

ALUWORKS LIMITED

FINANCIAL STATEMENTS

30 JUNE 2016

ALUWORKS LIMITED
REPORT FOR THE 6 MONTHS ENDED 30 JUNE 2016

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ALUWORKS LIMITED
CORPORATE INFORMATION

BOARD OF DIRECTORS

Seth Adjei – Chairman
Ernest Kwasi Okoh - Managing
Togbe Afede XIV
Victor Djangmah
Anthony Ebow Spio
Prof. Lade Worsonu
Kingsley Oforu Obeng
Joseph Simple To-ir-Siilo

SECRETARY

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

REGISTRARS

Universal Merchant Bank Limited
No. 123 Kwame Nkrumah Avenue
Sethi Plaza - Adabraka
P. O. Box GP 401
Accra

**PRINCIPAL PLACE OF
BUSINESS AND REGISTERED
OFFICE**

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

AUDITORS

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

BANKERS

Ecobank Ghana Limited
Societe Generale Ghana Limited

ALUWORKS LIMITED
FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 30TH JUNE 2016
DECLARED STATEMENT

**The Financial Statements do not contain untrue statements, misleading facts,
or omit material facts to the best of our knowledge.**



.....
DIRECTOR



.....
DIRECTOR

ALUWORKS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2016

	Notes	2016 GH¢'00	2015 GH¢'000
Assets			
Property, Plant and Equipment	4	110,784	114,757
Long term Investments	5	120	144
		-----	-----
Total Non-current Assets		110,904	114,901
		-----	-----
Inventories	6	18,355	19,077
Trade and other receivables	7	4,864	6,376
Cash and Bank balances	8	387	224
Income Tax Assets	17	1,224	1,185
		-----	-----
Total Current Assets		24,830	26,862
		-----	-----
Total Assets		135,734	141,763
		=====	=====
Equity			
Share Capital	12	31,650	31,650
Share deals		90	90
Revaluation surplus		58,272	58,296
Retained earnings (deficit)		(49,131)	(37,084)
Other reserves		980	980
		-----	-----
Total Equity		41,861	53,932
		-----	-----
Non-current Liabilities			
Medium-term loans	10	26,242	34,975
Deferred Tax liabilities	17	12,025	11,445
		-----	-----
Total non-current liabilities		38,267	46,420
		-----	-----
Current Liabilities			
Bank overdraft	9	11,519	12,086
Trade and other payables	14	25,827	25,373
Short-term loan	11	17,561	3,252
Dividend payable		699	699
		-----	-----
Total current liabilities		55,606	41,411
		-----	-----
Total liabilities		93,873	87,831
		=====	=====
Total liabilities and equity		135,734	141,763
		=====	=====

ALUWORKS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS ENDED 30TH JUNE 2016

	Note	2016 GH¢'000	2015 GH¢'000
Revenue	15	36,429	41,087
Cost of sales		(30,448)	(37,594)
Gross profit		5,981	3,493
Other income	16	185	40
General and administrative expenses		(3,463)	(3,116)
Results from operating activities before financing cost		2,703	417
Net finance expense		(8,198)	(8,676)
Profit / (Loss) before income taxation		(5,495)	(8,259)
Income tax expense	17	-	-
Loss for the period		(5,495)	(8,259)
Other comprehensive income		-	-
Total comprehensive income for the period		(5,495)	(8,259)
Basic earnings per share	13	(0.0232)	(0.0349)
Diluted earnings per share	13	(0.0195)	(0.0292)

ALUWORKS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 30TH JUNE 2016

2016	Stated Capital	Share Deals	Other Reserves	Revaluation Surplus	Retained Earnings	Total
Equity	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Balance at 1 January 2016	31,650	90	980	58,272	(43,636)	47,356
Comprehensive income for the period						
Loss for the period	-	-	-	-	(5,495)	(5,495)
Balance at 30 June 2016	31,650	90	980	58,272	(49,131)	41,861

2015	Stated Capital	Share Deals	Other Reserves	Revaluation Surplus	Retained Earnings	Total Equity
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Balance at 1 January 2015	31,650	90	980	58,296	(28,825)	66,191
Comprehensive income for the period						
Loss for the period	-	-	-	-	(8,259)	(8,259)
Balance at 30 June 2015	31,650	90	980	58,296	(37,084)	53,932

