



# **CIRCULAR TO SHAREHOLDERS**

## **THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

This Offer Circular (the "Circular") has been sent to all shareholders of Aluworks ("Aluworks") on the register of members as at March 11, 2010.

If you have sold or otherwise transferred all your shares in Aluworks, please send this Circular as soon as possible to the purchaser or transferee, or to the stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

No person is authorised to give any information or to make any representation not contained in this Circular and any information or representation not contained in this Circular must not be relied upon as having been authorized by Aluworks, NTHC Limited or any of Aluworks's advisors. Neither the delivery of this Circular nor any sale hereunder shall under any circumstances create any impression that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of anytime subsequent to this date. Any material change, relevant to the Offer, in the affairs of the Company during the Offer period will be communicated to the Securities and Exchange Commission (SEC) and the investing public.

Application has been made to the Ghana Stock Exchange (the "GSE"), for the listing of all the additional shares to be issued under this Offer on the First Official List of the GSE. The GSE has given approval for the listing of the said shares. The GSE assumes no responsibility for the correctness of any of the statements made, opinions expressed and reports presented in this Circular.

This Circular has been reviewed and approved by the SEC in accordance with Section 9 of the Securities Industry Law (P.N.D.C. Law 333), as amended. In its review, the SEC examined the contents of the Circular to ensure that adequate disclosures have been made.

The distribution of this Circular and the offering of the shares in certain jurisdictions may be restricted by law. The Company requires persons into whose possession this Circular comes to inform themselves about, and observe, any such restriction. This Circular does not constitute an Offer and may not be used for the purpose of an Offer or solicitation by anyone in any jurisdiction or in any circumstances in which such an Offer or solicitation is not authorized or is unlawful.

Before deciding whether to apply for shares, you should consider whether shares are a suitable investment for you. Their values can go down as well as up. Past performance is not necessarily indicative of future performance. If you need advice, you should consult a suitable professional advisor.

***To ascertain the financial soundness or value of this Offer, Aluworks shareholders and the investing public are advised to consult a dealer, investment advisor or other professional for appropriate advice.***

This Document has been seen and approved by the Directors of Aluworks and we collectively and individually accept full responsibility for the accuracy of the information given and that after making all reasonable enquiries and to the best of our knowledge and belief there are no facts the omission of which would make any statement in the document referred to above misleading.

## **ALUWORKS LIMITED**

(Incorporated in Ghana as a limited Liability Company under the Companies Code, 1963 (Act 179) registered on 24<sup>th</sup> February 1978 with Registration No. C-12,455.

## **CIRCULAR TO SHAREHOLDERS**

### **REGARDING**

### **A RENOUNCEABLE RIGHTS ISSUE OF 75,000,000 ORDINARY SHARES OF NO PAR VALUE AT 40 Gp PER SHARE**

Sponsored by

### **NTHC SECURITIES LIMITED**

NTHC Securities Limited (NTHC) are acting as financial advisors, manager and sponsoring brokers to Aluworks for this renounceable rights issue. NTHC has relied on information provided by the Company and its advisors and accordingly, NTHC does not provide any assurance of the accuracy of the information contained in this Circular. NTHC does however confirm that to the best of its knowledge, this Circular constitutes a full and fair disclosure of all material facts about the Company and the Offer.

Davies & Davis have acted as legal advisors to Aluworks on this renounceable rights issue. Davies & Davis have relied on information provided by the Company. Accordingly, Davies & Davis do not provide any assurance of the accuracy of the information contained in this Circular. Davies & Davis do however confirm that to the best of its knowledge, this Circular constitutes a full and fair disclosure of all material facts about the Company and the Offer.

Dated: March 15, 2010

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## KEY MILESTONES AND TIMETABLE

Activity	Date	Time
Ex-Rights Date	09/03/2010	5:00 pm
Qualifying Date	11/03/2010	5:00 pm
Book Closure	12/03/2010	5:00 pm
Commencement of Offer	15/03/2010	9:00 am
Commencement of Trading in the Rights	15/03/2010	9:00 am
Closure of Trading in the Rights	09/04/2010	5:00 pm
End of Offer	16/04/2010	5:00 pm
Start of Allotment of Shares	23/04/2010	8.00 am
End of Allotment of Shares	27/04/2010	5:00 pm
Submission of Offer Results to SEC	30/04/2010	5:00 pm
Crediting of GSD Account	04/05/2010	5:00 pm
Commencement of Trading in Shares	12/05/2010	9:00 am

The dates provided in the activity timetable above are subject to change by NTHC Securities Limited in consultation with the Directors of Aluworks (subject to obtaining the necessary regulatory approvals). All times provided are in Greenwich Mean Time, the time zone of the Republic of Ghana. Any amendment will be published in a national daily newspaper not later than 72 hours after receipt of regulatory approval.

## CORPORATE INFORMATION

### Directors

William Ekroo Inkumsah - Chairman  
Ernest Kwasi Okoh - Managing Director  
Kwadwo Kwarteng  
Togbe Afede XIV  
Benjamin Akuete Gogo  
Napoleon Kpoh  
Anthony Fofie

### Registered Office

Plot No. 63/1  
Heavy Industrial Area  
P. O. Box 914  
Tema  
Tel: +233 22 208701/2  
Fax: +233 22 211857  
Email: [aluworks@aluworks.com](mailto:aluworks@aluworks.com)

### Auditors

KPMG  
Chartered Accountants  
13 Yiyiwa Drive  
P. O. Box 242, Accra  
Tel: +233 21 770454/770618  
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Email: [info@kpmg.com.gh](mailto:info@kpmg.com.gh)

### Company Secretary

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### Registrar

NTHC Limited  
Martco House, NO. D542/4  
Okai Mensah Link, Adabraka  
P. O. Box KIA 9563, Accra  
Tel: + 233 21 238492-3/235814-5  
Fax: + 233 21 229975  
Email: [hobeng@nthcghana.com](mailto:hobeng@nthcghana.com)



## ADVISORS TO THE ISSUE

### Financial Advisors, Managers & Sponsoring Brokers

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Martco House, Okai Mensah Link, Adabraka  
P. O. Box KIA 9563, Accra  
Tel: + 233 21 238492-3/235814-5  
Fax: + 233 21 229975  
Contacts: Francis Nyoagbe (Mr.)/  
Elizabeth Baddoo (Ms.)  
Email: [fnyoagbe@nthcghana.com](mailto:fnyoagbe@nthcghana.com) /  
[ebaddoo@nthcghana.com](mailto:ebaddoo@nthcghana.com)  
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### Legal Advisors

Davies & Davis  
D6334, Tudu Lane  
John Abotchi Memorial House  
Accra  
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Fax: + 233 21 671652  
Contact: Mr. Daniel Addae  
Email: [lawtowers@excite.com](mailto:lawtowers@excite.com),

[lawtowers@yahoo.com](mailto:lawtowers@yahoo.com)

### Reporting Accountants

Panell Kerr Forster  
Accountants and Business Advisors  
Valley View, Farrar Avenue  
P. O. Box 1219, Accra  
Tel: + 233 21 221226  
Fax: + 233 21 226628  
Contact: E. S. Tettefio (Mr)  
Email: [panel@4u.com.gh](mailto:panel@4u.com.gh)

### Registrars

NTHC Limited  
Martco House, Okai Mensah Link, Adabraka  
P. O. Box KIA 9563, Accra  
Tel: + 233 21 238492-3/235814-5  
Fax: + 233 21 229975  
Contact: Ms. Helen Obeng  
Email: [hobeng@nthcghana.com](mailto:hobeng@nthcghana.com)

## DEFINITIONS

The following definitions apply in this document, unless otherwise stated specifically.

<b>“Companies Code”</b> as amended	The Ghana Companies Code 1963 (Act 179)
<b>“Circular or Document”</b>	This Offering Circular dated March 15, 2010
<b>“Aluworks”</b>	Aluworks Limited
<b>“Aluworks Board” or “Aluworks Directors” or “Directors”</b>	The Directors of Aluworks Limited
<b>“Aluworks Shares”</b>	Aluworks Limited’s ordinary shares currently in issue
<b>“Ghana”</b>	The Republic of Ghana
<b>GSD</b>	Ghana Securities Depository
<b>“GSE” or the “Exchange”</b>	The Ghana Stock Exchange
<b>“New Shares”</b>	The 75,000,000 new ordinary shares of Aluworks to be issued pursuant to the Rights Issue
<b>“the Offer” or “the Rights Issue”</b>	The offer of 75,000,000 new ordinary shares of Aluworks at a price of 40Gp in this renounceable Offer to the existing shareholders in a ratio of nine (9) new ordinary shares for every five (5) ordinary shares held as at the qualifying date
<b>“Qualifying Date”</b>	The date, March 11, 2010, on which persons whose names appear on the register of Aluworks members qualify for this Offer
<b>“Qualifying Aluworks Shareholder”</b>	Aluworks shareholders on the register of shareholders as at the qualifying date, and who have no legal restrictions to partaking in this Offer
<b>“Qualifying Applicant”</b>	Any natural person who is 18 years or over, or a corporation, partnership or other unincorporated associations who are resident/incorporated in Ghana or some other state, or country provided that the offer to and acceptance by such an

applicant of this Offer is not in contravention of the laws of either that state or country.

**“Receiving Agent(s)”**

NTHC and/or any other company appointed by Aluworks who will be receiving applications and payments from qualifying applicants under this Offer. Full contact details of the receiving agents can be found on page 63 of this Document.

**“Renouncee”**

A person in favour of whom a qualifying shareholder has renounced his/her rights.

**“Renouncer”**

A qualifying Aluworks shareholder who has renounced some or all of his/her rights in favour of another person(s)

**“Rights”**

The legal and financial right of qualifying Aluworks shareholders to partake in this Offer, which right could be traded to other persons for value, in which case the right is traded on the GSE, or which right could be renounced in favour of another person(s)

**“SEC”**

Securities and Exchange Commission of Ghana

**“NTHC”**

NTHC Limited and NTHC Securities Limited, who are acting as financial advisors and sponsoring brokers to Aluworks, as well as managers of this Offer



# LEGAL ADVISOR'S COMPLIANCE CERTIFICATE

## DAVIES & DAVIS

-----Legal Practitioners & Notaries Public-----  
-----

H/No. D633/4 1<sup>st</sup> Floor John Abotchi Memorial House Tudu Lane Accra  
P. O. Box 11940 Accra-North Tel: + 233 21 680573/680574 Fax: + 233 21 671652  
Email: [lawtowers@excite.com](mailto:lawtowers@excite.com) ; [lawtowers@yahoo.com](mailto:lawtowers@yahoo.com)

The Director General  
Securities and Exchange Commission  
No. 30, 3<sup>rd</sup> Circular Road  
Cantoments  
Accra

The Managing Director  
Ghana Stock Exchange  
5<sup>th</sup> Floor, Cedi House  
Accra

Dear Sirs,

### **RIGHTS ISSUE OF ALUWORKS LIMITED**

#### **Introduction**

Davies & Davis have acted as legal advisors in connection with the Aluworks Company Limited ("Company") Rights Issue. In this respect, we have examined the originals or photocopies of the following relevant documents:

- a) Regulations of Aluworks (the "Regulations");
- b) Minutes of Board meetings recommending to shareholders for their approval of the Rights Issue dated November 11, 2008 and January 15, 2009 respectively;
- c) The Circular to be issued by Aluworks to its shareholders in connection with the Rights Issue (the "Circular");
- d) Minutes of Extraordinary General Meeting of shareholders approving the Right Issue dated 25th February 2009;
- e) Conditions of Service of Aluworks and other related documents;
- f) Certificates confirming tax and Social Security and National Insurance Trust compliance
- g) Copy of Rights Issue Offer Circular;
- h) Some agreements involving Aluworks.

We have also examined such other documents and conducted such searches as are necessary under the laws of Ghana to enable us give this opinion.

This opinion is limited to matters of the laws of the Republic of Ghana as in force and applied at the date of this opinion. We have not investigated the laws of any country other than those of Ghana and we express no opinion on the laws of any other jurisdiction. This opinion is given on the basis of the assumptions set out above in the Schedule.

## **Opinion**

We are of the opinion that:

### *Incorporation*

Aluworks Limited has been duly incorporated under the Companies Code, 1963 (Act 179). The company was first incorporated as a Private Company limited by shares on 24th February 1978. At incorporation all the shares were owned 100% by Aluminium Industries Commission. Aluworks became a Public Company limited by shares by a Special Resolution passed at an Annual General Meeting held on 28th May 1996.

### *Authorisation to do business*

Aluworks has complied with all regulatory requirements necessary or advisable for the conduct of its business. A certificate to commence business was issued on the 22nd March 1978.

### *Corporate authorisations*

Aluworks has obtained all corporate authorisations necessary or advisable in connection with the Rights Issue.

### *Approval and Consents*

Aluworks has obtained all regulatory and other approvals and consents necessary or advisable in connection with the Rights Issue.

### *Circular to shareholders*

The Circular substantially complies with the requirements of the Fifth Schedule of the Securities and Exchange Commission Regulations, 2003 (LI 1728) and the Seventh Schedule of the Companies Code, 1963 (Act 179).

### *The Regulations*

- a) The Regulations comply with all legal requirements on the contents of the Regulations of a public company.
- b) The Rights Issue does not contravene any provision of the Regulations.

### *Contractual Obligations*

To the best of our knowledge and upon due enquiry, there are no contractual agreements, obligations or undertakings preventing Aluworks from undertaking the Rights Issue.

### *Registrations and filings*

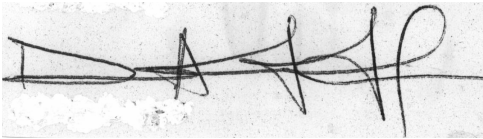
To the best of our knowledge all the statutory or regulatory registrations or filing requirements necessary or advisable in relation to Rights Issue have been registered and filed.

### **Schedule of Assumptions**

We have relied on information and documents obtained from Aluworks and this opinion has been given on the assumption and basis that:

- a) The responses to the questions by us were correctly and accurately given;
- b) All the documents supplied or shown to us are complete, authentic and up to date, and that all copy documents supplied or shown to us are complete and conform to the originals;
- c) The person (s) who executed the documents had authority to do so;
- d) The resolution authorising the Rights Issue was duly passed at a properly convened meeting by a quorum of Aluworks Limited shareholders.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'D. A. Davis', written over a horizontal line.

**DAVIES & DAVIS**

## SHARE CAPITAL AND CAPITALISATION

The Capital Structure as at January 31, 2010 is as follows:

Authorised Shares	Issued Shares	Stated Capital (GH¢)	Quoted Price Per Share (GH¢)	Market Capitalisation (GH¢)
300,000,000	41,677,911	5,002,000	0.44	18,338,280.84

The authorised and issued shares of Aluworks before and after the Rights Issue are presented in the table below. Please note that the table is based on the assumption that all shareholders will exercise their full rights under the Rights Issue:

	Before	After
Authorised Number of Ordinary Shares of no par value	300,000,000	300,000,000
Issued Number of Ordinary Shares of no par value	41,677,911	116,677,911
Stated Capital (GH¢)	5,002,000	35,002,000



## **PART 1 – THE RIGHTS ISSUE**

### **1 Legal Basis for the Rights Issue**

At an Extraordinary General Meeting (EGM) held on Wednesday 25<sup>th</sup> February, 2009, Aluworks shareholders passed a resolution which authorises the Directors to raise additional capital of GH¢30,000,000 through a Rights Issue in accordance with the Companies Code 1963 (Act 179) as amended, the GSE Rules and the Regulations of Aluworks.

### **2 Reasons for the Rights Issue**

The Board of Aluworks wants to create additional value for shareholders by enhancing the profitability of the company through making it the supplier of choice in the West African Region. Strategies have been developed to drive the company towards the following objectives:

- Increasing business generation through improving and strengthening capacity so as to be able to adequately meet demand for flat rolled aluminium products in the region, in a mix of products that are responsive to the changing needs of the industry
- Assuring the quality of products through improving and strengthening the quality credentials of the company's products with continued renewal of its ISO 9001: 2000 certificates
- Diversifying sourcing of raw metal input with VALCO as an alternative supplier that provides much needed cost differentiation when it is in operation.
- Attracting and retaining the right staff, with quality of delivery as their main credo.
- Restoring and enhancing profit through revenue growth, cost effectiveness and management control.

In order to achieve the outlined objectives, the company has completed and financed the installation of the Coil Coating Line and the employee restructuring exercise. It is expected that the company will need the Ghana Cedi equivalent of US\$10 million to finance the cost of the acquisition and installation of the second cold mill. In addition, the company requires the Ghana Cedi equivalent of US\$10 million in working capital to implement its strategy in the area of raw material.

The Directors of Aluworks believe that GH¢30,000,000 will adequately meet the needs of the company. Aluworks will apply proceeds from the offer as follows:

<b>Description</b>	<b>Amount (GH¢)</b>
Additional Working Capital	15,000,000
Finance Second Cold Mill	15,000,000
<b>Total</b>	<b>30,000,000</b>

### **3 Key Terms of the Offer**

#### **a) Number of Shares**

The Offer comprises a Renounceable Rights Issue of 75,000,000 new ordinary shares at 40Gp per share to qualifying shareholders in a ratio of nine (9) new shares for every five (5) existing ordinary shares held. The shares to be issued under this Offer will rank pari-passu with the ordinary shares of Aluworks already in issue and listed on the GSE.

#### **b) Fractional Shares**

The ratio in which the rights to ordinary shares are allocated to qualifying shareholders may result in fractional entitlements. Fractional entitlements of 0.5 shares and above will be rounded up to one new share, whilst those below 0.5 shares will not be allotted to qualifying shareholders but will be consolidated and allotted by the Directors in accordance with allotment strategy stated in this document.

#### **c) Pricing of the Shares**

The Rights shares are offered at a price of 40Gp.

#### **d) Minimum Proceeds from the Offer**

The minimum amount to be realized from the Offer in order to consider it successful has been set at GH¢6,000,000 or 20% of the amount on Offer, which will involve the sale of 15,000,000 shares. In case the minimum subscription is not achieved, all monies received will be repaid not later than April 23, 2010.

In the event that the Company is able to raise the minimum amount but unable to raise the entire GH¢30,000,000, the offer proceeds will be used to fully or partly finance the Second Cold Mill.

#### **e) Oversubscription**

Should Aluworks receive applications for shares whose value is in excess of GH¢30,000,000, Aluworks may issue up to a maximum of 12,500,000 additional ordinary shares valued at GH¢5,000,000 bringing the maximum amount to be raised under the offer to GH¢35,000,000 and the total number of shares to be issued under the offer to 87,500,000 ordinary shares. The additional amount raised in the event of an oversubscription will be applied towards increasing working capital of Aluworks.

Any amount received in respect of unsuccessful applications which are due to oversubscription will be refunded to applicants in line with the refund policy stated in this document.

### **4 Additional Offer Details**

#### **a) Dealings**

An application has been made to the GSE to list the additional 75,000,000 new ordinary shares to be issued under this Offer on the First Official List of the GSE, alongside the existing 41,677,911 ordinary shares listed. It is expected that dealings in the additional shares will commence alongside the existing shares on the GSE by May 12, 2010.

