ALUWORKS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2017

ALUWORKS LIMITED

ANNUAL REPORTS FOR THE YEAR ENDED 31 DECEMBER 2017

I N D E X

ALUWORKS LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS	Seth Adjei - *Chairman* Ernest Kwasi Okoh - *Managing Director* Togbe Afede XIV Professor Lade Wosornu Kingsley Okoe Ofosu Obeng Agnivesh Agarwal Alhassan Mutaka Alolo - *Appointed 24 May 2017* Yaw Adu-Gyamfi - *Appointed 07 December 2017* Kofi Duodu Fynn – *Appointed 22 March 2018* Victor Djangmah – *Resigned 22 May 2017* Anthony Ebow Spio – *Resigned 31 October 2017* Joseph Simple To-ir-Siilo – *Resigned 07 July 2017*
SECRETARY	Accra Nominees Limited 13 Samora Machel Road Asylum Down P. O. Box GP 242 Accra
REGISTRARS	Universal Merchant Bank Limited No. 123 Kwame Nkrumah Avenue Sethi Plaza, Adabraka Accra.
SOLICITORS	E. K. Jones Mensah & Associates Alpha Law Chamber Community 1 P. O. Box 1382 Tema
PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE	Plot No. 63/1, Heavy Industrial Area P. O. Box CO 914 Tema
AUDITOR	KPMG Chartered Accountants 13 Yiyiwa Drive, Abelenkpe P. O. Box GP 242 Accra
BANKERS	Ecobank Ghana Limited Societe Generale Ghana Limited

REPORT OF THE DIRECTORS
TO THE MEMBERS OF ALUWORKS LIMITED

Directors responsibility statement

The directors are responsible for the preparation of financial statements that give a true and fair view of Aluworks Limited, comprising the statement of financial position as at 31 December 2017, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179). In addition, the directors are responsible for the preparation of the Report of the Directors.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company to continue as a going concern. Refer to the going concern consideration below.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

Five year financial highlights

Company	**2017**	**2016**	**2015**	**2014**	**2013**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Revenue	84,470	69,470	78,665	76,845	58,026
(Loss) before tax	(23,877)	(19,314)	(14,231)	(4,982)	(66)
(Loss) after tax	(23,877)	(19,314)	(14,810)	(4,400)	(1,517)
Basic and diluted earnings per share (GHS per share)	(0.1009) (0.0846)	(0.0816) (0.0684)	(0,0626) (0.0524)	(0.0186) (0.0156)	(0.0064) (0.0062)

Financial statements and dividend

The financial results for the year ended 31 December 2017 are reflected in the accompanying financial statements, highlights of which are below:

	GH¢'000
Loss for the year after taxation	(23,877)
which when added to the brought forward balance on retained earnings account of	(62,251)
Including a write back of dividend payable from 2016	-
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leaves a balance to be carried forward on the retained earnings account of	(86,128)
	======

The Directors do not recommend the payment of dividend.
The Directors consider the state of the company's affairs to be satisfactory.

REPORT OF THE DIRECTORS

TO THE MEMBERS OF ALUWORKS LIMITED (CONT'D)

GOING CONCERN AND SUBSEQUENT EVENTS

The Company incurred a net loss for the year ended 31 December 2017 of GH¢23,877,000 (2016: GH¢19,314,000) and as of that date its current liabilities exceeded its current assets by GH¢32,977,000 (2016: GH¢ 29,182,000). The Company has continued to incur losses.

The directors assess that the immediate concern is to clear the VALCO debt and thus restore business volumes. Also, high interest charges on the Social Security and National Insurance Trust (SSNIT) loan render the company's business unprofitable. The concern is to find a way to reduce the impact of loan interest to foster profitability and growth. For the year under review, Interest on the SSNIT loan equals GH¢13.6 million which represents 52% of the total operating losses (i.e. GH¢25 million).

The expectation is for Government to institute countervailing measures to defend the company against market distortions by China.

Management seeks to find a strategic investor to provide leadership in technology and process to put the company on the front line of the industry, and to introduce both organic and extensive growth through new and relevant product offerings.
An expected financial intervention is being arranged with the principal shareholder i.e. SSNIT, in respect of the largest debts i.e. to VALCO and to SSNIT to consider a restructuring of the debts. The company's financial performance is expected to improve substantially in 2019 with an estimated profit of GH¢26.8 million, post the restructuring targeted at the 2018 financial year, with increasing strong growth going forward.

The company has over the last five years been in negotiation with another shareholder Caitlyn Limited who wished to make the necessary financial intervention in exchange for an issue of new shares. All arrangements for completion of this project are in place. The investor/shareholder has decided to seek control over the company by attaining 50%+ shareholding through purchasing sufficient new shares to achieve the objective. However SEC rules require that at that stage all other shareholders be polled to decide whether to retain or to sell their shareholding to Caitlyn. Caitlyn have sought to avoid that ruling and have petitioned the SEC for a waiver.

For that reason Management have had negotiations with the current majority shareholder, and have put to SSNIT a restructuring proposal that may or may not include investment by Caitlyn. As it is a joint effort, it has a very high probability of success.
The proposal is essentially, a sale of land owned by Aluworks to SSNIT in exchange for a debt write off on the interest-on-interest. This is expected to lead to an improvement in productivity towards profitability and dividend payment, and will see an increase in stock price which will benefit SSNIT substantially.

Following a due diligence on the proposal by an independent advisor, it has been submitted to the SSNIT Board. All of the arrangements should be completed by June 2018. Thereafter Aluworks Limited will embark upon the path to growth.

If the proposal is unsuccessful, there exists a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and, therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

REPORT OF THE DIRECTORS

TO THE MEMBERS OF ALUWORKS LIMITED (CONT'D)

The financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

Nature of business

The Company is engaged in continuous casting and cold rolling of aluminium products. There was no change in the nature of business of the company during the year.

Holding company

Refer to the appendix for information on the company's shareholders.

Objectives of the company

The purpose of the company is to manufacture and market quality aluminium products to its customers responsibly, and profitably and in an innovative way.

Related party transactions

Information regarding directors' interests in ordinary shares of the company and remuneration is disclosed in the notes to the financial statements. No director has any other interest in any shares or loan stock of the company. Other than service contracts, no director had a material interest in any contract to which the company was a party during the year.

REPORT OF THE DIRECTORS

TO THE MEMBERS OF ALUWORKS LIMITED (CONT'D)

Audit Committee

The Audit Committee has responsibility delegated from the board of directors for making recommendations on the appointment, reappointment, removal and remuneration of the external auditor. KPMG has been the auditor of Aluworks Limited for 11 years. KPMG does not provide non-audit services to the Company. The principal responsibilities of the Committee include reviewing financial reports, internal audit reports, management letters and other information it requests to be tabled.

