

# ANNUAL REPORT & ACCOUNTS 2019



# TABLE OF CONTENT

Corporate Policy Statement	2
Notice of Meeting	3
Performance Highlights	5
Directors, Management, Professionals, Advisers, etc.	11
Corporate Profile	13
Chairman's Statement	16
Profile of Directors	18
Report of the Directors	22
Corporate Governance Report	24
Report on Environmental, Social and Governance Activities	31
Statement of Directors Responsibilities	36
Report of the Statutory Audit Committee	37
Report of the Independent Auditors	38
Statement of Profit or Loss and Other Comprehensive Income for the year ended April 30, 2019	41
Statement of Financial Position as at April 30, 2019	42
Statement of Changes in Equity for the year ended 30 April, 2019	43
Statement of Cash flow for the year ended April 30, 2019	44
Notes to the Financial Statements for the year ended 30 April, 2019	45
Other National Information	66
Shareholders' Information	68
E-mandate Form	69
Proxy Form	71



## CORPORATE POLICY STATEMENT

Cutix Plc is committed to providing exclusive quality cable and wire products and services that meet and satisfy all applicable customers', regulatory, statutory and other interested parties' requirements with continual improvement of our quality management system to enhance organizational performance.



## VISION

“To become one of the top three providers of electrical energy products/services in the world”



## MISSION

“To power and illuminate the world”



## CORE VALUES

- Boldness
- Excellence
- Innovation
- Integrity
- Openness
- Proactiveness

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 36<sup>th</sup> Annual General Meeting of Cutix Plc will be held at Anaedo Social Club Hall, 20 Ezenwegbu Road, Otolo Nnewi, Anambra State on Friday, October 25, 2019 at 11 a.m. to transact the following business:

### ORDINARY BUSINESS

1. To Receive the Audited Accounts for the Year ended April 30, 2019 together with the Report of the Directors, Audit Committee and Independent Auditors
2. To Declare a Dividend
3. To Re-elect a Director
4. To Authorise the Directors to Fix the Remuneration of the Auditors
5. To Elect Members of the Audit Committee



### SPECIAL BUSINESS

6. To Approve the Remuneration of the Directors
7. To approve the regularisation of the Company's Registered Address
8. To consider and if thought fit, pass the following with or without modification as a special resolution of the Company:  
"That in compliance with the requirements of the Nigerian Code of Corporate Governance (2018), the Directors are hereby authorised to appoint an external consultant to undertake a formal and rigorous annual evaluation of the Board's performance, its Committees, Chairman and individual Directors for the financial year ending April 30, 2020 and that the shareholders further approve that this approval remains in force once every three years".
9. To consider and if thought fit, pass the following with or without modification as a special resolution of the Company:
  - a) "That the Company be and is hereby authorised to enter into acquisition of Adswitch Plc which is intended to enhance business expansion and boost the profitability of the Company".
  - b) "That the Directors be and are hereby authorised to enter into any agreements and/or execute any other documents necessary for and incidental to effecting resolution 9(a) above, appoint such professional advisers and other parties and perform all such other acts and do all such other things as may be necessary for and/or incidental to effecting the above resolution.
  - c) "That Management of the Company and the Company Secretary be and are hereby authorised to take all necessary steps to give effect to these resolutions".

### NOTE

#### 1. PROXY

A member of the Company entitled to attend and vote at the Annual General Meeting can appoint a proxy to attend and vote on his/her behalf and such proxy need not be a member of the Company. A proxy form is enclosed in this Annual Report. If the proxy form is to be valid for this meeting, it must be completed, detached and deposited at the office of the Registrar - EDC Registrars Ltd, 23, Olusoji Idowu Street, Ilupeju, Lagos, (behind Mutual Benefit Insurance Head office) not later than forty-eight (48) hours before the time fixed for the meeting.

#### 2. DIVIDEND

The Board of Directors of the Company have recommended the payment of a dividend of 12.50 kobo per 50 kobo ordinary share (less withholding tax).

## NOTICE OF ANNUAL GENERAL MEETING cont'd

### 3. DIVIDEND PAYMENT

If the dividend recommended by the Directors is approved by members at the Annual General Meeting, shareholders' accounts will be credited directly on October 30, 2019 for the members whose names appear in the Register of Members at the close of business on Friday, October 11, 2019.

### 4. STATUTORY AUDIT COMMITTEE

The Audit Committee consists of two shareholders and two Directors. In accordance with Section 359(5) of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004 any shareholder may nominate another shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary, at least 21 days before the Annual General Meeting. Nominators should note that under the Code of Corporate Governance in Nigeria, members of the Audit Committee should have basic financial literacy and should be able to read financial statements. In view of the above, we request that nominations to the Audit Committee should be accompanied by copies of nominees' Curriculum Vitae.

### 5. RIGHT OF SHAREHOLDERS TO ASK QUESTIONS

Shareholders have a right to ask questions not only at the Meeting but also in writing prior to the Meeting. For the good and orderly conduct of the meeting, shareholders are encouraged to submit their questions in writing ahead of the Annual General Meeting. Such questions should be addressed to the Company Secretary and submitted to the registered office of the Company or by electronic mail at [secretariat@cutixplc.com.ng](mailto:secretariat@cutixplc.com.ng) latest seven days before the meeting.

### 6. UNCLAIMED DIVIDEND LIST

The list of unclaimed dividends has been uploaded on the Company's website - [www.cutixplc.com.ng](http://www.cutixplc.com.ng)

### 7. E-DIVIDEND

Notice is hereby given to all shareholders to open bank accounts, stock broking accounts and CSCS accounts for the purpose of e-dividend. A detachable application form for e-dividend is attached to this Annual Report to enable shareholders furnish particulars of their accounts to the Registrars (EDC Registrars Ltd) as soon as possible.

### 8. CLOSURE OF REGISTER OF MEMBERS AND TRANSFER BOOKS

The Register of Members and Transfer Book of the Company will be closed from Monday, October 14, 2019 to Friday, October 18, 2019, both dates inclusive, for the purpose of preparing an up-to-date Register of Members.

Dated this 19th day of July, 2019

**BY ORDER OF THE BOARD**

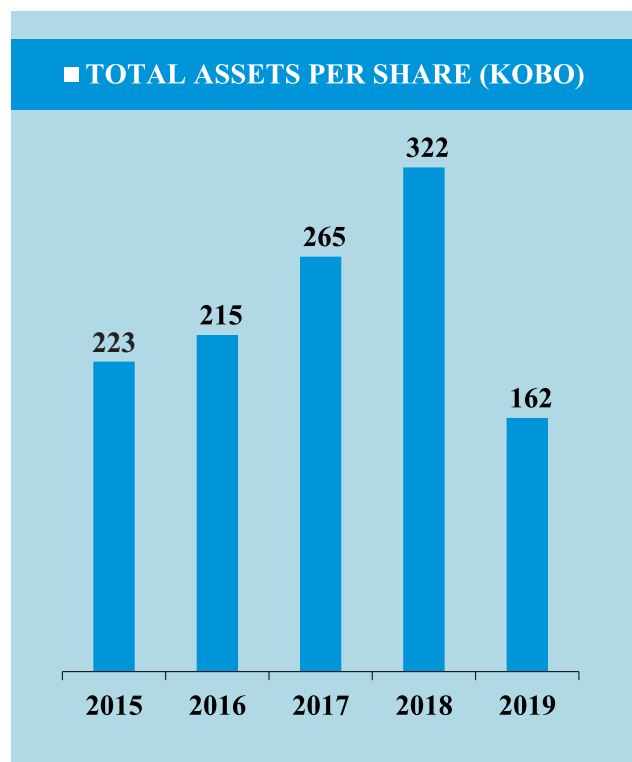
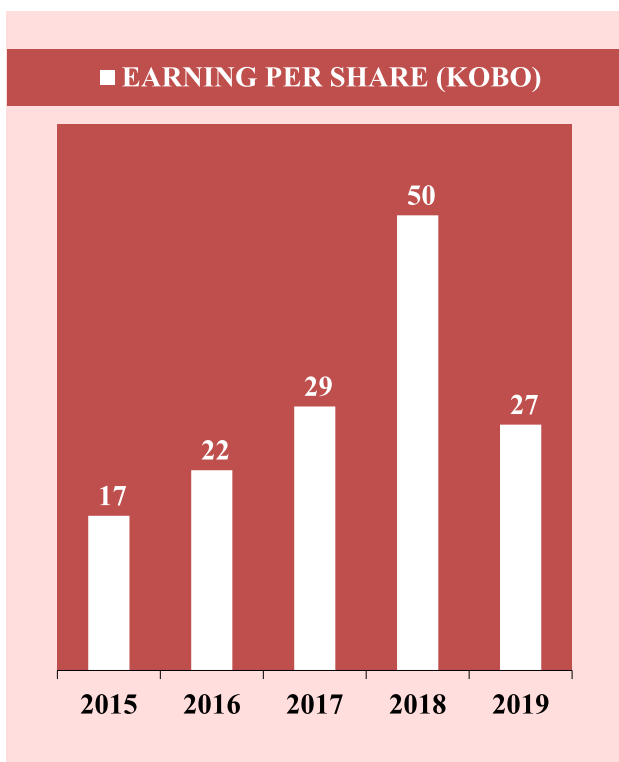
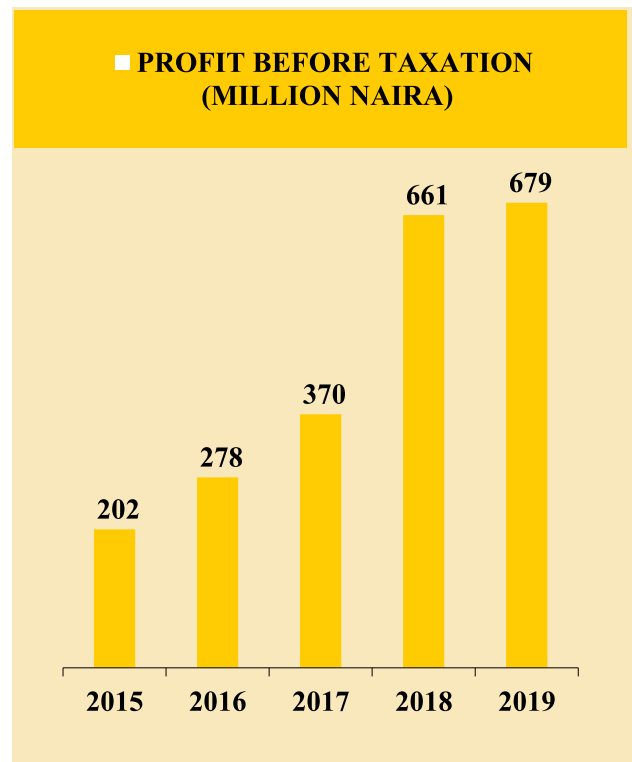
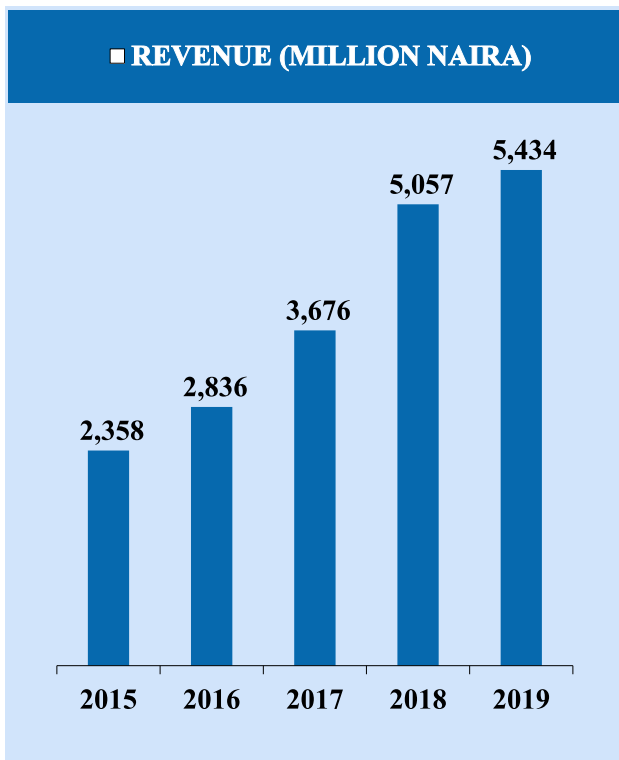


CHINWENDU NWOKPORO (ACIS)  
COMPANY SECRETARY  
FRC/2019/ICSAN/00000019775

# PERFORMANCE HIGHLIGHTS

	2019 ₦000	2018 ₦000	Increase / (Decrease) ₦000 %	
Total Assets	2,861,338	2,836,263	25,076	1
Total Liabilities	1,248,248	1,536,970	(288,721)	(19)
Net Assets	1,613,091	1,299,294	313,798	24
Capital Expenditure	202,340	230,379	(28,039)	(12)
Authorized Share Capital	2,871,603	1,435,802	1,435,801	100
Paid-up Share Capital	880,661	440,331	440,330	100
Total Equity	1,613,091	1,299,294	313,798	24
No. of Shares in Issue (units)	1,761,322	880,661	880,660	100
Revenue	5,434,107	5,057,374	376,733	7
Profit Before Taxation	679,332	661,563	17,769	3
Taxation - Income Tax	(187,732)	(184,095)	(3,637)	2
Taxation - Deferred Tax	(14,531)	(20,040)	5,509	(27)
Profit After Taxation	477,070	440,296	36,774	8
<b>Per Share Data:</b>				
Earnings Per Share - Basic (kobo)	27	50	(23)	(46)
Total Assets Per Share (kobo)	162	322	(160)	(50)

## PERFORMANCE HIGHLIGHTS cont'd





## A CROSS-SECTION OF DIRECTORS AND SHAREHOLDERS AT THE 35<sup>TH</sup> ANNUAL GENERAL MEETING





## THE GRAND OCCASION OF UNVEILING OF





## CUTIX CABLES NEW LOOK/REBRANDING





**CUTIX PLC** RC: 50599

*Cutix Cables.....Exclusive Quality*

17, Osita Onyejianya Street, Umuanuka, Otolu, P.M.B. 5040, Nnewi, Anambra State, Nigeria.  
Tel: 046-280087, 08151781555. Email: secretariat@cutixplc.com.ng. Website: www.cutixplc.com.ng

We have rebranded our product packaging to serve our customers better. Our quality standards remain second to none.

**The New Range Of Rebranded Products Can  
Easily Be Identified With The Following Features:**

Each coil is bound with customized white strapping tapes.  
The polysheet is also customized with features of Cutix cables and logo.  
Label has MANCAP inscription, Cutix cable brands, bears "Cutix Cables  
Recommended by Experts" and QA seal.



