



ANNUAL

REPORT & ACCOUNTS

2020



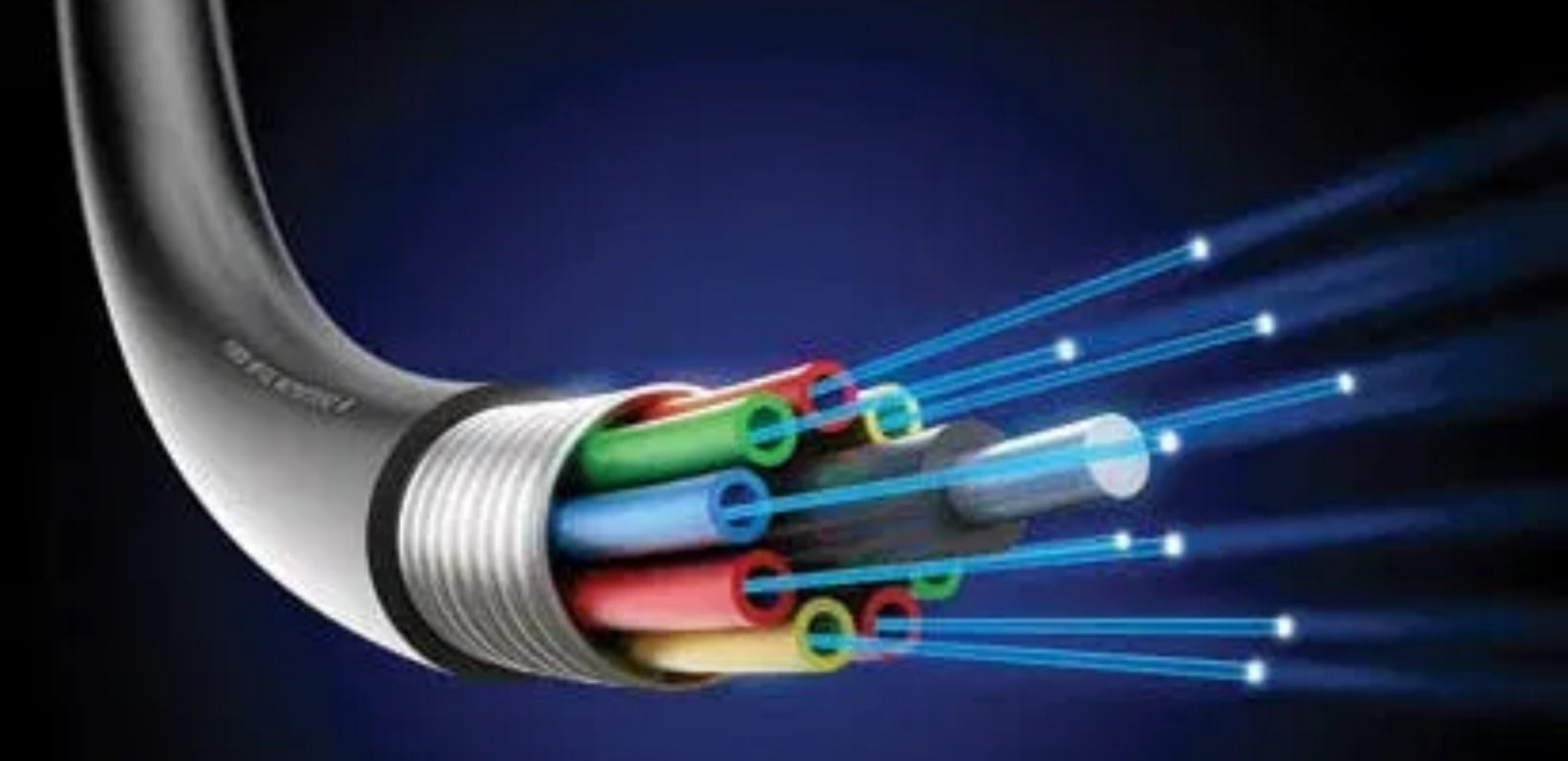
cutixplc.com.ng



17, Osita Onyejiana Street Umuanuka, Otolo, Nnewi, Anambra State.

TABLE OF CONTENTS

Corporate Policy Statement	2
Notice of Meeting	4
Performance Highlights	7
Directors, Management, Professionals, Advisers, etc.	9
Corporate Profile	12
Chairman's Statement	16
Profile of Directors	18
Resume of Directorship Candidate	22
Report of the Directors	24
Corporate Governance Report	26
Report on Environmental, Social and Governance Activities	33
Statement of Compliance With Corporate Governance	41
Report of Internal Audit Assessment	42
Statement of Directors Responsibilities	43
Report of the Statutory Audit Committee	49
Report of the Independent Auditors	50
Statement of Profit or Loss and Other Comprehensive Income for the year ended April 30, 2020	53
Statement of Financial Position as at April 30, 2020	54
Statement of Changes in Equity for the year ended 30 April, 2020	55
Statement of Cash flow for the year ended April 30, 2020	56
Notes to the Financial Statements for the year ended 30 April, 2020	57
Other National Disclosures	82
Shareholders' Information	87
Shareholder's Data Update Form	89
E-mandate Form	91
Proxy Form	93



OUR 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.

OUR VISION

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

OUR MISSION

“To power and illuminate the world”

OUR CORE VALUES

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

CHINWENDU NWOKPORO (ACIS)
Company Secretary



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 37th Annual General Meeting of Cutix Plc will be held by proxy at the Company's Head Office, 17, Osita Onyejianya Street, Umuauka, Otolu Nnewi, Anambra State on Friday, November 27, 2020 at 11 a.m. to transact the following business:

ORDINARY BUSINESS

1. To Receive the Audited Accounts for the Year ended April 30, 2020 together with the Report of the Directors, Audit Committee and Independent Auditors
2. To Declare a Dividend
3. To Elect Directors
4. To Authorise the Directors to Fix the Remuneration of the Auditors
5. To Elect Members of the Audit Committee
6. To Appoint External Auditors

the meeting shall be deemed to have taken place at the registered address of the Company.

102. (6) A resolution passed at any meeting held in the above manner and signed by the Chairman of the meeting shall be as valid and effectual as if it had been passed at a meeting of the Board (or Committee as the case may be) duly convened and held".

SPECIAL BUSINESS

7. To Approve the Remuneration of Directors
8. To consider and if thought fit, pass the following with or without modification as special resolutions of the Company:
 - a) "That the Articles of Association of the Company be and is hereby amended by the inclusion of the following new Sub-Clauses to Clause 102 (Proceedings of Directors):

- b) "That Directors be and are hereby authorised to take all necessary steps to give effect to these resolutions".

102. (4) Any Director may validly participate in a meeting of the Board or a Committee of the Board through electronic medium or any other form of communication equipment (whether in use when these Articles are adopted or developed subsequently), provided that all persons participating in the meeting are able to hear and speak to one another throughout such meeting.

102. (5) A person so participating by telephone or other communication shall be deemed to be present in person at the meeting and shall be counted in a quorum and entitled to vote. Such a meeting shall be deemed to have taken place where the largest group of those participating is assembled or, if there is no group which is larger than any other group,

NOTES

1. COMPLIANCE WITH COVID-19 RELATED DIRECTIVES AND GUIDELINES

The Federal Government of Nigeria, State Governments, Health Authorities and Regulatory Agencies have issued a number of guidelines and directives aimed at curbing the spread of Covid-19 in Nigeria. To ensure the safe conduct of the 37th Annual General Meeting in accordance with the guidelines issued by the Nigeria Centre for Disease Control and the Corporate Affairs Commission, attendance shall be by proxy and shall be limited to a maximum of twenty people. The convening and conduct of the AGM shall be in compliance with these directives and guidelines.

2. PROXY

Only members (shareholders) of the Company who are entitled to attend and vote at the Annual General Meeting can appoint proxies to vote in their stead. Each member is to appoint a proxy by ticking the relevant box in the Proxy Form attached in the Annual Report to indicate how his/her vote is to be cast for each proposed resolution on the agenda. Duly executed Proxy Forms should be deposited at

NOTICE OF ANNUAL GENERAL MEETING

continued

the office of the Company's Registrar - EDC Registrars Ltd, 23, Olusoji Idowu Street, Ilupeju, Lagos, (behind Mutual Benefit Insurance Head office) or sent to the Registrar by email to info@edcregistrars.com not later than 5:00 pm on November 25, 2020. A blank proxy form is attached to the Annual Report and may also be downloaded from the Company's website at www.cutixplc.com.ng or the Registrar's website at www.edcregistrars.com.ng.

3. NOMINATED PROXIES

Members entitled to vote are required to appoint a proxy of their choice from the underlisted nominated proxies to represent them at the AGM:

- a) Dr. Gilbert Uzodike
- b) Amb. Okwudili Nwosu
- c) Mrs. Ijeoma Oduonye
- d) Mrs. Chinwendu Nwokporo
- e) Chief Edmund Njoku
- f) Mrs. E. O. Obideyi
- g) Sir Daniel Olisakwe

The Company has made arrangement at its cost, for the stamping of the duly completed and signed proxy forms submitted to the Company's Registrars within the stipulated time.

4. LIVE STREAMING OF THE AGM

The AGM will be streamed live online to enable shareholders and other stakeholders who will not be attending physically follow the proceedings of the Meeting. The link for the live streaming of the AGM will be made available on the Company's website at www.cutixplc.com.ng and through the Registrar, EDC Registrars Ltd.

5. CLOSURE OF REGISTER OF MEMBERS AND TRANSFER BOOKS

The Register of Members and Transfer Books of the Company will be closed from Monday, November 16, 2020 to Friday, November 20,

2020, both dates inclusive, for the purpose of preparing an up-to-date Register of Members.

6. DIVIDEND PAYMENT

If the dividend recommended by the Directors is approved by members at the Annual General Meeting, shareholders' accounts will be credited directly within 72 hours after the Meeting to mandated accounts of members so entitled whose names appear in the Register of Members as at the close of business on November 13, 2020.

7. E-DIVIDEND

Notice is hereby giving to Shareholders who have not joined the e-dividend platform are please requested to furnish the Registrars with the details of their bank accounts to enable direct crediting of dividends into their accounts. A detachable e-dividend application form is attached to the Annual Report for use and the service is available to all the shareholders free of charge.

8. UNCLAIMED DIVIDEND

The list of unclaimed dividends has been uploaded on the Company's website - www.cutixplc.com.ng

9. NOMINATION TO THE STATUTORY AUDIT COMMITTEE

In accordance with Section 395(5) of the Companies and Allied Matters Act, CAP C20 LFN 2004, a shareholder may nominate another shareholder for appointment as member of the Statutory Audit Committee by giving notice to the Company Secretary at least 21 days before the Annual General Meeting. Nominators should note that under the Nigeria Code of Corporate Governance (2018), members of the Audit Committee should have basic financial literacy and should be able to read financial statements.

10. RIGHT OF SHAREHOLDERS TO ASK QUESTIONS

Pursuant to Rule 19.12 (c) of the Nigerian

NOTICE OF ANNUAL GENERAL MEETING

continued

Stock Exchange's Rulebook 2015, please note that it is the right of every shareholder to ask questions not only at the meeting but also in writing prior to the meeting. We urge that such questions be addressed to the Company Secretary and submitted to the registered office of the Company or by electronic mail via secretariat@cutixplc.com.ng latest seven days before the meeting.

11. ELECTRONIC ANNUAL REPORT

In order to improve timely delivery of our Annual Report, we have inserted a detachable Shareholders Update Form in the 2020 Annual Report. We hereby request shareholders to complete the form by providing their contact and other requested details and thereafter return same to the Registrars for further processing. Additionally, an electronic version of the 2020 Annual Report is available on the Company's website at www.cutixplc.com.ng.

