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Notice of Annual General Meeting

Notice is hereby given that the Fifty First Annual General Meeting of members of First Aluminium Nigeria Plc will be held on Thursday 18 August 2011, at Lagos Airport Hotel, 111, Obafemi Awolowo Way, Ikeja, Lagos at 11:00 am prompt to transact the following business:

Ordinary Business

1. To approve the Report of the Directors, the audited Financial Statements for the year ended 31 December 2010 and the Reports of the Auditors and Audit Committee thereon.
2. To re-elect Directors.
3. To authorize the Directors to fix the remuneration of the Auditors.
4. To elect members of the Audit Committee.

Special Business

5. To approve the remuneration of the Directors.

Notes:

1. Proxy

A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A form of proxy is enclosed with this notice.

Proxy forms must be completed and deposited at the office of the Company's Registrars, Union Registrars Limited, 2 Burma Road, Apapa, Lagos not later than 48 hours before the time of the meeting.

2. Closure of Register of Members

The register of members and transfer books of the Company will be closed from Monday 8th August 2011 to Friday 12th August 2011 (both days inclusive) for the purpose of updating the register.

3. Audit Committee

Any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.

4. Unclaimed Dividend Warrants

Several dividend warrants remain unclaimed or are yet to be presented for payment. Members affected are advised to either write to the Company Registrar or call at their office during normal working hours.

BY ORDER OF THE BOARD



POPOOLA NOMINEES LIMITED
Secretaries to the Company
1 July 2011

Financial Highlights

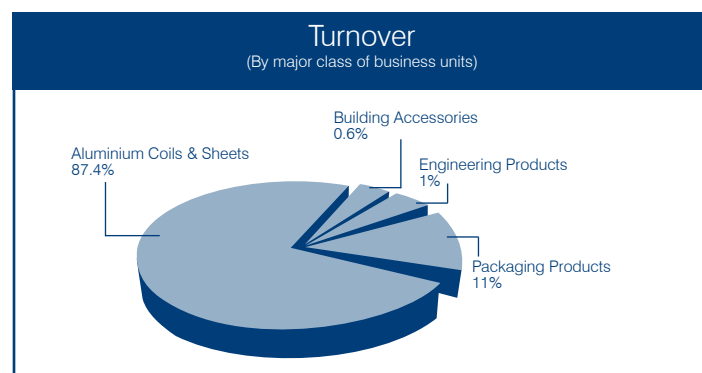
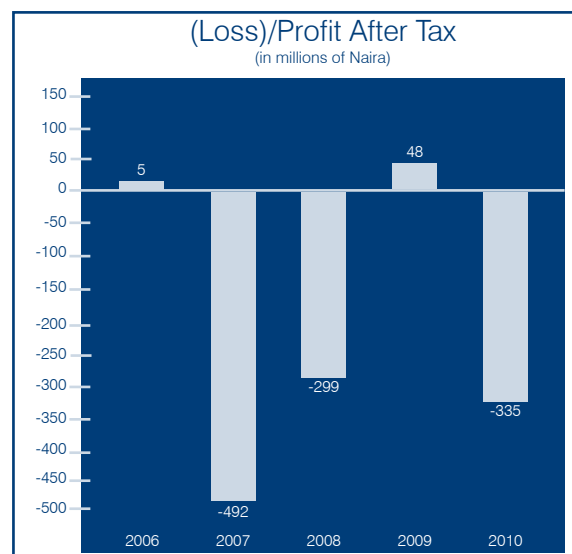
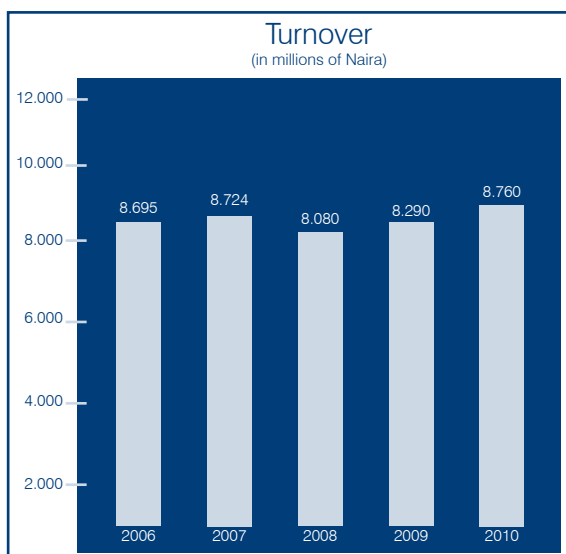
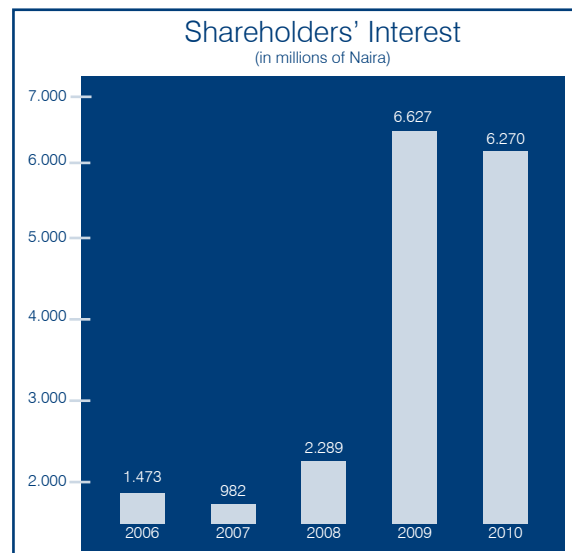
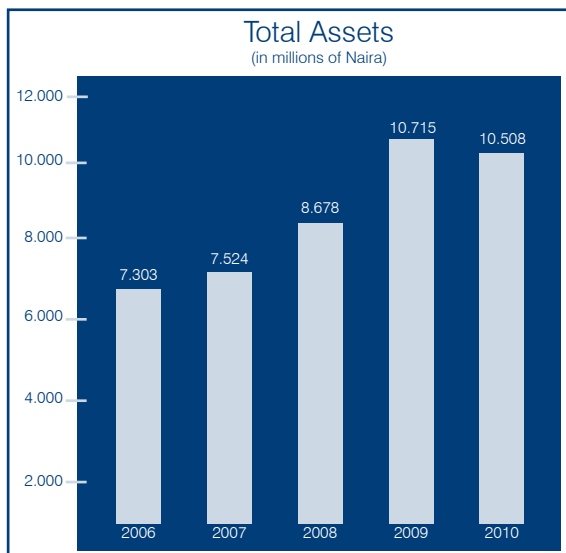
for the year ended 31 December 2010

	2010 Group N'000	2009 Group N'000	2010 Company N'000	2009 Company N'000
Turnover	8,760,477	8,289,986	8,488,610	7,740,481
Trading profit	77,853	531,406	303,609	494,482
(Loss)/profit before taxation	(298,070)	59,621	(78,662)	24,949
(Loss)/profit after taxation	(334,586)	48,316	(38,409)	31,298
Total assets	10,507,953	10,714,690	10,271,756	10,161,113
Shareholders' interest	6,270,375	6,626,961	6,307,426	6,367,834
(Loss)/profit per 50 kobo share	(16)	2	(2)	1

(Loss) per share is based on the number of shares in issue as at 31 December 2010.

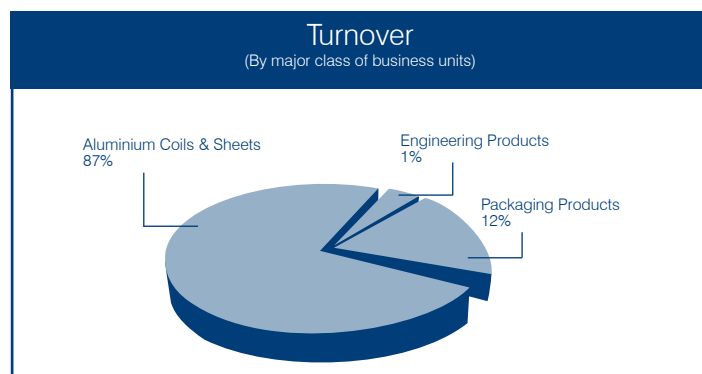
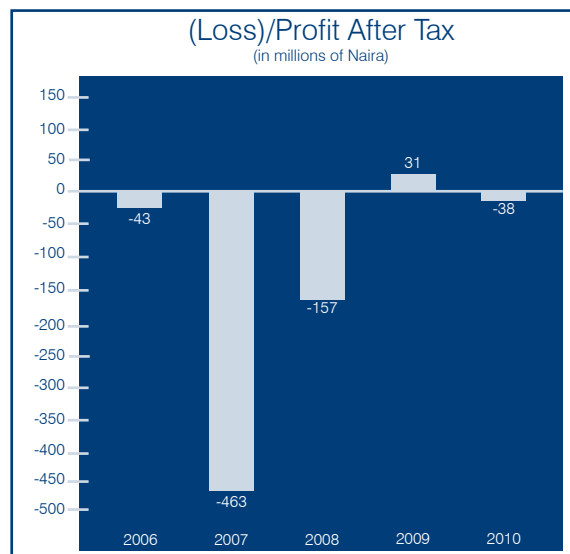
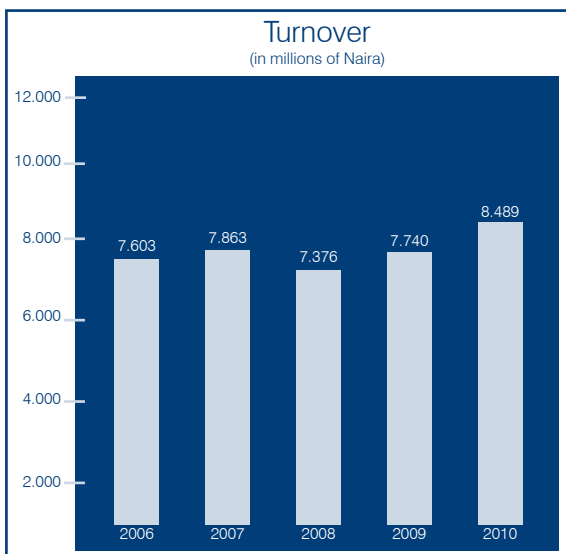
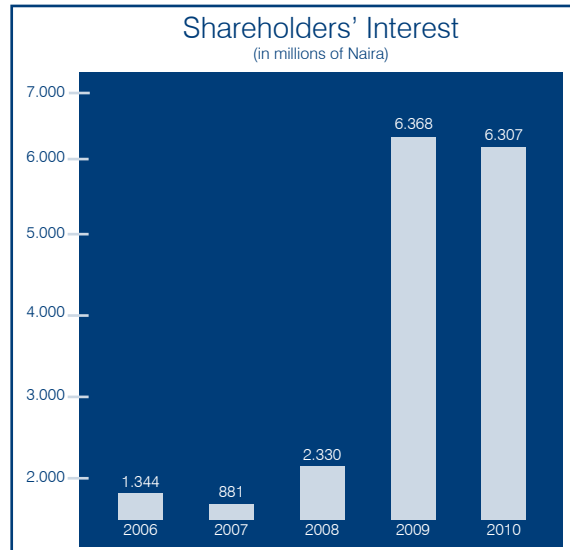
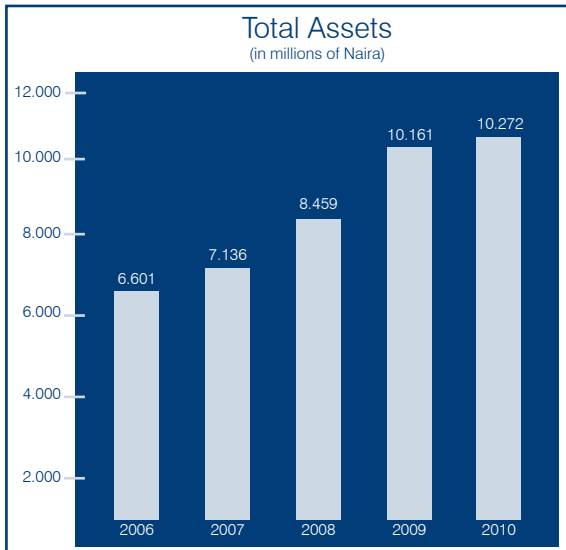
Financial Indicators

