

Annual Report 2006

ALUWORKS LTD.





ALUWORKS M.D. - Mr. K. Venkataramana, receiving the Exporter of the year Award(2005) from Mr. Alan Kyeremateng, Minister for Trade, Industry and PSI,



ALUWORKS M.D. And FATA C.E.O. Signing the Agreement for the supply of a new Cold Mill. February 2007.



The M.D and Chief Operating Officer holding the Exporter of the year Award.



Group picture of Award recipients.



Signing of Agreement with INCO, Spanish company, for the supply of Coil Coating Line. May 2007.



Board Chairman W. E. Inkumsah, exchanging greetings with Dr. Anthony Tropeano, FATA C.E.O after signing the agreement for the supply of the Cold Mill.

Table of Contents

Notice of Annual General Meeting	4
Corporate information	6
Chairman's Statement	8
Financial Highlights	11
Corporate Governance	12
Report of the Directors	14
Report of the Auditors	15
Profit & Loss & Income Surplus Account	17
Balance Sheet	18
Cash Flow Statement	19
Notes Forming part of the Financial Statement	20
Proxy Form	27

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 20th Annual General Meeting of ALUWORKS LIMITED will be held at the **FIESTA ROYALE HOTEL**, adjacent to Nestle Ghana Ltd. Head Office, Dzorwulu, Accra on Wednesday, 30th May, 2007 at 10:00 a.m.

AGENDA

- 1) To receive and adopt the Accounts of the Company for the year ended 31st December 2006 together with the reports of the Directors and Auditors thereon.
- 2) To declare a dividend for the year ended 31st December 2006.
- 3) To elect Mr. Isaac Osei as a Director.
- 4) To re-elect the following Directors, retiring by rotation:
 - i) Mr. W. E. Inkumsah
 - ii) Mr. Kofi Ansah
 - iii) Mr. K. Kwarteng
- 5) To approve the fees of non-Executive Directors.
- 6) To authorise the Directors to fix the remuneration of the Auditors.

Dated this 16th day of April 2007

BY ORDER OF THE BOARD



SECRETARY

NOTE

A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company.

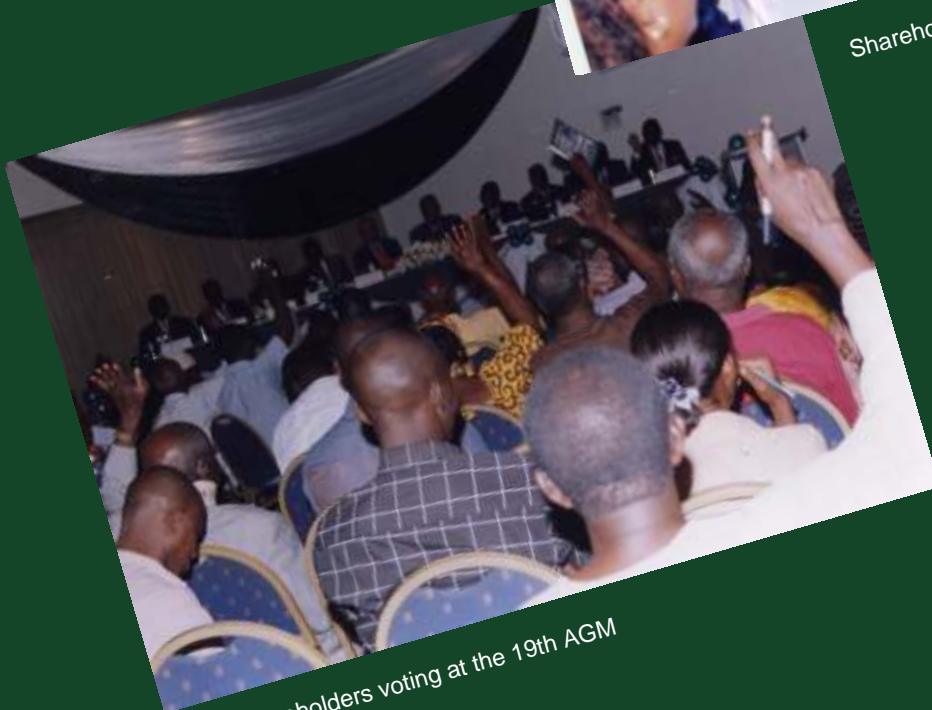
A form of proxy is attached and for it to be valid for the purpose of the meeting, it must be completed and deposited at the office of the Registrars, NTHC Ltd., Martco House, No. D542/4, Okai Mensah Link, Adabraka, Accra, P. O. Box 9563 Airport, Accra not less than 48 hours before the appointed time of the meeting.