Dated this 16th day of July 2020
BY ORDER OF THE BOARD



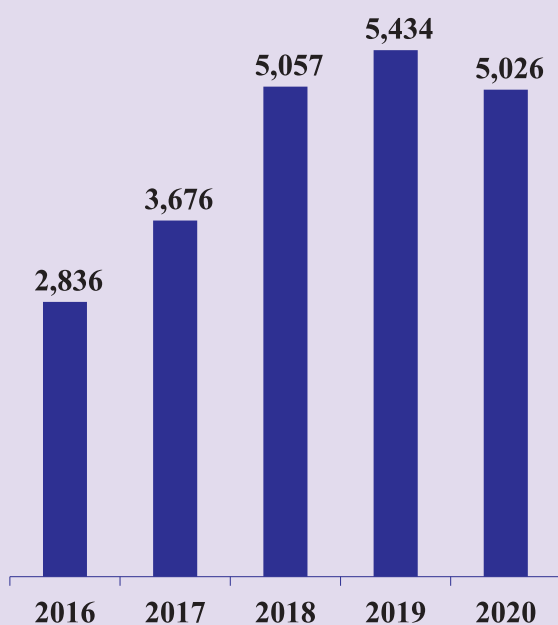
CHINWENDU NWOKPORO (ACIS)
COMPANY SECRETARY
FRC/2019/ICSAN/00000019775

PERFORMANCE HIGHLIGHT

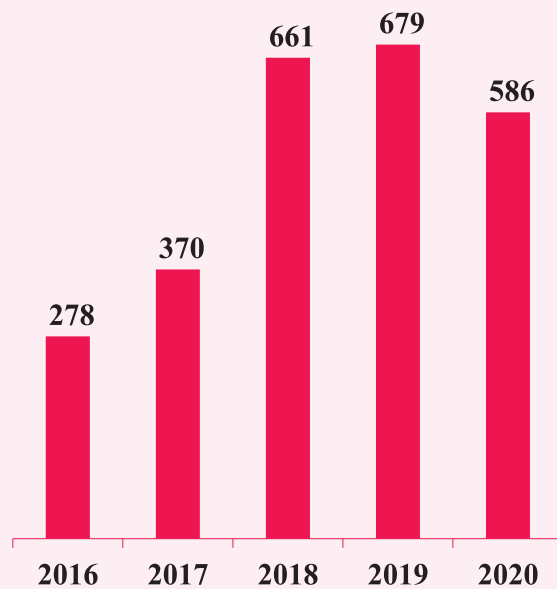
	2020 N'000	2019 N'000	Increase / (Decrease)	
			N'000	%
Total Assets	3,627,990	2,861,338	766,653	27
Total Liabilities	1,822,352	1,248,248	574,104	46
Net Assets	1,805,638	1,613,091	192,547	12
Capital Expenditure	100,166	202,340	(102,174)	(50)
Authorized Share Capital	2,871,603	2,871,603	-	-
Paid-up Share Capital	880,661	880,661	-	-
Total Equity	1,805,638	1,613,091	192,547	12
No. of Shares in Issue (units)	1,761,321	1,761,321	-	-
Revenue	5,025,500	5,434,107	(408,607)	(8)
Profit Before Taxation	585,503	679,332	(93,829)	(14)
Taxation - Income Tax	(197,198)	(187,732)	(9,467)	5
Taxation - Deferred Tax	4,747	(14,531)	19,278	(133)
Profit After Taxation	393,052	477,070	(84,018)	(18)
Per Share Data:				
Earnings Per Share - Basic (Kobo)	22.32	27.09	(5)	(18)
Total Assets Per Share (Kobo)	206	162	44	27

PERFORMANCE HIGHLIGHT
continued

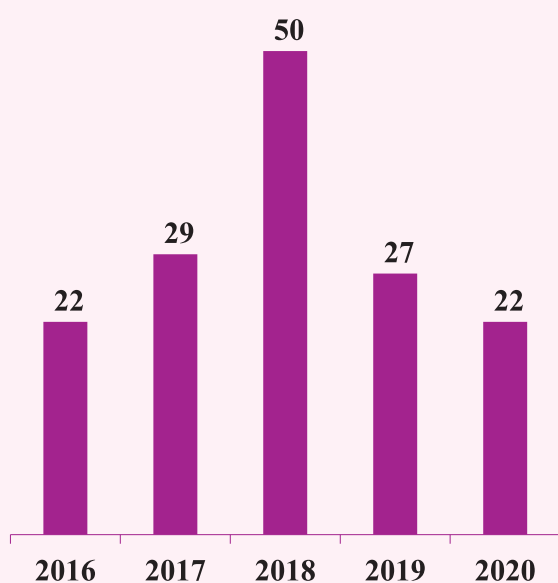
■ **REVENUE (MILLION NAIRA)**



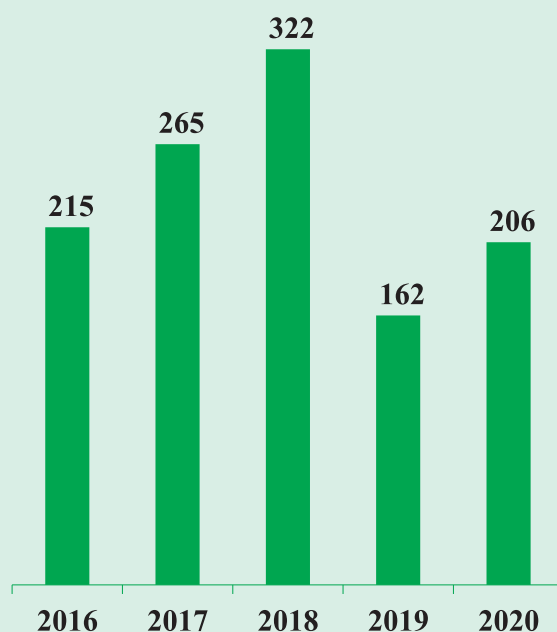
■ **PROFIT BEFORE TAXATION (MILLION NAIRA)**



■ **EARNING PER SHARE (KOBO)**



■ **TOTAL ASSETS PER SHARE (KOBO)**



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 - Non-Executive Director
Barr. (Mrs.) Oge Maduka - Non-Executive Director
Dr. Chidozie Nsoedo - Non-Executive Director
Sir Matthias Umego - Non-Executive Director
Mr. Nnamdi Ike - Ind. Non-Executive Director

COMPANY SECRETARY

Mrs. Chinwendu Nwokporo (ACIS)

REGISTERED OFFICE/FACTORY

17, Osita Onyejianya Street
Umuanuka, Otolu, 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

DIRECTORS, MANAGEMENT, PROFESSIONALS, ADVISERS, ETC.

AUDITORS

ANOC Professional Services
(Chartered Accountants)
1, Oyediran Street
Off Bode Thomas Street
Surulere, Lagos State

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: 0814-773-7085
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

DIRECTORS, MANAGEMENT, PROFESSIONALS, ADVISERS, ETC.

continued

SALES OFFICES

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	Chief Executive Officer
Mrs. Uche Igbokwe	Head, South -South Region
Engr. Arinze Okwuosa	Head, South -West Region
Mr. Peter Ezeimo	Head, Northern Region
Mrs. Chinyere Aralu	Head, Administration Department
Mrs. Chinwendu Nwokporo	Company Secretary
Mr. Umelo Ginika-Otuokere	Head, Commercial Department
Mrs. Chinwe Ukeje	Head, Enterprise Assurance Department
Mrs. Favour Oti	Head, Finance and Accounts Department
Mrs. Chidinma Uzodike	Head, Human Resources Department
Engr Stanley Echefu	Head, New Business Development
Mrs. Ijeoma Obiora	Head, Technical Department

BANKERS

Access Bank Plc
Ecobank Limited
Fidelity Bank Plc
First 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

TAX IDENTIFICATION NUMBER (TIN): 00362300-0001

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 indigenous firms 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, named Cutix Ltd, with a start-up capital of ₦400,000.00. 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 Ltd the first private manufacturing 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 Plc since inception to April 2020 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, 2020 stood at ₦1.806 billion. The market value of the Company was ₦2.131 billion as at April 30, 2020.

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. A second line was added 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 Plc 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 licencing, in 1984–1986, the Company used the bulk of the licences

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. 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 various 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. Both were installed and commissioned in April 2019.

BUSINESS LOGISTICS

Cutix Plc started manufacturing at Nnewi in a 1,000m² facility it rented from Adtec Limited. By 2009, we moved all our machinery to our own factory premises and head office at 17, Osita Onyejianya Street, Umuanuka, Otolu, Nnewi. Production now goes on at the permanent site, which has about 6,000m² covered area while the head office complex stands adjacent to the production plant. Additional area of 5,500m² 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 ensures effective distribution of her products. She also 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 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

CORPORATE PROFILE

continued

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 monthly obligation the Company agreed to meet for all staff based on their salary position. The staff are paid promptly on the 25th day of every month.

SOCIAL RESPONSIVENESS

Cutix Plc is a socially responsive and responsible Company. We pay taxes to the government promptly. Between 1997 and 2019, we paid about ₦1.033 billion 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; Principal sponsorship of the annual ENIC Tennis League tournaments; annual subvention to Nnewi Sports Club, provision of electricity to our closest neighbours and provision of water from her factory

boreholes to neighbours, churches etc. Cutix Plc also donated PPE items, medical supplies and other palliatives to Anambra State Government, Ebonyi State Government and Nnamdi Azikiwe University Teaching Hospital (NAUTH) Nnewi in support of their efforts to contain the spread of coronavirus.

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 unit 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 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 all her 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 ²	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
▪ Solar Cables	For solar power installations
▪ 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.

A portrait of a middle-aged Black man with grey hair, wearing a red traditional Nigerian cap (fila) and a dark purple traditional Nigerian garment (agbada) with gold embroidery. He is wearing glasses and has a slight smile. The background is plain white.

ENGR (DR.) AJULU UZODIKE (OON)
Founder, Cutix Plc

CHAIRMAN'S STATEMENT

AMB. OKWUDILI NWOSU
Chairman, Cutix Plc



Distinguished Fellow Shareholders, Members of the Board of Directors, Ladies and Gentlemen, welcome to the 37th Annual General Meeting of our Company, Cutix Plc.

INTRODUCTION

As we mark the 37th Anniversary of this proudly African and truly indigenous Company founded on principles stated in our Charter, it is important that we look back on what our Company has achieved in these few years. We have laid the foundation of a very profitable, fast growth, high quality, ethical, socially responsive manufacturer of electrical products and services moving rapidly to exploit emerging technologies and capabilities in product improvements and diversification. We have achieved these goals using mainly indigenous Nigerian manpower and adding value in materials and technology. We must at this point acknowledge that all this would not have been possible without the foresight, indefatigable energy and guidance of the Founder, Sir, Dr. Ajulu Uzodike (Ozi-Uzo Nnewi). Our most remarkable achievement has been in the provision of increasing market value for you, our shareholders, fair returns to all our stakeholders, increasing dividend and regular bonus issues almost every three years. We have built a dedicated, loyal Management and staff to lead us into the rapidly changing business environment that will ensure we remain true to our Mission while pursuing the vision of the Founder of our Company.

BUSINESS ENVIRONMENT

The 2020 Financial Year (FY 2020) which ended on 30th April 2020 was in particular full of challenges for us. The general elections were relatively peaceful, and the governing political party retained power at the center. However, the security problems increased substantially with many cases of criminality in the North West, Boko Haram insurgency in the North East, Farmer/Herdsman war in the North Central, armed robberies, kidnappings, rape and other violent crimes all over the nation. The world economy witnessed great stress due to the United States/China trade feud which ignited fears of a global recession as factory activities slowed in the United States, Europe and Asia. This impacted on the demand for crude oil which fell significantly and caused the real Gross Domestic Product (GDP) growth rate in Nigeria to decrease further. The Naira exchange rate was

however relatively stable during the financial year which helped to moderate the cost of material inputs.

As the world economy recovered, then came the coronavirus pandemic which started in China late in the 2019 calendar year and rapidly spread all over the world. By mid-February in 2020, the Nigerian government following the World Health Organisation (WHO) guidelines introduced a country-wide total lockdown which continued till the end of the financial year. Consequently, the economy went to sleep, our Company as a result suffered significant decline in business operations just like others. The effects of the lockdown are still with us today, but we are struggling to get back to our normal operations and recover lost ground.

OUR PERFORMANCE

In the FY 2020, despite the above problems, our Company realized a Turnover of ₦5,025,500,000 with a Profit Before Tax of ₦585,503,000. This represents an 8% decline in Turnover and 14% decline in Profit Before Tax over that of FY 2019. We sincerely apologize to you, fellow shareholders, for this poor performance and have taken urgent proactive steps to ensure we do not offer excuses in future no matter the emergencies we encounter.

DIVIDEND

In spite of our less than expected performance in the year under review, the Board is proposing a dividend payment of 12.5 kobo per share which is the same as was paid last year. This is because of our determination to deliver to you good return on investment through regular dividend payment. We wish to plead for your indulgence while working towards continuing capital growth and increasing shareholders value.

RETIREMENT / APPOINTMENT OF DIRECTORS

At this Annual General Meeting, all the Directors are due for retirement. The Board has screened several candidates who met our criteria for appointment and recommend them to you for election to the Board

CHAIRMAN'S STATEMENT

continued

later today. The nominees have their curriculum vitae attached to the Annual Report. Some of the nominees were members of the retiring Board and present themselves for re-election.

CORPORATE SOCIAL RESPONSIBILITY

Cutix Plc is committed to building a more balanced, fairer and inclusive economy particularly in our major areas of operation. We have continued to add value to the local environment rendering invaluable assistance where required to sustain the communities. Consequently, earlier this year, the Company donated Personal Protective Equipment (PPE), medical supplies and other palliatives to the Anambra and Ebonyi States Government and the Nnamdi Azikiwe University Teaching Hospital in support of their efforts against the pandemic. We also constructed a car porch for the Federal Road Safety Corps (FRSC) Nnewi Unit Command. The Company also provides valuable support in cash and kind to Vigilante Groups, Educational Institutions, Sporting Activities and Scholarship to indigent students in selected institutions. We provided electricity and borehole water to our closest neighbours.

