ALUWORKS LIMITED

ANNUAL REPORT 2013

New 4-Hi Cold Mill Under Construction

ALUWORKS LIMITED

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

31ST DECEMBER 2013

ALUWORKS LIMITED

CONTENTS.

ALUWORKS LIMITED

NOTICE OF MEETING

NOTICE is hereby given that the 27th 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 **Tuesday 22nd of July**, 2014 at 10 O'clock in the forenoon to transact the following ordinary business:

AGENDA

1. To receive and consider the Reports of the Directors, Auditors and the Audited Financial Statements for the year ended December 31, 2013.
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.

Dated this 19 th day of May , 2014

By Order Of the Board

Mrs. Annie Chinbuah

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.

CORPORATE INFORMATION

BOARD OF DIRECTORS	Kwadwo Kwarteng – *Chairman* Ernest Kwasi Okoh (*Managing*) Togbe Afede XIV Victor Djangmah Miriam Okwabi (Mrs) Anthony Fofie *(resigned 31st December 2013)* Stephen Kwabena Opuni (*appointed 1st January 2014*) Seth Adjei *(appointed 15th May 2014)* Anthony Ebow Spio (*appointed 15th May 2014*)
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	Ecobank Ghana Limited Société Generale Ghana Barclays Bank of Ghana Limited

Current Board of Directors.

Mr. Kwadwo Kwarteng Ghanaian
Chairman

Mr Kwadwo 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 and is a Director of Gratis Foundation in Tema.

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 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 Chairman of the Board of National Investment Bank, and on the boards of 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. 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 GCB Bank Limited, MS Research International Limited, Expandable Polystyrene Products and Trading Ltd., WT-2 Company Limited and is Chairman of the Board of Governors of Achimota School (Senior and Basic Schools).

Current Board of Directors (contd)

Mr. Victor Djangmah Ghanaian
Non Executive Member

Mr. Victor 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 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. Miriam Okwabi is a Chartered Accountant and currently the Deputy Chief Executive- Finance, Ghana Cocoa Board. She joined the Board in March 2011. She holds an 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.

Anthony Ebow Spio Ghanaian
Non Executive Member

Mr Ebow Spio is a seasoned marketing expert and currently teaches the subject as Head of Business Administration at Ashesi University. He holds a Masters degree in International Marketing from Strathclyde University in Scotland. Ebow has been extensively trained in Marketing in various places all over the world and has useful practical experience including working with Unilever for 16 years principally in Ghana and in Nigeria,

Seth Adjei Ghanaian
Non Executive Member

Mr. Seth. A. Adjei was Managing Director of Volta Aluminium Company (VALCO) from July 2005 until he retired in December 2008. He worked with VALCO from July 1969, as an Electrical Engineer, as Production Department Manager, and also as Acting Director of Human Resources and Personnel Administration. He is a Fellow of the Ghana Institution of Engineers, and serves as a Council Member of the Energy Foundation. He has held several Directorships in the past, and is currently a Director of City Car Parks 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 was as at Balance Sheet date made up of six (6) members of whom five (5) were 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 of 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

Dear Shareholders, all too soon it is that time again, when on behalf of your Board I have to stand up to report to you on what has happened in the previous year, especially since our last Annual General Meeting, and on what we see as the future prospects of your company. It is also my duty to present to you the Annual Financial Statements for the year 2013.

The Environment We Worked In.

At the last Annual General Meeting we were full of optimism. The accounts of the business were going in the positive direction we wanted and had been doing so for the last few years except that we could not achieve the level of volumes that we desired because of the serious encroachment on our markets by imports from the Far East, nevertheless we improved our market share.

The Economy – The Situation in 2013:

It is fair to say that the economic environment was difficult in 2013, characterized by the following movements in the main indices

- Average inflation rates increased from 10.1% in January 2013 to 13.5% by the end of December 2013. This meant we had to contend with higher general costs during the year.
- The cedi depreciated significantly against major international currencies during the year, thus again exacerbating our exchange loss situation on monthly outstanding balances to VALCO for metal supplies and on the balances of foreign currency denominated loans we had taken in the past for previous expansion programmes. There were three significant occurrences during the year. The first and second were internal. The first was that we completed paying back to Barclays Bank the outstanding foreign currency denominated loan for the cold mill. The second was that we paid $2.5 million to Société Generale (formerly SG-SSB) from proceeds of the rights issue, and significantly reduced the outstanding balance on the foreign currency loan for the coil coating line. The two occurrences meant that, we reduced our foreign exchange exposure. The third was that in February of this year 2014, Bank of Ghana mandated that invoices for services rendered in Ghana should only be charged in cedis. This means a reduction of outstanding invoices in foreign exchange which would normally create exchange losses. The most important of these are for heavy raw material purchase from VALCO which by the new Bank of Ghana rules should no longer be charged to us in foreign exchange.
- The Bank of Ghana increased its monetary policy rate from 15% in January 2013 to 16% in May 2013 and it remained at that level by the end of December 2013. While this was meant to mop up excess liquidity it was an indicator for higher interest charges by the banks to cover their own operating costs.
- The price of aluminium continued to fall throughout 2013 on the back of high warehouse stocks especially in China. The price at the beginning of the year was at $2093.5 per tonne. By the end of December the price had dropped to $1,764.5 per tonne an aggregate fall of some 20% over the year.

Although a lower aluminium price is beneficial in terms of costs, it also means a lower cedi turnover with which to cover all our costs which for the most part are denominated in cedis.
Dear Shareholders that has been the main environment under which your company has had to operate in, over the last year. The results which we present today clearly reflect the situation as I have just explained.

Going forward - The Economy
It is difficult to forecast a better environment for this year. Recent optimism about global growth is not supported by the data we have seen since the beginning of the year. The domestic economy will continue to be weak in the months ahead as Government seeks further measures to contain the falling value of the local currency and to reduce its expenditure. Without really serious efforts to balance the country's imports versus exports, we foresee the cedi losing further ground against the major trading currencies. On the money market, rates will edge higher as the search for foreign exchange for the usual imports heightens. The automatic adjustment of fuel price and its attendant effect on transport costs will negatively affect the pricing of goods and services and may see the consumer price index edge higher. These will only exacerbate inflationary trends and increase the cost of living. It is going to be another difficult year.

Going Forward – Competition
At the last Annual General Meeting we reported being quite certain that after many years of delay, Government would introduce the required measures under the guidance of the World Trade Organisation to curb the debilitating effect of cheap imports from the Far East. Alas I am disappointed to have to report to you that once again another full year has passed with no positive movement by Government. As a result, the company is now effectively a niche player that panders only to discerning customers who require good quality product, as against the usual inferior product available from the Far East which come in very cheaply because of the export rebate that they enjoy from their Governments.

Operating Results and Dividends.
The news for 2013 is quite good. However a huge deferred tax provision, much of which may turn around next year and be largely reversed, has robbed us of break even at net profit level. At pre tax level however the result this year was practically at break-even. Therefore we believe that we have turned the corner, break-even being a milestone that we have been looking forward to for many years, to signal that there is indeed light at the end of the tunnel.

Aluworks has continued to strive very hard to improve its business. Unfortunately increased sales volumes are severely constrained by the competitive issues already touched on. In the face of that situation, your company has adopted a 'niche' strategy to increasingly attract persons desiring of top quality products. In addition, the company intensified its strategy to be far more cost effective in all aspect of the business.

In 2013, despite all the difficulties volume grew by 6.8%. This yielded a turnover of GH¢ 58.03 million. This was 16.8% above the previous year. But the best achievement was in efficiency leading to a marked improvement of gross margin from 14.1% in 2012 to 16.7% in 2013. Unfortunately towards the end of the year, the country's cedi depreciation again accelerated leading to continuing very high finance costs especially in exchange loss. In 2012 finance costs were GH¢5.679 million and GH¢5.224 million in 2013. Nevertheless before tax a small loss of GH¢ 0.066 million was recorded, practically at break-even and a significant improvement over the 2012 loss figure of GH¢2.33 million. Profit tax due for 2013 was calculated at GH¢ 0.067 million only, but a significant provision of GH¢1.384 million has had to be booked in 2013 for tax deferred against possible future liabilities. Despite this provision, the after tax loss of GH¢1.517 million recorded for 2013 was significantly better than the GH¢2.59 million loss for 2012.