#### **b) Qualifying Date and Distribution of the Rights Issue Circular**

The shares on offer under this Rights Issue will be offered to the shareholders of Aluworks whose names appear in the Register of Members at the close of business on March 12, 2010.

The Registrars of the Company have sent a copy of this Circular containing the allotment details and Application Form through the post to shareholders on record on the qualifying date. Shareholders who do not receive copies of the Circular by March 31, 2010 may contact the offices of the Registrars or Sponsoring Brokers for a copy of the Circular.

#### **c) Trading in the Rights**

The rights to this Offer (rights) may only be traded on the GSE from March 15, 2010 to April 09, 2010. Shareholders who desire to sell all or some (partial renunciation) of their rights on the GSE should contact their brokers, or the Sponsoring Broker at the address below:

#### **NTHC Securities Limited**

Martco House, Okai Mensah Link, Adabraka  
P. O. Box KIA 9563, Accra, Ghana  
Tel: +233-21-238492-3/235814-5  
Fax: +233-21-240243

E-mail: [fnyoagbe@nthcghana.com](mailto:fnyoagbe@nthcghana.com) / [ebaddoo@nthcghana.com](mailto:ebaddoo@nthcghana.com)

Website: [www.nthcghana.com](http://www.nthcghana.com)

## **5 Application**

All applications for shares under this Offer must be in whole numbers and no purported application for fractions of a share will be accepted.

### Shareholders and Renouncees

Shareholders wishing to take-up some or all of their rights must complete the appropriate sections of the accompanying Application Form in order to exercise their rights. Shareholders are allowed to apply for shares in excess of their rights (extra shares). This can be done under Section A of the Application Form.

Shareholders are allowed to renounce in part or in full their rights in favour of a third party at their own option by completing Sections A and C of the Application Form. Renouncees should complete Section C of the Application Form and submit it together with Sections A and C (A) completed by the Renouncer to the receiving agents.

Should a shareholder desire to renounce his/her rights in favour of more than one person, he or she should list the names of the persons, stating the number of shares renounced in favour of each renouncee in Section C of the Application Form. Each renouncee must then complete a copy of Section C (B) of the Application Form and submit same, together with payment for the shares applied for, to their receiving agents.

### Non-shareholders

Non-shareholders may also apply for Aluworks shares under this Offer and may do so by completing Section D of the Application Form. The Directors of Aluworks will allot any shares not taken up by shareholders under this Offer to qualifying investors as they deem fit.

## **6 Escrow Account**

All application monies collected will be deposited into an Escrow Account Number 0028154402116501 at the Tema Main Branch of Ecobank Ghana Limited. A copy of the Escrow Account Agreement has been lodged with the SEC.

## **7 Allotment**

The allotment of shares to applicants will be:

- a) First to satisfy all duly completed applications from qualifying shareholders and their renounees as pertains to qualifying shareholder's rights in the Offer; then to
- b) Satisfy all duly completed applications from qualifying shareholders and renounees for extra shares and duly completed applications from non-shareholders for shares, pro-rating where necessary.

To the extent that applications for extra shares received are more than the available number of unsubscribed Rights under the Offer, the Directors of the Company, in consultation with the sponsoring brokers, may allocate fewer 'extra shares' than applied for.

## 8 Refund for Unsuccessful Application

If any application is not accepted or is accepted for a smaller number of shares than applied for, the balance of the amount paid on application will be returned to the receiving agent not later than April 30, 2010 for onward distribution to applicants. Aluworks will announce such refunds through a national daily newspaper with wide circulation within 72 hours of the making of such refunds.

If Aluworks does not refund extra application monies to the receiving agent by April 30, 2010 then Aluworks will pay to investors, interest on the unpaid amounts from May 01, 2010 at the prevailing Bank of Ghana prime rate for each day of default until the refund is made to the receiving agent.

## 9 Payment

For applicants resident in Ghana, payment may be made by cash, cheque, postal or money order which should be presented at the offices of the receiving agents where the Application Form is lodged. All cheques, postal or money orders should be crossed **ALUWORKS RIGHTS ISSUE** and endorsed **Commission to Drawer's Account**. This endorsement must be signed by the drawer. Bank commissions and transfer charges on application monies must be paid by the applicant. Applications in respect of which cheques are returned unpaid for any reason whatsoever or for which funds do not clear for the full amount payable on the application by April 16, 2010 may be treated as invalid.

Qualifying applicants not resident in Ghana must purchase shares under this Offer in foreign currency and for this purpose Aluworks allows payment for shares in United States Dollars (US\$), Great British Pounds (GB£) or Euros (€). The price of an Aluworks share under this Offer is US\$ 0.33 for payment in United States Dollars, GB£0.21 for payment in Great British Pounds and €0.23 for payment in Euros. Funds should be remitted for the benefit of Aluworks Rights Issue by bank transfer to the following account details:

US\$	GB£	€
Deutsche Bank Trust Company Americas	Ghana International Bank Plc	ING Bank N.V. P. O. Box 1800

P. O. Box 318 Church Street Station New York N.Y. 10015 USA	69 Cheapside London EC2P 2BB	1000 BV Amsterdam Netherlands
<b>Swift Code:</b> BKTRUS33	<b>Swift Code:</b> GHIBGB2L	<b>Swift Code:</b> INGBNL2A
<b>Beneficiary:</b> Ecobank Ghana Limited	<b>Beneficiary:</b> Ecobank Ghana Limited	<b>Beneficiary:</b> Ecobank Ghana Limited
<b>Account No.:</b> 04089065	<b>Account No.:</b> 0001362302	<b>Account No.:</b> 0050911384
For further credit to: Aluworks Rights Issue	For further credit to: Aluworks Rights Issue	For further credit to: Aluworks Rights Issue
<b>Account</b> 0028154402116501	<b>No.:</b> <b>Account</b> 0028154402116501	<b>No.:</b> <b>Account</b> 0028154402116501

Any application from a person not resident in Ghana, which is not received in a form which will realise cleared funds for the full amount payable on the application by 5 pm on April 16, 2010 may be treated as invalid. Bank commissions and transfer charges on application monies must be paid by the applicant. Applications, in respect of which cheques are returned unpaid, for any reason whatsoever will be rejected.

## 10 Lodgement of Duly Completed Application Forms

All qualifying applicants must lodge their duly completed Application Forms at the offices of NTHC Securities Limited by 5 pm on April 16, 2010.

Applicants who choose to mail their Application Forms to NTHC Securities Limited are advised to use registered mail services. However, all documents mailed to NTHC Securities Limited by applicants will be at the applicant's own risk, and Aluworks may treat applications not received by 5 pm on April 16, 2010 as invalid.

Applicants are to note that Application Forms must be lodged at the same receiving agent's office where payment is made for the shares applied for. NTHC Securities Limited will acknowledge receipt of the application forms and funds from the applicants.

## 11 Cost of the Offer

The total cost of the Offering is not anticipated to exceed 1.58% of the amount to be raised. Aluworks will pay all fees out of the proceeds of the Issue. Below are the summarized details of the cost of the offering:

Item	Amount (GH¢)	% of Amount to be Raised
<b>Professional and Advisory Fees</b> (Legal due diligence, accounting due diligence, financial advisory,	20,000.00	0.07

management advisory, etc.)

<b>Success Fees</b>	300,000.00	1.00
<b>Regulatory Fees</b> (GSE, SEC and Registrar General)	54,325	0.18
<b>Direct Publicity, Administration, Taxes and Logistics</b> (Media publicity, marketing, printing, logistics, VAT etc)	50,000	0.17
<b>Miscellaneous</b>	20,000	0.07
<b>Total Estimated Cost</b>	<b>444,325</b>	<b>1.48</b>

## 12 Summary Details of the Offer

Key details of the Offer are:

Number of Authorised Shares	300,000,000
Number of Issued Shares	41,677,911
Price per Share Under the Rights Issue (Gp)	<b>40</b>
Ordinary Shares on Offer Under Rights Issue	75,000,000
Outstanding Shares After Offer	116,677,911
Expected Proceeds from the Offer (GH¢)	30,000,000

## 13 Offer Time Table

Activity	Date	Time
Ex-Rights Date	09/03/2010	5:00 pm
Qualifying Date	11/03/2010	5:00 pm
Book Closure	12/03/2010	5:00 pm
Commencement of Offer	15/03/2010	9:00 am
Commencement of Trading in the Rights	15/03/2010	9:00 am
Closure of Trading in the Rights	01/04/2010	5:00 pm
End of Offer	16/04/2010	5:00 pm
Start of Allotment of Shares	23/04/2010	8.00 am
End of Allotment of Shares	27/04/2010	5:00 pm
Submission of Offer Results to SEC	30/04/2010	5:00 pm
Crediting of GSD Account	04/05/2010	5:00 pm
Commencement of Trading in Shares	12/05/2010	9:00 am

All dates provided in the activity timetable above are subject to change by NTHC Securities Limited in consultation with the Directors of Aluworks (subject to obtaining the necessary regulatory approvals). All times provided are in Greenwich Mean Time, the time zone of the Republic of Ghana. Any amendment will be published in

a national daily newspaper not later than 72 hours after receipt of regulatory approval.



## PART 2 – THE ALUMINIUM INDUSTRY IN GHANA

### 1 History and Background

Bauxite, the raw material of alumina was first discovered in Ghana in 1914 in the Atewa Range near Kibi in the Eastern Region by Sir Albert Kitson, a renowned Geologist. In 1928, the British Aluminium Company was granted a concession to mine bauxite at Awaso in the Western Region. However, it was not until the 1940s that further exploration and mining really began. At present, the ore is still being mined only at Awaso even though major bauxite deposits occur at Kibi, Nyinahin and Ejuanema. The Government has also recently signed two Memoranda of Understanding (MOU) with ALCOA of USA and ALCAN of Canada over the Kibi and Nyinahin bauxite deposits. The main objective of the MOU is the development of an integrated aluminium industry in the country.

### 2 Industry Structure

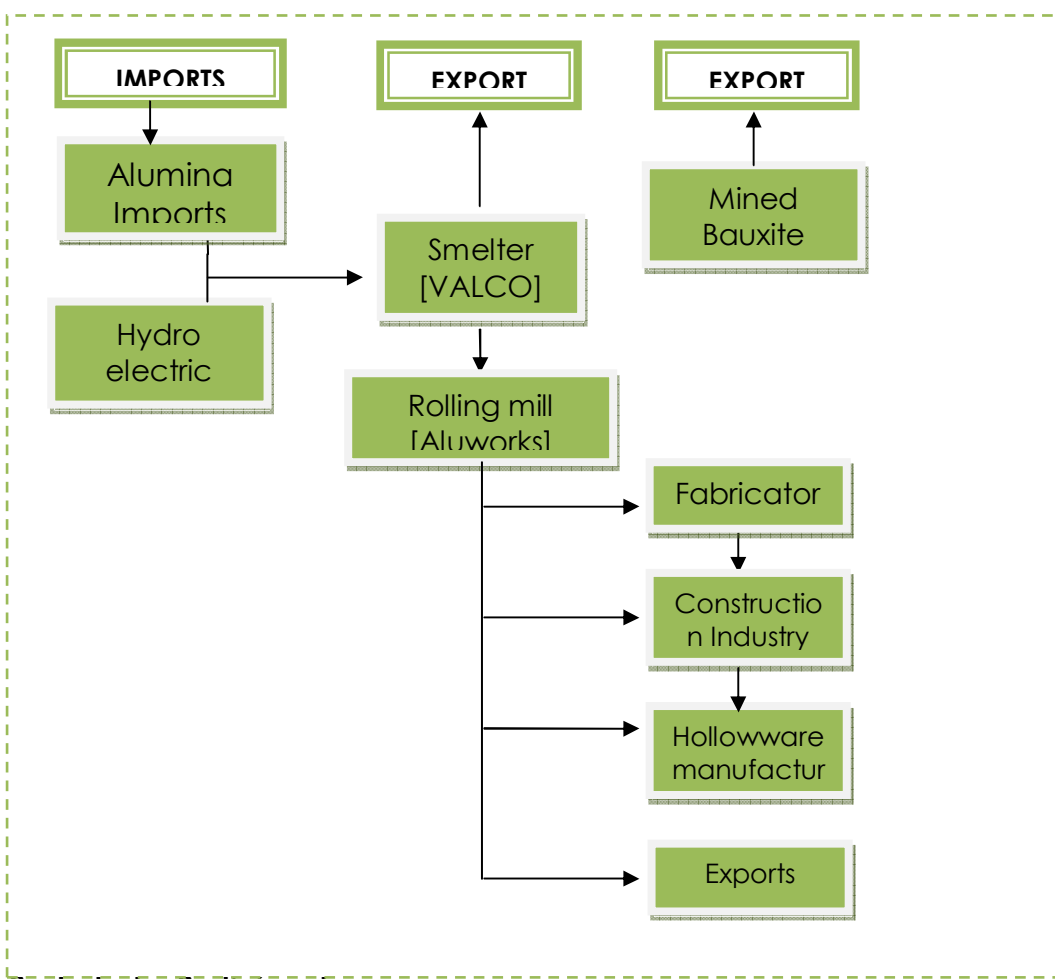
Aluminium has one of the most complex processing chains of all metals, with four major production steps leading from the raw material bauxite to raw aluminium sheets and profiles. The major steps in aluminium processing are:

- a) bauxite mining;
- b) refining of bauxite into alumina;
- c) smelting of alumina into raw aluminium ingots; and
- d) processing or casting of aluminium ingots into sheets, coils, and profiles.

The processed aluminium is the input for aluminium goods ranging from packaging material, automotive parts and construction elements to household goods.

Worldwide, ten (10) vertically integrated global companies dominate about 70 percent of the global production capacity. The key success factor in the aluminium industry is low cost production, which requires access to different sources of input material, mainly bauxite and electricity across the globe. The complexity of the production process and the importance of having access to the right resources are the main reasons for persistent vertical integration across the industry.

Ghana is home of almost all major production steps in aluminium processing, but not in an integrated form. While bauxite is exported to smelters in Scotland and Canada, alumina is imported from Jamaica and the US for the local smelter, Volta Aluminium Company Limited (VALCO). Aluworks is the only company that processes or casts aluminium ingots in Ghana and provides one of the vital links in the chain in aluminium processing in the country.

**DIAGRAM 1 – STRUCTURE OF GHANA ALUMINIUM INDUSTRY**

### 3 Industry Participants

**The Minerals Commission** - The Minerals Commission is a government agency established under Article 269 of the 1992 Constitution and the Minerals Commission Act. It is the main promotional and regulatory body for the minerals sector in Ghana and is responsible for the “regulation and management of the utilization of the mineral resources of the country and the coordination of the policies in relation to them”. The Commission is specifically required by law to carry out the following functions:

- Formulate recommendations of national policy for exploration and exploitation of mineral resources with special reference to establishing national priorities having due regard to the national economy and advise the Minister on matters relating to minerals;
- Monitor the implementation of laid down Government Policies on minerals and report on this to the Minister;

- Monitor the operations of all bodies or establishments with responsibility for minerals and report to the Minister;
- Receive and access public agreements relating to minerals and report to Parliament;
- Secure a firm basis of comprehensive data collection on national mineral resources and the technologies of exploration and exploitation for national decision making.

**Volta Aluminium Company Limited** - Volta Aluminium Company, known as - VALCO, is the only smelter in Ghana and was established by Kaiser Aluminium and Reynolds Metal Company both from the United States of America and holding 90% and 10% equity stake respectively. The construction of the smelter was started in 1964 and started smelting aluminium in 1967 with three pot lines in operation. Currently, the plant boasts of five pot lines which work all day throughout the year with a production capacity of two hundred thousand (200,000) tonnes primary aluminium per annum. The smelter sells 10% of its output locally and Aluworks is its major Ghanaian customer. In May 2003, VALCO closed completely due to problems in negotiating electricity supply. VALCO's operations were restarted in 2006 as a result of a joint venture between Alcoa and the Government of Ghana, but it has since shut down intermittently for various reasons mainly due to power related issues. In June 2008 Alcoa sold its 10% stake in Valco to the Government of Ghana.

Until its intermittent shut downs, Valco employed over 1,500 people, imported processed alumina from the international market to produce aluminium, 90% of which was exported. Aluworks remains its major customer in Ghana, but it also supplies ingots to Western Rod and Wire Limited, a subsidiary of Tropical Cable & Conductor Limited, for drawing into aluminium wire for the core of power transmission cables.

**Aluworks Limited** - Aluworks is an aluminium continuous casting and cold rolling mill located in Tema, the major seaport and industrial city in Ghana. Aluworks provides one of the vital links in the chain towards complete integration of the industry in Ghana. The company produces roofing sheets for the building and fabrication sector and the main input supplier to hollowware manufacturers.

**Construction & Fabrication Sector** - Building and general fabrication is one of the fastest growing areas for the aluminium industry. The largest volume of aluminium is used in the manufacture of extruded profiles for doors, door handles, window frames, curtain rails, corrugated roofing sheets, etc. The building industry is expected to achieve even more growth and as such an increasing need for aluminium products is expected.

**Hollowware Manufacturers** - The aluminium hollowware sector is highly competitive and includes a large number of competitors with Pioneer Kitchenware Limited, Domod Company Limited and Lion Aluminium Products amongst the main

competitors in this area of production. The growth of this market has been very consistent and strong. Most of the companies in this market purchase the bulk of their raw material, aluminium circles from Aluworks: although some are supplied through foreign sources.

#### **4 Competition**

The main competitors for Ghana's aluminum products are East Asian manufacturers. In general, the types of household goods manufactured in Ghana are not produced in developed countries. In the domestic market, closeness to the input material and low transportation costs result in a very cost-competitive position for the local industry. Exports to neighbouring countries however are in strong competition with goods from East Asia and other African countries.

#### **5 Problems/Constraints**

##### ***Lack of Alumina Plant***

There is no integrated aluminium industry in the country due to the lack of an alumina plant to process the bauxite ore. Nonetheless, alumina input of VALCO has to-date satisfied the majority of industry's requirements. However as these requirements increase, VALCO'S volume supplied to the local market must be increased in order to satisfy the increasing demand.

##### ***Energy/Power***

The aluminium industry thrives on cheap and abundant power supply. All the energy requirement of the industry is supplied by the Akosombo and Kpong hydro-electric dams through the Volta River Authority (VRA). However, in 1994/1995 and recently in 2006/2007 there were curtailments of power to VALCO and other processors because of the low level of the lakes that feed the dams. Production can be compromised due to the under-utilization of plants and equipment. The survival of the industry hinges on the guarantee of a continuous supply of energy.

##### ***Physical infrastructure***

For the bauxite mining, the poor condition of the country's railway system is the main factor for its inability to grow its capacity and to return a profit. The bauxite is transported over 240 km on a single-track railway, which is also used for manganese, timber, and cocoa loads. As transport costs make up a significant portion of the total Freight On Board (FOB) price, Ghana's bauxite is currently not competitive on World markets.

The poor state of Ghana's infrastructure, in particular its decrepit power plant, are a major problem for the country's primary aluminium processor.

