

***ALUWORKS LIMITED***

***FINANCIAL STATEMENTS***

***31 DECEMBER 2010***

**ALUWORKS LIMITED**  
**ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2010**

**I N D E X**

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**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*)  
William Ekroo Inkumsah (*Chairman*)- *Resigned 1/1/2011*)  
Benjamin Akuete Gogo (*Resigned 31/3/2011*)  
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

**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:

	<b>GH¢'000</b>
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.

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

**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

..... 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 7 to 36.

*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.

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

....., **2011**

**ALUWORKS LIMITED**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010**

	Note	2010 GH¢'000	2009 GH¢'000
<b>Assets</b>			
Property, plant and equipment	6	41,859	44,552
Intangible assets	7	-	19
Long term investments	8	168	168
		-----	-----
<b>Total non-current assets</b>		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
		-----	-----
<b>Total current assets</b>		13,405	14,821
		-----	-----
<b>Total assets</b>		55,432	59,560
		=====	=====
<b>Equity</b>			
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
		-----	-----
<b>Non-current liabilities</b>			
Medium-term loans	15	4,875	7,609
Deferred tax liabilities	10	2,156	2,605
		-----	-----
<b>Total non-current liabilities</b>		7,031	10,214
		-----	-----
<b>Current liabilities</b>			
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
		-----	-----
<b>Total current liabilities</b>		21,040	34,364
		-----	-----
<b>Total liabilities</b>		28,071	44,578
		-----	-----
<b>Total liabilities and equity</b>		55,432	59,560
		=====	=====

.....  
DIRECTOR

.....  
DIRECTOR

The notes on pages 11 to 36 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
<b>Revenue</b>	21	25,167	34,271
Cost of sales		(26,564)	(28,906)
<b>Gross (loss)/profit</b>		(1,397)	5,365
Other income	22	46	69
General and administrative expenses		(4,180)	(8,727)
<b>Results from operating activities before financing cost</b>		(5,531)	(3,293)
Net finance expense	25	(2,268)	(2,609)
<b>Loss before income taxation</b>	23	(7,799)	(5,902)
Income tax (expense)/relief	9	449	(2,103)
<b>Loss for the year</b>		(7,350)	(8,005)
<b>Other comprehensive income</b>			
Revaluation of property, plant and equipment		-	-
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive (loss)/income for the year</b>		(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 11 to 36 are an integral part of these financial statements.**

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

<b>2010</b>	<b>Note</b>	<b>Stated Capital GH¢'000</b>	<b>Share Deals GH¢'000</b>	<b>Revaluation Surplus GH¢'000</b>	<b>Retained Earnings GH¢'000</b>	<b>Total Equity GH¢'000</b>
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 =====

<b>2009</b>	<b>Note</b>	<b>Stated Capital GH¢'000</b>	<b>Share Deals GH¢'000</b>	<b>Revaluation Surplus GH¢'000</b>	<b>Retained Earnings GH¢'000</b>	<b>Total Equity GH¢'000</b>
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 11 to 36 are an integral part of these financial statements.**

**ALUWORKS LIMITED**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

	<b>2010</b> <b>GH¢'000</b>	<b>2009</b> <b>GH¢'000</b>
<b>Cash flows from operating activities</b>		
Loss before taxation	(7,799)	(5,902)
<i>Adjustments for:</i>		
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
<b>Cash flows from investing activities</b>		
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)
<b>Cash flows from financing activities</b>		
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
	-----	-----
<b>Net (decrease)/increase in cash and cash equivalents</b>	(3,546)	7,154
	=====	=====
<b>Analysis of changes in cash and cash equivalents during the year</b>		
Balance at 1 January	(2,661)	(9,815)
Net cash flow	(3,546)	7,154
	-----	-----
Balance at 31 December	(6,207)	(2,661)
	=====	=====
<b>Analysis of balances of cash and cash equivalents as shown in the balance sheet</b>		
Cash and bank balances	688	4,125
Bank overdraft	(6,895)	(6,786)
	-----	-----
	(6,207)	(2,661)
	=====	=====

