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Notice of Annual General Meeting

Notice is hereby given that the Fifty Second Annual General meeting of members of First Aluminium Nigeria Plc will be held on Thursday 7th June 2012 at Lagos Airport Hotel, 111 Obafemi Awolowo Way, Ikeja, Lagos at 11:00 am prompt to transact the following business:

Ordinary Business

1. To receive the Report of the Directors, the audited Financial Statements for the year ended 31 December 2011 and the Reports of the Auditors and Audit Committee thereon.
2. To re-elect Directors.
Special notice is hereby given for the re-election of Alhaji S. S. Baffa as a director of the Company notwithstanding that he is over 70 years old.
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 Ltd., 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 May 28th 2012 to Friday June 1st 2012 (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
14 March 2012

Corporate Information

EXECUTIVE OFFICERS:

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

SECRETARIES:

Popoola Nominees Limited
2A Raufu Taylor Close
Off Idejo Street
Victoria Island, Lagos

REGISTRARS AND TRANSFER OFFICE:

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

AUDITORS:

BDO Professional Services
Chartered Accountants
ADOL House
15 IPM Avenue
Central Business District, Alausa, Ikeja
P.O.Box 4929 GBO Marina

REGISTERED OFFICE:

2, Akilo Street, Ogba, Ikeja
P.O. Box 1071, Lagos.
Telephone: (01) 7349779
E-Mail: info.ho@fanplc.com, lagos.sales@fanplc.com
www.fanplc.com
RC NO: 2288

FACTORIES:

Rolling Mill
19/21 Onitsha Street
Trans Amadi Industrial Layout,
E-Mail: phc.sales@fanplc.com
Port Harcourt.

Packaging Division

2, Akilo Street,
E-Mail: Sales.pack@fanplc.com
Ogba, Ikeja
Lagos.

Aluminium City Limited

1, Alhaji Adejumo Avenue
E-Mail: Lagos.ac.sales@fanplc.com
Oshodi Express way
Ilupeju, Lagos.

BANKERS:

Access Bank Plc
Diamond Bank Plc
Fidelity Bank Plc
Intercontinental Bank Plc
Keystone Bank Limited
Mainstreet Bank Limited
Stanbic IBTC Bank Plc
Union Bank Plc
Wema Bank Plc
Zenith Bank Plc

ANALYSIS OF SHAREHOLDERS LISTING

AS AT 31 DECEMBER 2011

| Range of Shares | Number of Shareholders | % of Total | Share Units | % of Total |
|-----------------------|------------------------|------------|----------------------|------------|
| 1 - 1,000 | 1,688 | 13.14 | 949,433 | 0.04 |
| 10,001 - 10,000 | 6,613 | 51.48 | 33,110,055 | 1.57 |
| 10,001 - 100,000 | 3,958 | 30.81 | 135,372,835 | 6.41 |
| 100,001 - 500,000 | 481 | 3.74 | 98,369,522 | 4.66 |
| 500,001 - 1,000,000 | 60 | 0.47 | 42,503,994 | 2.01 |
| 1,000,001 - 5,000,000 | 35 | 0.27 | 86,729,944 | 4.11 |
| 5,000,001 - and above | 11 | 0.09 | 1,713,323,459 | 81.20 |
| | 12,846 | 100 | 2,110,359,242 | 100 |