##### ***Information infrastructure***

Although the aluminium industry as a whole is a very important industry for Ghana, there is no government or industry-sponsored research or training institutions providing specific support for the industry.

**Administrative infrastructure**

Overall, the administrative infrastructure of Ghana does not support the development of competitive advantage of Ghana's aluminium industry. The processed aluminium industry complains about administrative hurdles for exports to neighbouring ECOWAS countries, on which Ghana's government has only limited direct impact.

**6 Future Outlook**

Ghana has been attempting to build a vertically integrated aluminium industry in order to transform its agriculture-based, extractive economy to an industrial one. An integrated aluminium industry will serve as the catalyst for the transformation. A vertically integrated aluminium industry consists of mining, refining, smelting and fabrication with bauxite and relatively cheap electricity as the key elements. If the intension of building an integrated aluminium industry materialises, Ghana will become the hub for activity in the aluminium industry in the West Africa Sub-region.

It is also expected that the Aluminium Authority and Integrated Aluminium Industry Bill which is presently before parliament will have significant impact on the operations of the industry should it be passed into law. The bill seeks to establish an Aluminium Authority to deal with the regulatory aspect of alumina production in the country. This Authority would also have the power to undertake the evaluation of applications and make grants in respect of bauxite rights. It is expected that irrespective of the changes that occur before this law is passed, it would result in efficient aluminium industry in Ghana.

## PART 3 – ALUWORKS LIMITED

### 1 History and Background

Aluworks Limited is an aluminium continuous casting and cold rolling mill located in Tema, the major seaport and industrial city in Ghana. The company was incorporated in 1978 as a private limited liability company. At incorporation all the shares were owned 100% by Aluminium Industries Commission. By a shareholders' resolution on 28<sup>th</sup> May, 1996, the company was converted to a public limited company and listed on the Ghana Stock Exchange on 29<sup>th</sup> November, 1996.

The company began operations on 1<sup>st</sup> October, 1985 after having been commissioned on 21<sup>st</sup> September, 1985, at 70% of its installed capacity of 10,000 metric tonnes per annum. The company's capacity was increased to 30,000 metric tonnes per annum between 1992 and 2002 following increasing demand for the company's products.

### 2 Principal Activities

The company's principal activities consist of the production and sale of semi-finished aluminium flat-rolled sheet products. The company is quality rated ISO 9001:2008. The products under this broad categorization are; aluminium sheets-in-coil, slit coils (coloured, plain, mill-finished, stucco embossed, roller or tension-levelled), aluminium discs, flat sheets (coloured, plain, mill-finished, stucco embossed), and roll-formed or corrugated sheets, ridges and louver blades.

The corrugated sheets are sold to construction firms and individuals for roofing of buildings. The coils are sold to local and foreign corrugating firms and discs to hollowware producers. Locally the company has over 150 customers both medium and small scale.

The company currently exports about 45% of its products mostly to the ECOWAS countries.

### 3 Share Issue History

The table below summarises Aluwork's share issue history as at December 31, 2008:

Financial Year	Description	Shares issued	Cumulative Issued Shares	Stated Capital (GH¢)
1978 – 1995	Pre IPO Year	2,684,708	2,684,708	132,326.7
1996	Rights Issue	877,557	3,562,265	263,337.1
1996	Bonus Shares	6,844,496	10,406,761	947,449.9
1996	IPO Restricted Offer	2,452,020	12,858,781	1,278,472.6

1997	Rights Issue	467,824	13,326,605	1,355,698.7
1998	Own Share Sale	566,032	13,892,637	1,449,094.0
2002	Bonus Issue	27,785,274	41,677,911	5,002,407.0

#### 4 Shareholding Structure

The total number of issued shares of the Company sum up to 41,677,911 out of which the twenty largest shareholders hold 30,241,973 shares, representing 72.56%.

A list of the top twenty shareholders and their holdings as at 31<sup>st</sup> December, 2008 is shown below:

Shareholders	No. of Shares	Holdings (%)
1. Social Security and National Insurance Trust	10,376,298	24.90
2. Ghana Cocoa Board	4,696,683	11.27
3. Strategic Initiatives Limited	4,170,540	10.01
4. BBGN/SSB Eaton Vance Tax-Managed Emerging Market Fund	1,600,000	3.84
5. Galtere International Fund	1,576,742	3.78
6. BBGN/SSB LDN Investec Africa Fund	1,107,473	2.66
7. BBGN/SSB London Investec Asset Mgt	1,022,345	2.45
8. Qualitec Industries Limited	750,688	1.80
9. Arthur Elizabeth (Mrs.)	550,000	1.32
10. BBGN/SSB London Investec Africa Fund	500,174	1.20
11. Ghana Commercial Bank	450,000	1.08
12. Tema Oil Refinery (TOR)	450,000	1.08
13. BBGN/Epac Investments Limited	442,098	1.06
14. National Investment Bank	442,080	1.06
15. NTHC Limited	431,857	1.04
16. Aryee, Edward Clifford	430,915	1.03
17. BBGN/SSB Eaton Vance Structured Emerg. Mkt Fund	400,000	0.96
18. BBGN/SSB London Investec Premier Fund	317,774	0.76
19. Wosornu, Lade Prof.	270,806	0.65
20. SAS/Amenuvor Gideon Mr.	255,500	0.61
<b>Sub-Total</b>	<b>30,241,973</b>	<b>72.56</b>
Others	11,435,938	27.44
<b>Grand Total</b>	<b>41,677,911</b>	<b>100.00</b>

#### 5 Products

Aluworks offers the following products and services:

(1) Aluminium Disc



This is a circular blank fabricated from plate, sheet or foil from which a central concentric area has been removed. It is used for manufacturing aluminium household cooking utensils

*Technical Specifications:*

Gauge range from 0.5mm to 2.5 mm

Minimum Gauge: 0.8mm

Diameter range from 140 mm to 1000mm

*(2) Aluminium Cast Coils*



This forms a basic ingredient in manufacturing other aluminium products.

*Technical Specifications:*

Maximum Width: 1470.0mm

Minimum Width: 720.0mm

Maximum Gauge: 8.0mm

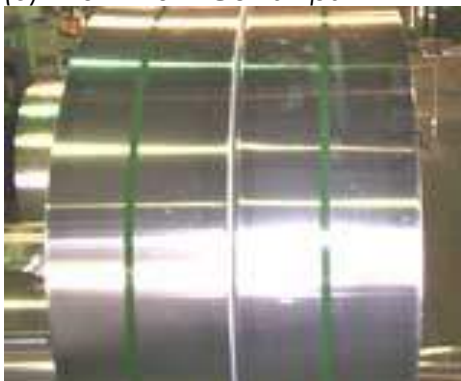
Minimum Gauge: 4.5mm

Maximum Diameter (Outside): 1520.0mm

Maximum Diameter (Inside): 508.0mm

Maximum Weight: 6.5 tons

*(3) Aluminium Coil Strips*



Non Tension Levelled: This is a product that is obtained by slitting full coils from the slitting line into various widths of maximum 500mm. It forms the basic ingredient in the manufacturing of other aluminium products.

*Technical Specifications:*

Maximum Width: 500.0mm

Minimum Width: 110.0mm

Maximum Gauge: 2.5mm

Minimum Gauge: 1.0mm

Maximum Diameter (Outside): 1500.0mm

Diameter (Inside): 508.0mm

Maximum Weight: 2.0 ton

Minimum Weight: 100Kgs

Finish: Mills finish/Stucco

Embossed to 0.99mm

*(4) Aluminium Flat Sheets*





Aluminium Flat Sheets are in two types: *Non Tension Levelled* and *Tension Levelled*.

*Non-Tension Levelled:* A rolled product rectangular in cross section and formed over 0.15mm through 6.30mm in thickness with sheared, slit or sawed edges.

*Tension Levelled:* A rolled product rectangular in cross section with good flatness due to working by amplifier rolls at the tension leveller and formed over 0.15mm through 6.30mm in thickness with sheared, slit or sawed edges.

They are both used for building, welding and other fabrications.

*Technical Specifications:*

Width range from 610mm. To 1400mm

Gauge range from 0.35mm. To 1.6mm

Length range from 610mm to 3050mm

Finish mill finish and stucco embossed up to 0.9mm

*(5) Aluminium Roofing Sheets*



This is a product of gauge 0.35mm through 0.9mm of width 803mm - 1300mm made from the corrugating machine. The depth of corrugation is between 17-20mm and the various types of corrugation are: Sinusoidal, Industrial Deep Trough (IDT) and the Tile profiles. It is used for the roofing of residential, commercial buildings and general construction purposes.

*Technical Specifications:*

Width range from 803mm. To 1300mm

Gauge range from 0.4mm. to 0.9mm

Length range from 1500mm to 2438mm

Depth of corrugation – 19mm to 20mm

Pitch of corrugation – 76mm

Type of corrugation – sinusoidal

Finish - mill and stucco embossed

(6) Aluminium Ridge Caps



This product serves as a covering over the ridge, sealing the joint between the two sides of a pitched roof. It is also used for residential, commercial buildings and general construction purposes.

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(7) Colour Coating Line



The colour coating line was commissioned in 2008 but finished in 2009. It is a very modern line which is used to provide coloured versions of all and any of the products described above. Coloured roofing sheets however remain the most popular in the local region, whereas coloured coils are preferred by European customers for the quality of the finish.

## 6 Directors

ALUWORKS Limited is run by a Board of Directors headed by the Chairman. The Board may consist of not less than (5) five and is currently run by a seven (7) member Board headed by the Chairman. The Board consists of six (6) Non Executive Directors and one (1) Executive Director. 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. The Non Executive Directors are independent of management and free from any constraints, which could materially interfere with the exercise of their independent judgments. They have experience and knowledge of the industry, markets, finance and other business information to make valuable contributions to the company's progress. The Managing Director is a separate individual from the chairman and he implements the management strategies and

policies adopted by the Board. The Managing Director is on contract but none of the Management personnel are on contract. The Board of Directors is made up of the following persons:

Name	Age	Occupation	Qualifications	Other Directorship	Nationality
William Ekroo Inkumsah	72 years	Business Executive	BSc. Business Management	Consolidated Mining Company Ltd, Western Rural Bank	Ghanaian
Ernest Kwasi Okoh	58 years	Chartered Accountant	MBA; BSc. Admin; and CA (Ghana)	Research International; EPPL; Merton Schools, Achimota Secondary School	Ghanaian
Kwadwo Kwarteng	68 years	Chartered Accountant	MBA; BSc. Admin; and CPA	GRATIS Foundation , Managing Partner of Kufour and Associates	Ghanaian
Benjamin Akuete Gogo	62 years	Economist	BSc. (Econ); and MA in Economics	La Community Bank, Databank Money Market Fund	Ghanaian
Anthony Fofie	59 years	Business Executive	MBA; MSc; and BSc.	Tema Chemicals Ltd, Cadbury Cocoa Partnership Programme, International Cocoa Verification Board, Impact Ghana Coordination Group-Mars Incorporated	Ghanaian
Togbe Afede	51 years	Business Executive	MBA; and BSc Admin	Strategic Initiatives, SAS Investment Management Ltd., Volta Forum Trust Ltd. and Asogli Power (Ghana) Limited	Ghanaian
Napoleon D. K. Kpoh	57 years	Business Executive	P.G. Cert; and P.G. Dip.	Union Network International (UNI) World Executive Board	Ghanaian

**Mr. William Ekroo Inkumsah [72 years, Ghanaian] – Chairman**

Joined the Board in July 1987 and was appointed Chairman in May 1996. He is a graduate in Business Management, City University, London. He joined Unilever in January 1967 and worked as Product Development Manager at G. B. Ollivant between 1969 and 1972. He was the Managing Director for Crocodile Matchets, Tema, between 1973 and 1990. He is currently the Managing Director of Thompson, Moir and Galloway Ltd., a timber firm in Dunkwa-on-Offin. Mr. Inkumsah served as a Director of Ghana Cocoa Board from September 1996 to August 2001, and he was also a member of the National Development Planning Commission from 1995 to 2000. He currently serves on the Boards of Consolidated Mining Company Ltd. and Western Rural Bank, Sekondi. He was the Vice President of the Association of Ghana Industries from 1991 to 1995. He is a Fellow of the Ghana Institute of Management. Mr. William Ekroo Inkumsah owns 22,882 shares in the company.

**Mr Ernest Kwasi Okoh [58 years, Ghanaian] – Managing Director**

He was appointed Managing Director of Aluworks Limited on 18th November 2008. He is a Chartered Accountant with an MBA from Strathclyde University, Glasgow, Scotland and a product of School of Administration, University of Ghana, Legon. He is a member of the Institute of Chartered Accountants, Ghana. He has had an

extensive managerial experience having served with Unilever for 32 years in various capacities and different countries including several top executive positions. Until his appointment he was the Managing Director of Dannex Limited. In addition to having managed several sports organisations in his spare time, Mr. Okoh has held Directorships in many companies both in Ghana and Abroad, and currently is Director of Research International, Expandable Polysterene Products and Trading Limited, of Merton Schools in Ghana, and Achimota Secondary School, Ghana. Mr E. Kwasi Okoh owns 3,000 shares in the company.

**Mr. Kwadwo Kwarteng [68 years, Ghanaian] – Non-Executive Member**

He joined the Board in November 1991. He is a Chartered Accountant and received his Accounting training from Touché Ross & Co. (now Deloitte and Touché), a firm of Certified Public Accountants based in New York, U.S.A, where he qualified as a member of the American Institute of Certified Public Accountants in 1976. He is also a member of the Institute of Chartered Accountants (Ghana). In 1974, Mr. Kwarteng obtained an MBA degree in Management (Business Strategy and Policy) from New York University's Stern's Graduate School of Business, after graduating from University of Ghana (Legon) with a B.Sc. Administration (Accounting) degree in 1966. Mr. Kwarteng is the Managing Partner of Kufuor and Associates, a firm of Chartered Accountants. Prior to this he was the Managing Director of Pioneer Aluminium Factory from 1991 to 1998 and supervised the listing of the company on the Ghana Stock Exchange. He had previously worked as the Financial Controller of the defunct Union Carbide (Ghana) Ltd. He is a Director of GRATIS Foundation, Tema. Mr. Kwadwo Kwarteng owns 48,581 shares in the company.

**Mr. Benjamin Akuete Gogo [62 years, Ghanaian] – Non-Executive Member**

He joined the Aluworks Board in July 1996. He was the Deputy Managing Director in charge of Finance and Information Systems at SSB Bank (now SG-SSB) from 2000 to 2003. He has more than 20 years experience in banking. Prior to that, he was a Senior Project Analyst at the Ghana Investment Promotion Centre. He holds a BSc. Degree in Economics from the University of Ghana, a Masters Degree in Economics from North Carolina State University and has competence in Financial Analysis, Restructuring and Strategic Planning. Mr. Gogo is currently a member of the Board of Directors of La Community Bank and Databank Money Market Fund Ltd. Mr. Benjamin Akuete Gogo owns 105,000 shares in the company.

**Mr. Anthony Fofie [59 years, Ghanaian] – Non-Executive Member**

Mr. Fofie joined the Board of Aluworks on 19<sup>th</sup> March 2009. He has been in the service of Ghana Cocoa Board since 1974 serving in various capacities including Deputy Chief Executive in charge of agronomy and quality control. His appointment as Chief Executive took effect from 1st January 2009. Mr. Fofie, who holds a Bachelor of Science (Hons) from the University of Science and Technology (1974), also has a Certificate in Planning and Appraisal of Rural Development Projects obtained from University of Bradford (UK) in 1979. In March 1981, he was awarded a Certificate in Business Management by the Mananga Agricultural Management Centre in Swaziland. In addition to the above Mr. Fofie has an Executive MBA from the Ghana Institute of Management and Public Administration (GIMPA) and an MSc from the University of Reading, United Kingdom (1992). He is a member of a number of local

and international boards/committees including the sustainable tree crops programme, Tema Chemicals Ltd, Cadbury Cocoa Partnership Programme, International Cocoa Verification Board, Impact Ghana Coordination Group-Mars Incorporated. Mr. Fofie represents the Ghana Cocoa Board on the Aluworks Board. Ghana Cocoa Board owns 4,696,683 shares in Aluworks.

#### **Togbe Afede XIV [51 years, Ghanaian] – Non-Executive Member**

He joined the Board in February 2002. He holds a Master of Business Administration (MBA) degree from Yale University in USA and BSc. Administration (Accounting) degree from the University of Ghana, Legon. He is currently the Chief Executive Officer of Strategic Initiatives Ltd. and SAS Investment Management Ltd. (SASIM), Accra. Between 1994 and July 2002 he was the Chief Executive Officer of Strategic African Securities Ltd. (SAS), Accra, prior to that he was a Lecturer at the University of Ghana, School of Administration and the Executive Director of DataBank Financial Services. Some of his major professional accomplishments are as follows: He

- Co-founded Databank (Ghana) Ltd. and Databank Financial Services Ltd.
- Founded Strategic African Securities Ltd, an investment banking firm.
- Founded Strategic Initiatives Ltd., a portfolio and private equity investment firm.
- Executed the take over of Pioneer Aluminium Factory Ltd.

Togbe Afede XIV is the Chief Executive Officer of Pioneer Kitchenware Ltd. He holds Directorship and Trusteeship in the following organizations: Bank of Ghana, The National Theatre of Ghana, SAS Investment Management Ltd., Strategic Initiatives Ltd. and Volta Forum Trust Ltd, and Sunon Asogli Power (Ghana) Limited.

Togbe Afede XIV represents Strategic Initiatives Limited on the Aluworks Board. Strategic Initiatives Limited owns 4,170,540 shares in Aluworks Limited.

#### **Mr. Napoleon D. K. Kpoh [57 years, Ghanaian] – Non-Executive Member**

He joined the Board in October 2002. He holds a Post Graduate Certificate in Labour Policy Studies from the University of Cape Coast and a Post Graduate Diploma in Public Administration, GIMPA (1989). Mr. Kpoh is currently a consultant having been a public administrator, Trade Unionist (former General Secretary of the Industrial Commercial Workers Union) and an Industrial Relations Manager. Mr. N Kpoh has served on the Boards of SSNIT, Ghana Cocoa Board, Wahome Steel Limited, Cocoa Products Company and Accra Brewery Ltd. He was a member of the PSI Advisory Board on Textiles and Garments. Mr. Kpoh is also a member of the following international bodies:

- Union Network International (UNI) World Executive Board.
- World Executive Committee International Metalworkers Federation (IMF)
- International Textile, Garment & Leather Workers Federation (ITGLWF).
- International Federation of Chemical, Energy, Mines and General Workers Unions.
- World Executive Committee UNI Professional & Managerial Staff.

Mr. N. Kpoh represents the Social Security and National Insurance Trust (SSNIT) on the Aluworks Board. SSNIT owns 10,376,298 shares in Aluworks Limited.