(Group)



Financial Indicators

(Company)



Chairman's Statement

Results

The year, 2010 has been a challenging one. Although Rolling Mill and Packaging volumes increased slightly, intense pressure on our selling prices combined with too high a cost base for the current level of activity made it clear that a change in strategy was needed.

Summary Financial Information

	2010 N'm	2009 N'm	Change
Turnover	8,760	8,290	+6%
Gross profit	629	1,004	-37%
Exceptional restructuring cost	188	-	
Trading profit	78	531	- 85%
Interest charges	463	570	-19%
(Loss)/profit before taxation	(298)	60	

Board Changes

Gavin Molloy indicated to me, early in the year, that following a change in his personal circumstances he wished to stand down as Managing Director of the Company after a period of 3 years. Robin Neville asked to leave to take on the role of Managing Director of IPSL. On behalf of the Company, I thank them both for their dedication and hard work and wish them well in the future.

Prior to their departure and following an extensive search, a new Managing Director (Ben Elfrink) and Commercial Director (John Dixon) joined the Company during late summer and were appointed to the board on October 21 after a period of handover from their predecessors. Ben has 27 years experience in the international aluminium industry much of which has been as Managing Director. John has nearly 20 years of commercial experience and has been an Executive Director of Listed international manufacturing businesses for half that time.

We further strengthened our Board with the appointment of Mike Okolo, a Nigerian executive director and divisional head of Packaging division. I welcome these new appointments to the Board.

Restructuring

In last year's report I stated that the First Engineering and Procurement Services Division was being divested to a newly incorporated business (IPSL). Following an independent valuation and completion of formalities, the business was sold for a profit of N36 million in April 2010.

During the Quarter 4, the decision was taken to restructure the operations of Aluminium City Limited which had diversified into a number of contracting activities over the previous years but which had not reached critical mass. We decided to cease the manufacture and fitting of doors and windows and we integrated the sales force back into the Rolling Mill. One-off costs arising from the reorganization totalled N188 million which includes the impairment of assets and staff redundancy costs.

Dividend

The Board does not recommend the payment of a dividend this year.

International Financial Reporting Standards (IFRS)

The Security and Exchange Commission (SEC) has proscribed that all listed companies must comply with IFRS for periods ending after January 1 2012. We have a team that has evaluated the differences between IFRS and Nigerian GAAP and have a project plan to ensure adherence.

Corporate Governance

A new Code, announced in April 2011, aims to promote good and responsible corporate governance in public companies in Nigeria. We embrace the provisions of the Code as appropriate.

Our Staff

I would like to thank the entire team of employees for their support and effort during this challenging time. As a consequence of the restructuring outlined above the company's workforce strength has reduced by 31. We have lost a lot of long serving employees and I thank them for their contributions and wish them well in their chosen future endeavours.

Customers

I wish to sincerely thank our customers for their patronage and continued support. In return, we will endeavour to continue to provide the best quality product, at a competitive price, to enable them to grow their businesses.

Outlook

The restructuring of Aluminium City Limited has been concluded in Quarter 1 of 2011 and its activities are now fully integrated into the Rolling Mill. The sales team is being reorganised and strengthened. Customer service is being improved. With the support of all employees and customers the company is in good shape to grow.



ALHAJI S. S. BAFFA
Chairman

1 July 2011

Managing Director's Review

Introduction

For many years previous Managing Directors have commented upon the problems of doing business in Nigeria including unreliable electricity supply, poor infrastructure, high interest rates, uncertain exchange rate and unreliable supply of raw materials. Most of our major competitors have to manage these same issues as well. What will differentiate us in future is how well our management team deals with these recurring issues. Coming from a European background (where the infrastructure is more stable and the markets more mature) I see different challenges, but a great opportunity for doing business in this dynamic, expanding economy.

Operational review

Reorganisation of Aluminium City Limited

The Chairman has commented that 2010 has been a difficult year and it became quickly apparent to me that the cost base of the business needed to be reduced – and reduced quickly. We first focused our attention on Aluminium City Limited, which for many years promised much, but never quite delivered. It was clear that we lacked the skills and capacity to generate the returns that our investment in this sector required. We decided to simplify the operation by returning sales of coils and roofing sheets to the Rolling Mill, thus simplifying internal processes and reducing capital tied up, while improving flexibility and customer service at the same time. We closed the Windows and Doors activity, as this has consistently underperformed and had little in common with our other aluminium business activities. There were significant one-off costs to the profit and loss account in impairing assets that were no longer needed, but the cash effect was small.

Health, Safety and Environmental (HSE)

Since people are the most valuable asset of a company, we must ensure that our workers have a safe environment to work in. Although the track record of the company is good in this area, we cannot be complacent and much effort will be put into improvements.

Packaging operates in a different industry from the remelting and rolling of aluminium, and the level of HSE awareness is on a par with Europe. Standards are high. Documentation and processes are good. We are using the knowledge gained in this area to improve the standards in the Rolling Mill and this will be completed as quickly as possible.

Information sessions have been held on HIV for all employees and their families as part of our health awareness initiatives.

Packaging

Packaging has seen a small deterioration in volumes mainly influenced by the lower activity level of its main customer. To reduce the dependability on that customer efforts are being made to win new ones. Management has been asked to study the possibilities of revitalising this business.

Rolling Mill upgrade

We took the decision to refurbish a critical piece of equipment in the Rolling Mill, the 2 Hi mill, because in our strategy of creating value for the customer, it is essential to manufacture more of our own product locally, rather than import semi-finished products from India and China as most competitors do. We knew that decision would impact profitability and working capital during the first quarter of 2011, because without the 2 Hi we would not be able to finish any of our own manufactured coils. Nevertheless, this upgrade was essential for the longer term future of the company.

Raw materials

Managing Director's Review continued

Aluminium prices have continued to rise in line with other commodities and prices are currently 15% above those anticipated in the budgeting process for the current year.

One of the major advantages of aluminium is that it can be endlessly recycled, without loss of properties. Aluminium scrap therefore is a valuable base metal, containing a lot of energy. It is very strange therefore that Nigeria encourages the export of aluminium scrap with a subsidy. In doing so, we face major problems in sourcing sufficient local scrap to run our remelt which may influence the long term decision to produce aluminium sheets in Nigeria.

Highlights

The Bronx paint line was upgraded (at a cost of N400 million) to incorporate Infra Red drying - which provides protection against frequent power outages.

A significant Bank of Industry loan, granted at the end of the year, made it possible to review our position with a number of smaller banks and lower our average interest rates for 2011 and beyond.

The swift action of the management team during the last six months has refocused the company on its core activities, reduced costs across all areas and concentrated on improving customer service.

The restructuring of Aluminium City was completed on time, within budget, without disruption and is already delivering the anticipated benefits.

The 2-Hi mill upgrade was successfully completed by the end of March 2011.

Market

First Aluminium Nigeria Plc is known for its superb quality. The most important part of the future growth strategy is to further strengthen our position in the market by delivering not only the quality that our customers can trust, but also focus on customer service and flexibility in supply of the widest range of aluminium sheets in the market.

We intend to grow our presence in the market of major roofing projects where the combination of our project management skills and benefits of vertical integration is a clear differentiator.

For the Packaging Division we will broaden our customer base in all areas of activity including aluminium, seamless and laminated tubes.

The first months of 2011 have been difficult, given the Elections, and the capacity lost due to the Mill upgrade. Given the reduced cost base and improved focus on the customer we believe 2011, as a whole, will see improved results for First Aluminium Nigeria Plc.



