



CUTIX PLC

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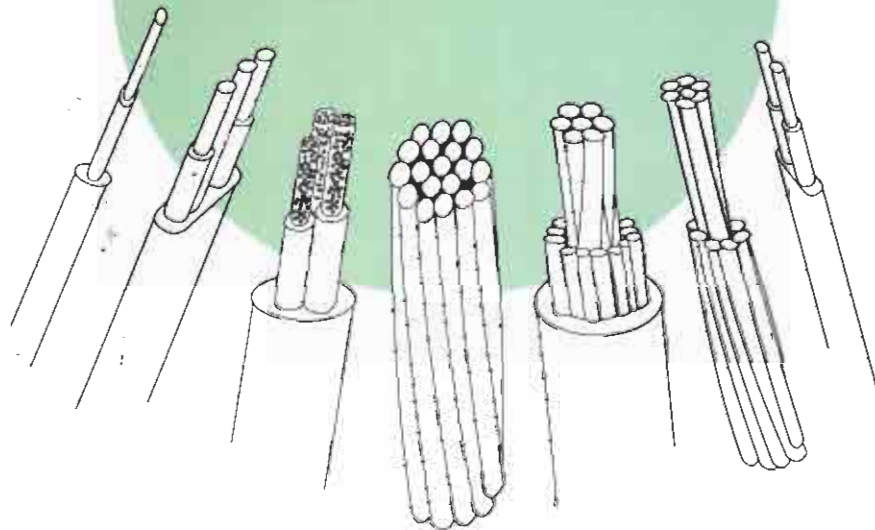
ANNUAL

**Report &
Accounts**

When it comes to Cables
QUALITY has a Name

CUTIX CABLES

Recommended
by
experts



Insist on The "CUTIX"
brand for reliability

- HOUSE WIRING/APPLIANCE CABLES ■ ALUMINIUM OVERHEAD LINES
- AUTOMOTIVE CABLES ■ TELECOMMUNICATION CABLES ■ POWER CABLES



 **CUTIX PLC**



Cutix Cables ... Exclusive Quality.

Contents

Corporate Mission	2
Result at a Glance	3
Directors, Management, Professionals, Advisers, etc.	4
Notice of Meeting	5
Statement of Directors' Responsibilities	6
Report of the Directors	7
Report of the Audit Committee	13
Report of the Auditors	14
Accounting Policies	15
Profit and Loss Account for the year ended April 30, 2007.	16
Balance Sheet as at April 30, 2007	17
Cash Flow Statement for the year ended April 30, 2007	18
Notes to the Financial Statements for the year ended April 30, 2007	19
Statement of value added for the year ended April 30, 2007	23
Five year Financial Summary - Year ended April 30, 2007	24
Performance Chart	25
Unclaimed Dividend No. 18	26
Proxy Form	27

Result at a Glance

	2007 ₹	2006 ₹
Turnover	1,064,020,981	714,167,023
Profit Before Taxation	187,559,779	80,874,707
Taxation	65,868,828	26,553,909
Profit After Taxation	121,690,951	54,320,798
Dividend	31,703,797	26,419,830
Called Up Capital	132,099,152	132,099,152
Shareholder's Funds	270,665,843	180,678,689
Earnings Per Share-adjusted	46.06k	20.56k
Dividend Per Share-adjusted	12.00k	10.00k

Directors, Management, Professionals, Advisers, etc.

CHAIRMAN

Chief. Ajulu Uzodike

DIRECTORS

Chief R. C. Onyeje

Mr. S. C. Nsoedo

Barr. (Mrs.) A. O. Uzodike

Chief C. E. Nzewi

Ichie, G. M Ikebuilo

Dr. A. I. Ikenga Metuh

Chief J. C. Ojukwu

Mr. O. O. Nwosu

Mr. I. F. Uzodike

Ms. P. Nwagbogu

Mr. U. A. Uzodike

Barr. (Mrs.) I. Nwahiri

COMPANY SECRETARY

Miss Tyna Ogbonna

LEGAL ADVISER

Emeka Etiaba & Co

63, Raymond Njoku Street,

Ikoyi, Lagos.

MANAGEMENT

Chief Ajulu Uzodike

Mr M. A. Umego

Mr. I. F. Uzodike

Mr. Chima Nwosu

Miss Jane Okeke

Mr. Isaiah Ugwu

Mr. Arinze Okwuosa

Mrs. Uche Igbokwe

Mrs. Ijeoma Oduonye

Miss. Anjela Anosike

Mrs. Ijeoma Obiora

Miss Tyna Ogbonna

Mrs. A. C. Obiorah

Chief Executive Officer

General Manager

General Manager

Assistance General Manager

Head - Finance Services

Head - Customer Services

Head - Manufacturing Services

Head - Human Resources Services

Head - Finance & Admin. Services

Head - Enterprises Assurance Services

Head - Quality Assurance Services

Company Secretary

Dep. Coy. Secretary

REGISTERED OFFICE/FACORY

17, Osita Onyejianya Street,

Anuka, Otolo, Nnewi,

Anambra State.

POSTAL ADDRESS

P.M.B. 5040

Nnewi, Anambra State.

BRANCHES

27 St Micheal Road

Aba, Abia State.

Garki Village Corner Shop, Suite 41-Row 2

Samuel Ladoke Akintola Crescent

Garki, Abuja.

B/16 Ibrahim Taiwo Road

Abeokuta Street

Kaduna, Kaduna State.

