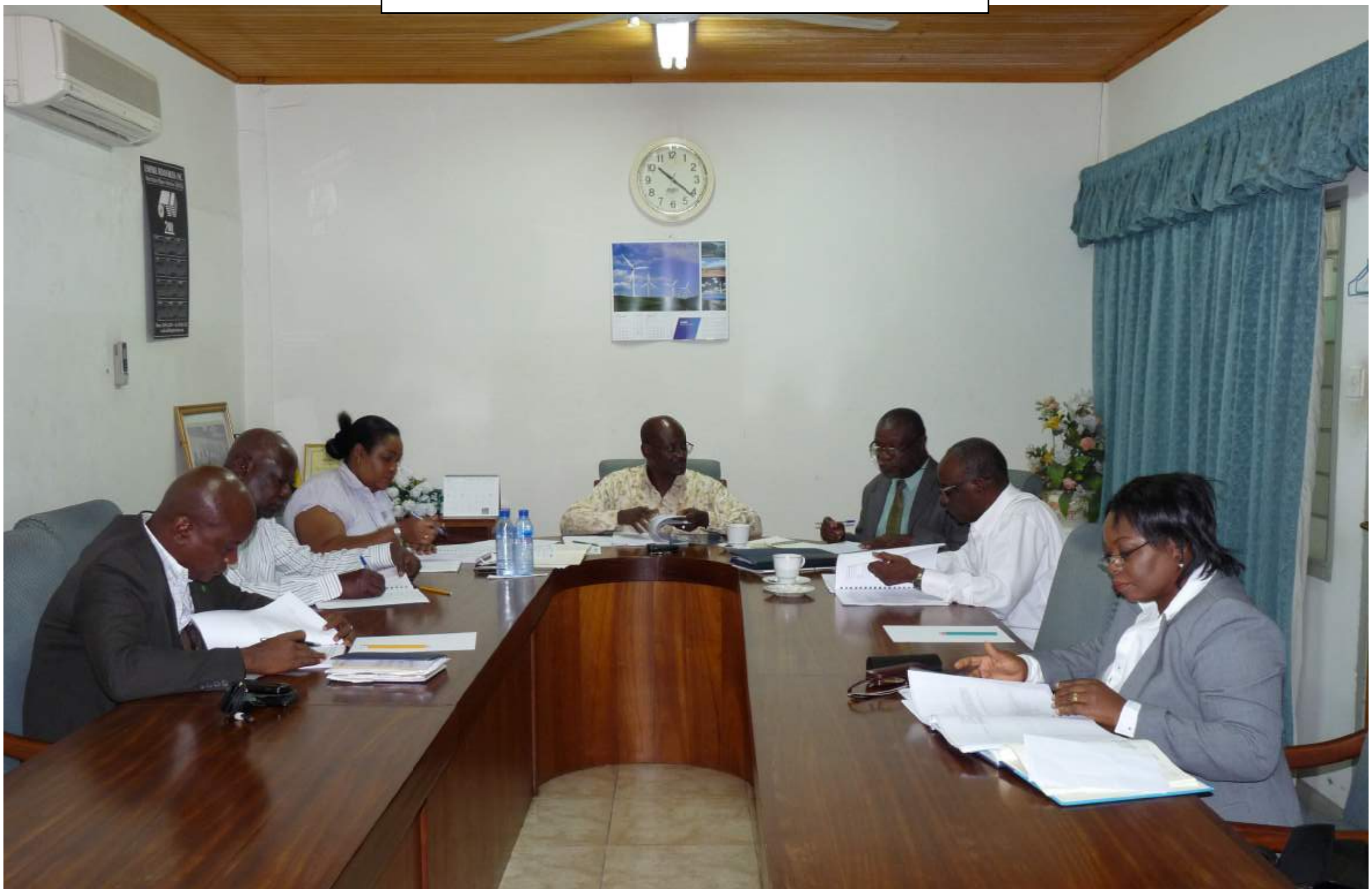
ALUWORKS LTD.

Annual Report 2010

SYSTEM CERTIFICATION
ISO 9001:2008
SGS

ALUWORKS BOARD AT A MEETING



L –R: Togbe Afede XIV – Member; Mr. V Djangmah – Member; Ms Annie Chinbuah – Secretary; Mr. K Kwarteng – Chairman; Mr. Kwasi Okoh – Managing Director; Mr. Ben Gogo – Member (resigned); Mrs Miriam Okwabi – Member; Not in Photo Mr. Tony Fofie – member.

ALUWORKS LIMITED

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ALUWORKS LIMITED

NOTICE OF MEETING

NOTICE is hereby given that the 24th Annual General Meeting of the Shareholders of Aluworks Limited will be held at the Fiesta Royale Hotel, Dzowurlu, Accra (next to the Nestlé Head Office building) on Thursday June 23, 2011 at 10 O'clock in the forenoon to transact the following:

AGENDA

ORDINARY BUSINESS

1. To receive and consider the Reports of the Directors, Auditors and the Audited Financial Statements for the year ended December 31, 2010.

2. To appoint Directors

3. To re-elect Directors.

4. To authorise the Directors to fix the remuneration of the Auditors for the ensuing year.

Dated this 18th day of April, 2011

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 NTHC, Martco House No 542/4 Okai Mensah Link, Adabraka, P. O. Box KIA 9563, Airport Accra not less than 48 hours before the appointed time of the meeting. Failure to submit the forms before the **48 hour deadline** will result in the Proxy not being admitted to, or participating in, the meeting. A Form of Proxy is provided in the Annual Report.

ALUWORKS LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS	Kwadwo Kwarteng – *Chairman*	
	Ernest Kwasi Okoh (*Managing)*	
	Togbe Afede XIV	
	Anthony Fofie	
	Victor Djangmah	(*Appointed 3/2/2011)*
	Mariam Okwabi (Mrs)	(*Appointed 10/3/2011)*
	Benjamin Akuete Gogo	*(Resigned 31/03/2011)*
	William Ekroo Inkumsah	*(Chairman -Resigned 1/1/2011)*
	Napoleon Kpoh	(*Resigned 30/6/2010)*

SECRETARY

Accra Nominees Limited
13 Samora Machel Road
Asylum Down
P. O. Box GP 242
Accra

REGISTRARS

NTHC Limited
Martco House, No. D542/4
Okai Mensah Link, Adabraka
P. O. Box 9563
Airport, Accra

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

Plot No. 63/1, Heavy Industrial Area
P. O. Box 914
Tema

AUDITORS

KPMG
Chartered Accountants
13 Yiyiwa Drive
P. O. Box 242
Accra

BANKERS

Barclays Bank of Ghana Limited
Ecobank Ghana Limited
SG - SSB Limited

Aluworks Board of Directors

Mr. Kwadwo Kwarteng [Ghanaian] – Chairman

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

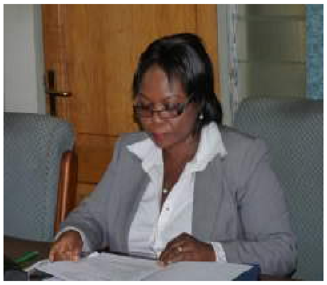
Togbe Afede XIV [Ghanaian] – Non-Executive Member

Togbe Afede XIV is Founder & CEO of SAS Finance Group. He is an Investment Banker with experience spanning over twenty (20) years. He holds a BSc in Administration from University of Ghana, Legon, and an MBA (Finance) from Yale School of Management, USA. Togbe also serves on the boards of Accra Hearts of Oak FC Ltd, Africa World Airlines Ltd, Bank of Ghana, Pioneer Kitchenware Ltd, Sunon Asogli Power (Ghana) Ltd, and World Trade Centre Accra, among others. Togbe was a member of the Government Transition Team and the head of the Committee on the Economy, January – March, 2009. And as Chairman of a three-man interim Ministry of Finance management team, he led the Ministry team to prepare the draft budget for 2009. He is currently a member of the President's Economic Advisory Council.

Mr. Anthony Fofie [Ghanaian] – Non-Executive Member

Mr. Fofie joined the Board of Aluworks on 19th March 2009. He has been in the service of Ghana Cocoa Board since 1974 serving in various capacities including Deputy Chief Executive in charge of agronomy and quality control. His appointment as Chief Executive took effect from 1st January 2009. Mr. Fofie, who holds a Bachelor of Science (Hons) from the University of Science and Technology (1974), also has a Certificate in Planning and Appraisal of Rural Development Projects obtained from University of Bradford (UK) in 1979. In March 1981, he was awarded a Certificate in Business Management by the Mananga Agricultural Management Centre in Swaziland. In addition to the above Mr. Fofie has an Executive MBA from the Ghana Institute of Management and Public Administration (GIMPA) and an MSc from the University of Reading, United Kingdom (1992). He is a member of a number of local and international boards / committees including the sustainable tree crops programme, Tema Chemicals Ltd, Cadbury Cocoa Partnership Programme, International Cocoa Verification Board, Impact Ghana Coordination Group-Mars Incorporated. Mr. Fofie represents the Ghana Cocoa Board on the Aluworks Board.

