ALUWORKS LIMITED

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

31ST DECEMBER 2014

ALUWORKS LIMITED

CONTENTS.

ALUWORKS LIMITED

NOTICE OF MEETING

NOTICE is hereby given that the 28th Annual General Meeting of the Shareholders of Aluworks Limited will be held at the Fiesta Royale Hotel, Dzorwulu, Accra (next to the Nestlé Head Office building) on **Tuesday September 22, 2015** at 10 O'clock in the forenoon to transact the following ordinary business:

AGENDA

<u>ORDINARY BUSINESS</u>

Ordinary Resolutions

1. To receive and consider the Reports of the Directors, Auditors and the Audited Financial Statements for the year ended December 31, 2014.
2. To appoint Directors.
3. To re-elect Directors.
4. To fix the remuneration of the Directors.
5. To authorise the Directors to fix the remuneration of the Auditors for the ensuing year.

<u>SPECIAL BUSINESS</u>

Special Resolutions

1. To amend Regulation 68 of the Company's Regulations and to include as Regulation 68(3) the holding of Board meetings via Conference Call and the requirements for so doing.

2. To authorize the Directors to enter into discussion with possible investors and thereafter issue shares to the said investors either through a Rights Issue and/or a Private Placement whichever they deem appropriate.

Dated this 16th day of July, 2015

By Order Of the Board

ACCRA NOMINEES LIMITED
COMPANY SECRETARIES

Note:
A member of the company entitled to attend and vote may appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the company. Completed proxy forms should be deposited at the offices of the Registrars Universal Merchant Bank Limited, 123 Kwame Nkrumah Avenue, Sethi Plaza, Adabraka, Accra, P. O. Box GP401, Accra not less than 48 hours before the appointed time of the meeting. Failure to submit the forms before the **48 hour deadline** will result in the Proxy not being admitted to, or participating in, the meeting. A Form of Proxy is provided in the Annual Report.

ALUWORKS LIMITED

CORPORATE INFORMATION

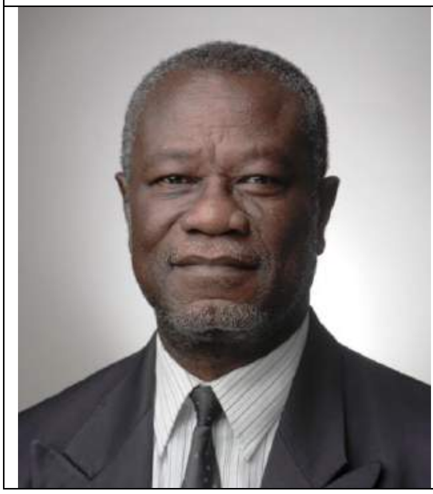
BOARD OF DIRECTORS	Seth Adjei - *Chairman* Togbe Afede XIV Victor Djangmah Anthony Ebow Spio Professor Lade Wosornu - *appointed 23rd October 2014* Kingsley Ofosu Obeng - *appointed 19th March 2015* Joseph Simple To-ir Siilo - *appointed 19thMarch 2015* Ernest Kwasi Okoh - (*Managing)* Agnivesh Agarwal - *(appointed 10th June 2015)* Kwadwo Kwarteng - *resigned 1st January 2015* Miriam Okwabi (Mrs) - *resigned 22nd January 2015*
SECRETARY	Accra Nominees Limited 13 Samora Machel Road Asylum Down P. O. Box GP 242 Accra
REGISTRARS	Universal Merchant Bank Limited, #123 Kwame Nkrumah Avenue Sethi Plaza Adabraka, Accra
PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE	Plot No. 63/1, Heavy Industrial Area P. O. Box CO 914 Tema
AUDITORS	KPMG Chartered Accountants 13 Yiyiwa Drive P. O. Box 242 Accra
BANKERS	Ecobank Ghana Limited Societé Generale Limited

Current Board of Directors.

Chairman

Mr. Seth Adjei	**Ghanaian**
	**Mr. Seth. A. Adjei** was Managing Director of Volta Aluminium Company (VALCO) from July 2005 until he retired in December 2008. He had worked with VALCO from July 1969, as an Electrical Engineer, as Production Department Manager, and also as Acting Director of Human Resources and Personnel Administration. He is a Fellow of the Ghana Institution of Engineers, and serves as a Council Member of the Energy Foundation. He has held several Directorships in the past, and is currently a Director of City Car Parks Limited.

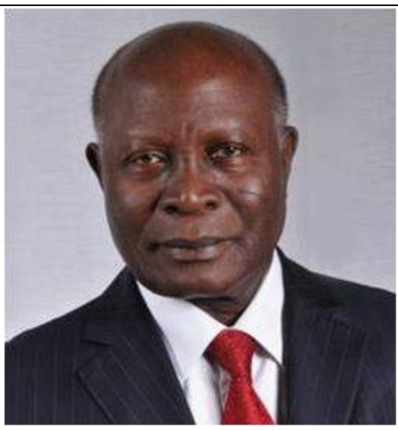
Managing Director

Mr. E. Kwasi Okoh	**Ghanaian**
	**Mr. Kwasi Okoh** was appointed Managing Director in November 2008. He is a Chartered Accountant, with an MBA from the University of Strathclyde in Glasgow Scotland. He has held many company directorships both in Ghana and abroad and currently serves on the Boards of GCB Bank Limited, MS Research International Limited, Expandable Polystyrene Products and Trading Ltd., WT-2 Company Limited and is Chairman of the Board of Governors of Achimota School.

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

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

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

Professor Lade Wosornu **<u>Non Executive Member</u>**	**Ghanaian**
	**Professor Ladé Wosornu**, MD (Glasgow); FRCSEdin; FRCSEng; FGCPS; MB (Hons), is an oldboy of PRESEC, St. Augustine's and Glasgow University. He won, among other prizes, gold medal as the year's most distinguished graduate. After working in Glasgow, London and the Ghana Medical School, he moved to Zambia University, and, Dammam University, Saudi Arabia, as professor in surgery. Later, his focus became Accreditation and Quality Management in Higher Education. He retired in 2014. Representing shareholders on the Board, Prof Wosornu brings loyalty to and passion for ALUWORKS. He has been a shareholder since 1985. His investment mantra is I*n God and ALUWORKS we trust*. He expects the good times of ALUWORKS shall return, with the work place supportive, customer satisfaction high, and, dividend payment swiftly restored. Ladé Wosornu is the author of *The Master Brewer, The Street, Journey Without End,* etc. From 2006 to date, he writes weekly columns (Saturdays) in The Ghanaian Times on Health & Wellness Issues.

Kingsley Ofosu Obeng **Ghanaian**

Non Executive Member

Mr Kingsley Okoe Ofosu Obeng is a Chartered Certified Accountant with a wide range of experience across diverse industrial business sectors. Since 2007 he has been an Investment Analyst at Social Security and Insurance Trust (SSNIT) which he joined in September 1998 as a Compliance Officer. Mr Obeng is a product of the University of Ghana where he majored in Statistics. He represents SSNIT on the Aluworks Board.

Joseph To-ir Simple Siilo **Ghanaian**

Non Executive Member

Mr. Joseph To-ir Simple Siilo is a Notary Public and a Legal Advocate. He has since 1996 been a Legal Manager at Social Security and Insurance Trust (SSNIT), where he advises on Investment, Labour, Operational and Human Resource management issues. Prior to joining SSNIT he had worked as a Legal Officer with the Commission for Human Rights and Justice (CHRAJ) having worked in the Legal field with Gbewaa Chambers and with the Legal Aid Board. He has been Company Secretary of a number of companies in Ghana since 1997 and remains Company Secretary of Ghana Hostels Limited a job which he took up in 1999. Mr Siilo represents SSNIT on the Aluworks Board.

Agnivesh Agarwal **Indian**

Non Executive Member

Mr Agnivesh Agarwal is Non-Executive Chairman of Hindustan Zinc Limited, world's second largest zinc producer and is widely recognised for his role in shaping the zinc mining sector in India. Mr. Agarwal holds a Bachelor Degree in Commerce from University of Mumbai.He has a rich knowledge of business operations and extensive experience in efficiently managing large projects, business restructuring and strategies.

He has been instrumental in establishing Hindustan Zinc as one of the leading and most admired zinc-lead-silver producer in the world having taken on the challenge of transforming traditional mining practices in India, with strong focus on safety, technology, innovation, process reengineering and expansion of scale with strong emphasis on quality management and benchmarking with international standards.