BEN ELFRINK
Managing Director

1 July 2011

Directors' Report

The Directors submit to the members of the Company, the audited Financial Statements of the group for the year ended 31 December 2010.

1. PRINCIPAL ACTIVITIES

The Company is engaged in the manufacture of aluminium coils, sheets, and laminate, aluminium and seamless tubes. The Company's finished products are used as raw materials for the secondary aluminium and packaging industries. Its wholly owned subsidiary, Aluminium City Limited trades in aluminium products and related accessories. It buys a substantial portion of its stock from the parent company.

2. REVIEW OF THE BUSINESS

Foreign exchange was available throughout the year. The exchange rate began the year at N151/\$1, appreciated towards the 2nd half of the year to N148/\$1 and eventually closed at N152/\$1.

Bank lending rates ranged between 17% to 15% per annum. The minimum rediscount rate (MRR), CBN's benchmark for Bank lending averaged 6.5% per annum throughout the year. Average interest rate was at 14.5% PA.

We imported aluminium ingot raw material from Europe because we could not purchase sufficient supplies locally from the Aluminium Smelter Company of Nigeria Limited (ALSCON). The import duty rate on aluminium ingot was maintained at 5% throughout the year.

LME, which represents approximately 70% of the material cost of our business, rose from \$2,060 to \$2,350 per tone during the year.

3. FUTURE DEVELOPMENTS IN THE BUSINESS

The Company continues to encourage the usage of aluminium rolled products in the country. The Company plans to continually improve capacity utilization as well as diversify its products base.

4. BOARD OF DIRECTORS

The Directors of the Company during the year ended 31 December, 2010 were:

Alhaji Sulaiman Sulaiman Baffa	-	Chairman
Mr. Gavin Peter Molloy - British	-	Managing Director (resigned 21 October)
Mr. Ben Elfrink - Dutch	-	Managing Director (appointed 21 October)
Chief John Nwabueze Ajene	-	Non-Executive Director
Engr. Joseph Oyeyani Makoju, mni	-	Non-Executive Director
Chief Henry Chukwuma Okolo	-	Non-Executive Director
Mr. Robin Neville - British	-	Executive Director resigned 21 October
Mr. John Dixon - British	-	Executive Director appointed 21 October
Engr. Mike O.Okolo	-	Executive Director appointed 28 July

In accordance with the Company's Articles of Association, Mike Okolo, Ben Elfrink, John Dixon and Chief J. N. Ajene retire by rotation. All the retiring directors, being eligible, offer themselves for re-election.

5. SUBSTANTIAL SHAREHOLDING

Alucon Holdings S.A held 1,591,305,483 (representing 75%), ordinary shares of the company. No other shareholder held more than 5% of the issued shares of the company.

6. DIRECTORS' INTEREST IN THE SHARES OF THE COMPANY

The interests of the Directors in the shares of the Company as at 31 December 2010 according to the Register required to be kept under Section 275 of the Companies And Allied Matters Act 1990 and the listing requirements of the Nigerian Stock Exchange were as follows:

	Ordinary shares of 50 kobo each	
	31/12/10	31/12/09
Alhaji Sulaiman Sulaiman Baffa	19,000,100	19,000,100
Chief John Nwabueze Ajene	524,800	524,800
Chief Henry Chukwuma Okolo	1,013,333	1,013,333
Engr. Joseph O. Makoju	-	-
Mr. Gavin P. Molloy	-	200,000
Mr. Ben Efrink	-	-
Mr. John Dixon	-	-
Engr. Mike O. Okolo	77,000	-

Chief J. N. Ajene is interested in Chartered Aluminium Systems Limited which engages in trading transactions with the Company.

No other director has notified the company for the purpose of Section 277 of the Companies and Allied Matters Act, 1990, of any declarable interest in contracts with which the company is involved.

7. RESULTS FOR THE YEAR

The results for the year are summarised as follows:

	Group N'000	Company N'000
Trading profit	77,853	303,609
Restructuring costs	188,000	
(Loss)/profit before taxation	(298,070)	(78,662)
Taxation	(36,516)	40,253
(Loss)/profit after taxation	(334,586)	(38,409)
Transfer (from)/to General Reserve	(334,586)	(38,409)

8. ACQUISITION OF THE COMPANY'S SHARES BY THE COMPANY

As at 31 December 2010 the Company did not acquire any of its shares and the disclosure under Schedule 5 of the Companies and Allied Matters Act 1990 is not applicable.

9. SIGNIFICANT CHANGES IN FIXED ASSETS

Details of movements during the year are as set out in Note 7 to the Financial Statements.

Directors' Report continued

10. SIGNIFICANT POST BALANCE SHEET EVENTS

There have been no significant events occurring after 31 December, 2010, which should have been included in these financial statements.

11. DISTRIBUTORS OF THE COMPANY'S PRODUCTS

The Company's finished products are sold as raw materials to a number of secondary aluminium and packaging companies directly. No distributors were used.

12. RESEARCH AND DEVELOPMENT

The Company is committed to research and development activities to secure its position as a market leader in the primary aluminium business. The Company recognizes that per capital income consumption of aluminium in Nigeria is now improving, although it is still low compared with other countries. Consequently, the Company on a continual basis allocates funds to development efforts to broaden the usage of aluminium in the country.

13. DONATIONS AND GIFTS

There were neither donations nor gifts that need to be disclosed in these financial statements as required by the Companies and Allied Matters Act.

14. EMPLOYEE'S HEALTH, SAFETY AND WELFARE

The Company's policy is to ensure that a high quality of hygiene and good housekeeping is maintained. The work environment is kept conducive and safe. There is a designated Health & Safety Officer for each location, and an external safety consultant visits the Company at least once a year to inspect the facilities, carry out safety audit and advise on safety issues. The Company also carries out safety and fire drills regularly.

Employee's health is of prime importance and the Company operates its own clinics at the factories and reimburses the cost of outside medical treatment. Canteen facilities are available in the company's factories.

15. EMPLOYEE'S INVOLVEMENT AND TRAINING

In line with the Company's policy of continual development of its human resources, a series of courses and training programme were organised for employees in various departments. The courses were well designed to broaden their technical/professional knowledge and managerial skills.

Through the meetings of the joint consultative councils and meetings with management, the Company ensures that all employees are informed of the state of the Company's operations and corporate activities.

16. AUDITORS

In accordance with Section 357(2) of the Companies and Allied Matters Act 1990, PricewaterhouseCoopers have indicated their willingness to continue in office as auditors of the Company.

BY ORDER OF THE BOARD



POPOOLA NOMINEES LIMITED

Secretaries to the Company

1 July 2011

Corporate Governance Statement

A. THE BOARD

First Aluminium Nigeria Plc is run by a Board of seven Directors. Three of the Directors are executive directors while others, including the Chairman, are non-executive Directors. The non-executive Directors are accomplished individuals from varying backgrounds, each with a track record of personal devotion to standards of excellence and ethical conduct. None of them has any personal business dealings or other relationship with the Company which could impair the exercise of independent judgement.

The Board is responsible for overall direction, strategy, performance and management of the Group. Day-to-day management is vested in the Executive Directors headed by the Managing Director who has overall responsibility for implementing the policies of the Board.

The Board meets at least four times a year. Meetings of the Directors are scheduled a year in advance and the Agenda and reports of operations to be deliberated upon at each meeting, are circulated 7 days before the scheduled date of the meeting.

The Company Secretary reports to the Board at its meetings on, amongst other things, the state and quality of corporate governance in the Company.

B. FINANCE REPORTING & AUDIT

The Board has the ultimate responsibility for ensuring the integrity of the Company's financial reporting.

The Board is assisted by an Audit Committee and a firm of auditors, which have no other business or other relationship with the Company and is, therefore, able to exercise the fullest independent judgement.

The Audit Committee (governed by a code issued by the Securities & Exchanges Commission and additional guidelines issued by the Board of the Company) meets at least three times a year to review the state of internal controls and corporate governance. The Audit Committee interfaces with an Internal Audit Function and gives internal audit directions and guidance.

The Directors are of the opinion that the Company's internal control system allows for an untainted and true representation of the Company's financial affairs.

C. ETHICS AND COMPLIANCE

The Company is committed to corporate ethical conduct and observance of due process and ever mindful of all prescribed laws and regulations relevant to its operations. It maintains relevant financial and legal structures provided for by law.

D. SUB-COMMITTEES OF THE BOARD

i. EXECUTIVE MANAGEMENT

This Committee comprises of all Executive Directors and senior management staff and chaired by the MD. It is responsible for setting overall corporate targets, agreeing and monitoring corporate and divisional priorities, allocating resources and supervising the day-to-day affairs of the business.

ii. RISK MANAGEMENT

This Committee is made up of all Executive Directors and Divisional Heads and chaired by the MD. Its purpose is to review the Company's operations to ensure that all risks to which the business is exposed are identified and managed proactively. Regular presentations are made to the Board for their consideration. In addition, the Company maintains adequate insurance cover to protect the Company against liability and asset loss.

iii. CORPORATE STRATEGY & PERFORMANCE REVIEW

This Committee is made up of all Board members and chaired by the non-executive Chairman. It monitors and evaluates the overall performance of the company in all domains of its activities including its relationship with all key stakeholders with the aim of ensuring that the Company maintains its position as a commercially successful enterprise and a well respected corporate citizen.

iv. MANAGEMENT PERFORMANCE REVIEW & SUCCESSION PLANNING

This Committee periodically reviews and evaluates the performance of top executives reporting directly to the MD. It devises objective measures for grooming suitable successors to future vacant senior positions to sustain the tradition of a smooth and flawless transition. It is made up of senior Human Resources Managers from each unit and the Executive Directors and chaired by the MD.

Statement of Directors' Responsibilities

In respect of the Financial Statements

This statement, which should be read in conjunction with the Report of the Auditors, is made with a view to setting out for shareholders, the responsibilities of the Directors of the Company with respect to the financial statements.