## 7 Senior Management

In addition to the Managing Director, other key members of the management team are:

**Mr. Francis Agboada [57 years, Ghana] is the Chief Finance Officer** of Aluworks Ltd. He was employed in 1985. Prior to his appointment as Chief Finance Officer, he was Acting Commercial Manager (1986 – 1987) and Chief Accountant (1985–1986). He also held positions as Deputy Financial Controller and Chief Internal Auditor for Cargo Handling Co. Ltd. from 1973 to 1985. Mr. Agboada completed his GCE “O” Level in 1968 at Kadjebi Secondary School and earned a final certificate (ACCA) in 1979 at Norwich City College of Higher and Further Education, Norwich (UK). He is a Fellow of the Chartered Association of Certified Accountants (FCCA) and a member of the Institute of Chartered Accountants, Ghana. Mr. Agboada has attended several courses and conferences both home and abroad in finance, taxation, marketing and general management.

**Mr. David-Ruthven Adzogble [51 years, Ghanaian] is the Chief Operating Officer** of ALUWORKS Ltd. since May 2006. He attended Bishop Herman College from 1972 to 1979 where he obtained his “O” and “A” levels. He attended the Kwame Nkrumah University of Science & Technology (KNUST) from 1979 to 1984 and obtained a Bachelor of Science (Metallurgical Engineering) Degree. From February 1990 to June 1991, he studied at Darmstadt in Germany and was awarded a PG Diploma in Production Management and Industrial Engineering. From September 2002 to December 2004, Mr. Adzogble attended the University of Ghana Business School where he was awarded the Executive MBA (Human Resource Management & Organisation) Degree. In 1984, Mr. Adzogble had his National Service and practical training in ALUWORKS and in 1986; he became the Sectional Head of the Sheet Forming Section of ALUWORKS. In 1989 he studied the Hunter Strip Casting Technology at Charleston, South Carolina in the USA. From July 1991 to December 1994 he was Head of the Production Department. Mr. Adzogble had further training in Germany in 1990 to 1991. Between 1995 and 1998 he was promoted as Production Manager. In 1998, Mr. Adzogble became the Works Manager and later re-designated as General Manager (Works) in October 2002. Between October 2002 and February 2005, he was appointed the General Manager (Administration) till March 2005 when he was made the Senior General Manager (Works). Mr. Adzogble is a Member of the Ghana Institution of Engineers, the American Management Association and the German Association of Workmanship and Industrial Engineering.

**Mr. Samuel Asiedu Asare [46 years, Ghanaian] is the General Manager (Sales & Marketing).** He attended University of Ghana, Legon from September 1984 to November 1987. He obtained a Bachelor of Arts (Hons) Degree (Political Science). From September 1990 to May 1991, he attended the University of Bergen, Bergen, Norway and obtained a Certificate in Norwegian Languages. Mr. Asare attended the Norwegian Graduate School of Marketing in Oslo, Norway from September 1991 to June 1994 where he obtained a Master of Marketing Science (International Marketing). From September 1995 to June 1996, he attended the Institute of Export, UK (Westminster College, London) and obtained an Advance Certificate in Overseas Trade. Mr. Asare studied at the University of Ghana Business School, Legon

from September 2000 to June 2002 and obtained the Master of Business Administration (Marketing Option). Mr. Asare was the Head of Business Operations at Mondex Ghana Ltd. from June 2005 to July 2008. He was the General Manager (Marketing & Public Affairs) of the Graphic Communications Group from November 2003 to October 2004. He was the General Manager, Corporate Services, (Marketing & Public Affairs) at Ghana Post Company Ltd from August 1997 to October 2003. He attended various courses and seminars both home and abroad during the course of his work with the above organisations. He was a member of the Board of Directors of Mondex Ghana Ltd., member of Graphic Communications Group Board Sub-Committee on Finance and sub-committee on Editorial Contents and a member of the Strategic Planning Committee of Ghana Post Company Ltd. He is a member of the Chartered Institute of Marketing, Ghana (CIMG).

**Mr. Emmanuel Martin Sarkodie [54 years, Ghanaian] is the General Manager (Projects)** and holds a BSc (Electrical and Electronic Engineering) and a Diploma in Electrical Engineering obtained from Kwame Nkrumah University of Science and Technology in 1981. He obtained his City & Guilds Institute of London Ordinary Diploma in 1978 from Kumasi Polytechnic. Prior to his appointment as General Manager (Projects) in May 2006, he was General Manager (Works) in October 2002. He was the Plant Engineer between November 1989 and October 2002. He was employed in February 1984 as Electrical Engineer having worked at VALCO in a similar capacity between 1981 and 1983. Mr. Sarkodie has attended several overseas and local courses and seminars in Maintenance, Projects, Strategic and General Management. He is a member of the Ghana Institution of Engineers and the American Management Association.

**Mr. Kingsley Gyapong-Manu [57 years, Ghanaian] is the Senior Production Manager**, who after completing Takoradi Polytechnic in 1974, worked with African Timber & Plywood Ltd. at Samreboi from 1974 to 1975 as a Technician; Gliksten West Africa Ltd., Sefwi Wiawso from 1975 to 1976 as a Technician. He was a Technical Instructor with the Ghana Education Service (ATCC), Accra from 1976 to 1977. He pursued further studies at the Automobile Road Construction Institute, MADI in Moscow from 1977 to 1978 where he studied and obtained the Russian Language Certificate. He continued at the St. Petersburg State Technical University, St. Petersburg from 1978 to 1984 for his MSc. Metallurgical Engineering certificate before joining Aluworks Ltd. in 1984 as a Production Supervisor.

## **8 Corporate Governance and Board Practices**

The Board of Directors meets four times in a year and extraordinary 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 Committee**

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

- To safeguard the company's assets
- To maintain adequate accounting records and
- To develop and maintain effective systems of internal control.

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

### Remuneration Committee

The Remuneration Committee is appointed by the Board. It comprises four (4) Non Executive Directors. The Chairman of the committee is the Board chairman, Mr William Inkumsah. Other members are: Togbe Afede XIV, Mr. B A Gogo, and Mr. Napoleon Kpoh.

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

## 9 Employees

The staff strength of Aluworks at the end of each of the past three years are presented in the table below:

Category	2005	2006	2007	2008
Management	26	27	29	22
Senior Staff	81	73	74	52
Junior Staff	278	268	257	188
<b>Total</b>	<b>385</b>	<b>368</b>	<b>360</b>	<b>262</b>

In 2007, a restructuring exercise was carried out that reduced staff strength from 450 to 260 at a cost of GH¢1,811,000. In the light of this it is considered that staff numbers are near optimal. However no new engagements will be carried out unless considered entirely necessary whereas reduction by natural wastage will not be replaced. Staff training will be continuous to ensure maintenance of the right job skills and knowledge.

The company believes that this situation has helped foster an atmosphere of serious engagement and is working to translate this new energy, mindset and attitudes into increased efficiency and better quality consciousness, particularly in customer service, across all areas of the company.



## 10 Investment and Subsidiaries

Aluworks has no subsidiaries and it is the second largest shareholder in Pioneer Kitchenware Limited with 2,400,000 ordinary shares representing a holding of 14.55%.

## 11 Branch Offices

Aluworks has no branch offices and has no plans of creating branches in the foreseeable future.

## 12 Material Contracts

Aluworks had the following material agreements as at the date of this document:

### i. **Purchase Contract Between Aluworks and Fata Hunter**

Under this Contract ,Aluworks has agreed to purchase a 4-hi Non reversible, single stand, 400 & 965 x 1590mm Cold Mill from Fata Hunter, Division of Fata S.p.A of Italy valued at EURO 8,300.000.00. The Contract Price shall be paid by way of an irrevocable, confirmed Letter of Credit issued by Aluworks Bankers in favour of the Seller and shall be in the stipulated manner.

### ii. **Sales Contract Between Rusal Marketing GMBH and Aluworks**

Under this Contract Rusal Marketing agreed to sell and Aluworks also agreed to buy 400 metric tons of A8 Grade of Russian specification of aluminium products.

## 13 Litigation

All litigation that Aluworks is involved in will have no adverse impact on the conduct of the company's business.

### • **Litigation by Aluworks**

Aluworks has not initiated any legal action against any party.

### • **Litigation against Aluworks**

#### 1. *Nana Ofori Adutwum Akwasi vs. Aluworks*

This Plaintiff, an ex-employee of Aluworks has instituted this legal action to claim the sum of GH¢ 2,598.47 being his provident fund contribution. The Company has filed a Notice of Conditional Appearance

#### 2. *Baa Acheampong Vandyke vs. Aluworks*

This is also a legal action commenced by an ex-employee of Aluworks to claim his entitlements under the company's Provident Fund Scheme. Aluworks has filed a Notice of Conditional Appearance

#### 3. *Ebenezer Mensah & 11 Others vs. Aluworks*

The Plaintiffs are ex-employees of Aluworks and have issued out a Writ against Aluworks for wrongful termination of their appointments. Trial has been completed and is awaiting the submission of addresses by the Lawyers

4. *Seth Ampadu vs. Aluworks*

This is also an action commenced by the Plaintiff, an ex-employee for a declaration that his purported dismissal was a breach to the laws of the land. Aluworks has filed Conditional Appearance

#### 14 Disclosure of Interests by Directors

As at 31<sup>st</sup> December, 2008, the interests of Directors of Aluworks and their immediate families in Aluworks shares were as follows:

Name	Shares Held by	
	Director	Family
Gogo, Benjamin Akuete	105,000	-
Kwarteng, Kwadwo	48,581	-
Inkumsah, William Ekroo	22,882	-
Okoh, Ernest Kwasi	3,000	-

#### 15 Other Disclosures

**US\$10 Million Commercial Loan from Ghana Cocoa Board** – Aluworks has raised a commercial interest bearing loan of US\$10 million from Ghana Cocoa Board guaranteed by a consortium of insurance companies which include CDH Insurance Company, Metropolitan Insurance Company, Industrial & General Insurance Company, Equity Assurance Company, Intercontinental Wapic Insurance Company Ltd and Prime Insurance Company Ltd. Ghana Cocoa Board will take up their rights during the Rights Issue as required. Aluworks will subsequently retire and repay the commercial loan to Ghana Cocoa Board.

**Relationships Among Directors** - There are no family relationships among the Directors.

**Bankruptcy Petitions** – No petition under any bankruptcy laws has been filed against any Director, or any partnerships of which such persons were partners, or of any company in which such persons are or were Directors

**Criminal Proceedings or Convictions for Fraud or Dishonesty** – No person who is a Director, or has been nominated to become a Director has been convicted in a criminal proceeding or is a named subject of any pending criminal proceeding relating to an offence involving fraud or dishonesty

**Prohibition against Financial Advisory or Capacity to Hold Office** – No person who is a Director, or has been nominated to become a Director has been subject of any judgment or ruling of any court of competent jurisdiction, tribunal or government body permanently or temporarily restraining him from acting as an investment advisor, dealer in securities, Director or employee of a corporate body or engaging in any type of business practice or activity or profession

**Materiality of Management Interest in the Company's Business and Affairs** – No member of management or any other person related to them have any material interest in the company either directly or indirectly

**Directors Powers to Borrow and Charge the Company's Assets** – The Directors may exercise all the powers of the company to borrow money and to mortgage or charge the property and undertaking or any part thereof, and to issue debentures. Such powers can be varied by amending the Company's Regulations.

## **16 Risk Factors**

All investments entail risks. In considering a purchase of Aluworks ordinary shares, investors should carefully consider the following potential risks of an investment in the Company, including any relevant information contained in this prospectus:

### **Raw Material Costs**

The price of aluminium is determined by forces of demand and supply on the world market. An increase in the price of aluminium on the world market can negatively affect the performance of Aluworks because of the consequent increase in product prices and the potential decrease in demand.

### **Foreign Exchange Risk**

The costs of raw materials of Aluworks are quoted in dollars. The Company is able to earn foreign exchange from its export sales including sales to other West African countries; however local sales are denominated in Ghana Cedis. The Company prices its sales by taking into account the dollar price of aluminium in order to mitigate the risk of foreign exchange losses.

### **Liquidity**

All the additional shares on issue will be listed on the GSE in order to make it easier for investors to buy and/or sell shares in Aluworks. However, it is possible that there could be inadequate liquidity in the Company's shares on the GSE at a particular point in time, meaning that investors may not be able to sell or buy shares in Aluworks whenever they want to and at their desired price.

### **Dilution**

Existing shareholders who do not fully participate in the Rights Issue may have their holdings diluted.

### **Political Risk**

Political upheavals and changes to government policies such as taxation laws, tariffs, expropriation of assets or restriction in repatriation of profits pose a risk to the smooth operation of the Company. Ghana has however practiced multi-party democracy as a means of governance since 1992. There is no indication that the peaceful democratic process prevailing in the country as well as the support by the international community of Ghana's political system will not continue.

**Competition**

Aluworks is aware that continuous price increases may induce the Company's customers to access alternative sources of supply if it is deemed cost effective. There is, however a limited number of aluminium rolling mills in Africa and in addition, Aluworks's proximity to majority of its customers (Ghanaian customers) provides real cost savings such as in transportation and time of delivery.

**17 Documents Available for Inspection**

Copies of the following documents in respect of the business and affairs of Aluworks and the Rights Issue may be inspected at Aluworks registered office during normal business hours of any working day during the Offer period:

- i. The Resolution passed by shareholders at the Extra-Ordinary General Meeting held on 25<sup>th</sup> February, 2009.
- ii. The audited financial reports of the company for the past five years
- iii. The Rights Issue Circular
- iv. The Escrow Account Agreement
- v. Financial Due Diligence Report
- vi. Legal Due Diligence Report

## **PART 4 – USE OF FUNDS AND BUSINESS OUTLOOK**

### **1 Introduction**

Demand for aluminium products in West Africa remains strong notwithstanding the downturn in the world's economy. Consistent economic and population growth are driving the very strong demand in the region. For instance, in Ghana 50% of all roofing are done using aluminium roofing sheets and this requires 36,500 tonnes of aluminium per annum. The situation is similar throughout West Africa. In addition, demand for cookware is increasing largely due to the youthful nature of the demography of the region which is leading to increasing number of new households. Currently, Aluworks Limited satisfies 60% of the cookware market while the rest is imported.

While Aluworks Limited along with a few competitors in Nigeria satisfies part of the requirements of West Africa, much of the demand is currently being met by imports from China and the Far East. However, the supply from China and the Far East into West Africa are expected to decline because the car building and metal utilisation industries across the world are expected to recover in the very near future through the injection of funds into the industries by various governments.

Aluworks Limited aims to position itself to be the supplier of choice for aluminium products in the West African region. The company's plain and coloured coil products are renowned for their high quality to the extent that there is demand in Europe for them. However, the capacity of the company is limited to 30,000 tonne output. The proposed Rights Issue is therefore a plan to boost the company's capacity to 50,000 tonnes by the end of 2009 through the addition of a second cold mill.

### **2 Broad Objectives**

In order to become the supplier of choice in the West African Region, strategies have been developed to drive the company towards:

- Increasing business generation through improving and strengthening capacity so as to be able to adequately meet demand for flat rolled aluminium products in the region, in a mix of products that are responsive to the changing needs of the industry
- Assuring the quality of products through improving and strengthening the quality credentials of the company's products with continued renewal of its ISO 9001: 2000 certificates
- Diversifying sourcing of raw metal input with VALCO as an alternative supplier that provides much needed cost differentiation when it is in operation.

- Attracting and retaining the right staff, with quality of delivery as their main credo
- Restoring and enhancing profit through revenue growth, cost effectiveness and management control.

### **3 Planned Areas of Funds Utilisation**

The amount to be raised will be invested in Plant and Equipment and working capital. Highlights of the strategy of Aluworks in relation to Plant and Equipment, Employees and Raw Material are presented below:

#### *Plant and Equipment*

The company has embarked on two major expansion projects since 2007, one being a value addition project and the other a capacity enhancement one. The first project was a US\$10 million Coil Coating Line to add value to our coils for both local and export market. The equipment was supplied by INCO of Spain and was funded with a loan facility from SG-SSB. The project is completed and commissioned.

The second project is a second cold mill which will supplement the existing one which is about 26 years old and prone to breakdowns. The second cold mill will eventually increase capacity availability to 50,000 metric tonnes, after the refurbishment of the current line. We intend the second cold mill to be in place by end of 2011. The current cold mill will be retired for refurbishment in 2012, which will last some six months of that year.

The second cold mill has been ordered from Fata Hunter of Italy and has been manufactured ready to be transported to Ghana and to be installed and commissioned. The total cost of the equipment is 8.3 million Euros.

Pre-installation costs of 2.49 million euros covering design and drawings have been funded by Barclays Bank of Ghana by way of a short term loan.

In the aluminium industry, much of the cookware production is carried out by small and medium scale enterprises. It is important that Aluworks supports these initiatives. Demand for flat sheets and discs for the production of cookware has been growing with attendant pressure on the company's facilities. In order to be able to meet this demand, it is intended that the current production capacity for discs (also known as circles) will also be increased during 2011, and enhanced further in line with demand as overall cold mill capacity increases over the coming years.

#### *Employees*

In 2007, a restructuring exercise was carried out that reduced staff strength from 450 to 260 at a cost of GH¢1,811,000. In the light of this it is considered that staff numbers are near optimal. However no new engagements will be carried out unless

considered entirely necessary whereas reduction by natural wastage will not be replaced. Staff training will be continuous to ensure maintenance of the right job skills and knowledge. The company believes that this situation has helped foster an atmosphere of serious engagement and is working to translate this new energy, mindset and attitudes into increased efficiency and better quality consciousness, particularly in customer service, across all areas of the company.

#### *Raw Material*

Until quite recently, Volta Aluminium Company (VALCO) was the sole supplier of Aluworks's raw material requirements. This situation has however changed due to frequent closure of VALCO due to constant interruption of power supply to it by the Volta River Authority (VRA). The company has developed the capacity to source raw material from other smelters and now has three other main suppliers in addition to VALCO, namely, UC Rusal Marketing GMBH, whose supplies come from either Alcon in Nigeria or St. Petersburg in Russia; BHP Billiton Marketing AG, whose supplies come from South Africa, and Bharat Aluminium Co. Ltd. of India.

VALCO continues to be Aluworks's preferred supplier due to its proximity to the company which allows the supply of molten metal and other economic considerations. However, the uncertainty involved in sourcing raw material from VALCO makes it necessary not to limit sourcing of raw material from only VALCO. The loss of beneficial credit arrangements and extremely low lead time, that existed under the VALCO arrangement, coupled with higher prices raise the need for working capital funding both for the metal ingots and to finance the long lead time and supply chain costs that arise.

## **4 Proposed Use of Funds**

The company has completed and financed the installation of the Coil Coating Line and the employee restructuring exercise. It is expected that the company will need the Ghana Cedi equivalent of US\$10 million to finance the cost of the acquisition and installation of the second cold mill. In addition, the company requires the Ghana Cedi equivalent of US\$10 million in working capital to implement its strategy in the area of raw material.