Financial Highlights

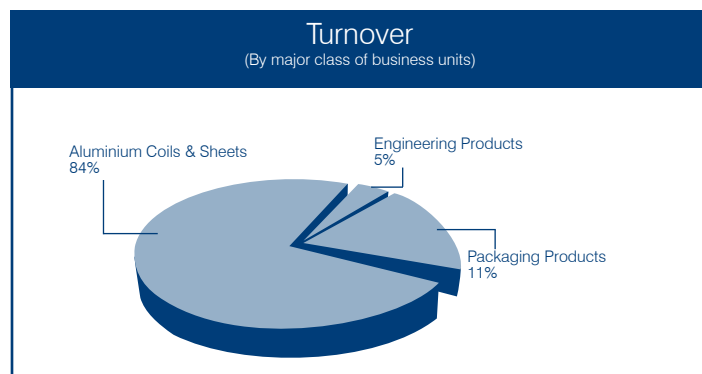
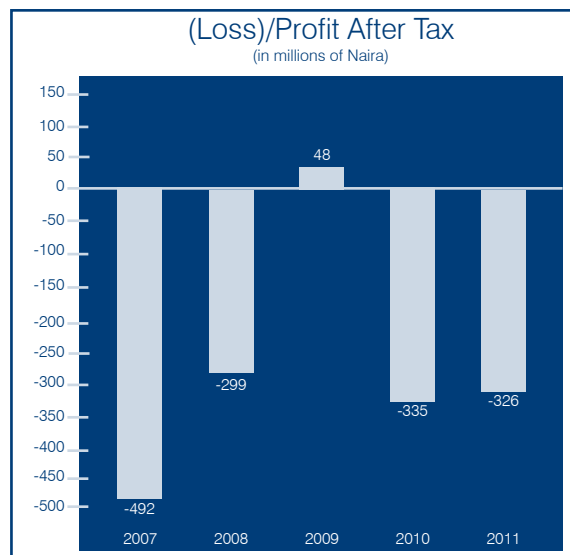
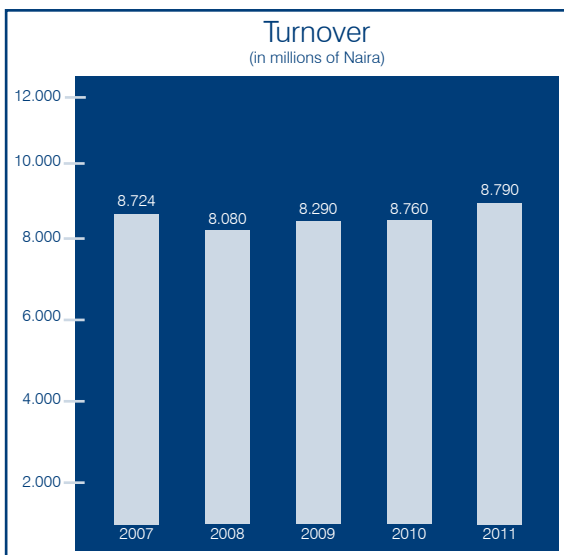
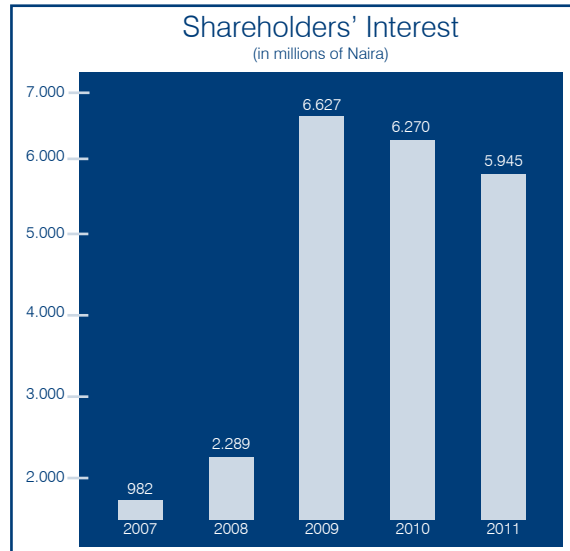
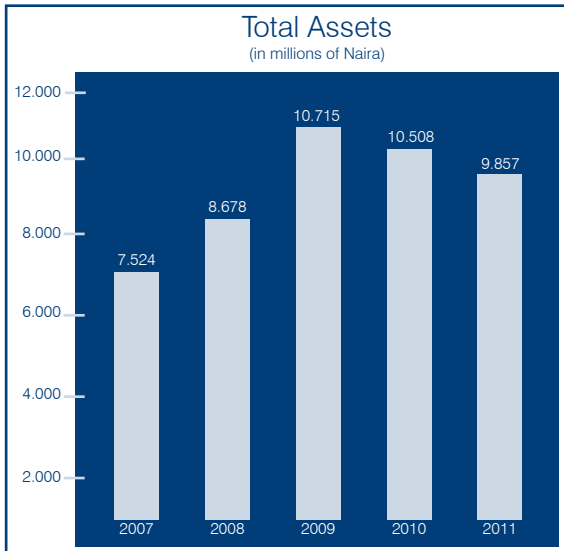
for the year ended 31 December 2011