Board of Directors

Profile

Non-executive	Qualification	Outside board and management position
Seth Adjei	Fellow, Ghana Institution of Engineers	Council Member, Energy Foundation; Director, City Parks Limited
Togbe Afede XIV	Bsc., MBA Finance	CEO, SAS Finance Group; Chairman, Board of National Investment Bank, Accra Hearts of Oak; Board Member, Pioneer Kitchenware, Sunon-Asogli Power (Ghana) Ltd, World Trade Centre (Accra), Principal Founder, Africa World Airlines.
Professor Lade Wosornu	MD, FRCSEdin, FRCSEng, FGCPS, MB (Hons), Bsc.	Columnist, Ghanaian Times
Kingsley Ofosu Obeng	Bsc., ACCA	Investment Analyst, SSNIT
Agnivesh Agarwal	Bsc in Commerce	Non-Executive Chairman, Hindustan Zinc Ltd; Managing Director, Fujairah Gold
Dr. Alhassan Mutaka Alolo	PhD	Managing Partner at iGroup, Inc
Professor Yaw Adu-Gyamfi	MD, FFARCS, FRCA, FWACS, FGCP&S	Consultant and Professor of Anaesthesiology and Critical Care
Kofi Duodu Fynn	MD, MBA	Managing Director of Petra Trust Company Ltd.

Executive	Qualification	Outside board and management position
Ernest Okoh	Bsc., MBA, ICA (Ghana)	Board Member, MS Research International, Expandable Polystyrene products and Trading Ltd, WT-2 Company Ltd

REPORT OF THE DIRECTORS

TO THE MEMBERS OF ALUWORKS LIMITED (CONT'D)

Biographical information of directors

Age category	Number of directors
Up to – 40 years	**1**
41 – 60 years	**4**
Above 60 years	**4**

Role of the Board

The directors are responsible for the long term success of the company, determine the strategic direction of the company and reviews operating, financial and risk performance. There is a formal schedule of matters reserved for the board of directors, including approval of the company's annual business plan, strategy, acquisitions, disposals and capital expenditure projects above certain thresholds, all guarantees, treasury policies, the financial statements, the company's dividend policy, transactions involving the issue or purchase of company shares, borrowing powers, appointments to the Board, alterations to the memorandum and articles of association, legal actions brought by or against the company, and the scope of delegations to Board committees, subsidiary boards and the management committee.

Internal control systems

The directors have overall responsibility for the company's internal control systems and annually reviews their effectiveness, including a review of financial, operational, compliance and risk management controls. The implementation and maintenance of the risk management and internal control systems are the responsibility of the executive directors and other senior management. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss. The directors have reviewed the effectiveness of the internal control systems, including controls related to financial, operational and reputational risks identified by the company as at the reporting date and no significant failings or weaknesses were identified during this review.

Directors' performance evaluation

There is currently no yearly evaluation process for Board Members, However, members of the board undergo series of training programmes upon appointment. Overall, it was noted that the board of directors and its committees were operating in an effective manner and performing satisfactorily, with no major issues identified.

Professional development and training

On appointment to the Board, directors are provided with a full, formal and tailored programme of induction, to familiarise them with the company's business, the risks and strategic challenges it faces, and the economic, competitive, legal and regulatory environment in which the company operates. A programme of strategic and other reviews, together with the other training provided as an when required, ensures that directors continually update their skills, their knowledge and familiarity with the company's businesses, and their awareness of sector, risk, regulatory, legal, financial and other developments to enable them to fulfil effectively their role on the Board and committees of the Board.

REPORT OF THE DIRECTORS

TO THE MEMBERS OF ALUWORKS LIMITED (CONT'D)

Conflicts of interest

The Company has established appropriate conflicts authorisation procedures, whereby actual or potential conflicts are regularly reviewed and authorisations sought as appropriate. During the year, no such conflicts arose and no such authorisations were sought.

Board balance and independence

The composition of the board of directors and its Committees is regularly reviewed to ensure that the balance and mix of skills, independence, knowledge and experience is maintained. The Board considers that the Chairman is independent on appointment and all non-Executive Directors are independent as it pertains to the management of the company. The continuing independent and objective judgement of the non-Executive Directors has been confirmed by the Board of Directors.

The code of ethics is available for all board members and staff of the Company upon employment. All board members are required to comply with the requirements of the provision under the Companies Act, Act 179. There are no exceptions to the adherence of the requirement of the code.

Directors Remuneration

Directors' remunerations are determined upon appointment. There are no variations to the remuneration given to directors. No additional allowances except sitting allowances are paid to members of the board during meetings.

APPROVAL OF FINANCIAL STATEMENTS

The financial statements of Aluworks Limited as indicated above were approved by the board of directors on ...8 June,........, 2018 and are signed on their behalf by:

....
DIRECTOR **DIRECTOR**

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ALUWORKS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aluworks Limited ("the Company"), which comprise the statement of financial position at 31 December 2017, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 13 to 50.

In our opinion, these financial statements give a true and fair view of the financial position of Aluworks Limited at 31 December 2017, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 1963 (Act 179).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirement that are relevant to our audit of the financial statements in Ghana, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 30 of the financial statements, which indicates that the Company incurred a net loss of GH¢23,877,000 during the year ended 31 December 2017 and, as of that date, the Company's current liabilities exceeded its current assets by GH¢32,977,000. As stated in Note 30, these events or conditions, along with other matters as set forth in Note 30, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ALUWORKS LIMITED – (CONT'D)

***Inventory** (GH¢16,580,000)* Refer to Note 10 to the financial statements	
The key audit matter	*How the matter was addressed in our audit*
The company keeps large volumes of inventory with significant values. Inventory may not be measured appropriately due to obsolescence or inaccurate unit cost assigned to items with significant values.	Our principal audit procedures included the following: • We tested controls over inventory counts and reconciliation to relevant records. • We also observed year-end inventory count and agreed results with the company records. • We recomputed the unit cost of inventory used in the year-end of inventory valuation by taking samples and agreeing the costs to supporting documentation such as purchase invoices and landed costs; considering and testing the calculation of overheads absorbed into inventory. • We enquired into identified slow moving inventory and assessed reasonableness of impairment allowance recognised on such inventory. • We have also considered the adequacy of disclosures in relation to inventory recognised in the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors as required by the Companies Act, 1963 (Act 179) but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ALUWORKS LIMITED – (CONT'D)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

  Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

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

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

In our opinion, proper books of account have been kept, and the statements of financial position and profit or loss and other comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is **Frederick Nyan Dennis (ICAG/P/1426)**

KPMG
....

For and on behalf of:
KPMG: (ICAG/F/2018/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

8 June
............................., 2018

ALUWORKS LIMITED
STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2017

	Note	2017 GH¢'000	2016 GH¢'000
Assets			
Property, plant and equipment	6	173,920	177,658
Investment securities	7	120	120
Total non-current assets		174,040	177,778
Inventories	10	16,580	18,990
Current tax assets	8	1,343	1,253
Trade and other receivables	11	2,314	2,250
Cash and cash equivalents	12	861	133
Total current assets		21,098	22,626
Total assets		195,138	200,404
Equity			
Share capital	17	31,650	31,650
Share deals		-	90
Retained earnings		(86,128)	(62,251)
Other reserves		980	980
Revaluation surplus		105,260	105,170
Total equity		51,762	75,639
Non-current liabilities			
Medium-term loans	14a	52,121	38,073
Employee benefits	15	2,295	-
Deferred tax liabilities	9	34,884	34,884
Total non-current liabilities		89,300	72,957
Current liabilities			
Bank overdrafts	13	5,374	6,278
Trade and other payables	19	31,476	23,752
Short-term loans	14b	17,226	21,778
Dividend payable	16	-	-
Total current liabilities		54,076	51,808
Total liabilities		143,376	124,765
Total liabilities and equity		195,138	200,404

The financial statements were approved by the Board of Directors on 8 June **, 2018 and signed on their behalf by:**

DIRECTOR **DIRECTOR**

The notes on pages 17 to 50 are an integral part of these financial statements.