We believe the company has reached the trough in terms of the bottom line and going forward the company will be showing profits. Unfortunately we have a negative balance in the Income Surplus account which until cleared prevents the Directors from declaring a dividend. Hence it is my painful duty, despite the good underlying results, to advise that the company will not be paying a dividend for 2013.

Board of Directors.

At the end of 2013, Mr. Anthony Fofie resigned as Chief Executive of Ghana Cocoa Board, and therefore he had to resign from this Board as well. We sincerely thank him for his contribution to the Board. He has been replaced by Dr. Stephen Opuni as Chief Executive of Cocobod and so we are pleased to advise that he is now on the Board of Aluworks. He comes with a wealth of experience which no doubt will be useful to the company and we therefore welcome him wholeheartedly. The Board has had some difficulty carrying out its duties properly because of numbers and therefore we have decided to increase its breadth. We are pleased to advise that we have researched and found two very suitable additional members whom we have appointed on to the Board.

Mr. Seth Adjei is now retired having been the Managing Director of VALCO and until recently a consultant of that company. He is a thorough bred Aluminium man and will bring deep knowledge of his expert area to the Board. He worked with VALCO from July 1969 until December 2008 initially as an Electrical Engineer and then in the Production Departments culminating in the position of Production Department Manager for twenty years. He acted as Director of Human Resources and Personnel Administration for a year in 1986/1987. He is a Fellow of the Ghana Institution of Engineers. Mr Adjei currently serves as a Council Member of the Energy Foundation and is a Director of City Car Parks Limited. He has held and relinquished several other directorships in the past. We welcome him.

Mr. Ebo Spio is a marketing expert. He was trained by Unilever and has travelled extensively with that company all over West Africa. He is currently head of the Business School in Ashesi University and teaches Marketing. In our quest to improve our market reach we believe his experience will be invaluable to this company and therefore we welcome him also.

For the last seven years we have not adjusted fees payable to the Board of Directors. Although such an adjustment is needed in order to be able to attract the right kind of expertise and business advice, the Board has however resolved to hold back until the company is fully back on its feet.

In accordance with the regulations of the company, Togbe Afede XIV and Mrs. Miriam Okwabi will be retiring in rotation and being eligible offer themselves for re-election at this meeting.

Outlook

Looking ahead, the economic conditions will continue to be difficult. While we are constrained by market conditions, we will nevertheless continue to grow albeit slowly. The company will be focused on its long term objectives by strategically exploiting the quality niche, which hopefully will awaken the normal Ghanaian consumer to the need for good quality products even if expensive compared to imports. We will not relent in our quest to drive down costs and to improve cost effectiveness, which will be really difficult because of the continued depreciation of the cedi, which so far in 2014, has been unprecedented.

There is one issue I have not touched on, that is the new cold mill. With pleasure I report to you that work is steadily progressing on the installation of the new cold mill. All the required plant and machinery has been received at the factory. Installation is in progress and commissioning will take place soon after. When commissioned, it will be a major contributor to the objective of further cost effectiveness. At that stage, the old cold mill will be de-commissioned to await refurbishment in the future when more capacity would be required. We sincerely thank all the staff working on the project for their determination to finish the job not only successfully but with time to spare. Everyone will be informed through the media when the new plant is to be commissioned, and I hereby take this opportunity to invite all of you to be there at that time.

Conclusion

I am delighted that the company seems to have weathered the storm and is coming out of the doldrums that it found itself in. This is the achievement of the Staff and Management. The Board appreciates the steadfastness of Management in the face of the difficulties of the past eight or so years. Finally I thank my colleague Directors for their commitment and diverse opinions that have helped steer the company forward. I wish the company exciting results in the years ahead.

Thank you and may God Bless you all.

Kwadwo Kwarteng
Chairman

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.
c. To maintain an effective Quality Assurance System complying with International Standard ISO 9001 (Quality Systems).
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.

The company's quality rating ISO 9001-2008 (accredited by UKAS and examined by SGS) was renewed on 22nd October 2012, re-examined and retained during the year.

Aluworks Limited Management Team

E. Kwasi Okoh
Managing Director

Bernard Kofi Ameah
Chief Finance Officer

Ruthven David Adzogble
Chief Operating Officer

Emmanuel Sarkodie
General Manager
(Projects)

Samuel Asiedu Asare
General Manager
(Sales and Marketing)

Wallace Dankwah
Senior Manager
(Personnel & Admin)

Christian Opare-Larbi
Sales & Marketing
Manager (North)

Kpame Karbo
Sales & Marketing
Manager (South)

Paul Adafia
Senior Production
Manager

Richard Dzontoh
Finance Manager

CEO's Statement

Our Dear Shareholders, let me first of all on behalf of the Management and Staff of the company welcome you all to this Annual General Meeting, the 27th in the life of your company since it went public in 1996.

Your company has come far. Indeed it was the darling of the Ghana Stock Exchange until it hit very hard times following the energy crisis, the credit crunch and the recession, from some 8-10 years ago. All the efforts we have been making in the recent past show our clear intention to restore the company to the glorious position that it used to occupy in the eyes of investors. We have survived a very stormy period, but there is still much more hard work ahead, and we will need the support of all of you shareholders and other stakeholders to ensure we succeed with our objectives.

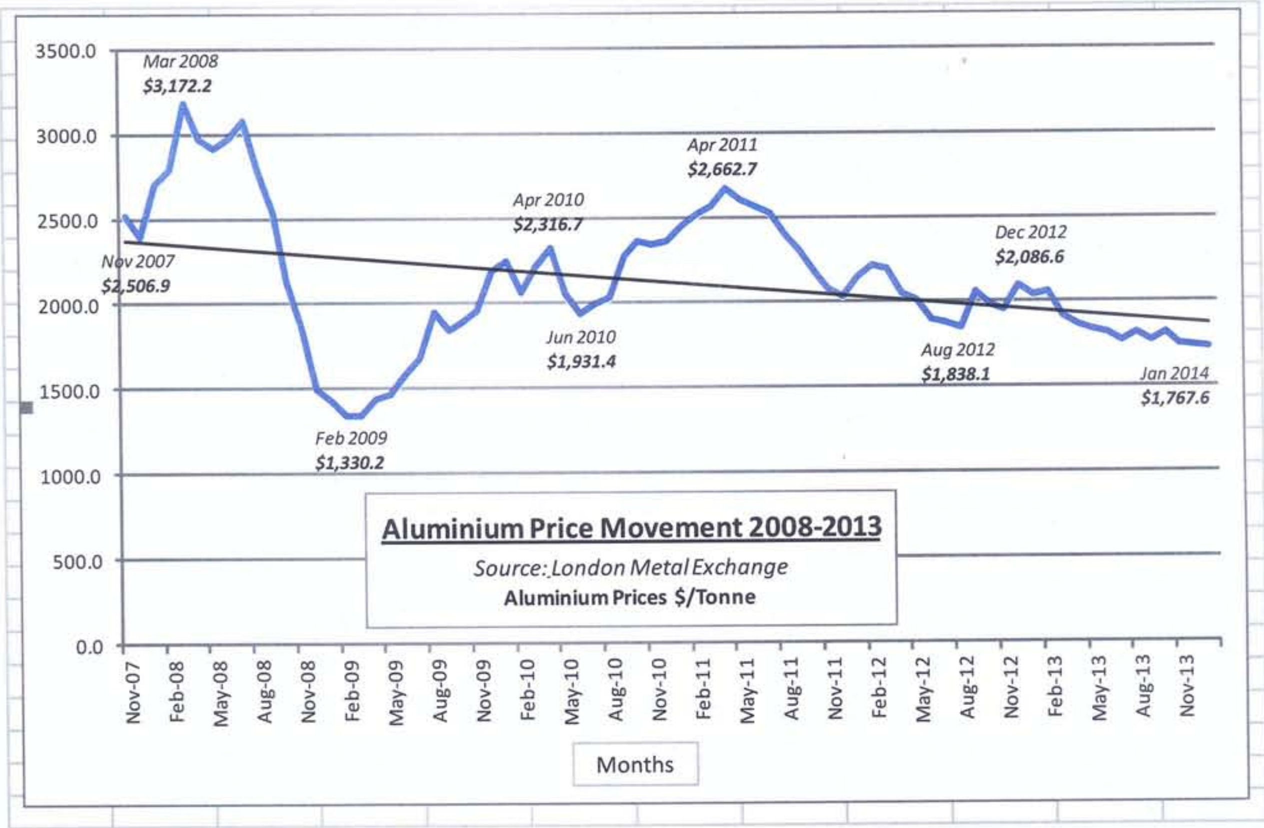
Dear Shareholders, when I say we have weathered a stormy period I have to quickly say that the experts are not really sure that the recession of the world economy is actually over. Indeed as you may know, The Government of the USA begun to withdraw its quantitative easing with which it has been stimulating the American economy but has now begun to revise its plans due to the uncertainty surrounding the state of the world's economy. For us in Ghana, our uncertainties revolve around shortages of power, shortages of foreign exchange, and the ever increasing price of utilities. All of these and others issues give us pause, so that we cannot definitively say that we are out of the woods.