17, Olutosin Ajayi Street

Ajao Estate, Oshodi, Lagos State.

AUDITORS

Nnamdi Oyeka & Co

(Chartered Accountant)

34, Bassie Ogamba Street

Off Adeniran Ogunsanya Street

Surulere, Lagos State.

REGISTRARS AND TRANSFER OFFICE

Cutx Plc,

17 Olufosin Ajayi Street,

Ajao Estate

P.M.B 1019

Oshodi Lagos

BANKERS

1. Union Bank of Nigeria Plc

2. Spring Bank Plc

3. Intercontinental Bank Plc

4. Diamond Bank Plc

5. United Bank for African Plc

6. First Bank of Nig. Plc

7. Oceanic Bank Int'l Plc

Notice of Meeting

NOTICE IS HEREBY GIVEN that the 24th Annual General Meeting of Cutix Plc will be held at Anaedo Social Club Hall, Nnewi on Friday, October 26, 2007 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive the Audited Accounts for the year ended April 30, 2007 together with the Report of the Directors, Audit Committee and Auditors.
2. To declare a dividend.
3. To re-elect Directors.
4. To approve the Directors' remuneration.
5. To authorize the Directors to fix the remuneration of the Auditors.
6. To elect members of the Audit Committee.

DIVIDEND

The Directors have recommended the payment of a dividend of 12 kobo per 50 kobo ordinary share (less withholding tax)

SPECIAL BUSINESS:

7. To consider and if thought fit pass the following resolutions:
"That the Nominal Share Capital of the Company be and is hereby increased from ₦132, 099,152.00 to ₦264,198,304.00 by the creation of 264,198,304 new ordinary shares of 50K each, ranking in all respect, parri-passu with the existing 264,198.304 ordinary shares of the Company"
8. "That pursuant to Article 124 of the Company's Article of Association and the Directors having recommended, the sum of ₦132, 099,152 from the balance standing to the credit of the Company's Reserve Account be capitalized and such sum be set free for distribution to members whose names appear on the Register of Members at the close of business on October 15, 2007 in the proportion of ONE new ordinary share of 50K each for every ONE ordinary share held by them as at that date, and that the said sum be applied in paying in full at par for 264,198,304 unissued ordinary shares of 50k each ranking in all respect pari passu with the existing ordinary shares of the company except that they shall not rank for the dividend recommended by the Directors in respect of the accounts for the year ended April 30, 2007, to be allotted and distributed to members in the proportion aforementioned".
9. "That the Memorandum and Articles of Association of the Company be and is hereby altered to reflect the increase of the Company's share capital and other consequential amendments thereto".

NOTES:

1. PROXY

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his behalf and such proxy need not be a member of the Company. All instruments of proxy duly stamped should be deposited at the office of the Registrar, CUTIX PLC. 17, Olutosin Ajayi Street, Ajao Estate, P.M.B.1019 Oshodi, not later than forty-eight (48) hours before the time fixed for holding the meeting.

2. DIVIDEND WARRANT

If the dividend recommended by the Directors is approved by members at the Annual General Meeting, the dividend warrants will be posted on Friday, November 23, 2007 to the Members whose names appear in the Register of Members at the close of business on October 19, 2007.

3. AUDIT COMMITTEE

Any Member who wishes to serve in the Audit Committee must be nominated by a shareholder in writing to reach the Company Secretary at least 14 days before the Annual General Meeting.

4. CLOSURE OF REGISTER OF MEMBERS AND TRANSFER BOOKS:

NOTICE IS HEREBY GIVEN that the Register of Members and Transfer Book of the Company will be closed from Monday, October 15, to Friday, October 19, 2007 (both dates inclusive).

BY ORDER OF THE BOARD

TYNA OGBONNA
COMPANY SECRETARY
Lagos, July 14, 2007



Statement of Directors' Responsibilities

This statement, which should be read in conjunction with the Report of the Auditors and the Report of the Audit Committee, is made with a view to setting out for shareholders, the responsibilities of Directors of the Company with respect to the financial statements.

In accordance with the provisions of the Companies and Allied Matters Act 1990, the Directors are responsible for the preparation of annual financial statements which give a true and fair view of the financial position of the Company and of the profit or loss for the financial period.

The responsibilities include ensuring that: -

- Appropriate internal controls are established both to safeguard the asset of the Company and to prevent and detect fraud and other irregularities;
- The Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which ensures that the financial statements comply with the requirements of the Companies and Allied Matters Act 1990;
- The Company has used suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed.

It is the responsibilities of the directors to be satisfied that it is appropriate for the financial statements to be prepared on a going concern basis unless it is presumed that the Company will not continue in business.

Report of the Directors

In accordance with section 342 of the Companies and Allied Matters Act, 1990, the Directors have the pleasure to submit herewith their Annual Report together with the Balance Sheet as at April 30, 2007 and the Profit and Loss Account for the year ended on that date.



Engr. Chief Ajulu Uzodike
Chairman

(1) LEGAL STATUS

The company was incorporated on November 4, 1982 as a private limited liability company. It was quoted on The Nigerian Stock Exchange on August 12, 1987. The price per 50k share as at April 11, 2007 was ₦11.34k.

(2) PRINCIPAL ACTIVITIES

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

(3) 2007 RESULT

The performance of our company was good as anticipated. Turnover grew by 49% from ₦714 million in 2006 to ₦1,064 Billion in 2007, while profit before tax increased by 134% from ₦80 million in 2006 to ₦187 million in 2007.