**Cutix PLC, a renowned Manufacturer and Supplier of House Wiring Cables,  
All Aluminum Conductors, Copper Conductors, Aluminum Service Cables,  
Automotive Cables, Appliance Cables and Low Voltage Power Cables  
dominates the market. You can't beat our quality!**



## **DIRECTORS, MANAGEMENT, PROFESSIONALS, ADVISERS, ETC**

### **CHAIRMAN**

Amb. Okwudili Nwosu – Non-Executive Director

### **CHIEF EXECUTIVE OFFICER**

Mrs. Ijeoma Oduonye (ACIS)

### **OTHER DIRECTORS**

Barr. (Mrs.) Ifeoma Nwahiri

Barr. (Mrs.) Oge Maduka

Dr. Chidozie Nsoedo

Sir Matthias Umego

Mr. Nnamdi Ike

### **COMPANY SECRETARY**

Mrs. Chinwendu Nwokporo (ACIS)

### **REGISTERED OFFICE/FACTORY**

17, Osita Onyejianya Street

Umuanuka, Otolo, Nnewi

Anambra State

Tel: 046-280-087, 046-280-960, 0815-178-1555

Email: secretariat@cutixplc.com.ng

Website: www.cutixplc.com.ng

### **POSTAL ADDRESS**

P.M.B. 5040

Nnewi, Anambra State

### **REGISTRAR AND TRANSFER OFFICE**

EDC Registrars Ltd

23, Olusoji Idowu Street

Ilupeju (Behind Mutual Benefit Insurance Head Office)

Lagos State

Email: info@edcregistrars.com

Website: www.edcregistrars.com.ng

### **LEGAL ADVISERS**

Olisaeloka Osuigwe & Co

Mercy Court

10 Dala Ucha Street

Okpunoegbu Umudim

Nnewi, Anambra State

Ike Obeta & Co

112, Owerri Road

Nnewi, Anambra State

### **AUDITORS**

Alatta Nzewi Oyeka & Co

(Chartered accountants)

1, Oyedirin Street

Off Bode Thomas Street

Surulere, Lagos State

## **DIRECTORS, MANAGEMENT, PROFESSIONALS, ADVISERS, ETC cont'd**

### **SALES OFFICES**

1. **Aba**  
27, St. Michael Road  
Aba, Abia State.  
Tel: 082-290-663  
E-mail: aba@cutixplc.com.ng
2. **Abuja**  
Shop R239 Gudu Electrical Market  
Gudu District, Abuja.  
Tel: 090-291-0758  
E-mail: abuja1@cutixplc.com.ng  
  
Shop A1 331  
Dei-Dei Building Material Int'l Market  
Abuja  
Tel: 0902-339-4294  
E-mail: abuja2@cutixplc.com.ng
3. **Enugu**  
Suite B16, Ejim Plaza  
Near Oakland Hotel by Ebeano Tunnel  
Enugu  
Tel: 0803-675-3314  
E-mail: enugu@cutixplc.com.ng
4. **Lagos**  
17, Olutosin Ajayi Street  
Ajao Estate, Oshodi,  
Lagos State.  
Tel: 01-791-8857/0813-455-1103  
E-mail: lagos@cutixplc.com.ng
- Suite 18, Elegushi Modern Plaza  
Jakande Roundabout,  
Opposite Mobil Filling Station  
Lekki – Epe Express Way, Lagos  
Tel: 0908-537-2230  
E-mail: lagos2@cutixplc.com.ng
- Shop A28/34, Century Mall  
By St. Patrick's Bus Stop  
Alaba International Market, Lagos  
Tel: 0908-537-2231  
E-mail: lagos3@cutixplc.com.ng
5. **Obosi**  
Shop 7/8,  
God is Good Plaza  
Electrical Dealers International Market  
Obosi Anambra State  
Tel: 0813-249-2717  
E-mail: obosi@cutixplc.com.ng
6. **Port Harcourt**  
18 Dr. Aranye Okilo Drive  
D/Line, (Near NITEL Office) Port Harcourt  
Rivers State  
Tel: 0816-958-9505  
E-mail: portharcourt@cutixplc.com.ng
7. **Uyo**  
41, Ikot-Ekpene Road  
Uyo, Akwa Ibom State.  
Tel: 0704-379-8268  
E-mail: uyo@cutixplc.com.ng

### **MANAGEMENT**

Mrs. Ijeoma Oduonye  
Mrs Chinwendu Nwokporo  
Mr. Peter Ezeimo  
Mrs Uche Igbokwe  
Engr. Arinze Okwuosa  
Mrs. Chinwe Ukeje  
Mrs. Favour Oti  
Miss Chidinma Uzodike

Chief Executive Officer  
Company Secretary  
Head – Administration Department  
Head – Commercial Department  
Head – Technical Department  
Head – Enterprise Assurance Department  
Head – Finance and Accounts Department  
Head – Human Resources Department

### **BANKERS**

Access Bank Plc  
Ecobank Limited  
Fidelity Bank Plc  
Guaranty Trust Bank Plc  
Polaris Bank Plc  
Sterling Bank Plc  
Union Bank of Nigeria Plc  
United Bank for Africa Plc  
Zenith Bank Plc



## CORPORATE PROFILE

### FORMATION

The idea for the Company was conceived in 1981, when Engr. (Dr.) Ajulu Uzodike decided to leave Raychem Corporation, a major international manufacturer of aircraft & military wares and accessories, to set up an indigenous firm to manufacture electrical cables and switchgears. Adtec Ltd, a venture capital and management firm, which was incorporated in 1978, started the two projects as separate divisions in 1982. Cutix Plc was incorporated on November 4, 1982 as a Private Limited Company to manufacture electric wires and cables.

### OWNERSHIP STRUCTURE

By mid-1983 some friends and relations of the Founder and foundation staff handling the projects were invited to invest in the projects initiated by Adtec Ltd. After the private placement, 18 founding shareholders emerged which took over the business of the cable division of Adtec Ltd, Cutix Ltd with a start-up capital of N400,000.00. Soon after the economy was liberalized in 1986, the Company went to the capital market, through the Second Tier Security Market, to raise funds. The public issue, which made Cutix the first private company East of the Niger to be quoted on The Nigerian Stock Exchange, was concluded on August 12, 1987. After the public issue, the Company became Cutix Plc. The amount of new capital raised by Cutix since inception to April 2019 stood at 880,661,013 from both the private and public bonuses. Through plough back of retained earnings into capital, the book value of her capital as at April 30, 2019 stood at ₦1.589 billion. The market value of the Company was ₦3.258 billion as at April 30, 2019.

### MACHINERY PROGRAMME

The Company started production with one extrusion line in 1984 and have been in continuous production with the capacity to produce various wire and cable products. We added a second line in 1985 and by 1986, several wire - processing lines were added to achieve integration at par with leading cable makers in Nigeria and elsewhere in the world. All the machines were specified, installed and commissioned by members of staff of Cutix which is 100% Nigerian as a deliberate policy. Many of the equipment and spare parts were locally constructed in line with the expected exclusive quality standards. Our belief in the value of integration is so strong that during the difficult

days of import licensing, 1984–1986, the Company used the bulk of the licenses obtained to buy machinery for backward integration. In 1992 the Company went a step further to become the first cable manufacturer to acquire a plastic compounding line.

Between 2000 to 2007, with a view to expanding our product lines and capacity, Cutix Plc installed and commissioned a number of machines, which include LBTS, F13, F-Shaw, Armouring Line, and Cabling machine among others. In 2014, the Company added another feather to her well decorated cap when she built and commissioned a new state-of-the-art factory adjacent to the first one and dedicated it to the production of all sizes of armoured/non armoured cables, XLPE cables and other types of power cables. This singular act positioned Cutix Plc as one of the leading cable manufacturing companies in Nigeria in terms of capacity. In 2015, the Company bought and commissioned a Double Twist Buncher to increase her bunching capacity.

In late 2018, the Company bought a new Tubular Strander and a Drum to Drum rewinding machine to further boost her production capacity and both were installed and commissioned in April 2019.

### BUSINESS LOGISTICS

Cutix Plc started manufacturing at Nnewi in a 1,000m<sup>2</sup> facility it rented from Adtec Limited. By 2009, we moved all our machinery to our own factory premises and head office at 17 Osita Onyejiana Street, Umuanuka, Otolu, Nnewi. Production now goes on at the permanent site, which has about 6,000m covered area while the head office complex stands adjacent to the production plant. Additional area of 5500m of land where the Company's power cable plant is situated was acquired in 2014. Two water boreholes and 3,120KVA generators are in place to serve the Company and its neighbours. With sales offices at Aba, Abuja, Enugu, Lagos, Nnewi, Obosi, Port Harcourt and Uyo, the Company has delivery trucks which serve its distributors that are spread across Nigeria.

### STAKEHOLDERS' WELFARE

Due to its commitment to ensuring the distribution of returns fairly to all its stakeholders, the Company is managed in a way that maximizes long-term shareholders value and takes into

## CORPORATE PROFILE cont'd

account the interest of all the stakeholders. Cutix Plc has operated with an all-Nigerian workforce since inception. The Company's corporate philosophy is such that encourages the growth of staff from within and allows staff the opportunity for self-improvement while working. Cutix Plc is the first Company in Nnewi to have a Condition of Service in place for her workers. Salary paid to her staff is partly based on the productivity of the Company and the staff are paid promptly on the 25th day of every month.

### SOCIAL RESPONSIVENESS

Cutix Plc is socially responsive and responsible Company. We pay taxes to the government promptly. Between 1997 and 2019, we paid about ₦851 million as Corporate Income Tax to the Federal Government. Apart from paying taxes and dividends, Cutix Plc has been pro-actively involved in various social projects. Some of the projects include: - financial support to approved vigilante groups, educational institutions, motherless babies homes, community projects; educational assistance to the needy; heavily discounted sales of cables to churches; sole sponsorship of the annual ENIC Tennis League tournaments; annual

subvention to Nnewi Sports Club and provision of water from her factory boreholes to neighbours, churches etc.

### PRODUCTIVITY AND QUALITY

Cutix Plc has a strong commitment to quality and ensures that all her products comply with the national and international standards. Cutix is synonymous with quality and the Company has a Quality Assurance department whose function is to monitor all the processes of production from raw materials to finished products. Quality control is embedded in every process of production and finished products are subjected to complete test carried out at our laboratory before being released to the store. Strict process control along with final inspections and tests are maintained to ensure all wires and cables produced are of exclusive quality. To attest to this, the Company has consistently won the NIS award for all product categories up to Gold since inception. Cutix Plc is also certified to MANCAP on her armoured cables and ISO 9001:2015 for her Quality Management System.

### CUTIX'S PRODUCT RANGE AND USES

COMPANY'S PRODUCT RANGE	USES
▪ House Wiring Cables	Conduit and surface wiring of houses, offices and factories
▪ All Aluminium Conductors (AAC)	High and low voltage power distribution
▪ Aluminium Conductors Steel Reinforced (ACSR) up to 450mm <sup>2</sup>	Long span transmission
▪ Copper Conductors	Earthing electrical installation
▪ Aluminium Service Cables	Connecting homes and low-tension public power lines
▪ Automotive Cables	Low and high voltage automotive cables for wiring applications in automobiles
▪ Appliance Cables	Flexible cords in household electrical appliances
▪ Telephone Cables	Connecting and sheathing of conductors
▪ PVC Compounds	Insulating and sheathing of conductors
▪ Power Cables ▪ PVC/PVC (All sizes: single and multi-core) ▪ PVC/SWA/PVC (All sizes) ▪ XLPE/SWA/PVC (All sizes) ▪ XLPE/SWA/SE (All sizes) ▪ XLPE/CWB/SWA/PVC control	Underground installations for LV power line Underground installations for LV power line Underground installations for LV power line Underground installations for LV power line Interface free control signals

### POINTS TO NOTE

Cutix Plc is the first Company East of the Niger to be quoted on the Nigerian Stock Exchange.

Cutix Plc is the first cable manufacturer in Nigeria to acquire a plastic compounding line.

There is a high commitment to quality in Cutix Plc as shown by the various quality control (QC) points on our production chart.



**Dr Ajulu Uzodike, OON**  
*(OZIUZO - NNEWI)*  
**FOUNDER**

# CHAIRMAN'S STATEMENT

*Distinguished Shareholders,  
Management and Staff,  
Representatives of Regulatory  
Agencies, Ladies and Gentlemen.  
On behalf of the Board of  
Directors, I am delighted  
to welcome all of you to the  
36<sup>th</sup> Annual General Meeting  
of CUTIX PLC.*



Firstly, let me express my profound gratitude to all our shareholders for your continued support to the Board and Management during the past financial year. At this stage, we also welcome our new Chief Executive Officer (CEO), Mrs Ijeoma Oduonye, who took over from the immediate past CEO, Mr. Ifeanyi Uzodike when he retired on 31<sup>st</sup> October 2018 after ten years service in that capacity. This will be the first Annual General Meeting with you, our esteemed Shareholders, that Mrs Oduonye will be attending as the new CEO. You will recall that she was the immediate past Company Secretary and on behalf of the Board, I wish her the very best in her new role and we are confident that she will steer our Company to greater height.

## **BUSINESS ENVIRONMENT**

The business environment remained challenging during the period under review as many factors hindered consumer and government spending. The deteriorating security situation in different parts of the country resulting from the activities of different groups hampered economic activities. The elections and resulting uncertainties led to a slow-down of business activity, reduced foreign direct investments

and the decline of the capital market which had a negative impact on the economy. The injection of funds by the Central Bank of Nigeria, helped in creating stability of the Naira exchange rate, though access to adequate foreign exchange through the commercial banks was still difficult. Congestion at the Apapa and Tin Can Island ports were also major constraints during the period. We are optimistic that the recent steps by the Federal Government to increase the ease of doing business will translate into significant improvements in the macro-economy.

## **OUR PERFORMANCE**

Revenue grew from ₦5.05 billion in FY 2018 to ₦5.43 billion in FY 2019 which represents a 7.5% increase. Profit Before Tax grew to ₦679 million against ₦661 in 2018, a marginal increase of 3%. Profit After Tax showed an increase from ₦440 million in 2018 to ₦477 in 2019, an increase of 8%. The influx of substandard imported cables into the country aggravated the pressure on Turnover and Profit. Local manufacturers were left to fight the counterfeiting of their products by unscrupulous traders. Cable Manufacturers Association of Nigeria (CAMAN) is calling on the Standards Organization of



## CHAIRMAN'S STATEMENT cont'd

Nigeria (SON), Consumer Protection Council (CPC), Nigerian Custom Service and the Nigerian Police to help control the activities of these importers.

### DIVIDEND

Fellow Shareholders, the Board is proposing a dividend payment of ₦220,165,253.25 which is a 25% increase over last year's dividend payment of ₦176,132,000. This is in spite of the planned substantial investment in product diversification, additional equipment purchase for installed capacity utilisation and the proposed acquisition of Adswitch in the current year. The recommendation is in line with the Company's dividend policy of paying increasing dividend amounts every year. May I, once again use this opportunity to request all shareholders that have not joined the e-dividend platform to do so. The Securities and Exchange Commission (SEC) has granted an extension till the end of this year (2019) to register for e-dividend at no cost. After that date, dividend warrants will no longer be printed. An e-dividend form for your use is included in this Annual Report and Accounts. Please complete same and return to the Registrars (EDC Registrars Ltd, 23, Olusoji Idowu Street, Ilupeju, Lagos). The form is equally available at our website ([www.cutixplc.com.ng](http://www.cutixplc.com.ng)) and that of the Registrars ([www.edcregistrars.com.ng](http://www.edcregistrars.com.ng)).

### INNOVATION

During the year under review, we introduced an innovation system for easy polarity identification in the use of our cables. The Company is also working on diversifying into other electrical energy related products, as a way of increasing our revenue and product range. We have purchased and installed new equipment lines to increase our speed of product processing. A standard workshop was also commissioned within the year for backward integration. Consequently, we are now producing our extrusion tips, dies and some spares of our equipment.

### CORPORATE SOCIAL RESPONSIBILITY

Our Corporate Social Responsibility (CSR) is at the forefront of our strategic objectives, with the intention of consistently adding value to the communities and environment we operate in. Within the period under review, the Company built and donated a standard Lawn Tennis Court to The Nnewi Sports Club for promotion of leisure and sports. We also sponsored the Federal Road Safety Corps Schools' Debate and were the sole sponsor of the annual East of the Niger Inter-Club Tennis Tournament (ENIC). In the course of the year, the remaining part of Osita Onyejianya Street was completed by the Anambra State

Government at the instance of our Company. This has alleviated the sufferings of road users and residents. The Company also provided electricity to some of her immediate neighbours. Financial assistance was also provided to approved vigilante groups and educational institutions within the host community. The Company also granted scholarship to indigent students.

### OUR PEOPLE

Our employees remain our greatest asset and as a Company that believes in 100% Nigerian manpower, we have invested in manpower development. We maintain a recruitment pattern that ensures the employment of self-driven and innovative individuals who also possess considerable entrepreneurial spirit. We believe that this is the major direction to the Company's vision of being one of the Top Three Providers of Electrical Energy Products and Services in the World.

### THE FUTURE

Diversification through Innovation is important for unlocking the door to the future growth of our great Company. The Company has commissioned a team of researchers whose focus is to develop new electrical energy related products the Company can include in its product line in the short and medium terms. The Company is also considering expansion through acquisition.

### CONCLUSION

Cutix Plc is fully committed to delivering value to all our stakeholders. We are committed to innovation and diversification in all areas of our business and we will continue to deliver superior products through efficient systems. We will leverage on our strengths with focus on operational discipline for optimal efficiency.

Lastly, I will like to acknowledge the contributions made by our dedicated employees, customers, business partners, Board members and you, our valued shareholders to the performance of our Company. We believe that together, we will continue in our journey to Power and Illuminate the word.

I wish everyone a safe trip back to your place of residence and pray God to bring us all back for the next Annual General Meeting of our Company.