The Economy.

First I will speak about the economic conditions that prevailed during the year 2013, and then I will make a few comments about the prevailing economic conditions (2014) under which we work. Expansion in the global economy continued albeit moderately, with developed economies growing much more slowly than the emerging ones. Fiscal consolidation and higher unemployment rates resulted in limited national as well as household spending since the focus was on minimization of deficits and elimination of debt.

Generally growth in the domestic economy performance decelerated in 2013. GDP growth at 7.4% was lower than the 7.9% recorded in 2012. The overall budget deficit carried forward worsened, with total public sector debt ending at GH¢51.6 billion from GH¢25.1billion at the end of 2012. This has manifested in a steadily depreciating value of the Ghana cedi against the major foreign currencies.

The economy in 2013 proved extremely challenging because of the falling price of raw metal and the opposite effect of ever depreciating cedi, leading to increased costs. As you were told by the Chairman, the price of aluminium in dollars (LME) was above $2,000 per tonne at the beginning of the year. By the end of the year the LME was around $1,700 per tonne. Since our pricing is based on the dollar raw material input cost, that has meant that for every tonne of product we sold in dollars we were getting less and less revenue to be able to cover our fixed costs.



However the Bank of Ghana inter Bank cedi rate was going in the opposite direction starting the year at Gh¢1.9022 to the dollar and ending at GH¢ 2.1628 to the dollar, a depreciation of some 12%. Since the rate of depreciation of the cedi was much greater than the fall in LME it meant that our local prices had to increase over the year. The increase also had to take into account the other attendant cost adjustments occasioned by the depreciating cedi. Utility costs went up, oil price and therefore petrol and diesel costs went up. Since the depreciation meant a loss of standard of living for the work force, salaries and wages also had to go up to restore wage levels back to a living standard. So while we expected a smooth year in 2013, it proved to be a year of increased costs, which we have had to cover as much as we could.

The economy in 2014 is proving even more daunting already. The first half year has been characterised by 'dum-sor dum-sor' and by the even more rapidly falling currency value. At the beginning of the year the BOG Inter Bank cedi rate was 2.1628 to the dollar, by the end of May this year it was at 2.90 to the dollar; a depreciation of some 25% already. This has had its rippling effect and all sorts of costs have gone up in tandem. A marked lack of foreign exchange availability has simply exacerbated the situation, and also created more costs because service providers are hedging the currency risk by charging higher.

Countervailing Measures Against The Unfair Dumping Of Aluminium Products From The Far East.

I am sure those who have heard me speak before are expecting me to talk about the huge unfair encroachment on our markets by traders with cheap aluminium products from China and the Far East, on the basis of deep export rebates that they are granted in their countries, to our detriment.

Ladies and Gentlemen, today that is all I will say about the matter. We have fought hard on that one and for years have had no good news from Government. So we are tired. We are now doing our business as explained to you by the Chairman, knowing full well that we have that huge obstacle blocking us. Yet we have resolved to carry on, 'come what may', because there are people in Ghana and in West Africa who want quality goods and they will give us some business to do, while we work towards bringing back the good old days once again. We know the situation will continue into 2014 and maybe even into 2015, but we are resolved to work around it, going forward. What that means is that 2014 also will be very very tough.

How did we actually do in 2013?

We continued to receive raw materials from VALCO in 2013, and will continue to do so into the future. However we have to report that new pricing arrangements were introduced by VALCO during the year, which had the effect of increasing our raw material costs quite significantly. At the factory, we incurred unexpected repair and maintenance costs required to keep the plant running in tip top shape to be able to continue producing at the top quality levels that Aluworks is renowned for. Much of the plant is old and we therefore take advantage of such episodes to refurbish as much as is possible during the period, but it costs money. You have been told by the Chairman that the most vulnerable part of the plant i.e. the cold rolling mill will soon be replaced by a brand new one utilizing funds that were borrowed from SSNIT with your permission. This new equipment will reduce a lot of the uncertainties that have plagued our production over the years, and will introduce increased efficient production. We also had to contend with increased utility and fuel related costs that were imposed on the whole country. A year ago we paid to VRA for power around a quarter of a million cedis a month. In March this year we had to pay about half a million cedis for the month. That is the magnitude of the expense increase that we are having to factor into our books. We have always argued for discriminatory utility tariffs for industry to recognize value addition and the multiplier effect, and look forward to the day we shall have such forward thinking policies that will propel the country forward.

Production

Total Production in 2013 amounted to 8,607 metric tonnes, compared with 8,239 metric tonnes in 2012. We have arranged a functional coordination system that ensures we do not carry huge stocks of finished goods for obvious reasons and this remains the case all the time. Demand for our products has remained high although to our detriment much of the demand has been met by the cheap alternatives from the Far East. Across West Africa we find that the preference for good quality is slowly growing. Our sales in Nigeria particularly appear promising on the basis of quality.

Turnover

Despite all the difficulties faced in 2013, we managed to grow our sales volume by 6.5% over the previous year, to 8,378 metric tonnes from 7,862 metric tonnes in 2012. The mix of local to export sales in 2013 was 64:36 compared to 2012 when it was 68:32.
As a result, we grew the turnover by 16.8% over the previous year to GH¢ 58.05 million from GH¢ 49.68 million in 2012. This growth trend is expected to continue into 2014 as more customers begin to appreciate the value of quality products. Much of our sales development effort in 2014 will be aimed at growing this core customer niche segment.

Exports

Two years ago there were five rolling mills like ours in Nigeria. Today there are only two left and even they are struggling just as we are here. The casualties have had to close because of the extreme competition from the Far East. This has meant increased interest in our business over the last year. This trend of growing enquiries will be seriously nurtured as we will be able to and will seek to handle more orders from the whole of West Africa, when the new cold mill is in place by mid year. We exported 3,057 metric tonnes in 2013 earning $ 9.29 million compared with 2,478 metric tonnes in 2012 for which we earned $7.88 million reflecting the decrease in the LME.

2nd Cold Rolling Mill Project.

We will soon complete the project for the new cold mill.
The objective of the project is to replace the nearly 30 year old cold rolling mill with a new and modern one, thus to restore the 30,000 metric tonne rolling capacity of the business.
The history and process of the project comprising of several integral parts was as follows:

- In 2007, the company entered into a purchase contract for the supply of 4-Hi Non Reversing, Single Stand 400 / 965 x 1590mm Cold Mill from Fata Hunter Engineering Division of Fata S.P.A of Italy, to be financed by Barclays Bank of Ghana.
- Foundation structures had been designed with financing by Barclays Bank of Ghana;
- In 2008 and 2009, foundations had been excavated and built by CTMC International Engineering Company of China with financing partly from Barclays Bank of Ghana.
- Following the refusal in 2009 of Barclays Bank to continue with the project, the company negotiated for a 400/960 x 1600 mm 4-Hi Non-Reversing aluminium Single Stand Cold Rolling Mill, to be fabricated, installed and commissioned for usage by Zuoshen Non-Ferrous Metals Plant and Equipment Co. Ltd of Hebei China. Financing for this was the main part of the loan sought from SSNIT for the purpose.
- To facilitate the new cold mill, some alterations had to be done on the foundations that had already been constructed previously to a design by Fata Hunter Company of Italy. This was awarded to Messrs Jasima Company Ltd of Ghana. Financing for this was part of the SSNIT Loan.
- Various metal Fabrication works that were required for the project were awarded to Messrs Automotive Springs Ghana Ltd, financed partly from the SSNIT Loan and from Aluworks own internally generated funds.

