

Annual Report 2003



ALUWORKS LTD.



Annual Report

2003

ALUWORKS LTD.



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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 17th Annual General Meeting of ALUWORKS LIMITED will be held at the GOLDEN TULIP HOTEL on THURSDAY 20th May 2004 at 10.00 a.m.

AGENDA

- 1) To receive and adopt the Accounts of the Company for the period ended 31st December 2003, together with the reports of the Directors and Auditors thereon.
- 2) To declare a dividend for the year ended 31st December 2003.
- 3) To re-elect Directors.
- 4) To approve the fees of Non-Executive Directors
- 5) To authorise the Directors to fix the remuneration of the Auditors.

Dated this 23rd day of March 2003.

BY ORDER OF THE BOARD



A. POKU-ACHEAMPONG
SECRETARY

NOTE - A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A form of proxy is attached and for it to be valid for the purpose of the meeting, it must be completed and deposited at the Office of the Registrars, NTHC Limited, Martco House, No.D542/4, Okai Mensah Link, Adabraka, Accra, P. O. Box 9563 Airport, Accra not less than 48 hours before the appointed time of the meeting.



The formal inauguration of the third casting line of Aluworks by **Dr. Paa Kwesi Nduom, Minister for Energy**



Ministers of state and other guests inspecting some Products(circles) of the company at the inauguration



A picture of the Board of Directors at the 16th AGM.



Aluworks ladies presenting a gift to the outgoing M.D. at a send off ceremony.

Board Of Directors, Officials And Registered Office**BOARD OF DIRECTORS**

William Ekroo Inkumsah (Chairman)
John Percival Awuku Nyako (Managing)
(Resigned 31/1/04)
Kofi Ansah
Kwadwo Kwarteng
Benjamin Akuete Gogo
Samuel Kingsley Kwofie
Kwame Sarpong
Togbe Afede XIV (James Akpo)
Napoleon Kpoh
Kondagunta Venkataramana (Managing)
(Appointed 1/2/04)

SECRETARY

Alex Poku-Acheampong
Aluworks Limited
P. O. Box 914
Tema

REGISTRARS

NTHC Limited
Martco House, NO D542/4
Okai Mensah Link, Adabraka
P. O. Box 9563
Airport-Accra

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

Plot No. 63/1 Heavy Industrial Area, Tema
P. O. Box 914
Tema

AUDITORS

KPMG
Chartered Accountants
25 Liberia Road
P. O. Box 242
Accra

BANKERS

Barclays Bank (Ghana) Limited
CAL Merchant Bank Limited
Ecobank Ghana Limited
Ghana Commercial Bank Limited
SG - SSB Limited

Chairman's Statement



Introduction

I have the pleasure, distinguished Ladies and Gentlemen, to present to you my report on your Company's operations for the year 2003.

Aluworks Limited faced a lot of challenges during the year under review due to the sudden closure of the Valco smelter, its major raw material supplier. Your Company however managed to end the year with some modest profit.

Economic Environment

There was a relatively stable macro-economic environment in Ghana in the year 2003. The cedi depreciated by about 5% (interbank rate) from c8,351.91 to the US dollar at end of December 2002 to c8,805.50 to the US dollar at the end of December 2003. This was due to increased fiscal discipline introduced by the Government.

The interest rate on the 91-day treasury bill went down from 26.6% as at the end of December 2002 to 18.7% as at end of December 2003.

Inflation went up from 15.2% in 2002 to 23.6% in 2003. This was largely due to the huge increase in fuel price at the beginning of the year.

Bank lending rates, at about 28-30%, were however still

relatively high and affected the operations of your Company and other manufacturing industries by way of high interest expense.

Operations

The Company produced 18,422mt of products during the year as against 19,057mt in 2002. This was the first full year of operating at the new increased capacity of 30,000mt. The sudden closure of Valco, Aluworks major raw material supplier, adversely affected the Company's operations and made it impossible for your Company to turn out the expected volumes based on the new capacity.

Sales

In 2003, your Company sold 17,656mt as against 19,535mt sold in 2002. This figure was 9.62% lower than the sales tonnage of 2002.

