ALUWORKS LIMITED

2011
ANNUAL REPORT

ALUWORKS LIMITED

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

31ST DECEMBER 2011

ALUWORKS LIMITED

CONTENTS

ALUWORKS LIMITED

NOTICE OF MEETING

NOTICE is hereby given that the 25th Annual General Meeting of the Shareholders of Aluworks Limited will be held at the Fiesta Royale Hotel, Dzowurlu, Accra (next to the Nestlé Head Office building) on Thursday July 5, 2012 at 10 O'clock in the forenoon to transact the following:

AGENDA

ORDINARY BUSINESS

1. To receive and consider the Reports of the Directors, Auditors and the Audited Financial Statements for the year ended December 31, 2011.
2. To appoint Directors
3. To re-elect Directors.
4. To fix the remuneration of the Directors.
5. To authorise the Directors to fix the remuneration of the Auditors for the ensuing year.

SPECIAL BUSINESS

1. To approve the borrowing of an amount of Ten Million United States Dollars (US$10.0 million) from Social Security & National Insurance Trust (SSNIT) to enable the company acquire a rolling mill under the Terms of a 6 year 14.25% Convertible Bond.
2. To authorise the Directors to raise an additional amount of Ten Million United States Dollars (US$10.0 million) through a Rights Issue and to issue sufficient shares as required out of the outstanding and unissued shares of the company to cover the Rights Issue.
3. To approve an increase in the authorized number of shares of the company from 300,000,000 ordinary shares of no par value to 1,000,000,000 ordinary shares of no par value and amend Regulation 7 of the company's regulations in accordance therewith.

Dated this 23rd day of April, 2012

By Order Of the Board

ACCRA NOMINEES LIMITED
COMPANY SECRETARIES

Note:
A member of the company entitled to attend and vote may appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the company. Completed proxy forms should be deposited at the offices of the Registrars Merban Stockbrokers Limited, No 57 Examination Loop, North Ridge, P. O. Box 401, Accra not less than 48 hours before the appointed time of the meeting. Failure to submit the forms before the **48 hour deadline** will result in the Proxy not being admitted to, or participating in, the meeting. A Form of Proxy is provided in the Annual Report.

ALUWORKS LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS	Kwadwo Kwarteng – *Chairman* Ernest Kwasi Okoh (*Managing*) Togbe Afede XIV Anthony Fofie Victor Djangmah Miriam Okwabi (Mrs)
SECRETARY	Accra Nominees Limited 13 Samora Machel Road Asylum Down P. O. Box GP 242 Accra
REGISTRARS	Merchant Bank (Ghana) Limited, 57 Examination Loop, North Ridge, Accra
PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE	Plot No. 63/1, Heavy Industrial Area P. O. Box CO 914 Tema
AUDITORS	KPMG Chartered Accountants 13 Yiyiwa Drive P. O. Box 242 Accra
BANKERS	Barclays Bank of Ghana Limited Ecobank Ghana Limited SG - SSB Limited

ALUWORKS BOARD OF DIRECTORS

Mr. Kwadwo Kwarteng (Ghanaian) – Chairman

Mr Kwarteng Joined the Board in November 1991. He is a Chartered Accountant, and a managing partner of Kufuor and Associates, a firm of Chartered Accountants. He is a qualified CPA, and holds an MBA in Management from New York University's Stern Graduate School of Business. He has been Managing Director of Pioneer Aluminium Factory and Financial Controller of Union Carbide Ghana Ltd. and was a director of Gratis Foundation in Tema, and other companies.

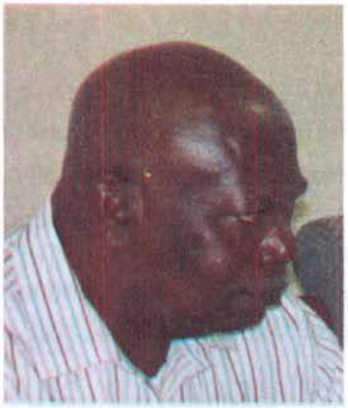
Togbe Afede XIV (Ghanaian) – Non Executive Member

Togbe Afede XIV is the Agbogbomefia of the Asogli State and President of the Asogli Traditional Council based in Ho, Ghana. He joined the Aluworks Board in February 2002. He is an investment banker and the founder and CEO of the SAS Finance Group. He holds an MBA (Finance) Degree from the Yale School of Management USA. He is on the Board of Bank of Ghana, Pioneer Kitchenware Ltd, Sunon-Asogli Power (Ghana) Ltd., The World Trade Centre (Accra), and Chairman of Accra Hearts of Oak FC Ltd, among others.

Mr. Anthony Fofie (Ghanaian) - Non Executive Member

Mr Fofie is currently the Chief Executive of the Ghana Cocoa Board. He joined the Board in March 2009. Mr Fofie holds an Executive MBA from the Ghana Institute of Management and Public Administration and an M.Sc. from the University of Reading UK. He is a member of a number of local and international boards/committees including Tema Chemicals Ltd., Cadbury Cocoa Partnership Programme, International Cocoa Verification Board and Impact Ghana Coordination Group – Mars Incorporated among others.

Mr. Victor Djangmah (Ghanaian) - Non Executive Member



Mr. Djangmah is an engineer by Profession and currently is the Managing Director of Fanel Limited, a firm of Electrical Engineers and Contractors. He joined the Board in February 2011. He holds a B.Sc. in Electrical Engineering from the Kwame Nkrumah University of Science and Technology (KNUST). He worked with the Electricity Company of Ghana (ECG) after KNUST from 1973 to 1980 before entering into the Construction Industry. Mr. V. Djangmah is the representative of Social Security and National Insurance Trust on the Board of Aluworks Limited.

Mrs Miriam Okwabi (Ghanaian) – Non Executive Member

Mrs Okwabi is a Chartered Accountant and currently the Director of Finance of Ghana Cocoa Board. She joined the Board in March 2011. She holds and Executive MBA from the Ghana Institute of Management and Public Administration. She is a member of the Institute of Chartered Accountants and a founding member of the Association of Women Accountants in Ghana. She serves on a number of committees and boards including West Africa Mills Company Ltd a cocoa processing company in Takoradi.

Mr. E. Kwasi Okoh (Ghanaian) – Managing Director

Mr. Kwasi Okoh was appointed Managing Director in November 2008. He is a Chartered Accountant, with an MBA from the University of Strathclyde in Glasgow Scotland. He has held many company directorships both in Ghana and abroad and currently serves on the boards of MS Research International Limited, Expandable Polystyrene Products and Trading Ltd. and is Chairman of the Board of Governors of Achimota School (Senior and Basic Schools).

ALUWORKS LIMITED

Corporate Governance

ALUWORKS Limited is run by the Board of Directors headed by the Chairman. The Board which may consist of not less than (5) five is currently made up of six (6) members of whom five (5) are Non Executive Directors.

The Board is responsible for setting the company's strategic direction, for leading and controlling the company and for monitoring the activities of the executive management. The Board is also responsible for presenting a balanced and understandable assessment of the company's progress and prospects.

CORPORATE GOVERNANCE & BOARD PRACTICE

The Company is autonomous in all aspects of its operations and there has been no external pressure. Management members are at liberty to take decisions that will benefit the company and do not entertain any external influence in the course of doing their work.
The Board of Directors is principally appointed by the various Institutional shareholders and this is done once every year by rotation. Members with over 10% shares are eligible to appoint representative persons on to the Board, with the rest appointed by shareholders at general meeting.

The Board of Directors meets at least six times in a year and emergency meetings are also held as and when the need arises to consider urgent matters requiring specific decisions and approvals. Various committees have also been set up to deal with varied matters that arise during intervening periods when Board meetings are not scheduled. These committees comprise the following:

Audit Sub Committee

The Audit Sub Committee is appointed by and reports to the Board. It comprises three (3) Non-Executive Directors – Mr. Kwadwo Kwarteng, who is the Chairman, Togbe Afede XIV, and Mr. Anthony Fofie. The Managing Director and the Audit Manager are ordinarily in attendance at its meetings. The committee meets regularly to discharge its responsibilities which are as follows;

- To safeguard the company's assets
- To maintain adequate accounting records,
- To develop and maintain effective systems of internal control, and
- To monitor compliance with risk management policies and procedures.

The committee, among other things, reviews Management Accounts and audited financial statements.

Remuneration Sub Committee

The Remuneration Sub Committee is appointed by the Board. It comprises four (4) Non Executive Directors. The Chairman of the committee is the Board Chairman, Mr Kwadwo Kwarteng, and the other members are: Togbe Afede XIV, Mrs Miriam Okwabi and Mr Victor Djangmah.

The duty of the Remuneration Sub Committee is to advise the Board and Management on wage opener negotiations (salary review) and conditions of service for all levels of employees.

CHAIRMAN'S STATEMENT

Fellow shareholders, distinguished guests, ladies and gentlemen, it is my singular honour to welcome you once again to this 25th Annual General Meeting of our company.
I am also privileged to present the 2011 Annual Financial Statements to you.