- A new 11.5KV Feeder Line has been built to feed the new cold Mill and to upgrade our existing line from the GRIDCo transformer station in Tema. This was carried out by Messrs AV Hermon Ltd of Ghana, financed partly from the SSNIT loan and by Aluworks own internally generated funds.
- All the local works have been supervised by carefully selected consultants. Their costs are included in the project segments above. Allowances to cover Retention and Defect Liability Periods have all been properly applied.
- Over all the total project cost is estimated at GH¢44.38 million, financed through the SSNIT loan of GH¢ 18.276 million (US$10 million), Barclays Bank of Ghana Loan of US$4.3 million, and from Aluworks own internally generated funds.

After the new Cold rolling mill has been commissioned, the old cold mill will be decommissioned to be refurbished at an appropriate time in the future to again increase rolling capacity from the current 30,000 metric tonne level to above 50,000 tonnes.

Conclusion

While it is difficult to say that your company is in complete health, because the balance sheet still requires strengthening, it is however easy to state that the trends are promising. A look at the financial returns for the year shows a strengthening of the operational results. Indeed our gross margin has increased from 7.82% in 2011, to 14.08% in 2012 to 16.6% in 2013 and continues to improve. However the still high finance costs that we carry re interest and exchange losses continue to be an albatross around our necks. Unfortunately these are tied to sovereign risk, and therefore will plague us until we rid ourselves of our foreign loan balances, or the economy of Ghana improves so that the exchange rate becomes stable. But we are especially comforted because our drive to attract quality conscious customers seems to be yielding some results, which should come through into our financial records over the next few years.

We thank all our shareholders for holding firm, and Management and Staff for the hard work they have had to go through despite all the odds.

May God Bless us all.

E. Kwasi Okoh

FIVE YEAR FINANCIAL HIGHLIGHTS							
						Reporting Year	
Year		2009	2010	2011	2012	2013	Change
RESULTS							%
Turnover	(Gh¢'000)	34,271.00	25,167.00	49,716.00	49,681.00	**58,026.00**	**16.8**
Gross Profit	**(Gh¢'000)**	**5,365.00**	**(1,397.00)**	**3,790.00**	**6,992.00**	**9,652.00**	**38.0**
General & Admin Expenses	(Gh¢'000)	(3,517.00)	(2,830.00)	(2,323.00)	(3,730.00)	**(4,747.00)**	**(27.3)**
Profit bef Interest. Tax & Exch Loss	**(Gh¢'000)**	**1,917.00**	**(4,181.00)**	**1,552.00**	**3,347.00**	**5,158.00**	**54.1**
Interest Expense	(Gh¢'000)	(2,609.00)	(2,268.00)	(2,348.00)	(2,045.00)	**(2,038.00)**	**0.3**
Profit bef Tax and Exchange Loss	**(Gh¢'000)**	**(692.00)**	**(6,449.00)**	**(796.00)**	**1,302.00**	**3,120.00**	**139.6**
Exchange Losses	(Gh¢'000)	(5,210.00)	(1,350.00)	(2,554.00)	(3,635.00)	**(3,186.00)**	**12.4**
Profit/(Loss) before tax	**(Gh¢'000)**	**(5,902.00)**	**(7,799.00)**	**(3,350.00)**	**(2,333.00)**	**(66.00)**	**97.2**
Taxation	(Gh¢'000)	(2,103.00)	449.00	(127.00)	(257.00)	**(1,451.00)**	**(464.6)**
Profit/(Loss) after tax	**(Gh¢'000)**	**(8,005.00)**	**(7,350.00)**	**(3,477.00)**	**(2,590.00)**	**(1,517.00)**	**41.4**
PERFORMANCE RATIOS		2009	2010	2011	2012	**2013**	
Gross Margin/Turnover		15.65%	-5.55%	7.62%	14.08%	**16.63%**	
PBIT&Ex Loss/Turnover		5.59%	-16.61%	3.12%	6.74%	**8.89%**	
PBT&Ex Loss/Turnover		-2.02%	-25.62%	-1.60%	2.62%	**5.38%**	
Net Margin/Turnover		-23.30%	-29.20%	-6.99%	-5.21%	**-2.61%**	
Return on Equity		-53.43%	-26.86%	-15.15%	-12.14%	**-2.28%**	
Current Ratio		0.43	0.64	0.80	1.22	**0.94**	
BALANCE SHEET RATIOS		2009	2010	2011	2012	**2013**	
Basic Earnings per share	(GH¢)	(0.1921)	(0.0976)	(0.0378)	(0.0281)	**(0.0110)**	**60.9**
Dividend per share	(GH¢)	0.0000	0.0000	0.0000	0.0000	**0.0000**	**-**
Shareholders' equity	(Gh¢'000)	14,982	26,445	22,944	21,334	**66,591**	**212.1**
Net Assets per share	(GH¢)	0.3595	0.2873	0.2493	0.2318	**0.2813**	**21.4**
Number of shares	('000's)	41,678	92,052	92,052	92,052	**236,687**	**157.1**
Fixed assets	(Gh¢'000)	44,552	41,859	39,854	44,820	**107,456**	**139.8**

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 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

The company's directors are responsible for the preparation and fair presentation of the financial statements, in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 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 after taxation was	(1,517)
which when added to the brought forward balance on retained earnings account of	(22,909)
	---------
leaves a balance to be carried forward on the retained earnings account of	(24,426)
	=====

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.

APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the company as indicated above were approved by the board of directors on ......15th May... 2014 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 at 31 December 2013, the statements of comprehensive income, changes in equity and of cash flows for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies, as set out on pages 24 to 55.

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 Act 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 control 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 control. 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 2013, 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 Act 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 Act 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 and statement of comprehensive income are in agreement with the books of account.

KPMG

Signed by: Nathaniel D. Harlley (ICAG/P/1056)
For and on behalf of:
KPMG: (ICAG/F/0036)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

16 May ...., **2014**

ALUWORKS LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Note	2013 GH¢'000	2012 GH¢'000
Assets			
Property, plant and equipment	6	107,456	44,820
Long term investments	8	144	144
Total non-current assets		107,600	44,964
Inventory	11	12,196	9,544
Income tax assets	9	767	800
Trade and other receivables	12	5,342	7,414
Short term investments	8	-	5,000
Cash and cash equivalents	13	2,900	5,862
Total current assets		21,205	28,620
Total assets		128,805	73,584
Equity			
Share capital	18	31,650	24,731
Share deals		90	90
Retained earnings – (Deficit)		(24,426)	(22,909)
Other reserves		980	980
Revaluation surplus		58,297	18,442
Total equity		66,591	21,334
Non-current liabilities			
Medium-term loans	15	27,875	25,473
Deferred tax liabilities	10	11,777	3,360
Total non-current liabilities		39,652	28,833
Current liabilities			
Bank overdraft	14	6,839	6,676
Trade and other payables	20	10,480	10,049
Short-term loan	16	4,544	5,993
Dividend payable	17	699	699
Total current liabilities		22,562	23,417
Total liabilities		62,214	52,250
Total liabilities and equity		128,805	73,584

Kilwartey

DIRECTOR

DIRECTOR

The notes on pages 28 to 55 are an integral part of these financial statements.

ALUWORKS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 GH¢'000	2012 GH¢'000
Revenue	21	58,026	49,681
Cost of sales		(48,374)	(42,689)
Gross profit		9,652	6,992
Other income	22	253	85
General and administrative expenses		(7,933)	(7,365)
Results from operating activities before financing cost		1,972	(288)
Net finance expense	25	(2,038)	(2,045)
Loss before income taxation	23	(66)	(2,333)
Income tax expense	9	(1,451)	(257)
Loss for the year		(1,517)	(2,590)
Other comprehensive income			
Items that may be reclassified subsequently To profit or loss			
Revaluation of property, plant and equipment		46,888	-
Income tax on revaluation surplus		(7,033)	-
Other comprehensive income net of tax		39,855	-
Total comprehensive income for the year		38,338	(2,590)
Basic earnings per share (Ghana Cedis)	19	(0.0110)	(0.0281)
Diluted earnings per share (Ghana Cedis)	19	(0.0061)	(0.0212)

The notes on pages 28 to 55 are an integral part of these financial statements.