A total of 6,408mt of products was exported as against 7,474mt sold on the export market in 2002. An amount of c126.8 billion (US\$14.8 million) was realised from the exports.

On the local market, 11,248mt were sold, amounting to c249.9 billion. This was 6.74% lower than the 2002 sales tonnage of 12,061mt.

Financial Results

The financial results of your Company in 2003 were below expectation. This was due to the major challenges the Company faced at the beginning of the year with the sudden closure of the Valco smelter.

After the closure of the Valco plant, it took the Company about 6 months to establish the regular flow of imported raw materials. The importation of metal substantially increased raw material costs. Additionally, freight and import duty costs (of 10%) had to be paid to procure metal to operate. Your Company's borrowing costs went up substantially as it had to pay for imported metal upfront as against the 30-day suppliers' credit it used to enjoy from Valco. Also, Aluworks had to hold metal in larger quantities than was previously the case. This led to a reduction in investment and other income and an increase in interest expense.

In the face of these difficulties, Aluworks managed an operating profit of c25.4 billion which was 34% lower than the 2002 figure of c38.9 billion. The net profit of c18.4 billion was 37% lower than the previous year's figure of c29.3 billion.



Chairman's Statement

Dividends

The above notwithstanding, the Directors recommend a dividend of ¢400 per share for the year 2003. This is made up of an interim dividend of ¢150 (paid in December 2003) and a final dividend of ¢250 to be paid in June 2004. The dividend payout ratio is 90% of the 2003 net profit.



A section of the shareholders at the 16th AGM.

Performance On The Stock Exchange

Your Company's share ended the year at a price of ¢4,000. This was 8% higher than the 2002 year-end price of ¢3,700. Although the price appreciation is small relative to others, your Company's share was the third in terms of volume of shares traded on the Ghana Stock Exchange (GSE) in 2003. This shows that the equity enjoyed high liquidity.

In a period of about two months, i.e. between February 18, 2004 and April 14, 2004, the share price of your company moved from ¢3,500 to ¢12,500, an increase of 212.50%. This bullish trend on the Ghana Stock Exchange is an indication of the considerable confidence the market has in the future of your company.

Human Resource

All levels of employees were given continuous training and development to equip them for their various duties. Your Company has a highly trained workforce with sound knowledge of the aluminium industry.

ISO Certification

On the 5th of December 2003, Aluworks received certification for ISO 9001-2000, after passing the required

external quality audits. This system, which is an improved version of the previous ISO 9002-1994, focuses not only on quality performance, but also on customer satisfaction. This is a plus for your Company as with the ISO certification, Aluworks' image as an exporter of good quality products has been enhanced.

Board Of Directors

The Board played its role efficiently in the Management of the Company during the year.

The Board Committees, the Audit Sub-committee and the Remuneration Committee discharged their duties effectively and ensured good corporate governance of your Company.

Mr. J. P. A. Nyako, the former Managing Director, retired on January 31, 2004 after 11 years of distinguished service to the Company. I would like to take this opportunity to thank Mr. Nyako for his invaluable contribution to Aluworks.

In his place, the Board has appointed Mr. K. Venkataramana as Managing Director of Aluworks from February 1, 2004. Mr. K. Venkataramana has over 22 years of operations and general management experience in the aluminium industry in India and Nigeria in the fields of continuous casting, sheet rolling, coil coating, foil rolling and converting facilities. We ask all our shareholders and stakeholders to give him their cooperation to enable him improve the fortunes of the Company.

In accordance with the regulations of the Company, Messrs. W. E. Inkumah, K. Ansah and K. Kwarteng will be retiring by rotation and being eligible, have offered themselves for re-election.



Mr J.P.A. Nyako (right) former MD and Mr. K. Venkataramana (left) new MD



Chairman's Statement

Corporate Citizen

Aluworks performed its corporate social responsibilities during the year. The environmental standards of the Environmental Protection Agency and the provisions of the Factories, Offices and Shops Act, 1970 Act 328 as amended were complied with.

Donations were made to some deserving institutions in fulfilment of Aluworks' corporate social responsibilities.