He was a Whole-Time Director for Madras Aluminium Company Ltd. between 1995 and 2013; a Non-Executive Director of Sterlite Energy Ltd. since 2009; Director of Tengpani Tea Company Ltd.; Twin Star International Ltd.; Sterlite Infrastructure Private Limited; Sterlite Infrastructure Holdinsa Pvt Ltd; Sterlite Iron & Steel Co. Ltd; Primex Healthcare & Research Pvt. Ltd; and has been the Chairman & Managing Director for Fujairah Gold whom he represents on the Aluworks Limited Board, since its inception in 2009.

ALUWORKS LIMITED

Corporate Governance

ALUWORKS Limited is run by the Board of Directors headed by the Chairman. The Board which may consist of not less than (5) five was as at Balance Sheet date made up of nine (9) members of whom eight (8) were Non Executive Directors.

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

CORPORATE GOVERNANCE & BOARD PRACTICE

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

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

Audit Sub Committee

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

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

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

Remuneration Sub Committee

The Remuneration Sub Committee is appointed by the Board. It comprises four (4) Non Executive Directors. The Chairman of the committee is Mr Victor Djangmah, and the other members are: Professor Lade Wosornu, Ebo Spio, and Joseph Siilo..

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

CHAIRMAN'S STATEMENT

Ladies and Gentlemen, it is my pleasure to address you this morning especially as this is my first Annual General Meeting as the Chairman of the company.

Mr. Kwadwo Kwarteng who served on the Board for 23 years and was Chairman for the last 4 years retired from the Board on the 31st December 2014. I was appointed the Chairman by the board from that time. We would like to take this opportunity to thank Mr. Kwadwo Kwarteng on your behalf and on behalf of the Board, Management and Staff, for his dedication and meritorious service to Aluworks Limited over the years. We wish him a pleasant retirement.

There has been quite a change in the composition of the board since our last Annual General Meeting so I will introduce the other members in due course.

Since I have been on the Board, the company has been through a difficult time. Principally this has been due to the unprecedented exchange rate depreciation in the first half year of 2014, the loss of business from Nigeria and the continued encroachment on our local markets by goods imported from the Far East.

Economic Matters

Inflation during 2014 rose from the 13.5% level at the beginning of the year to 17% by year end. Interest rates remained high (at average 26% for this company) throughout the year and indeed the Bank of Ghana again raised its policy rate mid way through the year by two percentage points. The main event during the year however was the unprecedented depreciation of the Ghanaian cedi by as much as 55% part way through the year. Fortunately the cedi rallied in the latter part of the year, reducing the overall Ghanaian cedi depreciation to a nevertheless very high xx %. China continued to produce a high quantity of aluminium despite the drop in world demand for the metal leading to continued low pricing. Such low metal pricing renders the work of smelters like VALCO extremely difficult and indeed a few around the world preferred not to do business at such prices and closed down. Luckily for Aluworks Limited VALCO did not close but it suffered tremendously as a result. All of this impacted on our company by way of volumes and quality which VALCO suffered to maintain at the usual high levels.

During 2015, the economic conditions have in fact worsened. The cedi depreciation which we hoped would be limited to 2014 has re-surfaced in 2015. Between the beginning of the year and half year the depreciation mimicked that of 2014 and reached as high as 53%. As if this was not bad enough the country was hit with insufficient power generation which led to Government curtailing delivery of power to industries by some 30% and instituting a rolling load sharing regime to consumers throughout the country. We had hoped that all of this would end by June 2015 but I have to report that at this time we do not expect any real relief for the rest of the year. Although the price of crude oil fell drastically on the world market from in excess of $100 a barrel to less than half of that, on the back of the availability of exploited cheaper shale oil in several parts of the world, Ghana did not see a drop in fuel prices. Apparently Government had both been subsidizing the price of fuel in the past as well as withholding payments to the Oil companies for exchange rate variations in the landed cost of the oil in Ghana, and so it chose to use the windfall from the drastic oil price drop to clear the backlog that had been built up. Having done so, Government has now decided to withdraw for the prevailing pricing mechanism to avoid building up further subsidy accounts. That has led to a fresh round of fuel price increases by the oil companies who are seeking to recover perceived imbalances n their cost structures. In addition as utility costs are closely linked to fuel costs, fuel costs have been and continue to be increased from time to time. All of this has led to strong pressure on the finances of the business during 2015.

Operational Results/Dividends.

Looked at from the operational point of view the company managed to perform well achieving an operational profit of GHS4.7 million i.e. 6% of turnover even in the face of the difficult economic conditions that prevailed.
However looked at holistically to include financing costs which amounted to GHS 9.6 million i.e. 12.6% of turnover, then the company's results turn into a loss situation at GHS 4.98 million.
In 2014 the company had to contend with Exchange Losses amounting to GHS 6.3 million i.e. 8.2% of turnover as well as with bank interest of GHS 3.3 million i.e. 4.3% of turnover.
These financing costs completely overwhelmed the Operating Profit that had been made.

Due to the ongoing difficulties that have prevented the company from declaring a profit, we have a debit balance in the Income Surplus Account. By law the Directors therefore cannot declare any dividends at this time and will not be paying any for 2014.

New Capital Injection Required.

The focus of the current Board is therefore to restructure the financing of the company in a bid to reduce the huge burden of financing costs. It is in our interest to seek now equity financing from the market or from suitable investors which can be used to reduce as much as possible the underlying facilities and cost drivers that lead to this situation. I will discuss that further in a little while.

Board of Directors

As I have already mentioned, Mr. Kwadwo Kwarteng resigned as Chairman and from the Board at the end of 2014 after many years of service to the company. We cannot thank him enough for his contribution to the company and to the Board. I, Seth Adjei was introduced to Shareholders at the last Annual General Meeting as a new Director and was elected Chairman when Mr. Kwadwo Kwarteng left.

We have four new Directors to introduce to you today.

Professor Lade Wosornu, a Ghanaian, has been a shareholder of the company from its early days. He is a renowned Medical Professor and Surgeon and has spent the last few years working in hospitals in Saudi Arabia. He has retired and returned home and can now devote some time to advising this company on its journey into the future. Many of you will rather know him for his regular medical column in the Ghanaian Times. He joined the Board in October 2014. We wholeheartedly welcome him on board as we are sure to benefit from his wealth of wisdom.

Mr. Kingsley Obeng, a Ghanaian, a Chartered Accountant and is an Investment Analyst at Social Security and National Insurance Trust whom he represents on the Board. He joined the board in March 2015. He is very welcome.

Mr. Joseph Siilo, a Ghanaian, is a lawyer by profession and is a Legal Manager at Social Security and National Insurance Trust whom he represents on the Board. He joined the Board in March 2015. He is very welcome.

Mr. Avinesh Agarwal, an Indian, joined the Board in June 2015, on behalf Caitlyn Limited who are major shareholders of this company. He is the Non Executive Chairman of Hindustan Zinc Limited in India and Chairman and Managing Director of Fujairah Gold Limited based in Dubai in the United Arab Emirates. He brings to the company a wealth of knowledge of the metals industry especially in Aluminium having been Whole-Time Director of Madras Aluminium Company in India, as well as a Director of several Metal Industry companies. We welcome on to the Board.

On your behalf I welcome these new Directors to the Board knowing that they will contribute strongly towards the turnaround of the company especially in the very difficult era in which we are having to operate.

__Special Resolutions__

1. Change in our Regulations to Allow Digital and Audio Visual Attendance at Board meetings.

The world has moved well past what we have in our regulations today. Business Executives today are worldly and move around a lot, not necessarily abroad but even within Ghana. More and more, meetings are being held via electronic links making the need to travel to be in a particular place no longer necessary. Therefore we intend that Regulation 68 of the company's Regulations be amended by including therein as Regulation 68(3), the following:

"Meetings of the Board which are held at the registered offices of the company in Ghana or such other appropriate place as the Directors may agree, can be held via contemporaneous connection by telephone, radio, closed circuit television, video conferencing or other electronic means of audio or audio/visual communication ("Conference") of a number of or all the Directors (provided there is a quorum) wherever they may be situated, and any meeting so held shall be deemed to constitute a meeting of the Board provided that the following conditions are met:

- notice of such meeting has been given to all Directors;
- all Directors then entitled to receive notice of any meeting and who are not physically present at such meeting, but wish to participate are linked by Conference for the purposes of such meeting;
- each Director taking part must be able to hear each other Director taking part throughout the meeting;
- at the commencement of the meeting, each Director shall acknowledge his/her presence to all the other Directors taking part;
- unless a Director has previously obtained the consent of the Chairman, a Director may not leave the meeting by disconnecting the Conference and shall be conclusively presumed to have been present and to have formed part of the quorum throughout the meeting; and

- the meeting shall be deemed to have taken place at the registered offices of the company in Ghana or such other appropriate place as the Directors may agree on."