ALUWORKS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

2013	Stated Capital GH¢'000	Share Deals GH¢'000	Other Reserves GH¢'000	Revaluation Surplus GH¢'000	Retained Earnings GH¢'000	Total Equity GH¢'000
Balance at 1 January 2013	24,731	90	980	18,442	(22,909)	21,334
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(1,517)	(1,517)
Transactions with equity holders						
Rights Issue	6,919	-	-	-	-	6,919
Revaluation Surplus net	-	-	-	39,855	-	39,855
Balance at 31 December 2013	31,650	90	980	58,297	(24,426)	66,591

2012	Stated Capital GH¢'000	Share Deals GH¢'000	Other Reserves GH¢'000	Revaluation Surplus GH¢'000	Retained Earnings GH¢'000	Total Equity GH¢'000
Balance at 1 January 2012	24,731	90	-	18,442	(20,319)	22,944
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(2,590)	(2,590)
	24,731	90	-	18,442	(22,909)	20,354
Transaction with equity holders						
Medium term loan – equity portion (Note 15(iii))	-	-	980	-	-	980
Total transaction with equity holders	-	-	980	-	-	980
Balance at 31 December 2012	24,731	90	980	18,442	(22,909)	21,334

The notes on pages 28 to 55 are an integral part of these financial statements.

ALUWORKS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013	2012
	GH¢'000	GH¢'000
Cash flows from operating activities		
Loss before taxation	(66)	(2,333)
Adjustments for:		
Depreciation charges	2,491	3,178
Interest expense	2,038	2,045
Loss on disposal of property, plant and equipment	-	2
	4,463	2,892
Change in inventories	(2,652)	(2,459)
Change in trade and other receivables	2,072	(1,784)
Change in trade and other payables	431	4,967
Cash generated from operations	4,314	3,616
Interest paid	(2,038)	(2,045)
Income taxes paid	(34)	(40)
Net cash flow from operating activities	2,242	1,531
Cash flows from investing activities		
Purchase of property, plant and equipment	(18,239)	(8,210)
Proceeds from sale of property, plant and equipment	-	64
Net cash flow used in investing activities	(18,239)	(8,146)
Cash flows from financing activities		
Net Cash proceeds from right issue	6,919	-
Loan proceeds (Net)	953	16,063
Net cash flow from financing activities	7,872	16,063
Net (decrease)/increase in cash and cash equivalents	(8,125)	9,448
Analysis of changes in cash and cash equivalents during the year		
Balance at 1 January	4,186	(5,262)
Net cash flow	(8,125)	9,448
Balance at 31 December	(3,939)	4,186
Analysis of balances of cash and cash equivalents as shown in the balance sheet		
Cash and bank balances	2,900	5,862
Bank overdraft	(6,839)	(6,676)
Short term investments	-	5,000
	(3,939)	4,186

The notes on pages 28 to 55 are an integral part of these financial statements.

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 4 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). Additional information required under the Companies Act, 1963 (Act 179), has been included where appropriate.

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 26.

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)

(iv) Stated capital (Share capital)

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase of stated capital (treasury shares)

When stated capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is net of any tax effects, and is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on transaction is transferred to/from retained earnings.

(b) Leases

(i) Classification

Leases that the company assumes substantially all the risks and rewards of ownership of the underlying asset are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and present value of the minimum lease payments. Subsequent to initial recognition, the leased asset is accounted for in accordance with the accounting policy applicable to that asset.
Other leases are classified as operating leases.

(ii) Lease payments

Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Minimum lease payments made under finance leases are apportioned between the finance expense and as reduction of the outstanding lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(c) Property, Plant and Equipment

(i) Recognition and measurement

Property, plant and equipments are carried at fair value less subsequent depreciation. The fair values are determined every three (3) years by external, independent, professional valuers. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.
The revaluation increase arising on the revaluation of property, plant and equipments are credited to the revaluation surplus in shareholders' equity.

Decreases that offset previous increases of the same asset are charged against the non-distributable reserve. All other decreases are charged to the statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, Plant and Equipment – Cont'd

If property becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value at the date of transfer is recognised in equity as a revaluation of property. If a fair value gain reverses a previous impairment loss, the gain is recognised in the statement of comprehensive income. On disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings.

The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.
When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components).

(ii) Subsequent costs

The cost of replacing part of an item of property, plant or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in income statement as incurred.

(iii) Depreciation

Depreciation is recognised in the statement of comprehensive income statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Plant, machinery and equipment	-	5 - 12.5 years
Motor vehicles	-	5 years
Leasehold land and buildings	-	over period of lease

Depreciation methods, useful lives and residual values are reassessed at each reporting date. Gains and losses on disposal of property, plant and equipment are included in the income statement.

(d) **Intangible Assets**

Software

Software acquired by the company is stated at cost less accumulated amortisation and accumulated impairment losses.

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

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three years.

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

There are new or revised Accounting Standards and Interpretations in issue that are not yet effective for the year ended 31 December 2013, and have not been applied in preparing these financial statements. These include the following Standards and Interpretations that may have an impact on future financial statements:

Standard/Interpretation		**Effective date**
IAS 32 amendments	*Offsetting Financial Assets and Financial Liabilities*	Annual periods beginning on or after 1 January 2014
IFRS 9 (2009)	*Financial Instruments*	Annual periods beginning on or after 1 January 2015
IFRS 9 (2010)	*Financial Instruments*	Annual periods beginning on or after 1 January 2015
IFRIC 21	*Levies*	Annual periods beginning on or after 1 January 2014

Amendments to IAS 32 Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities

The amendments clarify that an entity currently has a legally enforceable right to set-off if that right is:

- not contingent on a future event; and
- enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The amendments are effective for annual periods beginning on or after 1 January 2014 and interim periods within those annual periods. Earlier application is permitted.

This amendment will not have any significant impact on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) New standards and interpretations not yet adopted - Cont'd

IFRS 9 (2009) Financial Instruments

IFRS 9 will be adopted for the first time for the financial reporting period ending 31 December 2015. The standard will be applied retrospectively, subject to transitional provisions.
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 the classification of financial assets, namely, financial assets measured at amortized cost or at fair value. Financial assets are measured at amortized 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.

This statement will not have a significant impact on the Company's financial statements.

IFRS 9 (2010) Financial Instruments

IFRS 9 (2010) will be adopted for the first time for the financial reporting period ending 31 December 2015. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 9 (2010) addresses the measurement and classification of financial liabilities and will replace 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 recognized 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 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.*
This statement will not have a significant impact on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) New standards and interpretations not yet adopted - Cont'd

IFRIC 21 Levies

Levies have become more common in recent years, with governments in a number of jurisdictions introducing levies to raise additional income. Current practice on how to account for these levies is mixed. IFRIC 21 provides guidance on accounting for levies in accordance with IAS 37 Provisions, Contingent Liabilities and Assets. The Interpretation is effective for annual periods commencing on or after 1 January 2014 with retrospective application.