Group photo of Directors and Secretary at the 19th AGM



Shareholders registering for the 19th AGM



Shareholders voting at the 19th AGM

Corporate Information

BOARD OF DIRECTORS

William Ekroo Inkumsah (Chairman)
Kondagunta Venkataramana (Managing)
Kofi Ansah
Kwadwo Kwarteng
Benjamin Akuete Gogo
Samuel Kingsley Kwofie
Togbe Afede XIV
Napoleon Kpoh
Isaac Osei (Appointed:02/05/06)
Kwame Sarpong (Resigned:30/4/06)

SECRETARY

Alex Poku-Acheampong
Aluworks Limited
P. O. Box 914
Tema

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, Tema
P. O. Box 914
Tema

AUDITORS

KPMG
Chartered Accountant
25 Liberia Road
P. O. Box 242
Accra

BANKERS

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



1

1. William Ekroo Inkumsah (Chairman)

2. Kondagunta Venkataramana (Managing)

3. Kofi Ansah

4. Kwadwo Kwarteng

5. Benjamin Akuete Gogo

6. Napoleon Kpoh

7. Samuel Kingsley Kwofie

8. Togbe Afede XIV

9. Isaac Osei

10. A. Poku-Acheampong (Secretary)



2



5



8



3



6



9



4



7



10

Chairman's Speech



Mr. W. E Inkumsah - Board Chairman

INTRODUCTION

Ladies and Gentlemen, it gives me great pleasure to welcome you to the 20th Annual General Meeting of our Company.

The year 2006 presented the company with several challenges, notable among which were the following:

1. Owing to the load shedding exercise, energy supply to Aluworks was curtailed by 25% by the Volta River Authority (VRA) in August 2006 and this affected production considerably.
2. The energy problem also adversely affected raw material supplies from VALCO, our major supplier. VALCO reduced supplies to Aluworks by 20% from August 2006 and has completely stopped supplies to Aluworks since March 2007.
3. Breakdown of a key equipment the Cold Rolling Mill in April 2006 due to a fire outbreak resulted in stoppage of production for four weeks.
4. Escalating prices of aluminium ingots on the London Metal Exchange.

The above notwithstanding your company proved resilient and was able to operate successfully in the year.

ECONOMIC ENVIRONMENT

The Bank of Ghana maintained its tight monetary control policies in the year under review. It is imperative to note the major economic events that took place in the year under review. These were:

1. The Monetary Policy Committee of the Bank of Ghana reduced the prime rate from 15.5% to 12.5% during the period under review.
2. The secondary reserve requirements for commercial banks were abolished and;
3. The decision to re-denominate the cedi in July 2007 was also announced.

Inflationary pressures were largely contained in the year despite intermittent rises in the price of crude oil on the world market. The much sought after target of a single digit inflation rate was almost reached in the first quarter of 2006. Inflation as at the end of the year was 10.3% compared to 14.8% at the end of 2005.

The 91-day Treasury Bill rate dropped from 11.5% at the beginning of the year to 9.64% whilst the one year bond rate started at 16.5% and ended the year at 13%.

On the currency market the cedi depreciated by 1.3% against the US Dollar in 2006. Against the Pound Sterling and the Euro the cedi depreciated by 13% and 11% respectively. This was a rather dismal performance compared to the year 2005 when the cedi appreciated in nominal value by 11% and 14% against the Pound Sterling and Euro respectively.

The macro economic objectives set for 2006 in the Budget Statement were by and large achieved. There was a real GDP growth of 6.2%. Inflation was 10.3% at the end of the year and the overall budget deficit was 4.9%, against the budgeted figure of 4.5%.

On the whole, the macro economic environment in which your company operated in 2006 was relatively stable.

OPERATIONS

Production in the year under review as already indicated was adversely affected by two main factors. There was the fire outbreak at the Cold Mill in April which led to the loss of a month's production. Secondly, the nationwide load shedding exercise affected your company in two ways:

- i) The company had to reduce its own power usage in compliance with the exercise; and
- ii) It led to reduced metal supply to the company.

Your company therefore produced 15,862mt in 2006 as against 18,022mt in 2005 a shortfall of 12%. Whilst there is little that we can do about the curtailment of power to the Plant, a lot of measures have been taken to ensure that the production tonnage is increased substantially this year. Arrangements have been made to secure the company's total metal requirements from imports. Our procurement practices and procedures were constantly reviewed to achieve efficiencies and reduce the cost of production.

SALES

During the year under review your company sold 15,985mt of products as against 17,647mt sold in 2005 a shortfall of 9.42%. This lower sales tonnage was a direct result of the low production figure for the year. The Net Turnover for the year was ₵492.5 billion as against ₵477.7 billion achieved in the year 2005. Once again measures have been put in place to increase sales and profit significantly in the year 2007.

