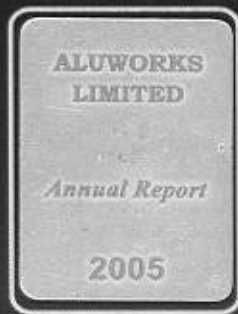
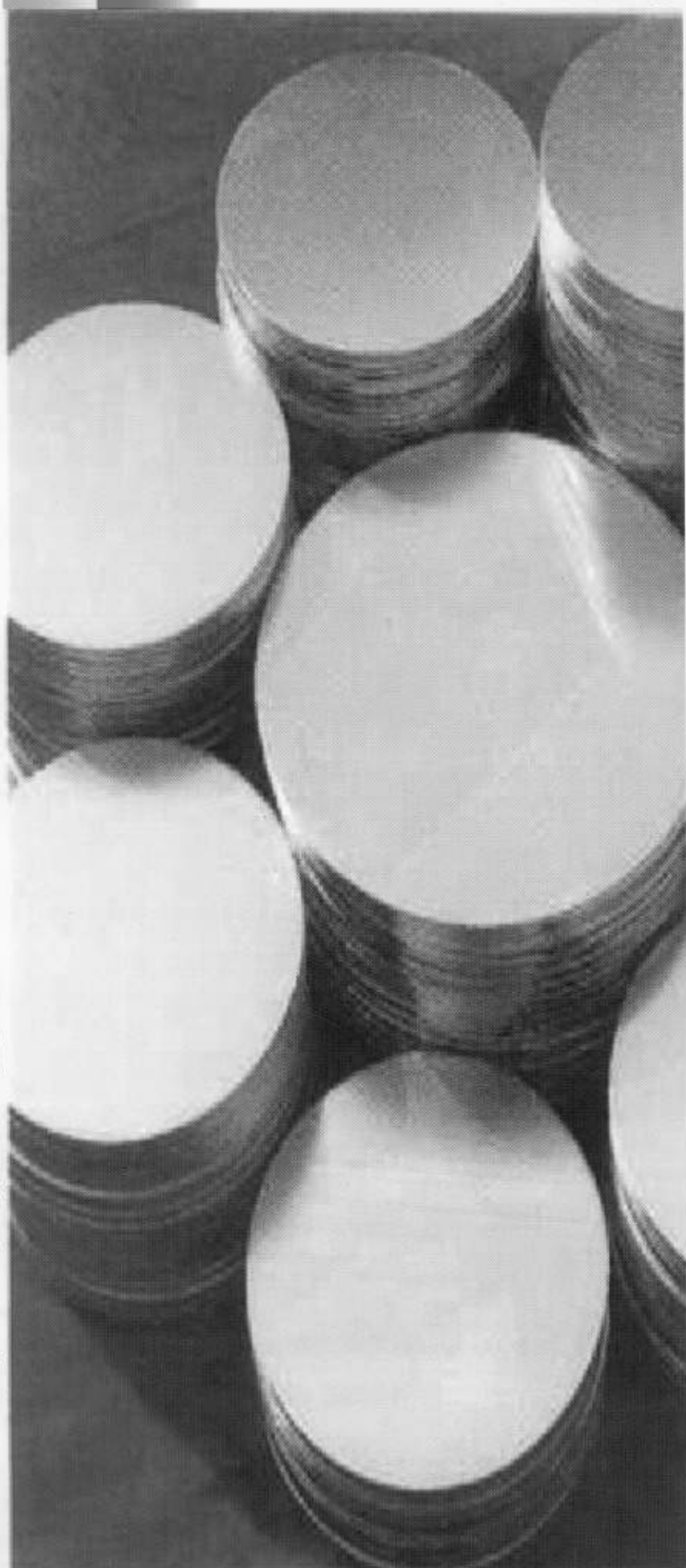


Aluworks

DRIL

Aluworks Ltd.



ANNUAL REPORT
2005



Annual Report 2005

ALUWORKS LTD.



NOTICE OF ANNUAL GENERAL MEETING

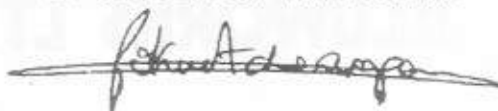
NOTICE IS HEREBY GIVEN that the 19th Annual General Meeting of ALUWORKS LIMITED will be held at the CRESTA ROYALE HOTEL, adjacent to Nestle Ghana Ltd. Head Office, Dzorwulu, Accra on Friday 28th April 2006 at 10:00 a.m.