ALUWORKS LIMITED
STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS ENDED 30TH JUNE 2016

	2016	2015
	GH¢'000	GH¢'000
Cash flows from operating activities		
Loss after taxation	(5,495)	(8,259)
<i>Adjustments for:</i>		
Depreciation charges	2,697	2,040
Exchange loss	665	2,535
Interest expense	7,533	6,141
	-----	-----
	5,400	2,457
Change in inventories	(1,899)	1,162
Change in trade and other receivables	518	(973)
Change in trade and other payables	1,385	527
	-----	-----
Cash generated from operations	5,404	3,173
Interest paid	(7,533)	(6,141)
Income taxes paid	(14)	(7)
	-----	-----
Net cash flow from operating activities	(2,143)	(2,975)
	-----	-----
Cash flows from investing activities		
Purchase of property, plant and equipment	(227)	(303)
Proceeds from sale of PPE	-	-
	-----	-----
Net cash flow used in investing activities	(227)	(303)
	-----	-----
Cash flows from financing activities		
Loan proceeds	13,700	16,758
Loan repaid	(10,600)	(19,267)
	-----	-----
Net cash flow from financing activities	3,100	(2,509)
	-----	-----
Net increase / (decrease) in cash and cash equivalents	730	(5,787)
	=====	=====
Analysis of changes in cash and cash equivalents during the period		
Balance at 1 January	(11,862)	(6,075)
Net cash flow	730	(5,787)
	-----	-----
Balance at 30 June	(11,132)	(11,862)
	=====	=====
Analysis of balances of cash and cash equivalents		
Cash and bank balances	387	224
Bank overdraft	(11,519)	(12,086)
	-----	-----
	(11,132)	(11,862)
	=====	=====

ALUWORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH JUNE 2016

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 this 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.

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) Property, Plant and Equipment

(i) Recognition and measurement

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

(b) **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 cost of completion and estimated costs necessary to make the sale.

(c) **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.

(d) **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.

(e) **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.

(f) **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.

(g) **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.

(h) **Earnings per Share**

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

4. PROPERTY, PLANT AND EQUIPMENT

2016	Leasehold Land and Buildings GH¢'000	Plant and Machinery GH¢'000	Equipment GH¢'000	Motor Vehicles GH¢'000	Capital Work in Progress GH¢'000	Total GH¢'000
Gross Value						
At 1/1/2016	56,335	80,969	3,576	1,466	-	142,347
Additions	-	202	25	-	-	227
Disposals	-	-	-	-	-	-
At 30/06/2016	56,335	81,171	3,601	1,466	-	142,574
Comprising						
Cost of assets revalued	3,066	22,692	1,280	372	-	27,410
Surplus on revaluation -1999	453	1,060	57	33	-	1,603
Surplus on revaluation -2008	8,710	9,493	982	320	-	19,505
Surplus on revaluation -2013	41,896	4,641	482	(132)	-	46,887
At revaluation	54,125	37,886	2,801	593	-	95,405
At cost	2,209	43,286	801	873	-	47,169
At 30/06/2016	56,335	81,171	3,601	1,466	-	142,574
Accumulated Depreciation						
At 1/1/2016	3,249	22,771	2,290	782	-	29,092
Charge for the period	94	2,303	245	56	-	2,698
Released on disposal	-	-	-	-	-	-
At 30/06/2016	3,343	25,074	2,535	838	-	31,790
Carrying Amount						
At 30/06/2016	52,992	59,097	1,067	628	-	110,784
At 30/06/2015	53,274	59,290	1,333	805	55	114,757