Amb. Okwudili Nwosu

**Chairman**

FRC/2019/NSE/00000019801



## BOARD OF DIRECTORS



*(L-R: Sir Matthias Umego, Mrs Chinwendu Nwokporo (Company Secretary), Barr (Mrs) Ifeoma Nwahiri, Mrs Ijeoma Oduonye, Amb. Okwudili Nwosu, Barr (Mrs) Oge Maduka, Mr. Nnamdi Ike and Dr Chidozie Nsoedo)*

### DIRECTORS PROFILE



**AMB. OKWUDILI NWOSU**  
*Chairman*

**Amb. Odi Nwosu** was re-appointed to the Board of the Company in 2016 as a Non-Executive Director. He was appointed the Chairman of Cutix Plc in October 2018. He graduated from Georgia Institute of Technology, Atlanta, Georgia, USA with Bachelor of Chemical Engineering in 1976. He obtained an MBA from Auburn University, Auburn, Alabama, USA in 1978. He also obtained Bachelor of Interdisciplinary Science from Morehouse College, Atlanta, Georgia USA in 1976. Amb. Nwosu went to Harvard University Graduate School of Business, Boston, Massachusetts, USA for the Program for Management Development in 1992. He was a General Manager, Deputy Managing Director and later Managing Director of Cutix Plc before retiring in 1994. However, he retained his seat on the Board of Directors from 1983 to 2011. He became the Chairman, Cutix Plc from 2011 to 2012 before he was appointed the Nigerian Ambassador to Burundi from 2012 to 2015. He is a Corporate member of the Nigerian Society of Engineers. He is also a member of the Harvard Business School Alumni Association of Nigeria from 1992 to date.

**DIRECTORS PROFILE cont'd**

**Mrs. Ijeoma Oduonye** was appointed to the Board of Directors of Cutix Plc in October 2018 and she took over the position of the Chief Executive Officer of the Company effective November 1, 2018. She is an Associate member, Institute of Chartered Secretaries and Administrators of Nigeria. She graduated from the Federal Polytechnic Oke, with HND in Secretarial Studies in 1995. She attended the Advanced Management Program at Lagos Business School and Chief Executive Program at IESE Business School, Spain in 2018. Mrs. Oduonye is presently pursuing her Post Graduate Diploma in Business Administration at Chukwuemeka Odumegwu-Ojukwu University.



**MRS. IJEOMA ODUONYE**  
*Chief Executive Officer*



**BARR. (MRS.) IFEOMA NWAHIRI**  
*Non-Executive Director*

**Barr. (Mrs.) Ifeoma Nwahiriri** was re-appointed to the Board of Directors of Cutix Plc in 2016 as a Non-Executive Director. She is a graduate of Imo State University, Owerri with an LLB in 2003, and went to Nigerian Law School, Abuja in 2003. She is the Principal Partner, Laud Chambers from 2007 to date. Barr (Mrs) Nwahiriri is a member of the Nigerian Bar Association. She was a Director of Cutix Plc from 2005 to 2011. She was the Managing Director, Soul Mill Limited from 2010 to 2014. She was appointed as a Non-Executive Director, Adswitch Plc from 2011 to 2013.

**Barr. (Mrs.) Oge Maduka** was appointed to the Board of Cutix Plc in 2017 as a Non-Executive Director. She is a graduate of Nnamdi Azikiwe University, Awka with Bachelor of Laws (LL.B Hons. She also obtained Master of Laws Degree (LL.M) from University of Lagos in 2008. She obtained Barrister at Laws Degree from the Nigerian Law School in 2004. Barr (Mrs.) Maduka is the Principal Partner, Oge Maduka & Co. She is the Director, Legal Services at JP Leasing Ltd, Nigeria and Trace Installation Ventures Ltd from 2013 to date. She is a member of the Nigerian Bar Association (NBA) and the Nigerian Maritime Law Association.



**BARR. (MRS.) OGE MADUKA**  
*Non-Executive Director*

## DIRECTORS PROFILE cont'd



**DR. CHIDOZIE NSOEDO**  
*Non-Executive Director*

**Dr. Chidozie Nsoedo** joined the Board of Directors of the Company in October 2018 as a Non-Executive Director. He is a graduate of London Southbank University, UK with B.Eng. in Chemical Engineering with First Class Honours in 2001. He also holds PhD in Health Informatics, from the University of Manchester, UK in 2010. Dr. Nsoedo is an alumnus of the famous University of Hull, UK and University of Portsmouth, UK respectively. He was a part-time lecturer, Department of Creative Technologies, University of Portsmouth between 2004 and 2005. Dr. Nsoedo also worked as E-learning and Web Services Manager, Queen Mary University, London UK in 2010. He is a member of the UK Higher Education Academy. He is presently the Director of First Systems Refinishes Limited and Samhays Limited.

**Sir Matthias Umego** joined the Board as an Independent Non-Executive Director in October 2018. He is a registered COREN member of Mechanical Engineering Technologist. He graduated from the Institute of Management and Technology Enugu with HND in Mechanical Engineering in 1981. He joined Premier Breweries Plc in 1982 and worked as the Assistant Mechanical Engineer. Sir Umego joined Cutix Plc in 1985 and worked in the following capacities - Head, Manufacturing/Maintenance department; District Sales Manager (North); Product Manager; Wire Processing Manager; Chief Operating Officer (Technical Services); Head, Armoured Cable Project Team; Project Manager Cutix Plc and retired as a General Manager in the Company in 2008. He is a two-time Statutory Audit Committee member of Cutix Plc. Sir Umego is the Managing Director of Majoy Ltd from 2008 till date.



**SIR MATTHIAS UMEGO**  
*Independent Non-executive Director*



**MR. NNAMDI IKE**  
*Independent Non-executive Director*

**Mr. Nnamdi Ike** was appointed to the Board of Directors of Cutix Plc as an Independent Non-Executive Director in October 2018. He is an Associate Member, Institute of Chartered Accountants of Nigeria with over eight years experience in Business Management/Ownership and over fourteen years experience in Banking that cut across Commercial/Retail banking and Management, Financial Control, Strategic planning, Budgeting and Management Information Services. He graduated from University of Ibadan with Bachelor of Science (B.Sc.) in Chemistry in 1982. He holds a Master's Degree in Business Administration from the University of Lagos in 1985. Mr. Ike joined Cutix Plc in 1985 to oversee Research and Development and later became the Business Manager for Lagos office. He left Cutix Plc in 1988 and joined former Citizens International Bank where he worked as Branch Manager for Warri and Alaba branches between 1991 to 2005. He also headed Financial Control and Strategic Planning Unit as well as Business development, Onitsha branch. Mr. Ike won the Lever Brothers of Nigeria prize for being the best final year graduating student in 1982 in Chemistry department. He is presently the CEO, Cintacent International Ltd and Doylan Bureau de Change Ltd.



## MANAGEMENT STAFF



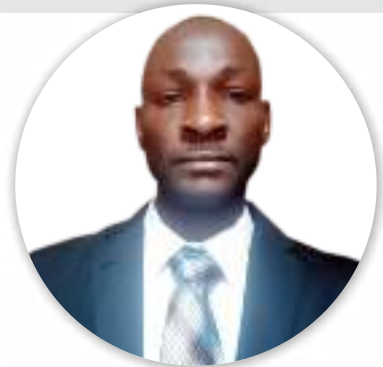
**MRS. IJEOMA ODUONYE (ACIS)**  
*Chief Executive Officer*



**MR. PETER EZEIMO**  
*Head, Administration Department*



**MRS. UCHE IGBOKWE**  
*Head, Commercial Department*



**ENGR ARINZE OKWUOSA**  
*Head, Technical Department*



**MRS. CHINWE UKEJE**  
*Head, Enterprise Assurance Department*



**MRS. FAVOUR OTI**  
*Head, Finance & Accounts Department*



**MISS CHIDINMA UZODIKE**  
*Head, Human Resource Department*



**MRS. CHINWENDU NWOKPORO**  
*Company Secretary*

# REPORT OF THE DIRECTORS

In accordance with section 342 of the Companies and Allied Matters Act, 1990, the Directors have the pleasure of presenting herewith their Annual Report together with the Statement of Financial Position as at April 30, 2019 and the Statement of Profit or Loss and other Comprehensive Income for the year ended on that date.

## 1. LEGAL STATUS

Cutix Plc was incorporated on November 4, 1982 as a private limited liability Company. It was quoted on the Second Tier of the Nigerian Stock Exchange on August 12, 1987 and later migrated to the First Tier of the Exchange on February 18, 2008. The price per 50k share of the Company as at April 30, 2019 was ₦1.85.

## 2. PRINCIPAL ACTIVITIES

The principal activities of the Company are manufacturing and marketing of electrical, automobile and telecommunication wires, cables and related products.

## 3. RESULT FOR THE YEAR

The following are highlights of the Company's performance in FY 2019.

	<b>FY 2019</b> <b>₦'000</b>	<b>FY 2018</b> <b>₦'000</b>
Revenue	5,434,107	5,057,374
Profit Before Tax	679,332	661,563
Taxation	(187,732)	(184,095)
Profit After Tax	477,070	440,295

## 1. DIVIDEND

The Directors are pleased to recommend a dividend of 12.50 kobo per share to be considered for approval by the shareholders at the Annual General Meeting. The total dividend payable, if approved by the shareholders, is ₦220,165,253.25 and is subject to deduction of withholding tax at the rate applicable at the time of payment. Below is the summary of the Profit After Tax, proposed dividend and reserve of the Company:

	<b>N'000</b>
Profit After Taxation	₦477,070
Less Proposed Dividend	₦220,165
Profit Carried Forward	₦256,905

## 2. PROPERTY, PLANT AND EQUIPMENT (PPE)

Movements in Property, Plant and Equipment (PPE) during the year are shown in Note 14 of the Audited Financial Statements. In the opinion of the Directors, the market value of the PPE is not less than the value shown in the accounts.

## 3. DONATIONS AND CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

During the course of the year, donations and CSR initiatives amounting to ₦4,794,000 million is as stated below:



## REPORT OF THE DIRECTORS cont'd

S/No	Beneficiary	Amount (₦)
1.	Nnewi Sports Club	2,440,000
2.	Nnewi Community (Education, Medical Assistance, Security)	814,000
3.	Eastern Nigeria Inter Club –ENIC (Sports Tournament)	850,000
4.	Educational Institutions	190,000
5.	Rotary Club	100,000
6.	Rehabilitation Centre for the Disabled, Old and Trumps (RECDOT)	200,000
7.	Veterans	200,000
	<b>Total</b>	<b>4,794,000</b>

### 1. ANALYSIS OF SHAREHOLDING

#### a) Shareholders & Shareholding:

The Registrar has advised that the shareholdings as at April 30, 2019 are as follows:

Share Range	No. of S/Holders	Cumulative Holders	% Holders	No of Units	Cumulative Units	% Units	Cumulative %
1-1,000	589	589	8.140	288,039	288,039	0.016	0.016
1,001-5,000	1,059	1,648	14.635	3,083,491	3,371,530	0.175	0.191
5,001-10,000	814	2,462	11.249	6,305,356	9,676,886	0.358	0.549
10,001-50,000	2,009	4,471	27.764	51,386,860	61,063,746	2.918	3.467
50,001-100,000	1,451	5,922	20.053	94,763,402	155,827,148	5.380	8.847
100,001-500,000	1,077	6,999	14.884	205,104,816	360,931,964	11.645	20.492
500,001-1,000,000	128	7,127	1.769	84,622,934	445,554,898	4.805	25.297
1,000,001-5,000,000	76	7,203	1.050	146,560,784	592,115,682	8.321	33.618
2,000,001-10,000,000	13	7,216	0.180	92,824,366	684,940,048	5.270	38.888
10,000,000,001-ABOVE	20	7,236	0.276	1,076,381,978	1,761,322,026	61.112	100
<b>TOTAL</b>	<b>7,236</b>		<b>100</b>	<b>1,761,322,026</b>		<b>100</b>	

#### b) Directors' Shareholding

		As at Year End		Prior Year		Date of Approval of FY 2019 Account	
		April 30, 2019	April 30, 2019	April 30, 2018	April 30, 2018	July 19, 2019	July 19, 2019
S/No	Name of Director	Direct	Indirect	Direct	Indirect	Direct	Indirect
1.	Amb. Okwudili Nwosu	70,414,398	Nil	35,207,199	Nil	70,414,398	Nil
2.	Mrs. Ijeoma Oduonye	1,505,000	Nil	752,500	Nil	2,400,000	Nil
3.	Barr (Mrs.) Ifeoma Nwahiri	6,784,236	Nil	3,392,118	Nil	6,784,236	Nil
4.	Barr (Mrs.) Oge Maduka	Nil	Nil	Nil	Nil	Nil	Nil
5.	Dr Chidozie Nsoedo	Nil	Nil	Nil	Nil	Nil	Nil
6.	Sir Matthias Umego	1,261,320	Nil	1,100,660	Nil	1,201,320	Nil
7.	Mr. Nnamdi Ike	26,666	Nil	13,333	Nil	26,666	Nil

#### c) Substantial Interest in Shares

According to the Register of Members as at 30 April 2019, no other individual holds 5% and above of the issued and fully paid up shares of the Company apart from the following individuals:

## REPORT OF THE DIRECTORS cont'd

S/No	Name	Holding	% Holding
1.	Uzodike Gilbert Obiajulu	180,344,452	10.24
2.	R.C Onyeje & Company (Nig) Ltd	110,832,000	6.29
3.	Nsoedo Samuel	108,666,666	6.17
4.	Nigerian Reinsurance Corporation	106,666,666	6.06
5.	Nzewi Christopher Emengini	101,796,240	5.78
6.	AMI Nigeria Limited	90,187,982	5.12
	<b>Total</b>	<b>698,494,006</b>	<b>39.66</b>

**d) Acquisition of Own Shares**

The Company did not purchase any of its own shares during the year under review.

**e) Free Float Analysis**

The free float analysis of the issued and paid-up share capital of the Company as at April 30, 2019 is as stated below:

S/No	Category	Holding as at April 30, 2019	% Holding as at April 30, 2019	Holding as at April 30, 2018	% Holding as at April 30, 2018
1.	Directors	79,991,620	4.54	40,465,810	4.59
2.	Shareholders with 5% and above	698,494,006	39.66	349,747,003	39.72
3.	Free Float	982,836,400	55.80	490,448,200	55.69
	<b>Total</b>	<b>1,761,322,026</b>	<b>100</b>	<b>880,661,013</b>	<b>100</b>

## 8 CORPORATE GOVERNANCE REPORT

### Corporate Governance

Cutix Plc is committed to the highest standard of Corporate Governance in all her activities in line with guidelines and regulations required by the Nigerian Code of Corporate Governance. We conduct our operations with honesty, integrity, openness, and respect for the human rights and interests of our employees. Similarly, we respect the legitimate interests of those with whom we relate. The Company is committed to providing products and services which consistently offer value in terms of price and quality and are safe for their intended use.

Our business operations are conducted in accordance with nationally and internationally accepted principles of good corporate governance to provide timely, regular and reliable information on our activities, structure, financial situation and performance to all stakeholders and legal authorities. In doing our business, we strive to remain a trusted corporate citizen and, as an integral part of the society, fulfill our responsibilities to the society and communities in which we operate. Cutix Plc believes that full disclosure and transparency in her operations are in the interest of good governance. As indicated in the statement of responsibilities of Directors and notes to the accounts, the Company adopts standard accounting practices which are IFRS compliant and ensures sound internal control to facilitate the reliability of the financial statements.

**a) The Board**

The Board is committed to the highest standards of business integrity, ethical values and governance of the Company. The Board is accountable to shareholders for creating and delivering sustainable value through the management of the Company's business. The functions of the Board are guided by the provisions of the Companies and Allied Matters Act, the Nigerian Code of Corporate Governance, the Company's Articles of Association, Charter,

## REPORT OF THE DIRECTORS cont'd

Vision, Mission and other relevant laws and regulations. The Board determines the overall strategy of the Company and follows up on its implementation, supervises the performance and ensures adequate management of the Company.

b) **Separation of Positions of the Chairman and the Chief Executive Officer**

The roles of the Chairman and Chief Executive Officer are separate and no one individual combines the two positions. The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information to enable the Board take informed decisions and provide advice to promote the success of the Company. The Chairman also facilitates the contribution of Directors and promotes effective relationship and opens communication between the Executive and Non-Executive Directors.