AGENDA

- 1) To receive and adopt the Accounts of the Company for the period ended 31st December 2005 together with the reports of the Directors and Auditors thereon.
- 2) To declare a dividend for the year ended 31st December 2005.
- 3) To re-elect the following Directors retiring by rotation:
 - i) B. A. Gogo
 - ii) S. K. Kwofie
 - iii) Napoleon Kpoh
- 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, 2006

BY ORDER OF THE BOARD



A. POKU-ACHEAMPONG
SECRETARY

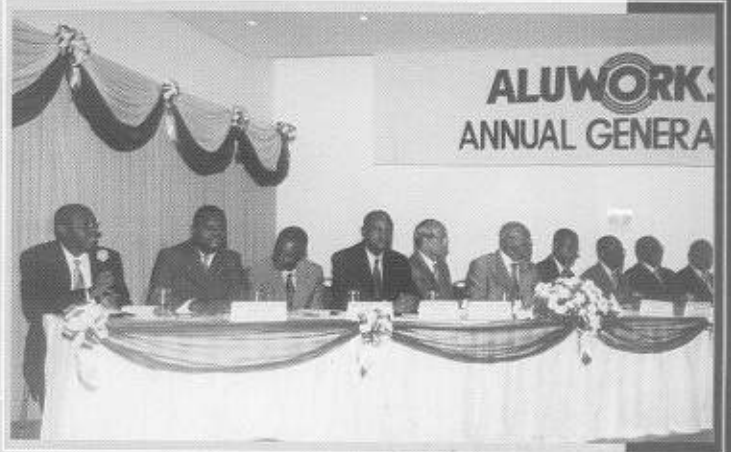
NOTE

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 Ltd., 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.



Shareholders approving a resolution at the 18th AGM



Some Directors and Officials of the Company



President Kufuor at the Aluworks stand - 10th Ghana International Trade Fair.



Exhibition of Aluminium Products



President Kufuor viewing ALW products at the 10th Ghana International Trade Fair - 22/2/06 - 7/3/06



Shareholders at the 18th AGM



ALUWORKS LIMITED**CORPORATE INFORMATION****BOARD OF DIRECTORS**

William Ekroo Inkumsah (Chairman)
 Kondagunta Venkataramana (Managing)
 Kofi Ansah
 Kwadwo Kwarteng
 Benjamin Akuete Gogo
 Samuel Kingsley Kwofie
 Kwame Sarpong
 Togbe Afede XIV (James Akpo)
 Napoleon Kpoh

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

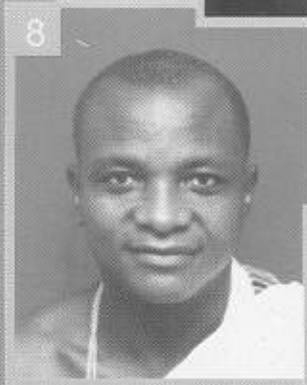
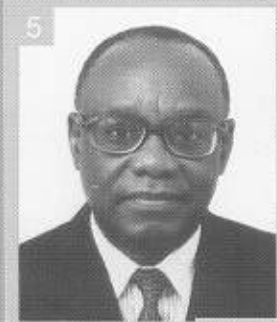
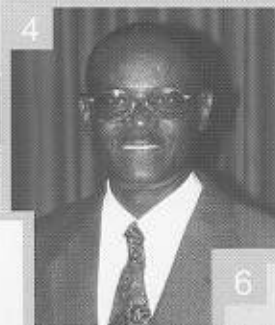
AUDITORS

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

BANKERS

Barclays Bank of Ghana Limited
 CAL Bank Limited
 Ecobank Ghana Limited
 SG - SSB Limited

THE BOARD OF DIRECTORS



1. Mr. W. E. Inkumsah
2. Mr. K. Venkataramana
3. Kofi Ansah
4. Mr. Kwadwo Kwarteng
5. Mr. Benjamin A. Gogo
6. Mr. Kwame Sarpong
7. Mr. S. K. Kwofie
8. Togbe Afede XIV (James Akpo)
9. Napoleon Kpoh
10. Mr. A. Poku-Acheampong
(Secretary)

1. MR. WILLIAM EKROO INKUMSAH

Joined the Board in July 1987 and was appointed Chairman in May 1996. He is currently the Managing Director of Thompson, Moir and Galloway Ltd., a timber firm in Dunkwa-on-Offin. He is a Fellow of the Ghana Institute of Management. He served as a Director of Ghana Cocoa Board from September 1996 to August 2001 and was a member of the National Development Planning Commission from 1995 to 2000.

2. MR. KONDAGUNTA VENKATARAMANA

Was appointed the Managing Director of Aluworks Ltd. on 1st February 2004. He holds a Degree in Mechanical Engineering from India. Mr. Venkataramana worked for ten years (1984-1993) at Tower Aluminium Nigeria Plc, Nigeria. He started as General Manager of Tower Aluminium Rolling Mills at Ota, Ogun State and rose to the position of Managing Director, in charge of Tower Aluminium Rolling Mills, Kolorkote Nigeria and Alufoils Ltd.

Mr. Venkataramana is a Director of Pioneer Kitchenware Ltd., Tema.

3. MR. KOFI ANSAH

Joined the Board in 1985. He holds an MSc. (Metallurgy) from Georgia Institute of Technology, USA (minor in Engineering Economics) and BSc. (Mechanical Engineering) from KNUST, Kumasi, Ghana. Mr. Ansa is currently a Consultant in Mining and Energy. Between September 1984 and October 1999 he worked as the Chief Executive of the Minerals Commission of Ghana.