THE ECONOMIC ENVIRONMENT

The global economic recession had not abated in 2011 although there were positive signs in the economic outturn of some countries including Ghana. Ghana achieved a real DGP growth of 13.6%; achieved gross international reserves of US$4.98 billion representing more than 3 months of import cover; recorded a single digit of 8.58% year end inflation; and the Bank of Ghana reduced its base interest rate to 12.5% for the first time in recent memory. Some of the Commercial Banks did not adjust their lending rates to the benefit of the borrowing general public; so lending rates offered by the Commercial Banks remained high in 2011.
The cedi showed a significant depreciation of 8.2%, 6.3% and 8.0% against the US Dollar, the Euro, and the Pound Sterling respectively, thereby worsening exchange losses for borrowers in the year.

OPERATING RESULTS AND DIVIDEND

As the financial statements indicate, we were able to reduce our net losses significantly from GH¢7,350,000 recorded for the year 2010 to GH¢3,477,000 this year after charging financing expenses of GH¢3,670,000. This means that our net losses were reduced by 52% compared to last year. Although this is certainly an improvement over the previous year it was not what we had wished to achieve; our target was to make a profit in 2011 and not a loss. Unfortunately, however, we were confronted with the same problems of low volumes in production and sales during the year. Regrettably therefore, the Directors are not able to recommend the payment of dividends due to the losses in 2011 which have worsened the deficit balance in the Retained Earnings Account.

PERFORMANCE ON THE STOCK EXCHANGE

Despite the improving business trend the company's share prices continue to be depressed. Our share price at the end of 2011 was GH¢0.13 from GH¢0.11 at the beginning of the year. At the time of writing this report the share price has fallen further. There is obviously a lag in information to the investing public required to change this low perception, which we expect will be reversed as the improved business trend becomes more evident in the next few months.

BOARD OF DIRECTORS

There has not been a change in the composition of the Board since the last Annual General Meeting. In accordance with the regulations of the company Mrs. Miriam Okwabi and Mr. Victor Djangmah will be retiring by rotation and being eligible offer themselves for re-election.

The Non-Executive Directors' fees will not be increased for the sixth time in 2012 while the company is still in the recovery posture.

THE FUTURE

When I had the opportunity to address the AGM last year, I indicated that your company's problems were three fold, namely, supply, maintenance, and sales.

With Volta Aluminium Company Ltd. (VALCO) coming on stream, challenges associated with supplies have virtually been eliminated. Valco have supplied your company with molten aluminium and ingots from which our products have been manufactured since February 2011. Obtaining our raw materials locally certainly obviates the need for importing raw materials with all its attendant problems. We have good reasons to believe that future supplies from Valco are assured.

In addressing the maintenance challenge, we are happy to inform you that we have sought for and have now obtained a US$10 million loan to purchase and install a second Cold Mill. A second Cold Mill will increase capacity and stabilize production. We are seeking a resolution at this meeting to authorise the Directors to accept this much needed finance arrangement in the form of a six year convertible bond. A moratorium of two years while the new cold mill is being built, installed and commissioned, has been agreed as part of this financing. We trust you will support this resolution appropriately to bring your company back to cost-effectiveness. We are also seeking to raise another US$10 million through a renounceable Rights Issue to first, rehabilitate the existing Cold Mill and enhance its use to produce other new aluminium products and secondly, to increase Working Capital and thereby reduce dependence on high interest bank borrowing. I urge all shareholders to participate fully in this Rights Issue to make it successful.

To facilitate the intended rights issue we are seeking a resolution at this meeting to increase authorised shares from 300,000,000 ordinary shares to 1,000,000,000 ordinary shares. We hope this is agreed to as part of the rights issue process.

Foreign cheap products on our local markets have always posed challenges to our sales efforts. The Management of your company has tackled this problem with all its might. Various steps have been taken by them and I am glad to report that the Government of Ghana (GoG) has responded favourably to the elimination of some of these challenges which are key to our future prosperity.

The Board remains confident that efforts made so far will soon return the company to profitability and increase shareholder values.

CONCLUSION

On behalf of the Board of Directors I would like to thank you very sincerely for keeping faith with the company, and entreat you to remain steadfast.

May God bless you all.

Thank you.

ALUWORKS LIMITED

QUALITY ASSURANCE POLICY

Aluworks Limited's quality policy is to achieve sustained, profitable growth by providing good quality aluminium cold rolled products which consistently satisfy the needs and expectations of its customers.

This level of quality is achieved through adoption of systems of procedures that reflect the competence of the Company to existing customers, potential customers, all relevant authorities and assure full conformance to specifications and approved standards.

Achievement of this policy involves all staff, who are individually responsible for the quality of their work, resulting in a continually improving working environment for all, and in particular to conformance in all aspects to ISO 9001 requirements.

This policy is provided and explained to each employee by the Managing Director and the Management Representative.

To achieve and maintain the required level of assurance the Managing Director retains responsibility for the Quality System with routine operation controlled by the Management Representative.

The objectives of the Quality Assurance System are:

a. To endeavour, at all times, to maximize customer satisfaction with the products of Aluworks Limited, including as customer service, technical support whenever necessary, continual assessment and evaluation of customer's needs.
b. To achieve and maintain a level of quality which enhances the Company's reputation with customers. The Aluworks Technology, AA and STM standards will be used as a guide in production and testing activities. with International Standard ISO 9001 (Quality Systems).
c. To maintain an effective Quality Assurance System complying
d. Employees will be trained and involved in continual improvement of the quality Management System, in a bid to attain total customer satisfaction.
e. To ensure compliance with relevant statutory and safety requirements.

CEO'S STATEMENT

Ladies and Gentlemen,

2011 was another difficult year. Happily this year was much better than the previous year. That gives us the confidence to believe that we are once again in a growth trend.

The top line grew by 83% in 2011 from 4,784 tonnes in 2010 to 8,754 tonnes. That by all measures was a strong growth but it is not yet at the level we want it to be. In parallel we also worked very hard to limit our expenses. A study of the accounts will show that general and administration expenses were fully under control. However cost of sales was under a lot of pressure due to having to incur heavy repairs and maintenance costs to keep the cold mill running smoothly and to maintain quality. Nevertheless we significantly increased the gross margin rate from a negative 6% in 2010 to a positive 8% in 2011. As a result we have reduced our loss this year to GH3.477 million compared to the loss in 2010 of GH 7.35 million. This in our opinion though not yet satisfactory is an indication of improvement that we will build on going forward.

I have to report that we have succeeded in keeping to the very high quality we are known for and that was the main reason for the increased sales in to West Africa especially Nigeria during the year when exports grew by five times from 669 tonnes in 2010 to 3,852 tonnes in 2011.

The Economic Environment

In addition to the commentary just made by the Chairman, I just have to emphasise the two main economic issues which have had such a debilitating effect on us. The exchange rate depreciation has greatly contributed to our high finance costs reported in the accounts. We hope that the Bank of Ghana will be able to get to grips with the dynamics of the country's forex management during 2012 so that despite it being an election year, we will see some stabilisation. Interest rates have followed inflation downward nominally. The reality is that the rate that impacted our accounts remained high and contributed greatly to the high interest expense reported in the accounts. These two issues were the main reasons for the seemingly poor performance on the bottom line, since it served to wipe out the good work done at the operational level in 2011.

Review of 2011

General

2011 was another difficult year although much better than the previous year. As I have already said we made good operational profit in 2011. We need to consolidate this improvement by increasing our volumes further. We are on the path to doing so, God willing. Unless something unexpected happens we should show some profit this year, at long last.

Operations and Production Activity

Total production in 2011 amounted to 8,833 metric tonnes, compared with 4,948 metric tonnes produced in 2010. We believe that with prudent maintenance and repairs management we shall maintain sufficient capacity to buttress the growth over the next two years until the new proposed cold mill becomes available.

Turnover

Quantity sold for the year was 8,745 metric tonnes compared with 4,748 metric tonnes in the previous year. In value terms net turnover for the year was GH¢49.716 million as against GH¢25.167 in the previous year.

Exports

It is with pleasure that I announce to shareholders that Aluworks Limited was awarded the National Award for Export Achievement, 2010. In that year we exported 669 metric tonnes and earned US$2.2 million. In 2011 we did even better exporting 3,852 metric tonnes and earning US$13.5 million. Our exports were into West Africa with most going into Nigeria.

Financial Results

On a turnover of GH¢49.716 million for the year (GH¢25.167 million in 2010) a profit of GH¢1.552 million (before interest and tax) was realised versus a loss of GH¢4.181 million in 2010. Unfortunately due to the deep depreciation of the cedi over the year, our foreign balances generated an exchange loss of GH¢2.554 million effectively wiping out the profit realised. In addition interest expense of GH¢2.348 was also charged in the year resulting in a final loss of GH¢3.477 million after tax (a loss of GH¢7.350 in 2010).

Profitability into the future

The company is on the verge of the strong growth path it has sought over the last few but has found quite difficult years to embark upon. As we reported in the past, Aluworks had been beset with significant external problems that threatened throughput which it has had to fight hard to overcome. The most significant are almost resolved. However it is important to take note of issues to do with the ongoing world recession which affect world demand for aluminium products, and the state of the economy which determines the stability of the local currency.