The Directors of Aluworks believe that GH¢30,000,000 will adequately meet the needs of the company. Aluworks will apply proceeds from the offer as follows:

<b>Description</b>	<b>Amount (GH¢)</b>
Additional Working Capital	15,000,000
Finance Second Cold Mill	15,000,000
<b>Total</b>	<b>30,000,000</b>

## **PART 5 – REPORT ON HISTORICAL FINANCIAL STATEMENTS**



## 1 Reporting Accountant's Report on Historical Financial Statements

31 July 2009

The Board of Directors  
ALUWORKS LIMITED  
P.O.Box 914  
Tema



Accountants &  
business advisers

Dear Sir,

**INDEPENDENT ACCOUNTANT'S REPORT ON  
THE FINANCIAL STATEMENTS OF  
ALUWORKS LIMITED FOR THE THREE YEAR PERIOD  
ENDED 31 DECEMBER 2006**

We have examined the three years audited financial statement of ALUWORKS limited for the three years period ended 31 December 2006.

KPMG have acted as the auditors for the company for the three years period under review. For each of the relevant years the auditors issued an unqualified audit report. The board of directors approved the audited accounts to 31 December 2006.

The audited financial statements have been prepared on the basis of the accounting policies set in the accounts. For all the accounting periods dealt with in this report, the financial statements have been, in all material respects prepared in accordance with Ghana Accounting Standards.

Our examination has been carried out in accordance with the Auditing Guidelines "Prospectuses and the Reporting Accountant".

In our opinion the financial information set out below gives a true and fair view of the profits and cashflows of the Company for the years stated and of the state of affairs of the Company at the end of those years in accordance with the Ghana Accounting Standards.

Yours faithfully,

A handwritten signature in blue ink that reads 'Pannell Kerr Forster'.

**PANNELL KERR FORSTER  
CHARTERED ACCOUNTANTS**

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31 July 2009

The Board of Directors  
ALUWORKS LIMITED  
P.O.Box 914  
Tema

Dear Sirs,

**INDEPENDENT ACCOUNTANT'S REPORT ON  
THE FINANCIAL STATEMENTS OF  
ALUWORKS LIMITED FOR THE TWO YEAR PERIOD  
ENDED 31 DECEMBER 2008**

We have examined the two years audited financial statement of ALUWORKS limited for the two years period ended 31 December 2008

KPMG have acted as the auditors for the company for the two years period under review. For each of the relevant years the auditors issued an unqualified audit report. The board of directors approved the audited accounts to 31 December 2008.

No audited financial statements have been prepared for submission to the shareholders for any period subsequent to 31 December 2008.

The audited financial statements have been prepared on the basis of the accounting policies set in the accounts. For all the accounting periods dealt with in this report, the financial statements have been, in all material respects prepared in accordance with International Financial Reporting Standards.

Our examination has been carried out in accordance with the Auditing Guidelines "Prospectuses and the Reporting Accountant".

In our opinion the financial information set out below gives a true and fair view of the profits and cashflows of the Company for the years stated and of the state of affairs of the Company at the end of those years in accordance with the International Financial Reporting Standards.

Yours faithfully,

A handwritten signature in blue ink that reads 'Pannell Kerr Forster'.

**PANNELL KERR FORSTER  
CHARTERED ACCOUNTANT**

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## 2 Historical Financial Statements

### 2.1 Historical Profit and Loss Account

#### PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED DECEMBER 31 (2004 -2006)

(All amounts are expressed in thousands of Ghana Cedis)

	Note	2006	2005	2004
<b>Gross Sales</b>		53,309	51,922	49,772
Value Added Tax		(4,063)	(4,150)	(3,976)
<b>Net Sales</b>		<b>49,246</b>	<b>47,772</b>	<b>45,796</b>
Cost Of Sales		(43,872)	(41,684)	(40,220)
<b>Gross Profit</b>		<b>5,374</b>	<b>6,088</b>	<b>5,576</b>
General, Administrative And Selling Expenses		(3,243)	(2,807)	(2,614)
<b>Trading (Loss)/Profit</b>		<b>2,131</b>	<b>3,281</b>	<b>2,962</b>
Sundry Income	2	211	279	244
<b>Profit/(Loss) Before Interest And Taxation</b>		<b>2,342</b>	<b>3,560</b>	<b>3,206</b>
Net Interest Expense	3	(473)	(728)	(678)
Exceptional Item		0	0	0
<b>Profit/(Loss) Before Taxation</b>		<b>1,869</b>	<b>2,832</b>	<b>2,528</b>
Taxation	4	(229)	(574)	(475)
<b>Profit/(Loss) After Taxation Transferred To Income Surplus Account</b>		<b>1,640</b>	<b>2,258</b>	<b>2,053</b>
<b>Income Surplus Account</b>				
Balance at 1st January 2004-2006		6,556	6,382	6,204
Profit for the year		1,640	2,258	2,053
		8,196	8,640	8,257
Proposed Dividend:		(2,292)	(2,084)	(1,875)
<b>Balance at 31st December 2004-2006</b>		<b>5,904</b>	<b>6,556</b>	<b>6,382</b>

**PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED DECEMBER 31 (2007 -2008)***(All amounts are expressed in thousands of Ghana Cedis)*

	Note	2008	2007
<b>Revenue</b>	1	57,127	52,018
Operating costs		(52,734)	(48,946)
<b>Gross profit</b>		<b>4,393</b>	<b>3,072</b>
Other income	2	82	61
General and administrative expenses		(5,784)	(4,205)
<b>Operating loss before financing cost</b>		<b>(1,309)</b>	<b>(1,072)</b>
Net finance expense	5	(2,333)	(1,380)
Exceptional item		-	(1,811)
<b>Loss before taxation</b>		<b>(3,642)</b>	<b>(4,263)</b>
Income Tax (expense)/Income	6	684	(187)
<b>Profit/(Loss) for the year</b>		<b>(2,958)</b>	<b>(4,450)</b>
Basic earnings per share		(0.0710)	(0.1068)
Diluted earnings per share		(0.0710)	(0.1068)

**Statement of Recognised Income and Expense for the Period Ended December 31**

Loss for the year	(2,958)	(4,450)
<b>Total recognised income and expense for the year</b>	<b>(2,958)</b>	<b>(4,450)</b>

## 2.2 Historical Balance Sheet

### BALANCE SHEET AS AT DECEMBER 31 (2004 -2006)

(All amounts are expressed in thousands of Ghana Cedis)

	Note	2006	2005	2004
<b>Fixed Assets</b>	6	8,005	6,339	6,952
<b>Investments</b>	5	<u>28</u>	<u>28</u>	<u>28</u>
		<b>8,033</b>	<b>6,367</b>	<b>6,980</b>
<b>Current Assets</b>				
Stocks	7	10,092	14,057	7,577
Taxation		408	744	732
Debtors	8	8,051	6,669	4,178
Cash and Bank				
Balances		<u>2,234</u>	<u>287</u>	<u>753</u>
		<b>20,785</b>	<b>21,757</b>	<b>13,240</b>
<b>Current Liabilities</b>				
Bank Overdraft and				
Loans	9	4,357	9,673	4,699
Creditors	10	8,901	4,346	1,320
Dividend Payable	11	<u>2,189</u>	<u>1,758</u>	<u>1,250</u>
		<b>15,447</b>	<b>15,777</b>	<b>7,269</b>
<b>Net Current Assets</b>		<b>5,338</b>	<b>5,980</b>	<b>5,971</b>
<b>Long Term Liabilities</b>				
Deferred Taxation		(547)	(702)	(752)
Loans		<u>(1,828)</u>	<u>0</u>	<u>(728)</u>
		<b>(2,375)</b>	<b>(702)</b>	<b>(1,480)</b>
<b>Net Assets</b>		<b>10,996</b>	<b>11,645</b>	<b>11,471</b>
<b>Financed By:</b>				
Stated Capital		5,002	5,002	5,002
Share Deals Account		90	87	87
Revaluation Surplus				
Income Surplus		<u>5,904</u>	<u>6,556</u>	<u>6,382</u>
		<b>10,996</b>	<b>11,645</b>	<b>11,471</b>

**BALANCE SHEET AS AT DECEMBER 31 (2007 -2008)***(All amounts are expressed in thousands of Ghana Cedis)*

	Note	2008	2007
<b>Assets</b>			
Property, plant and equipment	7	44,978	19,102
Intangible assets		38	-
Long term investments	8	28	28
<b>Total Non-Current Assets</b>		<b>45,044</b>	<b>19,130</b>
Inventories	9	14,785	16,425
Income tax asset		808	678
Trade and other receivables	10	9,073	8,491
Cash and cash equivalents	11	893	786
<b>Total Current Assets</b>		<b>25,559</b>	<b>26,380</b>
<b>Total Assets</b>		<b>70,603</b>	<b>45,510</b>
<b>Equity</b>			
Share capital	16	5,002	5,002
Share deals	16	90	90
Retained Earnings/(Deficit)	16	(1,552)	1,406
Revaluation Surplus	16	18,777	-
<b>Total Equity</b>		<b>22,317</b>	<b>6,498</b>
<b>Non-Current Liabilities</b>			
Medium-term loans	13	11,921	11,642
Deferred tax liabilities		1,032	735
<b>Total Non-Current Liabilities</b>		<b>12,953</b>	<b>12,377</b>
<b>Current Liabilities</b>			
Bank overdraft	12	10,708	9,050
Trade and other payables	17	15,551	3,802
Short-term loan	14	8,375	13,084
Dividend Payable	15	699	699
<b>Total Current Liabilities</b>		<b>35,333</b>	<b>26,635</b>
<b>Total Liabilities</b>		<b>48,286</b>	<b>39,012</b>
<b>Total Liabilities and Equity</b>		<b>70,603</b>	<b>45,510</b>

## 2.3 Historical Cash Flow Statement

### CASH FLOW STATEMENT FOR THE PERIOD ENDED DECEMBER 31 (2004 -2006)

(All amounts are expressed in thousands of Ghana Cedis)

	Note	2006	2005	2004
<b>Operating Activities</b>				
Profit before Taxation		1,869	2,832	2,528
Adjustments for:				
Depreciation		606	708	940
Amortisation of Intangible Assets				
Profit on Disposal			(29)	(33)
Plant and Equipment		(8)	0	
Interest Expense		479	730	685
Exchange Loss on Loan		0	0	326
Dividend Received		0	(6)	6
Interest Received		(6)	(2)	(7)
		<b>2,940</b>	<b>4,233</b>	<b>4,445</b>
Change in Stocks		3,966	(6,481)	5,807
Change in Debtors		(1,382)	(2,491)	397
Change in Creditors		4,555	3,027	(2,471)
Cash generated from Operations		10,079	(1,712)	8,178
Interest Paid		(479)	(730)	(685)
Income Taxes Paid		(48)	(636)	(1,051)
<b>Net cash generated from operating activities</b>		<b>9,552</b>	<b>(3,078)</b>	<b>6,442</b>
<b>Investing Activities</b>				
Interest Received		6	2	7
Dividend Received		0	6	6
Fixed Assets Purchased		(2,272)	(101)	(648)
Purchase of Intangible Asset				
Proceeds from Sales of Fixed Assets		8	35	34
<b>Net Cash generated from/(used in) investing activities</b>		<b>(2,258)</b>	<b>(58)</b>	<b>(601)</b>
<b>Cash flows Financing Activities</b>				
Loans Received		0	2,534	12,748
Dividend Paid		(1,861)	(1,577)	(1,667)
Loan Repaid		(4,765)	0	(17,838)
(Purchase)/Sale of Own Shares		2	0	0
		(6,624)	957	(6,757)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>670</b>	<b>(2,179)</b>	<b>(916)</b>
<b>Analysis of Changes in Cash and Cash Equivalent during the Year</b>				
Balance at 1st January		(2,793)	(614)	315
Net Cash Inflow/(Outflow)		670	(2,179)	(929)
<b>Balance at 31 December</b>		<b>(2,123)</b>	<b>(2,793)</b>	<b>(614)</b>

**Analysis of the Balances of Cash and Cash Equivalents as shown in the Balance Sheet**

Cash and Bank Balances	2,234	287	754
Bank Overdraft	(4,357)	(3,080)	(1,368)
	<b>(2,123)</b>	<b>(2,793)</b>	<b>(614)</b>

### CASH FLOW STATEMENT FOR THE PERIOD ENDED DECEMBER 31 (2007 -2008)

(All amounts are expressed in thousands of Ghana Cedis)

	Note	2007	2008
<b>Operating Activities</b>			
Profit before Taxation		(3,642)	(4,263)
Adjustments for:			
Depreciation		595	595
Amortisation of Intangible Assets		19	
Profit on Disposal		(19)	0
Plant and Equipment		0	0
Interest Expense		2,333	1,381
Exchange Loss on Loan		4,929	3,905
Dividend Received		0	0
Interest Received		0	(1)
		<b>4,215</b>	<b>1,617</b>
Change in Stocks		1,640	(6,569)
Change in Debtors		(582)	(440)
Change in Creditors		11,749	(5,099)
Cash generated from Operations		17,022	(10,491)
Interest Paid		(2,333)	(1,381)
Income Taxes Paid		(137)	(270)
<b>Net Cash flow from Operating Activities</b>		<b>14,552</b>	<b>(12,142)</b>
<b>Investing Activities</b>			
Interest Received		0	1
Dividend Received		0	0
Fixed Assets Purchased		(6,729)	(11,498)
Purchase of Intangible Asset		(57)	
Proceeds from Sales of Fixed Assets		42	1
		<b>(6,744)</b>	<b>(11,496)</b>
<b>Financing Activities</b>			
Loans Received		26,419	31,432
Dividend Paid		0	(1,490)
Loan Repaid		(35,778)	(12,445)
(Purchase)/Sale of Own Shares		0	0
		<b>(9,359)</b>	<b>17,497</b>
<b>Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>(1,551)</b>	<b>(6,141)</b>
<b>Analysis of Changes in Cash and Cash Equivalents during the Year</b>			



Balance at 1st January	(8,264)	(2,123)
Net Cash Inflow/(Outflow)	(1,551)	(6,141)
Balance at 31 December	<b>(9,815)</b>	<b>(8,264)</b>
<b>Analysis of the Balances of Cash and Cash Equivalents as shown in the Balance Sheet</b>		
Cash and Bank Balances	893	786
Bank Overdraft	(10,708)	(9,050)
	<b>(9,815)</b>	<b>(8,264)</b>

## 2.4 Notes to Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS (2004 -2006)

(All amounts are expressed in thousands of Ghana Cedis)

#### 1. TRADING/(LOSS)/PROFIT

	2006	2005	2004
Trading profit/(loss) is stated after charging:			
• Auditors' Remuneration	16	14	10
• Depreciation	606	708	940
• Directors' Remuneration	108	123	61
• Donations	4	4	2

#### 2. SUNDRY INCOME

	2006	2005	2004
Roofing Fixings and Dross	36	23	37
Sale of Scrap	2	8	6
Sundries	16	5	15
Profit on disposal of property, plant and equipment	8	29	32
Exchange Gain	149	208	148
Dividend Income		6	6
	<b>211</b>	<b>279</b>	<b>244</b>

#### 3. Net Interest Expense

	2006	2005	2004
Interest on Loans and Overdraft	479	730	685
Interest Earned on Current Accounts	(6)	(2)	(7)
	<b>473</b>	<b>728</b>	<b>678</b>

#### 4. Taxation

	2006	2005	2004
Current Tax	3,835	5,818	5,868
Deferred Tax	(1,541)	(500)	(1,748)
National Reconstruction Levy	-	425	632

<b>2,294</b>	<b>5,743</b>	<b>4,752</b>
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**5. Investments**

	<b>2006</b>	<b>2005</b>	<b>2004</b>
Cost of 2,400,000 ordinary shares in Pioneer Kitchenware Limited	28	28	28

**6. Property, Plant and Equipment**

	<b>Leasehold Land and Buildings</b>	<b>Plant and Machinery</b>	<b>Equipment</b>	<b>Motor Vehicles</b>	<b>Capital Work in Progress</b>	<b>Total</b>
<b>Gross Value</b>						
At 1st January 2006	2,363	9,318	997	525	186	13,388
Additions	-	166	26	75	2,005	2,272
Disposals				(33)		(33)
Transfers		2			(2)	-
At 31st December 2006	2,363	9,486	1,023	567	2,189	15,628
<b>Comprising</b>						
Cost of assets revalued	496	4,725	730	62	-	6,013
Surplus on revaluation	453	1,060	57	33	-	1,603
						-
At revaluation	948	5,785	787	95	-	7,615
At cost	1,414	3,701	236	472	2,189	8,012
	2,362	9,486	1,023	567	2,189	15,627
<b>Accumulated Depreciation</b>						
At 1st January 2006	572	5,203	827	447	-	7,049
Charge for the year	76	415	69	46	-	606
Released on disposal				(33)		(33)
<b>At 31st December 2007</b>	<b>648</b>	<b>5,618</b>	<b>896</b>	<b>460</b>	<b>-</b>	<b>7,622</b>
<b>Net Book Value</b>						
<b>At 31st December 2006</b>	<b>1,715</b>	<b>3,868</b>	<b>127</b>	<b>107</b>	<b>2,189</b>	<b>8,005</b>
At 31st December 2005	1,791	4,115	169	78	186	6,339
At 31st December 2004	1,867	4,536	242	121	186	6,952
<b>7. Stocks</b>						
	<b>2006</b>	<b>2005</b>	<b>2004</b>			
Raw Materials	627	8,609	2,087			
Work-in-Progress	5,790	1,902	975			
Finished Goods	1,892	1,490	634			

Consumables	1,783	2,057	1,916
Stock in Transit			1,965
	<b>10,092</b>	<b>14,058</b>	<b>7,577</b>

#### 8. Debtors

	2006	2005	2004
Trade Debtors	5,521	4,782	2,353
Margins on letters of credit	-	-	-
Advances to Suppliers	291	567	531
Sundry Debtors	2,171	1,216	1,165
Staff Debtors	62	82	85
Prepayments and Accrued Income	6	22	44
	<b>8,051</b>	<b>6,669</b>	<b>4,178</b>

#### 9. Bank Overdraft and Loans

	2006	2005	2004
Overdraft	4,357	3,080	1,368
Short Term Loan		2,024	2,603
Current Portion of Medium Term Loans	-	4,569	728
	<b>4,357</b>	<b>9,673</b>	<b>4,699</b>

#### 10. Creditors

	2006	2005	2004
Trade Creditors	7,712	3,024	1,063
Sundry Creditors	711	1,152	165
Accruals and Deferred Income	473	170	92
	<b>8,901</b>	<b>4,346</b>	<b>1,320</b>

#### 11. Dividend Payable

	2006	2005	2004
Balance as at 1st January	1,758	1,250	1,042
Proposed for the year	2,292	2,084	1,876
Payments during the year	(1,861)	(1,577)	(1,667)
Balance as at 31st December	<b>2,189</b>	<b>1,758</b>	<b>1,250</b>

**NOTES TO THE FINANCIAL STATEMENTS (2007 -2008)***(All amounts are expressed in thousands of Ghana Cedis)***1. Revenue**

	<b>2008</b>	<b>2007</b>
Local sales	38,933	35,454
Export sales	24,073	21,322
	<u>63,006</u>	<u>56,776</u>
Less: Value Added Tax	(5,840)	(4,639)
Rebate	(39)	(119)
Net sales value	<u>57,127</u>	<u>52,018</u>

**2. Other Income**

	<b>2008</b>	<b>2007</b>
Profit on disposal of property plant and equipment	19	-
Roofing fixings and dross	61	48
Sale of scrap	-	8
Sundries	2	5
	<u>82</u>	<u>61</u>