4. MR. KWADWO KWARTENG

Joined the Board in November 1991. He is a Chartered Accountant and a member of the American Institute of Certified Public Accountants. He is also a member of the Institute of Chartered Accountants (Ghana). Mr. Kwarteng is the Managing Partner of Kufuor and Associates, a firm of Chartered Accountants.

5. MR. BENJAMIN AKUETE GOGO

Joined the Aluworks Board in July 1996. He was the Deputy Managing Director in charge of Finance and Information Systems at SSB Bank (now SG-SSB) from 2000 to 2003. Mr. Gogo is currently a member of the Board of Directors of La Community Bank and Databank Money Market Fund Ltd.

6. MR. KWAME SARPONG

Joined the Aluworks Board in November 2001. He was until recently the Chief Executive Officer of the Ghana Cocoa Board. Mr. Sarpong holds a BSc. Administration degree from the University of Ghana. He obtained an MBA in Finance from Columbia University (USA) in 1970 and taught finance and banking at the University of Ghana from 1970 to 1977.

7. MR. SAMUEL KINGSLEY KWOFIE

Joined the Board in May 1997. He is the Founder, Chairman and Chief Executive Officer (CEO) of Domod Aluminium Ltd. He holds a BSc. Administration (Accounting) degree from the University of Ghana and a Certificate in Systems Development for Small and Medium Enterprise, Malaysia. He is currently the Chairman of the Wassa Fiase Education Fund.

8. TOGBE AFEDE XIV (JAMES AKPO)

Joined the Board in February 2002. He holds an MBA degree from Yale University in USA and BSc. Administration (Accounting) degree from the University of Ghana, Legon. He is currently the Chief Executive Officer of Strategic Initiatives Ltd. and SAS Investment Management Ltd. (SASIM), Accra.

Togbe Afede XIV holds Directorship and Trusteeship in the following organisations: Bank of Ghana, The National Theatre of Ghana, Pioneer Kitchenware Ltd., ProCredit Savings & Loans Ltd., SAS Investment Management Ltd., Strategic Initiatives Ltd. and Volta Forum Trust Ltd.

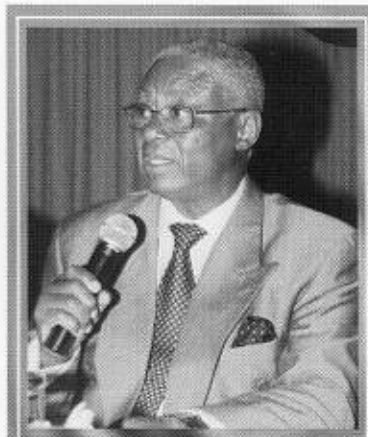
9. MR. NAPOLEON KPOH

Joined the Board in October 2002. He holds a Post Graduate Certificate in Labour Policy Studies from the University of Cape Coast and a Post Graduate Diploma in Public Administration, GIMPA (1989). He is currently the General Secretary of the Industrial and Commercial Workers Union (ICU). and serves on the Boards of SSNIT and Accra Brewery Ltd.

10. MR. ALEX POKU-ACHEAMPONG (SECRETARY)

Joined the company in 1985 and was appointed Solicitor-Secretary in April 1986. He holds a Bachelor of Laws degree (LLB) obtained from the University of Ghana, Legon, in 1976 and a professional qualification in Law, (1978). He holds an MBA from GIMPA and is a member of the Ghana Bar Association.

CHAIRMAN'S SPEECH 19TH ANNUAL GENERAL MEETING



Mr. W. E. Inkumsah
Board Chairman

INTRODUCTION

I have the pleasure, distinguished Ladies and Gentlemen, to present to you my report on your Company's operations for the year 2005.

The year under review was very challenging to manufacturing industries in the country. Some of the major issues the Company had to deal with include:

1. Timely delivery of imported raw materials.
2. Increasing prices of aluminium on the London Metal Exchange.
3. Breakdown of some major equipment, in the first quarter of the year.
4. Serious competition in both the domestic and export markets.

The Company, inspite of the above, is now on a path of recovery and in the year 2005, returned relatively better results than in the previous year.

ECONOMIC ENVIRONMENT

The Government and the Central Bank's policies of controlling inflation and reducing interest rates were on course. Inflation which rose to 16.7% in March 2005 (following the petroleum price adjustment) came down to 15.3% in November and ended the year at 14.8%.

Interest rates on the money market continued on a downward trend during the year. This followed the easing of market expectations about inflation and reduction of Government borrowing.

The benchmark 91-day Treasury Bill rate declined from about 17% at the start of the year to about 11.5% at the end of the year. The Bank of Ghana prime rate which was about 18.5% at the start of the year came down to 15.5% at the end of the year and was further reduced to 14.5% by the Monetary Policy Committee at the end of January 2006.