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

2015	Leasehold Land and Buildings GH¢'000	Plant and Machinery GH¢'000	Equipment GH¢'000	Motor Vehicles GH¢'000	Capital Work in Progress GH¢'000	Total GH¢'000
Gross Value						
At 1/1/2015	54,219	38,595	3,258	1,466	48,100	145,638
Additions	-	227	21	-	55	303
Transfers	2,116	41,637	370	-	(48,100)	(3,977)
At 30/06/2015	56,335	80,459	3,649	1,466	55	141,964
Comprising						
Cost of assets revalued	3,066	22,692	1,280	372	-	27,410
Surplus on revaluation -1999	453	1,060	57	33	-	1,603
Surplus on revaluation -2008	8,710	9,493	982	320	-	19,505
Surplus on revaluation -2013	41,896	4,641	482	(132)	-	46,887
At revaluation	54,125	37,886	2,801	593	-	95,405
At cost	2,210	42,573	848	873	55	46,559
At 30/06/2015	54,335	80,459	3,649	1,466	55	141,964
Accumulated Depreciation						
At 1/1/2015	2,872	19,589	2,165	541	-	25,167
Charge for the period	188	1,580	151	121	-	2,040
At 30/06/2015	3,061	21,169	2,316	661	-	27,207
Carrying Amount						
At 30/06/2015	53,274	59,290	1,333	805	55	114,757
At 30/06/2014	51,425	19,808	1,187	1,066	40,391	113,877

Leasehold Land and Buildings, Plant, Machinery, Equipment and Vehicles were revalued by Valuation and Investments Associates (Professional Valuers, Estate Agents and Property Consultants) on 30th October, 2008 and also on 17th October, 2012 on the basis of their open market values. These figures were incorporated in the financial statements during the year ended 31 December 2008, 2012 and 2013 respectively.

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

	2016 GH¢'000	2015 GH¢'000
Cost of sales	2,427	1,829
General, administrative and selling expenses	270	211
	2,697	2,040

5 LONG TERM INVESTMENT

This relates to the cost of 2,400,000 ordinary shares in Pioneer Kitchenware Limited at GH¢0.05 per share. The market value of this investment at the reporting date was GH¢120,000 (2015: GH¢120,000).

6. INVENTORIES

	2016 GH¢'000	2015 GH¢'000
Raw materials	1,520	2,339
Work-in-progress	1,586	4,317
Finished goods	3,658	1,783
Consumables	11,591	10,639
	-----	-----
	18,355	19,077
	=====	=====

7. TRADE AND OTHER RECEIVABLES

	2016 GH¢'000	2015 GH¢'000
Trade receivables due from customers	3,445	4,295
Other receivables	1,190	1,843
Staff debtors	27	39
Prepayments	202	199
	-----	-----
	4,864	6,376
	=====	=====

NOTE:

- i. Trade Receivables is net of General Provision for Bad Debts of GHC 302,623.68

8. CASH AND CASH EQUIVALENTS

	2016 GH¢'000	2015 GH¢'000
Bank Balances	380	221
Cash Balances	7	3
	-----	-----
	387	224
	=====	=====

9. BANK OVERDRAFT

	2016 GH¢'000	2015 GH¢'000
SG-SSB Bank Limited - GHC	1,731	1,892
Ecobank Ghana Limited -GHC	9,788	10,194
	-----	-----
	11,519	12,086
	=====	=====

(i) The company has an overdraft facility not exceeding GH¢10.138 million with Ecobank Ghana Limited (EGH) to finance purchase of stocks, raw materials, spares and other operational bills. The facility is also to back the issuance of letters of credits. The facility is 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. Interest rate is EGH Cedi Base Rate plus a spread of 4.45% per annum payable monthly in arrears.

(ii) The company has an overdraft facility not exceeding GH¢2.1 million with SG-SSB Bank Limited to finance working capital. The company's floating and fixed assets with Ecobank Ghana Limited have been pledged as security for the facility. Interest rate is 28% fixed.

10. MEDIUM TERM LOANS

	Ecobank CEDI GH¢'000	SG-SSB CEDI GH¢'000	SSNIT CEDI GH¢'000	STANBIC LEASE GH¢'000	2016 Total GH¢'000	2015 Total GH¢'000
Balance 1 January, 2016	850	-	39,853	-	40,703	40,736
Drawdown during the year	13,700	-	-	-	13,700	13,825
Interest Capitalised	-	-	-	-	-	2,933
	14,550	-	39,853	-	54,403	57,494
Repayment during the year	(10,600)	-	-	-	(10,600)	(19,267)
	3,950	-	39,853	-	43,803	38,227
Exchange loss	-	-	-	-	-	-
Balance at 30th June, 2016	3,950	-	39,853	-	43,803	38,227
Analysed as follows:						
Current portion (Note 11)	3,950	-	13,611	-	17,561	3,252
Medium term portion	-	-	26,242	-	26,242	34,975
	3,950	-	39,853	-	43,803	38,227

(i) The company has a revolving line of credit not exceeding GH¢4.0 million with Ecobank to back the issuance of standby letters of credits in favour of the company's overseas suppliers of raw materials; and the issuance of sight and deferred letters of credit up to a maximum of 120 days. Interest rate is EGH cedi base rate plus a spread of 3.5% for both facilities per annum payable monthly in arrears and expire on 30 September 2016.