**The notes on pages 11 to 36 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 2 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 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	<i>IAS 32 Financial Instruments: Presentation: Classification of Rights Issues</i>	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 (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
<b>Comprising</b>						
Cost of assets revalued	1,904	8,744	1,003	491	-	12,142
Surplus on revaluation -1999	453	1,060	57	33	-	1,603
Surplus on revaluation -2008	8,710	9,492	985	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
<b>Accumulated Depreciation</b>						
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
<b>Carrying Amount</b>						
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
	==	==
<b>Amortisation</b>		
Balance at 1 January	38	19
Amortisation for the year	19	19
	----	----
Balance at 31 December	57	38
	==	==
<b>Carrying amount</b>		
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) <b>Income tax expense</b>		
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
<b>Income Tax</b>				
Up to 2004	(719)	-	-	(719)
2005	26	-	-	26
2006	336	-	-	336
2007	(270)	-	-	(270)
2008	(137)	-	-	-
2009	(27)	-	-	(27)
2010	-	(13)	-	(13)
<b>Capital Gains Tax</b>	7	-	-	7
<b>National Reconstruction Levy</b>	(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**

	<b>2010</b> <b>GH¢'000</b>	<b>2009</b> <b>GH¢'000</b>
Balance at 1 January (Restated) - (Note 26)	2,605	502
Charged/(Relief) to income statement	(449)	2,103
Charge to revaluation surplus (Note 280)	-	-
	-----	-----
Balance at 31 December	2,156	2,605
	=====	=====

(i) Recognised deferred tax assets and liabilities.

Deferred tax liabilities are attributable to the following:

	<b>Assets</b> <b>GH¢'000</b>	<b>Liabilities</b> <b>GH¢'000</b>	<b>2010</b> <b>Net</b> <b>GH¢'000</b>	<b>Assets</b> <b>GH¢'000</b>	<b>Liabilities</b> <b>GH¢'000</b>	<b>2009</b> <b>Net</b> <b>GH¢'000</b>
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**

	<b>2010</b> <b>GH¢'000</b>	<b>2009</b> <b>GH¢'000</b>
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**

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



**13. CASH AND CASH EQUIVALENTS**

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

**14. BANK OVERDRAFT**

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**

	<b>Ecobank</b> <b>Ghana</b> <b>GH¢'000</b>	<b>Barclays</b> <b>Ghana</b> <b>GH¢'000</b>	<b>SG SSB</b> <b>Ghana</b> <b>GH¢'000</b>	<b>2010</b> <b>Total</b> <b>GH¢'000</b>	<b>2009</b> <b>Total</b> <b>GH¢'000</b>
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
-----------------	-------	-------	-------	--------	-------

					25.
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
	====	====

#### 18. 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.

	<b>2010</b> <b>GH¢'000</b>	<b>2009</b> <b>GH¢'000</b>
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

	<b>2010</b> <b>GH¢</b>	<b>2009</b> <b>GH¢</b>
Trade payables	2,704	4,940
Non-trade payables and accrued expenses	197	135
Accrued Charges	81	330
	2,982	5,405

	<b>2010</b> <b>GH¢</b>	<b>2009</b> <b>GH¢</b>
<b>21. REVENUE</b>		
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

	<b>2010</b> <b>GH¢'000</b>	<b>2009</b> <b>GH¢'000</b>
<b>22. OTHER INCOME</b>		
Roofing fixings and dross	38	67
Sundries	8	2
	----	---
	46	69
	==	==
<b>23. LOSS BEFORE TAX IS STATED AFTER CHARGING:</b>		
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**

	<b>2010</b> <b>GH¢'000</b>	<b>2009</b> <b>GH¢'000</b>
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:

	<b>2010</b> <b>GH¢'000</b>	<b>2009</b> <b>GH¢'000</b>
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:

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

### **Impairment losses**

The aging of trade receivables at the reporting date was:

	<b>2010</b>		<b>2009</b>	
	<b>Gross GH¢</b>	<b>Impairment GH¢</b>	<b>Gross GH¢</b>	<b>Impairment GH¢</b>
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:

	<b>2010</b> <b>GH¢'000</b>	<b>2009</b> <b>GH¢'000</b>
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
<b>Non-derivative financial liability</b>				
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
<b>Non-derivative financial liability</b>				
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 GH¢	In GH¢	% Change	Income statement impact: Weakening 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
<b>Variable rate instrument</b>		
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
<i>Effect in cedis</i>		
<b>31 December 2010</b>		
Variable rate instrument	306	(306)
	===	===
<b>31 December 2009</b>		
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:

(i) Loans and receivables	31 December 2010		31 December 2009	
	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		31 December 2009	
	Carrying Amount	Fair Value	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

	<b>2010</b>	<b>%</b>
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
	=====	====

#### (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:

<b>Holding</b>	<b>No. of Holders</b>	<b>Total Holding</b>	<b>% Holding</b>
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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