EXPORTS

A total of 7,721mt was exported out of the total sales of 15,985mt. This represents 48.3% of the sales tonnage. In terms of value, exports contributed ₵223.9 billion (US\$24.5 million), i.e. 45% of the Net Turnover of ₵492.5 billion. This is better than the previous year's record export sales of US\$22.7 million.

It is significant to note that during the year your company won the Ghana Export Promotion Council Award "**Exporter of the Year for 2005**", and also the "**Gold Award**" for continuous export

growth.

FINANCIAL RESULTS

The load shedding exercise, fire outbreak and the persistent high prices of metal on the world market impacted adversely on the operating performance of the company in 2006. The Company made a profit before tax of ₵18.7 billion (2005: ₵28,323) and net profit after tax of ₵16.4 billion (2005: ₵22.58 billion). Necessary measures have been taken to ensure that this decline is halted for the Company to return to higher profitability in 2007.

DIVIDENDS

The Directors recommend a dividend of ₵550.00 per share for the year 2006 which is an increase of 10% over that of 2005.

PERFORMANCE ON THE STOCK EXCHANGE

Your equity was the best performing stock on the Ghana Stock Exchange in 2006. The Aluworks equity started the year at the price of ₵5,003 per share and ended the year at a price of ₵7,251 per share, registering the highest gain of 45% on the Ghana Stock Exchange for the year 2006. It has again started the year 2007 on a bright note and is currently trading at ₵7,463. This shows that investors have a lot of confidence in the company and the right measures would be adopted to sustain this confidence.

HUMAN RESOURCE

There were some challenges in industrial relations during the year 2006. These were resolved to allow for smooth operations in the Plant. The company continues to train, equip and develop all categories of employees to enable them discharge their duties efficiently. The Aluworks workforce is thus a highly trained one with sound knowledge of both the technology and the nature of the aluminium business.

ISO CERTIFICATION

Your company maintained its ISO 9001 2000 certificate during the year after going through the bi-annual surveillance audits successfully. The International Organisation for Standardisation (ISO) certification is evidence of the fact that

Aluworks processes are recognised as conforming to international standards. Your company therefore has a good image both on the international and local markets as a producer of high quality products.

BOARD OF DIRECTORS

The Board discharged its supervisory management role effectively during the year under review.

Mr. Kwame Sarpong, the representative of Cocobod resigned from the Board at the end of April 2006 after retiring from Cocobod as Chief Executive. He was replaced by Mr. Isaac Osei, the Chief Executive Officer of Cocobod. I take this opportunity to congratulate Mr. Kwame Sarpong on his sterling contribution to the Board and the company as a whole and to formally welcome Mr. Isaac Osei to the Board. Mr. Osei would be formally elected as a Director at this meeting.

In accordance with the regulations of the company and the Companies Code 1963, Act 179, Messrs W. E. Inkumsah, Kofi Ansah and Kwadwo Kwarteng will be retiring by rotation and being eligible have offered themselves for re-election.

CORPORATE CITIZEN

Aluworks played its role as a good corporate citizen during the year.

The environmental standards set by the Environmental Protection Agency and the provisions of the Factories, Offices and Shops Act 1970, Act 328 were complied with. Donations were made to various organisations within the Tema municipality and for other national causes.

PROJECTIONS FOR THE FUTURE

Your company's prospects are bright and the Board is diligently pursuing new projects to ensure the further expansion of the factory and the diversification of its products..

Last year, I stated in my report that approval had been given by the Board for the company to acquire a Coil Coating Line to add value to its products. I also indicated that there were plans to

acquire a second Cold Mill to enable the product line to be expanded to include 0.35mm material. I am happy to inform you that significant developments have taken place in respect of these two projects.

The contract for the Coil Coating Line project was signed in May 2006. The civil works for the line have been completed. The machinery has also been acquired and shipped by the Supplier Messrs INCO of Spain. Installation of the machinery has started. It is expected that by the fourth quarter of this year, your company would start producing colour coated coils.

The contract for the acquisition of a second Cold Mill was signed on 7th February 2007 with FATA Hunter a Division of FATA S.p.A., Italy, the original suppliers of the Aluworks Plant. The equipment is expected to be installed within a period of 18 months.

The realisation of these projects would help the company to increase its production and sales tonnage and also improve profitability. All these projections would be realised if the energy crisis is resolved as planned by the Government.

The cost cutting exercise and global competitive sourcing of spares and consumables are being pursued vigorously to enhance profitability.

CONCLUSION

On behalf of the Board, I wish to express my gratitude to all shareholders, customers, suppliers and other stakeholders for their support and cooperation, which have helped us to achieve the modest results for the year.

I also want to thank Directors, Management and staff for the good work done during the year. I trust that we will all continue to work hard this year to enable us achieve better results for our company.