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 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

2013

	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 1/1/13	12,229	33,243	2,319	725	16,687	65,203
Revaluation adjustments	(2,188)	(15,263)	(687)	(430)	-	(18,568)
Additions	-	439	117	258	17,425	18,239
Revaluation Surplus	41,897	4,641	482	(132)	-	46,888
Transfers	-		8	-	(8)	-
At 31/12/13	51,938	23,060	2,239	421	34,104	111,762
Comprising						
Cost of assets revalued	1,904	4,033	1,003	254	-	7,194
Surplus on revaluations to 2008	6,975	-	352	-	-	7,327
Surplus/(deficit) on revaluation 2013	41,897	4,641	482	(132)	-	46,888
At revaluation	50,776	8,674	1,837	122	-	61,409
At cost	1,162	14,386	402	299	34,104	50,353
	51,938	23,060	2,239	421	34,104	111,762
Accumulated Depreciation						
At 1/1/13	2,198	16,293	1,458	434	-	20,383
Revaluation adjustments	(2,188)	(15,263)	(687)	(430)	-	(18,568)
Charge for the year	337	1,687	379	88	-	2,491
At 31/12/13	347	2,717	1,150	92	-	4,306
Carrying Amount						
At 31/12/13	51,591	20,343	1,089	329	34,104	107,456
At 31/12/12	10,031	16,950	861	291	16,687	44,820

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

2012

	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 1/1/12	12,229	32,689	2,198	969	9,152	57,237
Additions	-	554	121	-	7,535	8,210
Disposal-	-	-	(244)	-	(244)	
At 31/12/12	12,229	33,243	2,319	725	16,687	65,203
Comprising						
Cost of assets revalued	1,904	8,744	1,003	331	-	11,982
Surplus on revaluation -1999	453	1,060	57	33	-	1,603
Surplus on revaluation -2008	8,710	9,492	982	320	-	19,504
At revaluation	11,067	19,296	2,042	684	-	33,089
At cost	1,162	13,947	277	41	16,687	32,114
	12,229	33,243	2,319	725	16,687	65,203
Accumulated Depreciation						
At 1/1/12	1,841	13,663	1,324	555	-	17,383
Charge for the year	357	2,630	134	57	-	3,178
Released on disposal	-	-	-	(178)	-	(178)
At 31/12/12	2,198	16,293	1,458	434	-	20,383
Carrying Amount						
At 31/12/12	10,031	16,950	861	291	16,687	44,820
At 31/12/11	10,388	19,026	874	414	9,152	39,854

Leasehold Land and Buildings, Plant, Machinery, Equipment and Vehicles were revalued by Valuation and Investments Associates (Professional Valuers, Estate Agents and Property Consultants) on the basis of their open market values in October 2012.

These figures were incorporated in the financial statements on 1 January 2013.

Included in capital work in progress is an amount of GH¢58,550 (2012: GH¢ 384,235) and GH¢4,327,405 (2012: GH¢24,915) which relates to exchange loss and interest on borrowings respectively.

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

(a). Depreciation and amortisation has been charged in the financial statements as follows:

	2013 GH¢'000	2012 GH¢'000
Cost of sales	2,060	2,851
General, administrative and selling expenses	431	327
	-------	-------
	2,491	3,178
	====	====

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

	2013 GH¢'000	2012 GH¢'000
Cost	-	244
Accumulated depreciation	-	(178)
	-----	---
Net book value	-	66
Sale proceeds	-	64
	-----	----
Loss on disposal	-	(2)
	==	==

7. INTANGIBLE ASSETS

	2013 GH¢'000	2012 GH¢'000
Cost		
Balance at 1 January	-	57
Additions	-	-
	---	---
	-	57
	==	==
Amortisation		
Balance at 1 January	-	57
Amortisation for the year	-	-
	----	----
Balance at 31 December	-	57
	==	==
Carrying amount		
At 31 December	-	-
	==	==

8(a). 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 reporting date was GH¢144,000 (2012: GH¢144,000).

(b). SHORT TERM INVESTMENT

	2013 GH¢'000	2012 GH¢'000
Treasury Bills	-	5,000
	=	====

9. TAXATION

	2013 GH¢'000	2012 GH¢'000
(i) Income tax expense		
Current tax expense 9(ii)	67	96
Deferred tax expense (Note 10)	1,384	161
	-------	-----
	1,451	257
	====	===

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

(ii) Taxation payable

	Balance at 1/1/13 GH¢'000	Payments during the year GH¢'000	Charged to P/L account GH¢'000	Balance at 31/12/13 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	(11)	-	-	(11)
2012	59	-	(9)	50
2013	-	(34)	76	42
Capital Gains Tax	7	-	-	7
National Reconstruction Levy	(51)	-	-	(51)
	-----	----	----	-----
	(800)	(34)	67	(767)
	===	==	==	===

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.

9. TAXATION (CONT'D)

(iii) Reconciliation of effective tax rate

	2013 GH¢'000	2012 GH¢'000
Loss before taxation	(66)	(2,333)
	==	====
Income tax using the domestic tax rate (25%)	(17)	(583)
Non-deductible expenses	1,990	1,121
Income not taxable	(494)	-
Tax incentives	(19)	(281)
Changes to prior year estimates	(9)	-
	-----	-----
Current tax charge	1,451	257
	===	==

10. DEFERRED TAXATION

	2013 GH¢'000	2012 GH¢'000
Balance at 1 January	3,360	3,199
Charge to income statement	1,384	161
Other comprehensive income	7,033	-
	-------	------
Balance at 31 December	11,777	3,360
	=====	====

(i) Recognised deferred tax assets and liabilities.

Deferred tax liabilities are attributable to the following:

	Assets GH¢'000	Liabilities GH¢'000	2013 Net GH¢'000	Assets GH¢'000	Liabilities GH¢'000	2012 Net GH¢'000
Property, plant and equipment	-	3,437	3,437	-	2,356	2,356
Capital gains tax	-	8,407	8,407	-	1,374	1,374
Others	(67)	-	(67)	(370)	-	(370)
	-----	--------	--------	-----	-------	-------
Net tax liabilities	(67)	11,844	11,777	(370)	3,730	3,360
	===	====	=====	===	====	====

11. INVENTORIES

	2013 GH¢'000	2012 GH¢'000
Raw materials	1,182	1,197
Work-in-progress	2,690	1,143
Finished goods	3,860	3,551
Consumables	4,464	3,653
	-------	-------
	12,196	9,544
	====	====

12. TRADE AND OTHER RECEIVABLES

	2013 GH¢'000	2012 GH¢'000
Trade receivables due from customers	2,309	2,878
Other receivables	2,952	4,447
Staff debtors	31	40
Prepayments	50	49
	-------	-------
	5,342	7,414
	====	====

Included in other receivables are advance payments made to suppliers in relation to inventory.

13. CASH AND CASH EQUIVALENTS

	2013 GH¢'000	2012 GH¢'000
Cash at bank	2,897	5,862
Cash on hand	3	-
	-------	------
	2,900	5,862
	====	====

14. BANK OVERDRAFT

Ecobank Ghana Limited	6,155	5,213
Societe Generale Ghana Limited	684	1,463
	-------	-------
	6,839	6,676
	====	====

(i) The company has an overdraft facility not exceeding US$3.0 million with Ecobank Ghana Limited (EGH) to finance purchase of stocks, raw materials, spares and other operational bill and standby letters not exceeding GH¢4.0 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 ar e secured by legal mortgage over the company's office/factory premises situated at Tema and pari passu fixed and floating charges with Societe Generale Ghana over the company's assets including hypothecation over stocks. The facility expires on 31 July 2014. Interest rate is EGH Dollar Base Rate plus a spread of 2% per annum payable monthly in arrears for the overdraft and EGH Cedi Base Rate plus a spread of 2% per annum payable monthly in arrears.

14. BANK OVERDRAFT (CONT'D)

(ii) The company has an overdraft facility not exceeding GH¢1.5 million with Societe Generale Ghana Limited to finance working capital. The company's floating and fixed assets shared pari passu with Ecobank Ghana Limited have been pledged as security for the facility. The facility expires on 31 October 2014. Interest rate is Societe Generale Ghana Ltd base rate plus a margin of 6% per annum.