The profit of the company for the year after taxation was	₦121,690,951
•Less proposed dividend	₦31,703,797
•Profit carried forward	₦89,987,154

(4) DIVIDEND

The directors are pleased to recommend a dividend of 12 kobo per share amounting to ₦31,703,797 for payment to the shareholders. The dividend is subject to deduction of withholding tax at the rate applicable at the time of payment.

(5) SCRIP ISSUE

The directors recommend ONE new ordinary share of 50K for every ONE ordinary share of 50K held by the shareholders.

(6) FUTURE PROSPECTS

The Company has a very bright prospect in FY2008. Training and Skill Certification programmes are leading to significant improvements in productivity. The introduction of Armoured Cables into the market in FY2008 will also translate to higher turnover.

(7) POLITICAL ENVIRONMENT

Nigeria changed civilian administrations at the Federal and State levels after the April 2007 elections. There is need for tact, hard work and prayers to ensure the sustenance of the transition since the elections were generally adjudged as flawed. Nigerians are also waiting for the true extension of democratic governance to the Local Government level. Urgent attention and credible solutions to lingering economic, social and political problems would help to stabilize the new administration. These lingering problems include the large gap between demand and supply of power at generation, transmission and distribution levels; Niger Delta & other ethnic/regional unrest; dilapidated road transportation infrastructure and double digit unemployment. The new administration is also urged to show more discipline and transparency in managing public funds or disposing public assets. The same level of

Report of the Directors cont'd

discipline and transparency should be maintained in acquiring and using new domestic and foreign debts. The effort to punish and recover looted public funds from past high public Officers who abused the public trust is commendable and should be conducted and concluded in a fair and comprehensive manner within the laws of the country so as to have a salutary effect on present and future high Public Officers.

(8) ECONOMIC ENVIRONMENT

The stability of the Naira and interest rates for a long period is commendable. There is however need to work harder at re-establishing the long-term debt market in the country. Pro-active action needs to be taken to ensure that the commendable robustness of Nigerian Banks and Foreign Reserves impact quickly and robustly on the Nigerian People, Industries and Businesses. According priority to the retirement of debt owed domestic contractors would help make this possible. Resource Exploitation and Revenue Allocation are lingering destabilizing problems for Nigeria. Nigerians should consider changing the tax system to allow each tier of government to tax every revenue item within its domain as a way of reducing if not eliminating these two problems. A coordinating body for the three tiers of government should handle the collection and remittance of revenue on behalf of each government to reduce confusion.

(9) IMMEDIATE BUSINESS ENVIRONMENT

The Governments of Anambra State at both State and Local levels have been unstable and at times volatile since 1999. The instability has led to the decline in the quality of the moral, social and economic infrastructure of the State to the detriment of the residents including industries and businesses. The majority of the people of the State are praying and hoping that the Governor, Mr. Peter Obi, would be given support and not obstruction to implement his programmes for the re-development of the State. The Federal Government Roads within the State, which are in very bad condition, need to be rehabilitated or reconstructed urgently to augment the re-development efforts of the State Government.

(10) MAJOR USERS & DISTRIBUTORS OF THE COMPANY'S PRODUCTS

The list of major users and distributors of the company's products in FY2007 is as follows:

Aba	A. N. Atueyi Nig. Enterprises Ikeagu & Bros Electrical Ltd. Nzegwu & Sons Electrical R. C. Nnanyelugo & Bros Electrical Company Nig. Ltd.
Abakaliki	Fabtech Investment Company Nig Ltd.
Benin	Ben Bros Electrical Stores Nig. Ltd Joe Nathans Electrical Nig. Ltd.
Enugu	Power Holding Company of Nigeria Plc
Jos	Dennison Pete Electrical Merchants Ltd Alhaji Ibrahim Lawal & Sons Electrical Stores
Kano	De-Gilimbo Electrical Stores
Lagos	Lunez Ventures Ltd.
Nnewi	F. O. Anaka Electrical

Report of the Directors cont'd

Onitsha	E. U. Nwankwo & Sons Dollymart Agency
Owerri	Olisakwe Enterprises Nig. Ltd.
Port Harcourt	Chikandu Electrical Linco Nigeria Ltd

(11) BOARD OF DIRECTORS

(a) Board of Directors:

The Board is responsible for setting the Company's strategic direction, for leading and controlling the Company and for monitoring activities of the management. It meets at least four times a year. The Board presents a balanced and understandable assessment of the Company's progress and prospects.

The Board consists of the Chairman and twelve directors all representing shareholders' interests. The Chairman is the Chief Executive Officer of the Company. One of the directors is a General Manager in the company. The directors are independent of management and free from any constraints, which could materially interfere with the exercise of their independent judgment since membership of the Board is based strictly on shareholding size. They have experience in business to make valuable contributions to the Company's progress.