2. Authorisation to place unissued shares of Aluworks Limited with strategic investors.

Aluworks Limited needs capitalization urgently and therefore the Board has been searching for a strategic investor (as opposed to a general financial investor) who is interested in furthering the fortunes of the business going forward. Our debt-equity ratio needs to be urgently diluted and therefore we are seeking equity participation from the investor we shall find. Therefore we are asking this Annual General Meeting to give the Board of Directors of this company the authorisation to deal with such strategic investors and to be able to issue such new shares as are necessary to obtain the equity finance that we require

We trust these requirements make sense and recommend to shareholders that they approve the relevant resolutions when they are put, in the interest of the future of this company.

Outlook.

We expect a turnaround in the fortunes of the country going forward. This is based on the expectations of the benefits to be derived from the intervention of the International Monetary Fund, the significant appreciation of the cedi following supply interventions by the Bank of Ghana, the expected inflows from the pending international development bond, the funds sourced by Cocobod for cocoa purchases, the end of 'dumsor dumsor by the end of the year, and finally some benefit to ordinary Ghanaians after the drastic drop in crude oil prices.
These should all augur well toward a good future.
We shall continue to pressure Government to put Ghana first and to accede to our request for countervailing measures against the cheap unfair imports that plaque the Ghanaian industrial scene thus to ensure industry once again enjoys free and fair competition. That gives us all hope for good results from the interventions that the Board is contemplating for the survival and growth of the company.

Conclusion

Ladies and gentlemen, it has been a difficult year but we remain optimistic that the environment is bound to improve. It is from that standpoint that we are doing all we can to be ready to take whatever advantage we can when required and we hope that will be soon. We are determined that this company will see good times again one day soon.
It is my duty to thank you our shareholders for your forbearance and continued support, to thank Management and Staff for the hard work they have continued to display, and finally my colleague board members for the good advice they have continued to give for the betterment of the company.

I thank everyone who wishes us well.

Seth Adjei
Chairman

ALUWORKS LIMITED

QUALITY ASSURANCE POLICY

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

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

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

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

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

The objectives of the Quality Assurance System are:

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

The company's quality rating ISO 9001-2008 (accredited by UKAS and examined by SGS) was renewed on 22nd October 2012, and has been re-examined and retained every year since. The company is currently preparing for and will progress to ISO 9001-2015 accreditation upon successful re-examination that will be carried out in the fourth quarter of 2015.

Aluworks Limited Management Team

Management from the top:

David Adzogble	***Chief Operating Officer***
Kwasi Okoh	***Managing Director***
Richard Dzontoh	***Finance Manager***
Christian Opare-Larbi	***Sales and Marketing Manager (North)***
Bernard Ameah	***Chief Finance Officer***
Samuel Asiedu Asare	***General Manager (Sales and Marketing)***
Emmanuel Sarkodie	***General Manager (Projects)***
Paul Adafia	***Senior Production Manager***
Wallace Dankwah	***Senior Manager (Personnel & Admin)***
Kpame Karbo	***Sales and Marketing Manager (South)***

Chief Executive's Report.

Ladies and Gentlemen, and our dear shareholders.

I join in the welcome to this Annual General Meeting on behalf of the Management and Staff of the company. As is customary I will discuss the economy and the economic conditions that the company faced during 2014 and how it impacted the company, then discuss the current economic state of affairs and how it is impacting the economy during 2015, and then conclude with what we are doing and what we hope to achieve over the next few years.

Ladies and gentlemen, I must be bluntly frank. Your company is in a difficult place, and I believe you will see why as I describe the economic conditions that we have had to face and indeed continue to face.

The Past Year 2014.

The economy.

At the end of 2013, when the company practically broke even, we were optimistic that there were better times ahead.
But in January 2014 we were shocked to witness a rapid depreciation of the Ghana Cedi. It was not a short phenomenon as I am sure you all know, the slide continued all the way through until September exacerbated in February by an intervention by Bank of Ghana which only made things worse. By that time the Cedi had depreciated by as much as 37% against the dollar. By the end of the year after the Bank of Ghana had reversed many of the measures it had imposed, and after an announcement of an expected intervention by the International Monetary Fund, the cedi begun to slowly rally. By the end of the year the cedi had depreciated by 30% against the dollar, 23.2% against the Euro and 26.49% against the Pound Sterling.
In addition inflation rose to 17% in December 2014, up from 13.2% in December 2013.
In response the Bank of Ghana reviewed upwards its policy rate from 19% to 21% to mop up excess liquidity. In essence however it signalled increasing interest rates. Additionally the Government continued to borrow heavily from the market and thus by the end of the year, the rate on the 91day treasury bill had increased from 19.2% to 25.81% and from 18.7% to 26.4% for the 182 day treasury bill. All of this tended to support even higher interest rates, exacerbating the cost of doing business, by making the general costs of living even higher. On top of all of this, we continued to suffer from unreliable and inconsistent power supply (i.e. dumsor dumsor) throughout the year. These were the general conditions under which your company had to operate during the year 2014.

Effect on Operations.

While these conditions significantly increased the cost side, and in particular the level of exchange losses occasioned by the rapid cedi depreciation, unfortunately the LME (i.e. the price of metal) was also falling thus reducing the revenue side also. The revenue side continued to suffer throughout 2014 from low volumes because of the cheap imports from China, and from depressed sales prices for whatever was sold.

Total production in 2014 amounted to 7,941 tonnes compared with 8,607 tonnes in 2013. The reasons for this drop included, the availability of cheap imported material also in Nigeria from China which led to a significant reduction in exports orders from that country. In addition we had to contend with the aged cold rolling mill, which was a source of poor cost effectiveness. We had begun to work on a new cold mill designed to be ready for commissioning at the end of 2014, through principally utilising a convertible loan from SSNIT for the purpose. Indeed the new cold mill was handed over by the suppliers at the end of the year and is in use today.

Sales Volumes and our production tend to move together because we have fashioned our coordinated arrangements in that way. In 2014 we sold a volume of 7,947 tonnes down on the volume in 2013 of 8,376 tonnes. The reduction is due to the same reasons I stated earlier. The mix of local to export sales in 2014 therefore diluted to 70:30 compared with 64:36 during 2013.

Turnover was however 32% up on previous year. Sales amounted to GHS 76.845 million compared with GHS 58.026 million in 2013. Most of this was driven by the stream of increasing exchange rates during the year.

Exports in 2014 amounted to 2,349 tonnes earning $7.1 million. In 2013 the equivalent was 3,057 tonnes which earned 9.29 million. This aggregate dropped by 35% by volume and 23% by value, due mainly to inadequate export sales to Nigeria as was expected in our budget.

General Expense Control was strongly maintained during the year as far as was possible. Unfortunately apart from increased repairs especially to keep the old cold mill running, during the year we had significant increases in power, utilities and remunerations costs.

Gross margin at 15% for the year was marginally below the budget of 16.8% and previous year level of 16.6% for the reasons given above.

Financing Costs unfortunately were extremely high in 2014 mainly because of the unprecedented cedi depreciation. Exchange losses in 2014 amounted to GHS 6.7 million well above the budget of GHS 1.97 million and the previous year's GHS 3.2 million itself considered high at the time. Thus financing costs overwhelmed the relatively good revenue margins that had been achieved leading to a loss.

The After Tax Loss in 2014 amounted to GHS 4.4 million compared to GHS 1.5 million for 2013.

This Year 2015.

The Economy

In 2014 we were unfortunate that there was the rapid depreciation of the cedi. In the first half of 2015 we have had both a rapid depreciation of the cedi as well as a dire shortage of power. Two serious events that have impacted all of industry and more particularly the local aluminium industry because of the position of our supplier VALCO in the energy affairs of the country.

Cedi Depreciation.

At the beginning of the year the value of a dollar was GHS 3.11 on the interbank market. By the end of the first half year it had fallen to GHS 4.29 a deep depreciation of 28%. This was in effect a repeat of the previous years experience and has contributed to the ongoing exchange loss expense that the company has continued to be faced with. We did not expect the high cedi depreciation to repeat in 2015 so that the high exchange loss would have been reduced especially as we had converted a lot of the foreign denominated facilities on our books into cedis. In the recent past the Bank of Ghana has increased the amount of dollars it makes available to the market and this seems to be reversing the depreciation trend. We hope that this intervention will be sustained so that the cedi depreciation is curtailed and a steady exchange rate is achieved for the benefit for the whole economy and for industry in particular.