On the currency market, the year witnessed a strong Cedi in relation to the Pound Sterling and the Euro on both the interbank and the forex markets. The Cedi however weakened against the dollar. On the interbank market in 2005, the Cedi depreciated by ₵58.00 (0.64%) to close the year at ₵9,088 to the Dollar. The Cedi however strengthened by ₵1,706 (10.87%) against the Pound Sterling and ₵1,534 (14.23%) against the Euro during the year and was quoted at ₵15,691 and ₵10,783 respectively at the close of 2005.

The above depicts the economic environment in which your Company operated in 2005.

OPERATIONS

The raw material position of the Company improved significantly in the fourth quarter of the year with the resumption of operations by VALCO in September 2005. The Company was able to keep a buffer stock of metal towards the end of the year.

The Company produced 18,022mt in 2005 as against 18,013mt in 2004. This figure would have been higher but for major machinery breakdowns encountered in the first quarter of the year. The melting furnace of one of the casters needed extensive repairs because of a damage that affected the ramp and the steel frame. Refractory work and steel frames had to be completely changed in February and March 2005. This affected the volume of production in the year.

Your Company has undertaken a number of cost driven initiatives in the areas of logistics and procurement which have yielded considerable savings and reduced the cost of sales.

SALES

During the year under review, your Company sold 17,647mt of products as against 19,497mt sold in 2004, a shortfall of about 10% which was due to the following factors:

- (i) High and volatile aluminium prices in the world market.
- (ii) Imports of thin gauge aluminium into the country.
- (iii) Machinery breakdown problems already referred to above.

The Board and Management have taken the necessary measures to resolve these problems and to increase sales and thereby improve profitability substantially this year.

The Net Turnover for the year was ₵477.7 billion (US\$52.8 million)

EXPORTS

Out of the total sales of 17,647mt, 8,327mt were exported, i.e. about 47% of the sales tonnage. This yielded ₵205.2 billion (US\$22.7 million) which is the highest ever exports sales recorded in the Company's history. It represents an increase of 7.63% over the previous record figure of 7,737mt equivalent to ₵165.5 billion (US\$19.1 million), exported in 2004.

FINANCIAL RESULTS

The Company made an Operating Profit of ₵28.3 billion which was 12% higher than the previous year's figure of ₵25.3 billion. There was a 10% increase in the Net Profit After Tax from ₵20.5 billion to ₵22.58 billion. This growth evidences the positive trend in the Company's performance.

DIVIDENDS

The Directors recommend a dividend of ₵500.00 per share for the year 2005 which represents an increase of 11% over that of 2004. An interim dividend of ₵150.00 was paid in December 2005 and the final dividend of ₵350.00 will be paid on 30th May 2006, if approved by the Shareholders.

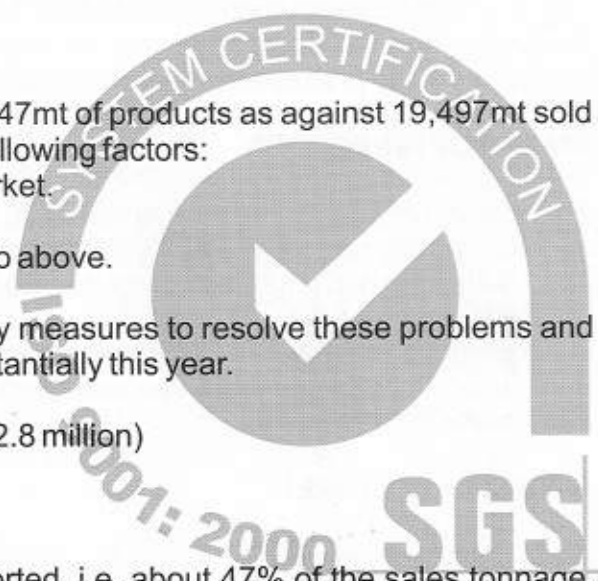
PERFORMANCE ON THE STOCK EXCHANGE

The past year saw what stock market analysts have described as a correction of the over-pricing of equities on the Ghana Stock Exchange. This correction process adversely affected the share price of your Company. The equity started the year at a price of ₵10,000 and ended the year at a price of ₵5,003 a drop in value of 49%.

There are encouraging signs that your Company's stock will perform better this year. It has since the beginning of the year gone up by 22% from ₵5,003 to ₵6,120 per share. It is hoped that with the restoration of VALCO's operations and the turning out of good results, the investing public's current perception of the equity as a good stock would be sustained and lead to a growth in its value.

HUMAN RESOURCE

The year under review saw a relatively peaceful industrial atmosphere in the plant. Training and Manpower Development programmes for all levels of staff were carried out to improve the skills and competencies of employees.



ISO CERTIFICATION

The bi-annual Surveillance External Audits were carried out successfully in the months of May and November and the Company maintained its ISO 9001 certificate. This continues to assure all our customers of the high quality of Aluworks' products and has contributed to the growth in export volume.

BOARD OF DIRECTORS

There was no change in the membership of the Board of Directors during the year. The Board endeavoured to provide the required leadership and direction which enabled the Company meet the new challenges that emerged during the year.