(b) Directors' Interests

The Directors' interests in the share capital of the company were as follows:

	April 30, 2007		April 30, 2006	
	Direct	Indirect	Direct	Indirect
Engr. Ajulu Uzodike	27,414,624	16,428,750	27,414,624	16,248,240
Mr. O. O. Nwosu	10,400,000	-	10,400,000	-
Chief R. C. Onyeje	16,624,800	-	16,624,800	-
Mr. S. C. Nsoedo	18,234,340	-	19,234,340	-
Dr. A. I. Ikenga-Metuh	7,649,920	-	7,649,920	-
Chief J. C. Ojukwu	8,927,980	-	8,796,380	-
Chief C. E. Nzewi	16,037,558	-	16,037,558	-
Barr. (Mrs.) A. O. Uzodike	941,472	64,000	941,472	64,000
Ichie G. M. Ikebuilo	-	5,333,333	-	5,333,333
Mr. I. F. Uzodike	1,435,218	-	1,435,218	-
Ms. P. A. Nwagbogu	20,000	-	20,000	-
Mr. Uzo Uzodike	32,000	-	6,000	-
Barr. (Mrs.) I. Nwahiri	-	-	-	-

(c) Appointment of Directors:

The Directors retiring from the Board in accordance with the rotation clause in the Articles of Association of the company are Chief R. C Onyeje, Ms P.A.Nwagbogu, Mr I.F Uzodike and Ichie G. M. Ikebuilo. Chief R. C. Onyeje, Ms. P. A. Nwagbogu, Mr I. F Uzodike and Ichie G. M. Ikebuilo being eligible offer themselves for re-election.

Report of the Directors cont'd

(d) **Transition Programme:**

The three-year contract of the Chief Executive Officer of the company will lapse by November 1, 2008. The Company is still searching for a Chief Executive Officer who will understudy the current CEO for six-months before assuming office.

(e) **Shareholders and Shareholdings**

Range	Holders	Units	Value	Percentage
1 - 5,000	970	2,203,474	1,101,737.00	0.83%
5,001 - 20,000	2,188	24,761,867	12,380,933.50	9.37%
20,001 - 50,000	463	15,733,003	7,866,501.50	5.95%
50,001 - 100,000	156	11,638,112	5,819,056.00	4.41%
100,001 - 500,000	73	15,469,545	7,734,772.50	5.86%
500,001 - 1,000,000	14	10,960,838	5,480,419.00	4.15%
1,000,001 - 5,000,000	11	23,910,723	11,955,361.50	9.05%
5,000,001 - 10,000,000	3	22,316,670	11,158,335.00	8.45%
10,000,001 And Above	8	137,204,072	68,602,036.00	51.93%
TOTAL	3,886	264,198,304	132,099,152.00	100.00%

According to the Register of Members, the following shareholders held more than 5% Shares of the Company as at April 30, 2007.

	Ordinary Shares of 50k each	Percentage Holding
Engr. Ajulu Uzodike	27,414,624	10.38
Nsoedo Sam	18,234,340	6.90
Chief R.C. Onyeje	16,624,800	6.29
Adtec Limited	16,312,240	6.17
Chief C.E. Nzewi	16,037,558	6.07
Nigerian Reinsurance Corporation	16,000,000	6.06
AMI Limited	16,000,000	6.06

(12) **FIXED ASSETS:**

Movements in fixed assets during the year are shown in **Note 4 on page 20**

(13) **DONATION:**

The major donations during the year were:

Description	N
Rehabilitation Center for the Disabled, Old and Tramps, Ozubulu	150,000.00
Sponsorship of Seminars & Workshop	115,000.00
Financial support to Oji River Disabled Inmates	100,000.00
Donations to St Felix Primary School For New School Block	100,000.00
Donation to Abia State University, Uturu & UNIZIK	140,000.00
Sponsorship of Quizzes, etc.	63,000.00
Support for Community Projects	45,000.00
Donation to Police, Institutions	45,000.00
Education Sponsorship to 5 Students	75,000.00
TOTAL	833,000.00

Report of the Directors cont'd

(14) SUPPLIERS:

The company's significant overseas and local suppliers are;

OVERSEAS

Hawe Baron & Company Ltd
Clayton Finance Ltd
Ilanga Scientific (PYT) Ltd
TransGulf Aluminium Industries Company
Cable & Wire Technical Services Ltd
Goodwin machinery Ltd

LOCAL

Nycil Ltd
Texaco Nig Plc
Capital Oil & Gas Industries Ltd
Louis Carter Ind. Ltd
A-Z Petroleum Products Ltd

(15) PRODUCTIVITY AND QUALITY

The Company retained the NIS award by the Standards Organisation of Nigeria for product quality in 2007 for all our regular products. We will be presented with the certificates in November 2007.

(16) EMPLOYMENT AND EMPLOYEES:

(a) Management & Staff:

Staff turnover has been low. Staff strength grew from 155 to 174.

(b) Employment of Disabled Persons:

It has always been the corporate policy of the Company that there is no discrimination in considering applications for employment, including those for disabled persons. All employees, whether or not they are disabled, are given equal opportunity to develop their experience and knowledge and to qualify for promotion in furtherance of their careers. As at April 30, 2007, the company had no disabled person on her payroll.

(c) Employees Involvement and Training:

The Company is committed to keeping the employees fully informed regarding the Company's performance and progress and seeks their views whenever practicable on matters which affect them as employees. The Joint Consultative Committee made up of members elected entirely by employees is a useful tool for enhancing effective communication with employees and involving them in the decision process. In-house workshops & trainings were held in 2007 to augment training provided to staff by external institutions.

(d) Health, Safety at Work and Welfare of Employees:

There are equally concerted efforts at motivating the employees of the Company by providing for their participation in the sharing of the profits arising from the growth of the company. In addition many of the employees are currently shareholders of the Company. The Company provides subsidy towards transportation, housing, lunch and medical expenses to all employees. Health and safety conditions of the employees at work are given priority attention in all the premises of the Company.