As can be seen from the annual financial results elsewhere in this booklet, volume throughput is beginning to show real growth and it is the intention of the company to consolidate this trend going forward. A lot of effort has been expended to minimise growth in costs and expenses, however this has proven extremely difficult especially in the area of fuel and utility costs which have increased significantly year on year. The level of past borrowing to cover non revenue yielding projects has been steadily reducing however the incidence of interests and exchange losses on these balance continue to affect overall profitability.

As mentioned by the Chairman, our analysis follows three distinct phases of the business process. Supply, Demand, and Conversion.

SUPPLY SIDE:

The combined effect of the energy crisis, the credit crunch followed by the recent recession which appears to be reducing, was the closure of VALCO and the need for Aluworks to import raw materials at very high additional costs. Unfortunately not were the raw materials expensive but supply was severely constrained as a result of a steep drop in raw material price which forced suppliers to restrict sales. The closure of VALCO was due to the steep drop in price which would have resulted in their making huge losses on high cost raw material they were holding and therefore they decided to shut down,

In 2010, the prices started to rise again to a level where it made sense for VALCO to resume. However resumption was only effected in 2011 by government after a long round of negotiations with VALCO to resume supply of power.

This phenomenon immediately accrued huge benefits to Aluworks Limited i.e. consistency of supply, consistent quality, and above all huge reductions in cost. Much of this windfall was however passed to customers in the form of price reductions.

The consequence is that with VALCO back in production the supply side problem has been eliminated. This is very good news which has not factored into the share price information stream. Since 2011 we have no problem whatsoever with supply as VALCO has fully supplied our needs.

DEMAND SIDE:

During the credit crunch and the ensuing recession, demand weakened considerably, and had we had supply we would have had a hard time selling the goods anyway. In the last few years demand had begun to harden. Unfortunately not enough to overcome the huge supplies that had been built up in the Far East and especially in China. For this reason China introduced a deep export rebate for its Aluminium Industry to be able to shift the large stocks. Much of this has been coming to Ghana and West Africa at very cheap prices due the deep export rebate. Some of this went to other parts of the world where they were quick to impose countervailing measures with the blessing of the World Trade Organisation (WTO) which ruled the cheap exports as being 'dumped'. The US, Canada, India and Australia were the major countries that imposed countervailing measures on Chinese imports into their countries to combat the effect of the export rebate by China. This is done on country basis so Aluworks has been prevailing over the years on the Government of Ghana to do the same. At a meeting in South Africa early this year the WTO has endorsed the application by Ghana through the Tariff Advisory Board (TAB) to impose countervailing measures on Aluminium imports from China. The legal process to effect the ruling is going on and it should be effective by year end. This is very good news for Aluworks as it ensures the demand side is clearly restored as cheap Chinese imports would end up being eliminated.

The good news is that in the meanwhile the Ghana Revenue Authority (Customs Division) on the urging of Aluworks Limited discovered that Aluminium finished goods were entering into Ghana at even below the cost of the basic raw material which should normally be considered impossible (but due partly to the export rebate and greed by Ghanaian importers who under declare the imported values). The GRA has since quarter 4 of 2011 imposed minimum import values to reflect cost and conversion. This has already had the effect of increasing the cost of imports from China. As a result many of the importers are once again turning to Aluworks for supplies and demand has been improving steadily. This will crystallise when countervailing measures are finally imposed, meanwhile our throughput is steadily improving. All of this is very good news for Aluworks which is not reflected in share price there is a huge lag in the information process. Going forward demand will continue to harden as other West African countries follow the lead of Ghana and also restrict the supply of cheap products from China. Ghana is leading the effort with Nigeria to make this happen as Nigeria happens to be a major export market for Ghana.

CONVERSION PROCESS

This is the one area where there is still a lot to be done for the future. At present there is sufficient capacity to meet the current growing demand. However with the expected improving world economic conditions we expect that capacity will prove constrained in a few years. This is why Aluworks has been searching for funding to replace its current old cold rolling mill.

This has proven exceptionally difficult but we are pleased to announce that the Board of SSNIT has recently approved a fund of $10miilion for the purpose, a significant vote of confidence in the future profitability of Aluworks Limited.

Unfortunately the plant will take one and a half years to be built, commissioned, and handed over. This project is long overdue and is meant to secure future throughput and will thus be ready to ensure that there is sufficient capacity when by the steps we have taken demand has really grown strong once again.

OVERALL

The future of Aluworks looks bright. The throughput has been steadily improving. The lowest ebb was in 2010 when we were able to produce and sell only 4,784 tonnes for the reasons outlined above. In 2011 we sold 8,754 tonnes an increase of 83%. Unfortunately we were hit with severely increased fuel and utility costs, which with rather high interest and exchange losses (included in general administration expenses) robbed performance of needed profitability to signal the full turnaround. Especially instructive is the restoration of gross and operating profits in 2011 which augur well for performance into the future.

We are confident that the increasing throughput and a hopefully stabilised cedi exchange rate will yield very good results in 2012. Our budget for the year 2012 is rather conservative but due to the improvements outlined above which show the resilience of the company, despite the high costs taken into consideration, a modest positive result is forecast at net profit level, and is expected to be the beginning of a profitable period going forward.

In the first quarter of 2012, we have sold 1,949 tonnes compared with 1,692 tonnes in the same period last year, and increase of 15% already. This signals the increasing throughput and profitability planned in 2012.

It is on the basis of this positive outlook that we present our application to you our dear shareholders for your continued support.

We will be putting to you during this meeting a resolution to permit the Board of Directors to consider and to seek regulatory permission to raise a further US$10.00 million by way of a rights issue later on in the year to bolster working capital.

As part of this process, we also have a resolution to increase authorised shares from 300,000,000 to 1,000,000,000 ordinary shares. This is to provide room for the rights issue. We expect to have your support for all of these resolutions to contribute to further development.

We thank you for your understanding.

ALUWORKS LIMITED

FIVE YEAR FINANCIAL HIGHLIGHTS

						Reporting Year	
Year		2007	2008	2009	2010	2011	Change %
Turnover	(GhC'000)	52 018.00	57 127.00	34 271.00	25 167.00	49 716.00	98
Gross Profit	(GhC'000)	3 072.00	4 393.00	5 365.00	-1 397.00	3 790.00	371
Profit bef Int. Tax & Exchange Losses	(GhC'000)	-545.00	1 488.00	1 917.00	-4 181.00	1 552.00	137
Exchange Losses	(GhC'000)	-527.00	-2 797.00	-5 210.00	-1 350.00	-2 554.00	-89
Profit/(Loss) before interest and tax	(GhC'000)	-1 072.00	-1 309.00	-3 293.00	-5 531.00	-1 002.00	82
Interest Income	(GhC'000)	1.00	-	-	-	-	-
Interest Expense	(GhC'000)	-1 380.00	-2 333.00	-2 609.00	-2 268.00	-2 348.00	-4
Exceptional Item	(GhC'000)	-1 811.00	-	-	-	-	-
Profit/(Loss) before tax	(GhC'000)	-4 263.00	-3 642.00	-5 902.00	-7 799.00	-3 350.00	57
Taxation	(GhC'000)	-187.00	684.00	-2 103.00	449.00	-127.00	-128
Profit/(Loss) after tax	(GhC'000)	-4 450.00	-2 958.00	-8 005.00	-7 350.00	-3 477.00	53
Earnings per share	(Gp)	(0.1068)	(0.0710)	(0.1921)	(0.0976)	(0.0378)	61
Dividend per share	(Gp)	0.0000	0.0000	0.0000	0.0000	0.0000	
Shareholders' equity	(GhC'000)	6 498.00	22 987.00	14 982.00	27 361.00	23 860.00	-13
Net Assets per share	(Gp)	0.1559	0.5515	0.3595	0.2972	0.2592	-13
Number of shares	('000's)	41 678	41 678	41 678	92 052	92 052	
Fixed assets	(GhC'000)	19 102.00	44 978.00	44 552.00	41 859.00	39 854.00	-4.8

PERFORMANCE RATIOS	2007	2008	2009	2010	2011
Gross Margin/Turnover	5.91%	7.69%	15.65%	-5.55%	7.62%
Net Margin/Turnover	-8.46%	-5.16%	-23.30%	-29.20%	-6.99%
Return on Equity	-66.80%	-12.87%	-53.43%	-26.86%	-14.57%
Current Ratio	0.99	0.72	0.43	0.63	0.80

REPORT OF THE DIRECTORS
TO THE MEMBERS OF ALUWORKS LIMITED

The Directors present their report and audited financial statements of the company for the year ended 31 December 2011.

DIRECTORS' RESPONSIBILITY STATEMENT

The company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position at 31 December 2011, statement of comprehensive income and statement of cash flow for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Code, 1963 (Act 179) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error..

The directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

FINANCIAL STATEMENTS AND DIVIDEND

The results are summarised as follows:

	GH¢'000
Loss for the year ended 31 December 2011 after taxation is	(3,477)
to which is added:	
Revaluation surplus released on disposal of property, plant and equipment	1
a deficit balance on retained earnings account brought forward of	(16,843)
leaving the income surplus account balance in deficit of	(20,319)

The directors cannot recommend the payment of dividend whilst there remains a deficit balance on the retained earnings account.

The directors consider the state of affairs of the company 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.