FUTURE PROSPECTS

The Company is adapting to the new challenges of the coming year. The effects of the pandemic are still very much with us. The crude oil prices are still very low, more devaluation of the naira is expected. The volume of crude oil export is also declining due to restiveness in the Niger Delta. The purchasing level in the economy has decreased due to layoffs as demand went down. The Central Bank of Nigeria (CBN) has introduced some policy directives to boost credit and provide momentum for growth. We will be aggressive in taking advantage of these measures. The GDP is however expected to fall and the economy may slide into a recession.

To meet these challenges, we are also diversifying our product capability and range by introducing new cable and non-cable products. Arrangements are almost concluded for the acquisition of Adswitch Plc so that we can reintroduce their Feeder Pillars and other products into the market as soon as practicable. The delay in the acquisition was substantially as a result of the three months lockdown of the country such that requirements of the Regulatory Agencies could not be met as planned. We hope to conclude all

required processes within this calendar year 2020.

Cutix Plc will however continue to maintain financial discipline over investment decision, embedding high standards of corporate governance and transparency, strong commitment, sustainable business policies and effective management of risks. We will thus maintain our pledge to you to continue to pay you dividends regularly, award bonus issues as promised and increase market value of your Company. We remain convinced that our Company's core business remains strong and through the effective integration of the Adswitch acquisition, the combined business will have greater scale and value creation opportunities as the investment case for the Company remains compelling.

CONCLUSION

The Board is very grateful to you, our Shareholders, who have stood by us through the years. With your invaluable support, we have built a very sustainable institution strengthened by strong ethical and governance standard. We will uphold these standards as we progress further towards our vision to become one of the top three providers of electrical energy products/services in the world.

On behalf of the Board, I will also like to express my profound gratitude to our esteemed distributors, customers, suppliers and other stakeholders for their patronage and continuing support of our brand. We appreciate your trust in us and will keep striving to exceed your expectations.

Finally, to the Management and staff of Cutix Plc, we say thank you for your tenacity, commitment and dedication to the Company. Together we will achieve our mission to Power and Illuminate the World.

I wish everyone of you a safe trip to your place of residence and trust you will be back next year for the 38th Annual General Meeting of our Company.



Amb. Okwudili Nwosu
Chairman, Board of Directors
FRC/2019/NSE/00000019801

BOARD OF DIRECTORS



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

DIRECTORS PROFILE



AMB. OKWUDILI ODI NWOSU

Chairman

Amb. 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

continued



MRS. IJEOMA AGNES ODUONYE

Chief Executive Officer (CEO)

Mrs. 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 was the head, Administration Department of Cutix Plc from 2006 to 2011. She worked as the Company Secretary from 2011 - 2018 before she took over the position of the CEO in 2018. She is an Associate member, Institute of Chartered Secretaries and Administrators of Nigeria. She graduated from the Federal Polytechnic Oko, 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 did her Post Graduate Diploma in Business Administration at Chukwuemeka Odumegwu-Ojukwu University in 2019.



BARR. (MRS.) IFEOMA NWAHIRI

Non-Executive Director

Barr. (Mrs.) Nwahiri was reappointed 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.) Nwahiri 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.) Nwahiri is a member of the Negotiation and Conflict Management Group (2003), Chartered Institute of Arbitration (UK Branch, 2005) and member, Chartered Institute of Taxation (2016).



BARR. (MRS.) OGE MADUKA

Non-Executive Director

Barr. (Mrs.) 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 a member of the Nigerian Bar Association (NBA) and the Nigerian Maritime Law Association.



DR. CHIDOZIE NSOEDO

Non-Executive Director

Dr 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 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. He also worked as E-learning and Web Services Manager, Queen Mary University, London UK in 2010. Dr Nsoedo is a member of the UK Higher Education Academy.

DIRECTORS PROFILE

continued



SIR MATTHIAS AGHARA UMEGO

Non-Executive Director

Sir Umego joined the Board of Cutix Plc as a 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 was a two-time Statutory Audit Committee member of Cutix Plc.



MR. VINCENT NNAMDI IKE

Independent Non-Executive Director

Mr. Ike was appointed to the Board of Directors of Cutix Plc as an Independent Non-Executive Director effective October 26, 2018. He is an Associate Member, Institute of Chartered Accountants of Nigeria with over eight years experience in Business Management/Ownership. He also had over fourteen years experience in Banking that cut across Commercial/Retail banking and Management, Financial Control, Strategic planning, Budgeting and Management Information Services. Mr. Ike 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 an Asset and Investment Manager and Consultant.

MANAGEMENT TEAM



- | | | |
|-----|---------------------------|--|
| 1. | Mrs. Ijeoma Oduonye | <i>Chief Executive Officer</i> |
| 2. | Mrs. Uche Igbokwe | <i>Head, South-South Region</i> |
| 3. | Engr. Arinze Okwuosa | <i>Head, South-West Region</i> |
| 4. | Mr. Peter Ezeimo | <i>Head, Northern Region</i> |
| 5. | Mrs. Chinwe Ukeje | <i>Head, Enterprise Assurance Department</i> |
| 6. | Mrs. Chinyere Aralu | <i>Head, Administration Department</i> |
| 7. | Mrs. Ijeoma Obiora | <i>Head, Technical Department</i> |
| 8. | Mrs. Favour Oti | <i>Head, Finance and Accounts Department</i> |
| 9. | Mr. Umelo Ginika-Otuokere | <i>Head, Commercial Department</i> |
| 10. | Mrs. Chinwendu Nwokporo | <i>Company Secretary</i> |
| 11. | Mrs. Chidinma Uzodike | <i>Head, Human Resources Department</i> |
| 12. | Engr Stanley Echefu | <i>Head, New Business Development</i> |

RESUME OF DIRECTORSHIP CANDIDATES



MR. IKE GODWIN OKONKWO

Mr. Okonkwo is a 1981 HND Marketing graduate of the Institute of Management and Technology (IMT), Enugu. He also obtained a HND in Accountancy from the Federal Polytechnic Oko in 1997. He joined Adtec Ltd in 1982 as a project management staff to study amongst others the manufacture of electrical wires and cables as the cables division which later became Cutix Plc and electrical switchgears as the switchgear division which became Adswitch Plc. As a foundation staff of Cutix Plc, he worked in various Senior Management positions while growing with the Company. He rose to the position of General Manager before retiring in 1999.

He worked with Keywest Properties Ltd, a firm engaged in contract and property management as the General Manager from 2001 to 2003 before joining Ponsel Nig. Ltd, an engineering and power distribution company involved in Federal and Rural Electricity projects, in 2004 as the General Manager till date. He is an associate member of both the Nigerian Marketing Association (NMA) and the Nigerian Institute of Management (NIM). Mr. Okonkwo is a member of the IMT Alumni Association Abuja branch and member, Finance Committee, the Games Village Residents Association (GVRA), Abuja. He is also a member of the Nnewi Sports Club. Mr. Okonkwo joined the Board of Cutix Plc as a Non-Executive Director on October 31, 2014. He was a member of the Risk Management Committee (RMC) of the Board of the Company and also a member of the Governance, Nomination & Compensation (GNC) Committee and subsequently the Chairman of the Committee before his retirement in 2017. Mr. Okonkwo made valuable contributions during the period he sat on the Board of the Company.



MRS. IJEOMA CHICHEBE EZEASOR

Mrs. Ezeasor is a Policy Analyst with vast knowledge in industrial and economic policy. She obtained her B.Sc. from the prestigious University of Nigeria in Accountancy in 2004. She further intensified her knowledge and professionalism in the areas of Administration Finance and Development Studies. This she did by obtaining her Master of Science (M.Sc.) degrees in Business Banking and Business Administration Finance and Development Studies in 2008 and 2011 respectively. She is currently pursuing her Doctor of Philosophy at University of Nigeria.

Mrs. Ezeasor is a member of the following associations: Nigerian Environmental Society, Academy of International Business, International Academy of African Business and Development, International Society for Market and Development and Think Tank South East Economic Summit Group. She was also a Council Member, Manufacturers Association of Nigeria (Anambra, Enugu & Ebonyi State branch) and Secretary, Enugu Shippers Association. Mrs. Ezeasor has vast experience in strategic development communications, public speaking, training, research design and development, data tracking advocacy, project coordination and supervision. She has several published and unpublished papers for conferences and has participated in conference special panel sessions.

DIRECTORS PROFILE

continued



MR. MURITALA ARIYO OLUSHEKUN

Mr. Olushekun is a Fellow of the Institute of Chartered Accountants of Nigeria, the Chartered Institute of Stockbrokers and Institute of Directors (IoD). He is also an Associate of the Chartered Institute of Taxation and the Nigerian Institute of Management as well as a Member of Chartered Investment and Securities Institute, UK. He is an Authorised Dealing Clerk of the Nigerian Stock Exchange and NASD Plc and is registered with the Securities & Exchange Commission. Mr. Olushekun holds HND in Accountancy from Yaba College of Technology as well as MBA in Marketing from the University of Lagos. He is an Alumnus of the Advanced Management Program of IESE Business School, Barcelona, Spain as well as IoD Independent Directorship Certification Programme. He has also participated in Executive and Professional Development programmes at Harvard Business School, Boston, USA, INSEAD Business School, Fontainebleau, France, Lagos Business School and New York Institute of Finance.

Mr. Olushekun has over thirty years experience of active participation in various aspects of Investment Banking eleven out of which were spent at Centre-Point Merchant Bank Plc before leaving in 1998 to establish and manage Capital Assets Limited, a leading Investment Banking outfit in Nigeria. He has participated in several Investment Banking Transactions for corporate bodies and governments at Federal, State and local levels.

Mr. Olushekun is a Past President and Chairman of the Governing Council of the Chartered Institute of Stockbrokers. He has served on the National Council of the Nigerian Stock Exchange as well as on the Board of its subsidiary, NSE Consult Ltd. He has also served on the Board of Central Securities Clearing Systems Plc. He is currently serving on the Boards of NASD Plc, Unity Registrars Ltd, Co-Link Investment Management Ltd and Applied Logic Ltd. Mr. Olushekun was a member of the Business Support Group of the Nigerian Vision 20:2020 as well as the Federal Government Capital Market Resuscitation Committee. He recently served as the Chairman of Capital Market Literacy Master Plan Committee and is currently a member of the Capital Market Master Plan Implementation Council of the Securities & Exchange Commission, the Nigerian Green Bond Advisory Group, Chairman of the Nigerian Stock Exchange Investigation Panel and Chairman, Capital Market Support Committee on COVID-19.

He has attended several local and international courses on Corporate Governance, Risk Management, Investments, Banking and Finance. He has also made presentations at several seminars, workshops and investment fora in Nigeria, USA, UK, Ireland and Canada.

REPORT OF THE DIRECTORS

In accordance with section 342 of the Companies and Allied Matters Act, 2004, the Directors have the pleasure of presenting herewith their Annual Report together with the Statement of Financial Position as at April 30, 2020 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, 2020 was ₦1.21.

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 2020.

	FY 2020 ₦'000	FY 2019 ₦'000
Revenue	5,025,500	5,434,107
Profit Before Tax	585,503	679,331
Taxation	(197,198)	(187,732)
Profit After Tax	393,052	477,070

4. DIVIDEND

The Directors are pleased to recommend a dividend of 12.5 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:

	₦'000
Profit After Taxation	₦393,052
Less Proposed Dividend	₦220,165
Profit Carried Forward	₦172,887

5. 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.