Report of the Directors cont'd

(17) RESPONSIBLE CORPORATE GOVERNANCE

Cutix Plc is committed to the principle and implementation of good corporate governance. The Company recognizes the valuable contribution that it makes to long-term business prosperity and to ensuring accountability to its shareholders. The Company is managed in a way that maximizes long-term shareholder value and takes into account the interest of all of its stakeholders.

Cutix Plc believes that full disclosure and transparency in its operations are in the interest of good governance. As indicated in the statement of responsibilities of Directors and notes to the accounts the business adopts standard accounting practices and ensures sound internal control to facilitate the reliability of the financial statements.

(18) SYSTEMS OF INTERNAL CONTROL:

Cutix Plc has well-established internal control systems for identifying, managing and monitoring risks. These are designed to provide reasonable assurance that the risks facing the business are being controlled.

The corporate internal audit function of the Company plays a key role in providing an objective view and continuing assessment of the effectiveness of the internal control systems in the business. The systems of internal controls are implemented and monitored by appropriately trained personnel and their duties and reporting lines are clearly defined.

(19) CODES OF BUSINESS ETHICS:

Management has communicated the principles in the Company's Code of Conduct to its employees in the discharge of their duties. This code sets the professionalism and integrity required for business operations which covers compliance with the law, conflicts of interest, environmental issues, reliability of financial reporting, bribery and strict adherence to the principles so as to eliminate the potential for illegal practices.

(20) AUDIT COMMITTEE

The Audit Committee is made up of four members- two shareholders and two directors (both of whom are non-executive) and is headed by a shareholder. The Committee members meet at least twice a year. Its duties include keeping under review the scope and results of the external audit, as well as the independence and objectivity of the auditors. The Audit Committee also keeps under review internal financial controls, compliance with laws and regulations and the safeguarding of assets. It reviews the adequacy of the plan for the audit and also reviews the audit reports.

In compliance with the Companies and Allied Matters Act of 1990 you will elect, from the nominations received, the members of the Audit Committee of the Company for the 2007 financial year. The outgoing members served meritoriously and deserve our commendation.

(21) AUDITORS:

In accordance with the Companies and Allied Matters Act of 1990 the Auditors, Messrs. Nnamdi Oyeka and Co. have indicated their willingness to continue in office. A resolution will be proposed to authorize the Directors to fix their remuneration.

BY ORDER OF THE BOARD

MISS TYNA OGBONNA
COMPANY SECRETARY
LAGOS, JULY 17, 2007.

Report of the Audit Committee

TO THE MEMBERS OF CUTIX PLC.

In accordance with the provision of section 359(6) of the Companies and Allied Matters Decree 1990, we have examined the accounting and reporting policies of the Company and hereby confirm that they are in accordance with legal requirements and agreed ethical practices.

In our opinion, the scope and planning of the audit for the year ended April 30, 2007 were adequate and we have reviewed the auditors' management report and we are satisfied with the management responses therein.



Mr. Peter Ezeimo
Chairman, Audit Committee

Members of the Committee

Mr. Peter Ezeimo	Chairman
Mrs. Ijeoma Oduonye	Member
Ichie G.M Ikebuilo	Member
Mr. Ifeanyi Uzodike	Member

Report of the Auditors

TO THE MEMBERS OF CUTIX PLC.

We have audited the financial statements set out on pages 16 - 23 which have been prepared on the basis of the accounting policies on page 15.

Respective Responsibilities of Directors and Auditors:

The Company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on the audit, on those statements and to report our opinion to you.

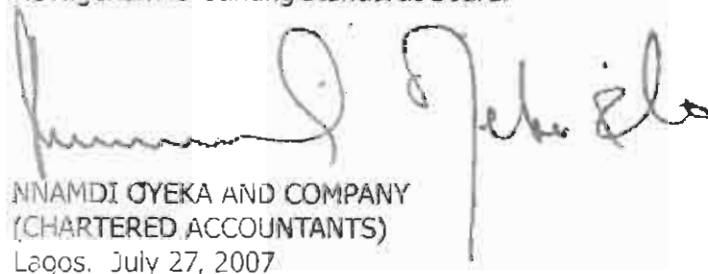
Basis of Opinion:

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statements, whether caused by fraud, other irregularity, or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements. The financial statements are in agreement with the books of account which have been properly kept and we obtained information and explanations we required.

Opinion:

In our opinion, the financial statements give a true and fair view of the state of affairs of the company at 30th April, 2007 and of the profit and cash flow for the period ended on that date, and have been properly prepared in accordance with the provisions of Companies and Allied Matters Act, 1990, and relevant statements of accounting standards issued to date by the Nigerian Accounting Standards Board.


NNAMDI OYEKA AND COMPANY
(CHARTERED ACCOUNTANTS)
Lagos. July 27, 2007



Accounting Policies

BASIS OF PREPARATION OF ACCOUNTS:

The accounts are prepared under the historical cost convention.

TURNOVER:

Turnover represents income from invoiced value of goods sold to third parties less rebates and discounts and is exclusive of VAT.

DEPRECIATION OF FIXED ASSETS:

Depreciation is provided to write off the cost of fixed assets on a straight line basis. The annual rates used for the principal classes of fixed assets are as follows:-

Motor vehicles	-	25%
Furniture & fittings	-	10%
Machinery and equipment	-	10%
Factory building	-	2.5%
Finance lease machinery	-	10%
Computers	-	50%

STOCKS:

Stocks and work-in-progress are valued at the lower of cost and net realisable value. Cost is ascertained on the following basis:-

Raw Materials:

Actual cost comprising invoice price, duty, freight and handling charges.