Social Security and National Insurance Trust

(ii) The company obtained a facility of US\$10 million (GH¢18,276,000) from Social Security and National Insurance Trust (SSNIT) in 2012 to fund the acquisition of the second cold rolling mill under the terms of a six-year 14.25% convertible bond with two years moratorium. The interest rate is 2 years note plus 3%

11. SHORT-TERM LOAN

	2016 GH¢'000	2015 GH¢'000
Current portion of Medium Term Loan (Note 10)	17,561	3,252

12. STATED CAPITAL

(a) Ordinary shares

	No. of Shares 2016 '000	Proceeds 2016 GH¢'000	No. of Shares 2015 '000	Proceeds 2015 GH¢'000
Authorised				
Ordinary shares of no par value	1,000,000		1,000,000	
	=====		=====	
Issued and fully paid				
For cash	202,058	27,413	202,058	27,413
Transfer from capital surplus	34,629	4,237	34,629	4,237
	-----	-----	-----	-----
	236,687	31,650	236,687	31,650
	=====	=====	=====	=====

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

13. EARNINGS PER SHARE

Basic

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

	2016 '000	2015 '000
Loss attributable to equity holders of the Company - GH¢	(5,495)	(8,259)
	=====	=====
Number of Ordinary Shares in issue	236,687	236,687
	=====	=====
Basic earnings per share (expressed in GH¢ per share)	(0.0232)	(0.0349)
	=====	=====

	2016 '000	2015 '000
<i>Diluted</i>		
Loss attributable to equity holders of the Company (GH¢)	(5,495) =====	(8,259) =====
Weighted Average number of Ordinary Shares in issue	282,377 =====	282,377 =====
Diluted earnings per share (expressed in GH¢ per share)	(0.0195) =====	(0.0292) =====

Diluted earning per share is calculated by adjusting the weighted average number of ordinary shares, to assume conversion of all the dilutive potential ordinary shares.

At 30th June 2016 the company had 45,690,000 (2015: 45,690,000) dilutive potential ordinary shares as a result of the six-year convertible loan.

Weighted average number of ordinary shares (diluted)

	2016	2015
Weighted average number of ordinary shares As at 30th June	282,377,001 =====	282,377,001 =====

14. TRADE AND OTHER PAYABLES

	2016 GH¢'000	2015 GH¢'000
Trade Payables	17,599	22,859
Sundry Creditors	1,147	830
Accrued Expenses	7,081	1,684
	-----	-----
	25,827 =====	25,373 =====

15. REVENUE

	2016 GH¢'000	2015 GH¢'000
Local sales	30,373	34,431
Export sales	8,785	10,947
	-----	-----
	39,158	45,378
Less: Value Added Tax	(2,534)	(4,231)
Rebate	(195)	(60)
	-----	-----
Net sales value	36,429 =====	41,087 =====

16. OTHER INCOME

	2016 GH¢'000	2015 GH¢'000
Roofing fixings	84	13
Sale of Scrap	86	12
Rent Receivable	15	14
Interest on Staff Loans	-	1
	----	---
	185	40
	==	==

17. TAXATION**(a) INCOME TAX EXPENSE**

	2016 GH¢'000	2015 GH¢'000
Current Company Tax Expense	-	-
Deferred Tax Charged (Note 17- c)	-	-
	-----	-----
	-	-
	=====	=====

(b) INCOME TAX ASSETS

GH¢'000	2016 GH¢'000	2015
	-----	-----
Balance as at 30th June	(1,224)	(1,185)
	=====	=====

(c) DEFERRED TAXATION

	2016 GH¢'000	2015 GH¢'000
Balance as at January	12,025	11,445
Charge to Income Statement	-	-
Other Comprehensive Income	-	-
	-----	-----
	12,025	11,445
	==	=====