In accordance with provisions of the Companies and Allied Matters Act, the Directors are responsible for the preparation of annual financial statements which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit and loss for the financial year.

These responsibilities include ensuring that:

- a. Appropriate internal controls are established both to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.
- b. The Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act.
- c. The Company has used suitable accounting policies, consistently applied and supported by reasonable and prudent judgement and estimates, and that all applicable accounting standards have been followed.
- d. The financial statements are prepared on a going concern basis, unless it is presumed that the Company will not continue in business.

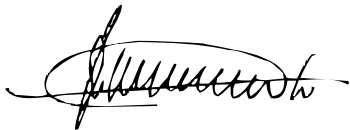
Audit Committee's Report

To the members of the First Aluminium Nigeria Plc

In compliance with the provision of Section 359 sub-section 6 of the Companies and Allied Matters Act, we:

- i. Reviewed the scope and planning of the audit requirements and found them adequate.
- ii. Reviewed the financial statements for the year ended 31 December 2010 and are satisfied with the explanations obtained.
- iii. Reviewed the External Auditors' Management Report for the year ended 31 December 2010 and are satisfied that Management is taking appropriate steps to addressing the issues raised.
- iv. Ascertained that the accounting and reporting policies of the Company for the year ended 31 December 2010 are in accordance with legal requirements and agreed ethical practices.

The External Auditors confirmed having received full cooperation from the Company's management and that the scope of their work was not restrained in any way.



T. A. OKORONKWO
Chairman, Audit Committee
1 July 2011

Members:

Chief (Nze) T. A. Okoronkwo	-	Chairman
Chief J. N. Ajene	-	Non-Executive Director
Chief H. C. Okolo	-	Non-Executive Director
Mr. G. O. Kabiawu	-	Member
Mr. S. O. Ogunnowo	-	Member
Mr. W. J. Dixon	-	Executive Director

Financial Statements

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REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF FIRST ALUMINIUM NIGERIA PLC GROUP

Report on the financial statements

We have audited the accompanying separate and consolidated financial statements of First Aluminium Nigeria plc (the company) and its subsidiary (together “the group”) which comprise the balance sheets as of 31 December 2010 and the profit and loss accounts and statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors’ responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with Nigerian Statements of Accounting Standards and with the requirements of the Companies and Allied Matters Act and for such internal control, as the directors determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an independent opinion on the 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 our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’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 opinion.

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the company and the group at 31 December 2010 and of their profits and cash flows for the year then ended in accordance with Nigerian Statements of Accounting Standards and the Companies and Allied Matters Act.

Report on other legal requirements

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books;
- iii) the company’s balance sheet and profit and loss account are in agreement with the books of account.

PricewaterhouseCoopers

Chartered Accountants
Lagos Nigeria



5 July 2011

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: PricewaterhouseCoopers Chartered Accountants, 252E Muri Okunola Street, Victoria Island, Lagos, Nigeria

Significant Accounting Policies

A. Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of leasehold land and buildings.

B. Basis of consolidation

Subsidiary undertakings, which are those companies in which the holding company, directly or indirectly has an interest of more than half the voting rights or otherwise has power to control, have been consolidated.

All intercompany transactions, balances and unrealized profits and losses on transactions between group companies have been eliminated. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the holding company.

C. Turnover

Turnover is recognized when goods are delivered to customers and services completed, and is disclosed net of trade discount.

D. Accounting for contracts

Contracts are accounted for using the completed contract method with revenue and costs being recognised at the completion of the contract.

E. Foreign currency

Amounts denominated in foreign currency are translated into Naira at the exchange rate applicable at the balance sheet date. Transactions in foreign currency are reflected in income in the year in which they arise.

F. Fixed assets and depreciation

Fixed assets are stated at cost or valuation, less depreciation. Depreciation is provided for on a straight-line basis over the estimated useful lives of the assets at the following annual rates;

Plant and machinery	10%
Furniture and equipment	20%
Motor vehicles	25%

Leasehold land and buildings are depreciated over the unexpired lease period.

G. Finance leases

Leased assets are stated at their fair values and are capitalized on installation, and depreciated in line with the company policy on depreciation of the related class of fixed assets. The finance cost of the leases are charged to the profit and loss account in accordance with the lease terms.

H. Long term investment

Investments in subsidiaries are stated at the lower of cost or the company's share of their net tangible asset values at the year end.

I. Trade debtors

Significant Accounting Policies continued

Trade debtors are stated at their gross value less appropriate provision for bad and doubtful balances.

J. Stocks and work-in-progress

Stocks and work-in-progress are stated at the lower of cost and net realisable value with cost being determined on the basis of weighted average. In the case of goods manufactured by the company, cost includes a proportion of factory overheads.

K. Retirement benefits scheme

The Company operates gratuity scheme and pension fund scheme for the benefit of its employees.

- a. Gratuity Scheme – The benefits payable to employees on retirement or resignation are accrued over the service life of the employee concerned based on current salary. The accrued amount is held in the Balance Sheet as a non-current liability.
- b. Pension Fund Scheme – The Company in line with the provisions of the Pension Reform Act 2004, operates a defined contribution pension scheme for its employee's. Contributions to the scheme are funded through payroll deductions, while the Company's contribution is charged to the profit and loss account.

L. Taxation

- a. Income tax – Income tax is provided on taxable profits at the current statutory tax rate.
- b. Deferred tax – Provision for deferred taxation is made when income, expenditure or depreciation falls into different periods for accounting and for taxation purposes. The provision is calculated at the rate of taxation current at the balance sheet date.

M. Dividend

Dividends on ordinary shares are recognized as a liability in the period in which they are declared.

N. Segment information

A business segment is a distinguishable component of the Group engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is a component of the Group engaged in providing products or services within a particular economic environment that are subject to risks and returns different from those of a segment operating in other economic environments.

Profit and Loss Account

for the year ended 31 December, 2010

	Note	2010 Group N'000	2009 Group N'000	2010 Company N'000	2009 Company N'000
Turnover	2	8,760,477	8,289,986	8,488,610	7,740,481
Cost of sales		(8,131,349)	(7,285,737)	(7,934,954)	(6,977,157)
Gross profit		629,128	1,004,249	553,656	763,324
Operating expenses		(551,275)	(472,843)	(250,047)	(268,842)
Trading profit		77,853	531,406	303,609	494,482
Other income	3	86,962	97,789	80,614	97,789
Interest charges	4	(462,885)	(569,574)	(462,885)	(567,322)
(Loss)/profit before taxation	5	(298,070)	59,621	(78,662)	24,949
Taxation	6	(36,516)	(11,305)	40,253	6,349
(Loss)/profit after taxation		(334,586)	48,316	(38,409)	31,298
(Loss)/profit transferred (from)/to reserves	20	(334,586)	48,316	(38,409)	31,298
(Loss)/profit per 50k share		(16)	2	(2)	1

The Statement of Significant Accounting Policies on pages 18 to 19 and accompanying notes on page 23 to 36 form an integral part of these financial statements.

Balance Sheet

as at 31 December, 2010

	Note	2010 Group N'000	2009 Group N'000	2010 Company N'000	2009 Company N'000
NON - CURRENT ASSETS					
Fixed assets	7	6,274,980	6,271,916	5,885,156	5,857,058
Investment in shares		5,400	5,400	5,400	5,400
Investment in subsidiary	8	-	-	2,500	2,500
Long term receivables	9	5,822	5,822	5,822	5,822
Deferred tax assets	10	362,574	340,278	362,574	311,236
Long term assets	11	60,862	125,525	-	-
Total non - current assets		6,709,638	6,748,941	6,261,452	6,182,016
CURRENT ASSETS					
Stocks	12	3,025,170	3,002,391	2,865,181	2,669,985
Debtors	13	721,534	916,433	1,103,080	1,289,702
Cash at bank and in hand		51,611	46,925	42,043	19,409
Total current assets		3,798,315	3,965,749	4,010,304	3,979,096
Company tax	6	(91,740)	(72,789)	(31,528)	(27,347)
Creditors due within one year	14	(3,611,505)	(3,694,299)	(3,439,580)	(3,456,404)
Net current assets		95,070	198,661	539,196	495,345
Total assets less current liabilities		6,804,708	6,947,602	6,800,648	6,677,361
NON - CURRENT LIABILITIES					
Provisions for liabilities and charges	16	(133,374)	(81,382)	(120,579)	(70,268)
Deferred tax liabilities	17	(28,316)	-	-	-
Creditors due after more than one year	15	(372,643)	(239,259)	(372,643)	(239,259)
Net assets		6,270,375	6,626,961	6,307,426	6,367,834
CAPITAL AND RESERVES					
Called up share capital	18	1,055,333	1,055,333	1,055,333	1,055,333
Share premium	19	1,659,748	1,659,748	1,659,748	1,659,748
Reserves	20	3,555,294	3,911,880	3,592,345	3,652,753
SHAREHOLDERS' INTEREST		6,270,375	6,626,961	6,307,426	6,367,834

The financial statements and the accompanying notes were approved by the board of directors on 1 July, 2011 and signed on its behalf by:

S.S. Baffa: 

B. Elfrink: 

The statement of significant accounting policies on pages 18 to 19 and accompanying notes on page 23 to 36 form an integral part of these financial statements.

Cash Flow Statement

	Note	2010 Group N'000	2009 Group N'000	2010 Company N'000	2009 Company N'000
Net cash inflow from operating activities	21	566,605	1,439,556	573,759	1,439,706
INVESTMENT ACTIVITIES					
Purchase of fixed assets	7	(476,112)	(145,252)	(459,446)	(137,883)
Interest received	3	398	11,712	398	11,711
Proceed from sale of fixed assets		8,530	15,083	2,658	15,083
		(467,184)	(118,457)	(456,390)	(111,089)
Net cash inflow before financing		99,421	1,321,099	117,369	1,328,617
FINANCING ACTIVITIES					
Interest paid	4	(462,885)	(569,574)	(462,885)	(567,322)
Net movement in loan balance	15	148,759	234,859	148,759	234,859
Net movement in leases	15	75,074	(19,204)	75,074	(19,204)
(Decrease)/Increase in cash and cash equivalents	22	(139,631)	967,180	(121,683)	976,950

The Statement of Significant Accounting Policies on pages 18 to 19 and accompanying notes on page 23 to 36 form an integral part of these financial statements.