ALUWORKS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 GH¢'000	2016 GH¢'000
Revenue	20	84,470	69,470
Cost of sales		(82,839)	(61,217)
Gross profit		1,631	8,253
Other income	21	199	274
General and administrative expenses		(8,561)	(11,474)
Results from operating activities before financing cost		(6,731)	(2,947)
Net finance cost	24	(17,146)	(16,367)
Loss before income tax	22	(23,877)	(19,314)
Income tax (expense)	8	-	-
Loss for the year		(23,877)	(19,314)
Other comprehensive income			
Items that may be reclassified subsequently To profit or loss			
Revaluation of property, plant and equipment		-	69,757
Income tax on revaluation surplus		-	(22,860)
Other comprehensive income net of tax		-	46,897
Total comprehensive income for the year		(23,877)	27,583
Basic earnings per share (Ghana Cedis)	18	(0.1009)	(0.0816)
Diluted earnings per share (Ghana Cedis)	18	(0.0846)	(0.0684)

The notes on pages 17 to 53 are an integral part of these financial statements.

ALUWORKS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

2017	**Stated Capital GH¢'000**	**Share Deals GH¢'000**	**Other Reserves GH¢'000**	**Revaluation Surplus GH¢'000**	**Retained Earnings GH¢'000**	**Total Equity GH¢'000**
Balance at 1 January 2017	31,650	90	980	105,170	(62,251)	75,639
Total comprehensive income for the year						
Loss for the year					(23,877)	(23,877)
Treasury stock matured		(90)		90		-
Balance at 31 December 2017	31,650	-	980	105,260	(86,128)	51,762

2016	**Stated Capital GH¢'000**	**Share Deals GH¢'000**	**Other Reserves GH¢'000**	**Revaluation Surplus GH¢'000**	**Retained Earnings GH¢'000**	**Total Equity GH¢'000**
Balance at 1 January 2016	31,650	90	980	58,273	(43,636)	47,357
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(19,314)	(19,314)
Surplus on revaluation, net of taxes	-	-	-	46,897	-	46,897
Dividend write back	-	-	-	-	699	699
Balance at 31 December 2016	31,650	90	980	105,170	(62,251)	75,639

The notes on pages 17 to 53 are an integral part of these financial statements.

ALUWORKS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 GH¢'000	2016 GH¢'000
Cash flows from operating activities			
Loss after tax		(23,877)	(19,314)
Adjustments for:			
Depreciation charges	6	4,467	6,010
Interest expense	24	17,146	16,367
Exchange loss	22	1,592	1,599
Taxation expense	8(i)	-	-
End of service benefit expense		1,703	-
Long service award expense		733	-
		1,764	4,662
Change in inventories		2,410	(2,535)
Change in trade and other receivables		(155)	3,122
Change in trade and other payables		6,114	(1,681)
Cash generated from operations		10,133	3,568
Long service benefit paid		(141)	-
Interest paid	24	(17,146)	(16,367)
Income taxes received/(paid)	8(ii)	(90)	(43)
Net cash flow from operating activities		(7,244)	(12,842)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(731)	(657)
Net cash flow from investing activities		(731)	(657)
Cash flows from financing activities			
Loan proceeds		40,963	42,031
Loan repaid	14	(31,467)	(22,883)
Net cash flow from financing activities		9,496	19,148
Net (decrease)/increase in cash and cash equivalents		1,521	5,649
Analysis of changes in cash and cash equivalents during the year			
Balance at 1 January		(6,145)	(11,890)
Net increase in cash and cash equivalents		1,521	5,649
Effect of movement in exchange rates on cash and cash equivalent held		111	96
Balance at 31 December		(4,513)	(6,145)
Analysis of balances of cash and cash equivalents as shown in the balance sheet			
Cash and bank balances	12	861	133
Bank overdrafts	13	(5,374)	(6,278)
		(4,513)	(6,145)

The notes on pages 17 to 53 are an integral part of these financial statements.

ALUWORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. REPORTING ENTITY

Aluworks Limited is a company registered and domiciled in Ghana. The address of the company's registered office can be found on page 2 of the annual report. The company is authorised to carry on the business of continuous casting and cold rolling of aluminium products.

For Companies Act, 1963 (Act 179) reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by part of the statement of comprehensive income, in these financial statements.

The Company is listed on the Ghana Stock Exchange.

2. BASIS OF PREPARATION

a. Statement of compliance

The financial statements of Aluworks Limited have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 1963 (Act 179).

b. Basis of measurement

They are prepared on the historical cost basis except for property, plant and machinery which are recognised at revalued amounts and trade and other receivables that are stated at fair values.

c. Functional and presentational currency

The financial statements are presented in Ghana cedis (GH¢) which is the company's functional currency. All financial information presented in Ghana cedi has been rounded to the nearest thousand, unless otherwise indicated.

d. Use of estimates and judgement

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in notes 4 and 25. The accounting policies set out below have been applied consistently to all periods presented in these financial statements by the company.

(a) Financial Instruments

The Company classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

The Company classifies non-derivative financial liabilities into the following categories: other financial liabilities.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

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

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.
Non-derivative financial assets are recognised initially at fair value plus, for instrument not at fair value through profit and loss, any directly attributable transaction cost. Non-derivative financial liabilities are initially recognized at fair values less any directly attributable transaction costs.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risk and rewards of ownership and does not retain control over the transferred asset.
On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognized in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognized as a separate asset or liability. Any interest in such derecognized financial asset that is created or retained by the Company is recognized as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.
Non-derivative financial instruments are categorised and measured as follows:

- Loans and receivables – these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprises cash and cash equivalent, trade and other receivables and amount due from related parties.

- Available-for-sale financial assets - The Company's investments in shares are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised directly in other comprehensive income. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- Financial liabilities measured at amortised cost - this relates to all other liabilities that are not designated at fair value through profit or loss. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. Other financial liabilities comprise amount due to related parties and trade and other payables.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(b) Impairment

(i) Financial assets

(a) Assets carried at amortised costs

Financial assets are assessed at each reporting date to determine whether there is objective evidence that it is impaired.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, indications that a debtor will enter bankruptcy, adverse changes in the payment status of borrowers and economic conditions that correlate with defaults.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of estimated future cash flows discounted at the original effective interest rate.

The Company considers evidence of impairment of these assets both on an individual and collective basis. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and make adjustments if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested historical trends.
All impairment losses are recognised in profit or loss and reflected in an allowance account. Interest on the impaired asset continues to be recognised. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Assets classified as available-for-sale (AFS)

The Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired at each reporting date. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. In general, the Company considers a decline of 20% to be significant and a period of nine months to be prolonged. However, in specific circumstances a smaller decline or a shorter period may be appropriate.

Impairment losses are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can objectively be related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rates that reflect current market assessments of the time value of money and risks specific to the asset.