Projections For The Future

The Company's operations have now stabilised after the problems it faced in 2003. Aluworks has now entered into a firm arrangement with BHP Billiton Marketing AG of Switzerland for regular supply of metal.

The Government of Ghana, in its 2004 budget, reduced the import duty on aluminium raw materials from 10% to 5%. Value Added Tax (VAT) on imported raw material is also now zero-rated. These favourable Government policies, it is hoped, will prove beneficial for your Company.

Aluworks has embarked on a cost reduction exercise to

reduce cost and increase the Company's profitability and be a low cost producer of aluminium semi-finished products so as to be competitive in the global market. Management has adopted sound maintenance policies for the upkeep of the machinery. Preventive and predictive maintenance practices are in place to reduce downtime and to ensure high capacity utilization to achieve set targets.

The Board plans to undertake the paint line project mentioned in my 2002 statement as soon as it is deemed feasible. The task for this year and 2005 will be to stabilise operations, increase production and sales and improve margins.

Conclusion

I wish to thank the Directors, Management and staff for their diligent work, without which we could not have achieved these modest results of 2003, and I urge them to continue to work hard to improve the fortunes of our Company. I also wish to thank all our shareholders, customers, suppliers and other stakeholders for their loyalty and support to Aluworks, which have seen us through a very difficult year. I cherish the hope that with your cooperation and hard work, we will all see improved results next year. Thank you.



**Financial Highlights - Five Year Performance
1999-2003**

YEAR	1999	2000	2001	2002	Reporting Year 2003	CHANGE
	Turnover (€million)	104,087	229,025	287,167	335,816	
Profit before interest and tax (€million)	11,937	46,460	58,571	44,139	33,396	-24%
Interest Income (€million)	276	584	2,018	783	13	-98%
Interest Expense (€million)	-856	-573	-3,083	-6,008	-7,983	33%
Profit before tax (€million)	11,357	46,471	57,505	38,914	25,426	35%
Taxation (€million)	-4,555	-11,877	-18,938	-9,560	6,970	-27%
Profit after tax (€million)	6,802	34,595	38,567	29,354	18,456	-37%
Earnings per share (€)	490	2,490	925*	704	443	-37%
* Note: 27.78 million bonus shares issued in 2001						
Dividend per share (€)	400	800	500*	600	400	-33%
Shareholders' equity (€million)	52,384	89,106	106,835	111,153	112,940	2%
Net Assets per share (€)	3,771	6,414	3,063	2,667	2,710	2%
New issue of Shares (000)	0	0	27,785*	0	0	
Number of shares (000)	13,893	13,893	41,678	41,678	41,678	0%
Fixed assets (€million)	31,081	45,247	60,447	80,141	72,458	-10%
PERFORMANCE RATIOS	1999	2000	2001	2002	2003	
Gross margin/Turnover	16.18%	23.16%	25.61%	18.23%	15.17%	
Net margin/Turnover	6.53%	15.11%	13.43%	8.74%	4.90%	
Return on Equity	12.98%	38.82%	36.10%	26.41%	16.34%	
Current Ratio	1.90	2.35	2.37	1.77	1.44%	
VALUE ADDED STATEMENT	1999	2000	2001	2002	2003	
OUR EARNINGS:- (€'000)						
Sale of Goods	111,847,570	247,779,634	309,885,423	362,442,107	408,964,138	
Other Income	2,635,290	6,366,733	3,896,912	6,373,886	1,574,316	
Interest Income	275,823	584,215	2,017,717	782,829	13,043	
LESS:						
Bought in Materials /Services	-81,109,854	-167,617,534	-203,378,778	-257,562,920	-302,831,167	
VALUE ADDED	33,648,829	87,113,048	112,421,274	112,035,902	107,720,330	
USED AS FOLLOWS:-						
Employees	9,958,345	14,529,556	21,970,558	30,920,385	33,093,774	
Govt. Taxes & Duties	12,315,861	30,631,309	41,656,169	36,186,004	38,700,799	
Interest paid	855,925	573,226	3,083,404	6,008,497	7,983,364	
Shareholders	5,529,953	11,114,110	20,838,956	25,006,747	16,669,504	
RETAINED EARNINGS						
Depreciation	3,717,131	6,784,408	7,143,722	9,567,433	9,442,393	
Profit Retained	1,271,614	23,480,439	17,728,465	4,346,835	1,830,496	
TOTAL	33,648,829	87,113,048	112,421,274	112,035,901	107,720,330	

Report of the Directors to the members of Aluworks Limited

The Directors present their report and the financial statements of the company for the year ended 31st December 2003.