In accordance with the regulations of the Company and the Companies Code 1963, Act 179, Messrs. B. A. Gogo, S. K. Kwofie and Napoleon Kpoh will be retiring by rotation and being eligible, have offered themselves for re-election.

CORPORATE CITIZEN

Aluworks discharged 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 were complied with.

In the year under review donations were made to deserving organisations within the Tema Municipality and for other national causes.

PROJECTIONS FOR THE FUTURE

The prospects of your Company have brightened with the resumption of operations by VALCO, its main raw material supplier. The Board has taken the necessary steps for the company to realize these prospects. On 27th February 2006 your Company signed an agreement with VALCO for metal supply which would ensure continuous production and reduction in operating costs for Aluworks.

Approval has been given by the Board for the implementation of a Coil Coating Line Project which will give added value to the products of the Company. There are plans to acquire a second Cold Mill for the production of 0.35mm material, a product currently in high demand in the market. The realisation of these projects would help the company to increase its production and sales tonnage and also improve profitability.

The cost cutting exercise and global competitive sourcing of spares and consumables initiated in the last two years are being pursued with vigour to enhance the profitability of the Company.

CONCLUSION

I wish to thank all our shareholders, customers, suppliers and other stakeholders for their loyalty and support for the Company.

I also wish to thank the Directors, Management and Staff for their diligent work, which has helped the Company to achieve the good results of 2005.

I cherish the hope that with the cooperation and diligence of all of you the company will register better results next year.

Thank you.



Board Members and Secretary

ALUWORKS LIMITED

FINANCIAL HIGHLIGHTS- FIVE YEAR PERFORMANCE 2001-2005

	YEAR	2001	2002	2003	2004	Reporting Year 2005 CHANGE	
Turnover (¢million)		287,167	335,816	377,189	457,960	477,727	4%
Profit before interest and tax (¢million)		58,571	44,139	33,396	32,065	35,601	11%
Interest Income (¢million)		2,018	783	13	72	22	69%
Interest Expense (¢million)		-3,083	-6,008	-7,983	-6,853	-7,300	7%
Profit before tax (¢million)		57,505	38,914	25,426	25,284	28,323	12%
Taxation (¢million)		-18,938	-9,560	-6,970	-4,752	-5,743	21%
Profit after tax (¢million)		38,567	29,354	18,456	20,532	22,580	10%
Earnings per share (¢)		925*	704	443	492	542	10%
* Note: 27.78 million bonus shares issued in 2001							
Dividend per share (¢)		500*	600	400	450	500	11%
Shareholders' equity (¢million)		106,835	111,153	112,940	114,717	116,458	2%
Net Assets per share (¢)		3,063	2,667	2,710	2,752	2,794	2%
New issue of Shares (000)		27,785*	0	0	0	0	
Number of shares (000)		41,678	41,678	41,678	41,678	41,678	0%
Fixed assets (¢million)		60,447	80,141	72,458	69,518	63,393	-9%
PERFORMANCE RATIOS							
		2001	2002	2003	2004	2005	
Gross margin/Turnover		25.61%	18.23%	15.17%	12.18%	12.74%	
Net margin/Turnover		13.43%	8.74%	4.90%	4.48%	4.73%	
Return on Equity		36.10%	26.41%	16.37%	17.89%	19.39%	
Current Ratio		2.37	1.77	1.43	1.83	1.38	
VALUE ADDED STATEMENT							
		2001	2002	2003	2004	2005	
OUR EARNINGS:- (¢million)							
Sale of Goods		309,885	362,442	408,964	497,719	519,226	
Other Income		3,897	6,374	1,574	2,438	2,785	
Interest Income		2,018	783	13	72	22	
Bought in Materials /Services		-203,379	-257,563	-302,831	-383,097	-398,159	
VALUE ADDED		112,421	112,036	107,720	117,132	123,874	
USED AS FOLLOWS:-							
Employees		21,971	30,920	33,094	35,840	39,674	
Govt. Taxes & Duties		41,656	36,186	38,701	44,504	47,242	
Interest paid		3,083	6,009	7,983	6,853	7,300	
Shareholders		20,839	25,007	16,671	18,755	20,839	
RETAINED EARNINGS							
Depreciation		7,144	9,567	9,442	9,403	7,078	
Profit Retained		17,728	4,347	1,829	1,777	1,741	
TOTAL		112,421	112,036	107,720	117,132	123,874	

CORPORATE GOVERNANCE

INTRODUCTION

Corporate Governance, in essence, is concerned with the way power is exercised over the company for the good of everyone concerned.

BOARD OF DIRECTORS

In Corporate Governance the Board of Directors is central and its structure and processes are fundamental, so are the Board's relationships with the Company's shareholders, regulators, auditors, top management and other legitimate stakeholders.

Aluworks has a nine member Board chaired by Mr. W. E. Inkumsah, a former Chief Executive Officer of Crocodile Matchets Ltd. The Board held about eight meetings during the year under review, and also performed part of its work through the sub committees.

AUDIT SUB COMMITTEE

The work of the Audit Sub Committee is a very key part of the work of the Aluworks Board of Directors.