Cost of Money

Government finances remained under pressure leading to increasing borrowing from the public. For that reason treasury bills have remained high during 2015 and at mid year were above 25% for both the 90 and 180 day varieties. The Bank of Ghana policy rate had remained at 21% since last year but on 13th May 2015 it was raised to 22% signaling a continuation of the high bank interest rates climate that has plagued industry and business in general over the last few years. Indeed interest expense is turning out to be the most significant expense head in 2015.

Power Curtailment

We commissioned our new fast and efficient cold mill at the beginning of the year, with strong optimism for the year as this was expected to introduce significant cost effectiveness and lead to a better margin than in 2014. Unfortunately early in the year, the lack of power generation reached serious proportions and power availability to the plant along with all of industry was curtailed by government by 30%. Thus we have had insufficient power to properly utilise the new cold mill which has had to be regrettably idle much of the time.

The 70% only availability of power reduced our possible throughput to well below our budgeted levels. But the greater negative effect on this company was more from the knock on effect from our supplier VALCO. It has been unfortunate, but nevertheless a tragedy that VALCO has been made to bear the brunt of the shortfall as it were as the last stop. That has meant that in the first half of the year VALCO has been unable to produce enough to supply us our needs even to the 70% level. Additionally the ‘dumsor’ effect has led to inappropriate quality levels. Therefore our cooking utensil disc/circle customers have had to bear with us during the first half year because we did not have the right quality of input to be able to fully supply them their needs. I have to say though that in the last few weeks VALCO have had a little more regular power supply and both quantity and quality have increased significantly, which we hope will continue to be the case throughout the rest of the year.

Operational Costs.

Inflation has remained high. The deep reduction in crude oil price on the world markets did not filter through to the Ghana economy during 2015. Indeed fuel prices continued to increase. Utility rates have also remained high and have been increased from time to time. Indeed hefty new increases in fuel and utilities costs have been announced for the second half year, which will only increase pressure on operational cost going forward. Because the LME has remained low due to continued excess production of aluminium in China and due to poor demand, product pricing adjustments will continue to be unable to absorb all of the pending increases, thus putting further pressure on our margins. We will however endeavour to set our pricing to absorb as much of the increases as possible given the state of the market at the times of review.

The operating conditions have therefore been extremely difficult in 2015, and since the power situation has not improved, conditions will continue to be difficult for the rest of the year.

Conclusions.

You have been told about the advent of new shareholders Caitlyn Limited represented on the Board by Mr. Agnivesh Agarwal. They have effectively replaced Cocobod as shareholders. Whereas Cocobod was principally a roofing sheet customer, Caitlyn Limited as a subsidiary of Fujairah Gold are players in the industry and join the company as technical investment partners. We are hopeful that their interest in this company will lead to exciting interventions that should augur well for you our shareholders in the long run. At this stage there can be no disclosures as discussions are only at preliminary stages.

I have to thank you our shareholders for your faith in the company despite all the external shocks that have and continue to rock the company.

We remain confident that with the Government now taking the 'Made in Ghana' philosophy seriously that they eventually see their way clear to level the playing field by imposing limitations on all the imports that have led to the serious diminution of industry and to the lack of jobs for the burgeoning working class. We hope that this happens sooner rather than later so demand for our products can rise again and lead to strong growth for the industry and for Aluworks Limited.

Government promised that the 'dumsor dumsor' problems will have been finally brought under control by the end of the year through the procurement of generating resources. We are confident that we will have full power over 2016. That means we shall have full supplies and the full use of the new cold mill. We shall thus be able to meet all our customers' requirements.

We will continue to hold firm. We remain optimistic that with the cedi depreciation and power management under control, we shall have a good chance of success in the coming year.

I thank you all on behalf of the Management and Staff.

Kwasi Okoh
Managing Director

ALUWORKS LIMITED

FIVE YEAR FINANCIAL HIGHLIGHTS

						Reporting Year	
Year		2010	2011	2012	2013	2014	Change
RESULTS							%
Turnover	(Gh¢'000)	25 167.00	49 716.00	49 681.00	58 026.00	**76 845.00**	**32.4**
Gross Profit	**(Gh¢'000)**	**(1 397.00)**	**3 790.00**	**6 992.00**	**9 652.00**	**11 510.00**	**19.2**
General & Admin Expenses	(Gh¢'000)	(2 830.00)	(2 323.00)	(3 730.00)	(4 747.00)	**(6 980.00)**	**(47.0)**
Profit bef Interest. Tax & Exch Loss	**(Gh¢'000)**	**(4 181.00)**	**1 552.00**	**3 347.00**	**5 158.00**	**4 666.00**	**(9.5)**
Interest Expense	(Gh¢'000)	(2 268.00)	(2 348.00)	(2 045.00)	(2 038.00)	**(3 339.00)**	**(63.8)**
Profit bef Tax and Exchange Loss	**(Gh¢'000)**	**(6 449.00)**	**(796.00)**	**1 302.00**	**3 120.00**	**1 327.00**	**(57.5)**
Exchange Losses	(Gh¢'000)	(1 350.00)	(2 554.00)	(3 635.00)	(3 186.00)	**(6 309.00)**	**(98.0)**
Profit/(Loss) before tax	**(Gh¢'000)**	**(7 799.00)**	**(3 350.00)**	**(2 333.00)**	**(66.00)**	**(4 982.00)**	**(7 448.5)**
Taxation	(Gh¢'000)	449.00	(127.00)	(257.00)	(1 451.00)	**582.00**	**140.1**
Profit/(Loss) after tax	**(Gh¢'000)**	**(7 350.00)**	**(3 477.00)**	**(2 590.00)**	**(1 517.00)**	**(4 400.00)**	**(190.0)**
PERFORMANCE RATIOS		2010	2011	2012	2013	**2014**	
Gross Margin/Turnover		**-5.55%**	**7.62%**	**14.07%**	**16.63%**	**14.98%**	
PBIT&Exch Loss/Turnover		-16.61%	3.12%	6.74%	8.89%	**6.07%**	
PBT&Exch Loss/Turnover		-25.62%	-1.60%	2.62%	5.38%	**1.73%**	
Net Margin/Turnover		-29.20%	-6.99%	-5.21%	-2.61%	**-5.73%**	
Return on Equity		-26.86%	-15.15%	-12.14%	-2.28%	**-7.07%**	
Current Ratio		0.64	0.80	1.22	0.94	**0.62**	
BALANCE SHEET RATIOS		2010	2011	2012	2013	**2014**	
Basic Earnings per share	(GH¢)	(0.0976)	(0.0378)	(0.0281)	(0.0064)	**(0.0186)**	**(190.6)**
Dividend per share	(GH¢)	0.0000	0.0000	0.0000	0.0000	**0.0000**	**-**
Shareholders' equity	(Gh¢'000)	26 445	22 944	21 334	66 591	**62 191**	**(6.6)**
Net Assets per share	(GH¢)	0.2873	0.2493	0.2318	0.2813	**0.2628**	**(6.6)**
Number of shares	('000's)	92 052	92 052	92 052	236 687	**236 687**	**0.0**
Fixed assets	(Gh¢'000)	41 859	39 854	44 820	107 456	**120 470**	**12.1**

REPORT OF THE DIRECTORS

TO THE MEMBERS OF ALUWORKS LIMITED

The directors present their report and audited financial statements of the company for the year ended 31 December 2014.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

FINANCIAL STATEMENTS AND DIVIDEND

The results are summarised as follows:

	GH¢'000
Loss for the year after taxation was	(4,400)
which when added to the brought forward balance on retained earnings account of	(24,426)
	---------
leaves a balance to be carried forward on the retained earnings account of	(28,826)
	=====

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

The directors consider the state of affairs of the company to be satisfactory.

NATURE OF BUSINESS

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

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

APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the company as indicated above were approved by the board of directors on 22nd June 2015 and are signed on their behalf by:

.... DIRECTOR

.... DIRECTOR

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ALUWORKS LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Aluworks Limited, which comprise the statement of financial position at 31 December 2014, the statements of comprehensive income, changes in equity and of cash flows for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies, as set out on pages 24 to 54.

Directors' Responsibility for the financial statement

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of Aluworks Limited at 31 December 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act 1963, (Act 179).