Aluworks Board of Directors - Continued



Mrs. Miriam Okwabi [Ghanaian] – Non-Executive Member

Mrs. Miriam Okwabi is a chartered Accountant and currently the Director of Finance of Ghana Cocoa Board (COCOBOD).

She commenced her professional career with Ayew Agyemang Turkson and Company (AAT&Co), a Firm of Chartered Accountants where she gained extensive experience in Banking, Manufacturing, and service industries. During her five years stay with the firm, she undertook audit assignments in institutions like the VRA, SG-SSB (then SSB), Ghana consolidated Diamond Limited and World Bank/Donor funded projects among others. She joined Ghana Cocoa Board in 1989 and assumed the position of Principal Accounts Officer in 1990, Deputy Accounts Manager in 1991, Accounts Manager in 1996 and Senior Accounts Manager in 2006. After serving satisfactorily as head of Finance Department in various Divisions of COCOBOD, she was transferred from the CSSVD Control Division of Ghana Cocoa Board to the Head Office in February 2008. She was subsequently appointed to the position of the Director of Finance in April 2010 due to her outstanding performance.

Miriam obtained an Executive Master of Business Administration (EMBA) from GIMPA in 2004. She has undertaken a number of courses in Finance, Administration, Banking, Entrepreneurship, etc. in Ghana and abroad. She was admitted as a member of the Institute of Chartered accountants (Ghana) in 1991 and has a record of being a founding member of the Association of Women Accountants of Ghana. She has served and continues to serve on a number of committees and boards. She currently serves on the Board of West Africa Mills Company Ltd (WAMCO) - a cocoa processing company in Takoradi.

Mr. Victor Djangmah [Ghanaian] – Non-Executive Member

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

Mr E. Kwasi Okoh [Ghanaian] – Managing Director

He was appointed Managing Director of Aluworks Limited on 18th November 2008. He is a Chartered Accountant with an MBA from Strathclyde University, Glasgow, Scotland and a product of School of Administration, University of Ghana, Legon. He is a member of the Institute of Chartered Accountants, Ghana. He has had extensive managerial experience having served with Unilever for 32 years in various capacities and in different countries including in several top executive positions. Until his appointment he was the Managing Director of Dannex Limited. In addition to having managed several sports organisations in his spare time, Mr. Okoh has held Directorships in many companies both in Ghana and Abroad, and currently is a Director of MS Research International Limited, Expandable Polysterene Products and Trading Limited, and Chairman of the Board of Governors of Achimota School (Secondary/Senior and Primary/Basic Schools), Ghana.

Corporate Governance

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

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

CORPORATE GOVERNANCE & BOARD PRACTICE

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

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

Audit Sub Committee

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

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

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

Remuneration Sub Committee

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

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

ALUWORKS LIMITED

CHAIRMAN'S STATEMENT FOR THE 2010 AGM

Introduction

Fellow shareholders, distinguished guests, ladies and gentlemen, I am extremely honoured to welcome you to this Annual General Meeting. It is also my privilege to present the financial statement for the year ended December 31, 2010 to you for the first time as the Chairman of the Board.

Although the year 2010 was yet another bad year, we could see the light at the end of the tunnel; we were able to cut down on our losses as compared to the previous year and saw the reactivation of Valco, our major raw material supplier. The Rights Issue, although not very successful as we had envisaged, brought in some working capital which enabled us to cut down on our expenses, especially, interest on bank loans and exchange losses.

The Economic Environment

Analysts had hoped that the global recession would have ended during 2010 but the effects continue to persist even today and the world's economy has not recovered to the level where there is again strong investment in infrastructure around the world. As you know, we await the change to be able to sell finished coils into Europe, something which has been on hold since our coloured coating plant was commissioned early in 2009.

The Ghana Government continued its Better Ghana agenda in 2010. A GDP growth of 5.9% was achieved and inflation rate ended in single digit at 9.3%.

On the basis of Ghana having been re-classified a middle income economy and recognising the contribution of the oil and gas sector to the economy, Government has forecast growth in 2011 to be 12.3% (oil inclusive). In the 2011 budget Government intends to set the country's economy on the path to accelerated growth with the theme of "stimulating growth for development and job creation".

We remain upbeat about 2011 outlook and the opportunities available for us provided our main issues of supply, maintenance and sales are properly addressed. The underlying factors into the future are fortunately pointing in the right direction. Raw material supplies have improved and sales are following. This is allowing the company to improve its maintenance schedules. We forecast this year as an indicator of a strong recovery, something we as the Board, as Management, and I am sure, you, as shareholders, have been waiting for, for a long time.

Review of 2010

Financial Results

Due to the very low volume of production and sales achieved in 2010, the company made a loss of GH¢7.350 million. This loss was GH¢0.655 million better than the loss of GH¢8.005 million in 2009 although the volume in 2009 was much more. The loss was after charging interest on loans amounting to GH¢ 2.268 million and after charging GH¢1.350 million in exchange losses. It is worthy to note that this improvement is, to some extent, due to the decreases in exchange losses and interest on bank loans resulting from the injection of working capital from the Rights Issue.

Dividends

Following losses in previous years our income surplus account does not support a declaration of dividend for 2010 and the Directors are regrettably therefore unable to recommend the payment of a dividend.

Performance on the Ghana Stock Exchange

At the end of 2010, at GH¢0.11, the price of Aluworks stocks had seriously declined by 75% compared to the price of GH¢0.44 per share at the beginning of the year. It is instructive that as at 31st March the share price was GH¢0.22 per share. The Board remains confident that your share prices will rise as our performances improve in the years ahead.

Board of Directors

It is with regret that I have to announce that due to ill health the Chairman of the company Mr. William Ekroo Inkumsah resigned from the Board of Directors with effect from the 1st of January 2011, after nearly 24 years of service to the company as a member of the Board of Directors. Mr William Inkumsah joined the Board in July 1987 and was appointed the Chairman in May 1996. He has served the Board faithfully since then. He continues to be a strong shareholder in the company. I am sure all members of the company join me in thanking Mr. William Inkumsah for his invaluable service to this company and also do join me in wishing him the best of health into the future and enjoyment of his retirement from the Board.

In succession to Mr Inkumsah the Board has asked me to be the new Chairman; a position I have accepted. I agree with the Board that the company continues to need the experience that I shared with Mr Inkumsah to steer the company through these difficult times. I pledge to work very hard with my colleague Board members and with the management of the company to attain the objectives that we have set for the company.

I regret again to have to inform you that we have had two other resignations from the Board. Mr Benjamin Gogo resigned from the Board on 31st March 2011 for personal reasons which has to do with the weight of his responsibility schedules. We would like to thank Mr Ben Gogo for his incisive contributions to matters that were brought to the Board for discussion and for his invaluable service to the company, serving the Board for over 15 years. We shall miss his wise counsel.

During 2010 Mr. Napoleon Kpoh was replaced by Social Security and National Insurance Trust (SSNIT), (one of our major shareholders) who he had been representing on the Board. Mr Napoleon Kpoh served on the Board for some 9 years and brought his immense labour experience to bear on the business of the Board whenever it was required. His invaluable service is appreciated by his colleagues and I am sure members of the company join me in thanking him ever so sincerely for the part he has played in keeping the company going in the face of the difficulties that it has had.
Since the end of the year we have had two new members join the Board and I would like to introduce them to members.

We welcome Mrs. Mariam Okwabi. She joins the Board as an additional representative of Cocoa Board who are now our major shareholder. She comes well qualified. Mrs. Miriam Okwabi is a chartered Accountant and currently the Director of Finance of Ghana Cocoa Board (COCOBOD).

Miriam commenced her professional career with Ayew Agyemang Turkson and Company (AAT&Co), a Firm of Chartered Accountants where she gained extensive experience in Banking, Manufacturing, and service industries. During her five years stay with the firm, she undertook audit assignments in institutions like the VRA, SG-SSB (then SSB), Ghana Consolidated Diamond Limited and World Bank/Donor funded projects among others.