6. DONATIONS AND CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

During the course of the year, donations and CSR initiatives amounting to ₦8,809,550 million is as stated below:

S/No	Beneficiary	Amount (₦)
1.	PPE items donated to Anambra State Government and NAUTH Nnewi (Covid-19)	4,668,000
2.	PPE items donated to Ebonyi State Government (Covid-19)	1,970,000
3.	Nnewi Community (Education, Medical Assistance, Security)	1,181,550
4.	Rehabilitation Centre for the Disabled, Old and Tramps (RECDOT)	400,000
5.	Veterans	400,000
6.	Construction of car porch for Federal Road Safety Corps Nnewi Unit Command	190,000
	Total	8,809,550

REPORT OF THE DIRECTORS

continued

7. ANALYSIS OF SHAREHOLDING

a) Shareholders & Shareholding:

The Registrar has advised that the shareholdings as at April 30, 2020 are as follows:

Share Range	No. of S/Holders	Cumulative Holders	% Holders	No of Units	Cumulative Units	% Units	Cumulative %
1-1,000	735	735	9.744	342,751	342,751	0.019	0.019
1,001-5,000	1,124	1,859	14.901	3,313,916	3,656,667	0.188	0.207
5,001-10,000	824	2,683	10.924	6,391,204	10,047,871	0.363	0.57
10,001-50,000	2,050	4,733	27.178	52,287,491	62,335,362	2.969	3.539
50,001-100,000	1,485	6,218	19.687	97,600,916	159,936,278	5.541	9.08
100,001-500,000	1,078	7,296	14.291	204,920,228	364,856,506	11.634	20.714
500,001-1,000,000	127	7,423	1.684	83,607,081	448,463,587	4.747	25.461
1,000,001-5,000,000	86	7,509	1.140	169,970,448	618,434,035	9.650	35.111
5,000,001-10,000,000	13	7,522	0.172	86,660,924	705,094,959	4.920	40.031
10,000,001-ABOVE	21	7,543	0.053	1,056,227,067	1,761,322,026	59.969	100
TOTAL	7,543		100	1,761,322,026		100	

b) Directors' Shareholding

		As at Year End		Prior Year		Date of Approval of FY 2020 Account	
		April 30, 2020	April 30, 2020	April 30, 2019	April 30, 2019	July 16, 2020	July 16, 2020
S/No	Name of Director	Direct	Indirect	Direct	Indirect	Direct	Indirect
1.	Amb. Okwudili Nwosu	70,414,398	Nil	70,414,398	Nil	70,414,398	Nil
2.	Mrs. Ijeoma Oduonye	2,400,000	Nil	1,505,000	Nil	2,400,000	Nil
3.	Barr (Mrs.) Ifeoma Nwahiriri	6,784,236	180,344,452	6,784,236	180,344,452	6,784,236	180,344,452
4.	Barr (Mrs.) Oge Maduka	Nil	90,187,982	Nil	90,187,982	Nil	90,187,982
5.	Dr Chidozie Nsoedo	Nil	219,498,666	Nil	219,498,666	Nil	219,498,666
6.	Sir Matthias Umego	1,201,320	Nil	1,261,320	Nil	1,201,320	Nil
7.	Mr. Nnamdi Ike	26,666	Nil	26,666	Nil	26,666	Nil

Barr. (Mrs.) Ifeoma Nwahiriri represents Uzodike Gilbert Obiajulu; Barr. (Mrs.) Oge Maduka represents AMI Nigeria Ltd. while Dr. Chidozie Nsoedo represents Nsoedo Samuel & R.C. Onyeje & Company (Nig) Ltd's Shareholdings on the Board

c) Substantial Interest in Shares

According to the Register of Members as at 30 April 2020, no other individual holds 5% and above of the issued and fully paid up shares of the Company apart from the following individuals:

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	91,796,240	5.21
6.	AMI Nigeria Limited	90,187,982	5.12
	Total	688,494,006	39.09

d) Acquisition of Own Shares

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

REPORT OF THE DIRECTORS

continued

e) Free Float Analysis

The free float analysis of the issued and paid-up share capital of the Company as at April 30, 2020 is as stated below:

S/No	Category	Holding as at April 30, 2020	% Holding as at April 30, 2020	Holding as at April 30, 2019	% Holding as at April 30, 2019
1.	Directors	80,826,620	4.59	79,991,620	4.54
2.	Shareholders with 5% and above	688,494,006	39.09	698,494,006	39.66
3.	Free Float	992,001,400	56.32	982,836,400	55.80
	Total	1,761,322,026	100.00	1,761,322,026	100.00

8. CORPORATE GOVERNANCE REPORT

a. 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.

b. 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, 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.

c. 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

REPORT OF THE DIRECTORS

continued

success of the Company. The Chairman also facilitates the contribution of Directors, 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.

d. 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:

1. Defining the Company's strategic goals and ensuring that its human and financial resources are effectively deployed towards attaining those goals;
2. 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;
3. 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;
4. Approval and enforcement of Code of Business Ethics for the Company, the Employees and Directors.
5. 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.
6. Ensuring succession planning and the appointment, training, remuneration and replacement of Board members and Senior Management staff;
7. Defining a framework for delegation of its authority or duties to Management specifying matters that may be delegated and those reserved for the Board;
8. 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;
9. Identifying risk and monitoring risk management systems;
10. Establishing appropriate internal controls to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;

e. Composition of the Board

The Company's Articles of Association provides that the Board shall consist of a maximum of

REPORT OF THE DIRECTORS

continued

nine (9) Directors. During the period under review, the Board is made up of seven (7) experienced Directors with significant achievements in their respective professions. The Board consisted of the Chairman, the Chief Executive Officer and five Non-Executive Directors, one of which is Independent. 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. The Directors possess the requisite integrity, skills and experience to bring independent judgement to bear on the deliberations of the Board. Below are details of the Directors who held office during the period ended April 30, 2020:

S/No	Name of Director	Position
1.	Amb Okwudili Nwosu	Chairman (Non-Executive)
2.	Mrs. Ijeoma Oduonye	Chief Executive Officer
3.	Barr (Mrs.) Ifeoma Nwahiri	Non-Executive Director
4.	Dr Chidozie Nsoedo	Non-Executive Director
5.	Barr (Mrs.) Oge Maduka	Non-Executive Director
6.	Sir Matthias Umego	Non-Executive Director
7.	Mr. Nnamdi Ike	Independent Non-Executive Director

f. 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 geographical and gender diversity 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. The Company has plan in place for induction and training of the Directors if elected by the shareholders at the AGM.

g. Changes on the Board

In the course of the financial year ended April 30, 2020, there was no change on the Board of the Company.

h. Retirement of Directors by Rotation

Section 89(3) of the Articles of Association of the Company provides that one-third of the Directors for the time being, or, if their number is not three or multiple of three, then the number nearest one-third shall retire from office at the Annual General Meeting in every year. In view of the fact that all the Directors with the exception of the Chief Executive Officer would retire at the 37th AGM, no Director will retire by rotation.

i. 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 Director 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

REPORT OF THE DIRECTORS

continued

continuous training to the Directors in order to enhance their performance on the Board.

j. Directors Standing for Election

Amb. Okwudili Nwosu, Barr (Mrs.) Ifeoma Nwahiri, Dr Chidozie Nsoedo and Sir Matthias Umego are seeking re-election as Directors. New Directors to be elected at the 37th Annual General Meeting of the Company are Mr. Ike Okonkwo, Mr. Ariyo Olushekun and Mrs. Ijeoma Ezeasor. Profile of Directors that will be elected at the AGM is on pages 18 to 20 and pages 22 to 23 of the Annual Report.

k. Evaluation of the Board

In the Company's customary manner of imbibing the best corporate governance practices, evaluation of the Board was undertaken in financial year 2020. The annual appraisal covered all aspects of the Board's responsibilities, processes, relationships, individual member's competencies, respective roles in the performance of the Board etc.

An Independent Consultant, Corporate Mission Consultant, was engaged to carry out the Board and Directors appraisal for the 2020 financial year.

l. 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 28 of the Audited Financial Statements.

m. Directors' Interest in Contracts

Within the period under review, no Director has declared interest in contracts in which the Company was involved as at April 30, 2020 for the purpose of Section 277 of the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria, 2004.

REPORT OF THE DIRECTORS

continued

n. 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	23/05/19	19/07/19	29/08/19	28/11/19	27/02/20
1.	Amb. Okwudili Nwosu	P	P	P	P	P
2.	Mrs. Ijeoma Oduonye	P	P	P	P	P
3.	Barr (Mrs.) Ifeoma Nwahiri	P	P	P	AA	P
4.	Barr (Mrs.) Oge Maduka	P	P	P	P	P
5.	Dr. Chidozie Nsoedo	P	P	P	P	P
6.	Sir Matthias Umego	P	P	P	P	P
7.	Mr. Nnamdi Ike	P	P	P	P	P

(Key: P – Present, AA – Absent with Apology)

o. Board Committees

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

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

p. 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	20/06/19	19/09/19	12/12/19	19/03/20
1.	Barr (Mrs.) Oge Maduka (Chairman)	P	P	P	P
2.	Barr (Mrs.) Ifeoma Nwahiri	P	P	P	P
3.	Dr. Chidozie Nsoedo	P	P	P	P

(Key: P – Present)

q. 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. The Committee also defines processes for determining executive and non-executive compensation. The GNC 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 Head of Departments. 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 and Business Ethics for Directors and staff. Details of attendance by each of the Committee member are shown below:

REPORT OF THE DIRECTORS

continued

GNC Committee's Attendance Record is shown in the table below:

S/No	Director	18/07/19	24/10/19	29/02/20	30/04/20
1.	Barr (Mrs.) Ifeoma Nwahiri (Chairman)	P	P	P	P
2.	Sir Matthias Umego	P	P	P	P
3.	Mr. Nnamdi Ike	P	P	P	P

(Key: P – Present)

r. Statutory Audit Committee

In compliance with Section 359 (4) of the Companies and Allied Matters Act, CAP C20 LFN, 2004, members of the Statutory 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:

Statutory Audit Committee's Attendance Record is shown in table below:

S/No	Director	18/07/19	24/10/19	29/11/19	27/04/20
1.	Chief Edmund Njoku (Chairman)	P	P	P	P
2.	Mr. Jude Okpala	P	P	P	P
3.	Barr (Mrs.) Ifeoma Nwahiri	P	P	NLM	NLM
4.	Barr (Mrs.) Oge Maduka	P	P	P	P
5.	Mr. Nnamdi Ike	NYA	NYA	P	P

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

s. 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 annually 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.

t. Monitoring Compliance with Corporate Governance

The Company's Chief Compliance Officer who is also the Company Secretary monitors compliance with the requirements and the implementation of the Code of Corporate Governance. The Company Secretary forwards regular returns to the regulatory bodies and also on corporate governance compliance.

REPORT OF THE DIRECTORS

continued

u. Complaint Management Policy

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

v. Whistle Blowing Policy

In line with the Company's commitment to instilling the best Corporate Governance practices, we have a whistle-blowing procedures that ensures anonymity for whistle-blowers. This is 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 breach in the Company.

w. Security Trading Policy

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.

9. EMPLOYMENT & EMPLOYEES

a. Management & Staff

The Company's staff strength increased from 249 to 255, including the CEO within the financial year. The Company employed twenty-seven permanent employees, twenty Industrial training, six NYSC and fifteen Vacation staff, while twenty-six permanent employees disengaged from the Company. Five of the thirty-six temporary staff were converted to permanent staff within the year under review.

b. Employment of Physically Challenged Persons

We provide employment opportunities to physically challenged persons and do not discriminate on any group. The Company is driven by a deep conviction that even in disability, there could be immense ability. In line with our policy, we solely recruit based on capability to occupy the specific role. The Company currently has three physically challenged staff in her employment.

c. Employee Involvement

Cutix Plc is committed to fully informing her employees about the Company's performance and involves them in decision-making process. This we have found to be an efficient method of aligning staff to the corporate goal. Aside town hall and departmental meetings, the Joint Consultative Committee made up of elected staff from different departments, has been a useful tool for enhancing effective communication between employees and the Company.

d. Health and Safety Policy

In Cutix Plc, health and safety policy is in place to guide employees, visitors, contractors and anyone involved in the Company's value chain. We are committed to preventing accidents and

REPORT OF THE DIRECTORS

continued

incidents that may create an unsafe condition that would lead to accidents, injuries and illnesses related to work.

10. Relationship with Stakeholders

Cutix Plc maintains an effective communication with its shareholders and this enables them understand the Company's business, financial condition, operating performance and trends. Apart from our Annual Report and Accounts, proxy statements and formal shareholders' meetings, the Company maintains an investor's portal on the website that provides information on a wide range of issues for all stakeholders. The Company regularly files statutory returns to the Securities and Exchange Commission (SEC) and the Nigerian Stock Exchange (NSE) which are usually accessible to the shareholders on the NSE's portal.

11. HIGHLIGHTS OF SUSTAINABILITY ISSUES 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 her business operations and activities. The Company pays adequate attention to the interest of its stakeholders such as its Shareholders, 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. We implemented initiatives that helped us advance our sustainable development strategy within the period under review as stated below:

a. ENVIRONMENT

i. Environmental Sustainability

Following our Company culture which encourages fairness to all stakeholders, we are committed to protecting and caring for our community. Strategies like the use of staff bus to commute some factory employees to and from the work place and use more of public power when available, contributed to the reduction of our carbon emission within the period.

In line with regulatory requirements, we ensure that we meet all the health, safety and environment standards, because we recognise the importance of environmental issues to our stakeholders and its fundamental attribute to the long-term sustainability of Cutix Plc. Our aim is to achieve and maintain a sustainable environment, where our business poses no long-term critical degradation of natural resources, nor lasting damage to species, our habitats or climate.

Cutix Plc is focused on reducing any undesirable impact of her operations on the environment. We ensure that an Environmental Impact Assessment (EIA) is carried out before we commence any new project. Periodic audits are also carried out and recommendations implemented where necessary.

ii. Training and Welfare of Employees

We ensure there is available work and enhancing the skill of our workforce has always been our priority in Cutix Plc. We expose staff to both internal and external trainings once we

REPORT OF THE DIRECTORS

continued

observe a gap, introduce a new procedure or develop an invention. Within the period under review, we organised trainings ranging from Corporate Governance, Risk Management, Safe and Defensive driving ethics, among others. We also provided regular awareness on health and safety issues. We aim at offering a competitive welfare package and providing a conducive working environment aligning every employee to ensure that we meet set organizational goals.

iii. Health and Safety of Employees

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. We occasionally conduct fire drills for employees to create safety awareness. 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. We occasionally 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.