FINANCIAL STATEMENTS AND DIVIDENDS

The results for the year are as set out in the attached financial statements.

The Directors recommend the payment of a dividend of ¢400.00 per share amounting to ¢16,669 billion comprising an interim and final dividend of ¢150.00 and ¢250.00 respectively for the year under consideration.

The Directors consider the state of the company's affairs to be satisfactory.

NATURE OF BUSINESS

The company is involved in processing aluminium metal by continuous casting process into aluminium sheets, circles and all manner of aluminium sheet products.

There was no change in the nature of business of the company during the year.

BOARD COMMITTEES

AUDIT SUB-COMMITTEE MEMBERS

Mr. Kwadwo Kwarteng	-	Chairman
Mr. Kofi Ansah	-	Member
Mr. Kwame Sarpong	-	Member
Togbe Afede XIV (Mr. James Akpo)	-	Member

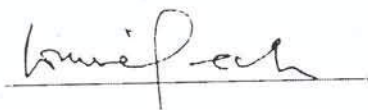
The committee, made up of Non-Executive Directors, reviews the adequacy of systems of internal controls and compliance with material policies and laws. The committee studies the company's accounts and financial statements thoroughly before Board meetings and briefs the Board on all significant financial transactions of the company.

REMUNERATION COMMITTEE MEMBERS

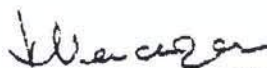
Mr. W. E. Inkumsah	-	Chairman
Mr. B. A. Gogo	-	Member
Mr. Kofi Ansah	-	Member
Mr. S. K. Kwofie	-	Member
Mr. Napoleon Kpoh	-	Member

The committee's task, among others, is to establish a formal and transparent procedure for developing a policy on executive remuneration.

During the year, the committee conducted an interview for the position of an MD. and successfully recruited the new Managing Director, Mr. K. Venkataramana for the company.



W. E. INKUMSAH



K. VENKATARAMANA

TEMA 1st April, 2004



Report of the Auditors to the members of Aluworks Limited

We have audited the financial statements on pages 11 to 21, which have been prepared in accordance with Ghana Accounting Standards. We have obtained all the information and explanations we required.

Respective Responsibilities of Directors and Auditors

These financial statements are the responsibility of the company's directors. Our responsibility is to express an independent opinion on these financial statements based on our audit.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing. These standards require that we plan and perform our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion proper books have been kept and the financial statements, which are in agreement therewith, comply with the Companies Code, 1963 and give a true and fair view of the financial position of the company at 31st December 2003 and of the results of its operations and cash flows for the year then ended.

U P d C

**CHARTERED ACCOUNTANTS
25 LIBERIA ROAD
P. O. BOX 242
ACCRA**

1st April 2004

Profit and Loss Account
 for the year ended 31st December 2003

	Note	2003 €'m	2002 €'m
GROSS SALES		408,964	362,442
Value Added Tax		(31,775)	(26,626)
NET SALES		377,189	335,816
Cost of Sales		(319,971)	(274,609)
GROSS PROFIT		57,218	61,207
General, Administrative and Selling Expenses		(25,396)	(23,442)
TRADING PROFIT	2	31,822	37,765
Sundry Income	3	1,574	6,374
PROFIT BEFORE INTEREST AND TAXATION		33,396	44,139
Net Interest Expense	4	(7,970)	(5,226)
PROFIT BEFORE TAXATION		25,426	38,913
Taxation	5	(6,970)	(9,560)
PROFIT AFTER TAXATION		18,456	29,353
Transferred to Income Surplus Account			