REPORT OF THE DIRECTORS (CONT'D)
TO THE MEMBERS OF ALUWORKS LIMITED

APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the company as indicated above were approved by the Board of Directors on ....4/4/........ 2012 and are signed on their behalf by:

....
DIRECTOR

....
DIRECTOR

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ALUWORKS LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Aluworks Limited, which comprise the statement of financial position as at 31 December 2011, the statement of comprehensive income, the statement of changes in equity and statement of cash flow for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 20 to 52.

Directors' Responsibility for the financial statement

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Code, 1963 (Act 179) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of Aluworks Limited at 31 December 2011, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Code, 1963 (Act 179).

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ALUWORKS LIMITED (CONT'D)

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Code, 1963 (Act 179)

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

In our opinion, proper books of account have been kept, and the statement of financial position, statement of comprehensive income and retained earnings account are in agreement with the books of account.

KPMG

CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P. O. BOX GP 242
ACCRA

4 April, 2012

ALUWORKS LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	Note	2011 GH¢'000	2010 GH¢'000
Assets			
Property, plant and equipment	6	39,854	41,859
Intangible assets	7		19
Long term investments	8	144	168
Total non-current assets		39,998	42,027
Inventories	11	7,085	6,599
Income tax asset	9	856	848
Trade and other receivables	12	5,630	5,270
Cash and cash equivalents	13	500	688
Total current assets		14,071	13,405
Total assets		54,069	55,432
Equity			
Share capital	18	24,731	24,731
Share deals		90	90
Retained earnings – (Deficit)		(20,319)	(16,843)
Revaluation Surplus		19,358	19,383
Total equity		23,860	27,361
Non-current liabilities			
Medium-term loans	15	10,254	4,875
Deferred tax liabilities	10	2,283	2,156
Total non-current liabilities		12,537	7,031
Current liabilities			
Bank overdraft	14	5,762	6,895
Trade and other payables	20	5,082	2,982
Short-term loan	16	6,129	10,464
Dividend payable	17	699	699
Total current liabilities		17,672	21,040
Total liabilities		30,209	28,071
Total liabilities and equity		54,069	55,432

....
DIRECTOR

....
DIRECTOR

The notes on pages 24 to 52 are an integral part of these financial statements.

ALUWORKS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	*GH¢'000*	*GH¢'000*
Revenue	21	49,716	25,167
Cost of sales		(45,926)	(26,564)
Gross (loss)/profit		3,790	(1,397)
Other income	22	85	46
General and administrative expenses		(4,877)	(4,180)
Results from operating activities before financing cost		(1,002)	(5,531)
Net finance expense	25	(2,348)	(2,268)
Loss before income taxation	23	(3,350)	(7,799)
Income tax (expense)/relief	9	(127)	449
Loss for the year		(3,477)	(7,350)
Other comprehensive income			
Revaluation of property, plant and equipment		-	-
Other comprehensive income for the year		-	-
Total comprehensive (loss)/income for the year		(3,477)	(7,350)
Basic earnings per share	19	(0.0378)	(0.0976)
Diluted earnings per share	19	(0.0378)	(0.0976)

The notes on pages 24 to 52 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 December2011

2011	Note	Stated Capital GH¢'000	Share Deals GH¢'000	Revaluation Surplus GH¢'000	Retained Earnings GH¢'000	Total Equity GH¢'000
Balance at 1 January 2011	26	24,731	90	19,383	(16,843)	27,361
Loss for the year		-	-	-	(3,477)	(3,477)
Revaluation surplus released on disposal of property, plant and equipment		-	-	(1)	1	-
Impairment of equity investment		-	-	(24)	-	(24)
Balance at 31 December 2011		24,731	90	19,358	(20,319)	23,860

2010	Note	Stated Capital GH¢'000	Share Deals GH¢'000	Revaluation Surplus GH¢'000	Retained Earnings GH¢'000	Total Equity GH¢'000
Balance at 1 January 2010	26	5,002	90	19,447	(9,557)	14,982
Proceeds from Rights Issue		20,150	-	-	-	20,150
Share issue expenses		(421)	-	-	-	(421)
Loss for the year		-	-	-	(7,350)	(7,350)
Revaluation surplus released on disposal of property, plant and equipment		-	-	(64)	64	-
Balance at 31 December 2010		24,731	90	19,383	(16,843)	27,361

The notes on pages 24 to52 are an integral part of these financial statements.

ALUWORKS LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011	2010
	GH¢'000	GH¢'000
Cash flows from operating activities		
Loss before taxation	(3,350)	(7,799)
Adjustments for:		
Depreciation charges	3,011	2,937
Amortisation of intangible asset	-	19
Exchange loss	1,266	1,296
Interest expense	2,348	2,425
Loss on disposal of property, plant and equipment	1	52
	-------	--------
	3,276	(1,070)
Change in inventories	(486)	294
Change in trade and other receivables	(360)	(2,302)
Change in trade and other payables	2,100	(2,421)
	-------	-------
Cash (utilised for)/generated from operations	4,530	(5,499)
Interest paid	(2,348)	(2,425)
Income taxes paid	(8)	(13)
	-------	--------
Net cash (outflow)/ in flow from operating activities	2,174	(7,937)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,008)	(304)
Proceeds from sale of property, plant and equipment	-	8
	-------	--------
Net cash flow used in investing activities	(1,008)	(296)
Cash flows from financing activities		
Loan proceeds	15,436	3,178
Loan repaid	(15,657)	(18,220)
Net proceeds from issue of shares	-	19,729
	-------	-------
Net cash flow from financing activities	(221)	4,687
	-------	-------
Net (decrease)/increase in cash and cash equivalents	945	(3,546)
	===	=====
Analysis of changes in cash and cash equivalents during the year		
Balance at 1 January	(6,207)	(2,661)
Net cash flow	945	(3,546)
	-------	-------
Balance at 31 December	(5,262)	(6,207)
	=====	=====
Analysis of balances of cash and cash equivalents as shown in the balance sheet		
Cash and bank balances	500	688
Bank overdraft	(5,762)	(6,895)
	--------	--------
	(5,262)	(6,207)
	=====	=====

The notes on pages 24 to 52 are an integral part of these financial statements.

ALUWORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1. REPORTING ENTITY

Aluworks Limited is a company registered and domiciled in Ghana. The address of the company's registered office can be found on page 3 of the Annual Report. The company is authorised to carry on the business of continuous casting and cold rolling of aluminium products.

2. BASIS OF PREPARATION

a. Statement of compliance

The financial statements of Aluworks Limited have been prepared in accordance with International Financial Reporting Standards (IFRSs).

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b. Basis of measurement

They are prepared on the historical cost basis except for property, plant and machinery at revalued amounts and financial instruments and other assets that are stated at fair values.

c. Functional and presentational currency

The financial statements are presented in Ghana cedis (GH¢) which is the company's functional currency.

d. Use of estimates and judgement

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in notes 4 and 27.

3. SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Instruments

(i) *Non-derivative financial instruments*

Non-derivative financial instruments comprise investment in shares and treasury bills, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instrument not at fair value through profit and loss, any directly attributable transaction cost. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest rate method, less any impairment losses, if any.

Non-derivative financial instruments are categorised as follows:

- Loans and receivables – these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at amortised cost using the effective interest rate method, less any impairment losses.
- Financial liabilities measured at amortised cost - this relates to all other liabilities that are not designated at fair value through profit or loss.
- Available-for-sale financial assets – The Company's investments in shares are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

(ii) Off setting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

(iii) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

(f) Trade and Other Receivables

Trade receivables are stated at amortised costs, less impairment losses. Specific allowances for doubtful debts are made for receivables of which recovery is doubtful.

Other receivables are stated at their cost less impairment losses.

(g) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and bank balances and these are carried at amortised cost in the statement of financial position.

(h) Employee Benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay future amounts. Obligations for contributions to defined contribution schemes are recognised as an expense in the statement of comprehensive income when they are due.

(i) Revenue

Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, taxes and volume rebates. Revenue is recognised when the significant risks and rewards of the ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement in the goods, and the amount of revenue can be measured reliably.

Sale of services

Revenue from services rendered is recognised in the income statement when the service is performed.

(j) Finance Income and Expense

Finance income comprises interest income on funds invested (including available-for-sale financial assets) and dividend income. Interest income is recognised in the statement of comprehensive income using the effective interest method. Dividend income is recognised in the statement of comprehensive income on the date that the company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in the statement of comprehensive income using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment

(i) Financial assets

A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.
An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.
Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.
All impairment losses are recognised in the statement of comprehensive income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(ii) Non-financial assets

The carrying amounts of the company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

(l) Income Tax

Income tax expense comprises current and deferred tax. The company provides for income taxes at the current tax rates on the taxable profits of the company.

Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.
A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Dividend

Dividend payable is recognised as a liability in the period in which they are declared.

(n) Post Balance Sheet Events

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Segment reporting

A segment is a distinguishable component of the company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(p) Earnings per Share

The company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(q) Comparatives

Where necessary the comparative information has been changed to agree to the current year presentation.

(r) New standards and interpretations not yet adopted

Below is a summary of amendments/improvements to standards and interpretations that are not yet effective.