Financial Highlights- Five Year Performance 2002-2006

YEAR	2002	2003	2004	2005	Reporting Year 2006	CHANGE
Turnover (¢million)	335,816	377,189	457,960	477,727	492,463	3%
Profit before interest and tax (¢million)	44,139	33,396	32,055	35,601	23,425	-34%
Interest Income (¢million)	783	13	72	22	62	182%
Interest Expense (¢million)	-6,008	-7,983	-6,853	-7,300	-4,793	-34%
Profit before tax (¢million)	38,914	25,426	25,274	28,323	18,694	-34%
Taxation (¢million)	-9,560	-6,970	-4,752	-5,743	-2,294	-60%
Profit after tax (¢million)	29,354	18,456	20,522	22,580	16,400	-27%
Earnings per share (¢)	704	443	492	542	393	-27%
Dividend per share (¢)	600	400	450	500	550	10%
Shareholders' equity (¢million)	111,153	112,940	114,717	116,458	109,956	-6%
Net Assets per share (¢)	2,667	2,710	2,752	2,794	2,638	-6%
Number of shares (000)	41,678	41,678	41,678	41,678	41,678	0%
Fixed assets (¢million)	80,141	72,458	69,518	63,393	80,053	26%
PERFORMANCE RATIOS	2002	2003	2004	2005	2006	
Gross margin/Turnover	18.23%	15.17%	12.18%	12.74%	10.91%	
Net margin/Turnover	8.74%	4.90%	4.48%	4.73%	3.33%	
Return on Equity	26.41%	16.37%	17.89%	19.39%	14.91%	
Current Ratio	1.77	1.43	1.83	1.38	1.34%	
VALUE ADDED STATEMENT	2002	2003	2004	2005	2006	
OUR EARNINGS:- (¢'million)						
Sale of Goods	362,442	408,964	497,719	519,226	533,088	
Other Income	6,374	1,574	2,438	2,785	2,116	
Interest Income	783	13	72	22	62	
LESS:						
Bought in Materials /Services	-257,563	-302,831	-383,107	-398,159	-417,825	
VALUE ADDED	112,036	107,720	117,122	123,874	117,441	
USED AS FOLLOWS:-						
Employees	30,920	33,094	35,840	39,674	47,267	
Govt. Taxes & Duties	36,186	38,701	44,504	47,242	42,919	
Interest paid	6,009	7,983	6,853	7,300	4,793	
Shareholders	25,007	16,671	18,755	20,839	22,923	
RETAINED EARNINGS						
Depreciation	9,567	9,442	9,403	7,078	6,062	
Profit Retained	4,347	1,829	1,767	1,741	-6,523	
TOTAL	112,036	107,720	117,122	123,874	117,441	

Corporate Governance

INTRODUCTION

Aluworks as a company upholds the principles of good corporate governance. The practice of corporate governance in the company covers the relationship between the company's Management, its Board, Shareholders and other stakeholders.

Corporate governance provides a framework through which the objectives of the company are set. It provides guidelines for the Board and Management to pursue objectives that are in the interest of the company, shareholders and other stakeholders.

BOARD OF DIRECTORS

The company recognizes that several aspects of good corporate governance must necessarily have their origin in the culture and conduct of the Board. In line with the above, Aluworks has had, over the years, a very efficient and effective Board of Directors.

The Company currently has a nine member Board chaired by Mr. W. E. Inkumsah, a former Chief Executive of Crocodile Matchets Ltd. The Board is made up of an Executive Director and eight non-Executive Directors.

The Board on the average meets about six times in a year and also operates through Sub-Committees.

AUDIT SUB-COMMITTEE

The current best practices on corporate governance place a premium on the Audit Sub-Committee as an important tool for the work of the Board of Directors. The work of the Audit Sub-Committee and its interaction with the external Auditors is an essential plank in corporate governance.

Aluworks has an Audit Sub-Committee made up of four non-executive Directors chaired by Mr. K. Kwarteng, a Chartered Accountant and Managing Partner of Kufour & Associates.

The role of the Audit Sub-Committee is to assist the Board of Directors in discharging its responsibilities as follows:-

- (a) to safeguard the Company's assets
- (b) to maintain adequate accounting records, and
- (c) to develop and maintain effective systems of internal control.

During the year 2006 the Audit Sub-Committee held five meetings. On the average a meeting was held every quarter. The Committee among other things reviewed Management Accounts and audited financial statements.

There was a review of internal controls, operating procedures and systems and appropriate recommendations were made in connection with these.

The Company's budget estimates for 2007 were discussed by the Committee and submitted to the Board for approval with recommendations.

The Securities and Exchange Commission's audit Sub-Committee reporting obligation under Section 61 of L.I. 1728, SEC Regulation 2003, was complied with.

REMUNERATION COMMITTEE

Aluworks has a Remuneration Committee made up of five non-executive Directors, which is chaired by the Board Chairman.