Notes to the Financial Statements

1 THE GROUP

First Aluminium Nigeria Plc was incorporated on 20th August 1960 as Alcan Aluminium of Nigeria Limited, a subsidiary of Alcan Aluminium Company of Canada, one of the world's foremost international aluminium companies.

The name of the company was changed to First Aluminium Company (Nigeria) Limited when it became a subsidiary of Alucon Holdings SA, a wholly owned subsidiary within the Inlaks Group, based in Monte Carlo. On 10 May 1991, the company changed its name to First Aluminium Company (Nigeria) Plc and on 23rd July 1992, to First Aluminium Nigeria Plc. It became a quoted company on 5 November 1992.

The company has a Rolling Mill and is engaged in the manufacture of aluminium coils, sheets and circles which represent the raw materials of the Nigerian aluminium industry. A continuous sheet painting line was commissioned in November 1992 to service the painted aluminium products market. The product from this painting line is branded Colortek. The company also has a Packaging Division which manufactures tubes for the toothpaste, pharmaceutical, cosmetics and engineering industries in Nigeria from laminate plastics and from aluminium.

Aluminium City Limited was incorporated on 21 September 1995 as a wholly-owned subsidiary of First Aluminium Nigeria Plc and commenced business on 1 February 1996. It is engaged in the purchase and sale of aluminium products, building components and accessory items and maintains a strong commercial relationship with First Aluminium Nigeria Plc.

The company maintains a technical assistance and know-how agreement with Alucon Holdings SA, duly certified by the National Office for Technology Acquisition and Promotion (NOTAP) and pays a fee of 3% (2009 : 3%) of its Turnover after the deduction of appropriate withholding tax.

Notes to the Financial Statement continued

2 SEGMENT INFORMATION

The analyses of turnover and trading profit by class of business are as follows:

	2010 Group N'000	2009 Group N'000	2010 Company N'000	2009 Company N'000
Turnover by business sector;				
Aluminium coils and sheets	8,584,257	7,617,042	7,391,824	6,618,312
Packaging products	993,991	1,014,524	993,991	1,014,524
Engineering products	102,795	107,645	102,795	107,645
Building accessories	48,854	379,761	-	-
Total turnover by segment	9,729,897	9,118,972	8,488,610	7,740,481
Intersegment turnover	(969,420)	(828,986)	-	-
Total net turnover	8,760,477	8,289,986	8,488,610	7,740,481
(Loss)/Profit before tax by business sector;				
Aluminium coils and sheets	(378,420)	6,200	(188,789)	(43,800)
Packaging products	105,864	131,044	105,864	131,044
Engineering products	4,263	(62,295)	4,263	(62,295)
Building accessories	(29,777)	(15,328)	-	-
Total profit/(loss) before tax	(298,070)	59,621	(78,662)	24,949
Depreciation expense by business Sector;				
Aluminium coils and sheets	331,608	222,273	312,198	222,273
Packaging products	94,452	88,738	94,452	88,738
Engineering products	382	1,528	382	1,528
Building accessories	16,416	25,257	-	-
Total depreciation charge	442,858	337,796	407,032	312,539
Fixed assets by business sector;				
Aluminium coils and sheets	5,509,688	5,427,123	5,119,864	5,012,265
Packaging products	765,292	840,338	765,292	840,338
Engineering products	-	4,455	-	4,455
Total fixed assets	6,274,980	6,271,916	5,885,156	5,857,058
Net assets by business sector;				
Aluminium coils and sheets	5,252,176	5,266,682	5,255,834	5,130,582
Packaging products	785,360	990,501	785,360	990,501
Total operating segment net assets	6,037,536	6,257,183	6,041,194	6,121,083
Investment in shares	5,400	5,400	5,400	5,400
Investment in subsidiary	-	-	2,500	2,500
Long term receivables	5,822	5,822	5,822	5,822
Deferred tax assets	362,574	340,278	362,574	311,236
Long term assets	60,862	125,525	-	-
Cash and bank balances	51,611	46,925	42,043	19,409
Current and deferred taxation	(120,056)	(72,789)	(31,528)	(27,347)
Retirement benefit obligations	(133,374)	(81,382)	(120,579)	(70,268)
Total net assets	6,270,375	6,626,962	6,307,426	6,367,835

As required by the Companies and Allied Matters Act 1990, turnover by location of customers is presented below.

Turnover by geographical location of customers

	2010 N'000 Group	2009 N'000 Group	2010 N'000 Company	2009 N'000 Company
Domestic	8,760,477	8,289,986	8,488,610	7,740,481
Total	8,760,477	8,289,986	8,488,610	7,740,481

Building accessories refers to the supply of windows and doors and the design and installation of office interiors in Aluminium City Limited.

Notes to the Financial Statement continued

3 OTHER INCOME

	2010 Group N'000	2009 Group N'000	2010 Company N'000	2009 Company N'000
Profit on fixed assets disposal	341	6,866	341	6,866
Profit on disposal of FEPS	35,946	-	35,946	-
Interest income	398	11,712	398	11,712
Income received from Insurance claim	-	48,393	-	48,393
Others	50,277	30,818	43,929	30,818
	86,962	97,789	80,614	97,789

4 INTEREST CHARGES

On bank loans, overdrafts and other loans repayable within 5 years	462,885	569,574	462,885	567,322
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5 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/Profit before taxation is stated after charging:				
Depreciation	442,858	337,796	407,032	312,539
Auditors' remuneration	12,000	13,000	9,000	10,000
Restructuring cost	188,000	-	-	-

Restructuring costs consist of impairment of assets of Aluminium City Limited and redundancy costs.

6 TAX ON (LOSS)/PROFIT

	2010 Group N'000	2009 Group N'000	2010 Company N'000	2009 Company N'000
Based on the profit for the year as adjusted for tax at 30% (Subsidiary Company - Minimum tax)	1,865	20,010	-	-
Prior year under provision	17,546	-	-	-
Education tax at 2%	7,490	8,568	7,490	6,904
Capital gains tax	3,595	175	3,595	175
Deferred tax asset	(22,296)	(17,448)	(51,338)	(13,428)
Deferred tax charge	28,316	-	-	-
	36,516	11,305	(40,253)	(6,349)

The balances on the tax accounts are analyzed as follows:

CURRENT TAXATION:

At the beginning	72,789	44,036	27,347	20,268
Charge for the year	56,278	28,753	11,085	7,079
Tax paid during the year	(8,435)	-	(6,904)	-
Withholding tax credit utilised	(28,892)	-	-	-
Balance at the end	91,740	72,789	31,528	27,347

Notes to the Financial Statement continued

7 FIXED ASSETS - GROUP

	LEASEHOLD LAND AND BUILDINGS N'000	PLANT AND MACHINERY N'000	FURNITURE AND EQUIPMENT N'000	MOTOR VEHICLES N'000	CONSTRUCTION WORK IN PROGRESS N'000	TOTAL N'000
COST OR VALUATION						
At 1 January 2010	4,816,317	3,184,978	300,934	159,074	153,158	8,614,461
Additions	3,979	447,420	14,188	7,028	3,497	476,112
Reclassification	-	62,477	(17,085)	-	(45,392)	-
Disposals	-	(8,601)	(80,995)	(8,362)	-	(97,958)
Adjustment - prior year revaluation reserve	(22,000)	-	-	-	-	(22,000)
At 31 December 2010	4,798,296	3,686,274	217,042	157,740	111,263	8,970,615
DEPRECIATION						
At 1 January 2010	-	1,969,122	261,028	112,395	-	2,342,545
Charge for the year	103,962	295,949	27,949	14,998	-	442,858
Reclassification	-	(6,536)	6,536	-	-	-
Disposals	-	(6,687)	(78,471)	(4,610)	-	(89,768)
At 31 December 2010	103,962	2,251,848	217,042	122,783	-	2,695,635
NET BOOK AMOUNT						
At 31 December 2010	4,694,334	1,434,426	-	34,957	111,263	6,274,980
At 31 December 2009	4,816,317	1,215,856	39,906	46,679	153,158	6,271,916

FIXED ASSETS - COMPANY

	LEASEHOLD LAND AND BUILDINGS N'000	PLANT AND MACHINERY N'000	FURNITURE AND EQUIPMENT N'000	MOTOR VEHICLES N'000	CONSTRUCTION WORK IN PROGRESS N'000	TOTAL N'000
COST OR VALUATION						
At 1 January 2010	4,491,001	3,052,136	228,010	129,098	117,068	8,017,313
Additions	3,979	436,619	13,820	5,028	-	459,446
Reclassification	-	45,392	-	-	(45,392)	-
Disposals	-	-	-	(5,456)	-	(5,456)
Adjustment - prior year revaluation reserve	(22,000)	-	-	-	-	(22,000)
At 31 December 2010	4,472,980	3,534,147	241,830	128,670	71,676	8,449,303
DEPRECIATION						
At 1 January 2010	-	1,881,232	187,160	91,863	-	2,160,255
Charge for the year	95,616	279,534	20,515	11,367	-	407,032
Revaluation	-	-	-	-	-	-
Disposals	-	-	-	(3,140)	-	(3,140)
At 31 December 2010	95,616	2,160,766	207,675	100,090	-	2,564,147
NET BOOK AMOUNT						
At 31 December 2010	4,377,364	1,373,381	34,155	28,580	71,676	5,885,156
At 31 December 2009	4,491,001	1,170,904	40,850	37,235	117,068	5,857,058

Notes to the Financial Statement continued

Leasehold land and buildings were revalued in October 2009 by Jide Taiwo & Co, a professional firm of Estate Surveyors and Valuers on the basis of open market capital values. The assets are reflected in this financial statement at that valuation.