She joined Ghana Cocoa Board in 1989 and assumed the position of Principal Accounts Officer in 1990, Deputy Accounts Manager in 1991, Accounts Manager in 1996 and Senior Accounts Manager in 2006.

After serving satisfactorily as head of Finance Department in various Divisions of COCOBOD, she was transferred from the CSSVD Control Division of Ghana Cocoa Board to the Head Office in February 2008. She was subsequently appointed to the position of the Director of Finance in April 2010 due to her outstanding performance.
Miriam obtained an Executive Master of Business Administration (EMBA) from GIMPA in 2004. She has undertaken a number of courses in Finance, Administration, Banking, Entrepreneurship, etc. in Ghana and abroad.

She was admitted as a member of the Institute of Chartered accountants (Ghana) in 1991 and has a record of being a founding member of the Association of Women Accountants of Ghana.

She has served and continues to serve on a number of committees and Boards. She currently serves on the Board of West Africa Mills Company Ltd (WAMCO) - a cocoa processing company in Takoradi.

We welcome as well Mr. Victor Djangmah who is the new representative of SSNIT on the Board. He also comes well qualified. 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 holds a B.Sc. in Electrical Engineering from the Kwame Nkrumah University of Science and Technology (KNUST). He worked with the Electricity Company of Ghana (ECG) after KNUST from 1973 to 1980 before entering into the Construction Industry.

New persons will be considered in due course to become board members to replace Mr. William Inkumsah and/or Mr. Ben Gogo and they shall be presented to shareholders at the appropriate time.

Meanwhile, distinguished shareholders, please join me in welcoming the new Directors to your Board.
In accordance with the regulations of the company and the Companies Code 1963 Act 179, Togbe Afede XIV, and Mr Anthony Fofie will be retiring by rotation and being eligible offer themselves for re-election.

Non-Executive Directors Fees

The Board has again decided that there should be no increase in Directors' Fees in the year 2011 during the recovery period. This is the fifth consecutive year in which the fees of the non-executive directors have not been raised.

Corporate Social Responsibility

No donations of significance were made by the company during the year. The company has continued to comply with all regulatory requirements including to the Ghana Stock Exchange, the Ghana Revenue Authority, the Tema Municipal Authorities, the Environmental protection Agency, The Fire Service, and with the provisions of the Factories, Offices and Shops Act, 1970, Act 328.

Projections for the future

The Board believes that Aluworks is turning the corner towards returning to profitability. The return of supplies by VALCO, leading to improvement in working capital utilisation, and the cost effectiveness measures in place will surely lead to a return to profitability from 2011. However the pre-occupation of the Board is to ensure that the future is secure. The medium term plan that we have approved is in use to invite investors to participate in our capital expenditure process designed to ensure improved reliability of production by Aluworks over the next five years. The Board is convinced the plan is robust and only looks forward to concluding arrangements for the needed finance to ensure a rewarding and sustainable future.

Conclusion

On behalf of the Board of Directors, I would like to sincerely thank shareholders for their forbearance, customers, suppliers, and other stakeholders for holding firm with us. In particular I have to thank the staff of the company for their steadfastness in the face of extreme difficulty and pray that their faith will be rewarded very soon. I believe all of us feel challenged and motivated to deliver sterling results in the coming year.

Thank you and May God Bless us All.

IMPORTANT STAKEHOLDERS

Sections of Shareholders at a recent Annual General Meeting

Sections of Aluworks Limited Staff at a recent Company Durbar.

ALUWORKS LIMITED

CEO'S STATEMENT FOR THE 2010 AGM.

Ladies and Gentlemen,

As you have by now noted, we are in a change era. We have a new Chairman and for the first time a new procedure. This is the first time that a CEO is speaking at this function. That has been the preserve of the Chairman. We are now doing things differently under our new Chairman. You therefore should expect that our performance will also be different going forward. I daresay we will be doing much better to the satisfaction of all of our stakeholders from now on.

You have the annual report. As it shows 2010 was a very difficult year, far more difficult than we expected it to be when we drew up the annual plan for that year.

We cannot mince words. In 2010 we could not produce enough and hence we could not sell enough. You will recall that we executed the long awaited rights issue in 2010. It was only a 67% success. But the funds came too late to fully alleviate the working capital problem that it was meant to. In the event we could not import enough metal throughout the year despite our best efforts, even with trying to use third party support finance. In the end we imported just 5,784 tonnes, less than half of what we would normally require. You will also recall that we reported a strong effort to get Government to impose countervailing measures against the very cheap imports from China seriously destabilising our markets in Ghana and West Africa. We still continue the effort but we have not yet achieved any concrete results, and certainly did not in 2010.

Due to the combination of the working capital crunch, and the blockage caused by the influx of cheap Chinese products, we sold only 4,786 tonnes of products, well below the break-even point for the year. This meant that regrettably we made a loss in 2010.

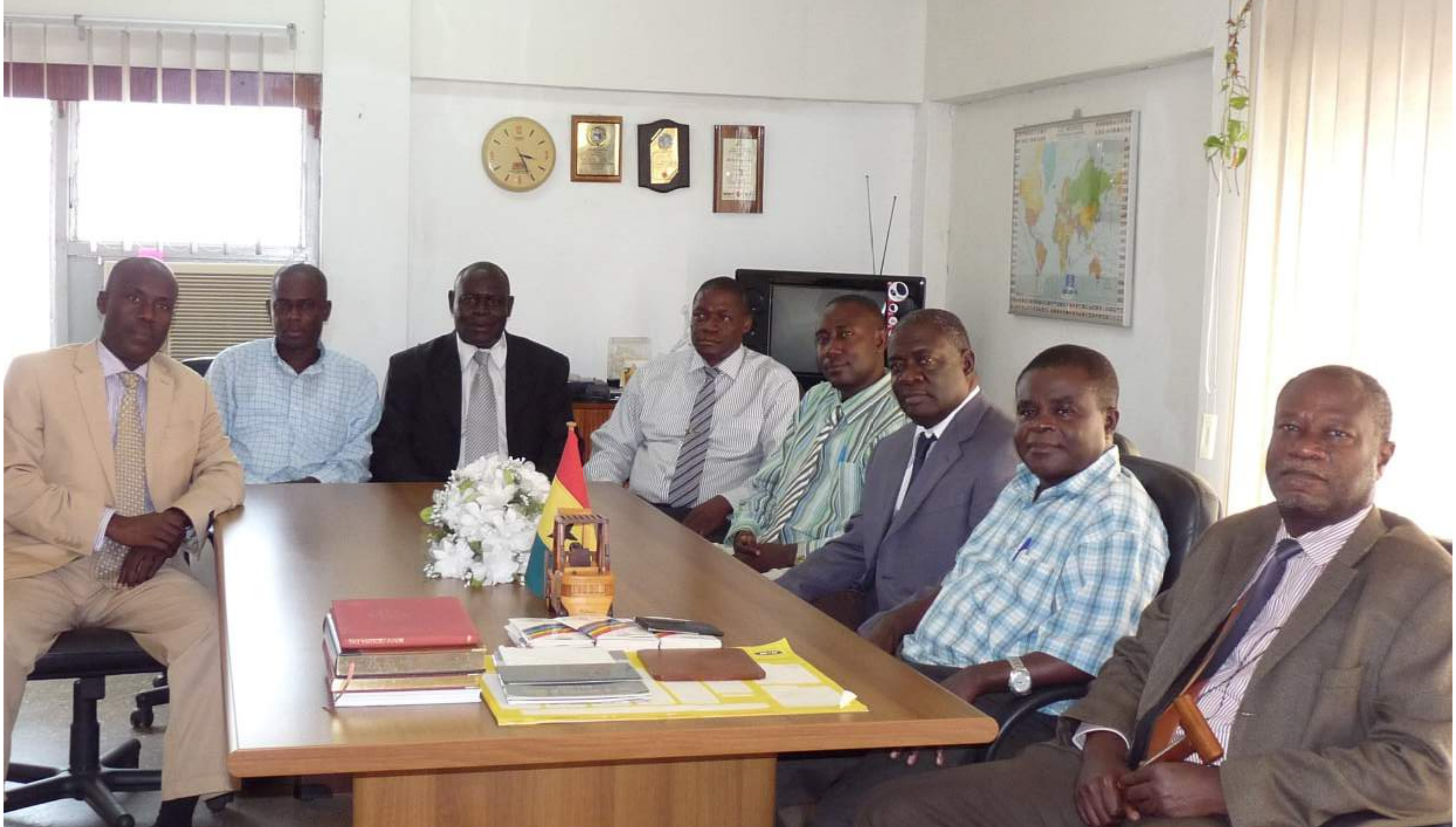
I will talk about 2011 in a few minutes, but the preview is that 2011 is a completely different year. The year has started quite well and we believe will end well.