(r) New standards and interpretations not yet adopted

Below is a summary of amendments/improvements to standards and interpretations that are not yet effective

Standard	Interpretation
IAS 1 amendment	*Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income* The company will present those items of other comprehensive income that may be reclassified to profit or loss in the future separately from those that would never be reclassified to profit or loss. The related tax effects for the two sub-categories will be shown separately. This is a change in presentation and will have no impact on the recognition or measurement of items in the financial statements. This amendment is effective for annual periods beginning on or after 1 July 2012 and is expected to be applied retrospectively.
IAS 12 amendment	*Deferred tax: Recovery of Underlying Assets* As a result of this amendment to IAS 12, companies with investment properties will have to change the rate applied for measuring its investment property by using the fair value model, in accordance with IAS 40 *Investment Property*. This is effective for annual periods beginning on or after 1 January 2011 and is not expected to have any impact on the company's financial statements as the company has no investment property.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

<table>
<tr><th>Standard</th><th>Interpretation</th></tr>
<tr><td>IAS 19 amendments</td><td>Employee Benefits: Defined benefit plans

Key changes in terms of the amendments are:
• Actuarial gains and losses are recognised immediately in other comprehensive income. The corridor method and the recognition of actuarial gains and losses in profit or loss is no longer permitted.
• Past service costs as well as gains and losses on curtailments / settlements are recognised in profit or loss.
• Expected returns on plan assets are calculated based on the rates used to discount the defined benefit obligation.
• The definitions of short-term and other long-term employee benefits have been amended and the distinction between the two depends on when the entity expects the benefit to be settled.
This is effective for annual periods beginning on or after 1 January 2013 and is not expected to have any significant impact on the Bank's financial statements.</td></tr>
<tr><td>IAS 27</td><td>Separate Financial Statements (2011)

IAS 27 (2011) supersedes IAS 27 (2008). IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.
The IAS 27 (2011) will not have any impact on the company's financial statements as it has no subsidiary and prepares no group financial statement and is effective for annual periods beginning on or after 1 January 2013.</td></tr>
<tr><td>IAS 28</td><td>Investments in Associates and Joint Ventures (2011)

IAS 28 (2011) supersedes IAS 28 (2008) and carries forward the existing accounting and disclosure requirements with limited amendments. These include:
• IFRS 5 is applicable to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held-for-sale; and
• On cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the company does not re-measure the retained interest.

This amendment is effective for annual periods beginning on or after 1 January 2013 and will not have any impact on the company's financial statements.</td></tr>
<tr><td>IFRS 1 amendment</td><td>Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

This is effective on annual periods beginning on or after 1 July 2011 and is not expected to have any impact on the company's financial statements.</td></tr>
<tr><td>IFRS 7 amendment</td><td>Disclosures – Transfers of Financial Assets
In terms of the amendments additional disclosure will be provided regarding transfers of financial assets that are:
• not derecognised in their entirety; and
• derecognised in their entirety but for which the xxx retains continuing involvement.
The adoption of this standard is not expected to have any significant impact on the company's financial statements and is effective for annual periods beginning on or after 1 July 2011.</td></tr>
</table>

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

<table>
<tr><th>Standard</th><th>Interpretation</th></tr>
<tr><td>IFRS 9
(2009)</td><td>Financial Instruments

IFRS 9 addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39. Under IFRS 9 there are two options in respect of classification of financial assets, namely, financial assets measured at amortised cost or a fair value.

Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding.

All other financial assets are measured at fair value. Embedded derivatives are no longer separated from hybrid contracts that have a financial asset host.

The company early adopted this standard in its financial statements year ended 31 December 2010 and the impact has been reflected in these financial statements.</td></tr>
<tr><td>IFRS 9
(2010)</td><td>Financial Instruments

IFRS 9 (2010) addresses the measurement and classification of financial liabilities and will replace the relevant sections of IAS 39.

Under IFRS 9 (2010), the classification and measurement requirements of financial liabilities are the same as per IAS 39, except for the following two aspects:
Fair value changes for financial liabilities (other than financial guarantees and loan commitments) designated at fair value through profit or loss, that are attributable to the changes in the credit risk of the liability will be presented in other comprehensive income (OCI). The remaining amount of the fair value change is recognised in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss. The determination as to whether such presentation would create or enlarge an accounting mismatch is made on initial recognition and is not subsequently reassessed.

Under IFRS 9 (2010) derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are measured at fair value.

IFRS 9 (2010) incorporates, the guidance in IAS 39 dealing with fair value measurement and accounting for derivatives embedded in a host contract that is not a financial asset, as well as the requirements of IFRIC 9 Reassessment of Embedded Derivatives.

The above standard is not expected to have any significant impact on the company's financial statements and is effective for annual period annual periods beginning on or after 1 January 2015.</td></tr>
</table>

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

<table>
<tr><th>Standard</th><th>Interpretation</th></tr>
<tr><td>IFRS 7 amendment</td><td>Disclosures – Transfers of Financial Assets

In terms of the amendments additional disclosure will be provided regarding transfers of financial assets that are:
• not derecognised in their entirety; and
• derecognised in their entirety but for which the xxx retains continuing involvement.

The adoption of this standard is not expected to have any significant impact on the company's financial statements and is effective for annual periods beginning on or after 1 July 2011.</td></tr>
<tr><td>IFRS 9 (2009)</td><td>Financial Instruments

IFRS 9 addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39. Under IFRS 9 there are two options in respect of classification of financial assets, namely, financial assets measured at amortised cost or a fair value.

Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding.

All other financial assets are measured at fair value. Embedded derivatives are no longer separated from hybrid contracts that have a financial asset host.

The company early adopted this standard in its financial statements year ended 31 December 2010 and the impact has been reflected in these financial statements.</td></tr>
<tr><td>IFRS 12</td><td>Disclosure of Interests in Other Entities

IFRS 12 combines, in a single standard, the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities.

The required disclosures aim to provide information to enable user to evaluate:
• The nature of, and risks associated with, an entity's interests in other entities; and
• The effects of those interests on the entity's financial position, financial performance and cash flows.
This standard is not expected to have any significant impact on the company's financial statements and is effective for annual periods beginning on or after 1 January 2013.</td></tr>
<tr><td>IFRS 13</td><td>Fair Value Measurement

IFRS 13 introduces a single source of guidance on fair value measurement for both financial and non-financial assets and liabilities by defining fair value, establishing a framework for measuring fair value and setting out disclosures requirements for fair value measurements. The key principles in IFRS 13 are as follows:
• Fair value is an exit price;
• Measurement considers characteristics of the asset or liability and not entity-specific characteristics;
• Measurement assumes a transaction in the entity's principle (or most advantageous) market between market participants;
• Price is not adjusted for transaction costs;</td></tr>
</table>

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

	• Measurement maximises the use of relevant observable inputs and minimises the use of unobservable inputs; and • The three-level fair value hierarchy is extended to all fair value measurements. This is effective for annual periods beginning on or after 1 January 2013 and the impact on these financial statements cannot be reasonably estimated as at the reporting date.
IFRS 12	*Disclosure of Interests in Other Entities* IFRS 12 combines, in a single standard, the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities. The required disclosures aim to provide information to enable user to evaluate: • The nature of, and risks associated with, an entity's interests in other entities; and • The effects of those interests on the entity's financial position, financial performance and cash flows. This standard is not expected to have any significant impact on the company's financial statements and is effective for annual periods beginning on or after 1 January 2013.
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine* This standard is not expected to have any impact on the company's financial statements and is effective for annual periods beginning on or after 1 January 2013.

4. DETERMINATION OF FAIR VALUES

A number of the company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the current market rate of instruments with similar credit risk profile and maturity at the reporting date. Receivables due within 6-month period are not discounted as their carrying values of approximate their fair values.

(ii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Instruments with maturity period of 6 months are not discounted as their carrying values approximate their fair values.

(iii) Investments in equity

The fair value of available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date.

5. SEGMENT REPORTING

A segment is a distinguishable component of the company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments.

The company operates in only one economic environment (Ghana), and does not consider that reporting by business segment will lead to a clearer understanding of the financial statements.