**3. Loss before tax is stated after charging:**

	<b>2008</b>	<b>2007</b>
Personnel cost (note 4)	3,953	4,961
Auditors remuneration	22	19
Depreciation	595	547
Directors emoluments	157	146
Donation	-	15
Net finance cost (note 5)	2,333	1,380

**4. Personnel Cost**

	<b>2008</b>	<b>2007</b>
Wages and salaries	3,550	4,458

Social security contributions	254	314
Provident fund	149	189
	<u>3,953</u>	<u>4,961</u>

The average number of persons employed by the company during the year was 253 (2007: 357)

## 5. Net Finance Expense

	2008	2007
Interest income	-	1
Interest expense	<u>(2,333)</u>	<u>(1,381)</u>
	<u>(2,333)</u>	<u>(1,380)</u>

## 6. Taxation

	2008	2007
Current tax expense	7	-
Deferred tax (relief)/expense	<u>(691)</u>	<u>187</u>
	<u>(684)</u>	<u>187</u>

## 7. Property, Plant and Equipment

	Leasehold Land and Buildings	Plant and Machinery	Equipment	Motor Vehicles	Capital Work in Progress	Total
<b>Gross Value</b>						
At 1/1/08	2,363	9,804	1,062	579	13,559	27,367
Additions		43	171	61	6,454	6,729
Revaluation surplus	8,710	9,492	985	578	-	19,765
Disposal	(6)	-	(2)	(55)		(63)
At 31/12/08	<u>11,067</u>	<u>19,339</u>	<u>2,216</u>	<u>1,163</u>	<u>20,013</u>	<u>53,798</u>
<b>Comprising</b>						
Cost of assets revalued	1,904	8,744	1,003	491	-	12,142
Surplus on revaluation -1999	453	1,060	57	33	-	1,603
Surplus on revaluation -2008	8,710	9,492	985	578		19,765
At revaluation	<u>11,067</u>	<u>19,296</u>	<u>2,045</u>	<u>1,102</u>	<u>-</u>	<u>33,510</u>
At cost		43	171	61	20,013	20,288
	<u>11,067</u>	<u>19,339</u>	<u>2,216</u>	<u>1,163</u>	<u>20,013</u>	<u>53,798</u>
<b>Accumulated Depreciation</b>						
At 1/1/08	724	6,081	952	508	-	8,265
Charge for the year	69	420	78	28		595
Released on disposal	(1)	-	-	(39)		(40)

At 31/12/08	792	6,501	1,030	497	-	8,820
<b>Net Book Value</b>						
At 31/12/08	<b>10,275</b>	<b>12,838</b>	<b>1,186</b>	<b>666</b>	<b>20,013</b>	<b>44,978</b>
At 31/12/07	<b>1,639</b>	<b>3,723</b>	<b>110</b>	<b>71</b>	<b>13,559</b>	<b>19,102</b>

## 8. Long term Investments

	2008	2007
	28	28

This relates to the cost of 2,400,000 ordinary shares in Pioneer Kitchenware Limited. The market value of this investment at the balance sheet date was GH¢168,000 (2007: GH¢192,000).

## 9. Inventories

	2008	2007
Raw materials	6,584	703
Work-in-progress	3,247	8,700
Finished goods	2,914	4,980
Consumables	2,040	2,042
	<u>14,785</u>	<u>16,425</u>

## 10. Trade and Other Receivables

	2008	2007
Trade receivables due from customers	4,011	6,991
Other receivables	5,005	1,432
Staff debtors	27	56
Prepayments	30	12
	<u>9,073</u>	<u>8,491</u>

## 11. Cash and Cash Equivalent

	2008	2007
Bank balances	834	635
Cash balances	59	151
	<u>893</u>	<u>786</u>

## 12. Bank Overdraft

	2008	2007
Ecobank Ghana Limited	9,570	6,516
SG-SSB Bank Limited	1,138	1,516
Barclays Bank of Ghana Limited	-	1,018
	<u>10,708</u>	<u>9,050</u>

**13. Medium Term Loans**

	<b>Ecobank Ghana Limited</b>	<b>Barclays Bank of Ghana Limited</b>	<b>SG-SSB Bank Limited</b>	<b>2008 Total</b>	<b>2007 Total</b>
Balance at 1 January 2008	2,729	13,895	8,102	24,726	1,828
Draw down during year	24,764	758	897	26,419	26,992
	27,493	14,653	8,999	51,145	28,820
Repayments during year	(23,618)	(11,043)	(1,117)	(35,778)	(12,445)
	3,875	3,610	7,882	15,367	16,375
Exchange loss	1,462	1,607	1,860	4,929	3,905
Balance at 31 December 2008	5,337	5,217	9,742	20,296	20,280
<i>Analysed as follows:</i>					
Current portion	5,337	1,738	1,300	8,375	-
Medium term portion	-	3,479	8,442	11,921	20,280
	5,337	5,217	9,742	20,296	20,280

**14. Short Term Loan**

	<b>2008</b>	<b>2007</b>
Current portion of Medium Term Loan (Note 13)	8,375	4,446
	8,375	4,446

**15. Dividend Payable**

	<b>2008</b>	<b>2007</b>
Balance at 1 January (Restated)	699	(103)
Dividend declared Nil (2007: Nil) per share	-	2,292
	699	2,189
Paid during the year	-	(1,490)
Balance at 31 December	699	699

**16. Capital and Reserves****(i) Reconciliation of movement in capital and reserves**

	<b>Stated Capital</b>	<b>Share Deals</b>	<b>Revaluation Surplus</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
<b>2008</b>					
Balance at 1 January 2008 (Restated)	5,002	90	-	1,406	6,498
Total recognised income and expense	-	-	19,765	(2,958)	16,807
Deferred tax	-	-	(988)		(988)
Balance at 31 December 2008	5,002	90	18,777	(1,552)	22,317
<b>2007</b>					
Balance at 1 January 2007 (Restated)	5,002	90	-	8,148	13,240
Total recognised income and expense	-	-	-	(4,450)	(4,450)

Dividend declared	-	-	(2,292)	(2,292)
Balance at 31 December 2007	5,002	90	-	1,406
				6,498

**(ii) Stated Capital**

	<b>2008</b>		<b>2007</b>	
	<b>No. of Shares '000</b>	<b>Proceeds</b>	<b>No. of Shares '000</b>	<b>Proceeds</b>
Authorised Ordinary Shares of no par value	50,000		50,000	
Issued and fully paid				
For cash	7,049	765	7,049	765
Transfer from capital surplus	34,629	4,237	34,629	4,237
	41,678	5,002	41,678	5,002

**17. Trade and Other Payables**

	<b>2008</b>	<b>2007</b>
Trade payables	14,723	1,096
Non-trade payables and accrued expenses	504	716
Accrued Charges	324	1,990
	15,551	3,802

**PART 6 – REPORT ON FORECAST FINANCIAL STATEMENTS**



## 1 Reporting Accountant's Report on Projected Financial Statements



Accountants &  
business advisers

31 July 2009

The Board of Directors  
ALUWORKS LIMITED  
P.O.Box 914  
Tema

Dear Sirs,

**INDEPENDENT ACCOUNTANT'S REPORT ON  
THE FORECAST AND PROJECTIONS OF  
ALUWORKS LIMITED FOR THE FIVE YEAR PERIOD  
ENDED 31 DECEMBER 2013**

We have examined the forecast and projections in accordance with the international standard on assurance engagements applicable to the examination of prospective financial information.

Management is responsible for the forecast and projections including the assumptions set out in the notes on which it is based.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the forecast and projections.

Further in our opinion the forecast and projections are properly prepared on the basis of the assumptions and is presented in accordance with the International financial reporting standards.

Actual results are likely to be different from the forecast and projections since anticipated events frequently do not occur as expected and the variation may be material.

Yours faithfully,

A handwritten signature in blue ink that reads 'Pannell Kerr Forster'.

**PANNELL KERR FORSTER  
CHARTERED ACCOUNTANTS**

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## 2 Assumptions Underlying Projections

	2009	2010	2011	2012	2013
<b>Economics</b>					
Aluminum average base price (\$)	2,000	2,100	2,200	2,200	2,250
Average purchase price per metric tonnes(\$)	2,135	2,250	2,350	2,350	2,400
Inflation (%)	20	22	18	18	17
Interest on borrowing (%)	21	22	20	20	18
Exchange rate (\$1 =GH¢)	1.54	1.92	2.40	3.00	3.75
<b>Performance</b>					
Gross Margin/Turnover	20	17	20	20	19
Net Margin/Turnover	13	13	16	16	15
Return on Equity	0.27	0.25	0.27	0.25	0.29
Net Asset per Share	0.916	1.220	1.680	2.240	3.137
Earnings Per Share (EPS)	0.25	0.30	0.46	0.56	0.90
Current Ratio	2.7	2.9	9.9	21.0	23.6
Export Sales %	40	45	48	48	48

### 3 Projected Financial Statements

#### 3.1 Projected Profit and Loss Account

##### PROJECTED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED DECEMBER 31 (2009 -2013)

(All amounts are expressed in thousands of Ghana Cedis)

	2009	2010	2011	2012	2013
Production/Sales (mt.)	18,550	30,000	30,000	31,200	43,200
Turnover	71,285	121,469	143,400	171,916	274,450
Cost of Sales	(59,193)	(100,734)	(114,720)	(137,533)	(222,489)
<b>Gross Profit</b>	<b>12,092</b>	<b>20,735</b>	<b>28,680</b>	<b>34,383</b>	<b>51,961</b>
Selling, General & Admin. Exp.	(4,213)	(5,992)	(7,011)	(8,203)	(10,910)
<b>Trading Profit</b>	<b>7,879</b>	<b>14,743</b>	<b>21,669</b>	<b>26,180</b>	<b>41,051</b>
Sundry Income	182	600	800	950	1,000
<b>Profit before Interest</b>	<b>8,061</b>	<b>15,343</b>	<b>22,469</b>	<b>27,130</b>	<b>42,051</b>
Interest Charges	(1,498)	(1,291)	(711)	(265)	(164)
Exchange Loss	(6,513)	(2,487)	0	0	0
<b>Profit before Tax</b>	<b>50</b>	<b>11,565</b>	<b>21,758</b>	<b>26,865</b>	<b>41,887</b>
Corporate Tax	0	(2,376)	(3,679)	(4,543)	(7,073)
<b>Profit after Tax</b>	<b>50</b>	<b>9,189</b>	<b>18,079</b>	<b>22,322</b>	<b>34,814</b>

### 3.2 Projected Balance Sheet

#### PROJECTED BALANCE SHEET AS AT DECEMBER 31 (2009 -2013)

(All amounts are expressed in thousands of Ghana Cedis)

	2009	2010	2011	2012	2013
<b>Fixed Assets</b>					
Land and Building	10,964	10,416	10,013	10,004	9,804
Plant and Machinery	28,058	46,722	46,021	45,197	44,541
Equipment	1,102	2,209	1,988	1,922	1,643
Motor Vehicle	671	604	544	489	441
Capital Work-In-Progress	19,326	0	0	0	0
Intangible Assets	19	0	0	0	0
Long Term Investment	28	28	28	28	28
	60,168	59,980	58,594	57,640	56,457
<b>Current Assets</b>					
Stocks	7,354	3,851	4,785	5,060	4,334
Trade Debtors	7,674	1,914	14,946	3,458	8,510
Cash in Hand & Bank	1,312	11,322	6,409	27,216	53,953
Taxation	902	1,661	2,828	704	600
	17,242	18,748	28,968	36,438	67,397
<b>Total Assets</b>	<b>77,410</b>	<b>78,728</b>	<b>87,562</b>	<b>94,078</b>	<b>123,854</b>
<b>Current Liabilities</b>					
Bank Overdraft & Loans	7,241	0	0	0	0
Trade Creditors	6,374	2,061	1,371	326	4,520
Sundry Creditors	3,137	5,503	6,856	5,424	7,644
	16,752	7,564	8,227	5,750	11,164
<b>Long-Term Liabilities</b>					
Bank Loan	7,252	11,240	6,456	412	0
Deferred Tax	735	820	1,120	532	448
	7,987	12,060	7,576	944	448
<b>Shareholders Funds</b>					
Stated Capital	35,002	35,002	35,002	35,002	35,002
Share Deals Account	90	90	90	90	90
Income Surplus	(2,186)	4,247	16,902	32,527	56,897
Capital Surplus	19,765	19,765	19,765	19,765	19,765
	52,671	59,104	71,759	87,384	111,754
<b>Total Liabilities and Shareholders Funds</b>	<b>77,410</b>	<b>78,728</b>	<b>87,562</b>	<b>94,078</b>	<b>123,854</b>

### 3.3 Projected Cash Flow Statement

#### PROJECTED CASH FLOW STATEMENT AS AT DECEMBER 31 (2009 -2013)

(All amounts are expressed in thousands of Ghana Cedis)

	2009	2010	2011	2012	2013
<b>Cash flow from operating activities</b>					
<b>Profit before tax</b>	<b>50</b>	<b>11,565</b>	<b>21,758</b>	<b>26,865</b>	<b>41,887</b>
<b>Adjustments for:</b>					
Depreciation charges	924	1,171	1,190	1,182	1,182
Profits on sale of fixed assets	0	(25)	(25)	0	0
Interest expense	1,498	1,291	711	265	164
Amortisation of Intangible Assets	19	19	0		
Dividend received	10	12	14	25	30
Interest received	15	25	35	0	0
Exchange loss	6,513	2,487	0	0	0
<b>Operating Profit before Working Capital Changes</b>	<b>9,029</b>	<b>16,545</b>	<b>23,683</b>	<b>28,337</b>	<b>43,263</b>
Decrease/(Increase in stock)	7,431	3,503	(934)	(275)	726
Decrease/(Increase in debtors)	1,399	5,760	(13,032)	4,343	(5,052)
Increase/(Decrease) in creditors	(9,177)	(4,313)	(13,302)	(845)	8,396
<b>Cash Generated From Operations</b>	<b>8,682</b>	<b>21,495</b>	<b>(3,585)</b>	<b>31,560</b>	<b>47,333</b>
Interest Payment	(1,498)	(1,291)	(711)	(265)	(164)
Income Tax Payment	0	(2,376)	(3,679)	(4,543)	(7,073)
<b>Net Cashflow from Operating Activities</b>	<b>(7,184)</b>	<b>17,828</b>	<b>(7,975)</b>	<b>26,752</b>	<b>40,096</b>
<b>Cash flow from investing activities</b>					
Fixed assets purchased	(12,697)	0	0	0	0
Proceeds from sale of fixed assets	0	56	86	0	0
Dividend received	10	12	14	26	30
<b>Net Cash used in investing activities</b>	<b>(12,687)</b>	<b>68</b>	<b>100</b>	<b>26</b>	<b>30</b>
<b>Cash flow from financing activities</b>					
Proceeds from sale of Rights Issues	30,000	0	0	0	0
Net of Loans received / Paid	(13,370)	(7,876)	5,709	(547)	(6,692)
Dividend paid	0	0	(2,757)	(5,424)	(6,697)
<b>Net Cash used in financing activities</b>	<b>16,630</b>	<b>(7,876)</b>	<b>2,962</b>	<b>(5,971)</b>	<b>(13,389)</b>
<b>Net (Decrease )/Increase In Cash And Cash Equivalents</b>	<b>11,127</b>	<b>10,020</b>	<b>(4,923)</b>	<b>20,807</b>	<b>26,737</b>
<b>Analysis of changes in cash and cash equivalents during the period</b>					
Balance at 1st January	(9,815)	1,312	11,322	6,409	27,216
Net cash inflow	11,127	10,020	(4,923)	20,807	26,737
<b>Balance at 31st December</b>	<b>1,312</b>	<b>11,332</b>	<b>6,409</b>	<b>27,216</b>	<b>53,953</b>
<b>Analysis of the balances of cash and cash equivalents as shown in the balance sheet</b>					
Cash and Bank balances	1,312	11,322	6,409	27,216	53,953

	Aluworks Limited Rights Issue				
Bank Overdraft		0	0	0	0
<b>Total</b>	<b>1,312</b>	<b>11,332</b>	<b>6,409</b>	<b>27,216</b>	<b>53,953</b>

## **PART 7 – THE GHANA STOCK EXCHANGE**

### **1 Overview of the Ghana Stock Exchange**

The Ghana Stock Exchange (GSE) was incorporated in July 1989 as a private company limited by guarantee under the Companies Code, 1963 and was given recognition as an authorized Stock Exchange under the Stock Exchange Act of 1971 (Act 384) in October 1990. The 13-member Council which is the governing body of the Exchange was inaugurated on November 12, 1990 and trading commenced on its floor the same day. The Exchange changed its status to a public company limited by guarantee in April 1994.

The GSE as a public company limited by guarantee has no owners or shareholders, but members who are either corporate bodies or individuals. There are two categories of members namely: The Licensed Dealing Members (LDMs) and Associate Members. The Licensed Dealing Member is a corporate body licensed by the Exchange to deal in listed securities. An Associate Member is an individual or corporate body, which has satisfied the Exchange's membership requirements, but is not licensed to act as a stockbroker on the Exchange. Currently the GSE has eighteen (18) Licensed Dealing Members and forty-one (41) Associate Members. The Exchange is regulated by the Securities and Exchange Commission (SEC) under the Securities Industry Law (1993) as amended by the Securities Industry (Amendment) Act, 2000, Act 590 and the SEC Regulations 2003 (LI 1728).

### **2 Performance of the Exchange over the past 5 Years**

The performance of the GSE has been very impressive for the past five years although fluctuations have been recorded. The GSE All-Share Index which is the average measure of performance of the market ended the year 2004 with a 91.33% year to date return. In 2005 however, the Exchange experienced a bearish market resulting in a -29.85% performance of the Index. The Market recovered in the 2006 with a marginal 4.97% gain in its Index and in 2007 it climbed further to 31.84% respectively.

In 2008, the GSE performed very well compared to other World and African Markets which were hard hit by the global financial crisis. The GSE All Share Index recorded a year-to-date return of 58.06%, the highest in the last 4 years. This gain is almost three times the 20% return on the benchmark 1-Year Treasury Note. Total Market Capitalization also increased from GH¢12,368.60 million at the end of 2007 to GH¢17,886.03 million at the end of the year 2008.

Below are some of the highlights of the year 2008.

- Listing of SIC Insurance Company Limited
- Listing of Golden Star Resources Limited

- Listing of UT Financial Services Limited
- ETI's Rights Issue and Offer for Subscription of 3,763,759,981 and 5,116,499,328 ordinary shares respectively across three stock exchanges simultaneously
- The Commencement of the Automation Process of the Exchange

### 3 Statistics on Listed Companies

- 4 The following is a summary of the listed equities detailing their issued number of shares, market capitalization, price/earning ratios among others as at January 31, 2010.