The Committee met seven times during the year to advise the Board and Management on wage

opener negotiations (salary review) and conditions of service for all levels of employees.

CORPORATE SOCIAL RESPONSIBILITIES

Aluworks was alive to its social responsibilities and made some donations to non-contractual stakeholders like the local community in Tema and educational and other health institutions in Ghana.

Report Of The Directors To The Members

The Directors present their report and the financial statements of the Company for the year ended 31st December 2006.

FINANCIAL STATEMENTS AND DIVIDENDS

The results for the year are summarised as follows:

	¢'000
Profit before tax for the year ended 31st December 2006	18,694
from which is deducted taxation of	(2,294)
<hr/>	
giving a profit for the year after taxation of	16,400
to which is added balance on Income Surplus Account brought forward	65,560
<hr/>	
giving a cumulative amount available for distribution of	81,960
out of which a proposed dividend of ¢550 (2005: ¢500) per share amounting to is to be paid	(22,923)
<hr/>	
leaving a balance on Income Surplus Account carried forward of	59,037
<hr/>	

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.

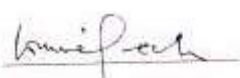
DIRECTORS' RESPONSIBILITY

The directors are responsible for the preparation and fair presentation of the financial statements, comprising the balance sheet at 31 December 2006, profit and loss account, income surplus account and cashflow statements 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 Ghana Accounting Standards and in the manner required by the Companies Code 1963 (Act 179).

The directors' responsibilities include: designing, implementing and maintaining internal controls 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.

DIRECTORS



W. E. INKUMSAH



K VENKATARAMANA

7th May., 2007

Independent Auditors Report To The Members

Report on the Financial Statements

We have audited the financial statements of Aluworks Limited, which comprise the balance sheet at 31 December 2006, the profit and loss and the income surplus accounts and cash flow statement 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 17 to 26.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with Ghana Accounting Standards, Companies Code, 1963 (Act 179). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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, the financial statements give a true and fair view of the financial position of Aluworks Limited at 31 December 2006, and of its financial performance and cash flows for the year then ended in accordance with Ghana Accounting Standards and in the manner required by the Companies Code, 1963 (Act 179).

Other Matter

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.

Report on Other Legal and Regulatory Requirements

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

In our opinion, proper books of account have been kept, and the balance sheet, profit and loss account and income surplus account are in agreement with the books of account.



.....
CHARTERED ACCOUNTANTS
25 LIBERIA ROAD
BOX GP242
ACCRA.

7th May, 2007

Profit And Loss Account For The Year Ended 31st December 2006

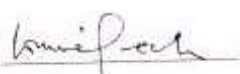
	Note	2006 ¢'m	2005 ¢'m
GROSS SALES		533,088	519,226
Value Added Tax		(40,625)	(41,499)
NET SALES		492,463	477,727
Cost of Sales		(438,721)	(416,843)
GROSS PROFIT		53,742	60,884
General, Administrative and Selling Expenses		(32,433)	(28,068)
TRADING PROFIT	2	21,309	32,816
Sundry Income	3	2,116	2,785
PROFIT BEFORE INTEREST AND TAXATION		23,425	35,601
Net Interest Expense	4	(4,731)	(7,278)
PROFIT BEFORE TAXATION		18,694	28,323
Taxation	5	(2,294)	(5,743)
PROFIT AFTER TAXATION transferred to Income Surplus Account		16,400	22,580

**INCOME SURPLUS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2006**

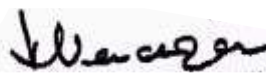
	2006 ¢'m	2005 ¢'m
Balance at 1st January 2006	65,560	63,819
Profit for the year	16,400	22,580
	81,960	86,399
Proposed Dividend: ¢550 (2005: ¢500) per share	(22,923)	(20,839)
Balance at 31st December 2006	59,037	65,560

Balance Sheet At 31st December 2006

	Note	2006 ₹'m	2005 ₹'m
FIXED ASSETS	6	80,053	63,393
INVESTMENTS	7	276	276
CURRENT ASSETS			
Stocks	8	100,923	140,579
Taxation	5	4,076	7,435
Debtors	9	80,513	66,690
Cash and Bank balances		22,337	2,871
		207,849	217,575
CURRENT LIABILITIES			
Bank Overdraft and Loans	10	43,565	96,727
Creditors	12	89,012	43,465
Dividend Payable	14	21,894	17,578
		154,471	157,770
NET CURRENT ASSETS		53,378	59,805
		133,707	123,474
LONG TERM LIABILITIES			
Deferred Taxation	5	(5,475)	(7,016)
Loans	11	(18,276)	-
		(23,751)	(7,016)
NET ASSETS		109,956	116,458
FINANCED BY:			
STATED CAPITAL	13	50,024	50,024
SHARE DEALS ACCOUNT	14	895	874
INCOME SURPLUS		59,037	65,560
		109,956	116,458