The Company has a four member Audit Sub Committee made up of Non-Executive Directors. The Committee is chaired by Mr. K. Kwarteng, a Chartered Accountant and Managing Partner of Kufuor & Associates, an accounting firm.

During the year under review the Audit Sub Committee held six meetings to discharge their duties of:

- (a) safeguarding the company's assets.
- (b) ensuring that the company maintains adequate accounting records and
- (c) ensuring that the company develops and maintains effective systems of internal control.

The sub-committee among other things reviewed the company's Management Accounts and audited Financial Statements. The 2006 Budget Estimates were reviewed by the Committee before they were submitted to the Board for approval.

REMUNERATION COMMITTEE

The Remuneration Committee of the company held four meetings during the year under review.

The Committee provided useful advice and guidance to the Board and Management on staff conditions of service and other related matters.

CORPORATE SOCIAL RESPONSIBILITIES

The Company discharged its social responsibilities to non-contractual stakeholders in the Tema municipality and in the country as a whole during the year under review.

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 2005.

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 ¢500.00 per share amounting to ¢20.839 million comprising an interim and final dividend of ¢150.00 and ¢350.00 per share 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 engaged in Continuous Casting and Cold Rolling of Aluminium products. There was no change in the nature of business of the company during the year.

BOARD COMMITTEES

AUDIT SUB COMMITTEE MEMBERS

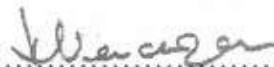
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|----|---------------------|----------|
| 1) | Mr. Kwadwo Kwarteng | Chairman |
| 2) | Mr. Kofi Ansah | Member |
| 3) | Togbe Afede XIV | Member |
| 4) | Mr. Kwame Sarpong | Member |

REMUNERATION COMMITTEE MEMBERS

- | | | |
|----|--------------------|----------|
| 1) | Mr. W. E. Inkumsah | Chairman |
| 2) | Togbe Afede XIV | Member |
| 3) | Mr. B. A. Gogo | Member |
| 4) | Mr. S. K. Kwofie | Member |
| 5) | Mr. Napoleon Kpoh | Member |



W. E. INKUMSAH



K. VENKATARAMANA

TEMA,

23rd March, 2006.

REPORT OF THE AUDITORS TO THE MEMBERS OF ALUWORKS LIMITED

We have audited the financial statements of Aluworks Limited for the year ended 31st December 2005 set out on pages 15 to 24 and 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, and prepared in accordance with Ghana Accounting Standards, comply with the Companies Code, 1963 (Act 179) and give a true and fair view of the financial position of the company at 31st December 2005 and of the results of its operations and cash flows for the year then ended.

U P & Co
CHARTERED ACCOUNTANTS
25 LIBERIA ROAD
P. O. BOX 242
ACCRA

.....4th April, 2006

ALUWORKS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2005

	Note	2005 ¢'m	2004 ¢'m
GROSS SALES		519,226	497,719
Value Added Tax		(41,499)	(39,759)
NET SALES		477,727	457,960
Cost of Sales		(416,843)	(402,194)
GROSS PROFIT		60,884	55,766
General, Administrative and Selling Expenses		(28,068)	(26,139)
TRADING PROFIT	2	32,816	29,627
Sundry Income	3	2,785	2,438
PROFIT BEFORE INTEREST AND TAXATION		35,601	32,065
Net Interest Expense	4	(7,278)	(6,781)
PROFIT BEFORE TAXATION		28,323	25,284
Taxation	5	(5,743)	(4,752)
PROFIT AFTER TAXATION transferred to Income Surplus Account		22,580	20,532

INCOME SURPLUS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2005

	2005 ¢'m	2004 ¢'m
Balance at 1st January 2005	63,819	62,042
Profit for the year	22,580	20,532
	86,399	82,574
Proposed Dividend: ¢500 (2004: ¢450) per share	(20,839)	(18,755)
Balance at 31st December 2005	65,560	63,819

ALUWORKS LIMITED
BALANCE SHEET AT 31ST DECEMBER 2005

	Note	2005 ₹'m	2004 ₹'m
FIXED ASSETS	6	63,393	69,518
INVESTMENTS	7	276	276
CURRENT ASSETS			
Stocks	8	140,579	75,773
Taxation	5	7,435	7,321
Debtors	9	66,690	41,780
Cash and Bank balances		2,871	7,543
		217,575	132,417
CURRENT LIABILITIES			
Bank Overdraft and Loans	10	96,727	46,994
Creditors	11	43,465	13,200
Dividend Payable	14	17,578	12,504
		157,770	72,698
NET CURRENT ASSETS		59,805	59,719
LONG TERM LIABILITIES			
Deferred Taxation	5	7,016	7,516
Loans		-	7,280
		(7,016)	(14,796)
NET ASSETS		116,458	114,717
FINANCED BY:			
STATED CAPITAL	12	50,024	50,024
SHARE DEALS ACCOUNT	13	874	874
INCOME SURPLUS		65,560	63,819
		116,458	114,717

W. Inkumseh

WE INKUMSAH

K Venkataramana

K VENKATARAMANA

The Directors approved the financial statements on 23rd March 2006.