#### SUMMARY OF LISTED EQUITIES ON THE GHANA STOCK EXCHANGE AS AT JANUARY 31, 2010

Company	Ticker	Sector	Issued Shares (m)	Mkt. Cap (GH ₵m)	Price (GH₵)	P/E
Accra Brewery Limited	ABL	Brewery	249.45	24.94	0.10	n.m
African Champion Industries Ltd	ACI	Paper Products	32.44	3.24	0.10	n.m
AngloGold Ashanti Ltd	AGA	Mining	361.26	10,837.85	30.00	n.m
Aluworks Limited	AWL	Aluminium	41.68	18.34	0.44	n.m
Ayrton Drug Manufacturing Ltd	AYRTN	Pharmaceuticals	215.00	27.95	0.13	12
Benso Oil Palm Plantation	BOPP	Processing	34.80	17.75	0.51	23
CAL Bank Ltd	CAL	Banking	238.80	47.76	0.20	6
CFAO Ghana Ltd	CFAO	Trading	241.75	7.25	0.03	2
Clydestone Ghana Ltd	CLYD	IT Solutions	34.00	2.72	0.08	16
Camelot Ghana Ltd	CMLT	Printing	6.54	1.05	0.16	12
Cocoa Processing Company Ltd	CPC	Processing	1,100.83	33.02	0.03	n.m
Ecobank Ghana Ltd	EBG	Banking	230.13	655.87	2.85	12
Enterprise Insurance Company Ltd	EIC	Insurance	25.57	56.25	2.20	13
Ecobank Transnational Inc Ltd	ETI	Banking	9,914.50	1,487.17	0.15	16
Fan Milk Ltd	FML	Dairy Products	19.78	119.70	6.05	8
Ghana Commercial Bank Ltd	GCB	Banking	265.00	193.45	0.73	4
Guinness Ghana Breweries Ltd	GGBL	Brewery	164.67	220.66	1.34	n.m
Ghana Oil Company Ltd	GOIL	Petroleum	210.19	44.14	0.21	8
Golden Star Resources Ltd	GSR	Mining	235.43	706.28	3.00	n.m
Golden Web Ltd	GWEB	Manufacturing	35.00	1.75	0.05	n.m
HFC Bank Ltd	HFC	Banking	127.93	79.32	0.62	15
Mechanical Lloyd Company Ltd	MLC	Automobile	50.10	10.02	0.20	7
Pioneer Kitchenware Ltd	PKL	Aluminium	33.34	2.33	0.07	n.m
Produce Buying Company Ltd	PBC	Produce Buying	480.00	91.20	0.19	3
PZ Cussons Ghana Ltd	PZ	Conglomerate	28.00	30.80	1.10	10
Standard Chartered Bank Ghana Ltd	SCB	Banking	19.25	581.39	30.20	10
SIC Insurance Company Ltd	SIC	Insurance	195.65	58.69	0.30	10



Starwin Products Ltd	SPL	Pharmaceuticals	74.08	3.70	0.05	51
SG-SSB Bank Ltd	SG-SSB	Banking	333.89	150.25	0.45	7
Sam-Woode Ltd	SWL	Publishing	21.83	0.65	0.03	n.m
Trust Bank Ltd (The Gambia)	TBL	Banking	60.00	79.80	1.33	24
Total Petroleum Ghana Ltd	TOTAL	Petroleum	13.98	95.09	6.80	7
Transaction Solutions Ghana Ltd	TRANSO L	IT Solutions	80.00	7.20	0.09	n.m
Unilever Ghana Ltd	UNIL	Conglomerate	62.50	212.50	3.40	n.m
UT Financial Services Ltd	UT	Non- Banking	210.73	48.47	0.23	7

## 5 2009 Performance of GSE

The market so far this year has not been that impressive as a result of the continuation of the market correction process which began in the latter part of the year 2008 and the global financing downturn. As at December 31, 2009 the GSE All Index recorded a return of -46.58%. Market capitalization also stood at GH¢15,257.65 million on the same date. In relation to price changes, only Fan Milk Limited had recorded a gain during 2009.

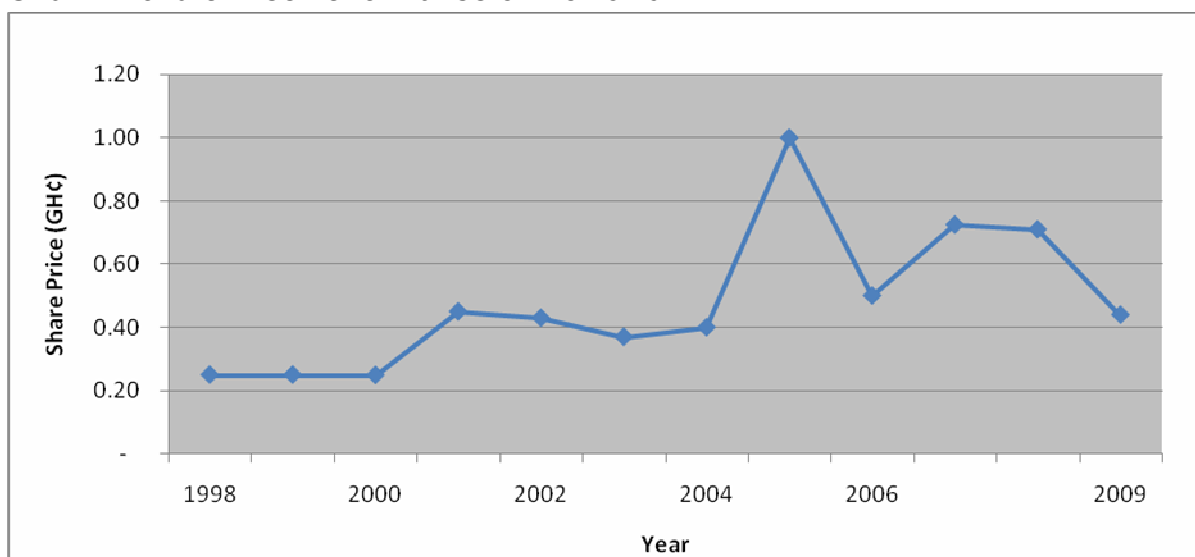
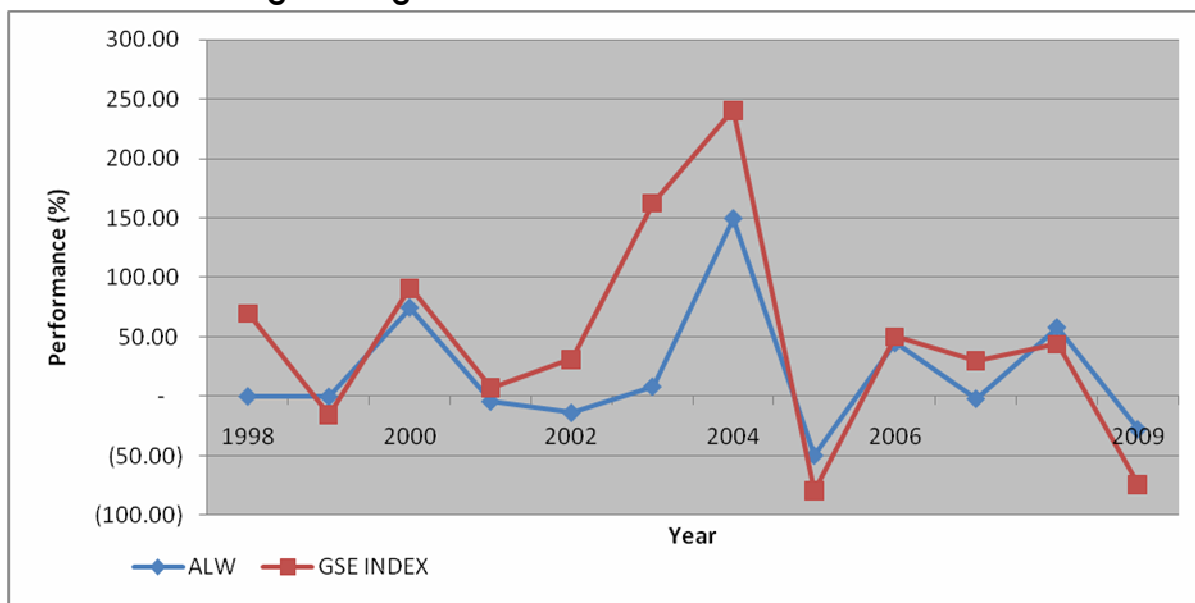
## 6 Other GSE Information

Trading Days:	Monday – Friday, starting at 09:00 am to 1:00 pm
Trading Method:	Continuous Auction System using the GSE Automated Trading System. Trading is done in lots of 100 shares
Settlement Period:	Trading day plus 3 business days (T+3)
Receipt of Certificate	The GSE has established a wholly owned subsidiary for depository services. It has commenced migration of paper certificates into the depository with effect from November 2008.
Access to Trade and General Information on the GSE	Through Reuters, Internet, Official Trading Results, Local Newspapers, GSE Website, etc

## 7 Performance of Aluworks Share Price

Aluworks was listed on the GSE on 29th November, 1996 after a 'Restricted offer for Subscription' of five million (5,000,000) ordinary shares at GH¢0.1350 per share. Over this time period, Aluworks has performed creditably and has been one of the most active stocks on the Exchange.

The share price of Aluworks reached an all-time high of GH¢1.25 on 14th April, 2004, whilst its minimum price of GH¢0.11 was recorded on 9th April 1997. Chart 1 below shows the trend of Aluworks share price over the time frame of 1998 to 2009 whilst Chart 2 displays the performance of Aluworks share price in percentage terms as against the year-to-date change of the GSE All-Share Index.

**Chart 1 – Share Price Performance of Aluworks**

**Chart 2 – Percentage Change in Aluworks Share Price Versus GSE All Share Index**


## 7 Outlook for the GSE

The trend of performance of the GSE is not expected to change during the last month of the year and into the first half of the year 2010. Given the policies and measures of the government and Bank of Ghana, macroeconomic conditions are expected to start improving from 2010. Expected improvement in macroeconomic

conditions coupled with the easing of the global economic and financial crises are expected to bring back the excitement of the investing public in shares.

## **8 Automated Trading**

The Ghana Stock Exchange has fully automated its trading system and this platform became operational in April 2009. The automation is meant to improve upon the efficiency and effectiveness with which trades are executed. Trading is currently being done via the electronic remote system and this allows brokers trade from the comfort of their offices.

A Securities Depository company has been established by the exchange to keep the electronic record of all shareholders and their holding in an electronic format. The core functions of the depository include keeping the accounts of individuals and institutions and also to regulate all depository activities. This system is expected to eliminate the risks of loss, forgery and duplication of securities certificates and to reduce delays in the settlement process.

In order to have an efficient clearing system, the Exchange has again set up a clearing and settlement house which acts as an intermediary between the licensed dealing members and a settlement bank. The settlement bank undertakes payments of securities on behalf of the licensed dealing members and the clearing house disburses the funds to the appropriate members.

## PART 8 – ADDITIONAL INFORMATION ON THE OFFER

### 1 Application

A qualifying applicant to this Offer is either a qualifying Aluworks shareholder or a qualifying non-Aluworks shareholder interested in acquiring Aluworks shares under the terms of this Offer.

#### Qualifying Shareholders

Qualifying shareholders are entitled to subscribe for nine (9) new ordinary shares for every five (5) ordinary shares registered in their name as at the close of business on April 16, 2010 under this Offer. The Guide to Completing the Application Form, Letter of Allotment and Application Form, which will be completed by qualifying shareholders, are enclosed in this document. Qualifying shareholders may take any one of the following actions under this Offer:

- a) **Fully subscribe for their rights under this Offer:** This is where qualifying shareholders complete the Application Form and pay only their entire allocation under this Offer, returning same to the receiving agents not later than 5 pm April 16, 2010.

Qualifying shareholders exercising this option must complete Section A of the Application Form, in accordance with the instructions set out under the enclosed Guide to Completing the Application.

- b) **Fully subscribe for their rights AND apply for additional shares outside of what they are entitled to under the Offer:** In addition to 1a above, qualifying shareholders may apply to subscribe for additional shares (extra shares above what they are entitled to under this Offer) and pay for such additional shares, returning the duly completed Application Form and payment covering both their rights and additional shares applied for to the receiving agents not later than 5 pm April 16, 2010.

Qualifying shareholders choosing this option must complete Section A, of the Application Form, in accordance with the instructions set out under the enclosed Guide to Completing the Application.

- c) **Partially subscribe to their rights only:** Qualifying shareholders may apply for only part of the shares they are entitled to under this Offer and return the duly completed Application Form together with payment to the receiving agent not later than 5 pm on April 16, 2010. Qualifying shareholders may take no further action on their remaining rights under the Offer and empower the Directors of the Company to allot such unsubscribed portion of their rights as the Directors deem fit.

Qualifying shareholders must complete Sections A and B of the Application Form, in accordance with the instructions set out under the Guide to Completing the Application Form.

- d) **Partially subscribe to their rights under the Offer and renounce their unsubscribed rights in favour of qualifying third parties, who may or may not be shareholders of Aluworks (renouncees):** Qualifying shareholders may apply for only part of the shares they are entitled to under this Offer, renouncing the remainder of their rights in favour of qualifying third parties who now have to apply for and pay for those shares. The Application Form completed by both the qualifying shareholder and the renouncee, together with payment for the shares must be returned to the receiving agent not later than 5 pm on April 16, 2010.

Qualifying shareholders choosing this option must complete Sections A and B, whilst each named renouncee must complete a copy of Section C of the Application Form in accordance with the instructions set out under the Guide to Completing the Application.

Should qualifying shareholders desire to renounce the remainder of their rights in favour of more than one person, they should state the number of shares to be allotted to each renouncee on a separate row in Section B of the Application Form. The completed Sections A, B and C of the Application Form together with payment for all shares applied for should then be lodged with the receiving agent not later than 5 pm on April 16, 2010.

- e) **Renounce all their rights in favour of qualifying third parties, who may or may not be shareholders of Aluworks:** Qualifying shareholders may decide not to partake in the Offer and may renounce all their rights under this Offer in favour of qualifying renouncees who may or may not be shareholders of Aluworks. The renouncees must complete and return the Application Form together with payment for the shares being applied for to the receiving agent not later than 5 pm on April 16, 2010.

Qualifying shareholders choosing this option must complete Sections A and B, whilst each named renouncee under Section B must complete a copy of Section C of the Application Form in accordance with the instructions set out under the Guide to Completing the Application Form.

Should qualifying shareholders want to renounce their rights in favour of more than one person, they should state the number of shares to be allotted to each renouncee on a separate row in Section B of the Application Form.

- f) **Take no action:** Qualifying shareholders who choose not to apply for shares under this Offer, or who fail to make payment for the shares they have applied for under this Offer, or who fail to meet the deadline of 5 pm on April 16, 2010 for returning the Application Form and making payment to the receiving agent, may be deemed to have not taken any action under this Offer. Qualifying shareholders who take no action under these terms empower the Directors of the Company to allot such unsubscribed rights as the Directors deem fit.

### *Other Applicants*

If you are neither a qualifying shareholder nor a renouncee but wish to apply for shares under the Offer, you may complete Section D of the Application Form and return it, together with payment for the shares applied to the receiving agent not later than 5 pm on April 16, 2010.

## **2 Offer to Purchase**

- a) As an applicant, you offer to subscribe for the number of shares indicated on your Application Form on the terms and conditions of this Offer and on the basis of the information set out in this Document and subject to the Regulations of Aluworks.
- b) You agree that your application to acquire shares cannot be revoked after April 16, 2010 or such later date as the Directors and Advisors may agree, and promise that any cheque, banker's draft or money or postal order will be honoured on first presentation and that this paragraph constitutes an agreement between you and Aluworks. It becomes binding when your application is posted, or in the case of delivery by hand, received by the receiving agent. However, the Company will not be held liable if you use a wrong address in posting. You must pay all bank commissions, transfers and other bank charges related to your application.
- c) A thumb print on an Application Form will be accepted instead of a signature thereon only if it is duly certified in accordance with the Laws of Ghana.
- d) If your Application Form is not completed correctly or is amended, or if any cheque, banker's draft, money or postal order is found to be less than the amount stated on your Application Form, it may still be treated as valid. In such case, the Company's decision as to whether to treat the application as valid, and how to construe, amend or complete it shall be final. You will not, however, be treated as having applied to purchase a number of shares which when multiplied by the offer price, gives a value greater than the amount remitted.
- e) An application may be rejected in whole or in part at the discretion of the Advisors and Management of Aluworks if the application is incomplete or illegible, or if it is determined that the application is not eligible to participate in this Offer.

## **3 Acceptance of the Offer**

- a) Acceptance of your offer will be made (if your application is received, valid, processed and not rejected) by notifying the SEC and GSE of the basis of allocation and by notifying acceptance to the receiving agent.
- b) Acceptance of your offer may be of the whole or any part thereof.

- c) If your application to purchase shares is accepted (in whole or in part), there will be a binding contract under which you will be required to purchase the shares in respect of which your application has been accepted.

#### **4 Payment for Shares**

- a) You undertake to pay the purchase price of the shares in respect of which your application is accepted. The cheque or banker's draft or other remittances may be presented for payment before acceptance of your application, but this will not constitute acceptance of your application, either in whole or in part.
- b) In the case of excess applications, if your application is invalid, rejected or not accepted in full, or if the amount of the application divided by the offer price does not result in a whole number of shares, the proceeds of the cheque or other remittances or the unused balance of those proceeds (as the case may be) will be refunded to you without interest.
- c) If the remittances are not honoured on first presentation, then at any time until the Company has received cleared funds in respect of your application, the Advisors, on behalf of Aluworks may terminate the agreement to purchase that share. The termination will be effected by notifying the receiving agent whom you submitted your application to.

#### **5 Renunciation**

- a) The right to subscribe for the Rights Issue shares may be renounced in whole or in part only by completing the Application Form in accordance with the instructions therein, or by taking no action.
- b) Qualifying shareholders who wish to purchase some of their Rights and to renounce the remainder in favour of a different person or persons, may complete Sections A and B of the Application Form in accordance with the instructions provided in the Guide to Completing the Application Form.

The Application Form must then be lodged with the receiving agent, together with payment for the shares to be received not later than 5 pm on April 16, 2010.

#### **6 Procedure in Respect of Rights not Taken up or Renounced**

If a properly completed Application Form and payment in full is not received by 5 pm on April 16, 2010, the Rights will be deemed to have been declined by the shareholders. These shares will then be available to shareholders applying for extra shares and non-shareholders applying for shares under the Offer, and allotted by the Directors of Aluworks as they deem fit.

#### **7 Warranties**

You warrant that:

- a) You are fully qualified to apply;

- b) The applicant on whose behalf you are applying is fully qualified to apply;
- c) You will submit a completed application including all supporting documents required under the terms of this offer;
- d) In making your application you are not relying on any information or representation concerning the Company not contained in this document. You agree that no person responsible for this document or any part of it will have liability for any such other information or representation;
- e) If any person signing, or making a thumb print on the Application Form is not the applicant, that person warrants that he/she has authority to do so on behalf of the applicant and that this authority is vested in him/her;
- f) If the applicant is other than a natural person, the person signing the Application Form warrants that he/she has authority to do so on behalf of the applicant.