6. PROPERTY, PLANT AND EQUIPMENT

2011	Leasehold Land and Buildings GH¢'000	Plant and Machinery GH¢'000	Equipment GH¢'000	Motor Vehicles GH¢'000	Capital Work in Progress GH¢'000	Total GH¢'000
Gross Value						
At 1/1/11	12,229	32,072	2,150	960	8,821	56,232
Additions	-	617	51	9	331	1,008
Disposal	-	-	(3)	-	(3)	
At 31/12/11	12,229	32,689	2,198	969	9,152	57,237
Comprising						
Cost of assets revalued	1,904	8,744	1,003	491	-	12,142
Surplus on revaluation - 1999	453	1,060	57	33	-	1,603
Surplus on revaluation - 2008	8,710	9,492	982	404		19,588
At revaluation	11,067	19,296	2,045	928	-	33,333
At cost	1,162	13,393	156	41	9,152	23,904
	12,229	32,689	2,198	969	9,152	57,237
Accumulated Depreciation						
At 1/1/11	1,491	11,185	1,218	480	-	14,374
Charge for the year	350	2,478	108	75	-	3,011
Released on disposal	-	-	(2)	-	-	(2)
At 31/12/11	1,841	13,663	1,324	555	-	17,383
Carrying Amount						
At 31/12/11	10,388	19,026	874	414	9,152	39,854
At 31/12/10	10,738	20,887	932	481	8,821	41,859

2010	Leasehold Land and Buildings GH¢'000	Plant and Machinery GH¢'000	Equipment GH¢'000	Motor Vehicles GH¢'000	Capital Work in Progress GH¢'000	Total GH¢'000
Gross Value						
At 1/1/10	12,229	32,018	2,128	1,041	8,625	56,041
Additions	-	54	22	32	196	304
Disposal	-	-	-	(113)	-	(113)
At 31/12/10	12,229	32,072	2,150	960	8,821	56,232

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

2010	Leasehold Land and Buildings GH¢'000	Plant and Machinery GH¢'000	Equipment GH¢'000	Motor Vehicles GH¢'000	Capital Work in Progress GH¢'000	Total GH¢'000
Comprising						
Cost of assets revalued	1,904	8,744	1,003	491	-	12,142
Surplus on revaluation (1999)	453	1,060	57	33	-	1,603
Surplus on revaluation (2008)	8,710	9,492	985	404		19,591
At revaluation	11,067	19,296	2,045	928	-	33,336
At cost	1,162	12,776	105	32	8,821	22,896
	12,229	32,072	2,150	960	8,821	56,232
Accumulated Depreciation						
At 1/1/10	1,138	8,755	1,108	488	-	11,489
Charge for the year	353	2,430	110	44	-	2,937
Released on disposal	-	-	-	(53)	-	(53)
At 31/12/10	1,491	11,185	1,218	479	-	14,373
Carrying Amount						
At 31/12/10	10,738	20,887	932	481	8,821	41,859
At 31/12/10	11,091	23,263	1,020	553	8,625	44,552

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 and again on 30 October 2008. These figures were incorporated in the financial statements during the year ended 31 December2007 and 2008 respectively.

Included in capital work in progress is an amount of GH¢233,074 (2010: GH¢39,154) and GH¢98,164 (2010: GH¢156,826) which relates to exchange losses and interest on borrowings.

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

	2011 GH¢'000	2010 GH¢'000
Cost of sales	2,661	2,602
General, administrative and selling expenses	350	335
	3,011	2,937

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Profit on disposal of property, plant and equipment

	2011 GH¢'000	2010 GH¢'000
Cost	3	113
Accumulated depreciation	(2)	(53)
	---	----
Net book value	1	60
Sale proceeds	-	(8)
	---	----
Loss on disposal	(1)	(52)
	==	==

7. INTANGIBLE ASSETS

Balance at 1 January and 31 December	57	57
	==	==
Amortisation		
Balance at 1 January	57	38
Amortisation for the year	-	19
	----	----
Balance at 31 December	57	57
	==	==
Carrying amount		
At 31 December	-	-
	==	==

This relates to the cost of purchased software.

8 LONG TERM INVESTMENT

This relates to the cost of 2,400,000 ordinary shares in Pioneer Kitchenware Limited. The market value of this investment at the balance sheet date was GH¢144,000 (2010: GH¢168,000).

9. TAXATION

	2011 GH¢'000	2010 GH¢'000
(i) Income tax expense		
Current tax expense 11(ii)	-	-
Deferred tax expense/ (relief) (Note 10)	127	(449)
	-----	-----
	127	(449)
	===	===

Deferred tax expense relates to the origination and reversals of temporary differences.

9. TAXATION (CONT'D)

(ii) Taxation payable

	Balance at 1/1/11 GH¢'000	Payments during the year GH¢'000	Charged to P/L Account GH¢'000	Balance at 31/12/11 GH¢'000
Income Tax				
Up to 2004	(719)	-	-	(719)
2005	26	-	-	26
2006	336	-	-	336
2007	(270)	-	-	(270)
2008	(137)	-	-	(137)
2009	(27)	-	-	(27)
2010	(13)	-	-	(13)
2011	-	(8)	-	(8)
Capital Gains Tax	7	-	-	7
National Reconstruction Levy	(51)	-	-	(51)
	-----	----	----	-----
	(848)	(8)	-	(856)
	===	==	==	===

Income tax liabilities are subject to the agreement of the tax authorities.

National Reconstruction Levy: This relates to a levy imposed on companies by the Government on profits before tax between 2001 and 2005. This levy has been abolished.

(iii) Reconciliation of effective tax rate

	2011 GH¢'000	2010 GH¢'000
Loss before taxation	(3,350)	(7,799)
	=====	=====
Income tax using the domestic tax rate (25%)	(838)	(1,950)
Non-deductible expenses	822	1,100
Income not taxable	-	
Tax on permanent difference	16	850
Deferred tax	127	(449)
	-------	-------
Current tax charge	127	(449)
	===	====
Effective tax rate	3.8%	5.8%

10. DEFERRED TAXATION

	2011 GH¢'000	2010 GH¢'000
Balance at 1 January – (Note 26)	2,156	2,605
Charged/(Relief) to income statement	127	(449)
Balance at 31 December	2,283	2,156

(i) Recognised deferred tax assets and liabilities.

Deferred tax liabilities are attributable to the following:

	Assets GH¢'000	Liabilities GH¢'000	2011 Net GH¢'000	Assets GH¢'000	Liabilities GH¢'000	2010 Net GH¢'000
Property, plant and equipment	-	2,224	2,224	-	2,187	2,187
Capital gains tax	-	458	458	-	458	458
Others	(399)	-	(399)	(489)	-	(489)
Net tax liabilities	(399)	2,682	2,283	(489)	2,645	2,156

11. INVENTORIES

	2011 GH¢'000	2010 GH¢'000
Raw materials	981	2,977
Work-in-progress	1,810	776
Finished goods	1,200	837
Consumables	3,094	2,009
	7,085	6,599

12. TRADE AND OTHER RECEIVABLES

	2011 GH¢'000	2010 GH¢'000
Trade receivables due from customers	2,670	350
Other receivables	2,896	4,858
Staff debtors	35	18
Prepayments	29	44
	5,630	5,270

13. CASH AND CASH EQUIVALENTS

	2011 GH¢'000	2010 GH¢'000
Bank balances	460	688
Cash balances	40	-
	-----	------
	500	688
	===	====

14. BANK OVERDRAFT

	2011	2010
Ecobank Ghana Limited	4,486	6,545
SG-SSB Bank Limited	1,269	350
Barclays Bank Limited	7	-
	--------	--------
	5,762	6,895
	=====	=====

(i) The company has an overdraft facility not exceeding US$5.0 million with Ecobank Ghana Limited to finance purchase of stocks, raw materials, spares and other operational bill and standby letters not exceeding GH¢5.0 million to back the issuance of letters of credits in favour of the company's overseas suppliers and sight and deferred up to a maximum of 120 days. The facilities are secured by legal mortgage over the company's office/factory premises situated at Tema and pari passu fixed and floating charges with SG-SSB over the company's assets including hypothecation over stocks. The facility expires on 31 March 2012. Interest rate is EGH Dollar Base Rate plus a spread of 2% per annum payable quarterly in arrears for the overdraft and EGH Cedi Base Rate plus a spread of 1% annum payable monthly in arrears.

(ii) The company has an overdraft facility not exceeding GH¢1.5 million with SG-SSB Bank Limited to finance working capital. The company's floating and fixed assets shared pari passu with Ecobank Ghana Limited and Barclays Bank of Ghana Limited have been pledged as security for the facility. The facility expired on 31 December 2011. Interest rate is SG-SSB Ltd Base plus 26.5% per annum.

15 MEDIUM TERM LOANS

	Ecobank Ghana GH¢'000	Ecobank Ghana GH¢'000	Barclays Ghana GH¢'000	SG SSB Ghana GH¢'000	2011 Total GH¢'000	2010 Total GH¢'000
Balance 1 January	-	2,378	3,191	9,770	15,339	14,644
Drawdown during the year	3,066	12,182	-	188	15,436	3,178
	--------	---------	-------	-------	---------	---------
	3,066	14,560	3,191	9,958	30,775	17,822
Repayments during the year	(1,033)	(13,059)	(1,124)	(441)	(15,657)	(2,660)
	--------	---------	-------	--------	----------	---------
	2,033	1,501	2,067	9,517	15,118	15,162
Exchange loss	103	-	242	919	1,264	177
	--------	--------	--------	--------	---------	----------
Balance at 31 December	2,136	1,501	2,309	10,436	16,382	15,339
	=====	=====	=====	=====	======	======
Analysed as follows:						
Current portion	1,602	1,501	1,288	1,738	6,129	10,464
Medium term loan	534	-	1,021	8,698	10,253	4,875
	--------	--------	-------	---------	---------	---------
	2,136	1,501	2,309	10,436	16,382	15,339
	=====	=====	====	======	======	=====

15. MEDIUM TERM LOANS (CONT'D)

(i) This partly represents US$ 20 million disbursed out of a total loan facility of US$ 22 million to refinance letters of credit for acquisition and installation of coil coating plant, to build new factory premises and to finance the importation of metal. These facilities are a five-to-six year term loan from SG-SSB Limited and Barclays Bank Ghana Limited with an interest rate of six months LIBOR plus 3.5% per annum with eighteen months' moratorium. The loans are payable by 2013. The facilities are secured by registered debenture (fixed and floating) over the assets of the company.

