoked, varied or renewed) shall expire on 28 June 2010, save that the Company may make an offer or agreement before the expiry of this power which would or might require equity securities to be allotted for cash after such expiry and the Directors may allot equity securities for cash pursuant to any such offer or agreement as if the power conferred by this resolution had not expired.

By order of the Board

BW Whitworth
Secretary
27 May 2005

Registered Office:
Cape House
3 Red Hall Avenue
Paragon Business Village
Wakefield
WF1 2UL

Registered Number: 40203

Notes:

1. This notice is sent for information only to the holders of share options.
2. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members registered in the register of members of the Company as at 10.30 am on 27 June 2005 or, in the event that the meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after 10.30 am on 27 June 2005 or, in the event that the meeting is adjourned after 48 hours before the time of any adjourned meeting shall be disregarded in determining the rights of any person to attend or vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. The appointment of a proxy will not preclude a member from attending and voting in person at the meeting if he so wishes.
4. A proxy form is enclosed. To be valid, it must be deposited at the offices of the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, by 10.30 am on 27 June 2005 (or, in the event that the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting).
5. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
6. The Company has not entered into a service contract of more than one year's duration with any Director or with provisions for predetermined compensation on termination of an amount which equals or exceeds one year's salary and benefits in kind.
7. The following information is available for inspection during normal business hours at the registered office of the Company (excluding weekends and public holidays). It will also be available for inspection at the place of the Annual General Meeting from 9.30 am on the day of the meeting until the conclusion of the meeting:
 - (a) the register of interests of Directors and their connected persons in the share capital of the Company; and
 - (b) copies of the directors' service contracts.
8. Biographical details of all those directors who are offering themselves for election or re-election at the meeting are set out on page 17.

Directors, officers and advisers

MK May²³⁴

Chairman

PR Ainley

Managing Director

MT Reynolds

Group Finance Director

JA Pool¹²³⁴**D McManus**¹²³⁴

Non-executive Directors

1 Non-executive

2 Audit Committee

3 Remuneration Committee

4 Nomination Committee

BW Whitworth

Group Company Secretary

Registered Office

Cape House
3 Red Hall Avenue
Paragon Business Village
Wakefield
WF1 2UL

Cape PLC is a company
registered in England
and Wales

Registered Number: 40203

Independent Auditors

PricewaterhouseCoopers LLP
Benson House
33 Wellington Street
Leeds
LS1 4JP

Solicitors

Travers Smith
10 Snow Hill
London
EC1A 2AL

Bankers

Barclays Bank PLC
PO Box 44
54 Lombard Street
London
EC3V 9EX

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

**Nominated Adviser and
Stockbroker**

Evolution Securities Limited
100 Wood Street
London
EC2V 7AN

Cape PLC

Cape House

3 Red Hall Avenue

Paragon Business Village

Wakefield

West Yorkshire

WF1 2UL