KPMG

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

Report on Other Legal and Regulatory Requirements

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

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

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

KPMG

Signed by: Nathaniel D. Harlley (ICAG/P/1056)
For and on behalf of:
KPMG: (ICAG/F/2015/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

22 June
............................., 2015

ALUWORKS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	2014 GH¢'000	2013 GH¢'000
Assets			
Property, plant and equipment	6	120,470	107,456
Long term investments	7	144	144
Total non-current assets		120,614	107,600
Inventory	10	16,263	12,196
Income tax assets	8	1,178	767
Trade and other receivables	11	4,570	5,342
Cash and cash equivalents	12	3,204	2,900
Total current assets		25,215	21,205
Total assets		145,829	128,805
Equity			
Share capital	17	31,650	31,650
Share deals		90	90
Retained earnings – (Deficit)		(28,826)	(24,426)
Other reserves		980	980
Revaluation surplus		58,297	58,297
Total equity		62,191	66,591
Non-current liabilities			
Medium-term loans	14	32,042	27,875
Deferred tax liabilities	9	11,445	11,777
Total non-current liabilities		43,487	39,652
Current liabilities			
Bank overdraft	13	9,279	6,839
Trade and other payables	19	21,479	10,480
Short-term loan	15	8,694	4,544
Dividend payable	16	699	699
Total current liabilities		40,151	22,562
Total liabilities		83,638	62,214
Total liabilities and equity		145,829	128,805

....
DIRECTOR

....
DIRECTOR

The notes on pages 28 to 54 are an integral part of these financial statements.

ALUWORKS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 GH¢'000	2013 GH¢'000
Revenue	20	76,845	58,026
Cost of sales		(65,335)	(48,374)
Gross profit		11,510	9,652
Other income	21	136	253
General and administrative expenses		(13,289)	(7,933)
Results from operating activities before financing cost		(1,643)	1,972
Net finance expense	24	(3,339)	(2,038)
Loss before income taxation	22	(4,982)	(66)
Income tax credit/(expense)	8	582	(1,451)
Loss for the year		(4,400)	(1,517)
Other comprehensive income			
Items that may be reclassified subsequently To profit or loss			
Revaluation of property, plant and equipment		-	46,888
Income tax on revaluation surplus		-	(7,033)
Other comprehensive income net of tax		-	39,855
Total comprehensive income for the year		(4,400)	38,338
Basic earnings per share (Ghana Cedis)	18	(0.0186)	(0.0064)
Diluted earnings per share (Ghana Cedis)	18	(0.0156)	(0.0062)

The notes on pages 28 to 54 are an integral part of these financial statements.

ALUWORKS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

2014	**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 2014	31,650	90	980	58,297	(24,426)	66,591
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(4,400)	(4,400)
Balance at 31 December 2014	31,650	90	980	58,297	(28,826)	62,191

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

The notes on pages 28 to 54 are an integral part of these financial statements.

ALUWORKS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	GH¢'000	GH¢'000
Cash flows from operating activities		
Loss after taxation	(4,400)	(1,517)
Adjustments for:		
Depreciation charges	2,489	2,491
Interest expense	3,339	2,038
Exchange loss	6,309	3,186
Profit on disposal of property, plant and equipment	(32)	-
Taxation (credit)/ expense	(582)	1,451
	-------	--------
	7,123	7,649
Change in inventories	(4,067)	(2,652)
Change in trade and other receivables	772	664
Change in trade and other payables	9,572	431
	-------	-------
Cash generated from operations	13,400	6,092
Interest paid	(3,339)	(2,038)
Income taxes paid	(161)	(34)
	-------	-------
Net cash flow from operating activities	9,900	4,020
	-------	-------
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,701)	(13,912)
Proceeds from sale of property, plant and equipment	51	-
	--------	--------
Net cash flow used in investing activities	(8,650)	(13,912)
Cash flows from financing activities		
Net Cash proceeds from right issue	-	6,919
Loan proceeds (Net)	(532)	(4,756)
	-----	------
Net cash flow from financing activities	(532)	2,163
	----	------
Net Increase/(decrease) in cash and cash equivalents	718	(7,728)
	===	====
Analysis of changes in cash and cash equivalents during the year		
Balance at 1 January	(3,939)	4,186
Net cash flow	718	(7,728)
Effect of exchange translations on cash and cash equivalent	(2,854)	(397)
	-------	-------
Balance at 31 December	(6,075)	(3,939)
	====	====
Analysis of balances of cash and cash equivalents as shown in the balance sheet		
Cash and bank balances	3,204	2,900
Bank overdraft	(9,279)	(6,839)
	-------	-------
	(6,075)	(3,939)
	====	====

The notes on pages 28 to 54 are an integral part of these financial statements.

1. REPORTING ENTITY

Aluworks Limited is a company registered and domiciled in Ghana. The address of the company's registered office can be found on page 4 of the annual report. The company is authorised to carry on the business of continuous casting and cold rolling of aluminium products.

2. BASIS OF PREPARATION

a. Statement of compliance

The financial statements of Aluworks Limited have been prepared in accordance with International Financial Reporting Standards (IFRSs). Additional information required under the Companies Act, 1963 (Act 179), has been included where appropriate.

b. Basis of measurement

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

c. Functional and presentational currency

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

d. Use of estimates and judgement

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

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in notes 4 and 25.

3. SIGNIFICANT ACCOUNTING POLICIES

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

a. Changes in accounting policy

The Company adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2014 and after.

IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and liabilities

The nature and effect of the changes are explained below:

As a result of the amendments to IAS 32, the company has changed its accounting policy for offsetting financial assets and financial liabilities. The amendments clarify when an entity currently has a legally enforceable right to set-off and when gross settlement is equivalent to net settlement.

b. Financial Instruments

(i) Non-derivative financial instruments

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

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

Non-derivative financial instruments are categorised as follows:

- Loans and receivables – these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at amortised cost using the effective interest rate method, less any impairment losses.

- Financial liabilities measured at amortised cost - this relates to all other liabilities that are not designated at fair value through profit or loss.

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

(ii) Off setting

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b. Financial Instruments (Cont'd)

(iii) Amortised cost measurement

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

(iv) Stated capital (Share capital)

Ordinary Shares

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

Repurchase of stated capital (treasury shares)

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

(c) *Leases*

(i) Classification

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

(ii) Lease payments

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, Plant and Equipment

(i) Recognition and measurement

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

The revaluation increase arising on the revaluation of property, plant and equipments are credited to the revaluation surplus in shareholders' equity.

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Intangible Assets

Software

Software acquired by the company is stated at cost less accumulated amortisation and accumulated impairment losses.
Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.
Amortisation is recognised in the income statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three years.

(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.

(g) Trade and Other Receivables

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

Other receivables are stated at their cost less impairment losses.

(h) Cash and Cash Equivalents

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

(i) Employee Benefits

Defined contribution plans

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

(j) Revenue

Sale of goods

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

Sale of services

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

(k) **Finance Income and Expense**

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

(l) **Impairment**

(i) *Financial assets*

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

(ii) Non-financial assets

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

(m) Taxation

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) **Dividend**

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

(o) **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.

(p) 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.

(q) 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) Comparatives

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

(s) **New Standards and Interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2015, 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
IAS 1	*Disclosure Initiative*	Annual periods beginning on or after 1 January 2016
IFRS 15	*Revenue from Contracts with Customers*	Annual periods beginning on or after 1 January 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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.

***Disclosure Initiative* (Amendments to IAS 1)**
The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements.
The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted.

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 and will provide more information in the year ending 30 June 2015 financial statements.
The standard is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted under IFRS.

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.

4. DETERMINATION OF FAIR VALUES (CONT'D)

(i) Trade and other receivables

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

(ii) Non-derivative financial liabilities

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

(iii) Investments in equity

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

5. SEGMENT REPORTING

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

	2014 GH¢'000	2013 GH¢'000
Sheet in Coil (Plain)	12,906	14,439
Sheet in Coil (Colour)	13,449	8,441
Circles	34,956	23,105
Corrugated Sheets (Plain)	8,330	7,049
Corrugated Sheets (Colour)	4,678	3,041
Flat Sheets (Plain)	2,279	1,803
Flat sheets (Colour)	247	148
Total	76,845	58,026

5. SEGMENT REPORTING (CONT'D)

b. Geographical Location

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

Revenue	2014 GH¢ '000	2013 GH¢'000
In Ghana	56,805	39,029
Outside Ghana	20,040	18,997
Non-Current Assets - In Ghana	120,614	107,600

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.