A previously recognised impairment loss is reversed where there has been a change in circumstances or in the basis of estimation used to determine the recoverable value, but only to the extent that the asset's net carrying amount does not exceed the carrying amount of the asset that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

(c) Leases

(i) <u>Classification</u>

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ii) Lease payments

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

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

(d) Property, Plant and Equipment

(i) Recognition and measurement

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

Decreases that offset previous increases of the same asset are charged against the revaluation surplus. All other decreases are charged to profit or loss.

If property becomes an investment property because its use has changed, the property is reclassified appropriately and any difference arising between the carrying amount and the fair value at the date of transfer is recognised as follows:
Any gain arising on this remeasurement is recognized in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognized in other comprehensive income and presented in revaluation surplus. Any loss is recognised in profit or loss. However, to the extent that an amount is included in revaluation surplus for that property, the decrease is recognised in OCI and reduces the revaluation surplus in equity. On disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings.

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

(ii) Subsequent costs

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(iii) *Depreciation*

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

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

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

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

(e) Intangible Assets

Software

Software acquired by the company is measured at cost less accumulated amortisation and any accumulated impairment losses.
Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software for the current and comparative periods is three years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

(f) Inventories

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

(h) Employee Benefits

Defined contribution plans

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Short-term Employment benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liabilities of the Company arising from defined benefit obligations and related current service costs are determined on an actuarial basis using the projected unit credit method. The Company uses this method to determine the present value of defined benefit obligations, related current service costs and, where applicable, past service costs. Actuarial gains and losses, which arise mainly from changes in actuarial assumptions and differences between actuarial assumptions and what actually occurred, are charged to profit or loss.

Other long-term benefit

The Company's obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. The discount rate is the rate on long dated Government of Ghana bonds. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss.

(i) Revenue

Sale of goods

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

Rendering of services
Other income from services rendered such as fixing of roofing for customers is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on survey of work performed.

(j) Finance Income and Expense

Finance income comprises interest income on funds invested and dividend income. Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss on the date that the company's right to receive payment is established.
Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Taxation

Tax expense comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

(a) Current tax

Current tax comprises the expected tax payable or receivable on taxable incomes or losses for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

(b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

(b) Deferred tax (cont'd)

Deferred tax is measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or the tax assets and liabilities will be realised simultaneously.

(m) Dividend

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

(n) Post Balance Sheet Events

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

(o) Segment reporting

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Earnings per Share

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

(r) New Standards and Interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these financial statements. These include the following Standards and Interpretations that may have an impact on future financial statements:

Standard/Interpretation		**Effective date**
IFRS 9	*Financial Instruments*	Annual periods beginning on or after 1 January 2018
IFRS 15	*Revenue from Contracts with Customers*	Annual periods beginning on or after 1 January 2018
IFRS 16	*Leases*	Annual periods beginning on or after 1 January 2019

IFRS 9 *Financial Instruments*

On 24 July 2014, the IASB issued the final IFRS 9 *Financial Instruments* Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*.

This standard will have a significant impact on the Company, which will include changes in the measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Company.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

IFRS 15 *Revenue from contracts with customers*

This standard replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter of Transactions Involving Advertising Services*.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard will most likely have a significant impact on the company, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The company is currently in the process of performing a more detailed assessment of the impact of this standard on the company and will provide more information in the year ended 31 December 2018 financial statements.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

IFRS 16 *Leases*

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors.

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lessees and lessors. The company is assessing the potential impact on the financial statements resulting from the application of IFRS 16.

NOTES TO THE FINANCIAL STATEMENTS

4. DETERMINATION OF FAIR VALUES

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

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

(i) Trade and other receivables

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

(ii) Cash and cash equivalents

The fair value of cash and cash equivalent approximate their carrying values.

(iii) Investments in equity

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

The Company measures fair values using the following fair value hierarchy, which reflects the significance of inputs used in making the measurements.

(iv) Trade and other payables

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

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENT REPORTING

Operating segments reflect the Company's management structure and the way financial information is regularly reviewed by the Managing Director. Operating segments are reported in a manner consistent with internal reporting provided to the Managing Director.

The company operates as a single business unit that manufactures aluminium coils, circles, corrugated sheets and flat sheets.

a. Revenue by products

	2017 GH¢'000	2016 GH¢'000
Sheet in Coil (Plain)	4,984	8,674
Sheet in Coil (Colour)	18,995	18,071
Circles	42,534	21,929
Corrugated Sheets (Plain)	8,031	8,898
Corrugated Sheets (Colour)	5,940	7,458
Flat Sheets (Plain)	3,470	4,007
Flat sheets (Colour)	599	433
Total	84,553	69,470

b. Geographical Location

Aluworks Limited sells its products in Ghana and other markets in West Africa

Revenue	2017 GH¢ '000	2016 GH¢'000
In Ghana	62,349	55,332
Outside Ghana	22,121	14,138
Non-current Assets –In Ghana	174,040	177,778

c. Major Customer

There was no revenue for transactions with a single external customer amounting to 10% of the company's total revenue during the year (2016: NIL).

NOTES TO THE FINANCIAL STATEMENTS

6. PROPERTY, PLANT AND EQUIPMENT

2017

	Leasehold Land and Buildings GH¢'000	Plant and Machinery GH¢'000	Equipment GH¢'000	Motor Vehicles GH¢'000	Capital Work in Progress GH¢'000	Total GH¢'000
Cost						
At 1/1/17	106,975	79,062	3,528	1,213	-	190,778
Additions	-	388	343	-	-	731
Revaluation surplus	-	-	-	-	-	-
At 31/12/17	106,975	79,450	3,871	1,213	-	191,509
Comprising						
Cost of assets revalued	1,904	4,033	1,003	254	-	7,194
Surplus on revaluations to 2016	102,611	19,799	1,378	184	-	123,972
Surplus/(deficit) on revaluation to 2017	-	-	-	-	-	-
At revaluation	104,515	23,832	2,381	438	-	131,166
At cost	2,460	55,618	1,490	775	-	60,343
	106,975	79,450	3,871	1,213	-	191,509
Accumulated Depreciation						
At 1/1/17	1,210	9,491	1,975	444	-	13,120
Charge for the year	604	3,465	294	106	-	4,469
At 31/12/17	1,814	12,956	2,269	550	-	17,589
Carrying Amount						
At 31/12/17	105,161	66,494	1,602	663	-	173,920

NOTES TO THE FINANCIAL STATEMENTS

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

2016

	Leasehold Land and Buildings GH¢'000	Plant and Machinery GH¢'000	Equipment GH¢'000	Motor Vehicles GH¢'000	Capital Work in Progress GH¢'000	Total GH¢'000
Gross Value						
At 1/1/16	56,334	80,968	3,576	1,466	-	142,344
Additions	-	510	147	-	-	657
Revaluation adjustments	(3,098)	(17,575)	(739)	(568)	-	(21,980)
Revaluation surplus	53,739	15,159	544	315	-	69,757
At 31/12/16	106,975	79,062	3,528	1,213	-	190,778
Comprising						
Cost of assets revalued	1,904	4,033	1,003	254	-	7,194
Surplus on revaluations to 2015	48,872	4,641	834	(132)	-	54,215
Surplus/(deficit) on revaluation to 2016	53,739	15,158	544	316	-	69,757
At revaluation	104,515	23,832	2,381	438	-	131,166
At cost	2,460	55,230	1,147	775	-	59,612
	106,975	79,062	3,528	1,213	-	190,778
Accumulated Depreciation						
At 1/1/16	3,249	22,770	2,288	783	-	29,090
Charge for the year	1,059	4,296	426	229	-	6,010
Revaluation adjustments	(3,098)	(17,575)	(739)	(568)	-	(21,980)
At 31/12/16	1,210	9,491	1,975	444	-	13,120
Carrying Amount						
At 31/12/16	105,765	69,571	1,553	769	-	177,658

NOTES TO THE FINANCIAL STATEMENTS

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

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

	2017 GH¢'000	2016 GH¢'000
Cost of sales	4,020	5,060
General, administrative and selling expenses	448	950
	-------	-------
	4,468	6,010
	====	====

7. LONG TERM INVESTMENT

This relates to the cost of 2,400,000 ordinary shares in Pioneer Kitchenware Limited. The market value of this investment at the reporting date was GH¢120,000 (2016: GH¢120,000).