The Economic Environment.

The Chairman has expounded on the ongoing economic conditions and the government's budget for 2011.

Let me add that amongst the other factors, the two main economic elements that we look at very crucially in the business are the exchange rates, and the bank interest rates. Although we no longer import ingots for production, we still buy our raw material from VALCO in dollars, based on the prevailing LME rates. So it is very important to us that the exchange rate is favourable. It is also very important that the exchange rate is favourable because we have foreign exchange loans that we are still paying off. The continued devaluation as we have experienced already in this year could lead to high exchange losses on these loans, something we wish to avoid but is not under our control.

Aluworks Senior Management Team.



Left to Right: Wallace Dankwah (**Senior Manager – Personnel and Admin**); Samuel Asiedu Asare (**General Manager (Sales and Marketing**); Gyapong Manu (**Senior Manager –Production**); Kpame Karbo (**Sales and Marketing Manager – South**); Christian Opare-Larbi (**Sales and Marketing Manager – North**); Emmanuel Sarkodie (**General Manager - Projects** ; David Adzogble (**Chief operating Officer**) Not in photo: Francis Agboada (**Chief Finance Officer**)

We look at bank interest rates carefully because we borrow from the banks in the form of overdrafts for our everyday needs and therefore we would be really gratified if the banks would look again at the still high interest rates that they charge today. These are two elements that in the past tended to be a huge drain on our profitability.

Review of 2010

General

2010 was a very difficult year characterised by a low level of purchases of raw materials due to working capital insufficiency, plus an inability to freely sell our products due to the effect of very low priced imports of finished products from China. Sales in 2010 amounted to 4,784 tonnes compared to 7,713 tonnes in 2009. Therefore a loss was recorded at operational level for most of the year except in the final quarter. You will note from the accounts that considerable effort had been made to limit and to reduce general and administrative expenses. Unfortunately we continued to experience heavy financial expenses in exchange losses and bank interest, leading to a final loss for the year of GH¢7.350 million compared to GH¢8.005 million at the end of 2009, despite the much lower volume compared to previous year.

Operations and Production activity

Total production for the year was 4,948 metric tonnes as against a budgeted 18,000 tonnes, and 6,915 tonnes produced in the year before. The low production was attributed to our continued inability to import sufficient raw materials during 2010.

Turnover

Quantity sold for the year was 4,784 metric tonnes, well below the budget for the year, and below the sales in 2009 of 7,711 metric tonnes. The cause was mostly stiff competition from Chinese imports and low production quantity. With the re-opening of VALCO, 2011 will see a marked change from this trend.

In value terms net turnover for the year was GH¢25.16 million as against GH¢34.27 in the previous year.

Exports

Our share of sales in exports also dropped in 2010 because of, as happened in Ghana, the influx of cheap Chinese product into our traditional markets in West Africa especially Nigeria. 669 metric tonnes was exported out of the total sale of 4,784 metric tonnes representing 14% of total sales in 2010 compared with 3,142 metric tonnes which represented 29% of sales in 2009. We earned just $2.2million in foreign exchange compared with $ 6.8 million in the year before. Normally export sales amount to about 45% of total sales.

Financial Results

Due to the reasons expatiated on before, the company made a loss of GH¢7.350 million in 2010. As explained previously volumes were much lower in 2010. The sale of 4,784 metric tonnes was below our break-even level in 2010 of about 6000 metric tonnes hence the loss. Nevertheless it has to be noted that despite the difficult conditions, the cost effectiveness measures instituted from 2009 were seriously continued, and the loss after tax at GH¢7.350 million was less than the loss in 2009 of GH¢8.005 million despite the much lower volume. The loss was after charging interest on loans amounting to GH¢ 2.268 million and after charging GH¢1.350 million in exchange losses on foreign exchange denominated balances on the books during the year.

Projections for the future.

Aluworks has three main issues to deal with.

One of our three main problems has seen some resolution. Government has re-opened VALCO which we thank them for and since the 1st of February 2011 Valco has been supplying raw material to the factory. We now have assurance of supply plus the benefit of reduced costs for import and energy savings. When we used to import ingots we incurred 36% additional costs because we had to pay freight, pay duty, clear the goods through the ports, and then incur huge costs utilising the solid metal. From February 2011 we now receive raw material from VALCO, most of it in molten form. We still sometimes have to order solid ingots from VALCO, but we still save all the import costs. By the end of the year we will have avoided some of the 36% increase that we were incurring and we would have made savings.

Although the savings have in fact not yet been earned we are so confident that we have in turn passed on the potential savings to our customers by way of price reductions, also since 1st February. We have seen an immediate improvement in interest and orders from some of our more serious customers, especially those more interested in quality rather than in cheap shoddy material. Indeed we have had good interest from Nigeria, Togo and Burkina Faso. In addition, during this year the LME has been rising steadily. The LME at the beginning of the year was at $2,461.0 per tonne. At the end of March 2011 the LME was at $2,599.9 per tonne and continues to rise steadily. This is driving discerning customers to reduce their costs by sourcing from us, as we save them a lot of financing costs that they have to incur when they import. Their imports can take as much as three months to arrive whereas we can deliver within a fortnight. These positive factors, including our intention to restore credit facilities to deserving customers during the coming year, are the drivers of change in customer behaviour going forward. We are confident that the trend will remain the same and we shall have a reasonably good 2011 as a result.

The second problem is that of the Chinese encroachment on our markets with cheap products. While some of our customers have started coming back for supplies from us, mainly because of the better quality, not everyone has returned because the price differential between us and the Chinese is still high enough so that the marginal customers still prefer to buy cheap rather than quality. The difference is still appreciable despite our price reductions and for a normal 0.5mm coil is today as much as 25%. The gap is so large it is simply, as far as I am concerned, an act of war. This second problem is one we continue to discuss with Government through the Tariff Advisory Board for redress. We are quietly confident that something will be done about it in 2011. Nevertheless we have to sound a note of caution that this menace will not be completely wiped out as all of us here would like. Despite the continued Chinese presence, all of the interventions we have made such as reduced price, strong cost control and reduction, and sourcing from VALCO instead of importing mean that we will make strong gains. In our medium term plan we forecast modest but positive results for 2011, and much better results for the next few years thereafter. I do not want to go into the details of the China problem here so I have taken the liberty to re-produce an article that was published in the Business and Financial Times of March 2011 that clearly argues the problem, which you can read at your leisure. Alternatively the article can be found on the Business and Financial Times website www.thebftonline.com

The third problem is an off shoot of the state of the plant. We have put in place strong plans to refurbish the plant. The working capital shortage forced serious discriminatory decisions upon us and we most often opted to import raw materials for production rather than spare parts for stock. We are now in a position of using some of the increasing free cash flow when generated to import much needed spare parts. This is a problem that can only be fully resolved as the business improves and/or as when we receive sufficient investment into the business to be able to tackle the various problems at the same time.

We continue to hold discussions with selected investors with the objective of raising further investment capital to be able to considerably improve the reliability of the plant, with priority on investment in the much required second cold mill. I have to say interest has been good and is growing. We have had initiatives from as far away as China and South Africa, and as close as Nigeria, but we are yet to find the right mutually beneficial oriented strategic partner. We will advise shareholders when we have been able to find the right partners to support our planned future growth with investment into our capital expenditure plans.

Despite these seeming setbacks we find that the business is slowly reviving. I can report that by the end of March 2011 we had already sold 1693 tonnes of product, 1161 tonnes in local sales and 532 tonnes in exports. Despite the slow start, this was equivalent to 35% of all the sales made in the whole year 2010, i.e. already effected in the first quarter of 2011. The trend line is the right direction, and our SWOT analysis (especially our quality, cost effectiveness and short delivery) points to a good opportunity for would be investors, and so management is excited because at long last we can begin to feel some satisfaction from all the hard work put in during the very difficult times, starting to pay off.

Ladies and Gentlemen 2011 is bound to be good. We will make profit this year ceteris paribus. And hopefully for the next few years as well.

If the recession ends soon, and Government is able to help solve or to reduce the effects of the China problem, then the future will be very good. If we are able to find further capital investment, then the future will be very very bright. This is the hope of the Directors and Management of Aluworks Limited. We hope it will come true soon.

Conclusion.