	2014 GH¢ '000	2013 GH¢ '000
Revenue from external customer (Aluminium products)	-	7,712,279

6. PROPERTY, PLANT AND EQUIPMENT

2014

	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 1/1/14	54,126	38,323	2,926	850	34,104	130,329
Additions	92	271	350	815	13,995	15,523
Disposals	-	-	(18)	(199)	-	(217)
At 31/12/14	54,218	38,594	3,258	1,466	48,099	145,635
Comprising						
Cost of assets revalued	1,904	4,033	1,003	254	-	7,194
Surplus on revaluations to 2008	6,975	-	352	-	-	7,327
Surplus/(deficit) on revaluation 2013	41,897	4,641	482	(132)	-	46,888
At revaluation	50,776	8,674	1,837	122	-	61,409
At cost	3,442	29,920	1,421	1,344	48,099	84,226
	54,218	38,594	3,258	1,466	48,099	145,635
Accumulated Depreciation						
At 1/1/14	2,535	17,980	1,837	522	-	22,874
Disposals	-	-	(18)	(180)	-	(198)
Charge for the year	337	1,608	345	199	-	2,489
At 31/12/14	2,872	19,588	2,164	541	-	25,165
Carrying Amount						
At 31/12/14	51,346	19,006	1,094	925	48,099	120,470

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

2013

	Leasehold Land and Buildings GH¢'000	Plant and Machinery GH¢'000	Equipment GH¢'000	Motor Vehicles GH¢'000	Capital Work in Progress GH¢'000	Total GH¢'000
Gross Value						
At 1/1/13	12,229	33,243	2,319	725	16,687	65,203
Revaluation adjustments	(2,188)	(15,263)	(687)	(430)	-	(18,568)
Additions	-	439	117	258	17,425	18,239
Revaluation Surplus	41,897	4,641	482	(132)	-	46,888
Transfers	-		8	-	(8)	-
At 31/12/13	51,938	23,060	2,239	421	34,104	111,762
Comprising						
Cost of assets revalued	1,904	4,033	1,003	254	-	7,194
Surplus on revaluations to 2008	6,975	-	352	-	-	7,327
Surplus/ (deficit) on revaluation 2013	41,897	4,641	482	(132)	-	46,888
At revaluation	50,776	8,674	1,837	122	-	61,409
At cost	1,162	14,386	402	299	34,104	50,353
	51,938	23,060	2,239	421	34,104	111,762
Accumulated Depreciation						
At 1/1/13	2,198	16,293	1,458	434	-	20,383
Revaluation adjustments	(2,188)	(15,263)	(687)	(430)	-	(18,568)
Charge for the year	337	1,687	379	88	-	2,491
At 31/12/13	347	2,717	1,150	92	-	4,306
Carrying Amount						
At 31/12/13	51,591	20,343	1,089	329	34,104	107,456

Leasehold Land and Buildings, Plant, Machinery, Equipment and Vehicles were revalued by Valuation and Investments Associates (Professional Valuers, Estate Agents and Property Consultants) on the basis of their open market values in October 2012. These figures were incorporated in the financial statements on 1 January 2013. Included in capital work in progress is GH¢6,821,640 (2013: GH¢4,327,405) which relates to interest on borrowings on the SSNIT loan.

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

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

	2014 GH¢'000	2013 GH¢'000
Cost of sales	2,060	2,060
General, administrative and selling expenses	429	431
	-------	-------
	2,489	2,491
	====	====

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

	2014 GH¢'000	2013 GH¢'000
Cost	217	-
Accumulated depreciation	(198)	-
	-----	---
Net book value	19	-
Sale proceeds	51	-
	-----	----
Profit on disposal	32	-
	==	==

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¢144,000 (2013: GH¢144,000).

8. TAXATION

	2014 GH¢'000	2013 GH¢'000
(i) Income tax expense		
Current tax expense 8(ii)	(250)	67
Deferred tax expense (Note 9)	(332)	1,384
	-------	-------
	(582)	1,451
	====	====

8. TAXATION (CONT'D)

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

(ii) **Taxation payable**

	Balance at 1/1/14 GH¢'000	Payments during the year GH¢'000	Charged to P/L account GH¢'000	Balance at 31/12/14 GH¢'000
Income Tax				
Up to 2004	(719)	-	12	(707)
2005	(25)	-	64	39
2006	336	-	(303)	33
2007	(270)	-	(23)	(293)
2008	(137)	-	-	(137)
2009	(27)	(1)	-	(28)
2010	(13)	-	-	(13)
2011	(11)	(1)	-	(12)
2012	50	(48)	-	2
2013	42	(59)	-	(17)
2014	-	(52)	-	(52)
Capital Gains Tax	7	**-**	**-**	7
	-----	----	----	-----
	(767)	(161)	(250)	(1,178)
	===	==	==	===

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

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

	2014 GH¢'000	2013 GH¢'000
Loss before taxation	(4,982)	(66)
	====	==
Income tax using the domestic tax rate (25%)	(1,245)	(17)
Non-deductible expenses	349	1,990
Income not taxable	(6)	(494)
Tax (losses)/incentives	570	(19)
Changes to prior year estimates	-	(9)
	-----	-------
Current tax charge	(332)	1,451
	===	====
Effective tax rate	7%	(2,198%)

9. DEFERRED TAXATION

	2014 GH¢'000	2013 GH¢'000
Balance at 1 January	11,777	3,360
Charge to income statement	(332)	1,384
Other comprehensive income	-	7,033
	-------	--------
Balance at 31 December	11,445	11,777
	=====	=====

(i) Recognised deferred tax assets and liabilities.

Deferred tax liabilities are attributable to the following:

	Assets GH¢'000	Liabilities GH¢'000	2014 Net GH¢'000	Assets GH¢'000	Liabilities GH¢'000	2013 Net GH¢'000
Property, plant and equipment	-	3,437	3,437	-	3,437	3,437
Capital gains tax	-	8,407	8,407	-	8,407	8,407
Others	-	(399)	(399)	(67)	-	(67)
	-----	--------	--------	-----	-------	-------
Net tax liabilities	-	11,445	11,445	(67)	11,844	11,777
	===	====	=====	===	====	====

10. INVENTORIES

	2014 GH¢'000	2013 GH¢'000
Raw materials	3,778	1,182
Work-in-progress	2,513	2,690
Finished goods	3,399	3,860
Consumables	6,573	4,464
	-------	-------
	16,263	12,196
	====	====

11. TRADE AND OTHER RECEIVABLES

	2014 GH¢'000	2013 GH¢'000
Trade receivables due from customers	3,819	2,309
Other receivables	525	2,952
Staff debtors	20	31
Prepayments	206	50
	-------	-------
	4,570	5,342
	====	====

Included in other receivables are advance payments of GH¢397,662 made to suppliers in relation to inventory.

12. CASH AND CASH EQUIVALENTS

	2014	2013
	GH¢'000	GH¢'000
Cash at bank	1,556	2,897
Cash on hand	1,648	3
	-------	------
	3,204	2,900
	====	====

13. BANK OVERDRAFT

	2014	2013
	GH¢'000	GH¢'000
Ecobank Ghana Limited	8,835	6,155
Societe Generale Ghana Limited	444	684
	-------	-------
	9,279	6,839
	====	====

(i) The company has an overdraft facility not exceeding GH¢10.137 million with Ecobank Ghana Limited (EGH) to finance the purchase of stocks, raw materials, spares and other operational bills and a revolving line of credit not exceeding GH¢4.0 million to back the issuance of standby letters of credits in favour of the company's overseas suppliers of raw materials; and the issuance of sight and deferred letters of credit up to a maximum of 120 days. The facilities are secured by assignment of export proceeds, parri passu fixed and floating charges with Societe Generale Ghana (SG-SSB) 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. Interest rate is EGH cedi base rate plus a spread of 3.5% for both facilities per annum payable monthly in arrears and expire on 31 July 2015.

(ii) The company has 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 expire on 31 January 2016. Interest rate is 28%.

14. MEDIUM TERM LOANS

	SSNIT GH¢'000	Ecobank Ghana GH¢'000	Societe Generale (USD) GH¢'000	Societe Generale GH¢'000	Stanbic Ghana GH¢'000	2014 Total GH¢'000	2013 Total GH¢'000
Balance 1 January	25,220	2,500	4,699	-	-	32,419	31,466
Drawdown during the year	-	24,850	(4,273)	4,276	630	25,483	17,925
Interest Capitalised	6,822	-	-	-	-	6,822	7,924
	32,042	27,350	426	4,276	630	64,724	57,315
Repayments during the year	-	(23,350)	(2,454)	-	(212)	(26,016)	(26,278)
	32,042	4,000	(2,028)	4,276	418	38,708	31,037
Exchange loss	-	-	2,028	-	-	2,028	1,382
Balance at 31 December	32,042	4,000	-	4,276	418	40,736	32,419
Analysed as follows:							
Current portion	-	4,000	-	4,276	418	8,694	4,544
Medium term loan	32,042	-	-	-	-	32,042	27,875
	32,042	4,000	-	4,276	418	40,736	32,419

Societe Generale Ghana

(i) This represents a US$ 9 million loan facility to refinance letters of credit for acquisition and installation of coil coating plant, to build new factory premises and to finance the importation of metals. The facility is secured by registered debenture (fixed and floating) over the assets of the company. Interest rate was 3.56%. In October 2014, there was an agreement between the company and Societe Generale Ghana to convert the outstanding balance of US$ 1,322,778 to Cedis at an interest rate of 27.5% per annum. The loan is payable by 31 December 2015.