8. TAXATION

	2017 GH¢'000	2016 GH¢'000
(i) **Income tax expense**		
Current tax expense 8(ii)	-	-
Deferred tax expense (Note 9)	-	-
Other comprehensive income (Note 9)	-	22,860
	---------	---------
	-	22,860
	=====	=====

(ii) **Taxation payable**

2017	Balance at 1/1/17 GH¢'000	Payments during the year GH¢'000	Charged to P/L account GH¢'000	Balance at 31/12/17 GH¢'000
Income Tax				
Up to 2016	(1,253)	-	-	(1,253)
2017	-	(90)	-	(90)
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	(1,253)	(90)	-	(1,343)
	====	===	===	====

NOTES TO THE FINANCIAL STATEMENTS

8. TAXATION (CONT'D)

(ii) **Taxation payable**

2016	**Balance at 1/1/16 GH¢'000**	**Payments during the year GH¢'000**	**Charged to P/L account GH¢'000**	**Balance at 31/12/16 GH¢'000**
Income Tax				
Up to 2015	(1,217)	-	-	(1,217)
2016	-	(43)	-	(43)
Capital Gains Tax	7	-	-	7
	(1,210)	(43)	-	(1,253)

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

(iii) **Reconciliation of effective tax rate**

	2017 GH¢'000	**2016 GH¢'000**
Loss before taxation	(23,877)	(19,314)
Income tax using the domestic tax rate (25%)	(5,969)	(4,829)
Non-deductible expenses	(5,713)	(20,762)
Income not taxable	-	(470)
Tax losses	3,780	2,158
Unrecognised deferred tax asset	7,902	23,903
Income tax charge	-	-
Effective tax rate	(0%)	(0%)

NOTES TO THE FINANCIAL STATEMENTS

9. DEFERRED TAXATION

	2017 GH¢'000	2016 GH¢'000
Balance at 1 January	34,884	12,024
Charge to profit or loss	-	-
Other comprehensive income	-	22,860
Balance at 31 December	34,884	34,884

(i) Recognised deferred tax assets and liabilities.

Deferred tax liabilities are attributable to the following:

	2017 Assets GH¢'000	2017 Liabilities GH¢'000	2017 Net GH¢'000	2016 Assets GH¢'000	2016 Liabilities GH¢'000	2016 Net GH¢'000
Property, plant and equipment	-	3,197	3,197	-	3,197	3,197
Capital gains tax	-	22,860	22,860	-	22,860	22,860
Others	-	8,827	8,827	-	8,827	8,827
Net tax liabilities	-	34,884	34,884	-	34,884	34,884

(ii) Unrecognised deferred tax asset

Deferred tax asset of GHS 29,554,000 (2016: GHS 15,648,794) has not been recognised because the company has assessed that it is not probable that future taxable profit will be available, against which the company can use the benefit therefrom.

10. INVENTORIES

	2017 GH¢'000	2016 GH¢'000
Raw materials	1,197	1,866
Work-in-progress	1,848	1,488
Finished goods	2,181	4,080
Consumables	11,354	11,556
	16,580	18,990

NOTES TO THE FINANCIAL STATEMENTS

11. TRADE AND OTHER RECEIVABLES

	2017 GH¢'000	2016 GH¢'000
Trade receivables due from customers	1,369	1,341
Other receivables	692	666
Staff debtors	25	12
Prepayments	228	231
	2,314	2,250

Included in other receivables are advance payments of GH¢581,951 (2016: GH¢595,839) made to suppliers in relation to inventory.

12. CASH AND CASH EQUIVALENTS

	2017 GH¢'000	2016 GH¢'000
Cash at bank	858	84
Cash on hand	3	49
	861	133

13. BANK OVERDRAFTS

	2017 GH¢'000	2016 GH¢'000
(i) Ecobank Ghana Limited	3,340	4,312
(ii) Societe Generale Ghana Limited	2,034	1,966
	5,374	6,278

(i) The company had an overdraft facility not exceeding GH¢5 million with Ecobank Ghana Limited (EGH) to finance the purchase of stocks, raw materials, spares and other operational. Interest rate is EGH cedi base rate plus a spread of 6% per annum payable monthly in arrears. The facility expired on 30 September 2017 and was extended to 31 January 2018. A new facility offer was accepted on 01 February 2018 which will run to 30 September 2018. The new facility is not to exceed GH¢2.5 million. The facility was secured by assignment of export proceeds, parri passu fixed and floating charges with Societe Generale Ghana (SG Ghana) Limited over the company's assets including hypothecation over the company's inventory, legal mortgage over company's office/factory premises situated at Tema Heavy Industrial Area. The company is also to channel a minimum of GHS 1,000,000 in weekly local sales through its EGH Account.

(iii) The company had an overdraft facility not exceeding GH¢2.1 million with Societe Generale Ghana Limited to finance working capital. The company's floating and fixed assets shared pari passu with Ecobank Ghana Limited have been pledged as security for the facility**.** The facility expired on 31 January 2018. Interest rate is 28%.

NOTES TO THE FINANCIAL STATEMENTS

14a. MEDIUM TERM LOANS

	SSNIT GH¢'000	Ecobank Revolving GH¢'000	Ecobank Short-term GH¢'000	2017 Total GH¢'000	2016 Total GH¢'000
Balance 1 January	51,684	4,000	4,167	59,851	40,703
Drawdown during the year	-	27,300	-	27,300	30,200
Interest Capitalised	13,663	-	-	13,663	11,831
	65,347	31,300	4,167	100,814	82,734
Repayments during the year	-	(27,300)	(4,167)	(31,467)	(22,883)
	65,347	4,000	-	69,347	59,851
Balance at 31 December	65,347	4,000	-	69,347	59,851
Analysed as follows:					
Current portion	13,226	4000	-	17,226	21,778
Medium term loan Non-current)	52,121	-	-	52,121	38,073
	65,347	4,000	-	69,347	59,851

(i) Social Security and National Insurance Trust

The company obtained a facility of US$10 million (GH¢18,276,000) from Social Security and National Insurance Trust (SSNIT) in 2012 to fund the acquisition of the second cold rolling mill under the terms of a six-year convertible bond with two years moratorium. The interest rate on the convertible bond is 2 years note plus 3% In line with IAS 32, the facility qualified for a compound financial instrument and as such, an amount of GH¢ 980,000 was recognised in the statement of changes in equity on initial recognition. An amount of GH¢ 65,347,000 was recognised as the carrying amount of the loan in the statement of financial position. Interest capitalised on the facility in 2017 was GH¢ 13,663,000.