I join the Chairman of the board to sincerely thank shareholders for their forbearance, customers, suppliers, and other stakeholders for holding firm with us. I thank the Board of Directors for their steady support and wise counsel in the face of the very difficult times the company has been going through. I cannot conclude without expressing my sincere best wishes to Messrs William Inkumsah and Ben Gogo. I have found them stalwarts of support and will surely miss their wise counsel. Particularly I have to thank the management and staff of the company for their steadfastness in the face of extreme difficulty and pray that their faith will be richly rewarded very soon. God Bless Aluworks Limited, God Bless Ghana.

ALUWORKS LIMITED

FIVE YEAR FINANCIAL HIGHLIGHTS

Year		2006	2007	2008	2009	Reporting Year 2010	Change %
Turnover	(Gh¢'000)	49 246.30	52 018.00	57 127.00	34 271.00	**25 167.00**	**-27**
Gross Profit	(Gh¢'000)	5 374.00	3 072.00	4 393.00	5 365.00	**-1 397.00**	**-126**
Exchange Losses	(Gh¢'000)	150.00	-527.00	-2 797.00	-5 210.00	**-1 350.00**	**74**
Profit/(Loss) before interest and tax	(Gh¢'000)	2 342.50	-1 072.00	-1 309.00	-3 293.00	**-5 531.00**	**-68**
Interest Income	(Gh¢'000)	6.20	1.00	-	-	**-**	**-**
Interest Expense	(Gh¢'000)	-479.30	-1 380.00	-2 333.00	-2 609.00	**-2 268.00**	**13**
Exceptional Item	(Gh¢'000)	-	-1 811.00	-	-	**-**	**-**
Profit/(Loss) before tax	(Gh¢'000)	1 869.40	-4 263.00	-3 642.00	-5 902.00	**-7 799.00**	**-32**
Taxation	(Gh¢'000)	-229.40	-187.00	684.00	-2 103.00	**449.00**	**121**
Profit/(Loss) after tax	(Gh¢'000)	1 640.00	-4 450.00	-2 958.00	-8 005.00	**-7 350.00**	**8**
Earnings per share	(Gp)	0.0393	(0.1068)	(0.0710)	(0.1921)	**(0.0976)**	**49**
Dividend per share	(Gp)	0.0550	0.0000	0.0000	0.0000	**0.0000**	
Shareholders' equity	(Gh¢'000)	10 995.60	6 498.00	22 987.00	14 982.00	**27 361.00**	**83**
Net Assets per share	(Gp)	0.2638	0.1559	0.5515	0.3595	**0.3368**	**-6**
Number of shares	('000's)	41 678	41 678	41 678	41 678	**81 240**	**95**
Fixed assets	(Gh¢'000)	8 005.30	19 102.00	44 978.00	44 552.00	**41 859.00**	**-6.0**

PERFORMANCE RATIOS	2006	2007	2008	2009	2009
Gross Margin/Turnover	10.91%	5.91%	7.69%	15.65%	**-5.55%**
Net Margin/Turnover	3.33%	-8.46%	-5.16%	-23.30%	**-29.20%**
Return on Equity	14.91%	-66.80%	-12.87%	-53.43%	**-26.86%**
Current Ratio	1.34	0.99	0.72	0.43	**0.63**

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 2010.

DIRECTORS' RESPONSIBILITY STATEMENT

The company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position at 31 December 2010, statement of comprehensive income statement and statement of cash flow for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Code, 1963 (Act 179).

The directors' responsibilities include: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, making accounting estimates that are reasonable in the circumstances.

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

FINANCIAL STATEMENTS AND DIVIDEND

The results are summarised as follows:

	GH¢'000
Loss for the year ended 31 December 2010 after taxation is	(7,350)
to which is added:	
revaluation surplus released on disposal of property, plant and equipment	64
a deficit balance on retained earnings account brought forward of	(9,557)

Leaving the income surplus account balance in deficit of	(16,843)
	====

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

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

NATURE OF BUSINESS

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

APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the company as indicated above were approved by the board of directors on

13 APRIL, 2011 and are signed on their behalf by:

DIRECTOR

DIRECTOR

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ALUWORKS LIMITED

We have audited the accompanying financial statements of Aluworks Limited, which comprise the statement of financial position as at 31 December 2010, the statement of comprehensive income, the statement of changes in equity and statement of cash flow for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 22 to 50.

Directors' Responsibility for the financial statement

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of Aluworks Limited at 31 December 2010, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Code, 1963 (Act 179)

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

Report on Other Legal and Regulatory Requirements

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

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

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

KPMG

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

13 APRIL, 2011

ALUWORKS LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	Note	2010 GH¢'000	2009 GH¢'000
Assets			
Property, plant and equipment	6	41,859	44552
Intangible assets	7	-	19
Long term investments	8	168	168
Total non-current assets		42,027	44,739
Inventories	11	6,599	6,893
Income tax asset	9	848	835
Trade and other receivables	12	5,270	2,968
Cash and cash equivalents	13	688	4,125
Total current assets		13,405	14,821
Total assets		55,432	59,560
Equity			
Share capital	18	24,731	5,002
Share deals		90	90
Retained earnings – (Deficit)		(16,843)	(9,557)
Revaluation Surplus		19,383	19,447
Total equity		27,361	14,982
Non-current liabilities			
Medium-term loans	15	4,875	7,609
Deferred tax liabilities	10	2,156	2,605
Total non-current liabilities		7,031	10,214
Current liabilities			
Bank overdraft	14	6,895	6,786
Trade and other payables	20	2,982	5,403
Short-term loan	16	10,464	21,476
Dividend payable	17	699	699
Total current liabilities		21,040	34,364
Total liabilities		28,071	44,578
Total liabilities and equity		55,432	59,560

DIRECTOR **DIRECTOR**

The notes on pages 26 to 50 are an integral part of these financial statements.

ALUWORKS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 GH¢'000	2009 GH¢'000
Revenue	21	25,167	34,271
Cost of sales		(26,564)	(28,906)
Gross (loss)/profit		(1,397)	5,365
Other income	22	46	69
General and administrative expenses		(4,180)	(8,727)
Results from operating activities before financing cost		(5,531)	(3,293)
Net finance expense	25	(2,268)	(2,609)
Loss before income taxation	23	(7,799)	(5,902)
Income tax (expense)/relief	9	449	(2,103)
Loss for the year		(7,350)	(8,005)
Other comprehensive income			
Revaluation of property, plant and equipment		-	-
Other comprehensive income for the year		-	-
Total comprehensive (loss)/income for the year		(7,350)	(8,005)
Basic earnings per share	19	(0.0976)	(0.1921)
Diluted earnings per share	19	(0.0976)	(0.1921)

The notes on pages 26 to 50 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

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

2009	Note	Stated Capital GH¢'000	Share Deals GH¢'000	Revaluation Surplus GH¢'000	Retained Earnings GH¢'000	Total Equity GH¢'000
Balance at 1 January 2009	26	5,002	90	19,447	(1,552)	22,987
Loss for the year		-	-	-	(8,005)	(8,005)
		-------	----	--------	-------	--------
Balance at 31 December 2009		5,002	90	19,447	(9,557)	14,982
		====	==	=====	====	=====

The notes on pages 26 to 50 are an integral part of these financial statements.

ALUWORKS LIMITED

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	GH¢'000	*GH¢'000*
Cash flows from operating activities		
Loss before taxation	(7,799)	(5,902)
Adjustments for:		
Depreciation charges	2,937	2,751
Amortisation of intangible asset	19	19
Exchange loss	1,296	3,430
Interest expense	2,425	2,609
Loss on disposal of property, plant and equipment	52	93
	--------	--------
	(1,070)	3,000
Change in inventories	294	7,892
Change in trade and other receivables	(2,302)	6,310
Change in trade and other payables	(2,421)	(10,353)
	--------	-------
Cash (utilised for)/generated from operations	(5,499)	6,849
Interest paid	(2,425)	(2,609)
Income taxes paid	(13)	(27)
	-------	---------
Net cash (outflow)/ in flow from operating activities	(7,937)	4,213
Cash flows from investing activities		
Purchase of property, plant and equipment	(304)	(2,458)
Proceeds from sale of property, plant and equipment	8	40
	--------	---------
Net cash flow used in investing activities	(296)	(2,418)
Cash flows from financing activities		
Loan proceeds	3,178	25,876
Loan repaid	(18,220)	(20,517)
Net proceeds from issue of shares	19,729	-
	--------	--------
Net cash flow from financing activities	4,687	5,359
	--------	--------
Net (decrease)/increase in cash and cash equivalents	(3,546)	7,154
	====	====
Analysis of changes in cash and cash equivalents during the year		
Balance at 1 January	(2,661)	(9,815)
Net cash flow	(3,546)	7,154
	--------	--------
Balance at 31 December	(6,207)	(2,661)
	====	=====
Analysis of balances of cash and cash equivalents as shown in the balance sheet		
Cash and bank balances	688	4,125
Bank overdraft	(6,895)	(6,786)
	--------	--------
	(6,207)	(2,661)
	=====	=====

The notes on pages 26 to 50 are an integral part of these financial statements.

ALUWORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

1. REPORTING ENTITY

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

2. BASIS OF PREPARATION

a. Statement of compliance

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

b. Basis of measurement

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

c. Functional and presentational currency

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

d. Use of estimates and judgement

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Instruments

(i) Non-derivative financial instruments

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

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

Non-derivative financial instruments are categorised as follows:

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

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

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

(ii) Off setting

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

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

(iii) Amortised cost measurement

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(iv) Stated capital (Share capital)

Ordinary Shares

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

Repurchase of stated capital (treasury shares)

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

(b) **Leases**

(i) Classification

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

(ii) Lease Payments

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

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

(c) **Property, plant and Equipment**

(i) Recognition and measurement

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components).

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

(d) Intangible Assets

Software

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Inventories

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

(f) Trade and Other Receivables

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

Other receivables are stated at their cost less impairment losses.

(g) Cash and Cash Equivalents

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

(h) Employee Benefits

Defined contribution plans

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

(i) Revenue

Sale of goods

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

Sale of services

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

(j) Finance Income and Expense

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment

(i) *Financial assets*

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

(ii) Non-financial assets

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

(l) Income Tax

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

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

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

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Dividend

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

(n) Post Balance Sheet Events

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Segment reporting

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

(p) Earnings per Share

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

(q) Comparatives

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

(r) New standards and interpretations not yet adopted

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

	Amendments/improvements	Effective date
IAS 32	*IAS 32 Financial Instruments: Presentation: Classification of Rights Issues*	1 February 2010
IFRS 1	IFRS 1 First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	1 July 2010.
IFRS 3	IFRS 3 Business Combinations	1 July 2010
IAS 27	IAS 27 Consolidated and Separate Financial Statements	1 July 2010.
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction	1 January 2011
IFRS 1	IFRS 1 First-time Adoption of IFRSs	1 January 2011
IFRS 7	IFRS 7 Financial Instruments: Disclosures	1 January 2011
IAS 1	IAS 1 Presentation of Financial Statements	1 January 2011
IAS 34	IAS 34 Interim Financial Reporting	1 January 2011
IFRIC 13	IFRIC 13 Customer Loyalty Programmes	1 January 2011
IFRS 7	IFRS 7 Disclosures – Transfers of Financial Assets	1 July 2011
IFRS 1	IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 July 2011
IAS 12	IAS 12 Deferred Tax: Recovery of Underlying Assets	1 January 2012

4. DETERMINATION OF FAIR VALUES

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

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

(i) **Trade and other receivables**

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

(ii) **Non-derivative financial liabilities**

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

(iii) **Investments in equity**

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

5. SEGMENT REPORTING

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

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

6. PROPERTY, PLANT AND EQUIPMENT

2010	Leasehold Land and Buildings GH¢'000	Plant and Machinery GH¢'000	Equipment GH¢'000	Motor Vehicles GH¢'000	Capital Work in Progress GH¢'000	Total GH¢'000
Gross Value						
At 1/1/10	12,229	32,018	2,128	1,041	8,625	56,041
Additions	-	54	22	32	196	304
Transfers			-	-	-	-
Disposal	-	-	-	(113)	-	(113)
At 31/12/10	12,229	32,072	2,150	960	8,821	56,232
Comprising						
Cost of assets revalued	1,904	8,744	1,003	491	-	12,142
Surplus on revaluation -1999	453	1,060	57	33	-	1,603
Surplus on revaluation -2008	8,710	9,492	985	404		19,591
At revaluation	11,067	19,296	2,045	928	-	33,336
At cost	1,162	12,776	105	32	8,821	22,896
	12,229	32,072	2,150	960	8,821	56,232
Accumulated Depreciation						
At 1/1/10	1,138	8,755	1,108	488	-	11,489
Charge for the year	353	2,430	110	44	-	2,937
Released on disposal	-	-	-	(53)	-	(53)
At 31/12/10	1,491	11,185	1,218	479	-	14,373
Carrying Amount						
At 31/12/10	10,738	20,887	932	481	8,821	41,859
At 31/12/09	11,091	23,263	1,020	553	8,625	44,552

2009	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 1/1/0	11,067	19,339	2,216	1,163	20,013	53,798
Additions	-	-	5	-	2,453	2,458
Transfers	1,162	12,679	-	-	(13,841)	-
Disposal	-	-	(93)	(122)	-	(215)
At 31/12/09	12,229	32,018	2,128	1,041	8,625	56,041

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

2009	Leasehold Land and Buildings GH¢'000	Plant and Machinery GH¢'000	Equipment GH¢'000	Motor Vehicles GH¢'000	Capital Work in Progress GH¢'000	Total GH¢'000
Comprising						
Cost of assets revalued	1,904	8,744	1,003	491	-	12,142
Surplus on revaluation -1999	453	1,060	57	33	-	1,603
Surplus on revaluation -2008	8,710	9,492	985	517		19,704
At revaluation	11,067	19,296	2,045	1,041	-	33,449
At cost	1,162	12,722	83	-	8,625	22,592
	12,229	32,018	2,128	1,041	8,625	56,041
Accumulated Depreciation						
At 1/1/09	792	6,501	1,030	497	-	8,820
Charge for the year	346	2,254	104	47	-	2,751
Released on disposal	-	-	(26)	(56)	-	(82)
At 31/12/09	1,138	8,755	1,108	488	-	11,489
Carrying Amount						
At 31/12/09	11,091	23,263	1,020	553	8,625	44,552
At 31/12/08	10,275	12,838	1,186	666	20,013	44,978

Leasehold Land and Buildings, Plant, Machinery, Equipment and Vehicles were revalued by Valuation and Investments Associates (Professional Valuers, Estate Agents and Property Consultants) on 9th July 1999 on the basis of their open market values and again on 30 October 2008. These figures were incorporated in the financial statements during the year ended 31 December 2007 and 2008 respectively.

Included in capital work in progress is an amount of GH¢39,154 (2009: GH¢1,848,210) and GH¢156,826 (2009: GH¢265,620) which relates to exchange losses and interest on borrowings.

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

	2010 GH¢'000	2009 GH¢'000
Cost of sales	2,602	2,419
General, administrative and selling expenses	335	332
	2,937	2,751

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

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

	2010 GH¢'000	2009 GH¢'000
Cost	113	215
Accumulated depreciation	(53)	(82)
	-----	------
Net book value	60	133
Sale proceeds	(8)	(40)
	-----	------
Loss/(Profit) on disposal	(52)	(93)
	===	====

7. INTANGIBLE ASSETS

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

This relates to the cost of purchased software.

8 LONG TERM INVESTMENT

This relates to the cost of 2,400,000 ordinary shares in Pioneer Kitchenware Limited. The market value
of this investment at the balance sheet date was GH¢168,000 (2009: GH¢168,000).

9. TAXATION

	2010 GH¢'000	2009 GH¢'000
(i) **Income tax expense**		
Current tax expense 11(ii)	-	-
Deferred tax expense/(relief)(Note 10)	(449)	2,103
	-------	-----
	(449)	2,103
	=====	===

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

9. TAXATION (CONT'D)

(ii) Taxation payable

	Balance at 1/1/10 GH¢'000	Payments during the year GH¢'000	Charged to P/L account GH¢'000	Balance at 31/12/10 GH¢'000
Income Tax				
Up to 2004	(719)	-	-	(719)
2005	26	-	-	26
2006	336	-	-	336
2007	(270)	-	-	(270)
2008	(137)	-	-	-
2009	(27)	-	-	(27)
2010	-	(13)	-	(13)
Capital Gains Tax	7	**-**	**-**	7
National Reconstruction Levy	(51)	**-**	**-**	(51)
	------	-----	----	-----
	(835)	(13)	-	(848)
	===	===	==	===

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

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

(iii) Reconciliation of effective tax rate

	2010 GH¢'000	2009 GH¢'000
Loss before taxation	(7,799)	(5,902)
	====	====
Income tax using the domestic tax rate (25%)	(1,950)	(1,476)
Non-deductible expenses	1,100	1,292
Income not taxable	-	-
Tax on permanent difference	850	184
Deferred tax	(449)	2,103
	-------	-------
Current tax charge	(449)	2,103
	===	====
Effective tax rate	5.8%	35.6%

10. DEFERRED TAXATION

	2010 GH¢'000	2009 GH¢'000
Balance at 1 January (Restated) - (Note 26)	2,605	502
Charged/(Relief) to income statement	(449)	2,103
Charge to revaluation surplus	-	-
	--------	------
Balance at 31 December	2,156	2,605
	====	====

(i) Recognised deferred tax assets and liabilities.