A cross-section of Cutix's staff undergoing training on Safety and Emergency Responses



b. SOCIAL ISSUES

i. Community Investment and Corporate Social Responsibility

Cutix Plc is committed to ensuring that the Company creates value for all the stakeholders and our host community who contribute to our business success. 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. The Company invites students and pupils of selected schools in the host community to her annual Children's Christmas party. The Company also provided electricity to our immediate neighbours which is aimed at giving back to the community where we operate.

Portable drinking water provided to our host community



ii. Sponsorships and Donations

Cutix Plc is the principal 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 Tramps (RECDOT) and the veterans. Financial assistance was given to approved vigilante groups, educational institutions and scholarship was also given to indigent students during the period under review. The Company donated car porch to the Federal Road Safety Corps, Nnewi Unit Command within the period. We also donated PPE items worth about ₦7 million to the Anambra and Ebonyi State Governments in the fight against the global corona virus pandemic.

The Chairman and the CEO during the 2020 ENIC finals competition at Owerri, Imo State





The CEO and some of her Management Team donating PPE items in the fight to contain the spread of Corona Virus Pandemic



The CEO and some Management team donating PPE items to the Anambra State Government



Donation of PPE items to Ebonyi State Government

REPORT OF THE DIRECTORS
continued



*Donations of PPE items to the Chief Medical Director,
Nnamdi Azikiwe University Teaching Hospital (NAUTH) Nnewi, Prof Tony Igwegbe*



Car Porch built and donated to the Federal Road Safety Corps, Nnewi Unit Command

REPORT OF THE DIRECTORS

continued

iii. Consumer Communication

Our products are safe for use and we educate users of electrical cables and wires on the dangers of using substandard cables. Due to series of reported cases of passing-off of our products, the Company implemented the rebranding of her products packaging to ensure that an innocent buyer gets the Cutix cables he or she sets out to buy.

iv. Quality Assurance and Product Safety

Everywhere in Nigeria and beyond, the name Cutix guarantees to the consumer that the product is safe and of high standard. We have also instituted National and International procedures to ensure that our processes and product quality meet all standard requirements.

v. 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 staff with respect and dignity while expecting everyone to promote a sense of personal responsibility. We recruit competent and motivated people who respect the Company's values. We provide equal opportunities for employees' development and advancement.

The long-term success of the Company depends on its ability 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 acquire skills that will enable them achieve a long-term career with the Company. We provide hands-on learning and classroom trainings for our employees both internally and externally.

iv. Gender Equality and Diversity

Cutix Plc values gender equality and diversity, hence, we are committed to creating a working environment with dignity and respect. We treat both employees and other stakeholders fairly and provide supportive and safe environment to all without discrimination. Our employees are made up of individuals from different parts of the country and every employee is given a equal opportunity for enhancement solely based on merit. In line with international best practice, the ratio of women in the employment of the Company and in senior management position is currently 29% and 33% respectively. Within the period under review, 43% of the Company's Board members are women.

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	182	73	255	71%	29%

REPORT OF THE DIRECTORS

continued

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%
Senior Management (AGM - GM)	2	1	3	67%	33%

c. GOVERNANCE ISSUES

i. 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 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 uses. 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 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 society 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.

ii. 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.

iii. Relationship with Regulators

Cutix Plc maintains a cordial relationship with all relevant regulatory authorities. The Company promptly complies with and responds to all requests made, pursuant to the law, and provides information to the regulators and other relevant agencies.

iv. 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.

REPORT OF THE DIRECTORS

continued

12. STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE

The Company complies with the legislation and applicable regulations of the Nigerian Stock Exchange (NSE), the Securities and Exchange Commission (SEC) and the Financial Reporting Council (FRC). 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.

13. FINE AND PENALTY

The Company paid the sum of ₦1,750,000.00 to the Financial Reporting Council (FRC) during the year under review as penalty for incomplete disclosure of few items in the FY 2018 Audited Financial Statements.

14. 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 occurred since the reporting date which would have a material effect on the financial statements as presented.

15. 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.

16. INDEPENDENT AUDITORS

The firm of ANOC Professional Services was appointed in 2011 and served as Independent Auditor during the year under review. In line with Section 20.2 of the Nigerian Code of Corporate Governance (2018) which provides that external audit firm may be retained for no longer than ten years continuously, a new Audit firm will be appointed at the AGM.

BY ORDER OF THE BOARD



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

JULY 16, 2020

REPORT OF INTERNAL AUDIT ASSESSMENT



Ngozi Monica Okonkwo & Co. (Chartered Accountants & Fraud Examiners)

Duplex 11 Ugochukwu Housing Estate, SabMiller Crescent
Off Atani Road, P. O. Box 14431, Onitsha, Anambra State
Phone: 0803 322 1761 Email: ngmonik@yahoo.co.uk

July 9, 2020

REPORT TO THE DIRECTORS OF CUTIX PLC ON THE ASSESSMENT OF THE EFFECTIVENESS OF THE INTERNAL AUDIT FUNCTION

Our Firm, Ngozi Monica Okonkwo and Co (Chartered Accountants & Fraud Examiners) was engaged as an Independent External Consultant to carry out an Assessment of the effectiveness of the Internal Audit Function of Cutix Plc in line with the provisions of Section 31.14 of the Securities and Exchange Commission (SEC) Code of Corporate Governance and Section 18.6 of the Nigeria Code of Corporate Governance (NCCG) as well as global best practices on Internal Audit Function and Corporate Governance.

The Assessment entailed a review of the Internal Audit Function as well as compliance with applicable Laws and Regulations during the period under review. Our review and report covered the underlisted key issues:

- Compliance with Laws and Regulations,
- Framework for managing Risk,
- Internal Control and the Internal Audit Function,
- Training needs of Internal Audit staff,
- Enterprise Assurance Department's capacity for continuous improvement, and
- The Internal Auditor.

We received and examined documents, explanations, and responses necessary to form our opinion on the Internal Audit function in Cutix Plc. We also interviewed key personnel and members of the Management team and reviewed minutes of Audit Committee meetings, Audit, Risk and Compliance Committee (ARC) meetings, Internal Audit Policy and work instructions as well as Company Policies and Procedures.

Although the Assessment is a limited review and may not disclose all significant matters and irregularities, if any, in the Company, we confirm that the Internal Control Procedures are operating effectively.

Our findings and recommendations for improvement and further strengthening of the Internal Control Process have been included in our detailed Report to the Board and Management of the Company.

On the basis of the work done and subject to the findings reported, we conclude that Cutix Plc has complied with the provisions of Section 31.14 of the SEC Code and Section 18.6 of the NCCG Code.

Yours faithfully,

For: Ngozi Monica Okonkwo & Co

Ngozi Monica Okonkwo, FCA

Principal Partner

FRC/2013/ICAN/00000000916

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and its Statements of Profit or Loss and other Comprehensive Income. The Directors' responsibilities include:

- a) Ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act;
- b) Designing, implementing and maintaining internal control relevant to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- c) Preparing the Company's financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates that are consistently applied.

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, 2020. 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.

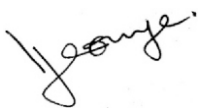
The Directors accept responsibility for the annual financial statements which have been prepared

The Directors have made an 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.

SIGNED ON BEHALF OF THE DIRECTORS OF THE COMPANY BY:



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



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



Mrs. Favour Oti
Chief Financial Officer
FRC/2018/ICAN/00000017811

CORPORATE EVENTS

36TH ANNUAL GENERAL MEETING OF CUTIX PLC



CORPORATE EVENTS
36th Annual General Meeting
continued



Cross-section of Shareholders



Representatives of the Registrar, SEC and the NSE at the AGM



SEC Officials



NSE Officials



Cross-section of shareholders at the AGM



Cross-section of shareholders

SEND-FORTH PARTY IN HONOUR OF OUR FORMER DIRECTORS HELD AT CONV-AJ CENTRE, NNEWI



A former Director, Arc Mansur Ahmadu, receiving his award presented on behalf of the Company by Chief Edmund Njoku.



Engr. Olufemi Akintunde & his wife receiving an award presented on behalf of the Company by Sir Dennis Oforde



The founder - Dr. Ajulu Uzodike with Mr. Sam Nsoedo



Our former chairman, Dr O. J. Mbonu & his wife receiving an award presented on behalf of the Company by Mr. Sam Nsoedo



Mrs. Oduonye, Dr. Mbonu and Amb Nwosu



Dr Ajulu Uzodike, Sir Umego and Mr. Ezeimo with some guests



Mr. Nnamdi Ike with some guests

**SEND-FORTH PARTY IN HONOUR OF OUR
FORMER DIRECTORS HELD AT CONV-AJ CENTRE, NNEWI**
continued



OFFICIALS OF THE INTERNATIONAL FINANCE CORPORATION
WITH SOME DIRECTORS AND MANAGEMENT TEAM DURING
THEIR VISIT TO THE COMPANY



LAUNCHING OF CUTIX PLC'S NEW PRODUCT



Cutix Plc launches her **SOLAR CABLES** for all your solar panels' installations. They are available in all cable sizes, both in single core and two-core cables. You can take delivery from any of our offices/ distributors nationwide.

Head Office/Factory:
17 Osita Onyejianya street Umuauka
Otolu Nnewi Anambra State.

Tel:
046280087, 08130010813, 08151781555.

Email: sales@cutixplc.com.ng

Website: www.cutixplc.com.ng



STATUTORY AUDIT COMMITTEE'S REPORT

For the period ended 30 April 2020

TO THE MEMBERS OF CUTIX PLC

In compliance with the provisions of section 359(6) of the Companies and Allied Matters Act (Cap C20) Laws of the Federation of Nigeria, 2004, we confirm that we have:

1. Reviewed the scope and planning of the audit requirements
2. Reviewed the external auditors' Management Letter for the year ended 30 April 2020, as well as the Management's response thereon; and
3. Ascertained that the accounting and reporting policies of the Company for the year ended 30 April 2020 are in accordance with legal requirements and agreed ethical practices.

In our opinion, the scope and planning of the audit for the year ended 30 April 2020 were adequate and Management's responses to the External Auditors' findings were satisfactory.

In addition, the scope, planning and reporting of these Financial Statements were in compliance with the requirement of the Financial Reporting Standards as adopted by the Company.

Dated this 15th July 2020



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

Members of the Audit Committee

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

(The Company Secretary served as the Secretary to the Committee)



Chief Edmund U. Njoku



Mr. Jude Okpala



Barr (Mrs) Oge Maduka



Mr. Nnamdi Ike

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CUTIX PLC

Report on the audit of the financial statements

Our opinion

In our opinion, Cutix Plc's (the company's) financial statements give a true and fair view of the financial position of the company as at 30 April, 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

What we have audited

Cutix Plc's financial statements comprise:

- The statement of financial position as at 30 April, 2020;
- The statement of profit or loss and other comprehensive income for the year then ended;
- The statement of changes in equity for the year then ended;
- The statement of cash flows for the year then ended; and
- The notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on auditing (ISAs). Our responsibilities under these standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent to the company in accordance with the International Code of Ethics for

Professional Accountants (including International Independence Standards), the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises performance highlights, Mission Statement, Corporate information, Board of Directors' and Company Secretary's profile, Director's report, Statements of Directors' responsibilities, Report of the Audit Committee, Value added statement and Five year financial summary and Cutix Plc's distributors (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the Cutix Plc 2020 Annual Report, which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other

information identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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 and those charged with governance for the financial statements.

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with international Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, 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 have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objective are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, 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.

Misstatement 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of 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 prove 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, misrepresentation's, 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 repressing 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 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 audit evidence obtained up to 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.

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 identify during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significant in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements:

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- I) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) The company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;
- iii) the company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.



Ralph Okoroha FCA, (Engagement Partner)
FRC/2013/ICAN/00000002633
for: ANOC Professional Services
(Chartered Accountants)
Lagos, Nigeria.