(ii) Ecobank Revolving

The company has an revolving line of credit facility of GH¢4 million with Ecobank Ghana Limited (EGH) to back the issuance of standby letters of credit on behalf of Aluworks in favour of its overseas suppliers for raw material supply. The facility is also to back the issuance of sight and deferred (up to a maximum of 120 days) L/Cs on behalf of Aluworks in favour of excess suppliers for raw material supply, to back the discount of export receivables of up to 60 days. The loan is to be drawn as short terms loan of up to 60 days to finance purchase of raw materials from VALCO and 60 days to finance purchase of spare parts from both local and foreign supplies. The facility is secured by assignment of export proceeds, parri passu fixed and floating charges with Societe Generale Ghana (SG-Ghana) Limited over the company's assets including hypothecation over company's inventory, legal mortgage over company's office/factory premises situated at Tema Heavy Industrial Area. The company is also to channel a minimum of GHS 1,000,000 in weekly local sales through its EGH Account. Interest rate is EGH cedi base rate plus a spread of 6% for both facilities per annum payable monthly in arrears and expired on 30 September 2017.

NOTES TO THE FINANCIAL STATEMENTS

14a. MEDIUM TERM LOANS (CONT'D)

(iii) Ecobank Short term loan

The company obtained a short term loan facility of GH¢5 million from Ecobank Ghana Limited in 2016 to repay part of outstanding overdraft amount over a 12 month period. The interest rate on the loan is EGH Cedi Base Rate plus a spread of 6% per annum payable monthly in arrears. The duration of the loan was for 12 month after the date of disbursement and expired on 30 September 2017.

14b. SHORT-TERM LOAN

	2017 GH¢'000	2016 GH¢'000
Current portion of Loan (Note 14)	17,226	21,778
	=====	=====

15. EMPLOYEE BENEFITS

(i) Long Service Award

Long Service Award is an unfunded scheme to reward staff for their continuous and dedicated service to the company. Staff who serve for ten (10) years and above are rewarded with bundles of Aluminium roofing sheets. The awards vary depending on the number of years served by employees who meet the criteria as follows:

Years of Service	Long Service Award
10	One (1) packet of non-coloured Aluworks roofing sheets
15	Two (2) packets of non-coloured Aluworks roofing sheets
20	Three (3) packets of non-coloured Aluworks roofing sheets
25	Four (4) packets of non-coloured Aluworks roofing sheets
30	Four (4) packets of non-coloured Aluworks roofing sheets
35	Six (6) packets of non-coloured Aluworks roofing sheets

(ii) End of Service Benefit

It is a defined benefit scheme to provide employees with a lump sum on retirement, resignation or death having served the company for a minimum of ten (10) years. End of Service Benefit is a funded scheme. The plan asset of the scheme is managed by CalAsset Management. The table below shows the benefit entitlements.

Criteria	Benefit Entitlement
Retirement after 10 years	5% of the employee's final 5 years average salary multiplied by the number of years served.
Resignation/Death after 10 years	2.5% of the employee's final 5 years average basic salary multiplied by the number of years served.

NOTES TO THE FINANCIAL STATEMENTS

15. EMPLOYEE BENEFITS (CONT'D)

(iii) Assumptions

The significant assumptions used in determining the present value of the company's Long service award and End of service benefit schemes are as follows:

	2017	**2016**
Discount rate	18.75%	-
Salary inflation	15.0%	-

(iv) Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	2017	
	Increase GH¢'000	**Decrease GH¢'000**
Discount rate (2% movement)	230	(278)
Salary inflation (2% movement)	(283)	241

(v) Obligations

	2017 GH¢'000	**2016 GH¢'000**
Long service award	592	-
Net end of service benefit obligation	1,703	-
	2,295	-

a.) Movement in present value of the long service award obligation

	2017 GH¢'000	**2016 GH¢'000**
Long service award obligation at 1 January	-	-
Benefits paid during the year	(141)	-
Current service costs	733	
Long service award obligation at 31 December	592	-

b.) Movement in present value of the net end of service benefit obligation

	2017 GH¢'000	**2016 GH¢'000**
Current service costs	1,703	-
Net end of service benefits obligation at 31 December	1,703	-

NOTES TO THE FINANCIAL STATEMENTS

15. EMPLOYEE BENEFITS (CONT'D)

The breakdown of the net defined obligation at 31 December is shown below:

	2017 GH¢'000	2016 GH¢'000
Projected benefit obligation	2,040	-
Plan Assets	(337)	-
Net end of service benefits obligation at 31 December	1,703	-

16. DIVIDEND PAYABLE

	2017 GH¢'000	2016 GH¢'000
Balance at 1 January	-	699
Dividend declared in the year	-	-
Write back of dividend	-	(699)
Balance at 31 December	-	-

NOTES TO THE FINANCIAL STATEMENTS

17. STATED CAPITAL

Ordinary shares

	No. of Shares 2017 '000	Proceeds 2017 GH¢	No. of Shares 2016 '000	Proceeds 2016 GH¢
Authorised				
Ordinary shares of no par value	1,000,000		1,000,000	
Issued and fully paid				
For cash	202,058	27,413	202,058	27,413
Transfer from revaluation surplus	34,629	4,237	34,629	4,237
	236,687	31,650	236,687	31,650

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

NOTES TO THE FINANCIAL STATEMENTS

18. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the net loss attributable to equity holders of the company by the weighted-average number of ordinary shares in issue.

	2017 GH¢'000	2016 GH¢'000
Loss attributable to equity holders of the Company	(23,877)	(19,314)

	2017	2016
Number of ordinary Shares in issue	236,687,001	236,687,001
Basic earnings per share (expressed in GH¢ per share)	(0.1009)	(0.0816)

Diluted

The calculation of diluted earnings per share has been calculated based on the loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after the adjustment for the effects of all dilutive potential ordinary shares.

	2017 GH¢'000	2016 GH¢'000
Loss attributable to equity holders of the Company	(23,877)	(19,314)

	2017	2016
Weighted average number of ordinary shares in issue	282,377,001	282,377,001
Diluted earnings per share (expressed in GH¢ per share)	(0.0846)	(0.0684)

19. TRADE AND OTHER PAYABLES

	2017 GH¢'000	2016 GH¢'000
Trade payables	28,716	20,437
Other payables and accrued expenses	2,760	3,315
	31,476	23,752

NOTES TO THE FINANCIAL STATEMENTS

20. REVENUE

	2017 GH¢'000	2016 GH¢'000
Local sales	72,880	65,093
Export sales	22,121	14,138
	---------	---------
	95,001	79,231
Less: Value Added Tax	(10,448)	(9,553)
Rebate	(83)	(208)
	---------	---------
Net sales value	84,470	69,470
	=====	=====

21. OTHER INCOME

	2017 GH¢'000	2016 GH¢'000
Scrap sales	22	97
Rent receivable	26	30
Sundry income	145	146
(Gain)/Loss on export freight	6	1
	----	-----
	199	274
	==	===

Sundries include income from sale of scrap, rent receivable and gain/loss on export freight.