Assets other than Leasehold land and buildings are stated at cost.

Costs accumulated under construction work in progress are not depreciated until the completion and use of the assets.

Following the revaluation of Land and Building in 2009, the depreciation policy of the Company on Land and Building was changed such that the asset will be depreciated over the unexpired lease period.

The revalued land and buildings stated in note 20 comprise:

	2010 Group N'000	2009 Group N'000	2010 Company N'000	2009 Company N'000
Cost	67,279	67,279	67,279	67,279
	67,279	67,279	67,279	67,279
Land and buildings at valuation comprise:				
Long leasehold	4,400,364	4,422,364	4,117,200	4,139,200

Included in plant and machinery is the value of a roll forming machine acquired under a finance lease by the Subsidiary Company.

The net book value at the year end is analysed as follows;

	2010 Group N'000	2009 Group N'000	2010 Company N'000	2009 Company N'000
Cost	80,611	80,611	-	-
Depreciation	(49,038)	(40,977)	-	-
	31,573	39,634	-	-

Notes to the Financial Statement continued

8 INVESTMENT IN SUBSIDIARIES

First Aluminium Nigeria Plc has a wholly-owned subsidiary, Aluminium City Limited, which was incorporated on 21 September 1995. It commenced business on 1 February 1996 and is engaged in the purchase and sale of aluminium products, building components and accessories.

	FAN Plc N'000	Alucity Ltd. N'000	Elimination N'000	Total N'000
Condensed results of operation				
Turnover	8,488,610	1,241,287	(969,420)	8,760,477
Gross profit	553,656	88,145	(12,673)	629,128
Trading profit	303,609	(213,083)	(12,673)	77,853
(Loss)/profit before taxation	(78,662)	(206,735)	(12,673)	(298,070)
(Loss)/profit after taxation	(38,409)	(283,504)	(12,673)	(334,586)
Condensed financial position				
Non-current assets	6,261,452	459,643	(11,457)	6,709,638
Current assets	4,010,304	225,736	(437,725)	3,798,315
Current liabilities	(3,471,108)	(669,862)	437,725	(3,703,245)
Non-current liabilities	(493,222)	(41,111)	-	(534,333)
Net assets	6,307,426	(16,200)	(20,851)	6,270,375
Condensed cash flow				
Net cash generated from operating activities	573,759	(7,154)	-	566,605
Net cash generated from investing activities	(456,390)	(10,794)	-	(467,184)
Net cash generated from financing activities	(239,052)	-	-	(239,052)
Movement in cash and cash equivalents				
	(121,683)	(17,948)	-	(139,631)
Subsidiary financial split				
Cash and bank balances	42,043	9,568	-	51,611
Bank loans and overdraft	2,052,519	-	-	2,052,519
Finance lease	76,202	-	-	76,202
Term loans	604,010	-	-	604,010
Commercial paper	121,500	-	-	121,500

Notes to the Financial Statement continued

	2010 Group N'000	2009 Group N'000	2010 Company N'000	2009 Company N'000
9 LONG TERM RECEIVABLES				
Balance 1 January	5,822	5822	5,822	5822
Repayment during the year	-	-	-	-
Balance 31 December	5,822	5,822	5,822	5,822

This represents 4,735,146 ordinary shares of 50 kobo each of the company reserved for the Employees Trust Scheme. The indebtedness is being recovered from dividend accruing on these shares, in accordance with the trust deed, on the basis of 50% of the net dividend received by the trust on these shares. No dividend was received in 2010 financial year.

	2010 Group N'000	2009 Group N'000	2010 Company N'000	2009 Company N'000
10 DEFERRED TAX ASSETS				
Balance 1 January	340,278	322,830	311,236	297,808
Write back	(29,042)	17,448	-	13,428
Provision for the year	51,338	-	51,338	-
Balance 31 December	362,574	340,278	362,574	311,236

The deferred taxation arises due to the tax written down values of the assets being in excess of the net book value of such assets and the provision for gratuity liability which become allowable for tax purposes when paid.

11 LONG TERM ASSETS

This amount represents withholding tax (WHT) credit from the Federal Inland Revenue Service (FIRS). This is the value of tax certificates received from customers who deducted WHT from the Subsidiary Company's invoices and remitted to FIRS. In the current year, the Subsidiary Company has reclassified the sum of N44.8m as short - term asset to absorb the provisional income tax liability for the year ended 31 December 2010 and for possible prior years shortfall from FIRS tax audit.

Notes to the Financial Statement continued

	2010 Group N'000	2009 Group N'000	2010 Company N'000	2009 Company N'000
12 STOCKS				
Raw materials	327,773	437,434	327,773	437,434
Work in progress	250,762	185,535	250,762	185,535
Finished goods	810,486	866,375	652,458	613,165
Contract materials	110,478	120,265	-	-
Goods in transit	1,237,463	956,260	1,088,458	994,422
Stores materials	288,208	436,522	545,730	439,429
	3,025,170	3,002,391	2,865,181	2,669,985
13 DEBTORS				
Due from subsidiary	-	-	437,726	528,353
Trade debtors	347,203	427,656	323,223	377,027
Amounts owed by related companies	120,486	157,726	120,486	145,243
Contract work in progress	20,326	26,608	-	-
Other debtors	81,857	109,412	78,559	87,460
Prepayments	151,662	195,031	143,086	151,619
	721,534	916,433	1,103,080	1,289,702
14 CREDITORS DUE WITHIN ONE YEAR				
Trade creditors	201,044	390,197	195,991	381,366
Bank loans and overdrafts	2,052,519	1,908,202	2,052,519	1,908,202
Customers' deposits	142,215	131,479	49,644	50,922
Obligations under finance leases	28,952	1,128	28,952	1,128
Obligations under term loans	400,117	337,492	400,117	337,492
Amounts owed to related companies	-	104,262	-	104,262
ESB - Due within one year	643	7,812	-	7,318
Bills for collection	385,172	232,445	385,172	232,445
Other creditors and accruals	400,843	581,282	327,185	433,269
	3,611,505	3,694,299	3,439,580	3,456,404

Customers' deposits include N36m (2009: N33m) of progress payments and N2.6m (2009: N47m) of advance payments relating to the Subsidiary Company's construction contract business.

At 31 December 2010, the company had bank loans and overdraft facilities available for use amounting to Company N3.8 billion (2009: N4.5billion), most of which had negative pledge as security.

Notes to the Financial Statement continued

	2010 Group N'000	2009 Group N'000	2010 Company N'000	2009 Company N'000
15 CREDITORS DUE AFTER MORE THAN ONE YEAR				
Obligations under finance leases	47,250	-	47,250	-
Commercial paper	121,500	121,500	121,500	121,500
Obligation under term loans	203,893	117,759	203,893	117,759
At 31 December	372,643	239,259	372,643	239,259

The availability and utilization of commercial notes worth N121.5 million has been extended beyond one year tenor; these bear interest at prevailing market rates to be paid on a quarterly basis.

The balances on the lease and term loan accounts are analyzed as follows:

LEASE OBLIGATIONS:				
Balance 1 January	1,128	20,332	1,128	20,332
New lease in the year	90,000	-	90,000	-
Repayment during the year	(14,926)	(19,204)	(14,926)	(19,204)
Balance 31 December	76,202	1,128	76,202	1,128
Analyzed into:				
Due within one year (note14)	28,952	1,128	28,952	1,128
Due after more than one year (note15)	47,250	-	47,250	-

Amount due on the lease is repayable on a reducing balance method. The outstanding balance as analyzed is repayable on monthly basis, with the last installment due in 2013.

TERM LOAN OBLIGATIONS:				
Balance 1 January	455,251	220,392	455,251	220,392
New term loan in the year	814,596	370,000	814,596	370,000
Repayment during the year	(665,837)	(135,141)	(665,837)	(135,141)
Balance 31 December	604,010	455,251	604,010	455,251
Analyzed into:				
Due within one year (note14)	400,117	337,492	400,117	337,492
Due after more than one year (note15)	203,893	117,759	203,893	117,759

Notes to the Financial Statement continued

	2010 Group N'000	2009 Group N'000	2010 Company N'000	2009 Company N'000
16 PROVISIONS FOR LIABILITIES AND CHARGES (ESB)				
Balance 1 January	81,382	97,586	70,268	90,643
Accrued within the year	64,996	29,374	56,859	24,313
Due within one year (note14)	(643)	(7,812)	-	(7,318)
Payment during the year	(12,361)	(37,766)	(6,548)	(37,370)
Balance 31 December	133,374	81,382	120,579	70,268

End of service benefit (ESB) is a non contributory gratuity scheme for the benefit of the employees. Under the scheme, employees are entitled to gratuities which vary with the employee's period of service and are payable on disengagement from service based on current salary of employee at the time of resignation or retirement from service.

The Company's policy is to make provisions for the cost of the benefits based on current year salaries.