Stanbic Bank Ghana Limited

(ii) The company during the year obtained a motor vehicle finance lease from Stanbic Bank Ghana Limited. The lease is payable over a period of 18 months, effective June 2014. Interest rate is at 25% per annum.

Social Security and National Insurance Trust

(iii) 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 14.25% convertible bond with two years moratorium. The interest rate 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 as reserves in the statement of changes in equity on initial recognition. An amount of GH¢32,041,640 was recognised as the carrying amount of the loan in the statement of financial position. Interest capitalised on the facility in 2014 was GH¢ 6,821,640. During the year SSNIT approved an extension of the moratorium period on the facility by one year.

15. SHORT-TERM LOAN

	2014 GH¢'000	2013 GH¢'000
Current portion of Medium Term Loan (Note 14)	8,694	4,544
	====	====

16. DIVIDEND PAYABLE

	2014 GH¢'000	2013 GH¢'000
Balance at 1 January and 31 December	699	699
	===	===

17. STATED CAPITAL

Ordinary shares

	No. of Shares	Proceeds	No. of Shares	Proceeds
	2014	2014	2013	2013
	'000	GH¢	'000	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 capital 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 as declared from time to time and are entitled to one vote per share at meetings of the company. There is no call or instalment unpaid on any shares.

18. EARNINGS PER SHARE

Basic

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

	2014 GH¢'000	2013 GH¢'000
Loss attributable to equity holders of the Company	(4,400)	(1,517)
	====	====
Number of ordinary Shares in issue	236,687,001	236,687,001
	========	========
Basic earnings per share (expressed in GH¢ per share)	(0.0186)	(0.0064)
	=====	====

Diluted

Loss attributable to equity holders of the Company	(4,400)	(1,517)
	====	====
Weighted average number of ordinary shares in issue	282,377,001	246,202,354
	=========	========
Diluted earnings per share (expressed in GH¢ per share)	(0.0156)	(0.0061)
	=====	======

18. EARNINGS PER SHARE (CONT'D)

Weighted average number of ordinary shares (diluted)

	2014	**2013**
Issued ordinary shares at 1 January	282,377,001	137,741,863
Effect of rights issue in 2013	-	108,460,491
	----------------	--------------
Ordinary shares at 31 December	282,377,001	246,202,354
	=========	=========

19. TRADE AND OTHER PAYABLES

	2014	**2013**
	GH¢'000	**GH¢'000**
Trade payables	18,197	9,773
Non-trade payables and accrued expenses	3,282	707
	-------	--------
	21,479	10,480
	====	====

20. REVENUE

	2014	**2013**
	GH¢'000	**GH¢'000**
Local sales	66,919	44,972
Export sales	20,040	18,997
	---------	---------
	86,959	63,969
Less: Value Added Tax	(9,905)	(5,867)
Rebate	(209)	(76)
	---------	---------
Net sales value	76,845	58,026
	=====	=====

2014	2013	
	GH¢'000	GH¢'000

21. OTHER INCOME

Roofing fixings, argon gas and dross	62	30
Sundries	74	22
Provision for doubtful debt recovered	-	201
	----	---
	136	253
	==	==

22. LOSS BEFORE TAX IS STATED AFTER CHARGING:

	2014	2013
	GH¢'000	GH¢'000
Personnel cost (note 23)	7,826	6,453
Auditors remuneration	55	48
Depreciation	2,489	2,491
Directors emoluments	31	31
Net finance cost (note 24)	3,339	2,038
Exchange loss	6,309	3,186
	====	====

23. PERSONNEL COSTS

	2014	2013
	GH¢'000	GH¢'000
Wages and salaries	7,231	5,920
Social security contributions	378	339
Provident fund	217	194
	-------	------
	7,826	6,453
	====	====

The average number of persons employed by the company during the year was 218. (2013: 210)

24. NET FINANCE EXPENSE

	2014	2013
	GH¢'000	GH¢'000
Interest expense	(3,339)	(2,038)
	====	====

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 Sub Committee and management understand the company's key risks and risk management capability; sets standards on governance and compliance; and provides assurance over the quality of the company's internal control and management of key risks.

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

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

(ii) Credit risk

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

Trade and other receivables

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

25. FINANCIAL RISK MANAGEMENT (CONT'D)

Allowances for impairment

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

Exposure to credit risks

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

	2014 GH¢'000	2013 GH¢'000
Trade receivables	3,819	2,309
Other receivables	1,317	2,952
	-------	-------
	5,136	5,261
	====	====

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

	2014 GH¢'000	2013 GH¢'000
Foreign companies	2,129	668
Local Institutions	1,690	1,641
	-------	--------
	3,819	2,309
	====	====

Impairment losses

The ageing of trade receivables at the reporting date was:

	2014		2013	
	Gross GH¢'000	Impairment GH¢'000	Gross GH¢'000	Impairment GH¢'000
Current(less than 30 days)	1,411	-	846	-
Due but not impaired (30-150 days)	119	-	839	-
Impaired (more than 150 days)	2,289	-	624	-
	-------	-----	-------	-----
	3,819	-	2,309	-
	====	===	====	===

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(iii) Liquidity risk

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

The following are contractual maturities of financial liabilities:

31 December 2014

	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	20,884	20,884	-	-
Bank overdraft	9,279	9,279	-	-
Short term loan	8,694	-	8,694	-
Medium term loan	32,042	-	-	32,042
Balance at 31 December 2014	70,899	30,163	8,694	32,042

31 December 2013

	Amount GH¢'000	6mths or less GH¢'000	6-12 mths GH¢'000	1-3 years GH¢'000
Non-derivative financial liability				
Trade and other payables	10,480	10,480	-	-
Bank overdraft	6,839	6,839	-	-
Short term loan	4,544	-	4,544	-
Medium term loan	27,875	-	-	27,875
Balance at 31 December 2013	49,738	17,319	4,544	27,875

(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.

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(iv) Market risks (Cont'd)

Currency Risk

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

	31 December 2014				31 December 2013		
	EURO	RAND	GBP	USD	EURO	RAND	USD
Cash and bank balances	-	-	-	1,523,584	-	-	1,533,973
Bank overdraft	-	-	-	-	-	-	(6,155,347)
Trade and other receivables	308,902	1,700	-	2,216,524	51,086	28,971	750,196
Trade and other payables	(341,953)	-	(10,864)	(1,643,540)	(286,395)	-	(232,412)
Loan payable	-	-	-	-	-	-	(4,698,509)
Gross exposure	(33,051)	1,700	(10,864)	2,096,568	(235,309)	28,971	(8,802, 099)

The following significant exchange rates applied during the year:

	Average Rate		Reporting Rate	
	2014	2013	2014	2013
Euro	3.9505	2.7253	3.8188	3.0940
USD	2.9781	2.0472	3.1100	2.2200
GBP	4.9335	3.2340	4.8618	3.7280
Rand	0.2823	0.2121	0.2795	0.2300

Sensitivity analysis on currency risks

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

25. FINANCIAL RISK MANAGEMENT (CONT'D)

Sensitivity analysis on currency risks (Cont'd)

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

As of 31 December	2014			2013		
In GH¢	% Change	Income statement impact: Strengthening	Income statement impact: Weakening	% Change	Income statement impact: Strengthening	Income statement impact: Weakening
		GH¢	GH¢		GH¢	GH¢
€	±0.7%	(884)	884	±0.7%	(5,096)	5,096
US$	±3%	195,610	(195,610)	±3%	(586,220)	586,220
£	±3%	1,584	1,584	±3%	-	-
Rand	±3%	14	(14)	±3%	200	(200)

Interest rate risk profile

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

	Carrying amounts	
	2014	2013
	GH¢'000	GH¢'000
Variable rate instrument		
Financial liabilities	50,015	39,258
	=====	====

Cash flow sensitivity analysis for variable rate instrument

A change of 300 basis points in interest rate at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis for 2014 is performed on the basis that interest rate changed by 300 basis points.