22. LOSS BEFORE TAX IS STATED AFTER CHARGING:

	2017 GH¢'000	2016 GH¢'000
Personnel cost (note 23)	11,547	8,730
Auditors remuneration	70	70
Depreciation	4,467	6,011
Directors emoluments	55	65
Net finance cost (note 24)	17,146	16,367
Exchange loss	1,592	1,599
	====	====

NOTES TO THE FINANCIAL STATEMENTS

23. PERSONNEL COSTS

	2017 GH¢'000	2016 GH¢'000
Wages and salaries	8,358	7,940
Social security contributions	424	437
Provident fund	245	248
End of service benefits	2,520	105
	11,547	8,730

The average number of persons employed by the company during the year was 198. (2016: 264)

24. NET FINANCE COST

	2017 GH¢'000	2016 GH¢'000
Interest income	-	23
Interest expense	17,146	(16,390)
	17,146	16,367

25. FINANCIAL RISK MANAGEMENT

(i) **Overview**

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

- credit risk
- liquidity risk
- market risks

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

Risk management framework

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

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

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL RISK MANAGEMENT (CONT'D)

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

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

(ii) **Credit risk**

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

Trade and other receivables

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

Allowances for impairment

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

Exposure to credit risks

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

	2017 GH¢'000	2016 GH¢'000
Trade receivables	1,369	1,341
Other receivables	692	666
Staff debtors	25	12
Cash and cash equivalent	858	84
	2,944	2,103

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

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL RISK MANAGEMENT (CONT'D)

	2017 GH¢'000	2016 GH¢'000
Foreign companies	-	-
Local Institutions	1,369	1,341
	1,369	1,341

Impairment losses

The ageing of trade receivables at the reporting date was:

	2017		2016	
	Gross GH¢'000	Impairment GH¢'000	Gross GH¢'000	Impairment GH¢'000
Current(less than 30 days)	918	-	595	-
Due but not impaired (30-90 days)	97	-	91	-
Impaired (more than 90 days)	3,346	(2,992)	3,241	(2586)
	4,361	(2,992)	3,927	(2,586)

Cash and cash equivalents

None of these balances were impaired at the year end and at 31 December 2016.

Investment securities

The Company's investments comprise investment in equity securities. None of these investments were impaired at the year end and at 31 December 2016.

(iii) **Liquidity risk**

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

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL RISK MANAGEMENT (CONT'D)

The following are contractual maturities of financial liabilities:

31 December 2017

	Carrying Amount GH¢'000	6mths or less GH¢'000	6-12 mths GH¢'000	1-3 years GH¢'000
Non-derivative financial liability				
Trade and other payables	32,174	32,174	-	-
Bank overdrafts	5,374	5,374	-	-
Short term loans	17,226	-	17,226	-
Medium term loans	52,121	-	-	52,121
Balance at 31 December 2017	106,895	37,548	17,226	54,121

31 December 2016

	Carrying Amount GH¢'000	6mths or less GH¢'000	6-12 mths GH¢'000	1-3 years GH¢'000
Non-derivative financial liability				
Trade and other payables	23,752	23,752	-	-
Bank overdrafts	6,278	6,278	-	-
Short term loans	21,778	-	21,778	-
Medium term loans	38,073	-	-	38,073
Balance at 31 December 2016	89,881	30,030	21,778	38,073

(iv) **Market risks**

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

Foreign currency risk

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

Currency Risk

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

	31 December 2017			31 December 2016		
	Rand	**GBP**	**USD**	**Rand**	**GBP**	**USD**
Cash and bank balances	-	-	191,406	-	-	17,878
Trade and other receivables	-	-	608,652	-	-	608,652
Trade and other payables	-	-	-	-	-	-
Gross exposure	-	-	800,058	-	-	626,530

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL RISK MANAGEMENT (CONT'D)

The following significant exchange rates applied during the year:

	Average Rate		Reporting Rate	
	2017	**2016**	**2017**	**2016**
USD	4.3283	3.9342	4.4400	4.1300
GBP	5.6919	5.1020	5.9835	5.0690
Rand	0.3282	0.2823	0.3618	0.3035

Sensitivity analysis on currency risks

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

A strengthening/ weakening of the GH¢, by the rates shown in the table, against the following currencies at 31 December have increased/decreased equity and profit or loss by the amounts shown below:
This analysis assumes that all other variables, in particular interest rates, remain constant.

At 31 December	**2017**			**2016**		
In GH¢	% Change	Profit or loss/Equity impact – increase/(decrease): Strengthening	Profit or loss/Equity impact – increase/(decrease): Weakening	% Change	Profit or loss/Equity impact – increase/(decrease): Strengthening	Profit or loss/Equity impact – increase/(decrease): Weakening
		GH¢	**GH¢**		**GH¢**	**GH¢**
€	±0.4%	-	-	±0.1%	-	-
US$	±0.2%	(6,255)	6,255	±0.3%	(6,678)	6,678
£	±0.4%	-	-	±0.3%	-	-
Rand	±0.0%	-	-	±0.0%	-	-

Interest rate risk profile

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

	Carrying amounts	
	2017	**2016**
	GH¢'000	**GH¢'000**
Variable rate instrument		
Financial liabilities	74,691	66,129
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL RISK MANAGEMENT (CONT'D)

Cash flow sensitivity analysis for variable rate instrument
A change of 300 basis points in interest rate at the reporting date would have increased (decreased) profit or loss or equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis for 2017 is performed on the basis that interest rate changed by 300 basis points.

Variable rate instrument	300bp Increase GH¢'000
31 December 2017	
Variable rate instrument	(4,458)
	=====
31 December 2016	
Variable rate instrument	(4,255)
	=====

Fair values

Fair values versus carrying amounts

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

(i) Loans and receivables	31 December 2017 Carrying Amount GH¢'000	31 December 2017 Fair Value GH¢'000	31 December 2016 Carrying Amount GH¢'000	31 December 2016 Fair Value GH¢'000
Trade and other receivables	2,314	2,314	2,019	2,019
Cash and cash equivalents	861	861	133	133
	-------	-------	-------	-------
	3,175	3,175	2,152	2,152
	====	====	====	====

(ii) Available-for-sale	31 December 2017 Amount GH¢'000	31 December 2017 Value GH¢'000	31 December 2016 Amount GH¢'000	31 December 2016 Value GH¢'000
Investment securities	120	120	120	120
	----	----	----	----
	120	120	120	120
	===	===	===	===

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(ii) **Other financial liabilities**	**31 December 2017**		**31 December 2016**	
	Carrying Amount GH¢'000	**Fair Value GH¢'000**	**Carrying Amount GH¢'000**	**Fair Value GH¢'000**
Trade and other payables	32,174	32,174	23,752	23,752
Bank overdrafts	5,374	5,374	6,278	6,278
Short term loans	17,226	17,226	21,778	21,778
Medium term loans	52,121	52,121	38,073	38,073
	106,895	106,895	89,881	89,881

(iii) **Fair Value Hierarchy**

Fair value hierarchy- Financial instruments measured at fair value

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

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

(iii) **Fair Value Hierarchy (cont'd)**

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

- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

As at the year ended 31 December 2017, the company did not have any level 2 and 3 financial assets and/or liabilities.