The Chief Executive Officer (CEO) is the head of Management. The Board has delegated the responsibility for the day to-day management of the Company to the CEO, who is supported by the Management. The CEO executes the powers delegated to her in accordance with guidelines approved by the Board of Directors. The Chief Executive Officer is accountable to the Board for the development and implementation of strategies and policies of the Company. The Board regularly reviews performance, matters of strategic concern and any other matter it regards as material.

c) **Directors' Responsibilities**

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004, the Directors are responsible for the preparation of the Financial Statements, ensuring that the Statement of Financial Position gives a true and fair view of the state of affairs of the Company at the end of each financial year and of the Statement of Profit or Loss and Other Comprehensive Income for that period. The Directors' responsibilities include:

- Defining the Company's strategic goals and ensuring that its human and financial resources are effectively deployed towards attaining those goals;
- Ensuring that the Company carries on its business in accordance with its Memorandum and Articles of Association and in conformity with the laws of the country, observing the highest ethical standards and on an environmentally sustainable basis;
- Ensuring that the Company uses suitable accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards are followed;
- Approval and enforcement of Code of Business Ethics for the Company, the Employees and Directors.
- Accepting responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria, 2004.
- Ensuring succession planning and the appointment, training, remuneration and replacement of Board members and Senior Management staff;
- Defining a framework for delegation of its authority or duties to Management specifying matters that may be delegated and those reserved for the Board;
- Overseeing the effective performance of Management to protect and enhance shareholder's value and to meet the Company's obligations to its employees and other stakeholders;

## REPORT OF THE DIRECTORS cont'd

- Identifying risk and monitoring risk management systems;
- Establishing appropriate internal controls to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;

d) **Composition of the Board**

The Board of Directors of Cutix Plc is comprised of experienced people with significant achievements in their respective profession. The Memorandum and Articles of Association of the Company allows for a maximum of nine Directors and the Board currently is made up of seven Directors. During the year under review, the Board consisted of the Chairman, the Chief Executive Officer and five Non-Executive Directors. The Non-Executive Directors are independent of Management and are free from any constraints, which may materially affect the exercise of their judgement as Directors of the Company.

e) **Process for Board Appointment**

The Governance, Nomination and Compensation (GNC) Committee is charged with the responsibility of leading the process for Board appointments. With respect to new appointments, the Committee identifies, reviews and recommends candidates for potential appointment as Directors. In identifying suitable candidates, the Committee considers candidates on merit and with due regard for the benefits of diversity on the Board, including gender as well as the balance and mix of appropriate skills and experience to strengthen the capacity of the Board. The appointment of Directors is subject to the approval of the shareholders in line with the statutory requirement.

f) **Changes on the Board**

In the course of the financial year ended April 30, 2019, Mr. Ifeanyi Uzodike retired from the Board with effect from October 31, 2018 having served as the Chief Executive Officer for ten years. Mrs. Ijeoma Oduonye took over the position with effect from November 1, 2018.

g) **Retirement of Directors by Rotation**

In compliance with the provisions of the Articles of Association of the Company and Section 259(1) of CAMA, the Director that will retire by rotation is Barr (Mrs.) Ifeoma Nwahiri and being eligible, offers herself for re-election. Barr (Mrs) Nwahiri's profile is contained on page 19.

h) **Directors' Induction and Training**

Every newly appointed Director receives a comprehensive letter of appointment detailing the terms of reference and composition of the Board and Board Committees, the entitlements and demand for time commitment as a result of the appointment. Other documents given to them include the Company's Memorandum and Articles of Association, Board Charter, Code of Corporate Governance for Public Companies in Nigeria, Code of Business Ethics and other relevant documents, policies, processes and procedures of the Company that will help the Directors to gain understanding of the Company. Newly appointed Directors are also conducted round the production facilities of the Company to gain first-hand knowledge of the production processes. Cutix Plc is committed to the training of her Directors and for this purpose, offers continuous training to the Directors in order to enhance their performance on the Board.

i) **Evaluation of the Board**

Evaluation of the Board was undertaken in financial year 2019. The annual appraisal covered all aspects of the Board's responsibilities, processes, relationships, individual members' competencies, respective roles in the performance of the Board etc. The performances of the Board and individual Directors were adjudged satisfactory. Necessary feedbacks arising from the appraisal was given to individual Directors.

## REPORT OF THE DIRECTORS cont'd

### j) Directors' Remuneration

Remuneration of Directors is guided by the provisions of Section 16.13 of the Nigerian Code of Corporate Governance which stipulates that Non-Executive Directors' may be paid sitting allowances, Directors fees and reimbursable travel and hotel expenses. In compliance with the requirement of the Code, the Company discloses the remuneration paid to the Directors as follows:

S/No	Type of Remuneration	Description	Timing
1.	Basic Salary	Part of gross salary package for the Chief Executive Officer.	Paid monthly
2.	Other Allowances	These are part of gross salary package for the Chief Executive Officer.	Paid periodically
3.	Directors Fees	This is paid to Non-Executive Directors only.	Annually
4.	Sitting Allowance	Allowance paid to Non-Executive Directors for attending Board and Board Committee meetings.	Paid after each meeting
5.	Sitting Expenses	Reimbursable travel and hotel expenses paid to Non-Executive Directors for attending Board and Committee meeting.	Paid after each meeting

The Directors are also sponsored for training programmes required to enhance their duties to the Company. Details of remuneration paid to the Chief Executive Officer and Non-Executive Directors for the year under review is contained in Note 27 of the Audited Financial Statements.

### k) Record of Directors' Attendance to Board Meetings

The Board has a formal schedule of meetings each year and met five (5) times in the course of the year under review. The record of attendance at those meetings by the Directors who served during the year under review is set out below:

S/No	Director	19/7/18	25/10/18	22/11/18	21/02/19	26/3/19
1.	Amb. Okwudili Nwosu	P	P	P	P	P
2.	Barr (Mrs.) Ifeoma Nwahiri	P	P	P	P	P
3.	Barr (Mrs.) Oge Maduka	P	P	P	P	P
4.	Engr (Dr.) John Mbonu	P	P	LTB	LTB	LTB
5.	Mr. Ifeanyi Uzodike	P	P	LTB	LTB	LTB
6.	Arc. Mansur Ahmadu	P	P	LTB	LTB	LTB
7.	Engr Olufemi Akintunde	A	P	LTB	LTB	LTB
8.	Mrs. Ijeoma Oduonye	NYA	NYA	P	P	P
9.	Dr. Chidozie Nsoedo	NYA	NYA	P	P	P
10.	Sir Matthias Umego	NYA	NYA	P	P	P
11.	Mr. Nnamdi Ike	NYA	NYA	P	P	P

(Key: P – Present, NYA – Not Yet Appointed, LTB – Left the Board)

### l) Board Committees

In conformity with the Code of Best Practices in Corporate Governance, the Directors worked through the following Board Committees:

- Audit, Risk & Compliance (ARC) Committee
- Governance, Nomination & Compensation (GNC) Committee



## REPORT OF THE DIRECTORS cont'd

### m) **Audit, Risk & Compliance (ARC) Committee**

The Audit, Risk & Compliance Committee assists the Board in identifying risks, creating systems to protect the Company from identified risks and monitoring the implementation of the Company's risk management systems. The Committee also assists the Board in fulfilling its oversight function on the reliability and integrity of financial management, accounting policies, asset management, financial reporting and disclosure practice. Details of attendance by each of the Committee member are shown below:

#### **ARC Committee Attendance Record**

S/No	Director	18/7/18	20/09/18	13/12/18	27/03/19
1.	Amb. Odi Nwosu	P	P	NLM	NLM
2.	Engr Olufemi Akintunde	A	P	LTB	LTB
3.	Barr (Mrs.) Oge Maduka	P	P	A	P
4.	Barr (Mrs.) Ifeoma Nwahiri	NYA	NYA	P	P
5.	Dr. Chidozie Nsoedo	NYA	NYA	P	P

(Key: P – Present, A – Absent with Apology, NYA – Not Yet Appointed, LTB – Left the Board, NLM – No Longer a Member)

### n) **Governance, Nomination & Compensation (GNC) Committee**

The Governance, Nomination & Compensation Committee makes recommendations to the Board on policy framework and Executive Compensation and its costs, establishes and maintains the Company's equity, compensation policies and practices, reviews and makes recommendations to the Board with respect to the Company's incentive compensation plans that are subject to the Board's approval. It also defines processes for determining executive and non-executive compensation. The Committee establishes the criteria for Board and Board Committee membership, reviews candidate's qualification and any potential conflict of interest. It ensures that succession policy and plan exist for the positions of the Chairman, CEO, Directors and Heads of Department. It also reviews and makes recommendations to the Board for the approval of the Company's organisational structure and any proposed amendment(s). The Committee also monitors the compliance of the Company to the Code of Corporate Governance. Details of attendance by each of the Committee member are shown below:

#### **GNC Committee's Attendance Record**

S/No	Director	07/06/18	13/09/18	17/01/19	18/04/19
1.	Engr (Dr.) John Mbonu	P	P	LTB	LTB
2.	Barr (Mrs.) Ifeoma Nwahiri	P	P	P	P
3.	Arc. Mansur Ahmadu	P	P	LTB	LTB
4.	Engr (Sir) Matthias Umego	NYA	NYA	P	P
5.	Mr. Nnamdi Ike	NYA	NYA	P	P

(Key: P – Present, NYA – Not Yet Appointed, LTB – Left the Board)

## REPORT OF THE DIRECTORS cont'd

### o) **Audit Committee**

In compliance with Section 359 (4) of the Companies and Allied Matters Act, CAP C20 LFN, 2004, members of the Audit Committee of the Company were elected at the last Annual General Meeting. The Committee comprises a mixture of Non-Executive Directors and ordinary shareholders elected at the Annual General Meeting. The functions of the Committee are laid down in Section 359 (6) of the Companies and Allied Matters Act CAP C20, LFN 2004. Details of attendance by each of the members of the Audit Committee are shown below:

#### **Audit Committee's Attendance Record**

S/No	Director	11/06/18	17/07/18	25/10/18	23/11/18	17/04/19
1.	Chief Edmund Njoku	P	P	P	P	P
2.	Mr. Jude Okpala	P	P	P	P	P
3.	Amb. Odi Nwosu	P	P	P	NLM	NLM
4.	Barr (Mrs.) Ifeoma Nwahiri	P	P	P	P	P
5.	Barr (Mrs.) Oge Maduka	NYA	NYA	NYA	P	P

(Key: P – Present, NYA – Not Yet Appointed, LTB – Left the Board, NLM – No Longer a Member)

### p) **Directors' Interest in Contracts**

No Director has declared interest in contracts in which the Company was involved as at April 30, 2019 for the purpose of Section 277 of the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria, 2004.

### q) **Statement of Risk Management Practices and Internal Control**

The Board of Directors of Cutix Plc has the responsibility of ensuring the maintenance of a sound system of internal control to safeguard shareholders' investment and assets of the Company. The Board does this through its Audit, Risk and Compliance Committee. In compliance with the requirements of the Nigerian Code of Corporate Governance, Management provided assurance to the Board during the financial year that the risk management control and compliance systems in Cutix Plc are effective and efficient. The Company has included in its annual Internal Audit Plan to undertake a holistic risk assessment to identify internal and external existing or emerging risks which are thereafter ranked based on their likelihood of occurrence and their impact to the Company's business. The identified risks will be assigned to owners who will then ensure that robust plans are in place to mitigate these risks. There is a regular review and monitoring of the overall risk and control environment of the business by the Audit, Risk and Compliance Committee of the Board.

The Enterprise Assurance Department (EAD) is responsible for monitoring and assessing the operation of the internal control system to ensure its effectiveness and for making recommendations for improvement. The department achieve this by routine audit of the harmonized systems of the departments in the Company. It identifies risks and weaknesses in the system and proffers solution to eliminate them. To ensure independence of the department, the line of reporting is clearly defined, with the head of the department reporting directly to the Audit, Risk and Compliance Committee of the Board while having a line of communication with the Chief Executive Officer.

## REPORT OF THE DIRECTORS cont'd

**r) Code of Business Ethics**

Our commitment to doing business ethically and legally is the foundation of the Company's culture, which is shaped by our six core values – Boldness, Excellence, Innovation, Integrity, Openness and Proactiveness. These values guide our actions in conducting business in a socially responsible and ethical manner. Cutix Plc has a Code of Ethics which is based on our purpose and values as an organisation. We conduct our operations with honesty, integrity, openness, and with respect for the human rights and interests of our employees. Similarly, we respect the legitimate interests of those whom we relate with. The Company is committed to providing branded products and services which consistently offer value in terms of price and quality, and which are safe for their intended use. Our business operations are conducted in accordance with national and internationally accepted principles of good corporate governance to provide timely, regular and reliable information on our activities, structure, financial situation and performance to all shareholders and legal authorities. In doing our business, we strive to remain a disciplined and trusted corporate citizen and as an integral part of the society, to fulfil our responsibilities to the societies and communities in which we operate. We seek to create a culture in which employees feel comfortable raising concerns about potential breaches of our Code of Conduct and policies.

**s) Whistle Blowing Policy**

In line with the Company's commitment to instilling the best Corporate Governance practices, a whistle blowing policy is in place to encourage employees at all levels to alert and inform Management of any negative development that might impede the value, performance and image of the Company. The Company has a dedicated hotline and e-mail address provided for the purpose of whistleblowing. The hot line and e-mail address are 08146573633 and whistleblower@cutixplc.com.ng respectively. Internally, the Company has opinion boxes kept in strategic locations to enable employees report any identified breaches in the Company.

**t) Insider Trading and Price Sensitive Information**

The Company has a policy guiding its Directors, Management and other related parties in trading on the securities of the Company as set out by the Nigerian Stock Exchange. The policy assists all the insiders of the Company to understand the restrictions placed on them with respect to their securities transactions and to avoid insider dealing during Closed Periods. Directors, insiders and their related persons in possession of confidential price sensitive information ("insider information") are prohibited from dealing with the securities of the Company where such would amount to insider trading.

**u) Complaint Management Policy**

The Company has in place a Complaint Management Policy in accordance with the requirements of the Securities and Exchange Commission. The Policy sets out the broad framework by which the Company handles shareholder complaints in a fair, impartial, efficient and timely manner.

### 9. EMPLOYMENT

**a) Management & Staff**

The Company's staff strength increased from 224 to 249 including the CEO within the financial year. The Company employed fifty-two (52) new staff while forty-two (42) disengaged from the Company. Fifteen (15) contract staff were converted to permanent staff within the period under review.

**b) Employment of Physically Challenged Persons**

We provide employment opportunities to physically challenged persons and do not discriminate on any ground. The Company is driven by a deep conviction that even in

## REPORT OF THE DIRECTORS cont'd

disability, there could be immense ability. In line with our policy, we recruit without discrimination and our recruitment is solely on qualification and capability needed for specific work. The Company currently has three physically challenged staff in her employment.

**c) Employee Involvement**

Cutix Plc is committed to keeping the employees fully informed about the Company's performance and progress and seeks their views whenever necessary on matters which affects them. The Joint Consultative Committee made up of members elected entirely by employees is a useful tool for enhancing effective communication with employees and involving them in decision making process.

**d) Health and Safety Policy**

In Cutix Plc, health and safety policy is in place and employees are aware of this policy. We are committed to preventing accidents, injuries and illnesses related to work and to protect employees, contractors and others involved in the Company's value chain.

### 10. REPORT ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) ACTIVITIES

Cutix Plc is committed to building an enduring institution that incorporates environmental, social and governance standards into our business operations and activities. The Company pays adequate attention to the interest of its stakeholders such as its employees, host community, consumers, government and the general public. The Company is also sensitive to Nigeria's social and cultural diversity and promotes national interests as well as national ethos and values without compromising global aspirations where applicable. The Company has a culture of integrity and zero tolerance for corruption and corrupt practices. Our aim is to be recognised as the best performing, most trusted and respected brand in not just Nigeria, but the world. We understand that to achieve this, we need to deliver on our sustainable development commitments. Within the period under review, we implemented initiatives that helped us advance our sustainable development strategy as stated below:

**a) ENVIRONMENT**

***Environmental Sustainability***

In our quest to become a more sustainable Company, we are committed to good environmental standard in line with applicable regulations and international best practices. We recognize that the management of environmental issues is important to our stakeholders and fundamental to the long-term sustainability of Cutix Plc. Our aim is to achieve and maintain environmental sustainability where our business pose neither long-term critical degradation of natural resources, nor lasting damage to species, habitats or climate. We monitor our carbon footprint through tracking of our electricity, water, paper and diesel usage. To address the increased consumption of paper usage, we trained our employees on the conservation techniques for paper. Already used papers are re-used for other purposes instead of immediate disposal.

Cutix Plc is focused on reducing any undesirable impact of her operations on the environment. Environmental Impact Assessments (EIA) are carried out before we commence any new project in the Company. Environmental Audits are also conducted whenever required and recommendations from these audits are duly implemented by the Company. The Company explores the use of local raw materials in her production processes. Cutix Plc is committed to policies, procedures, regulations and codes of practices to enable it provide healthy and safe operating conditions for all its employees, visitors and the host community as well as maintaining high standard of environmental protection. The Company, as part of her long-



## REPORT OF THE DIRECTORS cont'd

term plan is considering the possibility of using gas as an alternative option for powering her plants and machinery.

### ***Health, Safety and Employee Welfare at Work***

Occupational health and safety of employees is important for all operational activities in the Company and Management is committed to avoiding industrial accidents through increased training on safety to both employees and contractors. The Company installed fire prevention and fire-fighting equipment in strategic locations within the Company's premises. Occasionally, fire drills are conducted for employees to create safety awareness.