(ii) The company also obtained an Ecobank facility of loan of US$3 million as Documentary Line of Credit (Revolving) to back issuance of standby letter of credit in favour of overseas suppliers of raw materials. Interest rate is at 26.50% payable monthly in arrears. This is secured by the assignment of exports and pari pasu fixed and floating charge over the company assets. .The facility expires on 31/03/2012.

16. SHORT-TERM LOAN

	2011 GH¢'000	2010 GH¢'000
Balance at 1 January	-	14,441
Draw down during year	-	-
	-----	--------
		14,441
Repayment during year		(15,560)
	-----	--------
	-	(1,119)
Exchange loss	-	1,119
	-------	---------
Balance at 31 December		
Current portion of Medium Term Loan (Note 15)	6,129	10,464
	--------	---------
	6,129	10,464
	=====	=====

In 2009 Ghana Cocoa Board (COCOBOD) granted a facility of US$ 10 million to Aluworks mainly for repayment of Ecobank revolving credit line and the importation of Ingots at an interest rate of 7.5%. The facility was guaranteed by a consortium of Insurance companies lead by NSIA Ghana Insurance Company. This facility was converted to equity in the 2010 financial year when COCOBOD took up some shares during the rights issue.

17. DIVIDEND PAYABLE

	2011 GH¢'000	2010 GH¢'000
Balance at 1 January and 31 December	699	699
	===	===

18.STATED CAPITAL

(a) Ordinary shares

	No. of Shares 2011 '000	Proceeds 2010 GH¢	No. of Shares 2011 '000	Proceeds 2010 GH¢
Authorised				
Ordinary shares of no par value	300,000		300,000	
	=======		=======	
Issued and fully paid				
For cash	57,421	20,494	57,421	20,494
Transfer from capital surplus	34,629	4,237	34,629	4,237
	---------	---------	---------	----------
	92,050	24,731	92,050	24,731
	======	======	======	======

The holders of the ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the company. There is no call or instalment unpaid on any shares.

19. EARNINGS PER SHARE

Basic

Basic earning per share is calculated by dividing the net loss attributable to equity holders of the company by the weighted average number of shares in issue, excluding treasury shares, during the year.

	2011 GH¢'000	2010 GH¢'000
Loss attributable to equity holders of the Company	(3,501)	(7,350)
	=====	=====
Weighted average number of ordinary shares in issue	75,259,332	75,259,332
	=========	=========
Basic earnings per share (expressed in GH¢ per share)	(0.0378)	(0.0976)
	=======	=======

Diluted

Diluted earning per share is calculated by adjusting the weighted average number of ordinary shares, to assume of all potential dilutive ordinary shares. At 31 December 2011 and 2010, the company had no dilutive potential ordinary shares.

20. TRADE AND OTHER PAYABLES

	2011 GH¢	2010 GH¢
Trade payables	4,004	2,704
Non-trade payables and accrued expenses	1,004	197
Accrued Charges	74	81
	-------	--------
	5,082	2,982
	=====	=====

21. REVENUE

	2011 GH¢	2010 GH¢
Local sales	34,634	25,343
Export sales	19,627	3,142
	54,261	28,485
Less: Value Added Tax	(4,517)	(3,312)
Rebate	(28)	(6)
Net sales value	49,716	25,167

22. OTHER INCOME

	2011 GH¢'000	2010 GH¢'000
Roofing fixings, argon gas and dross	69	38
Sundries	16	8
	85	46

23. LOSS BEFORE TAX IS STATED AFTER CHARGING:

	2011	2010
Personnel cost (note 24)	4,084	3,431
Auditors remuneration	35	30
Depreciation	3,011	2,937
Directors emoluments	101	152
Donation	-	1
Net finance cost (note 25)	2,348	2,268
Exchange loss	2,554	1,350

24. PERSONNEL COSTS

	2011	2010
Wages and salaries	3,744	3,097
Social security contributions	213	210
Provident fund	127	124
	4,084	3,431

The average number of persons employed by the company during the year was 217 (2010: 224)

25. NET FINANCE EXPENSE

	2011 GH¢'000	2010 GH¢'000
Interest expense	(2,348)	(2,268)
	---------	---------
	(2,348)	(2,268)
	=====	=====

26. FINANCIAL RISK MANAGEMENT

(i) Overview

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

- credit risk
- liquidity risk
- market risks

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board's Audit Sub Committee is responsible for monitoring compliance with the company's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the company.

The Audit Sub Committee gain assurance in relation to the effectiveness of internal control and risk management from: summary information in relation to the management of identified risks; detailed review of the effectiveness of management of selected key risks; and results of management's self assessment process over internal control, which ensures that the Audit Sub Committee and management understand the company's key risks and risk management capability; sets standards on governance and compliance; and provides assurance over the quality of the company's internal control and management of key risks.

The company also has in place an internal audit department, which monitors compliance with internal procedures and processes and also assesses the effectiveness of internal controls.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

(ii) Credit risk

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

26. FINANCIAL RISK MANAGEMENT – (CONT'D)

Trade and other receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The credit control committee has established a credit policy under which a new customer is analysed individually for credit worthiness before the company's standard payment terms and conditions are offered. The company generally trades with pre-defined and selected customers. Credit exposure on trade receivable is covered by guarantee from well established banks.

Allowances for impairment

The company establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss allowance established for homogeneous assets in respect of losses that have been incurred but have not yet been identified. The collective loss allowance is determined based on historical data of payment for similar financial assets.

Exposure to credit risks

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2011 GH¢'000	2010 GH¢'000
Trade and other receivables	5,627	5,270
Cash and cash equivalents	500	688
	6,127	5,958

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	2011 GH¢'000	2010 GH¢'000
Foreign companies		-
Local Institutions	727	604
	727	604

Impairment losses

The aging of trade receivables at the reporting date was:

	2011		2010	
	Gross GH¢	Impairment GH¢	Gross GH¢	Impairment GH¢
Current(less than 30 days)	161	-	181	-
Due but not impaired (30-180 days)	168	-	181	-
Impaired (more than 180 days)	398	201	242	201
	727	201	604	201

26. FINANCIAL RISK MANAGEMENT – (CONT'D)

The movement in the allowance in respect of trade receivables during the year was as follows:

	2011 GH¢'000	2010 GH¢'000
Balance at 1 January	201	-
Impairment (gain)/loss recognised	-	201
	-----	----
Balance at 31 December	201	201
	===	===

Based on historical default rates, the company believes that no impairment is necessary in respect of trade receivables past due up to 180 days. However, impairment loss has been recognised for specific customers whose debts are considered impaired.
No impairment loss was recognised for financial assets other than trade receivables.

(iii) Liquidity risk

Liquidity risk is the risk that the company either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access them only at excessive cost. The company's approach to managing liquidity is to ensure that it will maintain adequate liquidity to meet its liabilities when due.

The following are contractual maturities of financial liabilities:

31 December 2011

	Amount GH¢'000	6mths or less GH¢'000	6-12 mths GH¢'000	1-3 years GH¢'000
Non-derivative financial liability				
Trade and other payables	5,082	5,082	-	-
Bank overdraft	5,762	5,762	-	-
Short term loan	6,129	-	6,129	-
Medium term loan	10,254	-	-	10,253
	---------	---------	---------	--------
Balance at 31 December2011	27,227	10,824	6,129	10,253
	======	======	=====	=====

31 December2010

	Amount GH¢'000	6mths or less GH¢'000	6-12 mths GH¢'000	1-3 years GH¢'000
Non-derivative financial liability				
Trade and other payables	2,982	2,982	-	-
Bank overdraft	6,895	6,895	-	-
Short term loan	10,464	-	10,464	-
Medium term loan	4,875	-	-	4,875
	---------	---------	---------	--------
Balance at 31 December2011	25,216	9,877	10,464	4,875
	======	======	======	=====

26. FINANCIAL RISK MANAGEMENT – (CONT'D)

(iv) Market Risks

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

Foreign currency risk

The company is exposed to currency risk on purchases and borrowings that are denominated in currencies other than the functional currency. The currencies in which these transactions primarily are denominated are Euro, Great British Pounds and US Dollars.

Currency Risk

The company's exposure to foreign currency risk was as follows based on notional amounts.

	31 December 2011		31 December 2010	
	EURO	**USD**	**EURO**	**USD**
Bank balances	-	262,653	-	60,767
Bank overdraft	-	(2,700,155)	-	(4,466,003)
Trade and other receivables	102,096	2,157,286	115,797	2,197,410
Trade and other payables	(343,063)	(22,643)	(25,060)	(162,596)
Loan Payable	-	(9,287,636)	-	(6,667,174)
	-----------	---------------	----------	---------------
Gross exposure	(240,967)	(9,590,495)	90,737	
(9,037,596)	=======	=========	======	=========

The following significant exchange rates applied during the year:

	Average Rate		Reporting Date	
	2011	**2010**	**2011**	**2010**
Cedis				
Euro	2.1179	1.9996	2.0376	1.9396
USD	1.5909	1.4548	1.6024	1.4656
GBP	2.4853	2.2968	2.4906	2.2738

Sensitivity analysis on currency risks

The following table shows the effect of a strengthening or weakening of GH¢ against all other currencies on the company's income statement. This sensitivity analysis indicates the potential impact on the income statement based upon the foreign currency exposures recorded at December 31. (See "currency risk" above) and it does not represent actual or future gains or losses. The sensitivity analysis is based on the percentage difference between the highest daily exchange rate and the average exchange rate per currency recorded in the course of the respective financial year.
A strengthening/weakening of the GH¢, by the rates shown in the table, against the following currencies at 31 December have increased/decreased equity and income statement by the amounts shown below:

26. FINANCIAL RISK MANAGEMENT – (CONT'D)

This analysis assumes that all other variables, in particular interest rates, remain constant.