INCOME SURPLUS ACCOUNT
 FOR THE YEAR ENDED 31ST DECEMBER 2003

	2003 €'m	2002 €'m
Balance at 1st January 2003	60,255	55,908
Profit for the year	18,456	29,353
	78,711	85,261
Proposed Dividend: €400 (2002: €600) per share	(16,669)	(25,006)
Balance at 31st December 2003	62,042	60,255

Balance Sheet

as at 31st December 2003

	Note	2003 €'m	2002 €'m
FIXED ASSETS	6	72,458	80,141
INVESTMENTS	7	276	276
CURRENT ASSETS			
Stocks	8	133,839	72,526
Taxation	5	3,298	-
Debtors	9	45,757	51,842
Cash and Bank balances		24,969	11,422
		207,863	135,790
CURRENT LIABILITIES			
Bank Overdraft and Loans	10	95,853	36,168
Creditors	11	37,914	23,301
Taxation	5	-	2,503
Dividend Payable	14	10,418	14,588
		144,185	76,560
NET CURRENT ASSETS		63,678	59,230
		136,412	139,647
LONG TERM LIABILITIES			
Deferred Taxation	5	9,264	8,262
Loans		14,208	20,232
		(23,472)	(28,494)
NET ASSETS		112,940	111,153
FINANCED BY:			
STATED CAPITAL	12	50,024	50,024
SHARE DEALS ACCOUNT	13	874	874
INCOME SURPLUS		62,042	60,255
		112,940	111,153



W. E. INKUMSAH



K. VENKATARAMANA

The Directors approved the financial statements on 2004

Cash Flow Statement

for the year ended 31st December 2003

	Note	2003 €'m	2002 €'m
Net Cash flow from operating activities	15	4,673	31,866
Investment returns and servicing of finance			
Interest paid	(7,317)	(6,009)	
Interest received	13	783	
Dividends paid	(20,839)	(31,258)	
		(28,143)	(36,484)
Tax paid		(11,769)	(13,377)
Investing activities			
Fixed assets purchased	(1,759)	(29,298)	
Proceeds from sale of fixed assets	2	34	
		(1,757)	(29,264)
Financing activities			
Loans received	139,905	21,434	
Loan repaid	(100,302)	(6,541)	
(Purchase)/Sale of own shares	-	(29)	
		39,603	14,864
Increase/(Decrease) in cash and cash equivalents		2,607	(32,395)
Analysis of changes in cash and cash equivalents during the year			
Balance at 1st January		544	32,939
Net cash inflow/(outflow)		2,607	(32,395)
Balance at 31st December		3,151	544
Analysis of the balances of cash and cash equivalents as shown in the balance sheet			
Cash and bank balances		24,969	11,422
Bank overdraft		(21,818)	(10,878)
		3,151	544



Notes Forming Part of the Financial Statements for the year ended 31st December 2003

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the company's financial statements

a. Basis of Accounting

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain leasehold land and buildings, plant, machinery and office equipment.

b. Depreciation

Depreciation is provided for on a straight-line basis at rates calculated to write off the gross value of each fixed asset over its estimated useful life. The annual rates generally in use are as follows:

Leasehold Land and Buildings	-	Over period of lease
Plant, Machinery and Equipment	-	8% - 20%
Motor Vehicles	-	20%

c. Stocks

Stocks are valued at the lower of cost and net realisable value. Cost represents the landed cost of raw materials and consumables plus a percentage of direct labour costs and overheads for work-in-progress and finished goods.

d. Gross Sales

Gross sales represent the value of goods invoiced to customers during the period and include value added tax.

e. Debtors

Debtors are stated after providing for specific debts considered to be doubtful.

f. Foreign Currencies

Transactions denominated in foreign currencies are translated into cedis and recorded at the rates of exchange ruling at the dates of the transactions.

Balances denominated in foreign currencies are translated into cedis at exchange rates ruling on the balance sheet date.

g. Deferred Taxation

Deferred tax is provided for using the liability method on temporary differences between the carrying amounts of assets and liabilities. A deferred tax asset is recognised to the extent that it is probable to crystallise.