26. RELATED PARTY DISCLOSURES

The Company's related party is Pioneer Kitchenware Limited (PKL) on which Togbe Afede XIV a board member of Aluworks, is also the Board Chairman of the Company. Pioneer Kitchenware Limited purchases significant quantities of finished products from Aluworks as inputs for its own production processes. Items are purchased at arms-length (market prices).

Another related party is SSNIT who is the principal shareholder of Aluworks. SSNIT has contracted the Modula Group to construct houses under the SSNIT affordable housing projects. The roofing sheets being used for the construction are supplied by Aluworks. Although the invoices raised for the roofing sheets are in the name of Modula Group, SSNIT directly makes payments to Aluworks for the invoices raised. Items are purchased at arms-length (market prices).

NOTES TO THE FINANCIAL STATEMENTS

26. RELATED PARTY DISCLOSURES (CONT'D)

i) Transactions

The following transactions were carried out with related parties:

	2017 GH¢'000	2016 GH¢'000
Purchases by Pioneer Kitchenware Limited	67	579
Purchases by Modula Group (SSNIT affordable housing project)	612	-

ii) Outstanding balances arising from related party transactions:

	2017 GH¢'000	2016 GH¢'000
(a) Trade Receivables:		
Pioneer Kitchenware Limited	382	382
Modula Group (SSNIT affordable housing project)	-	-

(iii) Key management compensation

	2017 GH¢'000	2016 GH¢'000
Salaries and other short-term benefits	55	65

(iv) Loans and advances to related parties

Loan advances to senior management and staff	25	12

27. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividend to ordinary shareholders.

The Company monitors capital using a ratio of "adjusted net debt" to "adjusted equity". For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity other than amounts accumulated in the hedging reserve.

The Company's policy is to keep the ratio below 2.00. The Group's adjusted net debt to equity ratio at 31 December 2017 was as follows:

NOTES TO THE FINANCIAL STATEMENTS

27. CAPITAL MANAGEMENT (CONT'D)

	2017 GH¢'000	2016 GH¢'000
Total liabilities	143,377	124,765
Less: cash and cash equivalents	(862)	(133)
Adjusted net debt	142,515	124,632
Total equity	51,761	75,639
Less hedging reserve	-	-
Adjusted equity	51,761	75,639
Adjusted net debt to adjusted equity ratio	2.75	1.65

28. CAPITAL COMMITMENTS

There were no capital commitments as at the year ended 31 December 2017 (2016: Nil).

29. CONTINGENT LIABILITIES

There were no claims, litigation or legal suit pending against the company as at 31 December 2017 (2016: Nil).

NOTES TO THE FINANCIAL STATEMENTS

30. GOING CONCERN AND SUBSEQUENT EVENTS

The Company incurred a net loss for the year ended 31 December 2017 of GH¢ 23,877,000 (2016: GH¢19,314,000) and as of that date its current liabilities exceeded its current assets by GH¢ 32,977,000 (2016: GH¢ 29,182,000). The Company has continued to incur losses.

The Directors of the Company are seeking to find a strategic investor to provide leadership in technology and process to put the company on the front line of the industry, and to introduce both organic and extensive growth through new and relevant product offerings.

The company is in discussions with another shareholder Caitlyn Limited to make financial intervention in exchange for an issue of new shares. SEC is yet to approve this new arrangement.

Furthermore, the Company submitted a financial intervention proposal to the principal shareholder – SSNIT in respect of:

1. Paying off the amount owed to the largest debtor, VALCO, and to also consider restructuring the Company’s debts to SSNIT.
2. Selling of a portion of the Company’s land in exchange for a debt write off on the interest-on-interest.

The Board of Directors are of the firm believe that the above measures, the company's financial performance is expected to improve substantially in 2019 with an estimated profit of GH¢26.8 million, post the restructuring targeted at the 2018 financial year, with increasing strong growth going forward. This would turn around the fortunes of the Company and make it more profitable to eventually pay dividend to its shareholders and increase its stock price.

All of the arrangements should be completed by June 2018.

If the proposal is unsuccessful, there exists a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern and, therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

APPENDIX 1

ALUWORKS LIMITED
SHAREHOLDING INFORMATION

(i) Number of Shares in Issue

Earnings and dividend per share are based on 236,687,001 (2016: 236,687,001) ordinary shares in issue at the end of the year.

(ii) Number of Shareholders

The company had 3,029 ordinary shareholders at 31 December 2017 (2016: 3,075) distributed as follows:

Holding	No. of Holders	Total Holding	% Holding
1 - 1,000	2,177	554,895	0.24
1,001 - 5,000	487	1,186,722	0.51
5,001 - 10,000	160	1,198,653	0.53
10,001 and over	205	233,746,731	98.72
	3,029	236,687,001	100

(iii) List of twenty largest shareholders as at 31 December 2017

	Name of Shareholder	No. of Shares	% of Issued Capital
1.	Social Security & National Insurance Trust	148,219,086	62.62
2.	Caitlyn Limited	47,413,652	20.03
3.	Professor Wosornu Lade	10,365,270	4.38
4.	SCBN/SSB Eaton Vance Tax-Managed Emerg Mkts	5,176,100	2.19
5.	Strategic Initiatives Limited	4,170,540	1.76
6.	Mr. K K D Alor	2,277,239	0.96
7.	Colin M. Waugh	1,464,668	0.62
8.	Mrs. Elizabeth Arthur	820,000	0.35
9.	Qualitec Industries Limited	750,688	0.32
10.	Dr. Yaw Adu-Gyamfi	621,543	0.26
11.	Ghana Commercial Bank Limited	450,000	0.19
12.	Tema Oil Refinery Limited	450,000	0.19
13.	National Investment Bank Limited	442,080	0.19
14.	NTHC Limited	431,857	0.18
15.	Dr. Clifford Edward Aryee	427,830	0.18
16.	Professor L. SAS/Worsonu	334,628	0.14
17.	Dr. Larbi Emmauel Bekoe	323,726	0.14
18.	Anim Jehoram Tei	315,580	0.13
19.	Lifespring Capital	300,000	0.13
20.	Mr. G. Amenuvor	290,029	0.12
		225,044,516	95.08

APPENDIX 1

ALUWORKS LIMITED

SHAREHOLDING INFORMATION (CONT'D)

(iv) Directors' Shareholding

The Directors named below held the following number of shares in the company as at 31 December 2017:

Ordinary Shares

	2017	%
Professor Lade Wosornu	10,365,270	4.38
Dr. Yaw Adu-Gyamfi	621,543	0.26
Mr. Victor Djangmah	193,000	0.08
Mr. E. Kwasi Okoh	100,000	0.04
	11,279,813	4.76

APPENDIX 2

ALUWORKS LIMITED

CORPORATE SOCIAL RESPONSIBILITY

Aluworks Limited regards Corporate Social Responsibility as a fundamental contribution to the society; thus, it has consistently sought sustainable ways to support the economy in which it operates. The key areas of concentration of the company are Education and Culture.

Education
Aluworks Limited provides industrial attachments, educational visits and training for Technical and Tertiary students and to the Military in the community.

Culture
The company also offers financial support to Kpone and Tema Traditional Authorities in the community in which it operates during celebrations of the Annual “Homowo" and other festivals.