ALUWORKS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2005

	2005 ¢'m	2004 ¢'m
Cash flows from operating activities		
Profit before taxation	28,323	25,152
Adjustments for:		
Depreciation	7,078	9,403
Profit on disposal	(288)	(319)
Interest expense	7,278	6,853
Dividend received	(60)	
Exchange loss on loan	-	3,256
	-----	-----
	42,331	44,345
(Increase)/Decrease in stocks	(64,806)	58,066
Decrease/(Increase) in debtors	(24,910)	3,977
Increase in creditors	30,265	(24,714)
	-----	-----
Cash generated from operations	(17,120)	81,674
Interest paid	(7,300)	(6,853)
Income taxes paid	(6,357)	(10,523)
	-----	-----
Net cash from operating activities	(30,777)	64,298
Cash flows from investing activities		
Fixed assets purchased	(1,015)	(6,484)
Proceeds from sale of fixed assets	350	340
Interest received	22	72
Dividend received	60	60
	-----	-----
Net cash used in investing activities	(583)	(6,012)
Cash flow from financing activities		
Loan net	25,338	(50,906)
Dividend paid	(15,765)	(16,669)
	-----	-----
Net cash used in financing activities	9,573	(67,575)
Net (Decrease) in cash and cash equivalents	(21,787)	9,289
	=====	=====
Analysis of changes in cash and cash equivalents during the year		
Balance at 1st January	(6,138)	3,151
Net cash (Outflow)	(21,787)	(9,289)
	-----	-----
Balance at 31st December	(27,925)	(6,138)
	=====	=====
Analysis of balances of cash and cash equivalents as shown in the balance sheet		
Cash and Bank balances	2,871	7,543
Bank Overdraft and Loans	(30,796)	(13,681)
	-----	-----
	(27,925)	(6,138)
	=====	=====

ALUWORKS LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2005

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.

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:

	2005 ¢'m	2004 ¢'m
Auditors' Fees	140	100
Depreciation	7,078	9,403
Directors' Remuneration	1,232	618
Donations	39	17
	===	===
3. SUNDRY INCOME		
Roofing Fixings and Dross	228	373
Sale of Scrap	83	55
Sundries	47	153
Profit on disposal of fixed assets	288	319
Exchange Gain	2,079	1,478
Dividend Income	60	60
	-----	-----
	2,785	2,438
	=====	=====
4. NET INTEREST EXPENSE		
Interest on Loans and Overdraft	7,300	6,853
Interest Earned on Current Accounts	(22)	(72)
	-----	-----
	7,278	6,781
	=====	=====

5. TAXATION

	Balance at 1/1/05 ¢'m	Payments ¢'m	Charge for year ¢'m	Balance at 31/12/05 ¢'m
Income Tax				
Up to 2002	(133)	(326)	347	(112)
2003	(4,222)	-	-	(4,222)
2004	(2,849)	-	-	(2,849)
2005	-	(5,204)	5,465	261
National Reconstruction Levy	(117)	(821)	425	(513)
Dividend Tax	-	(6)	6	-
	-----	-----	-----	-----
	(7,321)	(6,357)	6,243	(7,435)
Deferred Tax	7,516	-	(500)	7,016
	-----	-----	-----	-----
	195	(6,357)	5,743	(419)
	===	=====	=====	=====

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

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 1/1/05	23,626	92,608	9,718	5,684	1,860	133,496
Additions	-	572	249	194	-	1,015
Disposals	-	-	-	(633)	-	(633)
	-----	-----	-----	-----	-----	-----
At 31/12/05	23,626	93,180	9,967	5,245	1,860	133,878
	=====	=====	=====	=====	=====	=====
Comprising						
Cost of assets						
revalued	7,088	29,837	1,066	773	-	38,911
Surplus on revaluation	4,527	10,598	567	370	-	16,062
	-----	-----	-----	-----	-----	-----
At revaluation	11,615	40,435	1,633	1,353	-	55,036
At cost	12,011	52,745	8,334	4,102	1,860	79,052
	-----	-----	-----	-----	-----	-----
	23,626	93,180	9,967	5,245	1,860	133,878
	=====	=====	=====	=====	=====	=====
Accumulated						
Depreciation						
At 1/1/05	4,957	47,250	7,301	4,470	-	63,978
Charge for the year	761	4,778	968	571	-	7,078
Released on disposals	-	-	-	(571)	-	(571)
	-----	-----	-----	-----	-----	-----
At 31/12/05	5,718	52,028	8,269	4,470	-	70,485
	=====	=====	=====	=====	=====	=====
Net Book Value						
At 31/12/05	17,908	41,152	1,698	775	1,860	63,393
	=====	=====	=====	=====	=====	=====
At 31/12/04	18,669	45,358	2,417	1,214	1,860	69,518
	=====	=====	=====	=====	=====	=====

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:

	2005 €'m	2004 €'m
Cost of Sales	5,770	7,985
General, Administrative and Selling Expenses	1,308	1,418
	-----	-----
	7,078	9,403
	=====	=====

b. FIXED ASSETS (cont'd)

	2005 ¢'m	2004 ¢'m
Disposal of Fixed Assets		
Cost	633	473
Accumulated Depreciation	(571)	(452)
	-----	-----
Net Book Value	62	21
Sales Proceeds	350	340
	-----	-----
Profit on disposal of Fixed Assets	288	319
	===	===

7. INVESTMENTS

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

8. STOCKS

	2005 ¢'m	2004 ¢'m
Raw Materials	86,086	20,870
Work in Progress	19,022	9,745
Finished Goods	14,903	6,343
Consumables	20,568	19,169
Stock in Transit	-	19,646
	-----	-----
	140,579	75,773
	=====	=====

9. DEBTORS

Trade Debtors	47,822	23,531
Advances to Suppliers	5,667	5,310
Sundry Debtors	12,160	11,648
Staff Debtors	819	847
Prepayments and Accrued Income	222	444
	-----	-----
	66,690	41,780
	=====	=====

The maximum amount due from officers of the company during the period was ¢ 819 million (2004: ¢847 million).

BANK OVERDRAFT AND LOANS

	2005 ¢'m	2004 ¢'m
Overdraft	30,796	13,681
Short Term Loan	20,240	26,033
Current Portion of Medium Term Loan	45,691	7,280
	-----	-----
	96,727	46,994

10a. **Banking Facilities**

Bank facilities available to the company were as follows:

Facility Type	Amount	Collateral Security
Overdraft	¢25 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**

	2005 ¢'m	2004 ¢'m
Trade Creditors	30,243	10,635
Sundry Creditors	11,522	1,645
Accruals and Deferred Income	1,700	920
	-----	-----
	43,465	13,200
	=====	=====

12. **STATED CAPITAL**

	No. of Shares		Proceeds	
	2005 '000	2004 '000	2005 ¢'m	2004 ¢'m
Authorised				
Ordinary shares of no par value	50,000	50,000		
	=====	=====		
Issued				
For Cash	7,049	7,049	7,649	7,649
Transfer from Capital Surplus	34,629	34,629	42,375	42,375
	-----	-----	-----	-----
	41,678	41,678	50,024	50,024
	=====	=====	=====	=====

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

13. SHARE DEALS ACCOUNT

	2005 ¢'m	2004 ¢'m
Balance at 1st January	874	874
	----	----
Balance at 31st December	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

	2005 ¢'m	2004 ¢'m
Balance at 1st January	12,504	10,418
Proposed for the year	20,839	18,755
	-----	-----
	33,343	29,173
Less: Payments during the year	(15,765)	(16,669)
	-----	-----
Balance at 31st December	17,578	12,504
	=====	=====

15 REDUNDANCY PAYMENTS

Included in selling, general and administrative expenses is an amount of ¢ NIL million (2004 ¢1,131 m) for redundancy payments.

16. ANALYSIS OF SHAREHOLDING

CLASS OF EQUITY	NO. OF SHAREHOLDERS WITHIN RANGE	TOTAL HOLDING	% HOLDING
1 - 1,000	1,535	448,337	1.08
1001 - 5,000	441	1,114,036	2.67
5001 - 10,000	107	783,489	1.88
Over 10,000	205	39,332,049	94.37
	-----	-----	-----
	2,288	41,677,911	100.00
	=====	=====	=====

17. DIRECTORS' SHAREHOLDINGS

The Directors named below held the following number of shares in the company at 31st December 2005

NAME OF DIRECTOR	NO. OF SHARES
1. Kwame Sarpong	139,675
2. Samuel Kingsley Kwofie	120,000
3. Benjamin Akuete Gogo	105,000
4. Kwadwo Kwarteng	90,000
5. William Ekroo Inkumsah	16,425
6. Kofi Ansah	15,000

	486,100
	=====

18. 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	4,233,719	10.16
4. Qualitec Industries Limited	2,181,688	5.23
5. BBN/State Bank X71 AX71	2,000,000	4.80
6. BBN/ Epack Investments Limited	1,503,246	3.60
7. Ofori Daniel Mr.	1,331,778	3.20
8. Domod Aluminium Limited	1,020,808	2.45
9. Arthur Elizabeth Mrs.	550,000	1.32
10. Tema Oil Refinery	450,000	1.08
11. SAS/Amenuvor Gideon Mr.	450,000	1.08
12. Ghana Commercial Bank Limited	450,000	1.08
13. National Investment Bank Limited	442,080	1.06
14. NTHC Ltd.	432,522	1.04
15. Aryee Edward Clifford Mr.	400,000	0.96
16. Wosornu Lade Prof.	260,806	0.63
17. DBL/Galtere International Fund	230,000	0.55
18. HFC Unit Trust	222,222	0.53
19. BBN/SSB Eaton Vance Tax-Managed	210,900	0.51
20. Adjei Kwabena	196,300	0.47
	-----	-----
	31,639,050	75.93
	=====	=====