**Notes Forming Part of the Financial Statements
for the year ended 31st December 2003**
h. Post Balance Sheet Events

Events subsequent to the balance sheet date are reflected only to the extent that they relate directly to the financial statements and the effect is material.

2. TRADING PROFIT

is stated after charging:

	2003 €'m	2002 €'m
Auditors' Fees	80	70
Depreciation	9,442	9,567
Directors' Remuneration	624	498
Donations	141	245

3. SUNDRY INCOME

Roofing Fixings and Dross	349	253
Sale of Scrap	23	18
Sundries	275	126
Profit on disposal of fixed assets	2	-
Exchange Gain	925	5,977
	1,574	6,374

4. NET INTEREST EXPENSE

Interest on Loans and Overdraft	7,983	6,009
Interest Earned on Investments	-	(599)
Interest Earned on Current Accounts	(13)	(184)
	7,970	5,226

5. TAXATION

	Balance at 1/1/03 €'m	Payments €'m	Charge for year €'m	Balance at 31/12/03 €'m
Income Tax				
Up to 2002	1,210	(1,343)	-	(133)
2003	-	(9,553)	5,332	(4,221)
National Reconstruction Levy	1,293	(873)	636	1,056
	2,503	(11,769)	5,968	(3,298)
Deferred Tax	8,262	-	1,002	9,264
	10,765	(11,769)	6,970	5,966

The income tax liabilities are subject to agreement with the Internal Revenue Service.



**Notes Forming Part of the Financial Statements
for the year ended 31st December 2003**
6. FIXED ASSETS

	Leasehold Land and Buildings €'m	Plant and Machinery €'m	Equipment €'m	Motor Vehicles €'m	Capital Work in Progress €'m	Total €'m
Gross Value						
At 1/1/03	25,171	87,659	7,982	4,943	-	125,755
Additions	-	419	465	724	151	1,759
Disposals	-	-	(29)	-	-	(29)
At 31/12/03	25,171	88,078	8,418	5,667	151	127,485
Comprising						
Cost of assets revalued	7,088	29,837	1,066	920	-	38,911
Surplus on revaluation	4,527	10,598	567	433	-	16,125
At revaluation	11,615	40,435	1,633	1,353	-	55,036
At cost	13,556	47,643	6,785	4,314	151	72,449
	25,171	88,078	8,418	5,667	151	127,485
Accumulated Depreciation						
At 1/1/03	3,423	33,492	5,297	3,402	-	45,614
Charge for the year	845	6,878	999	720	-	9,442
Released on disposals	-	-	(29)	-	-	(29)
At 31/12/03	4,268	40,370	6,267	4,122	-	55,027
Net Book Value						
At 31/12/03	20,903	47,708	2,151	1,545	151	72,458
At 31/12/02	21,748	54,167	2,685	1,541	-	80,141

Leasehold Land and Buildings, Plant, Machinery, Equipment and Vehicles were revalued by Valuation and Investments Associates (Professional Valuers, Estate Agents and Property Consultants) on 9th July 1999 on the basis of their open market values. These figures were incorporated in the financial statements during the year ended 31st December 2000.

a. **Depreciation has been charged in
the financial statements as follows:**

	2003 €'m	2002 €'m
Cost of Sales	7,877	7,827
General, Administrative And Selling Expenses	1,565	1,740
	9,442	9,567

**Notes Forming Part of the Financial Statements
for the year ended 31st December 2003**

b. FIXED ASSETS (cont'd)	2003 €'m	2002 €'m
Disposal of Fixed Assets		
Cost	29	148
Accumulated Depreciation	(29)	(112)
Net Book Value	-	36
Sales Proceeds	2	34
Profit/(Loss) on disposal of Fixed Assets	2	(2)

7. INVESTMENTS

This relates to the cost of 2,400,000 ordinary shares in Pioneer Aluminium Factory Limited.