Deferred tax liabilities are attributable to the following:

	Assets GH¢'000	Liabilities GH¢'000	2010 Net GH¢'000	Assets GH¢'000	Liabilities GH¢'000	2009 Net GH¢'000
Property, plant and equipment	-	2,187	2,187	-	2,525	2,525
Capital gains tax	-	458	458	-	458	458
Others	(489)	-	(489)	(378)	-	(378)
	------	--------	-------	-----	-------	-----
Net tax liabilities	(489)	2,645	2,156	(378)	2,983	2,605
	===	====	====	===	====	===

11. INVENTORIES

	2010 GH¢'000	2009 GH¢'000
Raw materials	2,977	1,033
Work-in-progress	776	3,580
Finished goods	837`	226
Consumables	2,009	2,054
	--------	-------
	6,599	6,893
	====	====

12. TRADE AND OTHER RECEIVABLES

	2010 GH¢'000	2009 GH¢'000
Trade receivables due from customers	350	854
Other receivables	4,858	2,044
Staff debtors	18	27
Prepayments	44	43
	-------	-------
	5,270	2,968
	====	====

3. CASH AND CASH EQUIVALENTS

	2010	2009
	GH¢'000	GH¢'000
Bank balances	688	4,116
Cash balances	-	9
	-----	------
	688	4,125
	===	====

14. BANK OVERDRAFT

	2010	2009
Ecobank Ghana Limited	6,545	6,048
SG-SSB Bank Limited	350	738
	--------	-------
	6,895	6,786
	====	====

(i) The company has an overdraft facility not exceeding US$5.0 million with Ecobank Ghana Limited to finance purchase of stocks, raw materials, spares and other operational bill and standby letters not exceeding GH¢5.0 million to back the issuance of letters of credits in favour of the company's overseas suppliers and sight and deferred up to a maximum of 120 days. The facilities are secured by legal mortgage over the company's office/factory premises situated at Tema and pari passu fixed and floating charges with SG-SSB over the company's assets including hypothecation over stocks**.** The facility expires on 31 March 2011. Interest rate is EGH Dollar Base Rate plus a spread of 2% per annum payable quarterly in arrears for the overdraft and EGH Cedi Base Rate plus a spread of 1% annum payable monthly in arrears.

(ii) The company has an overdraft facility not exceeding GH¢1.5 million with SG-SSB Bank Limited to finance working capital. The company's floating and fixed assets shared pari passu with Ecobank Ghana Limited and Barclays Bank of Ghana Limited have been pledged as security for the facility**.** The facility expires on 30 September 2011. Interest rate is SG-SSB Ltd Base plus 2% per annum and is subject to change at the discretion of the bank.

15 MEDIUM TERM LOANS

	Ecobank Ghana GH¢'000	Barclays Ghana GH¢'000	SG SSB Ghana GH¢'000	2010 Total GH¢'000	2009 Total GH¢'000
Balance 1 January 2010	-	4,593	10,051	14,644	20,296
Drawdown during the year	3,178	-	-	3,178	11,380
	-------	-------	------	-------	--------
	3,178	4,593	10,051	17,822	31,676
Repayments during the year	(800)	(1,438)	(422)	(2,660)	(20,517)
	-------	-------	-------	--------	--------
	2,378	3,155	9,629	15,162	11,159
Exchange loss	-	36	141	177	3,485
	-------	-------	-------	--------	--------
Balance at 31 December 2010	2,378	3,191	9,770	15,339	14,644
	====	====	====	=====	=====
Analysed as follows:					
Current portion	2,378	1,277	6,809	10,464	7,035
Medium term loan	-	1,914	2,961	4,875	7,609
	-------	-------	-------	--------	--------
	2,378	3,191	9,770	15,339	14,644
	====	====	====	=====	=====

15. MEDIUM TERM LOANS (CONT'D)

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

16. SHORT-TERM LOAN

	2010 GH¢'000	2009 GH¢'000
Balance at 1 January	14,441	-
Draw down during year	-	14,496
Liquidation during year	(15,560)	-
	--------	--------
	(1,119)	14,496
Exchange difference	1,119	(55)
	--------	--------
Balance at 31 December	-	14,441
Current portion of Medium Term Loan (Note 15)	10,464	7,035
	--------	--------
	10,464	21,476
	=====	====

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

17. DIVIDEND PAYABLE

	2010 GH¢'000	2009 GH¢'000
Balance at 1 January and 31 December	699	699
	===	===

8. STATED CAPITAL

(a) Ordinary shares

	No. of Shares **2010 '000**	***Proceeds*** **2010 GH¢**	***No. of Shares*** **2009 '000**	***Proceeds*** **2009 GH¢**
Authorised				
Ordinary shares of no par value	300,000		50,000	
	=====		=====	
Issued and fully paid				
For cash	57,421	20,494	7,049	765
Transfer from capital surplus	34,629	4,237	34,629	4,237
	---------	--------	---------	-------
	92,050	24,731	41,678	5,002
	=====	=====	=====	====

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

19. EARNINGS PER SHARE

Basic

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

	2010 GH¢'000	2009 GH¢'000
Loss attributable to equity holders of the Company	(7,350)	(8,005)
	====	====
Weighted average number of ordinary shares in issue	75,259,332	41,677,911
	========	========
Basic earnings per share (expressed in GH¢ per share)	(0.0976)	(0.1921)
	=====	======

Diluted

Diluted earning per share is calculated by adjusting the weighted average number of ordinary shares, to assume of all potential dilutive ordinary shares. At 31 December 2010 and 2009, the company had no dilutive potential ordinary shares.

20. TRADE AND OTHER PAYABLES

	2010 GH¢'000	2009 GH¢'000
Trade payables	2,704	4,940
Non-trade payables and accrued expenses	197	135
Accrued Charges	81	330
	-------	--------
	2,982	5,405
	====	====

21. REVENUE

	2010 GH¢'000	2009 GH¢'000
Local sales	25,343	28,633
Export sales	3,142	9,390
	---------	--------
	28,485	38,023
Less: Value Added Tax	(3,312)	(3,744)
Rebate	(6)	(8)
	---------	--------
Net sales value	25,167	34,271
	=====	=====

	2010 GH¢'000	2009 GH¢'000

22. OTHER INCOME

Roofing fixings and dross	38	67
Sundries	8	2
	----	---
	46	69
	==	==

23. LOSS BEFORE TAX IS STATED AFTER CHARGING:

Personnel cost (note 24)	3,431	3,479
Auditors remuneration	30	25
Depreciation	2,937	2,751
Directors emoluments	152	143
Donation	1	1
Net finance cost (note 25)	2,268	2,609
Exchange loss	1,350	5,210
	====	====

24. PERSONNEL COSTS

Wages and salaries	3,097	3,160
Social security contributions	210	199
Provident fund	124	120
	-------	-------
	3,431	3,479
	====	====

The average number of persons employed by the company during the year was 224 (2009: 238)

25. NET FINANCE EXPENSE

	2010 GH¢'000	2009 GH¢'000
Interest expense	(2,268)	(2,609)
	--------	--------
	(2,268)	(2,609)
	====	=====

26. FINANCIAL RISK MANAGEMENT

(i) Overview

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

- credit risk
- liquidity risk
- market risks

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

Risk management framework

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

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

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

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

(ii) Credit risk

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

Trade and other receivables

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

Allowances for impairment

The company establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss allowance established

26. FINANCIAL RISK MANAGEMENT – (CONT'D)

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:

	2010 GH¢'000	2009 GH¢'000
Trade and other receivables	5,270	2,968
Cash and cash equivalents	688	4,125
	-------	-------
	5,958	7,093
	====	====

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

	2010 GH¢'000	2009 GH¢'000
Foreign companies	-	-
Local Institutions	604	1,056
	-----	-------
	604	1,056
	===	====

Impairment losses

The aging of trade receivables at the reporting date was:

	2010		2009	
	Gross GH¢	Impairment GH¢	Gross GH¢	Impairment GH¢
Current(less than 30 days)	181	-	330	-
Due but not impaired (30-180 days)	181	-	322	-
Impaired (more than 180 days)	242	-	404	201
	-------	-----	--------	----
	604	-	1,056	201
	====	===	====	===

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

	2010 GH¢'000	2009 GH¢'000
Balance at 1 January	201	-
Impairment (gain)/loss recognised	-	201
	-----	----
Balance at 31 December	201	201
	===	===

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

No impairment loss was recognised for financial assets other than trade receivables.