Our aim as a Company is to create a proactive safety culture in which all our employees believe that all injuries and occupational illnesses are foreseeable and preventable and act in a manner that demonstrates their personal commitment to this belief. Periodically, we engage the Red Cross Society for training and provision of basic information to staff and immediate host community on safety and emergency responses. Occasionally, we invite medical experts and health institutions to carry out screening exercise to enable employees know their status in respect of serious diseases and treatment provided will be paid through medical allowance provided for staff. The Company is always committed to keeping the employees fully informed regarding the corporate performance and progress and seeks their views whenever practicable on matters which affect them.



*A cross-section of Cutix's staff undergoing training on safety and emergency responses with the Red Cross Society*

## REPORT OF THE DIRECTORS cont'd

### b) SOCIAL ISSUES

#### ***Building Thriving Community***

We are committed to ensuring that we create value for all our stakeholders and the network of people and our host community who contribute to our business success. In Cutix Plc, we passionately believe that Corporate Social Responsibility (CSR) should be at the forefront of our strategic objectives. Thus, the Company is committed to creating an enduring partnership for sustainable development while adding values to the communities where we operate. As part of our commitment to the welfare of the community where we operate, we provided potable drinking water to alleviate the sufferings of the residents. At the instance of Cutix Plc, the remaining part of Osita Onyejiana Road, Umuanuka, Otolu Nnewi was completed by the Anambra State Government within the year under review. Students and pupils of selected schools in the host community were invited to our Children's Christmas party usually held in December every year. The Company also provided electricity to our immediate neighbours which is aimed at giving back to the community where we operate.



#### **Sponsorships and Donations**

Cutix Plc is the sole sponsor of the annual East of the Niger Inter-Club Tennis Tournament (ENIC). The Company also gives annual subvention to the Rehabilitation Centre for the Disabled, Old and Trumps (RECDOT) and the veterans. Financial assistance was also given to approved vigilante groups, educational institutions and scholarships to indigent students. During the year under review, the Company donated some copies of the Compendium launched by the Executive Governor of Anambra State, Chief Willie Obiano to selected public secondary schools in Nnewi and to Nnewi zonal Library in support of Education in the state. A state-of-the-art Lawn Tennis Court was built by the Company which was commissioned and donated to Nnewi Sports Club within the year.



*A Lawn Tennis Court built and donated to Nnewi Sports Club*

## REPORT OF THE DIRECTORS cont'd

### ***Consumer Communication***

Our products are safe for use and we educate users of electrical cable & wire products on the dangers of using substandard products. Within the year under review, the Company organised various Professional/Electrical forum and seminars in many States of the Federation and Abuja for our distributors, engineers, electricians and other users of electrical products. They were educated on our exclusive quality cable products and the implications of using substandard cable and wire products. We are committed to responsible, reliable consumer communication that empowers consumers to exercise their right to quality products.

### ***Quality Assurance and Product Safety***

As an electrical cable & wire producer, we have strong commitment to quality and ensures that all our products are in compliance with the national and international standards. We recognised the sensitivity of transporting electrical energy from the source to the point of need and as such, we ensure a good product quality program in our production system.

### ***Training Initiatives and Development of Employees***

Human capability has been found to be a key factor for corporate success in today's competitive business. Thus, a drive in the right direction for employees' development is imperative for sustainable superior performance of the Company. In Cutix Plc, our success is based on our people and we treat each other with respect and dignity while expecting everyone to promote a sense of personal responsibility. We recruit competent and motivated people who respect our values. We provide equal opportunities for our employees' development and advancement. The long-term success of the Company depends on the capacity to attract, retain and develop employees to ensure its growth on a continuing basis. The key to achieving a meaningful competitive advantage and long-term business success is the continuous training and upgrading of skills at all levels of the Company. Cutix's Skill Certification Policy enables employees to develop skills that will assist them in developing a long-term relationship with the Company. We provide hands on learning and classroom trainings to our employees both internally and externally.

### ***Gender Equality and Diversity***

Cutix Plc value gender equality and diversity and we are committed to creating a working environment with dignity and respect. We treat both employees and visitors fairly and provide supportive and safe environment to all without discrimination. Our employees are made up of male and female from different parts of the country. Every employee is given equal opportunity for promotion which is purely on merit.

### ***Gender Analysis***

The average number of employees of the Company within the year under review by gender and level is as follows:

i. **Analysis of Total Employees**

	Gender Number			Gender Percentage	
	Male	Female	Total	Male	Female
Employees	170	79	249	68%	32%



## REPORT OF THE DIRECTORS cont'd

### ii. Analysis of Board members and Top Management

	Gender Number			Gender Percentage	
	Male	Female	Total	Male	Female
Board Members (Executive & Non-Executive Directors)	4	3	7	57%	43%
Top Management (AGM – GM)	2	1	3	67%	33%

### c) GOVERNANCE ISSUES

#### ***Bribery and Corruption***

Cutix Plc condemns any form of bribery and corruption. Our employees must never, directly or through intermediaries, offer or promise any personal or improper financial or other advantage in order to obtain or retain a business or other favours from a third party, whether public or private. Employees are not allowed to offer or receive bribe.

#### ***Customer and Supplier Relations***

Cutix Plc requires her customers, contractors, suppliers, agents and their employees to demonstrate honesty, integrity and fairness. They are also required to adhere strictly to our non-negotiable standards. We are committed to our own customers in like manner.

#### ***Compliance with Statutory and Regulatory Requirements***

The Company complies with the legislation and applicable regulations of the Nigerian Stock Exchange (NSE) and the Securities and Exchange Commission (SEC). The Directors confirm that, to the best of their knowledge and as at the date of this report, the Company has been and is in substantial compliance with the provisions of the Code of Corporate Governance and the requirements of the Regulators.

### 11. EVENTS AFTER REPORTING DATE

As stated in Note 32 of the Audited Financial Statements for the year under review, there are no events or transactions that have occurred since the reporting date which would have a material effect on the financial statements as presented.

### 12. FORMAT OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with the reporting and presentation requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004 and are in compliance with the International Financial Reporting Standards issued by International Accounting Standards Board and the requirements of the Financial Reporting Council of Nigeria Act No 6. 2011. The Directors consider that the format adopted is the most suitable for the Company.

### 13. INDEPENDENT AUDITORS

The firm of Alatta Nzewi Oyeka & Co have indicated their willingness to continue in office as the Company's auditors in accordance with Section 357(2) of the Companies and Allied Matters Act CAP C20 LFN, 2004. The firm will be re-appointed at the next Annual General Meeting. The Auditors were engaged in October 2011.

BY ORDER OF THE BOARD



CHINWENDU NWOKPORO (ACIS)  
COMPANY SECRETARY  
FRC/2019/ICSAN/00000019775

JULY 19, 2019



## STATEMENT OF DIRECTORS' RESPONSIBILITIES

In accordance with the provisions of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004, the Directors are responsible for the preparation of annual financial statements, which give a true and fair view of the Company and of the Statements of Profit or Loss and other Comprehensive Income for the Financial Year.

The responsibilities include ensuring that:

- a) Appropriate internal controls are established both to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- b) The Company keeps accounting records which disclose with reasonable accuracy, the financial position of the Company and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act;
- c) The Company uses suitable accounting policies and are consistently applied.

The Directors accept responsibility for the annual financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with International Financial Reporting Standards issued by International Accounting Standard Board and the requirements of the Companies & Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and Financial Reporting Council of Nigeria Act, No 6. 2011.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company for the year ended April 30, 2019. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements as well as adequate systems of internal financial control.

### Going Concern

The Directors have made assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern in the year ahead.

The financial statements of the Company for the year ended 30 April 2019 were approved by the Directors on July 19, 2019.

Signed on behalf of the Directors of the Company by:



Amb. Okwudili Nwosu  
Chairman  
FRC/2019/NSE/00000019801



Mrs. Ijeoma Oduonye  
Chief Executive Officer  
FRC/2016/ICSAN/00000015363



Mrs. Favour Oti  
Chief Finance Officer  
FRC/2013/ICAN/00000017811

## STATUTORY AUDIT COMMITTEE'S REPORT

For the period ended 30 April 2019

### TO THE MEMBERS OF CUTIX PLC

In accordance with the provisions of section 359(6) of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria, 2004, the Members of the Audit Committee of Cutix Plc, having carried out our statutory functions under the Act, hereby report as follows:

1. That the accounting and reporting policies of the Company are in accordance with the legal requirements and agreed ethical practices;
2. That the scope and planning of both the external and internal audits for the year ended April 30, 2019 are satisfactory. The internal audit plan reinforces the Company's internal control system;
3. Having reviewed the Independent Auditor's Management Report, the Committee is satisfied with Management responses therein.

Finally, the Committee acknowledges the co-operation of Management and staff in the conduct of our duties.

Members of the Audit Committee are:

Chief Edmund U. Njoku	Chairman	(Shareholders' Representative)
Mr. Jude Okpala	Member	(Shareholders' Representative)
Barr (Mrs) Ifeoma Nwahiri	Member	(Directors' Representative)
Barr (Mrs) Oge Maduka	Member	(Directors' Representative)

The Company Secretary served as the Secretary to the Committee.

Dated this 18<sup>th</sup> day of July, 2019



Chief Edmund U. Njoku  
**Chairman, Audit Committee**  
FRC/2013/CIIN/00000005513



Chief Edmund U. Njoku



Mr. Jude Okpala



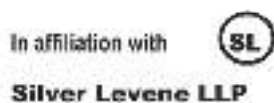
Barr (Mrs) Ifeoma Nwahiri



Barr (Mrs) Oge Maduka

# Report of the Independent Auditors

To The Members of Cutix Plc



## Report on the Audit of Financial Statements

### Opinion

We have audited the financial statements of Cutix Plc which comprises statement of financial position as at 30 April 2019, statement of profit or loss and other comprehensive income, statement of cash flows and notes to the financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 30 April 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

### Independence

We are independent of the Company in accordance with the Institute of Chartered accountants of Nigeria (ICAN) Professional Code of Conduct and guide for Accountants, which is consistent with the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were most significant in our audit of the financial statements of the current period. During our audit exercise, there was no key audit matters that required the attention of those charged with governance.

However, we communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

### Other Information

The Directors are responsible for the other information. The other information comprises the Director's report and Result at a glance but does not include the financial statements and our audit report thereon, which we obtained prior to the date of this auditors' report.

Our opinion on the financial statement does not cover the other information and we do not express any form of assurance conclusion thereon.

## Report of the Independent Auditors cont'd

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in the manner required by the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council Act, 2011 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a



## Report of the Independent Auditors cont'd

- going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our opinion.

### Report on Other Legal and Regulatory Requirements

**In accordance with the sixth Schedule of Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria, 2004 we expressly state that:**

- i) We have obtained all the information and explanation which to the best of our knowledge and believe were necessary for the purpose of our audit.
- ii) The Company has kept proper books of account so far it appears from our examination of those books.
- iii) The Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

**Yours faithfully,**



Ralph Okoroha, FCA  
FRC/2013/ICAN/00000002633  
for: Alatta Nzewi Oyeka & Co.  
Chartered Accountants  
Lagos, Nigeria.



July 19, 2019

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 April 2019

	Notes	2019 N'000	2018 N'000
Revenue	6	5,434,107	5,057,374
Cost of sales	7	<u>(3,789,320)</u>	<u>(3,536,685)</u>
<b>Gross profit</b>		<b>1,644,787</b>	<b>1,520,689</b>
Other income	8	<u>13,944</u>	<u>33,897</u>
		<b>1,658,731</b>	<b>1,554,586</b>
Selling and distribution expenses	9	<u>(168,155)</u>	<u>(142,212)</u>
Administrative expenses	10	<u>(704,059)</u>	<u>(613,304)</u>
<b>Profit before tax and interest expense</b>		<b>786,517</b>	<b>799,070</b>
Finance costs	11	<u>(107,185)</u>	<u>(137,507)</u>
<b>Profit before taxation</b>	12	679,332	661,563
Income tax expense	13.i	<u>(202,262)</u>	<u>(221,268)</u>
<b>Profit for the year</b>		<b><u>477,070</u></b>	<b><u>440,296</u></b>
<b>Other Comprehensive Income</b>			
Item that will never be reclassified to profit or loss:			
Define benefit plan actuarial loss		<u>-</u>	<u>-</u>
<b>Total Comprehensive Income for the year</b>		<b><u>477,070</u></b>	<b><u>440,296</u></b>
<b>Earnings per share (kobo) - Basic</b>	29	<b>27</b>	<b>50</b>

## STATEMENT OF FINANCIAL POSITION

### At 30 April 2019

	Notes	2019 N'000	2018 N'000
<b>Non-Current Assets:</b>			
Property, plant and equipment	14	874,219	869,103
Long term prepayment	15	6,206	9,183
<b>Total non-current assets</b>		<b>880,425</b>	<b>878,286</b>
<b>Current Assets</b>			
Inventories	16	1,579,698	1,317,958
Trade and other receivables	17	248,371	525,058
Prepayments	18	40,233	10,604
Cash and cash equivalents	19	112,612	104,356
<b>Total current assets</b>		<b>1,980,914</b>	<b>1,957,976</b>
<b>Total Assets</b>		<b>2,861,339</b>	<b>2,836,262</b>
<b>Equity:</b>			
Paid up share capital	20	880,661	440,331
Retained earnings	21	732,430	858,963
<b>Total Equity</b>		<b>1,613,091</b>	<b>1,299,294</b>
<b>Non Current Liabilities:</b>			
Long term borrowings	22	30,103	6,337
Deferred tax liabilities	13.1	185,651	171,120
<b>Total Non Current Liabilities</b>		<b>215,754</b>	<b>177,457</b>
<b>Current Liabilities</b>			
Short term borrowings	23	656,230	631,154
Trade and other payables	24	145,048	499,300
Current tax payable	13.ii	231,216	229,059
<b>Total current liabilities</b>		<b>1,032,494</b>	<b>1,359,513</b>
<b>Total Liabilities</b>		<b>1,248,248</b>	<b>1,536,970</b>
<b>Total Equity and Liabilities</b>		<b>2,861,339</b>	<b>2,836,262</b>

The Financial Statement on pages 41 to 44 and Notes to the Financial Statement on pages 45 to 65 were approved by the Board of Directors on July 19, 2019 and signed on its behalf by:



Amb. Okwudili Nwosu  
Chairman  
FRC/2019/NSE/00000019801



Mrs. Ijeoma Oduonye  
Chief Executive Officer  
FRC/2016/ICSAN/00000015363



Mrs. Favour Oti  
Chief Finance Officer  
FRC/2013/ICAN/00000017811

## STATEMENT OF CHANGES IN EQUITY

### For the Year Ended 30 April 2019

	Notes	Issued Share Capital N'000	Retained Earnings N'000	Total Equity N'000
<b>At 1 May 2018</b>		440,331	858,963	1,299,294
<b>Changes in equity for 2018</b>				
Profit for the year		-	477,070	477,070
Total equity in the year		<u>440,331</u>	<u>1,336,032</u>	<u>1,776,363</u>
<b>Transactions with owners recorded directly in equity</b>				
Dividends paid during the year	28	-	(176,132)	(176,132)
Bonus issue		440,330	(440,330)	-
Unclaimed dividend written back		-	12,860	12,860
Total transactions with owners		<u>440,330</u>	<u>(603,602)</u>	<u>(163,272)</u>
<b>At 30 April 2019</b>		<u>880,661</u>	<u>732,430</u>	<u>1,613,091</u>
<b>Statement of Changes in Equity for the year Ended April 30, 2018</b>				
<b>At 1 May 2017</b>		440,331	573,639	1,013,970
<b>Changes in equity for 2018</b>				
Profit for the year		-	440,296	440,296
Total equity in the year		<u>440,331</u>	<u>1,013,935</u>	<u>1,454,266</u>
<b>Transactions with owners recorded directly in equity</b>				
Dividends paid during the year	28	-	(158,519)	(158,519)
Unclaimed dividend written back		-	3,547	3,547
Total transactions with owners		-	<u>(154,972)</u>	<u>(154,972)</u>
<b>At 30 April 2018</b>		<u>440,331</u>	<u>858,963</u>	<u>1,299,294</u>



## STATEMENT OF CASH FLOWS

For the Year Ended 30 April 2019

	Notes	2019 N'000	2018 N'000
<b>Cash Flows From Operating Activities:</b>			
Cash receipts from customers		5,382,986	5,110,311
Cash paid to suppliers and employees		(4,687,773)	(4,341,487)
Value added tax - Input		189,466	176,834
Value added tax - (Output)		(271,705)	(252,869)
<b>Cash generated from operations</b>	<b>25</b>	<b>612,974</b>	<b>692,789</b>
Income taxes paid through withholding tax		(8,348)	(5,074)
Income taxes paid		(177,226)	(78,237)
<b>Net cash flows from operating activities</b>		<b>427,399</b>	<b>609,478</b>
<b>Cash Flows From Investing Activities:</b>			
Purchase of property, plant & equipment		(202,340)	(230,379)
Proceeds from sale of property, plant & equipment		4,813	2,806
<b>Net cash flows from investing activities</b>		<b>(197,527)</b>	<b>(227,573)</b>
<b>Cash Flows From Financing activities:</b>			
Finance costs		(107,185)	(137,507)
Dividend paid		(176,132)	(158,519)
Unclaimed dividend written back		12,860	3,547
Long-term borrowings		23,766	(46,000)
Short-term borrowings		25,076	(54,552)
<b>Net cash provided by financing activities</b>		<b>(221,616)</b>	<b>(393,031)</b>
Net Increase in cash and cash equivalents		8,256	(11,126)
Opening cash and cash equivalents		104,356	115,482
<b>Closing cash and equivalents</b>		<b>112,612</b>	<b>104,356</b>
<b>Represented by:</b>			
Cash and cash equivalents	<b>19</b>	112,612	104,356
		<b>112,612</b>	<b>104,356</b>

## NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 April 2019

### 1 The Company

#### 1.1 Legal Form

The Company was incorporated on November 4, 1982 as a private limited liability company. The company was initially quoted in the second tier of the Nigerian Stock Exchange on August 12, 1987 and later migrated to the first tier of the Stock Exchange on February 18, 2008. The address of Company is 17, Osita Onyejianya Street, Umuanuka, Otolo Nnewi, Anambra State.