Variable rate instrument	300bp Increase GH¢'000	300bp Decrease GH¢'000
Effect in cedis		
31 December 2014		
Variable rate instrument	868	868
	===	===
31 December 2013		
Variable rate instrument	326	(326)
	===	===

25. FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values

Fair values versus carrying amounts

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

(i) Loans and receivables	31 December 2014 Carrying Amount GH¢'000	31 December 2014 Fair Value GH¢'000	31 December 2013 Carrying Amount GH¢'000	31 December 2013 Fair Value GH¢'000
Trade and other receivables	4,364	4,364	5,292	5,292
Cash and cash equivalents	3,204	3,204	2,900	2,900
	-------	-------	-------	-------
	7,568	7,568	8,192	8,192
	====	====	====	=====

(ii) Other financial liabilities	31 December 2014 Carrying Amount GH¢'000	31 December 2014 Fair Value GH¢'000	31 December 2013 Carrying Amount GH¢'000	31 December 2013 Fair Value GH¢'000
Trade and other payables	20,884	20,884	10,480	10,480
Bank overdraft	9,279	9,279	6,839	6,839
Short term loan	8,694	8,694	4,544	4,544
Medium term loan	32,042	32,042	27,875	27,875
	---------	--------	---------	--------
	70,899	70,899	49,738	49,738
	=====	=====	=====	=====

(iii). **Fair Value Hierarchy**

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

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

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

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

As at the year ended 31 December 2014, the company did not have any level 2 and 3 financial assets and/or liabilities.

26. CAPITAL COMMITMENTS

There were no capital commitments as at the year ended 31 December 2014 (2013: GH¢1,881,620).

27. CONTINGENT LIABILITIES

There are a number of legal suits pending against the company. The company's solicitors are of the view that total claims outstanding should not be in excess of GH¢21,188 as at 31 December 2014.

28. EMPLOYEE BENEFITS

Defined Contribution Plans

(i) Social Security

Under a National Pension Scheme, the company contributes 13% of employees basic salary to both the 1st Tier Social Security and National Insurance Trust (SSNIT) scheme and the 2nd Tier Occupational Pension scheme for employees. The company's obligation is limited to the relevant contributions, which were settled on due dates. The pension liabilities and obligations, however, rest with SSNIT.

(ii) Provident Fund

The company has a 3rd Tier Provident Fund Scheme for staff for which it contributes 7.5% of staff basic salary. The obligation under the plan is limited to the relevant contribution and these are settled on due dates to the fund manager.

ALUWORKS LIMITED
SHAREHOLDING INFORMATION

(i) Number of Shares in Issue

Earnings and dividend per share are based on 236,687,001 (2013: 236,687,001) ordinary shares in issue at the end of the year.

(ii) Number of Shareholders

The company had 3,110 ordinary shareholders at 31 December 2014 (2013: 3,107) distributed as follows:

Holding	No. of Holders	Total Holding	% Holding
1 - 1,000	2,212	568,379	0.24
1,001 - 5,000	506	1,246,775	0.53
5,001 - 10,000	169	1,270,473	0.54
10,001 and over	223	233,601,874	98.69
	-------	---------------	--------
	3,110	236,687,001	100.00
	====	=========	=====

(iii) List of twenty largest shareholders as at 31 December 2014

	Name of Shareholder	No. of Shares	% of Issued Capital
1.	Social Security & National Insurance Trust	148,219,086	62.62
2.	Ghana Cocoa Board	43,776,353	18.50
3.	Professor Lade Wosornu	10,884,708	4.60
4.	SCBN/SSB Eaton Vance Tax-Managed Emerg Mkts	5,176,100	2.19
5.	Strategic Initiatives Limited	4,170,540	1.76
6.	DAMSEL/Oteng-Gyasi Anthony	2,623,398	1.11
7.	Colin M. Waugh	1,464,668	0.62
8	Mr. Moses Kwasi Afedo	1,352,500	0.57
9.	Arthur, Elizabeth Mrs.	820,000	0.35
10.	Qualitec Industries Limited	750,688	0.32
11.	Dr. Yaw Adu-Gyamfi	621,543	0.26
12.	SCB/SSB Eaton Vance Structured Em. Mkt FA20	457,409	0.19
13.	Ghana Commercial Bank Limited	450,000	0.19
14.	Tema Oil Refinery Limited	450,000	0.19
15.	National Investment Bank Limited	442,080	0.19
16.	NTHC Limited	431,857	0.18
17.	Dr. Clifford Edward Aryee	427,830	0.18
18.	Ms. Alice Vivian Wosornu	403,612	0.17
19.	Dr. Emmanuel Bekoe Larbi	323,726	0.14
20.	Mr. Jehoram Tei Anim	315,580	0.13
		----------	-------
		223,561,678	94.46
		=========	====

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 2014:

Ordinary Shares

	2014	%
Ernest Kwasi Okoh	100,000	0.0422
Kwadwo Kwarteng	108,607	0.0459
Victor Kodjo Djangmah	193,000	0.0815
Professor Lade Wosornu	10,844,708	4.6000
	11,246,315	4.7696

ALUWORKS LIMITED

PROXY FORM FOR USE AT THE 28TH ANNUAL GENERAL MEETING TO BE HELD AT THE FIESTA ROYALE HOTEL, DZOWURLU (NEXT TO THE NESTLÉ HEAD OFFICE BUILDING) ON TUESDAY SEPTEMBER 22, 2015 AT 10 O'CLOCK IN THE FORENOON

I/We being member(s) of **ALUWORKS LIMITED** hereby appoint or failing him/her the Chairman as my/our Proxy to vote for me/us, and on my/our behalf at the Annual General Meeting of the company to be held on the **22nd day of September, 2015** and at any and every adjournment thereof.

This form to be used:-

Ordinary Business

1.	*in favour of against	the Resolution to adopt the Reports of the Directors, Auditors and the Financial Statements of the Company for the year ended December 31, 2014.
2.	*in favour of against	the Resolution to appoint Prof. Lade Wosornu as a Director of the company.
3.	*in favour of against	the Resolution to appoint Mr. Kinsgley Okoe Ofosu Obeng as a Director of the company.
4.	*in favour of against	the Resolution to appoint Mr. Joseph Simple Siilo as a Director of the company.
5.	*in favour of against	the Resolution to appoint Mr. Agnivesh Agarwal as a Director of the company.
6.	*in favour of against	the Resolution to re-elect Mr. Seth Adjei as a Director of the company.
7.	*in favour of against	the Resolution to re-elect Mr. Victor Kodjo Djangmah as a Director of the company.
8.	*in favour of against	the Resolution to re-elect Mr. Anthony Ebow Spio as a Director of the company.
9.	*in favour of against	the Resolution to maintain Non-Executive Directors fees at the 2007 level i.e. – not exceeding a total of GH¢45,000.00 per annum.
10.	*in favour of against	the Resolution to authorise the Directors to fix the remuneration of the Auditors for the ensuing year.

Proxy Form Continued.

Special Business

1.	*in favour of against	the Resolution to amend Regulation 68 of the Company's Regulations and to include as Regulation 68(3) the holding of Board meetings via Conference Call and the requirements for so doing.
2.	*in favour of against	the Resolution to authorise the Directors to enter into discussions with possible investors and thereafter issue shares to the said investors either through a rights issue and/or a private placement whichever they deem appropriate.

On any other business transacted at the meeting and unless otherwise instructed in paragraphs 1 to 10 under Ordinary Business AND 1 to 2 under Special Business above, the resolutions to which reference is made in those paragraphs, the proxy will vote as he/she thinks fit.

* **Strike out whichever is not desired**

____

Signature of Shareholder

Signed this .... day of .... 2015.

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

THIS PROXY FORM SHOULD <u>NOT</u> BE COMPLETED AND SENT TO THE REGISTERED OFFICE IF THE MEMBER WILL BE ATTENDING THE MEETING.

1. A member (Shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by proxy. The Proxy Form has been prepared to enable you exercise your vote if you cannot personally attend.

2. Provision has been made on the Form for the Chairman of the meeting to act as your Proxy but if you so wish, you may insert in the blank space the name of any person whether a member of the company or not who will attend the meeting and vote on your behalf instead of the Chairman.

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

4. If executed by a Corporation, the Proxy Form must bear its Common Seal or be signed on its behalf by a Director.

5. Please sign the above Proxy Form and post it so as to reach the address shown overleaf not later than 4.00 p.m. on Friday September 18, 2015.

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