26. 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 2010

	Amount GH¢'000	6mths or less GH¢'000	6-12 mths GH¢'000	1-3 years GH¢'000
Non-derivative financial liability				
Trade and other payables	2,982	2,982	-	-
Bank overdraft	6,895	6,895	-	-
Short term loan	10,464	-	10,464	-
Medium term loan	4,875	-	-	4,875
Balance at 31 December 2010	25,216	9,877	10,464	4,875

31 December 2009

	Amount GH¢'000	6mths or less GH¢'000	6-12 mths GH¢'000	1-3 years GH¢'000
Non-derivative financial liability				
Trade and other payables	5,403	5,403	-	-
Bank overdraft	6,786	6,786	-	-
Short term loan	21,476	-	21,476	-
Medium term loan	7,609	-	-	7,609
Balance at 31 December 2009	41,274	12,189	21,476	7,609

(iv) Market risks

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

Foreign currency risk

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

26. FINANCIAL RISK MANAGEMENT – (CONT'D)

Currency Risk

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

	31 December 2010		*31 December 2009*	
	EURO	**USD**	**EURO**	**USD**
Bank balances	-	60,767	-	2,791,122
Bank overdraft	-	(4,466,003)	-	(4,903,208)
Trade and other receivables	115,797	2,197,410	57,275	54,883
Trade and other payables	(25,060)	(162,596)	(19,746)	(306,273)
Loan Payable	-	(6,667,174)	-	(20,140,643)
	--------	-------------	-------	-------------
Gross exposure	90,737	(9,037,596)	37,529	(22,504,120)
	=====	========	====	========

The following significant exchange rates applied during the year:

	Average Rate		**Reporting Date**	
	2010	**2009**	**2010**	**2009**
Cedis				
Euro 1	1.9996	1.8016	1.9396	2.0831
USD 1	1.4548	1.3305	1.4656	1.4441
GBP 1	2.2968	2.0185	2.2738	2.2380

Sensitivity analysis on currency risks

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

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

As of 31 December	**2010**			**2009**		
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%	980	(980)	±12%	13,424	(13,424)
US$	±3%	(543,160)	543,160	±13%	(2,667,694)	2,667,694

26. FINANCIAL RISK MANAGEMENT – (CONT'D)

Interest rate risk profile

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

	Carrying amounts	
	2010 GH¢'000	2009 GH¢'000
Variable rate instrument		
Financial liabilities	22,234	35,871
	=====	====

Fair value sensitivity analysis for fixed rate instrument

The company did not have fixed rate instrument at 31 December 2010 and also at 31 December 2009.

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 2010 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 2010		
Variable rate instrument	306	(306)
	===	===
31 December 2009		
Variable rate instrument	717	(717)
	===	===

Fair values

Fair values versus carrying amounts

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

	31 December 2010		31 December 2009	
(i) **Loans and receivables**	Carrying Amount GH¢'000	Fair Value GH¢'000	Carrying Amount GH¢'000	Fair Value GH¢'000
Trade and other receivables	5,270	5,270	2,968	2,968
Cash and cash equivalents	688	688	4,125	4,125
	--------	-------	---------	--------
	5,958	5,958	7,093	7,093
	====	====	=====	=====

26. FINANCIAL RISK MANAGEMENT (CONT'D)

(ii) **Other financial liabilities**	**31 December 2010** Carrying Amount	Fair Value	**31December 2009** Carrying Amount	Fair Value
Trade and other payables	2,982	2,982	5,403	5,403
Bank overdraft	6,895	6,895	6,786	6,786
Short term loan	10,464	10,464	21,476	21,476
Medium term loan	4,875	4,875	7,609	7,609
	25,216	25,216	41,274	41,274

27. CAPITAL COMMITMENTS

Commitment for capital expenditure not provided for at the reporting date amounted GH¢ Nil (2009: GH¢ Nil).

28. CONTINGENT LIABILITIES

At the year end there was a legal suit pending against the company, instituted by eleven former employees, alleging wrongful dismissal. Should judgment go in favour of the plaintiffs, likely claims against the company have been estimated at GH¢35,000. (2009:GH¢35,000).

29. EMPLOYEE BENEFITS

Defined Contribution Plans

(i) *Social Security*

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

(ii) Provident Fund

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

30. SHAREHOLDING INFORMATION

(i) Directors' Shareholding

The Directors named below held the following number of shares in the company as at 31 December 2010:

Ordinary Shares

	2010	%
Benjamin Akuete Gogo	105,000	0.11
Kwadwo Kwarteng	68,607	0.07
William Ekroo Inkumsah	22,882	0.02
Ernest Kwasi Okoh	11,100	0.01
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	207,589	0.21
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(ii) Number of Shares in Issue

Earnings and dividend per share are based on 92,051,863 (2009: 41,677,911) ordinary shares in issue at the end of the year.

(iii) Number of Shareholders

The company had 3347 ordinary shareholders at 31 December 2010 distributed as follows:

Holding	No. of Holders	Total Holding	% Holding
1 - 1,000	2,469	563,042	0.61
1,001 - 5,000	541	1,341,706	1.46
5,001 - 10,000	120	885,245	0.96
10,001 and over	217	89,261,870	96.97
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	3,347	92,051,863	100.00
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30. SHAREHOLDING INFORMATION (CONT'D)

(iv) List of twenty largest shareholders as at 31 December 2010

Name of Shareholder		No. of Shares	% of Issued Capital
1.	Ghana Cocoa Board	44,696,683	48.56
2.	Social Security & National Insurance Trust	19,714,966	21.42
3.	Strategic Initiatives Limited	4,170,540	4.53
4.	BBGN/SSB London Investec Africa Fund	1,902,149	2.07
5	BBGN/SSB Eaton Vance Tax MEM Fund	1,810,900	1.97
6	BBGN/SSB London LDN Inv Asset Mgt.	1,355,827	1.47
7	Galtere International Master Fund LP	1,342,788	1.46
8.	Arthur, Elizabeth Mrs.	820,000	0.89
9	Qualitec Industries Limited	750,688	0.82
10.	Wosornu Lade	589,400	0.64
11.	BBGN/SSB Eaton Vance Structured EM Fund	457,409	0.50
12.	Ghana Commercial Bank	450,000	0.49
13.	Tema Oil Refinery	450,000	0.49
14.	BBGN/Epack Investment Fund Limited	442,098	0.48
15.	National Investment Bank	442,080	0.48
16.	NTHC Limited	431,857	0.47
17.	Aryee Clifford Edward	427,830	0.46
18.	BBNN/SSB London Investec Prem Fund	317,774	0.35
19.	SAS/Amenuvor Gideon Mr.	290,029	0.32
20.	BBGN/Citibank Wilmington MMI Fund	232,000	0.25
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		81,239,572	88.12
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ALUWORKS LIMITED

PROXY FORM FOR USE AT THE 24TH ANNUAL GENERAL MEETING TO BE HELD AT THE FIESTA ROYALE HOTEL, DZOWURLU (NEXT TO THE NESTLÉ HEAD OFFICE BUILDING) ON THURSDAY JUNE 23, 2011 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 **23rd day of June, 2011** and at any and every adjournment thereof.

This form to be used:-

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, 2010.

2. *in favour of / against — the Resolution to appoint Mrs. Miriam Okwabi as a Director of the company.

3. *in favour of / against — the Resolution to appoint Mr. Victor Kodjo Djangmah as a Director of the company.

4. *in favour of / against — the Resolution to re-elect Togbe Afede XIV as a Director of the company.

5. *in favour of / against — the Resolution to re-elect Mr. Anthony Fofie as a Director of the company.

6. *in favour of / against — the Resolution to authorise the Directors to fix the remuneration of the Auditors for the ensuing year.

On any other business transacted at the meeting and unless otherwise instructed in paragraphs 1 to 6 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 .... 2011.

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

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

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

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

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

5. Please sign the above Proxy Form and post it so as to reach the address shown overleaf not later than 4.00 p.m. on Monday June 21, 2011.

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