#### 1.2 Principal Activities

The principal activities of the Company are manufacturing and marketing of electrical, automobile and telecommunication wires, cables and related products.

### 2 Basis of Preparation

#### (a) Statement of Compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### (b) Basis of Measurement

The financial statements have been prepared under the historical cost convention, except for the financial instruments and valuation of plan assets in defined benefit pension schemes. These financial statements are presented in Naira (₦) and all values are rounded to the nearest thousands except when otherwise indicated.

#### (c) Functional and Presentation Currency

These financial statements are presented in Naira, which is the Company's functional currency.

#### (d) Use of Judgments and Estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a going concern basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about assumptions and estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described below:

#### (i) Recognition of deferred tax assets

The recognition of deferred tax assets requires an assessment of future taxable profit. Deferred tax assets are only recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. The availability of future taxable profits depend on several factors of the Company's future financial performance and if necessary implementation of tax planning strategies.

#### (ii) Contingencies

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

## NOTES TO THE FINANCIAL STATEMENT cont'd

### (iii) **Impairment losses on receivables**

The Company reviews its receivables to assess impairment on an annual basis. The Company's credit risk is primarily attributable to its trade receivables. In determining whether impairment losses should be reported in profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

### 2.1 **Going Concern:**

The directors have at the time of preparing the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, hence going concern concept of accounting was adopted in the preparation of these financial statements.

### 2.2 **Summary of Standards and Interpretations**

#### 2.2.1 **IAS 1 Presentation of Financial Statements**

This clarifies that entities may present the analysis of each component of other comprehensive income either in the statements of changes in equity or in the notes to the financial statements.

#### 2.2.2 **IAS 24 Related Parties**

Related parties include the parent company and other related entities. Directors, their close family members and any employee who is able to exert a significant influence on the operating policies of the Company are also considered to be related parties. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

### 2.3 **Basis of Measurement**

The financial statements comprise the Statement of Profit or Loss and other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Account which have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared in accordance with the going concern principle under the historical cost convention, except for financial assets/(liabilities) measured at fair value. The financial statements are presented in Naira, which is the Company's presentation currency, and all values are rounded to the nearest thousand (N'000), except when otherwise indicated.

Preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

### 3 **Use of Estimates and Judgments**

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly.

## NOTES TO THE FINANCIAL STATEMENT cont'd

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

### 4 Significant Accounting Policies

The significant accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### 4.1 Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its costs is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

Land is carried at cost, less any recognized impairment loss.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

##### 4.1.1 Subsequent Costs

Cost arising subsequent to the acquisition of an asset are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial year in which they are incurred.

##### 4.1.2 De-recognition

Items of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement in the year the asset is derecognized.

##### 4.1.3 Depreciation of Property, Plant and Equipment

Depreciation is calculated on a straight-line basis to write-off assets over their estimated useful lives. Land and assets under construction (work-in-progress) are not depreciated.

Depreciation starts when an asset is ready for use and ends when derecognized or classified as held for sale. Depreciation does not cease when the asset becomes idle or retired from use unless the asset is fully depreciated.

The annual rates used are as follows:

Leasehold land	Lease period
Buildings and infrastructure	15 to 40 years
Shops	5 to 30 years
Borehole and tanks	10 years
Furniture and fittings	10 years
Generating sets	5 years



## NOTES TO THE FINANCIAL STATEMENT cont'd

Office equipment	10 years
Plants and machinery and equipment	10 years
Machine components	4 years
Motor vehicles	4 years
Computer equipment	2 years

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets or where shorter over the period of the lease.

### 4.1.4 Asset Useful Lives and Residual Values

Property, plant and equipment are depreciated over their useful lives taking into account residual values where appropriate. The actual useful lives of the assets and residual values are assessed annually. In reassessing asset useful lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

### 4.1.5 Provision for Dismantling \ Restoration Cost

The provisions are computed by reference to estimates of future anticipated dismantling costs and the corresponding amounts added to the asset under property, plant and equipment for assets measure using the cost model. For assets measured using the revaluation model, subsequent changes in the liability are recognised in revaluation reserves through OCI to the extent of any credit balances existing in the revaluation surplus reserve in respect of that asset. The present values are determine using pre-tax rate which reflects current market assessments of the time value of money and the risk specific to the obligation.

Provisions are recognised whenever a legal or constructive obligation arising from past events, the outflow of resources to settle the liability can be estimated reliably. Provisions are discounted if the effect is material.

However, no provision was made in the financial statements.

## 4.2 Intangible Assets

Intangible assets acquired separately are shown at historical cost less accumulated amortization and impairment losses.

Amortization is charged to income statement on a straight line basis over the estimated useful lives of the intangible asset unless such lives are indefinite. These charges are included in other expenses in the income statement. Intangible assets with an indefinite useful life are tested for impairment annually. Other intangible assets are amortized from the date they are available for use.

### 4.2.1 Derecognition of Intangible Assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

### 4.2.2 Subsequent Expenditure

Subsequent expenditure on computer software and development cost are capitalized only when the future economic benefits embodied in the specific asset to which it relates, all other expenditure is expensed as incurred.

## NOTES TO THE FINANCIAL STATEMENT cont'd

### 4.2.3 Amortization

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in income statement on a straight line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this must closely reflect the expected pattern of consumption of the future economic benefits embodied in the asset. Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

### 4.2.4 Non-current Assets Held for Sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. Immediately before classification as held for sale, the assets, or components of a disposal group, are re-measured in accordance with the company's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. If their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

### 4.3 Inventory

Inventories are valued at the lower of cost and net realizable value. Cost is generally determined on a weighted average basis. Costs that are incurred in bringing each product to its present location and condition are accounted for as follows:

#### Raw Materials

\*Purchase cost on a weighted average cost basis.

#### Finished Goods and Work-in-Progress

\*Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

#### Other Inventories and Spares

\*The cost of other inventories is based on weighted average. Spare parts are valued at the lower of cost and net realizable value. Value reduction and usage of spare parts are charged to statement of profit or loss and other comprehensive income.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The production costs comprise direct materials, direct labour and an appropriate proportion of manufacturing fixed and variable overheads. Allowance is made for obsolete, slow moving or defective items where appropriate.

### 4.3.1 Treatment of Goods in Transit

Goods in transit are recognized in the books as soon as significant risk and rewards of ownership is transferred to the company i.e., date of shipment.

### 4.4.1 Trade Receivables

Trade receivables are carried at the original amount due from customers, which is considered to be fair value, less allowances for doubtful accounts. Allowance for doubtful accounts is based

## NOTES TO THE FINANCIAL STATEMENT cont'd

on a periodic review of all outstanding amounts, where significant doubt about collectability exists, including an analysis of historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in our customer payment terms. Significant debt balances are provided for based on the criteria mentioned above and non-significant debts are tested collectively for impairment. Bad debts are written off when identified as uncollectible, and are included within other operating expenses. Subsequent recoveries of amounts previously provided for are credited to the statement of profit or loss and other comprehensive income.

### 4.5 Financial Instruments

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity, investments and available for sale. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

Financial instruments carried at the financial position date include the loans and receivables, accounts receivable, cash and cash equivalents, borrowings and accounts payables. Financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition financial instruments are measured as described below.

#### 4.5.1 Financial Assets

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The financial assets carried at statement of financial position date are classified as 'loans and receivables'.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Company intends to sell in the short term or that it has designated as fair value through profit or loss or available for sale. The Company does not use derivative financial instruments.

#### Loans and Receivables

Loans and receivables include loans to staff and are initially measured at cost but subsequently at amortized cost using the effective interest rate method less impairment. Loans are subject to regular and thorough review as to their collectability and as to available collateral. In the event that any loan is deemed not fully recoverable, an impairment is made to reflect the shortfall between the carrying amount and the present value of the expected cash flows. Interest income on loans receivable is recognized by applying the effective interest rate. The long term portion of loans receivable is included on the statement of financial position under long-term loans receivable and the current portion under current portion of long-term loans receivable. However, where the impact of measuring these loans at amortized cost is not significant, the receivables are carried at cost.

#### Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. Cash and cash equivalents comprise cash on hand, deposits held at call with banks, and investment in money market instruments. In the statement of financial position and statement of cash flows, bank overdrafts and commercial papers are included in short term borrowings.

#### 4.5.2 Financial Liabilities

The company's financial liabilities at statement of financial position date include Borrowings and Trade payables (excluding VAT and employee related payables). These financial liabilities are

## NOTES TO THE FINANCIAL STATEMENT cont'd

subsequently measured at amortized cost using the effective interest rate method. Financial liabilities are included in current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date. However, where the impact of measuring trade payable at amortized cost is insignificant, trade payables are carried at cost.

### **Trade Payables**

Trade payable are stated at their original invoiced value. If there is an agreement that interest or premium be paid, it will be calculated and added to the initial amount.

### **Borrowings**

Borrowings, inclusive of transaction cost, are recognized initially at fair value. Borrowings are subsequently stated at amortized costs using the effective interest rate method, any difference between proceeds and the redemption value is recognized in the income statement over the period of the borrowing using the effective interest rate method. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

#### **4..6 Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

#### **4.7 Impairment of Financial Assets**

All financial assets, except for those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date.

#### **4.8 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the Company. All other leases are classified as operating leases.

##### **4.8.1 Finance Leases**

Leases of assets where the company assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalized at inception at the lower of the fair value of the leased property and the present value of the minimum lease payment.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding lease obligations, net of finance charges, are included in finance lease obligation. The interest element of the lease payment is charged to the income statement over the lease period. The assets acquired under finance leasing contracts are depreciated over the shorter of the useful life of the asset of the lease period. Where a lease has an option to be renewed the renewal period is considered when the period over which the asset will be depreciated is determined.

##### **4..8.2 Operating Leases**

Leases of assets under which substantially all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognized as an expense in the period in which termination takes place.



## NOTES TO THE FINANCIAL STATEMENT cont'd

### 4.9 Revenue

This relates to the sale of goods to customers, exclusive of value added tax and less any discounts. Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, recovery of the consideration is possible, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

#### 4.9.1 Sales of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

### 4.10 Income Recognition

Income is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Income is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

#### 4.10.1 Income

For all financial instruments measured at amortized cost and interest bearing financial assets classified as available for sale, interest income or expenses is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

#### 4.10.2 Interest Expenses

Interest expenses on bank overdrafts, related party loans, borrowings and impairment losses recognized on financial liabilities are included under finance costs of the company.

### 4.11 Cost of Sales

This item represents the full absorption cost of products sold. The full absorption cost comprises cost of direct materials, labour and the proportion of manufacturing overhead based on normal operating capacity and borrowing costs. The costs of raw materials and consumables are calculated based on the weighted averaged cost principle.

### 4.12 Post Employment Benefits:

#### 4.12.1 Pension Fund Scheme

In accordance with the provisions of the Pension Reform Act, 2014 (as amended) the Company has instituted a Contributory Pension Scheme for its employees, where both the employees and the Company contribute 8% and 10% respectively. The contribution is based on total employee emoluments (basic salary, housing and transport allowances). The company's contribution under the scheme is charged to the income statement while employee contributions are funded through payroll deductions.

#### 4.12.2 Productivity incentive and bonus plans

All full time staff are eligible to participate in the productivity incentive scheme. The Company recognizes a liability and an expense for bonuses and productivity incentive, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustment. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

## NOTES TO THE FINANCIAL STATEMENT cont'd

### 4.12.3 Defined Contribution Scheme:

The company complies with the provisions of the Pension Fund Reform Act 2004 whereby the employer and employee contribute 10% and 8% respectively of basic, housing and transport allowances on monthly basis. Both employer and employee contributions are remitted monthly to the employees' chosen Pension Fund Administrators (PFA). Employers contribution amounting to ₦26.5 million (2018: ₦19.3 million) has been charged to income statement.

### 4.13 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company, or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

### 4.13 Taxation

Income tax for the year is based on the taxable income for the year. Taxable income differs from profit as reported in the statement of comprehensive income for the period as there are some items which may never be taxable or deductible for tax and other items which may be deductible or taxable in other periods.

#### 4.13.1 Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are determined in accordance with the Companies Income Tax Act (CITA). CITA is assessed at 30% of adjusted profit while Education Tax at 2% of assessable profit.

#### 4.13.2 Deferred Tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- > the carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

## NOTES TO THE FINANCIAL STATEMENT cont'd

- > deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
- > a deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.
- > the carrying amount of the deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

### 4.14. Provisions

#### 4.14.1 General

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expenses relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

#### 4.14.2 Restructuring Provisions

Restructuring provisions are only recognized when general recognition criteria for provisions are fulfilled. Additionally, the company needs to have in place a detailed formal plan about the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs and appropriate time-line. The people affected have a valid expectation that the restructuring is being carried out or the implementation has been initiated already.

### 4.15 Foreign Currency

Transactions in foreign currencies are initially recorded by the company at the functional currency rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the income statement with the exception of all monetary items that form part of a net investment in a foreign operation. These are recognized in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on transaction of non-monetary items is recognized in line with the gain or loss of the item that gave rise to the transaction difference (translation differences on items whose gain or loss recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss respectively).

## NOTES TO THE FINANCIAL STATEMENT cont'd

### 4.16 Dividend Distributions

Dividend distributions to the company's shareholders are recognized as a liability in the company's financial statements in the period in which the dividends are declared.

Unclaimed dividends are amounts payable to shareholders in respect of dividend previously declared by the company, which have remained unclaimed by the shareholders. In compliance with Section 285 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria, unclaimed dividends after fifteen months are transferred to retained earnings.

### 4.17 Employment of Disabled Persons

It is the policy of the company that there should be no discrimination in considering applications for employment including those for disabled persons. As at 30th April 2019, there was three disabled persons in the employment of the company.

### 4.18 Health, Safety at Work and Welfare of Company's Employees

Health and safety regulations are in force within the company and employees are aware of existing regulations. The company provides subsidy to all levels of employees for medical, transportation, housing, etc.

### 4.19 Earnings Per Share

The company presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Company by the number of shares outstanding during the year. Adjusted earnings per share is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares adjusted for the bonus shares issued.

### 4.20 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects and costs directly attributable to the issue of the instruments.

### 4.21 Impairment of Non-financial Assets

Goodwill and indefinite life intangible assets are considered for impairment at least annually. Property, plant and equipment, other intangible assets, available-for-sale investments and non-current assets held for sale are considered for impairment if there is a reason to believe that an impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic entity, the viability of the unit itself.

Future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value. If the information to project future cash flows is not available or could not be reliably estimated management uses the best alternative information available to estimate a possible impairment.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).



**NOTES TO THE FINANCIAL STATEMENT** cont'd

An impairment loss in respect of goodwill is not reversible. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**4.22 Segment Reporting**

Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly of head office expenses, and tax assets and liabilities.

A segment is a distinguishable component of the company that is engaged either in providing related products or services (business segment) or in providing products or services within a particular economic environment (geographical segment) which is subject to result and returns that are different from those of other segments. Segment information is required to be presented in respect of the company's business and geographical segment where applicable. Nigeria is the company's primary geographical segment as all the company's income is derived in Nigeria. Additionally, the company operates only in one business segment and accordingly, no further business or geographical information is required.

**4.23 New Standards and Interpretations Not Yet Adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1st January, 2020 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The extent of the impact of these standards is yet to be determined. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated.