15. MEDIUM TERM LOANS

	SSNIT GH¢'000	Ecobank Ghana GH¢'000	Barclays Ghana GH¢'000	Societe Generale GH¢'000	Ecobank Ghana (USD) GH¢'000	2013 Total GH¢'000	2012 Total GH¢'000
Balance 1 January	17,296	2,375	946	10,221	628	31,466	16,383
Drawdown during the year	-	17,925	-	-	-	17,925	36,581
Transfer to other reserves	-	-	-	-	-	-	(980)
Interest Capitalised	7,924	-	-	-	-	7,924	-
	25,220	20,300	946	10,221	628	57,315	51,984
Repayments during the year	-	(17,800)	(1,000)	(6,835)	(643)	(26,278)	(22,978)
	25,220	2,500	(54)	3,386	(15)	31,037	29,006
Exchange loss	-	-	54	1,313	15	1,382	2,460
Balance at 31 December	25,220	2,500	-	4,699	-	32,419	31,466
Analysed as follows:							
Current portion	-	2,500	-	2,044	-	4,544	5,993
Medium term loan	25,220	-	-	2,655	-	27,875	25,473
	25,220	2,500	-	4,699	-	32,419	31,466

15. MEDIUM TERM LOANS (CONT'D)

i) This represents US$ 20 million disbursed out of a total loan facility of US$ 22million to refinance letters of credit for acquisition and installation of coil coating plant, to build new factory premises and to finance the importation of metals. These facilities are a five-to-six year term loan from Barclays Bank Ghana Limited and Societe Generale Ghana Limited with an interest rate of 7.85% and 7.20%. The Barclays loan was fully paid off in August 2013. The Societe Generale Ghana loan is payable by 31 December 2015. The facility is secured by registered debenture (fixed and floating) over the assets of the company.

ii) The company also obtained an Ecobank loan facility of GH¢4 million as Documentary Line of Credit (Revolving) to back issuance of standby letter of credit in favour of overseas suppliers of raw materials in 2013. Interest rate is at EGH base rate plus a spread of 2% per annum payable monthly in arrears. This is secured by the assignment of exports and pari passu fixed and floating charge over the company assets. The facility expires on 31 July 2014. There was also a loan of US$1 million with interest rate of EGH base rate plus a spread of 2% per annum payable monthly in arrears that expired on 30 April 2013. It was secured by fixed and floating assets of the company.

iii) The company obtained a facility of US$10 million (GH¢18,276,000) from SSNIT in 2012 to fund the acquisition of the second cold rolling mill under the terms of a six-year 14.25% convertible bond with two years moratorium. In line with IAS 32, the facility qualified for a compound financial instrument and as such, an amount of GH¢ 980,000 was recognised as reserves in the statement of changes in equity on initial recognition. An amount of GH¢17,296,000 was recognised as the carrying amount of the loan in the statement of financial position. The interest of GH¢ 7,924,374 payable as at 31 December 2013 has been capitalised.

16. SHORT-TERM LOAN

	2013 GH¢'000	2012 GH¢'000
Current portion of Medium Term Loan (Note 15)	4,544	5,993
	====	====

17. DIVIDEND PAYABLE

	2013 GH¢'000	2012 GH¢'000
Balance at 1 January and 31 December	699	699
	===	===

18. STATED CAPITAL

Ordinary shares

	No. of Shares 2013 '000	Proceeds 2013 GH¢	No. of Shares 2012 '000	Proceeds 2012 GH¢
Authorised				
Ordinary shares of no par value	300,000		300,000	
	=====		======	
Issued and fully paid				
For cash	202,058	27,413	57,421	20,494
Transfer from capital surplus	34,629	4,237	34,629	4,237
	---------	---------	---------	--------
	236,687	31,650	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 earnings per share is calculated by dividing the net loss attributable to equity holders of the company by the number of shares in issue, excluding treasury shares, during the year.

	2013 GH¢'000	2012 GH¢'000
Loss attributable to equity holders of the Company	(1,517)	(2,590)
	====	====
Number of ordinary shares in issue	137,741,863	92,051,863
	========	========
Basic earnings per share (expressed in GH¢ per share)	(0.0110)	(0.0281)
	====	====
Diluted		
Loss attributable to equity holders of the Company	(1,517)	(2,590)
	====	====
Weighted average number of ordinary shares in issue	246,202,354	122,251,463
	=========	========
Diluted earnings per share (expressed in GH¢ per share)	(0.0061)	(0.0212)
	=====	======

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares, to assume conversion of all the potential dilutive ordinary shares. At 31 December 2013 the company had 144,613,988 (2012: 45,690,000) potential dilutive ordinary shares as a result of the rights issue during the year. The weighted average number of ordinary shares in issue is calculated as follows;

19. EARNINGS PER SHARE (CONT'D)

Weighted average number of ordinary shares (diluted)

	2013	2012
Issued ordinary shares at 1 January	137,741,863	92,051,863
Effect of convertible loan in April 2012	-	30,459,600
Effect of rights issue in 2013	108,460,491	-
Ordinary shares at 31 December	246,202,354	122,511,463

The rights issue during the year was concluded in March 2013. The number of ordinary shares subscribed to was 144,613,988. The new shares issued ran for nine (9) months during the year.

20. TRADE AND OTHER PAYA BLES

	2013 GH¢'000	2012 GH¢'000
Trade payables	9,773	6,249
Non-trade payables and accrued expenses	707	693
Accrued charges	-	3,107
	10,480	10,049

21. REVENUE

	2013 GH¢'000	2012 GH¢'000
Local sales	44,972	40,670
Export sales	18,997	14,455
	63,969	55,125
Less: Value Added Tax	(5,867)	(5,284)
Rebate	(76)	(160)
Net sales value	58,026	49,681

22. OTHER INCOME

	2013 GH¢'000	2012 GH¢'000
Roofing fixings, argon gas and dross	30	68
Sundries	22	17
Provision for doubtful debt recovered	201	-
	253	85

23. LOSS BEFORE TAX IS STATED AFTER CHARGING:

	2013 GH¢'000	2012 GH¢'000
Personnel cost (note 24)	6,453	5,049
Auditors remuneration	48	40
Depreciation and amortisation	2,491	3,178
Directors emoluments	31	32
Net finance cost (note 25)	2,038	2,045
Exchange loss	3,186	3,635
	====	====

24. PERSONNEL COSTS

	2013 GH¢'000	2012 GH¢'000
Wages and salaries	5,899	4,642
Social security contributions	360	259
Provident fund	194	148
	-------	------
	6,453	5,049
	====	====

The average number of persons employed by the company during the year was 210. (2012: 217)

25. NET FINANCE EXPENSE

	2013 GH¢'000	2012 GH¢'000
Interest expense	(2,038)	(2,045)
	====	====

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 gains 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.

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.

26. FINANCIAL RISK MANAGEMENT (CONT'D)

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:

	2013 GH¢'000	2012 GH¢'000
Trade receivables	2,309	2,878
Other receivables	2,952	4,487
	-------	-------
	5,261	7,365
	====	====

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

	2013 GH¢'000	2012 GH¢'000
Foreign companies	668	1,939
Local Institutions	1,641	1,588
	-------	--------
	2,309	3,527
	====	=====

Impairment losses

The aging of trade receivables at the reporting date was:

	2013		2012	
	Gross GH¢	Impairment GH¢	Gross GH¢	Impairment GH¢
Current(less than 30 days)	1,043	-	2,173	-
Due but not impaired (30-150 days)	898	-	834	-
Impaired (more than 150 days)	611	-	520	-
	-------	-----	-------	-----
	2,552	-	3,527	-
	====	===	====	===

26. FINANCIAL RISK MANAGEMENT (CONT'D)

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

	2013 GH¢'000	2012 GH¢'000
Balance at 1 January	201	201
Impairment (gain)/loss recognised	-	-
	-----	----
Balance at 31 December	201	201
Recovered	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 2013

	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	10,480	10,480	-	-
Bank overdraft	6,839	6,839	-	-
Short term loan	4,544	-	4,544	-
Medium term loan	27,875	-	-	27,875
	---------	---------	--------	---------
Balance at 31 December 2013	49,738	17,319	4,544	27,875
	=====	=====	====	=====

31 December 2012

	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	10,049	10,049	-	-
Bank overdraft	6,676	6,676	-	-
Short term loan	5,993	-	5,993	
Medium term loan	25,473	-	-	25,473
	---------	---------	--------	---------
Balance at 31 December 2012	48,191	16,725	5,993	25,473
	=====	=====	====	=====

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 and the Rand.