Finished Goods:

Cost comprises direct cost of production together with an appropriate portion of production overhead.

Work-In-Progress:

Work-in-progress comprises direct cost of production.

FOREIGN CURRENCIES:

Transactions in foreign currencies during the year are recorded at exchange rates ruling at the date of the transaction. Foreign exchange balances are converted to Naira at the rates of exchange ruling at Balance Sheet date. Exchange differences arising on the conversion of foreign currencies to the Naira are accounted for in the Profit and Loss Account.

DEFERRED TAXATION:

Deferred taxation is provided by the liability method which represents taxation at current rates between the net book values of fixed assets qualifying for capital allowances and their corresponding income tax written down values.

PENSION SCHEME:

The company has a defined contribution pension scheme for its staff. Staff contributions to the scheme are funded through payroll deductions while the company's contribution is charged to the profit and loss account.

Profit and Loss Account

FOR THE YEAR ENDED APRIL 30, 2007.

	Notes	2007 £	2006 £
Turnover		1,064,020,981	714,167,023
Cost of sales		(697,519,592)	(495,882,465)
Gross profit		366,501,389	218,284,558
Other Income	1	5,647,423	2,507,227
		372,148,812	220,791,785
Distribution cost		(26,388,437)	(19,034,793)
Administrative expenses		(147,883,323)	(104,767,811)
Trading profit before interest expense & taxation		197,877,052	96,989,181
Interest expense		(10,317,273)	(16,114,474)
Profit before taxation	2	187,559,779	80,874,707
Taxation	3	(65,868,828)	(26,553,909)
Profit after taxation		121,690,951	54,320,798
Dividend proposed		(31,703,797)	(26,419,830)
Profit for the year transferred to reserve		89,987,154	27,900,968

The accounting policies on page 15 and the notes to the accounts on pages 16 to 23 form an integral part of these accounts.

Balance Sheet at April 30, 2007

	Notes	₦	₦	₦
FIXED ASSETS	4		172,200,325	75,948,260
INTANGIBLE ASSETS			100	100
CURRENT ASSETS:				
Stocks and work in progress	5	188,729,028		127,152,829
Foreign currencies purchased for imports		196,495,477		146,210,861
Debtors and prepayments		10,016,031		28,150,879
Amount due from affiliated companies		1,077,588		938,190
Cash and bank balances		69,354,945		40,172,712
		<u>465,673,069</u>		<u>342,625,471</u>
CURRENT LIABILITIES:				
Trade creditors and accruals (all falling due within one year)		89,294,633		35,062,532
Other creditors	6	33,050,000		16,001,172
Bank overdraft and facilities	7a	92,077,322		121,684,132
Dividend payable		31,703,797		26,419,830
Taxation payable	2	54,677,526		36,361,897
		<u>300,803,278</u>		<u>235,529,563</u>
NET CURRENT ASSETS			164,869,791	107,095,908
TOTAL ASSETS LESS CURRENT LIABILITIES			337,070,216	183,044,268
Medium term loan	7b		(37,672,223)	-
PROVISION FOR LIABILITIES AND CHARGES:				
Deferred tax	8		(28,732,150)	(2,365,579)
NET ASSETS			<u>270,665,843</u>	<u>180,678,689</u>
CAPITAL AND RESERVES:				
Called-Up Capital	9		132,099,152	132,099,152
Bonus Issue Reserve	10		132,099,152	-
General Reserve	10		6,467,539	48,579,537
SHAREHOLDERS' FUNDS			<u>270,665,843</u>	<u>180,678,689</u>

DIRECTORS:

The accounting policies on page 15 and the notes to the accounts on pages 19 to 23 form an integral part of these accounts.

Cash Flow Statement

FOR THE YEAR ENDED APRIL 30, 2007.

		2007	2006
	Notes	N	N
Cash Flows From Operating Activities:			
Cash receipts from customers		1,071,280,743	716,486,119
Cash paid to suppliers and employees		(867,116,819)	(755,684,303)
		-----	-----
Cash generated from operations		204,163,924	(39,198,184)
Income taxes paid		(20,689,089)	(14,961,040)
		-----	-----
Net cash flow from operating activities	11	183,474,835	(54,159,224)
Cash Flows From Investing activities:			
Purchase of Fixed assets		(127,584,619)	(6,401,320)
Proceeds from sales of fixed assets		1,963,707	-
		-----	-----
Net cash flow from investing activities		57,853,923	(60,560,544)
Cash Flows From Financing Activities:			
Interest expense		(10,317,273)	(16,114,474)
Dividend paid		(26,419,830)	(13,209,915)
Medium term loan		37,672,223	(2,000,000)
		-----	-----
Net Increase/(Decrease) in cash and cash equivalents		58,789,043	(91,884,933)
Opening cash and cash equivalents		(81,511,420)	10,373,513
		-----	-----
Closing cash and cash equivalents		(22,722,377)	(81,511,420)
		=====	=====
Represented By:-			
Cash and bank balances		69,354,945	40,172,712
Bank overdraft and facilities		(92,077,322)	(121,684,132)
		-----	-----
		(22,722,377)	(81,511,420)
		=====	=====

The accounting policies on page 15 and the notes to the accounts on pages 19 to 23 form an integral part of these accounts.

Note to the Financial Statements

FOR THE YEAR ENDED APRIL 30, 2007.