**IFRS 17 'Insurance Contracts (2017) effective for annual period beginning January 2020.**

On 31st October, 2012 IASB issued Definition of Material (Amendments to IAS 1 and IAS 8) to clarify the definition of materials and to align the definition used in the conceptual framework and the standards themselves. The Amendments are effective annual reporting periods beginning on or after January 1, 2020.

**6****Revenue**

Revenue represents the net amount invoiced to customers for goods supplied within Nigeria.

	<b>2019 N'000</b>	<b>2018 N'000</b>
Cables & wire sales	3,644,492	3,731,196
Metal product sales	871	4,197
Armored cable sales	<u>1,788,744</u>	<u>1,321,980</u>
	<b><u>5,434,107</u></b>	<b><u>5,057,374</u></b>

**NOTES TO THE FINANCIAL STATEMENT cont'd****6.i Analysis of revenue by geographical location (within Nigeria)**

	<b>2019</b>	<b>2018</b>
	<b>N'000</b>	<b>N'000</b>
Aba	170,606	244,734
Abuja	644,305	699,180
Warri	-	16,931
Lagos	211,074	340,973
PH	790,104	382,825
Obosi	117,020	104,245
Enugu	50,368	-
Nnewi	3,069,675	2,937,084
Uyo	<u>380,955</u>	<u>331,404</u>
	<b><u>5,434,107</u></b>	<b><u>5,057,374</u></b>
<b>7 Cost of Sales:</b>		
Depreciation expenses - Production	108,038	85,887
Insurance - Production	4,902	6,127
Maintenance - Production	70,512	78,143
Power charges	43,890	20,589
Production supplies	209,795	155,083
Production wages	125,346	94,690
Raw material cost	3,199,355	3,072,541
Motor vehicle - COS	<u>27,482</u>	<u>23,625</u>
	<b><u>3,789,320</u></b>	<b><u>3,536,685</u></b>
<b>8 Other Income</b>		
(Loss)/Profit on sale of property, plant and equipment	(24,738)	2,710
Foreign exchange difference	1,473	1,476
Sales of scrap	<u>37,209</u>	<u>29,710</u>
	<b><u>13,944</u></b>	<b><u>33,897</u></b>
<b>9 Selling and Distribution Expenses</b>		
Distribution expenses	53,718	59,027
Advertisement and promotions	<u>114,437</u>	<u>83,185</u>
	<b><u>168,155</u></b>	<b><u>142,212</u></b>

## NOTES TO THE FINANCIAL STATEMENT cont'd

	2019 N'000	2018 N'000
<b>10 Administrative Expenses</b>		
Audit fees	3,000	3,000
Bank charges	8,540	10,806
Vehicle operating expenses	14,847	16,068
Repairs and maintenance	24,698	27,935
Medical and welfare	56,588	67,700
Pension (management contribution)	26,460	19,288
Postages and telephones	14,269	17,732
Depreciation	59,635	46,001
Rent and rates	16,283	13,884
Staff salaries	190,097	106,883
Directors' emolument	10,170	8,860
Subscriptions and periodicals	5,002	6,634
Training and development	46,541	66,742
Transport and traveling	101,073	149,624
Professional services	1,917	2,450
Office expenses	13,068	11,296
Research and development	7,532	129
Bad debt	5,684	-
Insurances	14,232	8,237
Retirement benefits	71,348	-
Printing and stationeries	6,949	6,417
Corporate social responsibility	4,794	4,005
Share capital increase	1,331	19,613
	<b><u>704,059</u></b>	<b><u>613,304</u></b>
<b>11 Finance Costs</b>		
Interest on term loans	25,063	29,144
Interest on commercial papers	32,322	26,727
Interest on overdraft	49,800	81,636
	<b><u>107,185</u></b>	<b><u>137,507</u></b>
<b>12 Profit Before Taxation</b>		
The profit for the year is arrived at after charging:		
Directors' fees	895	716
Directors' other emoluments	9,275	8,144
Auditors' remuneration	3,000	3,000
Finance charges	107,185	137,507
Depreciation	167,673	130,726
And after crediting:		
Other income	<u>13,944</u>	<u>33,897</u>

## NOTES TO THE FINANCIAL STATEMENT cont'd

	2019 N'000	2018 N'000
<b>13 Taxation:</b>		
<b>i Income tax recognized in profit or loss</b>		
Taxation on profit on ordinary activities	170,651	167,857
Education tax	17,080	16,238
Under provision for 2015	-	16,928
Deferred tax ( <i>Note 13.1</i> )	14,531	20,246
<b>Balance per income statement</b>	<b>202,262</b>	<b>221,268</b>
<b>ii Current liabilities in the statement of financial position</b>		
Taxation on profit on ordinary activities	170,651	167,857
Education tax	17,080	16,238
	187,732	184,095
Balance brought forward	229,059	111,195
Payments during the year	(177,226)	(78,237)
Under provision for 2015	-	17,080
Withholding tax utilized	(8,348)	(5,074)
<b>Balance per statement of financial position</b>	<b>231,216</b>	<b>229,059</b>
<b>13.1 Deferred Taxation:</b>		
At May 1, 2018	171,120	151,080
Charged to profit or loss	14,531	20,040
At April 30, 2019	<b>185,651</b>	<b>171,120</b>
<b>13.2 Reconciliation of Effective Tax Rate</b>		
Profit for the year	477,070	440,295
Total income tax expense	187,732	184,095
Profit excluding deferred tax	<b>664,801</b>	<b>624,390</b>
<b>Effective tax rate</b>	<b>28</b>	<b>29</b>

The charge for taxation has been computed in accordance with the provisions of the Companies Income Tax Act, CAP C21, LFN 2004 as amended to date and Education Tax Act CAP E4 LFN 2004. The Company has adopted the International Accounting Standard (IAS) 12 on the Income Taxes.

### 13.3 Analysis of Deferred Tax is made up of:

	Opening Balance N'000	Recognized in Profit or Loss N'000	Recognized in OCI N'000	Closing Balance N'000
<b>April 30, 2019</b>				
Deferred tax liability or asset in relation to:				
Property, plant and equipment	171,119	14,531	-	185,650
	<u>171,119</u>	<u>14,531</u>	<u>-</u>	<u>185,650</u>
<b>April 30, 2018</b>				
Deferred tax liability or asset in relation to:				
Property, plant and equipment	151,079	20,040	-	171,119
	<u>151,079</u>	<u>20,040</u>	<u>-</u>	<u>171,119</u>



## 14 Property, Plant and Equipment

	Land	Buildings	Shops	Borehole & Tanks	Generator Sets	Plant & Machinery	Motor Vehicles	Computer Equipment	Office Equip. Fittings	Capital Work in Progress	Total
Cost:	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At May 1, 2017	26,254	380,720	4,200	23,353	-	822,037	121,497	21,943	36,418	4,438	1,440,859
Additions	-	-	-	-	-	99,794	79,500	42,782	8,303	-	230,379
Reclassification	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(22,686)	-	(7)	-	-	(22,693)
<b>Balance at 30 April 2018</b>	<b>26,254</b>	<b>380,720</b>	<b>4,200</b>	<b>23,353</b>	<b>-</b>	<b>899,147</b>	<b>200,997</b>	<b>64,716</b>	<b>44,720</b>	<b>4,438</b>	<b>1,648,545</b>
Additions	-	-	-	-	70,647	96,284	9,265	22,513	3,630	-	202,340
Reclassification	-	-	-	-	113,727	(113,727)	-	-	-	-	-
Disposals	-	-	-	-	-	(9,182)	(72,458)	(3,070)	(43)	-	(84,752)
<b>Balance at 30 April 2019</b>	<b>26,254</b>	<b>380,720</b>	<b>4,200</b>	<b>23,353</b>	<b>184,374</b>	<b>872,522</b>	<b>137,804</b>	<b>84,160</b>	<b>48,307</b>	<b>4,438</b>	<b>1,766,133</b>
<b>Depreciation</b>											
At May 1, 2017	-	65,066	700	14,289	-	444,666	107,164	16,714	22,810	-	671,409
Depreciation for the year	-	9,518	140	2,335	-	72,732	24,653	17,543	3,805	-	130,726
Disposals	-	-	-	-	-	(22,686)	-	(7)	-	-	(22,693)
<b>Balance at 30 April 2018</b>	<b>-</b>	<b>74,584</b>	<b>840</b>	<b>16,623</b>	<b>-</b>	<b>494,713</b>	<b>131,817</b>	<b>34,251</b>	<b>26,615</b>	<b>-</b>	<b>779,443</b>
Depreciation for the year	-	9,518	140	2,335	27,690	68,270	26,969	31,157	1,595	-	167,673
Disposals	-	-	-	-	-	(9,131)	(42,958)	(3,070)	(42)	-	(55,201)
<b>Balance at 30 April 2019</b>	<b>-</b>	<b>84,102</b>	<b>980</b>	<b>18,958</b>	<b>75,527</b>	<b>506,015</b>	<b>115,828</b>	<b>62,338</b>	<b>28,167</b>	<b>-</b>	<b>891,914</b>
<b>Carrying Amount:</b>											
<b>At 30 April 2019</b>	<b>26,254</b>	<b>296,618</b>	<b>3,220</b>	<b>4,395</b>	<b>108,847</b>	<b>366,507</b>	<b>21,977</b>	<b>21,822</b>	<b>20,140</b>	<b>4,438</b>	<b>874,219</b>
<b>At 30 April 2018</b>	<b>26,254</b>	<b>306,136</b>	<b>3,360</b>	<b>6,730</b>	<b>-</b>	<b>404,434</b>	<b>69,180</b>	<b>30,465</b>	<b>18,105</b>	<b>4,438</b>	<b>869,103</b>

## 15 Long Term Prepayments:

Prepaid rent

This represents unexpired portion of prepaid rent which is due after one year.

## 16 Inventories:

Raw materials

Work in progress

Finished goods

Technical stock and spares

Consumables

Advert and promotion

Obsolete stock

## 17 Trade and Other Receivables

Trade receivables

Deposit for imports

Staff receivables

Other receivables

## 18 Prepayments

Prepayments

Prepayments due after one year *(See Note 15)*

Prepayments due within one year

	2019 N'000	2018 N'000
<b>Prepaid rent</b>	<b>6,206</b>	<b>9,183</b>
<b>Raw materials</b>	<b>654,764</b>	<b>452,340</b>
<b>Work in progress</b>	<b>190,532</b>	<b>212,659</b>
<b>Finished goods</b>	<b>556,389</b>	<b>487,852</b>
<b>Technical stock and spares</b>	<b>181,612</b>	<b>146,470</b>
<b>Consumables</b>	<b>2,610</b>	<b>1,979</b>
<b>Advert and promotion</b>	<b>13,439</b>	<b>16,658</b>
<b>Obsolete stock</b>	<b>(19,649)</b>	<b>-</b>
<b>Total</b>	<b>1,579,697</b>	<b>1,317,958</b>
<b>Trade receivables</b>	<b>109,524</b>	<b>58,403</b>
<b>Deposit for imports</b>	<b>129,172</b>	<b>439,190</b>
<b>Staff receivables</b>	<b>5,262</b>	<b>4,149</b>
<b>Other receivables</b>	<b>4,413</b>	<b>23,316</b>
<b>Total</b>	<b>248,371</b>	<b>525,058</b>
<b>Prepayments</b>	<b>46,439</b>	<b>19,787</b>
<b>Prepayments due after one year (See Note 15)</b>	<b>(6,206)</b>	<b>(9,183)</b>
<b>Prepayments due within one year</b>	<b>40,233</b>	<b>10,604</b>

## NOTES TO THE FINANCIAL STATEMENT cont'd

		2019 N'000	2018 N'000
<b>19</b>	<b>Cash and Cash Equivalents:</b>		
	Cash balances	263	137
	Access Bank Plc	10,505	6,089
	Access Bank Plc (former Diamond Bank Plc)	19,236	13,893
	Ecobank Limited	6,704	21,202
	Fidelity Bank Plc	3,287	-
	Guaranty Trust Bank Plc	4,820	4,545
	Polaris Bank Limited	142	-
	Sterling Bank Plc	4,876	-
	Union Bank of Nigeria Plc	33,711	34,026
	United Bank for Africa Plc	9,435	20,731
	Zenith Bank Plc	19,631	3,733
		<u>112,612</u>	<u>104,356</u>
<b>20</b>	<b>Share Capital</b>		
	Authorized: 2,871,603,392 (2018 - N1,435,801,696)	2,871,603	1,435,802
	Ordinary shares of 50k each	<u>2,871,603</u>	<u>1,435,802</u>
	Issued and Fully Paid: 1,761,322,026 (2018: 880,661,013)		
	Ordinary shares of 50k each	<u>880,661</u>	<u>440,331</u>
	The increase in issued and fully paid share capital from N440,330,507 to N880,661,013 was as result of bonus share of 1 for 1		
<b>21</b>	<b>Retained Earnings</b>		
	Balance brought forward	858,963	573,638
	Transfer from income statement	477,070	440,296
	Capitalization of 880,661,013 bonus shares @ 50k each	(440,330)	-
	Revalidated dividend paid	(11,163)	(5,982)
	Dividend written back	24,023	9,529
	Dividend paid in the year	(176,132)	(158,519)
		<u>732,430</u>	<u>858,963</u>
<b>22</b>	<b>Long Term Borrowings:</b>		
	Access Bank Plc (former Diamond Bank Plc) (Note 22a)	45,154	2,666
	Current portion (Diamond Bank)	<u>(15,051)</u>	<u>(2,666)</u>
		30,103	-
	Union Bank of Nigeria Plc.	6,337	49,673
	Additions during the year	-	(4,793)
	Current portion (Union Bank)	<u>-</u>	<u>6,337</u>
		<u>30,103</u>	<u>6,337</u>

**22a Access Bank Plc (former Diamond Bank Plc)**

This is term facility of ₦49,124,200 obtained from Access Bank Plc (Former Diamond Bank Plc) repayable over 36 months with effect from November 2018. The applicable interest rate on the facility is currently at 23%. The facility is to finance part of the purchase price of 1,000 kva generator from Cummins.

## NOTES TO THE FINANCIAL STATEMENT cont'd

	2019 N'000	2018 N'000
<b>23 Short Term Borrowings:</b>		
Access Bank Plc (former Diamond Bank Plc) (Note 23.1)		
- Current portion	15,051	2,666
Access Bank Plc (former Diamond Bank Plc) - Overdraft	88,432	54,941
Union Bank of Nigeria Plc - Current portion	-	38,543
Union Bank of Nigeria Plc - Fx Forward	-	32,185
Union Bank of Nigeria Plc - Promissory notes	66,234	142,069
Union Bank of Nigeria Plc - Overdraft	215,772	201,957
Commercial papers (Note 23.1)	270,740	158,794
	<b>656,230</b>	<b>631,154</b>
<b>23.1</b> The commercial papers were issued to various individuals and Co-operative societies for period of 90 days renewable at interest rates ranging from 9.5% to 18%.		
<b>24 Trade and Other Payables</b>	<b>2019 N'000</b>	<b>2018 N'000</b>
Trade payables	34,310	197,839
Other payables	10,505	18,529
Accruals	64,755	259,910
Value added tax payable	4,013	(108)
Other credit balances (Note 24.1)	31,465	23,130
	<b>145,048</b>	<b>499,300</b>
<b>24.1 Other Credit Balances</b>		
Withholding tax	3,257	
Distributions deposit	600	
Directors' sitting expenses and allowance	2,288	
Pension scheme	43	
Other advertisement and promotion	3,042	
Obodo rubber	32	
Reap fold	3	
Road construction - ANSG	286	
LC - Offshore charges	9,894	
Upfront interest charge	11,639	
Marine insurance	384	
	<b>31,465</b>	<b>23,130</b>
<b>25 Reconciliation of Net Income to Net Cash Provided by Operating Activities:</b>		
Profit before finance costs	786,517	799,070
<b>Adjustments for:</b>		
Depreciation	167,673	130,726
Loss or (profit) on asset disposal	24,738	(2,710)
<b>Operating profit before working capital changes</b>	<b>978,929</b>	<b>927,086</b>
(Increase) in inventories	(261,740)	(214,800)
Decrease/(Increase) in trade receivables and prepayments	250,037	(203,293)
(Decrease)/Increase in trade and other payables	(354,252)	183,796
<b>Cash generated from operations</b>	<b>612,974</b>	<b>692,789</b>

## NOTES TO THE FINANCIAL STATEMENT cont'd

		2019 N'000	2018 N'000
<b>26 Staff Cost</b>			
Salaries and wages		314,393	201,572
Medical, welfare, pension and training		83,048	86,988
		<u>397,441</u>	<u>288,560</u>
<b>27 Directors and Employees:</b>			
(i) Chairman's Emoluments:			
As Executive		-	-
Fees		153	111
Other		529	366
		<u>682</u>	<u>477</u>
(ii) Other Directors' Emoluments:			
As Executive		6,525	6,173
Fees		742	605
Other		2,221	1,605
		<u>9,488</u>	<u>8,383</u>
(iii) The number of Directors excluding the Chairman whose emoluments were within the following ranges were:-		Number	Number
N20,000 - N40,000		-	-
N40,001 - N60,000		-	-
Above N60,001		6	6
Number of Directors who had no emoluments		None	None
(iv) Employees remunerated at higher rates:			
The number of employees in receipt of emoluments within the following ranges were:-			
N200,000 - N300,000		73	69
N300,001 - N400,000		47	42
N400,001 - N500,000		50	45
N500,001 - N600,000		26	19
Above N600,001		<u>53</u>	<u>49</u>
(v) Staff costs:			
The number of persons employed at 30th April, and the staff costs were as follows:			
Managerial		16	18
Intermediate staff		59	46
Junior staff		174	160
		<u>249</u>	<u>224</u>
<i>The related staff costs amounted to N397,441,041 (2018 -N288,560,396)</i>			

**vi Key management compensation**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of this entity.

## NOTES TO THE FINANCIAL STATEMENT cont'd

Key management compensation includes:	<b>2019</b>	<b>2018</b>
Short term employee benefits:	<b>N'000</b>	<b>N'000</b>
Wages and salaries:		
Directors emoluments	682	477
Post employment benefits:		
Defined contribution plan	26,460	19,288
The above amounts have been included in directors emoluments above.	<u><b>27,142</b></u>	<u><b>19,765</b></u>

### 28 Dividends Paid and Proposed

Dividends on ordinary shares declared and paid during the year	-	-
Final dividend for 2018: 20 kobo per share (2017: 18 kobo per share)	176,132	158,519
	<u><b>176,132</b></u>	<u><b>158,519</b></u>

### 29 Earnings Per Share

#### a. Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

Weighted average number of shares in issue ('000)	1,761,322	880,662
Profit attributable to ordinary equity shareholders (N'000)	477,070	440,296
Basic earnings per share (kobo)	<b>27.09</b>	<b>50.00</b>

#### b. Diluted

There were no potentially diluted shares outstanding at 30 April, 2019.