July 21, 2020



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 April 2020

	Notes	2020 N'000	2019 N'000
Revenue	6	5,025,500	5,434,107
Cost of sales	7	<u>(3,583,531)</u>	<u>(3,789,320)</u>
Gross profit		1,441,968	1,644,787
Other income	8	<u>41,112</u>	<u>13,944</u>
		1,483,081	1,658,731
Selling and distribution expenses	9	(168,973)	(168,155)
Administrative expenses	10	(575,953)	<u>(704,059)</u>
Profit before tax and interest expense		738,155	786,517
Finance costs	11	<u>(152,651)</u>	<u>(107,185)</u>
Profit before taxation	12	585,504	679,331
Income tax expense	13.i	<u>(192,451)</u>	<u>(202,262)</u>
Profit for the year		<u>393,053</u>	<u>477,070</u>
Other Comprehensive Income			
Item that will never be reclassified to profit or loss:			
Define benefit plan actuarial loss		<u>-</u>	<u>-</u>
Total Comprehensive Income for the year		<u>393,053</u>	<u>477,070</u>
Earnings per share (kobo) - Basic	30	22.32	27.09

STATEMENT OF FINANCIAL POSITION

For the Year Ended 30 April 2020

	Notes	2020 N'000	2019 N'000
Non-Current Assets:			
Property, plant and equipment	14	813,162	874,219
Intangible assets	15	6,071	-
Long term prepayment	16	43,116	6,206
Total non-current assets		862,349	880,425
Current Assets			
Inventories	17	1,782,971	1,579,698
Trade and other receivables	18	744,764	248,371
Other prepayments	19	70,286	40,233
Cash and cash equivalents	20	167,620	112,612
Total current assets		2,765,641	1,980,914
Total Assets		3,627,990	2,861,339
Equity:			
Paid up share capital	21	880,661	880,661
Retained earnings	22	924,977	732,430
Total Equity		1,805,638	1,613,091
Non Current Liabilities:			
Long term borrowings	23	327,613	30,103
Deferred tax liabilities	13.1	180,903	185,651
Total Non Current Liabilities		508,516	215,754
Current Liabilities			
Short term borrowings	24	776,921	656,230
Trade and other payables	25	264,065	145,048
Current tax payable	13.ii	272,850	231,216
Total current liabilities		1,313,836	1,032,494
Total Liabilities		1,822,352	1,248,248
Total Equity and Liabilities		3,627,990	2,861,339

The Financial Statements on pages 53 to 56 and Notes to the Financial Statement on pages 57 to 81 were approved by the Board of Directors on July 16, 2020 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 Financial Officer
FRC/2018/ICAN/00000017811

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 April 2020

	Notes	Issued Share Capital N'000	Retained Earnings N'000	Total Equity N'000
At 1 May 2019		880,661	732,430	1,613,091
Changes in equity for 2019				
Profit for the year		-	393,052	393,052
Total equity in the year		<u>880,661</u>	<u>1,125,482</u>	<u>2,006,144</u>
Transactions with owners recorded directly in equity				
Dividends paid during the year	29	-	(220,166)	(220,166)
Unclaimed dividend written back		-	19,660	19,660
Total transactions with owners		-	(200,506)	(200,506)
At 30 April 2020		<u>880,661</u>	<u>924,977</u>	<u>1,805,638</u>
Statement of Changes in Equity for the year Ended April 30, 2019				
At 1 May 2018		440,331	858,963	1,299,294
Changes in equity for 2019				
Profit for the year		-	477,070	477,070
Total equity in the year		<u>440,331</u>	<u>1,336,033</u>	<u>1,776,364</u>
Transactions with owners recorded directly in equity				
Dividends paid during the year	29	-	(176,133)	(176,133)
Bonus issue		440,330	(440,330)	-
Unclaimed dividend written back		-	12,860	12,860
Total transactions with owners		<u>440,330</u>	<u>(603,603)</u>	<u>(163,273)</u>
At 30 April 2019		<u>880,661</u>	<u>732,430</u>	<u>1,613,091</u>

STATEMENT OF CASH FLOWS

For the Year Ended 30 April 2020

	Notes	2020 N'000	2019 N'000
Cash Flows From Operating Activities:			
Cash receipts from customers		4,766,328	5,382,986
Cash paid to suppliers and employees		(4,474,332)	(4,687,773)
Value added tax - Input		105,151	189,466
Value added tax - (Output)		<u>(151,453)</u>	<u>(271,705)</u>
Cash generated from operations	26	245,694	612,974
Income taxes paid through withholding tax		(7,898)	(8,348)
Income taxes paid		<u>(147,666)</u>	<u>(177,226)</u>
Net cash flows from operating activities		<u>90,130</u>	<u>427,399</u>
Cash Flows From Investing Activities:			
Purchase of property, plant & equipment	14	(92,577)	(202,340)
Purchase of intangible assets	15	(7,589)	-
Proceeds from sale of property, plant & equipment		<u>-</u>	<u>4,813</u>
Net cash flows from investing activities		<u>(100,166)</u>	<u>(197,527)</u>
Cash Flows From Financing activities:			
Finance costs	11	(152,651)	(107,185)
Dividend paid	29	(220,166)	(176,132)
Unclaimed dividend written back		19,660	12,860
Long-term borrowings		297,510	23,766
Short-term borrowings		<u>120,691</u>	<u>25,076</u>
Net cash provided by financing activities		<u>65,044</u>	<u>(221,616)</u>
Net Increase in cash and cash equivalents		55,008	8,256
Opening cash and cash equivalents		<u>112,612</u>	<u>104,356</u>
Closing cash and equivalents	20	<u>167,620</u>	<u>112,612</u>

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 April 2020

1 Reporting Entity

1.1 Legal Form

Cutix Plc 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, Otolu Nnewi, Anambra State.

1.2 Principal Activities

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

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). It is also prepared in compliance with Companies and Allied Matters Act and financial Reporting Standards of Nigeria, Act No. 6, 2011.

2.2 Basis of measurement

(a) The financial statements have been prepared under the historical cost convention, except for the under-mentioned areas as indicated below:-

- > Available for sale financial assets are measured at fair value.
- > Financial instruments are measured at fair value
- > Loans and advances are stated at amortized cost.
- > Inventory is measured at net realizable value
- > Land and buildings are carried at cost or revalued amount.
- > Investment properties are measured at fair value.
- > Defined benefit asset is recognized at the net total of the plan assets plus unrecognized past

service cost and unrecognized actuarial loss, less unrecognized actuarial gains and the present value of the defined benefit obligation.

(b) 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 group's future financial performance and if necessary implementation of tax planning strategies.

NOTE TO THE FINANCIAL STATEMENT

continued

(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.

(iii) **Impairment losses on receivables**

The Company reviews its receivables to assess impairment at least 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.

2.3 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.

2.4 Summary of Standards and Interpretations

2.4.1 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.

2.4.2 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 (IFRSs). 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 (₦'000), except when otherwise indicated.

3 Critical 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.

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.

3.1 COVID-19 Considerations

The Corona Virus (COVID-19) pandemic has had a significant impact on the world, adversely affecting the lives of the Company's customers and its employees.

NOTE TO THE FINANCIAL STATEMENT

continued

The first impact was noted in the Company in March 2020, with major distributors impacted from March 2020 onwards. Based on the magnitude of the pandemic and its potential impact on the annual financial statements, management is conducting a review of all possible financial effects the virus could have on the measurement, presentation and disclosure. There are uncertainties as the assumptions are still being reviewed to ascertain and quantify their financial impact. This will be updated as issues become clearer.

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 are 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 are 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
Machine components	4 years
Plants and machinery and equipment	10 years

NOTE TO THE FINANCIAL STATEMENT

continued

Motor vehicles	4 years
Computer equipment	2 years

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 recognized 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 determined using pre-tax rate which reflects current market assessments of the time value of money and the risk specific to the obligation.

Provisions are recognized 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.

4.1.6 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.

4.2 Intangible Assets

i Recognition and measurement

Software acquired is stated at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

ii Amortization is recognized in profit or loss on a straight line basis over the estimated useful life of the software from the date it is available for use. The estimated useful lives for the current and comparative years of significant items of intangible assets are as follows:

> Odoo ERP and others - 5 years

4.2.1 Derecognition of Intangible Assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use. 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 recognized in profit or loss when the asset is derecognised.

4.2.2 Subsequent Expenditure

Subsequent expenditure on computer software and development cost are

NOTE TO THE FINANCIAL STATEMENT

continued

capitalized only when there is future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

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 reflects 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 the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell,

Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in profit or loss. Gains are not recognized 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 customer i.e., date of shipment.

4.4 Receivables

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 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

NOTE TO THE FINANCIAL STATEMENT

continued

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 subsequently measured at amortized cost using the effective interest rate method. Financial liabilities are included in current liabilities unless the company has an unconditional

NOTE TO THE FINANCIAL STATEMENT

continued

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

The Company has adopted IFRS 16, "Leases" as issued by the IASB in July 2014 with a date of transition of 1 January 2019, which resulted in changes in accounting policies. As permitted by the transitional provision of the

standard, the Company may choose the modified retrospective approach to the application of IFRS 16. This approach allows the Company not to restate comparative financial information. The major impact of the adoption of this standard is that the Company will be required to capitalize all leases (i.e. recognize a right-of-use asset and a lease liability) with the exemption of certain short-term leases and leases of low-value assets. However, this standard does not change the accounting for leases of the company in the year under review.

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Other leases are classified as operating leases and are not recognized on the Company's statement of financial position. Payments made under operating leases are recognized in the profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Operating lease payments are recognized as an expense on a straight-line basis over the

NOTE TO THE FINANCIAL STATEMENT

continued

lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

4.9 Statement of cash flows

The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as translation differences, fair value changes, equity-settled share-based payments and other non-cash items, have been eliminated for the purpose of preparing the statement. Dividends paid to ordinary shareholders are included in financing activities. Interest paid is also included in financing activities while finance income is included in investing activities.

4.10. Application of new and revised international financial reporting standards (IFRS) and interpretations to standards

The following new standard, amendment to standard and interpretation are effective for the period under review.

4.10.1 IFRS 16 - Leases

IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC - 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customers ('lease') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as operating leases or finance leases as required by IAS 17 and introduces a single lessee accounting model. Applying that model, a lessee is required to recognize;

- * Assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and
- * Depreciation of lease assets separately from interest on lease liabilities in the profit or loss.

For the lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those types of leases differently.

4.10.2 Amendments to IFRS 9 Prepayment Features With Negative Compensation

The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the Solely Payment of Principal and Interest (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.

The amendments have no impact on the Company's accounts.

4.10.3 Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures

The amendment clarifies that IFRS 9, including its impairment requirements, applies to long term interests. Furthermore,

NOTE TO THE FINANCIAL STATEMENT
continued

in applying IFRS 9 to long term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

The amendments have no impact on the Company's accounts.

4.10.4 Annual Improvements to IFRS Standards 2015 - 2017 Cycle

The Annual Improvements include amendments to four Standards.

4.11 IAS 12 Income Taxes

The amendments clarify that an entity should recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

The amendments have no impact on the financial statements.

4.12 IAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

The amendments have no impact on the financial statements.

4.13 IFRS 3 Business Combinations

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognized assets, liabilities and goodwill relating to the joint operation.

The amendments have no impact on the financial statements.

4.14 IFRS 11 Joint Arrangements

The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not remeasure its PHI in the joint operation.

All the amendments are effective for annual periods beginning on or after 1 January 2019 and generally require prospective application. Earlier application is permitted.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the financial statements.

4.15 Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the assets ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may

NOTE TO THE FINANCIAL STATEMENT

continued

result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognized in the normal manner in other comprehensive income.

The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. An entity will now be required to use the updated assumptions from this measurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under IAS 19 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

The amendments are applied prospectively. They apply only to plan amendments, curtailments or settlements that occur on or after the beginning of the annual period in which the amendments to IAS 19 are first applied. The amendments to IAS 19 must be applied to annual periods beginning on or after 1 January 2019, but they can be applied earlier if an entity elects to do so.

The directors of the Company do not anticipate that the application of these amendments in the future will have an impact on the Company's financial statements.

4.16 IFRIC 23 Uncertainty Over Income Tax Treatments

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation

does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation has not impact on the Company's accounts.

4.17 New standards, amendments and interpretation not yet effective

Certain new standards, amendments to standards and interpretations have been published that are not yet effective for the financial year ended April 30, 2020 and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is as stated below:

4.17.1 IFRS 17 - Insurance Contracts effective for annual periods beginning 1 January 2022

The new Standards establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. The Standard outlines a General Model, which is modified for insurance contracts with direct participation features, described as the Variable Fee Approach. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach. The General Model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty, it takes into account market interest rates and the impact of policy holders' options and guarantees. The implementation of the Standards is likely to bring significant changes to an entity's processes and systems, and will require much greater coordination between many functions of the business, including finance, actuarial and IT.

4.17.2 The Conceptual Framework for Financial Reporting (revised)

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standards in place and to assist all parties to understand and interpret the standards. It is effective for annual periods beginning on or after 1 January 2020.

4.18 Measurement of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. Significant valuation issues are reported to the Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

in some cases, if the inputs used to measure the fair value of an asset or a liability is categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair value is included in Financial Instruments - Financial risk management and fair values - (Note 30).

4.19 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.

4.20 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.

4.21 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.

NOTE TO THE FINANCIAL STATEMENT

continued

4.21.1 Interest 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 or 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.

4.21.2 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.

4.21.3 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.

4.22 Post Employment Benefits:

4.22.1 Pension Fund Scheme

In accordance with the provisions of the Pension Reform Act, 2014 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.

The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

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.

4.22.3 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 recognized 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.

4.22.4 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.

NOTE TO THE FINANCIAL STATEMENT

continued

4.22.5 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.

4.22.6 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.
- > 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.

4.22.7 Tax Exposure

In determining the amount of current and deferred tax, the company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

4.23 Provisions

4.23.1 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

NOTE TO THE FINANCIAL STATEMENT

continued

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.