1. OTHER INCOME

This is made up of:-
Sale of scrap
Profit/(Loss) on disposal

2007	2006
N	N
3,811,893	2,684,637
1,835,530	(177,410)
5,647,423	2,507,227
=====	=====

2. PROFIT BEFORE TAXATION:

This is arrived at:-

After charging:-

Directors' fees
Directors' other emoluments
Auditors' remuneration
Depreciation
Finance charges

And after crediting:-

Miscellaneous income

479,250	479,250
1,153,081	1,053,000
750,000	660,000
30,706,568	11,536,449
10,317,273	16,114,474
5,647,423	2,507,227
=====	=====

3. TAXATION:

1 Taxation on profit on ordinary activities
Education tax
Deferred tax (**Note 8**)

35,135,056	24,820,673
4,367,202	1,889,117
26,366,570	(155,881)
=====	=====

Per Profit and Loss Account

65,868,828	26,553,909
=====	=====

2 Taxation on profit on ordinary activities
Education tax

35,135,056	24,820,673
4,367,202	1,889,117
=====	=====

Balance brought forward
Payments during the year

39,502,258	26,709,790
36,361,896	24,613,147
(21,186,898)	(14,961,040)
=====	=====

Per Balance Sheet

54,677,256	36,361,896
=====	=====

The charge for taxation has been computed in accordance with the provisions of the Companies Income Tax Act (LFN CAP 60) as amended to date.

Education Tax has been made in accordance with the requirements of Education Tax Act No.7 of 1993.

Note to the Financial Statements cont'd

4. FIXED ASSETS:

	Furniture & Equipment	Machinery Equipment	Motor Vehicles	factory/Office Block In Progress	Factory Building	Computer Equipment	Land	Total
Cost:	N	N	N	N	N	N	N	N
At May 1, 2006	6,297,443	86,000,446	16,224,068	582,501	22,219,180	3,791,338	6,793,766	141,908,742
Additions	2,673,300	70,800,725	24,761,000	29,188,294	-	161,300	-	127,584,619
Disposal	(712,151)	(416,998)	(5,262,490)	(287,386)	287,386	(20,200)	-	(6,411,839)
At April 30, 2007	8,258,592	156,384,173	35,722,578	29,483,409	22,506,566	3,932,438	6,793,766	263,081,522
Depreciation:								
At May 1, 2006	2,597,052	41,638,055	13,715,189	-	4,771,268	3,238,917	-	65,960,482
Charge for the year	902,533	20,556,882	7,939,997	-	-	632,500	-	30,706,568
Elimination	(294,064)	(416,898)	(5,074,890)	-	(74,555)	-	-	(5,785,852)
At April 30, 2007	3,205,522	61,778,039	16,580,296	-	5,445,923	3,871,417	-	90,881,198
Net Book Value:								
At April 30, 2007	5,053,070	94,606,134	19,142,282	29,483,409	17,060,643	61,021	6,793,766	172,200,325
At April 30, 2006	3,700,390	44,362,391	2,508,879	582,501	17,447,912	552,421	6,793,766	75,948,260

5. STOCKS:

Stocks comprise:-

Raw materials
Work-in-progress
Finished goods
Others

	2007	2006
	N	N
Raw materials	95,843,211	32,480,455
Work-in-progress	13,403,592	11,507,732
Finished goods	58,532,622	55,187,801
Others	20,949,603	27,976,841
	188,729,028	127,152,829

6. OTHER CREDITORS:

This consists of Commercial Papers issued by the company.

7. TERM LOAN AND OTHER FACILITIES:

Import facilities

Term loan

- a. Due within one year
b. Due after one year

	N	N
Import facilities	60,310,655	119,684,132
Term loan	69,438,890	2,000,000
	129,749,545	121,684,132
a. Due within one year	92,077,322	121,684,132
b. Due after one year	37,672,223	-
	129,249,545	121,684,132

The term loan is secured by a legal mortgage on the company's property and by a fixed and floating charge on the Plant and Machinery of the company.

In addition to the above, the Import facilities are further secured by a charge on the shipping title documents of imported goods.

Note to the Financial Statements cont'd

8. DEFERRED TAXATION:	2007 N	2006 N
At May 1, 2006.		
Charge for the year:	2,365,579	2,521,460
Current year (Note 3)	26,366,571	(155,881)
	-----	-----
At April 30, 2007	28,732,150	2,365,579
	=====	=====
9. SHARE CAPITAL:		
Authorised: 264,198,304		
Ordinary Shares of 50k each.	132,099,152	132,099,152
	=====	=====
Issued & Fully Paid: 264,198,304		
Ordinary shares of 50k each.	132,099,152	132,099,152
	=====	=====
10. GENERAL RESERVE:		
Profit brought forward	48,579,537	86,728,732
Profit for the year after appropriation	89,987,154	27,900,968
Bonus issue	-	(66,050,163)
Bonus issue reserve	(132,099,152)	-
	-----	-----
	6,467,539	48,579,537
	=====	=====
11. RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Profit before Interest and taxation	197,877,052	96,989,181
Adjustment for:		
Depreciation	30,706,568	11,536,448
Profit on asset disposal	(1,835,530)	177,410
	-----	-----
Operating profit before working capital changes	226,748,090	108,703,039
Increase in stock	(61,576,199)	(2,963,708)
Decrease/(Increase) in foreign currencies purchased for import	(50,284,616)	(16,378,628)
Decrease in debtors and prepayment	18,134,848	2,319,096
(Increase)/Decrease in affiliated company's balances	(139,398)	160,844
Increase in creditors and accruals	71,281,199	(131,038,827)
	-----	-----
Cash generated from operations	204,163,924	(39,198,184)
Tax paid	(20,689,089)	(14,961,040)
	-----	-----
Net cash flow from Operating Activities	183,474,835	(54,159,224)
	=====	=====