	2010 Group N'000	2009 Group N'000	2010 Company N'000	2009 Company N'000
17 DEFERRED TAX LIABILITY				
Balance 1 January	-	25,782	-	-
Write back	-	(25,782)	-	-
Charge	28,316			
Balance 31 December	28,316	-	-	-

18 SHARE CAPITAL				
Authorised: 4,000,000,000 (2008: 4,000,000,000) ordinary shares of 50k each	2,000,000	2,000,000	2,000,000	2,000,000
Issued and fully paid: 2,110,359,242 (2009: 2,110,359,242) ordinary shares of 50k each				
At 1 January	1,055,333	1,055,333	1,055,333	1,055,333
At 31 December	1,055,333	1,055,333	1,055,333	1,055,333

19 SHARE PREMIUM				
At 1 January	1,659,748	1,659,748	1,659,748	1,659,748
At 31 December	1,659,748	1,659,748	1,659,748	1,659,748

Notes to the Financial Statement continued

20 RESERVES - GROUP

	Capital Reserve N'000	General Reserve N'000	Total N'000
At 1 January 2010	4,489,643	(577,763)	3,911,880
(Loss)/Profit for the year	-	(334,586)	(334,586)
Adjustment - prior year revaluation reserve	(22,000)	-	(22,000)
At 31 December 2010	4,467,643	(912,349)	3,555,294

RESERVES - COMPANY

	Capital Reserve N'000	General Reserve N'000	Total N'000
At 1 January 2010	4,206,479	(553,725)	3,652,754
(Loss)/Profit for the year	-	(38,409)	(38,409)
Adjustment - prior year revaluation reserve	(22,000)	-	(22,000)
At 31 December 2010	4,184,479	(592,134)	3,592,345

2010 Group N'000	2009 Group N'000	2010 Company N'000	2009 Company N'000
------------------------	------------------------	--------------------------	--------------------------

21 RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

Trading profit	77,853	531,406	303,609	494,482
Other income	86,223	79,212	79,875	79,212
Depreciation charges	442,858	337,796	407,032	312,539
Decrease/(Increase) in stocks	(22,779)	556,321	(195,198)	525,242
Decrease in debtors	157,659	65,690	161,866	160,862
Decrease in long term receivables	-	-	-	-
Decrease in long term assets	64,663	2,149	-	-
Withholding tax balance utilised	(28,892)	-	-	-
Tax paid	(8,435)	-	(6,904)	-
Decrease in deferred tax liability	25,782	-	-	-
(Increase) in amounts owed by related companies	37,240	(91,827)	24,757	(79,358)
Decrease/(Increase) in payables/accruals	(161,305)	86,152	(97,016)	74,070
(Increase) in amounts owed to related companies	(104,262)	(127,343)	(104,262)	(127,343)
Net cash inflow from operating activities	566,605	1,439,556	573,759	1,439,706

22 ANALYSIS OF CASH AND CASH EQUIVALENTS DURING THE YEAR

Opening cash balance	(46,925)	(1,584,107)	(19,409)	(1,546,821)
Add: Opening borrowing	2,029,702	4,534,064	2,029,702	4,534,064
Less: Closing borrowing	(2,174,019)	(2,029,702)	(2,174,019)	(2,029,702)
Add: Closing cash balance	51,611	46,925	42,043	19,409
(Decrease)/Increase in cash and cash equivalents	(139,631)	967,180	(121,683)	976,950

Notes to the Financial Statement continued

	2010 Group N'000	2009 Group N'000	2010 Company N'000	2009 Company N'000
23 CAPITAL COMMITMENTS				
Capital expenditure authorised:				
Committed	-	165,000	-	165,000
Not yet committed	-	58,550	-	33,250
	-	223,550	-	198,250

24 CONTINGENT LIABILITIES

There were no material contingent liabilities as at 31 December 2010 (31 December 2009: Nil).

25 END OF SERVICE BENEFITS

The company complies with the provisions of the Pension Reform Act 2004 whereby both employer and employee contribute 7.5% of total emoluments on monthly basis.

Both employer and employee contributions are remitted monthly to the employees' chosen Pension Fund Administrators (PFA). Employer contribution of N23.4m (2009: N25.5m) has been charged to the profit and loss accounts.

26 DIRECTORS AND EMPLOYEES

EMPLOYEES

The average weekly number of persons (including directors) employed by the company during the year was:

	2010 Group Number	2009 Group Number	2010 Company Number	2009 Company Number
Categories				
Management	64	65	53	54
Non-management	477	507	421	451
	541	572	474	505
Staff cost for the above persons:				
Wages, salaries and benefits	750,583	692,662	660,899	626,121
Other pension costs	84,796	74,894	73,666	67,403
	835,379	767,556	734,565	693,524

Notes to the Financial Statement continued

26 DIRECTORS AND EMPLOYEES (Cont'd)

The number of employees, other than directors, who earned more than N200,000 in the year was as follows:

₦	₦	2010 Group Number	2009 Group Number	2010 Company Number	2009 Company Number
200,000	300,000	171	226	158	214
300,001	400,000	104	148	94	138
400,001	500,000	71	70	61	60
500,001	600,000	62	40	54	32
600,001	700,000	23	38	13	28
700,001	800,000	30	11	26	7
800,001	900,000	23	5	21	3
900,001	1,000,000	38	3	37	2
1,000,001	2,000,000	11	23	3	15
2,000,001	3,000,000	3	2	2	1
3,000,001	4,000,000	2	2	2	1
4,000,001	5,000,000	1	2	1	2
5,000,001	10,000,000	1	1	1	1
10,000,000	16,000,000	1	1	1	1

DIRECTORS

The remuneration paid to the directors was:
Emoluments (including fees, pension
contribution and benefits in kind)

26,043	27,656	26,043	27,656
---------------	---------------	---------------	---------------

Fees and other emoluments disclosed above
(excluding pension contributions) include
amounts paid to:

The chairman	855	725	855	725
--------------	-----	-----	-----	-----

The highest paid director

12,632	15,010	12,632	15,010
---------------	---------------	---------------	---------------

The number of directors (including the chairman and the highest paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

₦	₦	2010 Group Number	2009 Group Number	2010 Company Number	2009 Company Number
Less than	-	500,000	3	3	3
500,001	-	1,000,000	1	1	1
1,000,001	-	10,000,000	-	-	-
10,000,001	-	15,000,000	1	1	1
15,000,001	-	16,000,000	1	1	1

Notes to the Financial Statement continued

27 TRANSACTIONS WITH DIRECTORS

During the period, the group had no transactions with directors.

28 TRANSACTIONS WITH OFFICERS

Included in other debtors (Note 13) are loans to officers amounting to N16,795,908 Company only. (2009: Group N11,325,882 Company N9,383,100).

29 RELATED PARTY TRANSACTIONS

The company carries out some of its purchases of goods and services through a foreign agent (Gerad Limited), a company in which the shareholders of the majority shareholder, Alucon Holdings SA have an interest. Gerad Limited charges a handling commission of 1% (2009: 3%) of the value of purchases for rendering this service.

This commission is included in the invoice values of goods and services to the company.

Purchases during the period amounted to N4.3 billion (2009: N3.064 billion) .

30 MANAGEMENT AND TECHNICAL SERVICES AGREEMENT

The amount due on the basis of the current technical know - how and management service agreement to Alucon Holdings SA (the majority shareholder) during the year is N126.5 million (2009: N113 million).

In view of providing further assistance to the Company, Alucon Holdings SA waived the fees due to them for Quarters two and four amounting to N115 million. In 2009, Quarters one and two fees amounting to N117.1 million were also waived.

31 EARNINGS PER SHARE

Earnings per share, have been calculated using the number of shares in issue as at 31 December 2010.

32 INVESTMENT IN SHARES

Investment in shares represents the value of 1.8 million shares of First City Monument Bank Plc at N3.00 per share. Market value as at 31 December 2010 was N7.70k per share (2009: N6.99k per share).

33 RECLASSIFICATION

Certain prior year balances have been reclassified to enhance comparability with current period balances.

Statement of Value Added

for the year ended 31 December 2010

	2010 Group N'000	%	2009 Group N'000	%	2010 Company N'000	%	2009 Company N'000	%
Turnover	8,760,477		8,289,986		8,488,610		7,740,481	
Other income	86,962		97,789		80,614		97,789	
Purchase of goods and services - Foreign	(4,298,150)		(4,014,208)		(4,298,150)		(4,014,208)	
Purchase of goods and services - Local	(3,106,237)		(2,639,020)		(2,745,254)		(2,225,728)	
VALUE ADDED	1,443,052	100.0	1,734,547	100.0	1,525,820	100	1,598,334	100.0
APPLIED AS FOLLOWS								
EMPLOYEES								
Salaries, wages and other benefits	835,379	57.9	767,556	44.3	734,565	48.1	693,524	43.4
PROVIDERS OF FUNDS								
Interest	462,885	32.1	569,574	32.8	462,885	30.3	567,322	35.5
GOVERNMENT								
Taxation	36,516	2.5	11,305	0.7	(40,253)	(2.6)	(6,349)	(0.4)
THE FUTURE								
Depreciation	442,858	30.7	337,796	19.5	407,032	26.7	312,539	19.6
Retained profit/(loss)	(334,586)	(23.2)	48,316	2.8	(38,409)	(2.5)	31,298	2.0
VALUE ADDED	1,443,052	100	1,734,547	100.0	1,525,820	100	1,598,334	100.0

This statement represents the wealth created by the efforts of the company and its employees and the allocation of such wealth between the employees, shareholders and other providers of funds, government and re-investment for the future creation of wealth.