4.23.2 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 timeline. The people affected have a valid expectation that the restructuring is being carried out or the implementation has been initiated already.

4.24 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 translated 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).

4.25 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.

4.26 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 2020, there were three disabled persons in the employment of the company.

4.27 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.

NOTE TO THE FINANCIAL STATEMENT

continued

4.28 Earnings Per Share

The company presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average 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. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held (if any), for the effects of all dilutive potential ordinary shares.

4.29 Share Capital

The Company has only one class of shares: ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve.

4.30 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).

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.

4.31 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.

NOTE TO THE FINANCIAL STATEMENT

continued

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.

5.1 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.

5.2 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.

	2020 N'000	2019 N'000
6 Revenue		
Revenue represents the net amount invoiced to customers for goods supplied within Nigeria.		
Cables and wire sales	3,738,248	3,644,492
Metal product sales	5,160	871
Armored cable sales	<u>1,282,092</u>	<u>1,788,744</u>
	<u>5,025,500</u>	<u>5,434,107</u>
7 Cost of Sales:		
Depreciation expenses - Production	109,763	108,038
Insurance - Production	9,771	4,902
Maintenance - Production	69,677	70,512
Power charges	44,973	43,890
Production supplies	154,731	209,795
Production wages	114,259	125,346
Raw material cost	3,050,836	3,199,355
Motor vehicle - COS	29,521	27,482
	<u>3,583,531</u>	<u>3,789,320</u>
8 Other Income		
Profit on sale of property, plant and equipment	111	(24,738)
Foreign exchange difference	11,806	1,473
Sales of scrap	29,195	37,209
	<u>41,112</u>	<u>13,944</u>

NOTE TO THE FINANCIAL STATEMENT
continued

	2020 N'000	2019 N'000
9 Selling and Distribution Expenses		
Distribution expenses	86,932	53,718
Advertisement and promotions	82,041	114,437
	<u>168,973</u>	<u>168,155</u>
10 Administrative Expenses		
Audit fees	3,000	3,000
Bank charges	7,444	8,540
Vehicle operating expenses	8,074	14,847
Repairs and maintenance	12,242	24,698
Medical and welfare	55,288	56,588
Pension (management contribution)	21,812	26,460
Postages and telephones	9,715	14,269
Depreciation	43,760	59,635
Amortization charge	1,518	-
Rent and rates	18,122	16,283
Staff salaries	181,062	190,097
Directors' emolument	10,170	10,170
Subscriptions and periodicals	9,746	5,002
Training and development	26,097	46,541
Transport and traveling	103,452	101,073
Professional services	1,821	1,917
Office expenses	11,977	13,068
Research and development	4,918	7,532
Bad debt	2,851	5,684
Insurances	10,055	14,232
Retirement benefits	16,667	71,348
Printing and stationeries	7,354	6,949
Corporate social responsibility	8,810	4,794
Share capital increase	-	1,331
	<u>575,953</u>	<u>704,059</u>
11 Finance Costs		
Interest on term loans	52,396	25,063
Interest on commercial papers	67,077	32,322
Interest on overdraft	33,178	49,800
	<u>152,651</u>	<u>107,185</u>
12 Profit Before Taxation		
The profit for the year is arrived at after charging:		
Directors' fees	895	895
Directors' other emoluments	9,275	9,275
Auditors' remuneration	3,000	3,000
Finance charges	152,651	107,185
Depreciation	153,523	167,673
And after crediting:		
Other income	29,306	12,470
Exchange gain	11,806	1,473

NOTE TO THE FINANCIAL STATEMENT
continued

	2020 N'000	2019 N'000
13 Taxation:		
i Income tax recognized in profit or loss		
Taxation on profit on ordinary activities	182,577	170,651
Education tax	14,601	17,080
NPTF Levy	20	-
Deferred tax (<i>Note 13.1</i>)	(4,748)	14,531
Balance per income statement	192,451	202,262
ii Current liabilities in the statement of financial position		
Taxation on profit on ordinary activities	182,577	170,651
Education tax	14,601	17,080
NPTF Levy	20	-
	197,198	187,731
Balance brought forward	231,216	229,059
Payments during the year	(147,666)	(177,226)
Withholding tax utilized	(7,898)	(8,348)
Balance per statement of financial position	272,850	231,216
13.1 Deferred Taxation:		
At May 1, 2019	185,651	171,120
Charged to profit or loss	(4,748)	14,531
At April 30, 2020	180,903	185,651
13.2 Reconciliation of Effective Tax Rate		
Profit for the year	393,052	477,070
Total income tax expense	197,198	187,732
Profit excluding deferred tax	590,251	664,801
Effective tax rate	33	28

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	Recognized in Profit or Loss	Recognized in OCI	Closing Balance
April 30, 2020				
Deferred tax liability or asset in relation to:	N'000	N'000	N'000	N'000
Property, plant and equipment	185,650	(4,748)	-	180,903
	<u>185,650</u>	<u>(4,748)</u>	<u>-</u>	<u>180,903</u>
April 30, 2019				
Deferred tax liability or asset in relation to:	N'000	N'000	N'000	N'000
Property, plant and equipment	171,119	14,531	-	185,650
	<u>171,120</u>	<u>14,531</u>	<u>-</u>	<u>185,650</u>

NOTE TO THE FINANCIAL STATEMENT
continued

14 Property, Plant and Equipment

	Plant & Machinery & Equipment						Motor Vehicles	Computer Equipment	Furniture & Fittings	Capital Work in Progress	Total
	Land	Buildings & Infrastructure	Shops	Borehole & Tanks	Generating Sets	Machine Components					
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, 2018	26,254	380,720	4,200	23,353	-	-	899,146	200,997	64,717	44,721	1,648,545
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)
Balance at 30 April 2019	26,254	380,720	4,200	23,353	184,374	-	872,522	137,804	84,160	48,307	1,766,133
Additions	36,129	-	-	-	527	3,684	10,538	39,307	757	1,635	92,577
Reclassification	-	-	-	-	-	6,505	(6,505)	-	-	-	-
Disposals	-	-	-	-	(62)	-	-	(3,270)	-	(131)	(3,463)
Balance at 30 April 2020	62,383	380,720	4,200	23,353	184,839	10,190	876,555	173,841	84,918	49,811	1,855,247
Depreciation											
At May 1, 2018	-	74,584	840	16,624	-	-	494,713	131,817	34,250	26,615	779,443
Depreciation for the year	-	9,518	140	2,335	75,527	-	68,270	26,969	31,157	1,595	215,509
Disposals	-	-	-	-	-	-	(56,967)	(42,958)	(3,070)	(42)	(103,038)
Balance at 30 April 2019	-	84,102	980	18,958	75,527	-	506,015	115,828	62,338	28,167	891,914
Depreciation for the year	-	9,518	140	356	27,778	2,547	67,192	22,045	22,207	1,739	153,523
Disposals	-	-	-	-	(18)	-	-	(3,270)	-	(64)	(3,352)
Balance at 30 April 2020	-	93,620	1,120	19,314	103,288	4,173	571,581	134,603	84,544	29,841	1,042,085
Carrying Amount:											
At 30 April 2020	62,383	287,100	3,080	4,038	81,552	6,016	304,975	39,238	376	19,971	813,162
At 30 April 2019	26,254	296,618	3,220	4,395	108,847	-	366,507	21,977	21,822	20,140	874,219

15 Intangible Assets (Software)

Intangible assets represent purchase of and installation cost of software license. The movement on this account during the year was as follows:-

Cost

Balance at 1 May 2019

Additions

Balance at April 30, 2020

Amortization

Balance at 1 May 2019

Amortization for the year

Balance at April 30, 2020

At 30 April 2020

At 30 April 2019

16 Long Term Prepayments:

Prepayments

Prepayments - Payment on account to acquire Adswitch Plc

2020	2019
N'000	N'000
-	-
7,589	-
7,589	-
-	-
1,518	-
1,518	-
6,071	-
-	-
6,944	6,206
36,172	-
43,116	6,206

NOTE TO THE FINANCIAL STATEMENT
continued

		2020 N'000	2019 N'000
17	Inventories:		
	Raw materials	579,076	654,764
	Work in progress	233,078	190,532
	Finished goods	787,522	556,389
	Technical stock and spares	197,197	181,612
	Consumables	2,179	2,610
	Advert and promotion	9,569	13,439
	Obsolete stock	(25,649)	(19,649)
	<i>Advert and promotion represents the value of promotional items in the inventory.</i>	<u>1,782,971</u>	<u>1,579,697</u>
18	Trade and Other Receivables		
	Trade receivables	368,696	109,524
	Deposit for imports	361,011	129,172
	Staff receivables	5,809	5,262
	Other receivables	9,248	4,413
		<u>744,764</u>	<u>248,371</u>
19	Other Prepayments		
	Prepayments	113,402	46,439
	Prepayments due after one year (<i>See Note 16</i>)	(43,116)	(6,206)
	Prepayments due within one year	<u>70,286</u>	<u>40,233</u>
20	Cash and Cash Equivalents:		
	Cash balances	250	263
	Access Bank Plc	9,944	29,741
	Ecobank Limited	2,741	6,704
	Fidelity Bank Plc	1,808	3,287
	First Bank Limited	4,771	-
	Guaranty Trust Bank Plc	2,996	4,820
	Polaris Bank Limited	580	142
	Sterling Bank Plc	576	4,876
	Union Bank of Nigeria Plc	40,913	33,711
	United Bank for Africa Plc	100,596	9,435
	Zenith Bank Plc	2,445	19,631
		<u>167,620</u>	<u>112,612</u>
21	Share Capital		
	Authorized: 2,871,603,392 ordinary shares of 50k each.	<u>1,435,802</u>	<u>1,435,802</u>
	Issued and fully Paid: 1,761,322,026 Ordinary shares of 50k each	<u>880,661</u>	<u>880,661</u>
22	Retained Earnings		
	Balance brought forward	732,430	858,963
	Transfer from income statement	393,052	477,070
	Capitalization of 880,661,013 bonus shares @ 50k each	-	(440,330)
	Revalidated dividend paid	-	(11,164)
	Dividend written back	19,660	24,023
	Dividend paid in the year	(220,166)	(176,132)
		<u>924,977</u>	<u>732,430</u>

NOTE TO THE FINANCIAL STATEMENT

continued

	2020 N'000	2019 N'000
23 Long Term Borrowings:		
Bank of Industry (BOI) (Note 23a)	313,614	45,154
Current portion (Access Bank) (Note 23b)	13,999	(15,051)
Additions during the year	-	(6,337)
Current portion (Union Bank)	-	6,337
	327,613	30,103
23a Bank of Industry Limited		
During the year, the company obtained working capital loan. The applicable interest rate of the loan is 12.5%. However, the interest rate was restructured and reduced to 10.5% to cushion the effect of the Covid-19.		
23b Access Bank Plc		
This is term facility of ₦49,124,200 obtained from former Diamond Bank Plc (now Access Bank) repayable over 36 months with effect from January 2019. 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.		
24 Short Term Borrowings:		
Access Bank Plc - Overdraft	17,370	88,432
Access Bank Plc - Current portion	-	15,051
Bank of Industry (BOI)	165,042	-
Union Bank of Nigeria Plc - Promissory notes	71,928	66,234
Union Bank of Nigeria Plc - Overdraft	105,017	215,772
Commercial papers (Note 24.1)	417,564	270,740
	776,921	656,230
24.1 The commercial papers were issued to various individuals and Co-operative societies for period of 90 days renewable at interest rates ranging from 9% to 15%.		
25 Trade and Other Payables		
Trade payables	74,288	34,310
Accruals	120,008	64,755
Value added tax and WHT payable	31,527	14,518
Other credit balances (Note 25.1)	38,242	31,465
	264,065	145,048
25.1 Other Credit Balances		
Withholding tax	-	3,257
Distributions deposit	-	600
Directors' sitting expenses and allowance	3,832	2,288
Pension payable (Note 25.2)	1,242	43
Registrars - EDC	2,000	-
Other advertisement and promotion	11,059	3,042
Obodo rubber	-	32
Reapfold	-	3
Road construction - ANSG	286	286
LC - Offshore charges	10,148	9,894
Upfront interest charge	8,281	11,639
Marine insurance	1,393	384
	38,242	31,465

NOTE TO THE FINANCIAL STATEMENT
continued

	2020 N'000	2019 N'000
252 Pension Payable		
Obligation as at May 1, 2019	43	-
Charge for the year	27,181	27,860
Payments	(25,982)	(27,817)
	<u>1,242</u>	<u>43</u>
26 Reconciliation of Net Income to Net Cash Provided by Operating Activities:		
Profit before finance costs	738,154	786,517
Adjustments for:		
Depreciation	153,523	167,673
Amortization	1,518	-
(Profit) or loss on asset disposal	(111)	24,738
Operating profit before working capital changes	<u>893,084</u>	<u>978,928</u>
(Increase) in inventories	(203,052)	(261,740)
(Increase)/Decrease in trade receivables and prepayments	(563,355)	250,037
Increase/(Decrease) in trade and other payables	119,017	(354,251)
Cash generated from operations	<u>245,694</u>	<u>612,974</u>
27 Staff Cost		
Salaries and wages	295,321	314,393
Medical, welfare, pension and training	77,100	83,048
	<u>372,420</u>	<u>397,441</u>
28 Directors and Employees:		
(i) Chairman's Emoluments:		
As Executive	-	-
Fees	153	153
Other	529	529
	<u>682</u>	<u>682</u>
(ii) Other Directors' Emoluments:		
As Executive	6,525	6,525
Fees	742	742
Other	2,221	2,221
	<u>9,488</u>	<u>9,488</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	82	73
N300,001 - N400,000	47	47
N400,001 - N500,000	50	50
N500,001 - N600,000	26	26
Above N600,001	<u>50</u>	<u>53</u>

NOTE TO THE FINANCIAL STATEMENT

continued

(v) **Staff costs:**

The number of persons employed at 30th April, and the staff costs were as follows:

Managerial	16	16
Intermediate staff	53	59
Junior staff	186	174
	<u>255</u>	<u>249</u>

The related staff costs amounted to ₦372,420,488 (2019 - ₦397,441,041)

(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 that entity.