8. STOCKS	2003 €'m	2002 €'m
Raw Materials	19,373	2,076
Work in Progress	19,538	9,424
Finished Goods	35,176	20,135
Consumables	15,039	14,094
Stock in Transit	44,713	26,797
	133,839	72,526

9. DEBTORS

Trade Debtors	22,792	40,368
Margins on Letters of Credit	11,241	7,732
Sundry Debtors	8,075	476
Staff Debtors	3,205	3,040
Prepayments and Accrued Income	444	226
	45,757	51,842

The maximum amount due from officers of the company during the period was €3.04 billion (2002: €3.04 billion).

10 BANK OVERDRAFT AND LOANS

	2003 €'m	2002 €'m
Overdraft	21,818	10,878
Short Term Loan	63,379	18,546
Current Portion of Medium Term Loan	10,656	6,744
	95,853	36,168



**Notes Forming Part of the Financial Statements
for the year ended 31st December 2003**
10a. Banking Facilities

Bank facilities available to the company were as follows:

Facility Type	Amount	Collateral Security
Overdraft	€22 billion	Fixed and floating assets of the company
Loan	US\$4 million	Fixed and floating assets of the company
Stand by letter of credit	US\$5.0 million	Assignment of exports and Pari Pasu fixed and floating charge over company assets

11. CREDITORS

	2003 €'m	2002 €'m
Trade Creditors	34,614	15,449
Sundry Creditors	1,820	6,306
Accruals and Deferred Income	1,480	1,546
	37,914	23,301

12. STATED CAPITAL

	No. of Shares		Proceeds	
	2003 '000	2002 '000	2003 €'m	2002 €'m
Authorised				
Ordinary shares of no par value	100	100		
Issued				
For Cash	7,049	7,049	7,649,482	7,649,482
Transfer from Capital Surplus	34,629	34,629	42,374,585	42,374,585
	41,678	41,678	50,024,067	50,024,067

There are 4,150 shares in treasury. There is no call or instalment unpaid on any share.

**Notes Forming Part of the Financial Statements
for the year ended 31st December 2003**

13. SHARE DEALS ACCOUNT

	2003	2002
	€'m	€'m
Balance at 1st January 2003	874	903
Less Purchase of own Share	-	(29)
Balance at 31st December 2003	874	874

The movement on the share deals account is the net result of the purchase of shares by the company during the year.

14. DIVIDEND PAYABLE

	2003	2002
	€'m	€'m
Balance at 1st January	14,588	20,839
Proposed for the year	16,669	25,007
	31,257	45,846
Less : Payments during the year	(20,839)	(31,258)
Balance at 31st December	10,418	14,588

15 NET CASHFLOW FROM OPERATING ACTIVITIES

	2003	2002
	€'m	€'m
Operating Profit (<i>before investment returns and servicing of finance</i>)	33,396	44,139
Depreciation charges	9,442	9,567
Increase in stocks	(61,313)	(24,152)
Decrease/(Increase) in debtors	6,085	(6,938)
Increase in creditors	14,613	4,349
(Profit)/Loss on sale of fixed assets	(2)	2
Exchange loss on loans	2,452	4,899
	4,673	31,866



17. ANALYSIS OF SHAREHOLDING

CLASS OF EQUITY	NO. OF SHAREHOLDERS WITHIN RANGE	TOTAL HOLDING	% HOLDING
1 - 1,000	1,024	287,143	0.69
1001 - 5,000	332	868,192	2.08
5001 - 10,000	70	492,345	1.18
Over 10,000	163	40,030,231	96.05
	1,589	41,677,911	100.00

18. DIRECTORS' SHAREHOLDINGS

The Directors named below held the following number of shares in the company at 31st December 2003

NAME OF DIRECTOR	NO. OF SHARES
1. John Percival Awuku Nyako	- 131,250
2. Samuel Kingsley Kwofie	- 120,000
3. Kwadwo Kwarteng	- 90,000
4. Benjamin Akuete Gogo	- 90,000
5. William Ekroo Inkumsah	- 23,308
6. Kofi Ansah	- 15,000
	469,558