### 30 Financial Risk Management and Financial Instruments

The Company has exposure to the following risks from its use of financial instruments:

- > credit risk
- > liquidity risk
- > market risk

#### Risk management framework

The Risk Management Committee has overall responsibility for the establishment and oversight of the Company's risk management framework. The risk committee is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies identify and analyze risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems will be reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its regular training and management standards and procedures, will develop a disciplined and constructive control environment in which all its employees understand their roles and obligations after which regular reviews of risk management controls and procedures are undertaken by the internal audit department, the results of which are reported to the Risk Management Committee.

The Company's Board of Directors will oversee and monitor compliance with the Company's risk management policies and procedures, and will review the adequacy of the risk management framework in relation to the risks faced by the Company.

#### a. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers and other related parties.



## NOTES TO THE FINANCIAL STATEMENT cont'd

The carry amount of financial assets represent the maximum credit exposure.

	2019 N'000	2018 N'000
Trade and other receivables	248,371	525,058
Cash and cash equivalents	112,612	104,356
	<u>360,983</u>	<u>629,414</u>

### b. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's general rule is to ensure that cash flow on its contracts is positive or less neutral.

Typically, the Company's credit term with customers are more favourable compared to payment terms to its vendors in order to help provide sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of netting agreements.

### c. Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimizing the returns.

The Company manages market risks by keeping cost low through various optimization programmes. Moreover, market developments are monitored and discussed regularly and mitigating actions are taken where necessary.

### d. Currency risk

The Company is exposed to currency risk on revenue and purchases that are denominated in a currency other than its functional currency, the Naira. The currencies in which these transactions primarily are denominated are Pound Sterling (£), Euro (€) and the US Dollar (USD). The currency risk is that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

In managing currency risk, the Company aims to reduce the impact of short-term fluctuations on earnings. The Company has no export sales. Thus the exposure to currency risk in that regard is non existence. The Company's significant exposure to currency risk relates to its importation of various materials and other property, plant and equipment. Although the Company has various measures to mitigate exposure to foreign exchange rate movement, over the longer term, however, permanent changes in exchange rates would have an impact on profit. The Company monitors the movement in the currency rates on an ongoing basis.

### 32 Event After Reporting Date:

The Directors are of the opinion that there are no events after the reporting date, which could have had material effect on the state of affairs of the Company at 30 April 2019 and on the statement of profit or loss and other comprehensive income for the year ended on that date, which have not been adequately provided for or recognized.

## OTHER NATIONAL INFORMATION STATEMENT OF VALUE ADDED

For the Year Ended 30 April 2019

	2019 N'000	%	2018 N'000	%
Revenue	5,434,107		5,057,374	
Other income	<u>13,944</u>		<u>33,897</u>	
Revenue and other income	5,448,051		5,091,271	
Bought-in-materials and services - Foreign	(3,462,125)		(3,378,537)	
Bought-in-materials and services - Local	<u>(619,765)</u>		<u>(474,337)</u>	
<b>Value Added</b>	<b><u>1,366,161</u></b>	<b><u>100.00</u></b>	<b><u>1,238,397</u></b>	<b><u>100.00</u></b>
<b>To pay employees' wages:</b>				
Salaries and other benefits	397,441	29.09	288,560	23.30
<b>To pay providers of Capital:</b>				
Interest on facilities and finance charges	107,185	7.85	137,507	11.10
<b>To pay Government:</b>				
Income tax	202,262	14.81	221,268	17.87
<b>To provide for enhancement of assets and expansion :</b>				
Depreciation	167,673	12.27	130,726	10.56
Retained earnings	477,070	34.92	440,296	35.55
Deferred tax	<u>14,531</u>	<u>1.06</u>	<u>20,040</u>	<u>1.62</u>
	<b><u>1,366,161</u></b>	<b><u>100.00</u></b>	<b><u>1,238,397</u></b>	<b><u>100.00</u></b>

## OTHER NATIONAL INFORMATION FIVE YEARS FINANCIAL SUMMARY

For the Year Ended 30 April 2019

	2019 N'000	2018 N'000	2017 N'000	2016 N'000	2015 N'000
<b>Assets Employed:</b>					
Property, plant and equipment	874,219	869,103	769,450	819,254	892,451
Long term prepayments	6,206	9,183	7,424	1,238	4,200
Inventories	1,579,698	1,317,958	1,103,158	487,956	616,009
Trade and other receivables	248,371	525,058	323,792	477,457	427,034
Prepayments	40,233	10,604	10,486	26,590	6,877
Cash and cash equivalents	112,612	104,356	115,482	79,223	22,243
<b>Total Assets</b>	<b><u>2,861,339</u></b>	<b><u>2,836,262</u></b>	<b><u>2,329,792</u></b>	<b><u>1,891,718</u></b>	<b><u>1,968,814</u></b>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
Paid up share capital	880,661	440,331	440,331	440,331	440,331
Retained earnings	732,430	858,963	573,638	429,885	303,380
	<b><u>1,613,091</u></b>	<b><u>1,299,294</u></b>	<b><u>1,013,969</u></b>	<b><u>870,216</u></b>	<b><u>743,711</u></b>
<b>Liabilities</b>					
Long term borrowings	30,103	6,337	52,337	113,480	152,394
Deferred tax liabilities	185,651	171,120	151,079	151,726	149,817
Short term borrowings	656,230	631,154	685,706	497,569	821,593
Trade and other payables	145,048	499,300	315,504	163,378	79,155
Current tax payable	231,216	229,059	111,196	95,349	22,144
	<b><u>1,248,247</u></b>	<b><u>1,536,970</u></b>	<b><u>1,315,823</u></b>	<b><u>1,021,502</u></b>	<b><u>1,225,103</u></b>
<b>Total Equity and Liabilities</b>	<b><u>2,861,339</u></b>	<b><u>2,836,263</u></b>	<b><u>2,329,792</u></b>	<b><u>1,891,718</u></b>	<b><u>1,968,814</u></b>
<b>Revenue</b>	<b><u>5,434,107</u></b>	<b><u>5,057,374</u></b>	<b><u>3,675,712</u></b>	<b><u>2,835,862</u></b>	<b><u>2,358,412</u></b>
Profit before taxation	679,332	661,563	370,143	278,114	202,107
Taxation	(202,262)	(221,268)	(112,646)	(87,563)	(52,898)
Profit after taxation	477,070	440,296	257,497	190,551	149,209
Dividend	-	(176,132)	(158,519)	(123,293)	(105,679)
Transferred to retained earnings	<b><u>477,070</u></b>	<b><u>264,164</u></b>	<b><u>98,978</u></b>	<b><u>67,258</u></b>	<b><u>43,530</u></b>
Earnings per share - Actual (kobo)	<b>27.09</b>	<b>50.00</b>	<b>29.24</b>	<b>21.64</b>	<b>16.94</b>
Earnings per share - Adjusted (kobo)	<b>27.09</b>	<b>25.00</b>	<b>14.62</b>	<b>10.82</b>	<b>8.47</b>
Dividend per share (kobo)	-	<b>0.20</b>	<b>0.18</b>	<b>0.14</b>	<b>0.12</b>
Dividend payout ratio		<b>40%</b>	<b>62%</b>	<b>64%</b>	<b>71%</b>

## SHAREHOLDERS' INFORMATION

Members are hereby informed that Cutix Plc declared the following dividends between 1989 and 2019

YEAR	AMOUNT	YEAR	AMOUNT
1989	4k	2003	10k
1990	10k	2004	10k
1991	12k	2005	10k
1992	12k	2006	10k
1993	12k	2007	12k
1994	15k	2008	12k
1995	12k	2009	12k
1996	15k	2010	12k
1997	12k	2011	12k
1998	15k	2012	12k
1999	15k	2013	12k
2000	15k	2014	12k
2001	15k	2015	12k
2002	15k	2016	14k
		2017	18k
		2018	20k

### THE COMPANY HAS ALSO ISSUED THE FOLLOWING SCRIPT ISSUES:

YEAR	ISSUE
1992	One for two
1994	Two for three
1997	One for one
1999	One for one
2002	One for one
2006	One for one
2008	One for one
2012	Two for three
2018	One for one

### SHARE CAPITAL HISTORY OF THE COMPANY (ISSUED)

YEAR	SHARE CAPITAL (₦)	YEAR	SHARE CAPITAL (₦)
1986	395,000	2003	66,049,576
1987	489,000	2004	66,049,576
1988	3,302,479	2005	66,049,576
1989	3,302,479	2006	132,099,152
1990	3,302,479	2007	132,099,152
1991	3,302,479	2008	264,198,304
1992	4,953,718	2009	264,198,304
1993	4,953,718	2010	264,198,304
1994	8,256,197	2011	264,198,304
1995	8,256,197	2012	264,198,304
1996	8,256,197	2013	440,330,507
1997	16,512,394	2014	440,330,507
1998	16,512,394	2015	440,330,507
1999	33,024,788	2016	440,330,507
2000	33,024,788	2017	440,330,507
2001	33,024,788	2018	440,330,507
2002	66,049,576	2019	880,661,013

# E-DIVIDEND ACTIVATION FORM

Affix  
Current Passport  
(To be stamped by Bankers)

Please write your name at the  
back of your passport  
photograph

## E-DIVIDEND ACTIVATION FORM

EDC REGISTRARS LIMITED

### Instruction:

Only Clearing Banks are acceptable

Please complete all sections of this form to make it eligible for  
processing and return to the address below

#### THE REGISTRAR

EDC REGISTRARS LIMITED RC 475195

23, OLUSOJI IDOWU STREET, ILUPEJU, LAGOS

I/We hereby request that henceforth, all my/our Dividend Payment(s)  
due to me/us from my/our holdings in all the companies ticked at the  
right hand column be credited directly to my/our bank detailed below:

Bank Verification Number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Bank Name

Bank Branch/Address

Bank Account Number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Account Opening Date

#### Shareholder Account Information

Surname/Company name First name Other Names

Address:

City

State

Country

Previous Address (If any)

CHN (If any)

Mobile Telephone (1)

Tel (2)

E-mail Address

Signature(s)

Company Seal (if applicable)

Joint/Company's Signatories

Authorised Signature of Bank/Stamp

Kindly tick & quote your shareholder account no.  
in the box below:

Tick	Name of Company	Shareholder Number
	Adswitch Plc	
	Afromedia Plc	
	Courteville Bus. Solutions Plc	
	Cutix Plc	
	Dangote Flour Mills Plc	
	Imo State Government Bond	
	Plateau State Government Bond	
	Resourcery Plc	

For enquiries, please call 01-4538671-4 or send email to [info@edcregistrars.com](mailto:info@edcregistrars.com)





## PROXY FORM

36<sup>th</sup> Annual General Meeting to be held at 11.00a.m on Friday,  
October 25, 2019 at Anaedo Social Club Hall, 20 Ezenwegbu Road, Otolu Nnewi.

**I/We** .....

Being a member/members of Cutix Plc hereby appoint

..... or failing

Him/her, Amb. Okwudili Nwosu or failing him, Barr (Mrs) Oge Maduka as my/our proxy to act and vote for me/us in my/our behalf at the Annual General Meeting of the Company to be held on Friday, Oct 25, 2019 at 11.00am and at any adjournment thereof.

Dated this ..... day of October 2019

Shareholders signature .....

1. THIS PROXY FORM SHOULD NOT BE COMPLETED AND RETURNED IF THE MEMBER WILL BE ATTENDING THE MEETING.
2. A member (shareholder) entitled to attend and vote at The general meeting is entitled to and may if he/she wishes appoint a proxy to act for him/her. All proxy Forms must be deposited at the Company's Registrar, EDC Registrars 23, Olusoji Idowu Street, Ilupeju, Lagos, not later than 48 hours before the time for holding the meeting.
3. Following the normal practices, the name of two Directors of the company have been entered on the Form to ensure that someone will be at the meeting to act as proxy. But if you wish, you may appoint anyone else.
4. If executed by a corporation, the proxy card should be sealed with the company seal.
5. In the case of joint shareholders, it should be shown.
6. The proxy must produce the admission card sent with the notice of the meeting to obtain entry of the meeting.

NUMBER OF SHARES			
Ordinary resolutions		For	Against
1.	To Receive the Audited Accounts for the Year Ended April 30, 2019 together with the Report of the Directors, Audit Committee and Auditors		
2.	To declare a dividend		
3.	To Re-elect Director: Barr (Mrs) Ifeoma Nwahir		
4.	To Authorize the Directors to Fix the Remuneration of the Auditors		
5.	To Elect Members of the Audit Committee		
<b>Special Business</b>			
<b>Special Resolution</b>			
6.	To Approve the Remuneration of the Directors		
7.	To Approve the Regularisation of the Company's Registered Address		
8.	To Appoint an External Consultant to Undertake a Formal and Rigorous Annual Evaluation of the Board's Performance, its Committees, Chairman and Individual Directors.		
9.	To approve the Acquisition of Adswitch Plc		
Please indicate with 'X' in the appropriate square (box) how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her discretion.			

✂-----✂

## ADMISSION CARD

Please admit the shareholder named on this Admission Card of his duly appointed proxy to the 36<sup>th</sup> Annual General Meeting of Cutix Plc which will be held at Anaedo Social Club Hall, 20 Ezenwegbu Road, Otolu Nnewi on Friday, October 25, 2019 at 11.00am.

\_\_\_\_\_  
Name of shareholder

\_\_\_\_\_  
Number of shares held

\_\_\_\_\_  
Signature of person attending

### Note

1. This admission card must be produced by the shareholder or his/her proxy in order to obtain entrance to the meeting.
2. Shareholder or their proxies are requested to sign the admission card before attending the meeting.



Chinwendu Nwokporo (ACIS)  
**Company Secretary**  
FRC/2019/ICSAN/00000019775



**THE HONOURABLE MINISTER OF SCIENCE AND TECHNOLOGY,  
DR. OGBONNAYA ONU  
DURING HIS VISIT TO CUTIX PLC**





# ARMoured CABLES



Work -in-Progress





## SOME OF OUR RAW MATERIALS AND EQUIPMENT



120 Extrusion Machine



Raw Materials (Aluminum Conductors)



Raw Materials (Copper Conductors)



Quality Assurance Laboratory Section



1x1x3 Stranding Machine



Raw Materials (PVC Chemicals)

**Note**

This image shows a full page of blank, lined paper. It features approximately 20 evenly spaced horizontal blue or grey lines across its entire width, typical of notebook paper. The lines are uniform in thickness and spacing, providing a guide for handwriting. There are no margins, text, or other markings on the page.