Key management compensation includes:

Short term employee benefits:

Wages and salaries:

Directors emoluments	682	682
----------------------	-----	-----

Post employment benefits:

Defined contribution plan	21,812	26,460
	<u>22,494</u>	<u>27,142</u>

The above amounts have been included in directors emoluments above.

29 Dividends Paid and Proposed

Dividends on ordinary shares declared and paid during the year

Final dividend for 2020: 12.5 kobo per share (2019: 12.5 kobo per share)	-	-
	<u>220,166</u>	<u>176,132</u>
	<u>220,166</u>	<u>176,132</u>

30 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	1,761,322
Profit attributable to ordinary equity shareholders (N'000)	393,052	477,070
Basic earnings per share (kobo)	<u>22.32</u>	<u>27.09</u>

b. Diluted

There were no potentially diluted shares outstanding at 30 April, 2020.

31 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

NOTE TO THE FINANCIAL STATEMENT

continued

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.

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

	2020	2019
	₦'000	₦'000
Trade and other receivables	744,764	248,371
Cash and cash equivalents	167,620	112,612
	<u>912,384</u>	<u>360,983</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 favorable 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.

NOTE TO THE FINANCIAL STATEMENT

continued

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: COVID - 19

The Company considers information obtained subsequent to the reporting date, in relation to known or knowable events and expected eventualities identified as at 30 April, 2020, as adjusting subsequent events. With regards to financial reporting impacts associated with COVID-19 the key principle is that COVID-19 is considered to be sufficiently prevalent in the Company's major markets at 30 April, 2020. Therefore, COVID-19 related events that arise in the post balance sheet period, that provide additional information in relation to assets and liabilities in existence at 30 April, 2020, have been considered adjusting subsequent events. New events which occur after 30 April, 2020, which do not relate to existing assets and liabilities related to COVID-19 at the reporting date, are considered to be non-adjusting subsequent events, and these, together with their relating financial effects, have been disclosed to the extent that they are considered to be material.

Other Subsequent Events

There have been no other events noted, that occurred after the reporting date, including events associated with COVID-19, that could have a material impact on the annual financial statements.

OTHER NATIONAL DISCLOSURES

STATEMENT OF VALUE ADDED

For the Year Ended 30 April 2020

	2020 N'000	%	2019 N'000	%
Revenue	5,025,500		5,434,107	
Other income	<u>41,112</u>		<u>13,944</u>	
Revenue and other income	5,066,611		5,448,051	
Bought-in-materials and services - Foreign	(3,182,750)		(3,462,125)	
Bought-in-materials and services - Local	<u>(619,765)</u>		<u>(619,765)</u>	
Value Added	<u>1,264,096</u>	<u>100.00</u>	<u>1,366,161</u>	<u>100.00</u>
To pay employees' wages:				
Salaries and other benefits	372,420	29.46	397,441	29.40
To pay providers of Capital:				
Interest on facilities and finance charges	152,651	12.08	107,185	7.93
To pay Government:				
Income tax	197,178	15.60	202,262	14.81
NPTF levy	20	0.00	-	-
To provide for enhancement of assets and expansion:				
Depreciation	153,523	12.14	167,673	12.41
Retained earnings	393,052	31.09	477,070	35.30
Deferred tax	<u>(4,748)</u>	<u>(0.38)</u>	<u>14,531</u>	<u>1.08</u>
	<u>1,264,096</u>	<u>100.00</u>	<u>1,366,161</u>	<u>100.00</u>

FIVE YEARS FINANCIAL SUMMARY

For the Year Ended 30 April 2020

	2020	2019	2018	2017	2016
	N'000	N'000	N'000	N'000	N'000
Assets Employed:					
Property, plant and equipment	813,162	874,219	869,103	769,450	819,254
Intangible assets	6,071	-	-	-	-
Long term prepayments	43,116	6,206	9,183	7,424	1,238
Inventories	1,782,971	1,579,697	1,317,958	1,103,158	487,956
Trade and other receivables	744,764	248,371	525,058	323,792	477,457
Prepayments	70,286	40,233	10,604	10,486	26,590
Cash and cash equivalents	167,620	112,612	104,356	115,482	79,223
Total Assets	3,627,990	2,861,338	2,836,262	2,329,792	1,891,718
Equity and Liabilities					
Equity					
Paid up share capital	880,661	880,661	440,331	440,331	440,331
Retained earnings	924,977	732,430	858,961	573,638	429,885
	1,805,638	1,613,091	1,299,292	1,013,969	870,216
Liabilities					
Long term borrowings	327,613	30,103	6,337	52,337	113,480
Deferred tax liabilities	180,903	185,651	171,120	151,079	151,726
Short term borrowings	776,921	656,230	631,154	685,706	497,569
Trade and other payables	264,065	145,048	499,300	315,504	163,378
Current tax payable	272,850	231,216	229,059	111,196	95,349
	1,822,352	1,248,248	1,536,970	1,315,823	1,021,502
Total Equity and Liabilities	3,627,990	2,861,339	2,836,262	2,329,792	1,891,718
Revenue	5,025,500	5,434,107	5,057,374	3,675,712	2,835,862
Profit before taxation	585,503	679,331	661,563	370,143	278,114
Taxation	(192,451)	(202,262)	(221,268)	(112,646)	(87,563)
Profit after taxation	393,052	477,070	440,296	257,497	190,551
Dividend	-	(220,166)	(176,132)	(158,519)	(123,293)
	393,052	256,904	264,164	98,978	67,258
Earnings per share - Actual (kobo)	22.32	27.09	50.00	29.24	21.64
Earnings per share - Adjusted (kobo)	22.32	27.09	25.00	14.62	10.82
Dividend per share (kobo)	-	12.50	20.00	18.00	14.00
Dividend payout ratio	0%	46%	40%	62%	64%

NOTE:

Earnings per share - Actual, have been calculated each year on the issued share capital at the statement of financial position date and it is based on the profit after taxation.

PICTURES OF SOME OF OUR PRODUCTS



PICTURES OF SOME OF OUR EQUIPMENTS



Quality Assurance Laboratory Section



Rigid Frame Stranding Machine



120 Extrusion Machine



1x1x3 Laying Machine

SHAREHOLDERS' INFORMATION

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

YEAR	AMOUNT	YEAR	AMOUNT
1989	4k	2005	10k
1990	10k	2006	10k
1991	12k	2007	12k
1992	12k	2008	12k
1993	12k	2009	12k
1994	15k	2010	12k
1995	12k	2011	12k
1996	15k	2012	12k
1997	12k	2013	12k
1998	15k	2014	12k
1999	15k	2015	12k
2000	15k	2016	14k
2001	15k	2017	18k
2002	15k	2018	20k
2003	10k	2019	12.5k
2004	10k		

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	440,330,506
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

Shareholder's Data Update Form

To:

The Registrar,
EDC Registrars Ltd,
23 Olusoji Idowu Street,
Ilupeju, Lagos

SHAREHOLDER DETAILS

In order to effectively communicate with and to provide you with information on developments within Cutix Plc kindly complete your shareholder's details below

Surname _____

Other names _____

Address _____

Registrar A/C No.: _____

Postal Address _____

E-mail Address _____

Mobile Phone No.: _____

Shareholder's Signature OR Thumbprint _____

CSCS INFORMATION

I/We hereby request that subsequently all my/our dividends due or which may become due in my/our holding in Cutix Plc indicated below to transfer to CSCS electronically:

CLEARING HOUSE NUMBER:

C									
---	--	--	--	--	--	--	--	--	--

NAME OF STOCKBROKERS

--

Joint holders

(1) _____ (2) _____

If Corporate

Authorised signatures: (1) _____ (2) _____

NB: Corporate Seal/stamp required for (corporate Shareholder)

Shareholders are requested to complete the above form and send to the Registrar, EDC Registrars Ltd, 23 Olusoji Idowu Street, Ilupeju, Lagos or sent by email to info@edcregistrars.com

Alternatively, completed form can be sent to the Registrar via the Company Secretary, Cutix Plc, 17, Osita Onyejiana Street, Umuanuka Otolu Nnewi, Anambra State or sent through email to secretariat@cutixplc.com.ng

E-DIVIDEND ACTIVATION FORM

Affix
Current Passport
(To be stamped by bankers)

Please write your name at the
back of your passport
photograph

EDC REGISTRARS LIMITED

Instruction:

E-MANDATE ACTIVATION FORM

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 Account Number

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

Branch Address

--

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

--

For enquiries, please call 01-4538671-4 or send email
to info@edcregistrars.com

Kindly tick & quote your shareholder account no.

in the box below:

Tick	Name of Company	Shareholder Number
	Cutix Plc	

AUTHORISED SIGNATURE & STAMP OF BANK



PROXY FORM

37th Annual General Meeting to be held at 11. 00a.m on Friday, November 27, 2020 at the Company's Head Office, 17, Osita Onyejianya Street, Umuauka, Otolo Nnewi, Anambra State.

No of Shares :

I/We
(Name of Shareholder)

of

being a member/members of Cutix Plc hereby appoint (Please see Note [b] below for the list of proxies)

or failing Him/her, the Chairman of the Meeting, as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Friday, November 27, 2020.

Dated this day of 2020

Shareholders signature.....

Notes:

- In view of the health and safety measures put in place by the Government including limiting the number of persons that can be in a gathering to 20, this Proxy Form has been prepared to enable Shareholders exercise the right to vote despite not being physically present at the meeting.
- Members may appoint a proxy of their choice from the following persons: (i) *Dr Gilbert Uzodike; Amb Okwudili Nwosu; Mrs. Ijeoma Oduonye; Mrs. Chinwendu Nwokporo; Chief Edmund Njoku; Mrs. E. O. Obideyi and Sir Daniel Olisakwe.*

- Please sign this Proxy Form and post or deliver it to EDC Registrars Ltd, 23, Olusoji Idowu Street, Ilupeju, Lagos or send via email to info@edcregistrars.com or secretariat@cutixplc.com.ng not later than 5.00 pm on November 24, 2020.
- If executed by a corporation, the proxy card should be sealed with the Common Seal.
- The proxy must produce the Admission card issued by the Registrar to obtain entry of the meeting.

NUMBER OF SHARES			
<u>Ordinary Resolutions</u>		For	Against
1.	To Receive the Audited Accounts for the Year Ended April 30, 2020 together with the Report of the Directors, Audit Committee and Auditors		
2.	To declare a dividend		
3.	To Elect Directors: (a) Mr. Ikechukwu Okonkwo (b) Mr. Ariyo Olushekun (c) Mrs. Ijeoma Ezeasor To Re-Elect Directors (a) Amb Okwudili Nwosu (b) Barr (Mrs.) Ifeoma Nwahiriri (c) Dr Chidozie Nsoedo (d) Sir Matthias Umego		
4.	To Authorize the Directors to Fix the Remuneration of the Auditors		
5.	To Elect Members of the Statutory Audit Committee		
6.	To Appoint External Auditors		
<u>Special Resolutions</u>			
7.	To Approve the Remuneration of the Directors		
8.	To Approve the Amendment of Articles of Association of the Company.		
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.			



Cutix Plc launches her **SOLAR CABLES** for all your solar panels installations. They are available in all cables sizes, both in single core and two-core cables. You can take delivery from any of our offices/distributors nationwide.

Head Office/Factory:

17, Osita Onyejianya Street, Umuanuka
Otolu, Nnewi. Anambra State.

Telephone: 046280087, 08130010813, 0815178155.

Email: sales@cutixplc.com.ng

Website: www.cutixplc.com.ng



Annual Reports & Accounts 2020 • Annual Reports & Accounts 2020 • Annual Reports & Accounts 2020 • Annual Reports & Accounts 2020 •
Annual Reports & Accounts 2020 • Annual Reports & Accounts 2020 • Annual Reports & Accounts 2020 • Annual Reports & Accounts 2020 •



WWW.CUTIXPLC.COM.NG