Note to the Financial Statements cont'd

		2007 N	2006 N
12. DIRECTORS AND EMPLOYEES:			
(i) Chairman's Emoluments:			
As Executive		-	-
Fees		47,250	47,250
Others		82,500	82,500
		129,750	129,750
		=====	=====
(ii) Other Directors' Emoluments:			
As Executives		Nil	Nil
Fees		432,000	432,000
Others		970,500	970,500
		1,402,500	1,402,500
		=====	=====
(iii) The number of directors excluding the Chairman whose emoluments were within the following ranges were:-			
		2007	2006
N20,000 - N40,000		-	-
N40,001 - N60,000		-	-
Above - N60,001		13	13
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:-			
		2007	2006
N120,000 - 150,000		10	11
N150,001 - N180,000		6	5
N180,001 - N240,000		6	5
N240,001 - N270,000		4	2
Above - N270,001		9	8
		=	=
(v) Staff Costs:			
The number of persons employed at 30th April, and the staff costs were as follows:-			
		2007 Number	2006 Number
-	Managerial	13	10
-	Intermediate staff	30	28
-	Junior staff	128	118
		171	156
		==	==

The related staff costs amounted to N76,653,851 (2006 = N60,232,753).

- 13. RECLASSIFICATION OF BALANCES:**
Certain prior year balances have been restated to conform to current presentation as well as ensure proper disclosure.
- 14. APPROVAL OF ACCOUNTS:**
The Board of Directors of the Company approved these accounts on July 27, 2007

Statement of Value Added

FOR THE YEAR ENDED APRIL 30, 2007.

	2007		2006	
	N	%	N	%
Sales	1,064,020,981		714,167,023	
Other income	5,647,423		2,507,227	
Sales and Other income	1,069,668,404		716,674,250	
Bought-in-materials and services	(757,334,576)		(547,915,867)	
VALUE ADDED	312,333,828	100.00	168,758,383	100.00
APPLIED AS FOLLOWS:-				
To pay employees' wages:				
Salaries and other benefits	76,653,851	24.54	60,232,753	35.69
To pay providers of Capital:				
Interest on facilities and finance charges	17,413,630	5.57	16,114,474	9.55
Dividend to shareholders	31,703,797	10.15	26,419,830	15.65
To pay Government:				
Income tax	39,502,258	12.65	26,709,790	15.83
To provide for enhancement of assets and expansion:				
Depreciation	30,706,568	9.83	11,536,449	6.84
Retained earnings	89,987,154	28.82	27,900,968	16.53
Deferred tax	26,366,570	8.44	(155,881)	(0.09)
	312,333,828	100.00	168,758,383	100.00

Value added is the wealth the Company has been able to create by its own and its employee's efforts. This statement shows the allocation of that wealth between employees, shareholders, government and that retained for the future creation of more wealth.

Five Year Financial Summary

YEAR ENDED APRIL 30:

	2007	2006	2005	2004	2003
	N'000	N'000	N'000	N'000	N'000
ASSETS EMPLOYED:					
Fixed assets	172,200	75,948	81,258	86,077	50,212
Net current assets	127,198	107,096	74,042	45,395	56,221
Deferred tax	(28,732)	(2,366)	(2,521)	(9,108)	(6,279)
	270,666	180,678	152,779	122,364	100,154
	=====	=====	=====	=====	=====
FINANCED BY:					
Share capital	132,099	132,099	66,050	66,050	66,050
Reserves	138,567	48,579	86,729	56,314	34,104
	270,666	180,678	152,779	122,364	100,154
	=====	=====	=====	=====	=====
TURNOVER	1,064,021	714,167	574,181	434,208	376,034
	=====	=====	=====	=====	=====
Profit before taxation	187,560	80,875	55,294	45,850	43,569
Taxation	(65,869)	(26,554)	(11,670)	(10,430)	(16,313)
Profit after taxation	121,691	54,321	43,624	35,420	27,256
Dividend	(31,704)	(26,420)	(13,210)	(13,210)	(13,210)
Retained profit for the year	89,987	27,901	30,414	22,210	14,046
	=====	=====	=====	=====	=====
Earnings per share (adjusted note 1)	46.06k	20.56k	16.51k	13.41k	10.32k
Earnings per share (actual note 2)	46.06k	20.56k	33.02k	26.81k	20.63k
Dividend per share (adjusted note 1)	12.00k	10.00k	5.00k	5.00k	5.00k
Dividend per share (actual note 2)	12.00k	10.00k	10.00k	10.00k	10.00k

NOTE 1:

Earnings per share (adjusted) have been calculated each year on the issued share capital at April 30, 2007 and it is based on the profit after taxation.

Dividend per share (adjusted) have been calculated each year on the proposed dividend based on the issued capital at April 30, 2007.

NOTE 2:

Earnings per share (actual) have been calculated each year on the issued share capital at Balance Sheet date and it is based on the profit after taxation.

Dividend per share (actual) have been calculated each year on the proposed dividend based on issued share capital at April 30, of each year.

Performance Chart