 W. E. INKUMSAH



 K. VENKATARAMANA

 The Directors approved the financial statements on 7th May, 2007

Cash Flow Statement For The Year Ended 31st December 2006

	2006 €'m	2005 €'m
Cash flows from operating activities		
Profit before taxation	18,694	28,323
Adjustments for:		
Depreciation	6,062	7,078
Profit on disposal of property, plant and equipment	(78)	(288)
Net Interest expense	4,731	7,278
Dividend received	-	(60)
	29,409	42,331
Decrease/(Increase) in stocks	39,656	(64,806)
Increase in debtors	(13,823)	(24,910)
Increase in creditors	45,547	30,265
	100,789	(17,120)
Cash generated from operations	(4,793)	(7,300)
Interest paid	(476)	(6,357)
Income taxes paid		
Net cash from operating activities	95,520	(30,777)
Cash flows from investing activities		
Property, plant and equipment purchased	(22,722)	(1,015)
Proceeds from sale of property, plant and equip.	78	350
Interest received	62	22
Dividend received	-	60
Net cash used in investing activities	(22,582)	(583)
Cash flow from financing activities		
Loan (paid)/received net	(47,655)	25,338
Proceeds from sale of treasury shares	21	-
Dividend paid	(18,607)	(15,765)
Net cash used in financing activities	(66,241)	9,573
Net Increase/(Decrease) in cash and cash equivalents	6,697	(21,787)
Analysis of changes in cash and cash equivalents during the year		
Balance at 1st January	(27,925)	(6,138)
Net cash inflow/(Outflow)	6,697	(21,787)
Balance at 31st December	(21,228)	(27,925)
Analysis of balances of cash and cash equivalents as shown in the balance sheet		
Cash and Bank balances	22,337	2,871
Bank Overdraft and Loans	(43,565)	(30,796)
	(21,228)	(27,925)

Notes Forming Part Of The Financial Statements For The Year Ended 31st December 2006

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the company's financial statements

a. Basis of Accounting

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain leasehold land and buildings, plant, machinery and office equipment.

b. Depreciation

Depreciation is provided for on a straight-line basis at rates calculated to write off the gross value of each property, plant and equipment over its estimated useful life. The annual rates generally in use are as follows:

Leasehold Land and Buildings	-	Over period of lease
Plant, Machinery and Equipment	-	8% - 20%
Motor Vehicles	-	20%

c. Stocks

Stocks are valued at the lower of cost and net realisable value. Cost represents the landed cost of raw materials and consumables plus a percentage of direct labour costs and overheads for work-in-progress and finished goods.

d. Gross Sales

Gross sales represent the value of goods invoiced to customers during the period and include Value Added Tax and National Health Insurance.

e. Debtors

Debtors are stated after providing for specific debts considered to be doubtful.

f. Foreign Currencies

Transactions denominated in foreign currencies are translated into cedis and recorded at the rates of exchange ruling at the dates of the transactions.

Balances denominated in foreign currencies are translated into cedis at exchange rates ruling on the balance sheet date.

g. Deferred Taxation

Deferred tax is provided for using the liability method on temporary differences between the carrying amounts of assets and liabilities. A deferred tax asset is recognised to the extent that it is probable to crystallise.

h. Post Balance Sheet Events

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

2. TRADING PROFIT

is stated after charging:

	2006 ¢'m	2005 ¢'m
Auditors' Fees	160	140
Depreciation	6,062	7,078
Directors' Remuneration	1,077	1,232
Donations	39	39

3. SUNDRY INCOME

Roofing Fixings and Dross	357	228
Sale of Scrap	19	83
Sundries	165	47
Profit on disposal of property, plant and equipment	78	288
Exchange Gain	1,497	2,079
Dividend Income	-	60
	2,116	2,785

4. NET INTEREST EXPENSE

Interest on Loans and Overdraft	4,793	7,300
Interest Earned on Current Accounts	(62)	(22)
	4,731	7,278

5. TAXATION

	Balance at 1/1/06 ¢'m	Payments ¢'m	Charge for year ¢'m	Balance at 31/12/06 ¢'m
Income Tax				
Up to 2004	(7,183)			(7,183)
2005	261		-	261
2006	-	(476)	3,835	3,359
National Reconstruction Levy	(513)	-	-	(513)
	(7,435)	(476)	3,835	(4,076)
Deferred Tax	7,016	-	(1,541)	5,475
	(419)	(476)	2,294	1,399

The income tax liabilities are subject to agreement with the Internal Revenue Service.

6. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Land and Buildings ¢'m	Plant and Machinery ¢'m	Equipment ¢'m	Motor Vehicles ¢'m	Capital Work in Progress ¢'m	Total ¢'m
Gross Value						
At 1/1/06	23,626	93,180	9,967	5,245	1,860	133,878
Additions	-	1,657	262	754	20,049	22,722
Disposals	-	-	-	(329)	-	(329)
Transfers	-	21	-	-	(21)	-
At 31/12/06	23,626	94,858	10,229	5,670	21,888	156,271
Comprising						
Cost of assets revalued	4,957	47,250	7,301	624	-	60,132
Surplus on revaluation	4,527	10,598	567	326	-	16,018
At revaluation	9,484	57,848	7,868	950	-	76,150
At cost	14,142	37,010	2,361	4,720	21,888	80,121
	23,626	94,858	10,229	5,670	21,888	156,271
Accumulated Depreciation						
At 1/1/06	5,718	52,028	8,269	4,470	-	70,485
Charge for the year	759	4,153	690	460	-	6,062
Released on disposals				(329)	-	(329)
At 31/12/06	6,477	56,181	8,959	4,601	-	76,218
Net Book Value						
At 31/12/06	17,149	38,677	1,270	1,069	21,888	80,053
At 31/12/05	17,908	41,152	1,698	775	1,860	63,393

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. These figures were incorporated in the financial statements during the year ended 31st December 2000.

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

	2006 ¢'m	2005 ¢'m
Cost of Sales	5,004	5,770
General, Administrative and Selling Expenses	1,058	1,308
	6,062	7,078

b. FIXED ASSETS (cont'd)

	2006 ¢'m	2005 ¢'m
Disposal of Property, Plant and Equipment		
Cost	329	633
Accumulated Depreciation	(329)	(571)
Net Book Value	-	62
Sales Proceeds	78	350
Profit on disposal of Property, Plant and Equipment	78	288

7. INVESTMENTS

This relates to the cost of 2,400,000 ordinary shares in Pioneer Kitchenware Limited.

8. STOCKS

	2006 ¢'m	2005 ¢'m
Raw Materials	6,269	86,086
Work-in-Progress	57,896	19,022
Finished Goods	18,921	14,903
Consumables	17,837	20,568
	100,923	140,579

9. DEBTORS

Trade Debtors	55,207	47,822
Advances to Suppliers	2,912	5,667
Sundry Debtors	21,711	12,160
Staff Debtors	623	819
Prepayments and Accrued Income	60	222
	80,513	66,690

The maximum amount due from officers of the company during the period was ¢623 million (2005: ¢819 million).

10. BANK OVERDRAFT AND LOANS

	2006 ¢'m	2005 ¢'m
Overdraft	43,565	30,796
Short-Term Loan	-	20,240
Current Portion of Medium Term Loan	-	45,691
	43,565	96,727

10a. Banking Facilities

Bank facilities available to the company were as follows:

Facility Type	Amount	Collateral Security
Overdraft	¢15 billion	Fixed and floating assets of the company
Loan	US\$8.5 million	Fixed and floating assets of the company
Stand by letter of credit	US\$6.3 million	Assignment of exports and pari pasu fixed and floating charge over company assets

11. MEDIUM-TERM LOAN

This represents US\$1,975,000.96 disbursed out of a total loan facility of US\$8.5 million to refinance letters of credit for acquisition and installation of coil coating plant and to build new factory premises. The facility is a five-year loan from SG-SSB Limited with an interest rate of six months LIBOR plus 3.5% per annum with eighteen months' moratorium. The loan is payable on 30th June 2012. The facility is secured by registered debenture (fixed and floating) over the assets of the company.

12. CREDITORS

	2006 ¢'m	2005 ¢'m
Trade Creditors	77,176	30,243
Sundry Creditors	7,107	11,522
Accruals and Deferred Income	4,729	1,700
	89,012	43,465

13. STATED CAPITAL

	No. of Shares 2006 '000	Proceeds 2005 '000	2006 ¢'m	2005 ¢'m
Authorised				
Ordinary shares of no par value	50,000	50,000		
Issued				
For Cash	7,049	7,049	7,649	7,649
Transfer from Capital Surplus	34,629	34,629	42,375	42,375
	41,678	41,678	50,024	50,024

There are no shares in treasury and no call or instalment unpaid on any share.

14 SHARE DEALS ACCOUNT

	2006	2005
	¢'m	¢'m
Balance at 1st January	874	874
Proceeds from sale of treasury shares	21	-
Balance at 31st December	895	874

The movement on the share deals account is the net result of the sale of treasury shares by the company during the year.

15. DIVIDEND PAYABLE

	2006	2005
	¢'m	¢'m
Balance at 1st January	17,578	12,504
Proposed for the year	22,923	20,839
Less: Payments during the year	40,501	33,343
	(18,607)	(15,765)
Balance at 31st December	21,894	17,578

16. EMPLOYEE BENEFITS

Defined Contribution Plans

(a) Social Security Contribution

Under a national pension scheme, the company contributes 12.5% of employee's basis 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.