19. TWENTY LARGEST SHAREHOLDERS

	SHAREHOLDER	NO. OF SHARES	% HOLDING
1.	Social Security and National Ins. Trust	10,376,298	24.90
2.	Ghana Cocoa Board	4,696,683	11.27
3.	Strategic Initiatives Limited	4,150,000	9.96
4.	SSB Investment Company Limited	3,552,727	8.52
5.	Ofori Daniel Mr.	2,193,381	5.26
6.	Qualitec Industries Limited	2,000,000	4.80
7.	BBGN/Epac Investments Limited	1,125,615	2.70
8.	Domod Company Limited	1,055,808	2.53
9.	Arthur Elizabeth Mrs.	600,000	1.44
10.	SAS/Amenuvor Gideon Mr.	564,652	1.35
11.	Ghana Commercial Bank Limited	450,000	1.08
12.	Tema Oil Refinery	450,000	1.08
13.	National Investment Bank	442,080	1.06
14.	NTHC Limited	426,822	1.02
15.	Household and Aluminium Factory Limited	405,500	0.97
16.	Aryee Edward Clifford Mr.	400,000	0.96
17.	Wosornu Lade Prof.	240,006	0.58
18.	HFC Unit Trust	222,222	0.53
19.	SAS Nominees 3	200,000	0.48
20.	Ghana Aluminium Products Limited	191,526	0.46
		33,743,320	80.96
	Total Shareholding	41,677,911	100.00

Notes



FORM OF PROXY

I/We

.....
(Block Capitals Please)

of.....

..... being member/members of Aluworks Ltd., hereby appoint

*
(insert full name)

of
(or failing him the duly appointed Chairman of the meeting) as my/our proxy to vote for me/us at the Annual General Meeting to be held at the Golden Tulip Hotel, Accra on Thursday 20th May 2004 at 10.00 a.m and at every adjournment thereof.

Please indicate with an X in the spaces below how you wish your votes to be cast.

RESOLUTION	FOR	AGAINST
1. To receive the accounts		
2. To declare the final dividend as recommended		
3. To re elect W. E. Inkumsah as a Director		
4. To re elect Kofi Ansah as a Director		
5. To re elect K. Kwarteng as a Director		
6. To approve the remuneration of non-executive Directors		
7. To authorise the Directors to fix the Auditors fees		

Signed this day of2004

Shareholder's Signature

THIS PROXY FORM SHOULD NOT BE SENT TO THE REGISTRAR IF THE MEMBER WILL BE ATTENDING THE MEETING

NOTES:

1. A member (Shareholder) who is unable to attend the Annual General Meeting is allowed by law to vote by proxy. The above proxy form has been prepared to enable you exercise your vote if you cannot personally attend.
2. Provision has been made on the form for the Chairman of the Meeting to act as your proxy but, if you wish, you may insert in the blank space marked * the name of any person whether a Member of the company or not who will attend the meeting and vote on your behalf instead of the Chairman of the Meeting.
3. In the case of joint holders, each holder should sign.
4. If executed by a corporation, the proxy form should bear its common seal or be signed on its behalf by a Director.
5. Please sign the above proxy form and post it so as to reach the address shown overleaf not later than 48 hours.
6. The proxy must produce the Admission Card sent with the notice of the meeting to obtain entrance to the meeting.



SECOND FOLD

**THE REGISTRAR
C/O NTHC LTD.
MARTCO HOUSE
OKAI MENSAN LINK
ADABRAKA
P. O. BOX 9563
AIRPORT-ACCRA**

THIRD FOLD HERE

FIRST FOLD HERE

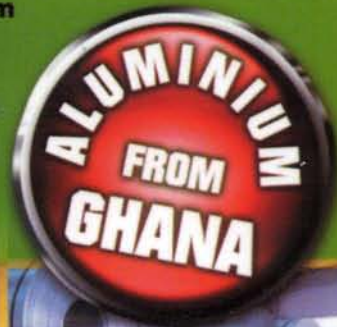
Notes



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Plot # 63/1 Heavy Industrial Area, Tema P. O. Box 914, Tema, Ghana
Tel: (233 22) 208701-2 / 211854-6 Fax: (233 22) 208700 / 211857
E-mail: aluworks@aluworks.com