## **8 Supply and Disclosure of Information**

The Company, Directors, Advisors and their agents shall have full access to all information relating to, or deriving from, the cheque or banker's draft or other remittance accompanying your application and its processing. If the Directors or their agents request any information about your application you must promptly disclose it to them.

## **9 Listing of New Ordinary Shares**

The GSE has granted permission to list the additional up to 75,000,000 new Aluworks shares to be issued under the Rights Issue on the First Official List of the GSE, alongside the existing listed ordinary shares. It is expected that dealings in the additional shares will commence alongside the existing shares on the GSE by May 12, 2010.

## **10 Form of New Shares**

The new ordinary shares to be issued pursuant to the Rights Issue will not be certificated. The GSE Securities Depository (GSD) account of shareholders will be credited with the number of shares allotted to them by April 30, 2010. Letters notifying crediting of the GSD account of successful applicants shall be issued and presented to their Brokerage firms by May 12, 2010.

Therefore, all applicants must open a GSD account through their brokers.

## **11 Exchange Controls**

Exchange control is currently governed by the Foreign Exchange Act 2006, Act 723. This repeals the Exchange Control Act of 1961, Act 71. The new Act legalises payments in foreign currency to and from Ghana between residents and non-residents and between non-residents made through banks. Furthermore, under BoG Notice BG/GOV/SEC/2007/3 there are no restrictions on the purchase of capital market instruments by non-residents except for the banking sector where the



acquisition or disposal of a stake of 10% or more is governed by the Banking Act of 2004 and which requires the prior approval of the Bank of Ghana.

## **12 Taxation**

### **g) Withholding Tax Dividend**

Under current Ghanaian tax law, all dividend payments are subject to a dividend withholding tax of 8%. No further tax is payable on dividends received.

### **h) Capital Gains**

The securities of a company listed on the GSE are currently exempt from capital gains tax in Ghana until 2010. No capital gains tax would therefore be payable on any realization of capital gain from the sale of shares in Aluworks up to 2010.

### **i) Gift Tax**

Liability to gift tax may arise by gift of shares in the Company if the open market value of the shares at the time of the gift exceeds GH¢50.00 (subject to certain exemptions). The tax is payable by the recipient of the gift. The applicable statutory rate varies as follows:

- i. Up to GH¢50.00 – Nil
- ii. More than GH¢50.00 – 10% of excess over GH¢50.00

### **j) Stamp Duty**

Under the Stamp Duty Act, 2005, 2005 (Act 689), transfer of listed shares is exempt from stamp duty.

### **k) Corporate Tax**

The Internal Revenue Act 2000, Act 592, prescribes a corporate income tax of 25% for all listed companies.

## PART 9 – RECEIVING AGENT’S CONTACT DETAILS

### **NTHC LIMITED**

Physical Address: Martco House, Okai Mensah Link, Adabraka  
Postal Address: P. O. Box 9563, Airport, Accra  
Telephone No: 233-21-238492-3/235814-5  
Facsimile No: 233-21-240243  
Email: [fnyoagbe@nthcghana.com](mailto:fnyoagbe@nthcghana.com)  
Website: [www.nthcghana.com](http://www.nthcghana.com)

## ALUWORKS LIMITED RIGHTS ISSUE

### GUIDE TO COMPLETING AND RETURNING THE APPLICATION

It is important to accurately complete this Application Form. Applicants in doubt should consult NTHC Limited or Aluworks Limited for assistance.

The Offer is open from 9 am on March 15, 2010 and closes at 5 pm on April 16, 2010. Application received after the Offer has closed may not be considered.

#### 1 General Instructions for Completing the Application Form

**Please read the instructions carefully before completing the relevant Sections of the Application Form.**

- i. There are various Sections to this Application Form. Please ensure you complete all the relevant and appropriate sections of the Application Form in accordance with your choices, and return the completed Form together with payment for your subscription to the receiving agents.
- ii. Use block capital letters in completing the Application Form and return the completed Application Form together with payment for your subscription to a receiving agent by 5 pm on April 16, 2010.
- iii. Only people over 18 years of age can buy shares in their own name. Shares may be bought for a child by a parent, grandparent or guardian of the child who may complete another application to buy shares in his/her own name.
- iv. Power(s) of attorney must be enclosed if anyone is signing on behalf of an applicant other than a minor.
- v. Photocopies of Application Forms will be accepted only when they are clear and legible. The submission of a photocopied Application Form presumes that the applicant understands and accepts the terms and conditions of this Offer.

#### 2 Sections of the Application Form

This Application Form has the following sections:

##### **Section A**

To be completed by all qualifying shareholders participating in the Offer. This section includes a Letter of Allotment, giving each shareholder's entitlement in this Offer.

Each shareholder must indicate their preferred option and update their contact information under this section.

### Section B

To be completed by all qualifying shareholders renouncing some or all their rights, giving details of the renouncee(s).

### Section C

A copy of this section to be completed by each renouncee named in Section B.

### Section D

To be completed by investors who are neither qualifying Aluworks shareholders nor renounces, but who wish to partake in this Offer.

## 3 Guide to Completing the Application Form for Qualifying Shareholders

### a) Provisional Allotment

The Directors of Aluworks Limited have provisionally allotted to you the number of new ordinary shares set out under the Letter of Allotment in Section A of the Application Form to you. Your allotment is in proportion of four (4) new ordinary shares for every three (3) ordinary shares registered in your name at the close of business on April 16, 2010.

You may accept all or any number of the new ordinary shares offered you, or renounce your rights in favour of another person(s), or take no action.

If you do not wish to partake in this offer, you do not have to do anything. Kindly note that all qualifying shareholders who do not submit by 5 pm on April 16, 2010, a duly completed Application Form will be deemed to have elected not to participate in this Offer. The Directors of Aluworks Limited will allot the shares declined by such qualifying shareholders as they deem fit.

### b) Available Options If You Wish to Partake

You may do only one of the following:

1. Accept all the new shares offered you: if you elect this option, kindly complete **Section A** of the Application Form.
2. Accept all the new shares offered you and apply for more shares: if you elect this option, kindly complete **Section A** of the Application Form.
3. Accept part of the new shares offered you and renounce the remainder in favour of another party(ies): if you elect this option, kindly complete **Sections A and B** of the Application Form. Have each renouncee named under **Section B** complete a copy of **Section C** of the Application Form.
4. Renounce all the new shares offered you in favour of another party. If you elect this option, kindly complete **Sections A and B** of the Application Form.

Every renouncee named under Section B must complete a copy of **Section C** of the Application Form.

## 4 Guide to Completing the Application Form for Renouncees and Other Applicants

### Renouncees

If a qualifying shareholder has renounced a portion or all of his rights in your favour under this Offer by naming you in **Section B** of the Application Form, you must complete a copy of **Section C** of the Application Form.

You must provide responses for all items of **Section C** of the Application Form, with the exception of item 4 (GSD Account Details) and item 5 (Dividend Mandate), which must only be completed if you have an existing GSD Account as at the date of your application, or wish to receive any dividends due you directly into the bank account details you provide.

### Other Qualifying Applicants

If you are neither a qualifying shareholder of Aluworks Limited nor a renouncee, you may still apply to subscribe for shares under this Offer by completing **Section D** of the Application Form.

You must provide responses for all items of **Section C** of the Application Form, with the exception of item 4 (GSD Account Details) and item 5 (Dividend Mandate), which must only be completed if you have an existing GSD Account as at the date of your application, or wish to receive any dividends due you directly into the bank account details you provide.

General instructions for completing **Section C** and **D** of the Application Form are as follows:

### **APPLICATION**

Indicate the number of shares renounced in your favour and any extra shares you wish to apply for (in the case of renounces), or the number of shares you wish to apply for (in the case of other qualifying applicant).

Please write the amount payable in figures (in the appropriate currency) for the total number of shares you have applied for. Renouncees must then fill in the name and address of the Renouncer.

#### **Box 1.** *Personal Details*

Complete 1 with your surname (i.e. family name)/company name, all your forenames (i.e. first/other names) and the title by which you are addressed. Also fill in your date of birth or incorporation, your nationality and country of residence.

#### **Box 2.** *ID Number/Company Registration Number*

Applicants to the Offer must provide a valid ID. For the purposes of this Offer, a valid ID includes a national passport, driver's license and voter's ID card for individuals, and registration document, Registrar General's Form A or Form 3 or a duly executed resolution from the organisation for institutions, clubs and other bodies.

**Box 3. Address**

Complete 3 with your full residential (if applicable) and postal address. The address must be current and reliable and in the case of any change in address you should immediately inform Aluworks Limited Registrars of your new address.

**Box 4. GSD Account Details**

Complete 4 if you have a GSD Account as at the date of your application. You may contact any broker to open a GSD Account prior to your submission of your completed Application.

**Box 5. Dividend Mandate**

Complete 5 if you wish Aluworks Limited to pay dividends due you directly into your bank account. Fill in the name of the bank, branch, the account name and the account number.

**Box 6. Declaration**

Please read the declaration carefully before signing (or thumb printing) on the line and dating the form in the space provided.

The Application Form may be signed by someone else on your behalf if he/she is duly authorised to do so. An agent must enclose the original power of attorney appointing him/her (or copy certified by a notary public) unless he/she is a selling agent or financial intermediary and states the capacity in which he/she signs.

## 5 Payment for Shares and Delivery of Application Form

For applicants resident in Ghana, payment may be made by cash, cheque, postal or money order, which should be presented at the office of NTHC Limited where the Application Form is to be lodged. All cheques, postal or money orders should be crossed **Aluworks Limited Rights Issue** and endorsed **Commission to Drawer's Account**. This endorsement must be signed by the drawer. Bank commissions and transfer charges on application monies must be paid by the applicant. Applications in respect of cheques returned unpaid, for any reason whatsoever, or for which funds do not clear for the full amount payable on the application by 5 pm on April 16, 2010 may be treated as invalid.

Qualifying applicants not resident in Ghana must purchase shares under this Offer in foreign currency and for this purpose, Aluworks Limited allows payment for shares in the United States Dollars (US\$), Great British Pound (GB£) or Euros (€). The price of an Aluworks Limited share under this Offer is **US\$0.33** for payment in United States Dollars, **GB£0.21** for payment in Great British Pounds and **€0.23** for payment in Euros. Funds should be remitted for the benefit of **Aluworks Limited Rights Issue** by bank transfer to:

US\$	GB£	€
Deutsche Bank Trust Company Americas P. O. Box 318 Church Street Station	Ghana International Bank Plc 69 Cheapside London EC2P 2BB	ING Bank N.V. P. O. Box 1800 1000 BV Amsterdam Netherlands

New York N.Y. 10015 USA					
<b>Swift Code:</b> BKTRUS33		<b>Swift Code:</b> GHIBGB2L		<b>Swift Code:</b> INGBNL2A	
<b>Beneficiary:</b> Ecobank Ghana Limited		<b>Beneficiary:</b> Ecobank Ghana Limited		<b>Beneficiary:</b> Ecobank Ghana Limited	
<b>Account No.:</b> 04089065		<b>Account No.:</b> 0001362302		<b>Account No.:</b> 0050911384	
For further credit to: Aluworks Rights Issue		For further credit to: Aluworks Rights Issue		For further credit to: Aluworks Rights Issue	
<b>Account</b>	<b>No.:</b>	<b>Account</b>	<b>No.:</b>	<b>Account</b>	<b>No.:</b>
0028154402116501		0028154402116501		0028154402116501	

Any application from a person not resident in Ghana, which is not received in a form which will realize cleared funds for the full amount payable on the application by 5pm on April 16, 2010 may be treated as invalid. Bank commissions and transfer charges on application monies must be paid by the applicant. Applications, in respect of which cheques are returned unpaid, for any reason whatsoever will be rejected.

All qualifying applicants resident in Ghana must deliver or lodge their duly completed Application Form at the office of the receiving agent named on page 64 of the Offer Circular by 5 pm on April 16, 2010.

Applicants who choose to mail their Application Form to the receiving agent are advised to use registered mail services. However, all documents mailed to the receiving agent by applicants will be at the applicant's own risk, and Aluworks Limited may treat applications not received by 5 pm on April 16, 2010 as invalid.

Applicants are to note that Application Forms must be lodged at NTHC Limited and payment for the shares applied for must also be made at the same place. NTHC Limited will acknowledge receipt of application form and funds from each applicant.





# ALUWORKS LIMITED RIGHTS ISSUE

## SECTION A (To Be Completed By Qualifying Shareholders Only)

### I. SUBSCRIPTION INSTRUCTIONS (Please choose only one of the options stated below):

#### Option 1

Please tick your option

☐

I, ..... wish to subscribe fully for my Rights only

I/We make payment of GH¢..... covering my rights.

Kindly sign the declaration below and return this signed form together with the amount above to the receiving agent.

#### Option 2

☐

I, ..... wish to subscribe fully for my Rights and apply for extra shares

If you ticked Yes, please put in the number of extra shares you wish to apply for and amount payable covering your total application below:

I/We wish to subscribe for ..... extra shares in addition to my allotted Rights

I/We make payment of GH¢/\$/£/€)..... covering my rights and the extra shares

I/We understand and accept that receiving these additional shares depends upon the number of unsubscribed shares available after the closure of the Offer and will be at the discretion of the Directors of ALW.

#### Option 3

I, ..... wish to partially subscribe for my Rights and renounce the remainder in favour of others

☐

Kindly sign this form and complete and attach Section B to this form. Each renounee must also complete a copy of Section C of this form.

#### Option 4

I, ..... wish to fully renounce my Rights in favour of others

☐

Kindly sign this form and complete and attach Section B to this form. Each renounee must also complete a copy of Section C of this form.

### DECLARATION

I/We hereby apply for shares of SG-SSB under the terms and conditions set out in the Offer Circular. I/We certify that all statements made in this application to enable me take-up/reject/split my rights in the ALW Rights Issue are correct and the responses are my own.

.....  
Shareholder's Signature                      Date                      Receiving Agent's Stamp/Signature

### II SHAREHOLDER DETAILS UPDATE (All ALW shareholders should kindly provide an update of their contact details):

SURNAME/COMPANY NAME: .....

FIRST NAME: .....

MIDDLE NAME: .....

TITLE: .....

ADDRESS (PHYSICAL ADDRESS/POSTAL BOX): .....

TELEPHONE NUMBER: .....

EMAIL: .....

GSD ACCOUNT DETAILS (if applicable): .....

Broker Code: .....

Client Account Code: .....

#### **DIVIDEND MANDATE:**

Bank Name: .....

Branch Name: .....

Account Name .....

*Please Tear Along This Line*

To be completed by the Receiving Agent and then signed and retained by applicant as evidence of application		
ALW RIGHTS ISSUE APPLICATION COUNTER FOIL		
Applicant's Name and Address	Applicant's Signature or Thumbprint	Receiving Agent's Stamp/Signature/Date
Name:		
Address:		
No. of Shares Applied For:	Amount Paid (GH¢/\$/£/€)	

ii. I/We wish to renounce the remaining  shares in favour of the following persons:

[illegible]

Receiving Agent's

**Please Tear Along This Line**

To be completed by the Receiving Agent and then signed and retained by applicant as evidence of application		
<b>ALW RIGHTS ISSUE APPLICATION COUNTER FOIL</b>		
<b>Applicant's Name and Address</b>	<b>Applicant's Signature or Thumbprint</b>	<b>Receiving Agent's Stamp/Signature/Date</b>
Name:		
Address:		
No. of Shares Applied For:	Amount Paid (GH¢/\$/£/€)	



**SECTION C** (A Copy of This Section Must Be Completed By Each Renouncee Named Under Section Bii)

**APPLICATION**

a) No of Shares Renounced in Favour of Renouncees  b) Additional Shares Applied For  c) Total No. of Shares Applied

Amount Payable (No. of Shares under © above times GH¢/\$/£/€ per share)

Name & Address of Renouncer

1. Surname/Company Name

First Name

Middle Name

Title (tick) ☐ Mr ☐ Mrs ☐ Ms ☐ Dr ☐ Sex ☐ M ☐ F

Date of Birth/Incorporation (dd/mm/yyyy)  Nationality/Country of Residence

2. Identification No./Company Reg. No.

Passport  National ID  Driver's Licence  Other please Specify

3. Address

Email  Phone

4. Broker Code  Client Account

5. **DIVIDEND MANDATE** Bank Name:   
Branch Name:   
Account Name:   
Account Number:

6. **Declaration**  
I/We hereby apply for shares on the terms and conditions set out in the Offer Circular. I/We certify that all statements made in this application to enable me/us take up these shares are correct and that the

Shareholder's Signature

Date

Receiving Agent's Stamp/Signature

*Please Tear Along This Line*

To be completed by the Receiving Agent and then signed and retained by applicant as evidence of application		
<b>ALW RIGHTS ISSUE APPLICATION COUNTER FOIL</b>		
<b>Applicant's Name and Address</b>	<b>Applicant's Signature or Thumbprint</b>	<b>Receiving Agent's Stamp/Signature/Date</b>
Name:		
Address:		
No. of Shares Applied For:	Amount Paid (GH¢/\$/£/€)	

**SECTION D** (To Be Completed By Non-shareholders Who Are Not Renouncees But Wish To Apply For Shares in Aluworks Limited)

**APPLICATION**

No of Shares	<input type="text"/>	Amount Payable (GH¢/\$/£/€)	<input type="text"/>
1. Surname/ Company Name	<input type="text"/>		
First Name	<input type="text"/>		
Middle Name	<input type="text"/>		
Title (tick)	<input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms <input type="checkbox"/> Dr <input type="checkbox"/>	Sex	<input type="checkbox"/> M <input type="checkbox"/> F
Date of Birth/Incorporation (dd/mm/yyyy)	<input type="text"/>	Nationality/ Country of Residence	<input type="text"/>
2. Identification No./ Company Reg. No.	<input type="text"/>		
Passport	<input type="text"/>	National ID	<input type="text"/>
		Driver's Licence	<input type="text"/>
		Other <i>pls</i> Specify	<input type="text"/>
3. Address	<input type="text"/>		
	<input type="text"/>		
Email	<input type="text"/>	Phone	<input type="text"/>
4. Broker Code	<input type="text"/>	Client Account Code	<input type="text"/>
5. <b><u>DIVIDEND MANDATE</u></b>	Bank Name:	<input type="text"/>	
	Branch Name:	<input type="text"/>	
	Account Name:	<input type="text"/>	
	Account Number:	<input type="text"/>	

**Declaration**

I/We hereby apply for shares on the terms and conditions set out in the Offer Circular. I understand and accept that getting these shares depends on the number of unsubscribed rights available after the close of the offer. I/We certify that all statements made in this application are correct and the responses are my/our

.....  
Shareholder's Signature

.....  
Date

.....  
Receiving Agent's Stamp/Signature

*Please Tear Along This Line*

To be completed by the Receiving Agent and then signed and retained by applicant as evidence of application		
<b>ALW RIGHTS ISSUE APPLICATION COUNTER FOIL</b>		
<b>Applicant's Name and Address</b>	<b>Applicant's Signature or Thumbprint</b>	<b>Receiving Agent's Stamp/Signature/Date</b>
Name:		
Address:		
No. of Shares Applied For:	Amount Paid (GH¢/\$/£/€)	

## NOTES

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