As of 31 December	2011			2010		
In GH¢	% Change	Income statement impact: Strengthening	Income statement impact: Weakening	% Change	Income statement impact: Strengthening	Income statement impact: Weakening
		GH¢	GH¢		GH¢	GH¢
€	±0.7%	1,135	(1,135)	±0.7%	980	(980)
US$	±3%	(475,724)	475,724	±3%	(543,160)	543,160

Interest rate risk profile

At the reporting date the interest rate profile of the company's interest-bearing financial instruments was:

	Carrying amounts 2011 GH¢'000	2010 GH¢'000
Variable rate instrument		
Financial liabilities	22,145	22,234
	======	======

Fair value sensitivity analysis for fixed rate instrument

The company did not have fixed rate instrument at 31 December2011 and also at 31 December 2010

Cash flow sensitivity analysis for variable rate instrument

A change of 300 basis points in interest rate at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis for 2011 is performed on the basis that interest rate changed by 300 basis points.

Variable rate instrument	300bp Increase GH¢'000	300bp Decrease GH¢'000
Effect in cedis		
31 December2011		
Variable rate instrument	94	(94)
	==	==
31 December2010		
Variable rate instrument	306	(306)
	===	===

26. FINANCIAL RISK MANAGEMENT – (CONT'D)

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	31 December 2011		*31 December 2010*	
	Carrying Amount GH¢'000	**Fair Value GH¢'000**	**Carrying Amount GH¢'000**	**Fair Value GH¢'000**
(i) **Loans and receivables**				
Trade and other receivables	5,627	5,627	5,270	5,270
Cash and cash equivalents	500	500	688	688
	-------	-------	-------	-------
	6,127	6,127	5,958	5,958
	====	====	====	====

	31 December 2011		*31 December 2010*	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
(ii) **Other financial liabilities**				
Trade and other payables	5,082	5,082	2,982	2,982
Bank overdraft	5,762	5,762	6,895	6,895
Short term loan	6,129	6,129	10,464	10,464
Medium term loan	10,253	10,253	4,875	4,875
	---------	--------	---------	--------
	27,226	27,226	25,216	25,216
	=====	=====	=====	=====

27. CAPITAL COMMITMENTS

Commitment for capital expenditure not provided for at the reporting date amounted GH¢ Nil (2010: GH¢ Nil).

28. CONTINGENT LIABILITIES

At the year end there was a legal suit pending against the company, instituted by eleven former employees, alleging wrongful dismissal. Should judgment go in favour of the plaintiffs, likely claims against the company have been estimated at GH¢35,000. (2010: GH¢35,000).

29. EMPLOYEE BENEFITS

Defined Contribution Plans

(I) ***Social Security***

Under a National Deferred Benefit Pension Scheme, the company contributes 13.5% of employees' basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pensions. The company's obligation is limited to the relevant contributions, which were settled on due dates. The pension liabilities and obligations, however, rest with SSNIT.

29. EMPLOYEE BENEFITS - (CONT'D)

(ii) Provident Fund

The company has a provident fund scheme for staff under which the company contributes 7.5% of staff basic salary. The obligation under the plan is limited to the relevant contribution and these are settled on due dates to the fund manager.

30. SHAREHOLDING INFORMATION

(i) Directors' Shareholding

The Directors named below held the following number of shares in the company as at 31 December 2011:

Ordinary Shares

	2011	%
Kwadwo Kwarteng	68,607	0.07
Ernest Kwasi Okoh	11,100	0.01
Victor Kodjo Djangmah	40,000	0.04
	---------	-----
	119,707	0.12
	======	===

(ii) Number of Shares in Issue

Earnings and dividend per share are based on 92,051,863 (2010: 92,051,863) ordinary shares in issue at the end of the year.

(iii) Number of Shareholders

The company had 3,194 ordinary shareholders at 31 December 2011 (2010:3,347) distributed as follows:

Holding	No. of Holders	Total Holding	% Holding
1 – 1,000	2,342	618,149	0.67
1,001 – 5,000	514	1,253,142	1.36
5,001 – 10,000	130	951,496	1.03
10,001 and over	208	89,229,076	96.93
	--------	---------------	---------
	3,194	92,051,863	100.00
	=====	=========	=====

30. **SHAREHOLDING INFORMATION (CONT'D)**

(iv) List of twenty largest shareholders as at 31 December 2011

Name of Shareholder		**No. of Shares**	**% of Issued Capital**
1.	Ghana Cocoa Board	44,696,683	48.56
2.	Social Security & National Insurance Trust	19,714,966	21.42
3.	Strategic Initiatives Limited	4,170,540	4.53
4.	SCBN/SSB Eaton Vance Tax-Managed	1,810,900	1.97
5.	SCBN/SSB London Investec Africa Fund	1,595,874	1.73
6.	Galtere International Master Fund LP	1,342,788	1.46
7	SCBN/SSB London Care of SSB LDN	1,137,518	1.24
8.	Arthur, Elizabeth Mrs.	820,000	0.89
9	Qualitec Industries Limited	750,688	0.82
10.	Wosornu Lade	660,900	0.72
11.	BBGN/SSB Eaton Vance Structured EM Fund	457,409	0.50
12.	Ghana Commercial Bank	450,000	0.49
13.	Tema Oil Refinery	450,000	0.49
14.	BBGN/Epack Investment Fund Limited	442,098	0.48
15.	National Investment Bank	442,080	0.48
16.	NTHC Limited	431,857	0.47
17.	Aryee Clifford Edward	427,830	0.46
18.	SCBN/Invested Africa-RNKP	306,275	0.33
19.	SAS/Amenuvor Gideon Mr.	290,029	0.32
20.	SCBN/SSB London Investec Premier Fund	266,608	0.29
		80,665,043	87.65

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ALUWORKS LIMITED

PROXY FORM FOR USE AT THE 25TH ANNUAL GENERAL MEETING TO BE HELD AT THE FIESTA ROYALE HOTEL, DZOWURLU (NEXT TO THE NESTLÉ HEAD OFFICE BUILDING) ON THURSDAY JULY 5, 2012 AT 10 O'CLOCK IN THE FORENOON

I/We being member(s) of **ALUWORKS LIMITED** hereby appoint or failing him/her the Chairman as my/our Proxy to vote for me/us, and on my/our behalf at the Annual General Meeting of the company to be held on the **5th day of July, 2012** and at any and every adjournment thereof.

This form to be used:-

Ordinary Business

1.	*in favour of against	the Resolution to adopt the Reports of the Directors, Auditors and the Financial Statements of the Company for the year ended December 31, 2011.
2.	*in favour of against	the Resolution to re-elect Mrs. Miriam Okwabi as a Director of the company.
3.	*in favour of against	the Resolution to re-elect Mr. Anthony Fofie as a Director of the company.
4.	*in favour of against	the Resolution to maintain Non-Executive Directors fees at the 2007 level i.e. – not exceeding GH¢45,000.00 per annum.
5.	*in favour of against	the Resolution to authorise the Directors to fix the remuneration of the Auditors for the ensuing year.

Special Business

1.	*in favour of against	the Resolution to approve the borrowing of an amount of Ten Million United States Dollars (US$10.0 million) from Social Security & National Insurance Trust (SSNIT) to enable the company acquire a rolling mill under the Terms of a 6 year 14.25% Convertible Bond.
2.	*in favour of	the Resolution to authorise the Directors to raise an additional against against amount of Ten Million United States Dollars (US$10.0 million) through a Rights Issue and to issue sufficient shares as required out of the outstanding and unissued shares of the company to cover the Rights Issue.
3.	*in favour of against	the Special Resolution to amend the company's regulations to increase the authorised number of shares of the company from 300,000,000 shares of no par value to 1,000,000,000 shares of no par value.

On any other business transacted at the meeting and unless otherwise instructed in paragraphs 1 to 5 under Ordinary Business AND 1 to 3 under Special Business above, the resolutions to which reference is made in those paragraphs, the proxy will vote as he/she thinks fit.

*** Strike out whichever is not desired**

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Signature of Shareholder

Signed this .... day of .... 2012.

THIS PROXY FORM SHOULD NOT BE COMPLETED AND SENT TO THE REGISTERED OFFICE IF THE MEMBER WILL BE ATTENDING THE MEETING

1. A member (Shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by proxy. The 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 so wish, you may insert in the blank space 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.

3. In case of joint holders, each joint holder must sign.

4. If executed by a Corporation, the Proxy Form must 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 4.00 p.m. on Tuesday July 3, 2012.

6. The Proxy must produce the Admission Card with the Notice of the Meeting to obtain entrance to the meeting.

FOR MERCHANT BANK GHANA LTD.

REGISTRAR