Currency Risk

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

	31 December 2013			31 December 2012		
	EURO	RAND	USD	EURO	USD	POUND
Bank balances	-	-	1,533,973	-	3,107,646	-
Bank overdraft	-	-	(6,155,347)	-	(2,544,348)	-
Trade and other receivables	51,086	28,971	750,196	114,798	1,616,798	1,378
Trade and other payables	(286,395)	-	(232,412)	(70,535)	(196,920)	-
Loan Payable	-	-	(4,698,509)	-	(6,258,642)	-
Gross exposure	(235,309)	28,971	(8,802, 099)	44,263	(4,275,466)	1,378

The following significant exchange rates applied during the year:

	Average Rate		Reporting Date	
	2013	2012	2013	2012
Euro	2.7253	2.3896	3.0940	2.4848
USD	2.0472	1.8557	2.2200	1.8846
GBP	3.2340	2.9464	3.7280	3.0410
Rand	0.2121	-	0.2300	-

26. FINANCIAL RISK MANAGEMENT (CONT'D)

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

As of 31 December	2013			2012		
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%	(5,096)	5,096	±0.7%	769	(769)
US$	±3%	(586,220)	586,220	±3%	(241,726)	241,726
£	±3%	-	-	±3%	126	(126)
Rand	±3%	200	(200)	-	-	-

Interest rate risk profile

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

	Carrying amounts	
	2013	**2012**
	GH¢'000	**GH¢'000**
Variable rate instrument		
Financial liabilities	39,258	38,142
	=====	====
Fixed rate instrument		
Treasury Bills	-	5,000
	====	====

26. FINANCIAL RISK MANAGEMENT (CONT'D)

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 2013 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 December 2013		
Variable rate instrument	326	(326)
	===	===
31 December 2012		
Variable rate instrument	264	(264)
	===	===

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:

(i) Loans and receivables	31 December 2013 Carrying Amount GH¢'000	31 December 2013 Fair Value GH¢'000	31 December 2012 Carrying Amount GH¢'000	31 December 2012 Fair Value GH¢'000
Trade and other receivables	5,292	5,292	7,365	7,365
Cash and cash equivalents	2,900	2,900	5,862	5,862
Treasury Bills	-	-	5,000	5,000
	-------	-------	-------	-------
	8,192	8,192	18,227	18,227
	====	====	====	=====

(ii) Other financial liabilities	31 December 2013 Carrying Amount GH¢'000	31 December 2013 Fair Value GH¢'000	31 December 2012 Carrying Amount GH¢'000	31 December 2012 Fair Value GH¢'000
Trade and other payables	10,480	10,480	10,049	10,049
Bank overdraft	6,839	6,839	6,676	6,676
Short term loan	4,544	4,544	5,993	5,993
Medium term loan	27,875	27,875	25,473	25,473
	---------	--------	---------	--------
	49,738	49,738	48,191	48,191
	=====	=====	=====	=====

26. FINANCIAL RISK MANAGEMENT (CONT'D)

(iii). Fair Value Hierarchy

Fair value hierarchy- Financial instruments measured at fair value

IFRS 7 requires certain fair value disclosures for each class of financial instruments. It requires an entity to classify fair value measurement into fair value hierarchy with the following levels by reference to the observability and significance of the input used in making the measurement.

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, The Ghana Stock Exchange)

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. As at 2013, the company did not hold any level 3 financial assets and/or liabilities.

This hierarchy requires the use of observable market data when available. The company considers relevant observable market prices in its valuation where possible. Financial instruments measured at fair value at December 31, 2013 were classified as follows:

	Valuation based on Observable inputs			
	Level 1	**Level 2**	**Level 3**	**Total**
	GH¢	**GH¢**	**GH¢**	**GH¢**
2013				
Available-for-Sale Investments:				
Treasury Bills	-	-	-	-
	=	====	==	====
2012				
Available-for-Sale Investments:				
Treasury Bills	-	5,000	-	5000
	=	====	==	====

27. CAPITAL COMMITMENTS

Commitment for capital expenditure for second cold mill project not provided for at the reporting date amounted to GH¢1,881,620 (2012: GH¢ 9,550,625).

28. CONTINGENT LIABILITIES

There are a number of legal suits pending against the company. The company's solicitors are of the view that total claims outstanding should not be in excess of GH¢1,500,000 as at 31 December 2013.

29. EMPLOYEE BENEFITS

Defined Contribution Plans

(i) *Social Security*

Under a National Pension Scheme, the company contributes 13% of employees basic salary to both the 1st Tier Social Security and National Insurance Trust (SSNIT) scheme and the 2nd Tier Occupational Pension scheme for employees. 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.

(ii) Provident Fund

The company has a 3rd Tier Provident Fund Scheme for staff for which it 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.

ALUWORKS LIMITED
SHAREHOLDING INFORMATION

(i) Number of Shares in Issue

Earnings and dividend per share are based on 236,687,001 (2012: 92,051,863) ordinary shares in issue at the end of the year.

(ii) Number of Shareholders

The company had 3,107 ordinary shareholders at 31 December 2013 (2012:3,129) distributed as follows:

Holding	No. of Holders	Total Holding	% Holding
1 - 1,000	2,186	567,209	0.24
1,001 - 5,000	517	1,279,701	0.54
5,001 - 10,000	168	1,263,101	0.53
10,001 and over	236	233,576,990	98.69
	3,107	236,687,001	100.00

(iii) List of twenty largest shareholders as at 31 December 2013

	Name of Shareholder	No. of Shares	% of Issued Capital
1.	Social Security & National Insurance Trust	148,219,086	62.62
2.	Ghana Cocoa Board	44,696,683	18.88
3.	Mr. Wosornu Lade	10,844,308	4.58
4.	SCBN/SSB Eaton Vance Tax-Managed	5,176,100	2.19
5.	Strategic Initiatives Limited	4,170,540	1.76
6.	DAMSEL/Oteng-Gyasi Anthony	2,431,698	1.03
7.	Colin M. Waugh	1,069,668	0.45
8	Arthur, Elizabeth Mrs.	820,000	0.35
9.	Qualitec Industries Limited	750,688	0.32
10.	Dr. Yaw Adu-Gyamfi	621,543	0.26
11.	Moses Kwasi Afedo	601,400	0.25
12.	SCB/SSB Eaton Vance Structured	457,409	0.19
13.	Ghana Commercial Bank Limited	450,000	0.19
14.	Tema Oil Refinery Limited	450,000	0.19
15.	National Investment Bank Limited	442,080	0.19
16.	NTHC Limited	431,857	0.18
17.	Aryee Clifford Edward	427,830	0.18
18.	Ms. Alice Vivian Wosornu	403,612	0.17
19.	Dr. Emmanuel Bekoe Larbi	323,726	0.14
20.	Mr. Jehoram Tei Anim	315,580	0.13
		223,098,808	94.25

ALUWORKS LIMITED
SHAREHOLDING INFORMATION (CONT'D)

(iv) Directors' Shareholding

The Directors named below held the following number of shares in the company as at 31 December 2013:

Ordinary Shares

	2013	%
Ernest Kwasi Okoh	100,000	0.04
Kwadwo Kwarteng	108,607	0.05
Victor Kodjo Djangmah	193,000	0.08
	401,607	0.17

ALUWORKS LIMITED

PROXY FORM FOR USE AT THE 27TH ANNUAL GENERAL MEETING TO BE HELD AT THE FIESTA ROYALE HOTEL, DZOWURLU (NEXT TO THE NESTLÉ HEAD OFFICE BUILDING) ON TUESDAY JULY 22, 2014 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 **22nd day of July, 2014** 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, 2013.
2.	*in favour of against	the Resolution to appoint Dr. Stephen Kwabena Opuni as a Director of the company.
3.	*in favour of against	the Resolution to appoint Mr. Seth Adjei as a Director of the company.
4.	*in favour of against	the Resolution to appoint Mr. Anthony Ebow Spio as a Director of the company.
5.	*in favour of Against	the Resolution to re-elect Togbe Afede XIV as a Director of the company.
6.	*in favour of against	the Resolution to re-elect Mrs. Miriam Okwabi as a Director of the company.
7.	*in favour of against	the Resolution to maintain Non-Executive Directors fees at the 2007 level i.e. – not exceeding a total of GH¢ 45,000.00 per annum.
8.	*in favour of against	the Resolution to authorise the Directors to fix the remuneration of the Auditors for the ensuing year.

On any other business transacted at the meeting and unless otherwise instructed in paragraphs 1 to 8 under Ordinary 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**

____
Signature of Shareholder

Signed this ……………..day of …………..………………….. 2014.

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 Thursday July 17, 2014.

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

PRODUCT LINES

Coated Aluminium Roofing Sheets

Roofing Sheets (Standard Length & Long Span)

Coated Aluminium Coils

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