Financial Summary - Group

for the year ended 31 December 2010

	2010 N'000	2009 N'000	2008 N'000	2007 N'000	2006 N'000
FUNDS EMPLOYED					
Share capital	1,055,333	1,055,333	1,055,333	621,110	621,110
Share premium	1,659,748	1,659,748	1,659,748	487,600	487,600
Capital reserve	4,467,643	4,489,643	200,275	200,275	200,275
General reserve	(912,349)	(577,762)	(626,079)	(327,427)	164,157
Proposed dividend	-	-	-	-	-
Shareholders' interest	6,270,375	6,626,962	2,289,277	981,558	1,473,142
Long term loan	372,643	239,259	206,400	1,507,119	460,689
Deferred taxation	28,316	-	25,782	-	17,344
	6,671,334	6,866,221	2,521,459	2,488,677	1,951,175
EMPLOYMENT OF FUNDS					
Fixed assets	6,274,980	6,271,916	2,183,308	2,299,991	2,381,994
Investment in shares	5,400	5,400	5,400	5,400	5,400
Long term receivables	5,822	5,822	5,822	5,822	6,102
Deferred tax assets	362,574	340,278	322,830	119,469	36,194
Long term assets	60,862	125,625	127,673	124,563	119,501
Current assets less liabilities and charges	(38,304)	117,280	(123,574)	(66,568)	(598,016)
	6,671,334	6,866,321	2,521,459	2,488,677	1,951,175
SALES AND PROFIT					
Turnover	8,760,477	8,289,986	8,080,063	8,723,618	8,695,370
(Loss)/Profit before taxation	(298,070)	59,621	(473,092)	(583,106)	30,895
Taxation	(36,516)	(11,305)	174,440	91,522	(25,433)
(Loss)/Profit after taxation	(334,586)	48,316	(298,652)	(491,584)	5,462
PER ORDINARY SHARE (Adjusted)					
(Loss)/Profit after tax (k)	(15.9)	2.3	(23.2)	(38.1)	0.4
Book value (k)	297.1	314.0	177.5	79.0	118.6
OTHER STATISTICS					
Capital expenditure	476,112	147,583	248,164	227,164	779,258
No. of shareholders at the year end	13,002	13,116	13,030	9,108	5,698
No. of employees at the year end	541	572	529	588	659

Financial Summary - Company

for the year ended 31 December 2010

	2010 N'000	2009 N'000	2008 N'000	2007 N'000	2006 N'000
FUNDS EMPLOYED					
Share capital	1,055,333	1,055,333	1,055,333	621,110	621,110
Share premium	1,659,748	1,659,748	1,659,748	487,600	487,600
Capital reserve	4,184,479	4,206,479	200,275	200,275	200,275
General reserve	(592,134)	(553,725)	(585,023)	(428,032)	34,800
Proposed dividend	-	-	-	-	-
Shareholders' interest	6,307,426	6,367,835	2,330,333	880,953	1,343,785
Long term loan	372,643	239,259	206,400	1,507,119	460,689
	6,680,069	6,607,094	2,536,733	2,388,072	1,804,474
EMPLOYMENT OF FUNDS					
Fixed assets	5,885,156	5,857,058	2,033,726	2,137,533	2,207,021
Investment in subsidiary	2,500	2,500	2,500	2,500	2,500
Investment in shares	5,400	5,400	5,400	5,400	5,400
Long term receivables	5,822	5,822	5,822	5,822	6,102
Deferred tax assets	362,574	311,236	297,808	123,770	43,742
Current assets less liabilities and charges	418,617	425,078	191,477	113,047	(460,291)
	6,680,069	6,607,094	2,536,733	2,388,072	1,804,474
SALES AND PROFIT					
Turnover	8,488,610	7,740,481	7,375,573	7,863,244	7,602,722
(Loss)/Profit before taxation	(78,662)	24,949	(331,029)	(542,861)	(41,222)
Taxation	40,253	6,349	174,038	80,028	(1,682)
(Loss)/Profit after taxation	(38,409)	31,298	(156,991)	(462,833)	(42,903)
PER ORDINARY SHARE (Adjusted)					
(Loss)/Profit after tax (k)	(1.9)	1.5	(12.2)	(35.9)	(3.3)
Book value (k)	298.8	301.7	180.7	68.3	104.2
OTHER STATISTICS					
Capital expenditure	459,446	140,323	227,468	210,970	777,347
No.of shareholders at the year end	13,002	13,116	13,030	9,108	5,698
No.of employees at the year end	474	505	461	510	576

Corporate Information

EXECUTIVE OFFICERS:

B. Elfrink	-	Managing Director
W.J.Dixon	-	Commercial Director
M.O. Okolo	-	Executive Director
A. Vitankar	-	Divisional Manager - Rolling Mill Division
S. Mehrotra	-	Divisional Manager - Aluminium City Ltd
K. Ayibowu	-	Group Human Resource Manager
C. O Iwunwa	-	Group Treasury Manager

SECRETARIES:

Popoola Nominees Limited
Block A6, Falomo Shopping Centre
Awolowo Road, Ikoyi, Lagos.

REGISTRARS AND TRANSFER OFFICE:

Union Registrars Limited
2, Burma Road, Apapa, Lagos.

AUDITORS:

PricewaterhouseCoopers
252 E Muri Okunola Street
Victoria Island, Lagos.

REGISTERED OFFICE:

2, Akilo Street, Ogba, Ikeja
P.O. Box 1071, Lagos.
Telephone: (01) 7746014, 7349779
E-Mail: info@firstaluminium.net
RC NO: 2288

FACTORIES:

Rolling Mill
19/21 Onitsha Street
Trans Amadi Industrial Layout,
Port Harcourt.

Packaging Division

2, Akilo Street,
Ogba, Ikeja
Lagos.

Aluminium City Limited

1, Alhaji Adejumo Avenue
Oshodi Express way
Ilupeju, Lagos.

BANKERS:

Access Bank Plc
Afriland Bank Nigeria Plc
Bank PHB Plc
Diamond Bank Plc
Ecobank Nigeria Plc
Fidelity Bank Plc
FinBank Plc
Stanbic IBTC Plc
Union Bank of Nigeria Plc
Wema Bank Plc
Zenith Bank Plc

ANALYSIS OF SHAREHOLDERS LISTING AS AT 31 DECEMBER 2010

Range of Shares	Number of Shareholders	% of Total	Share Units	% of Total
1 - 1,000	1,657	12.74	932,796	0.04
10,001 - 10,000	6,679	51.38	33,474,011	1.59
10,001 - 100,000	4,053	31.17	140,240,948	6.64
100,001 - 500,000	507	3.90	103,091,159	4.89
500,001 - 1,000,000	59	0.45	41,682,921	1.98
1,000,001 - 5,000,000	36	0.28	77,613,948	3.68
5,000,001 - and above	11	0.08	1,713,323,459	81.18
	13,002	100	2,110,359,242	100

Share Capital History

At incorporation the company's authorized share capital was £10,000 comprising 10,000 ordinary shares of £1 each. The shares were subdivided into ordinary shares of 50 kobo each on 21 July 1983. As at 10 May 1990, the authorized share capital was N30,000,000 comprising 60,000,000 ordinary shares of 50 kobo each. The following changes have taken place in the Company's authorized and paid up capital since May 1990.

The changes in the share capital of the Company since incorporation are summarized below:

Year	Authorized (N'000)		Issue & Fully Paid-Up (N'000)		Consideration
	Increase	Cumulative	Increase	Cumulative	
31/12/83	***10,000	10,000	1,546	1,546	
31/12/90	***20,000	30,000	3,093	4,639	Bonus 2:1
10/05/90	0	30,000	4,639	9,277	Bonus 1:1
31/12/90	0	30,000	20,050	29,327	Cash
12/08/92	0	30,000	673	30,000	Cash
13/07/93	20,000	50,000	0	30,000	Nil
08/06/95	100,000	150,000	0	30,000	Nil
14/12/95	0	150,000	30,000	60,000	Cash
30/09/97	0	150,000	809	60,809	Debenture Conversion
11/07/96	0	150,000	12,161	72,970	Bonus 1:5
30/09/97	0	150,000	215	73,185	Debenture Conversion
11/07/00	100,000	250,000	0	73,185	Nil
24/11/00	0	250,000	45,741	118,926	Cash
26/07/01	0	250,000	39,642	158,568	Bonus 1:3
24/07/02	750,000	1,000,000	0	158,568	Nil
31/12/03	0	1,000,000	462,542	621,110	Public Offer
31/12/04	0	1,000,000	0	621,110	Nil
31/12/05	0	1,000,000	0	621,110	Nil
31/12/06	0	1,000,000	0	621,110	Nil
31/12/07	0	1,000,000	0	621,110	Nil
30/06/08	1,000,000	2,000,000	0	621,110	Nil
16/10/08	2,000,000	4,000,000	434,223	1,055,333	Rights issue

***In 1983, 10,000GBP was exchanged at a rate of N1 to 1GBP

Notes

Proxy Form



FIRST ALUMINIUM NIGERIA PLC

RC NO 2288

FIFTY FIRST ANNUAL GENERAL MEETING

To be held at Lagos Airport Hotel, 111, Obafemi Awolowo Way, Ikeja, Lagos at 11:00 am prompt, on Thursday 18 August 2011.

I/We* _____

being a member/members of FIRST ALUMINIUM NIGERIA PLC hereby appoint**

of _____

or failing him _____

of _____

as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General meeting of the Company to be held on..... and at any adjournment thereof.

Dated _____

Signature(s) _____

Notes

1. Please sign this form and send it to reach the Registrar, Union Registrars Limited, 2 Burma Road, Apapa, Lagos not later than 12:00 noon prompt on 16 August 2011. If executed by a corporation, this form should be sealed under its common seal or under the hand of some officer or an attorney duly authorised in writing.
2. Shareholder's name to be inserted in BLOCK CAPITALS in the space provided marked *. In case of joint shareholders, any one of such may complete this form, but the name of all joint holders must be inserted.
3. 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.

Number of shares held		
Resolution	For	Against
To receive the Financial Statements		
To re-elect directors		
To authorise the directors to fix the remuneration of the auditors		
To elect members of the audit committee		
To approve the remuneration of the directors		

Please indicate with 'X' in the appropriate space how you wish your votes to be cast on the Resolution set out above.

Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.



FIRST ALUMINIUM NIGERIA PLC

RC NO 2288

Admission Form

Number of Shares Held

Please admit the shareholder named on this form or his duly appointed proxy to the Annual General Meeting to be held at 11:00 am prompt on Thursday 18 August 2011, at Lagos Airport Hotel, 111, Obafemi Awolowo Way, Ikeja, Lagos.

Name of Shareholder

Signature(s) of Person Attending

NOTE: YOU ARE REQUESTED TO SIGN THIS FORM AT THE ENTRANCE IN THE PRESENCE OF THE REGISTRARS ON THE DAY OF THE ANNUAL GENERAL MEETING

Please
affix
postage
stamp

The Registrar
Union Registrars Ltd
2, Burma Road
Apapa
Lagos