(b) Provident Fund

The company has a provident fund scheme for staff under which the company contributes 7.5% of staff basic salary. The company's obligations under the plan are limited to the relevant contributions and these are settled on due dates to the Board of Trustees.

17. CAPITAL COMMITMENTS

Capital commitments not provided for in the financial statements as at 31st December 2006 amounted to ¢52,089 million (2005: ¢nil million).

18. 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 ¢ 300 million. (2005: ¢300 million)

19. ANALYSIS OF SHAREHOLDING

RANGE OF SHARES	NO. OF SHAREHOLDERS WITHIN RANGE	TOTAL HOLDING	% HOLDING
1 - 1,000	2,086	577,851	1.39
1001 - 5,000	482	1,222,121	2.93
5001 - 10,000	120	875,959	2.10
Over 10,000	206	39,001,980	93.58
	2,894	41,677,911	100.00

20. DIRECTORS' SHAREHOLDINGS

The Directors named below held the following number of shares in the company at 31st December 2006

NAME OF DIRECTOR	NO. OF SHARES
1. Samuel Kingsley Kwofie	120,000
2. Benjamin Akuete Gogo	105,000
3. Kwadwo Kwarteng	90,000
4. William Ekroo Inkumsah	22,882
5. Kofi Ansah	15,000
	352,882

21. TWENTY LARGEST SHAREHOLDERS SHAREHOLDER

SHAREHOLDER	NO. OF SHARES	% HOLDING
1. Social Security and National Ins. Trust	10,376,298	24.90
2. Ghana Cocoa Board	4,696,683	11.27
3. Strategic Initiatives Limited	4,170,540	10.16
4. Qualitec Industries Limited	2,181,688	5.23
5. BBGN/State Bank X71 AX71	2,000,000	4.80
6. Galtere International Fund	1,228,054	2.95
7. BBG/SSB London Investment Asset Management	1,022,345	2.45
8. BBGN/ Epack Investments Limited	942,098	2.26
9. Mrs. Elizabeth Arthur	550,000	1.32
10. Tema Oil Refinery	450,000	1.08
11. Ghana Commercial Bank Limited	450,000	1.08
12. National Investment Bank Limited	442,080	1.06
13. National Trust Holding Company Limited	432,522	1.04
14. Edward Clifford Aryee	430,915	1.03
15. SAS/ Gideon Amenuvor	405,500	0.97
16. BBG/SSB London Investec Africa Fund	338,104	0.81
17. Prof. Lade Wosornu	270,806	0.65
18. HFC Unit Trust	222,222	0.53
19. Kwame Sarpong	212,105	0.51
20. BBGN/SSB Eaton Vance Tax-Managed	210,900	0.51
	31,032,860	74.61

FORM OF PROXY

I/We

.....
(Block Capitals Please)

of.....

..... being member/members of Aluworks Ltd., hereby appoint

*
(insert full name)

of
(or failing him the duly appointed Chairman of the meeting) as my/our proxy to vote for me/us at the Annual General Meeting to be held at the Fiesta Royale Hotel, Accra on Wednesday 30th May 2007 at 10.00 a.m and at every adjournment thereof.

Please indicate with an X in the spaces below how you wish your votes to be cast.

RESOLUTION	FOR	AGAINST
1. To receive the accounts		
2. To declare the final dividend as recommended		
3. To elect Isaac Osei as a Director		
4. To re elect W. E. Inkumsah as a Director		
5. To re elect Kofi Ansah as a Director		
6. To re elect K. Kwarteng as a Director		
7. To approve the remuneration of non-executive Directors		
8. To authorise the Directors to fix the Auditors fees		

Signed this day of2004

Shareholder's Signature

THIS PROXY FORM SHOULD NOT BE SENT TO THE REGISTRAR IF THE MEMBER WILL BE ATTENDING THE MEETING

NOTES:

1. A member (Shareholder) who is unable to attend the Annual General Meeting is allowed by law to vote by proxy. The above 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 wish, you may insert in the blank space marked * 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 of the Meeting.
3. In the case of joint holders, each holder should sign.
4. If executed by a corporation, the proxy form should 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 48 hours.
6. The proxy must produce the Admission Card sent with the notice of the meeting to obtain entrance to the meeting.



SECOND FOLD

THE REGISTRAR
C/O NTHC LTD.
MARTCO HOUSE
OKAI MENSAN LINK
ADABRAKA
P. O. BOX 9563
AIRPORT-ACCRA

THIRD FOLD HERE

FIRST FOLD HERE



Notes

Notes

Notes

Notes