| | 2011 Group N'000 | 2010 Group N'000 | 2011 Company N'000 | 2010 Company N'000 |
|---------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Turnover | 8,790,055 | 8,760,477 | 8,549,878 | 8,488,610 |
| Trading profit | 48,813 | 77,853 | 17,418 | 303,609 |
| Loss before taxation | (278,223) | (298,070) | (312,216) | (78,662) |
| Loss after taxation | (325,044) | (334,586) | (368,809) | (38,409) |
| Total assets | 9,857,099 | 10,507,953 | 9,743,721 | 10,271,757 |
| Shareholders' interest | 5,945,311 | 6,270,375 | 5,938,617 | 6,307,426 |
| Loss per 50k share (Kobo) | (15) | (16) | (18) | (2) |

Earnings per share were based on the number of shares in issue as at 31 December 2011.

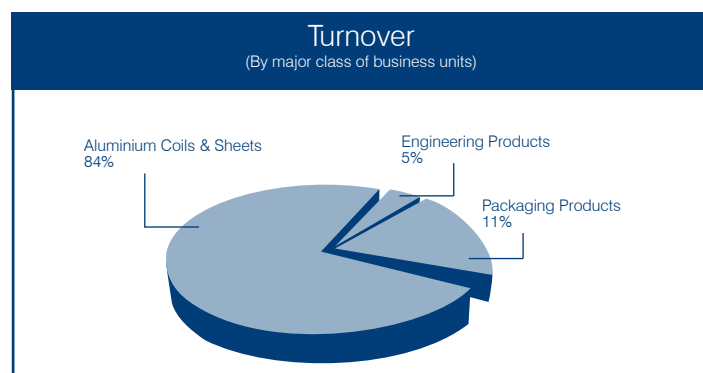
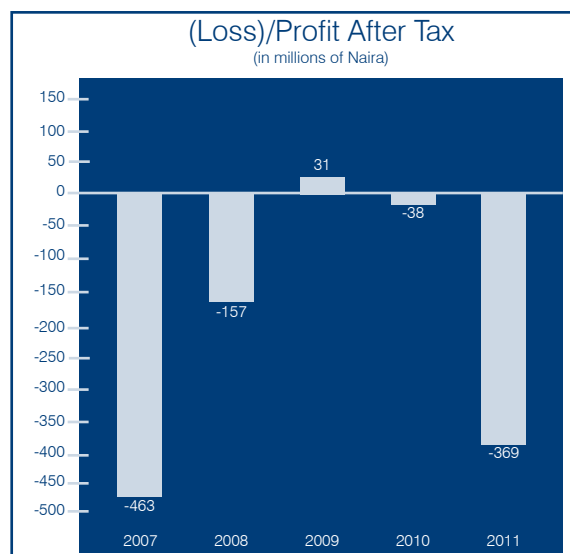
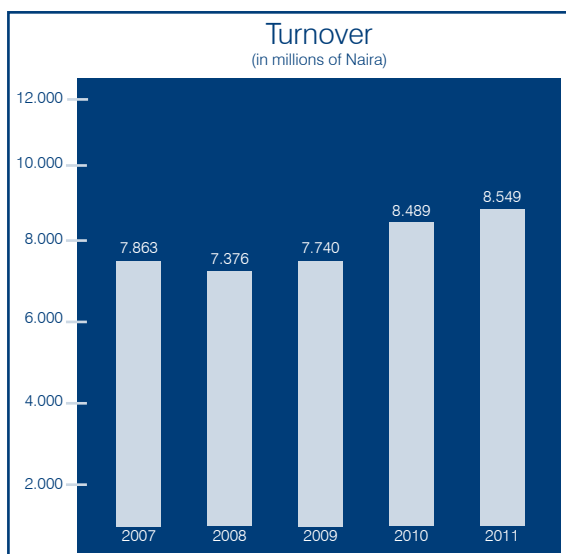
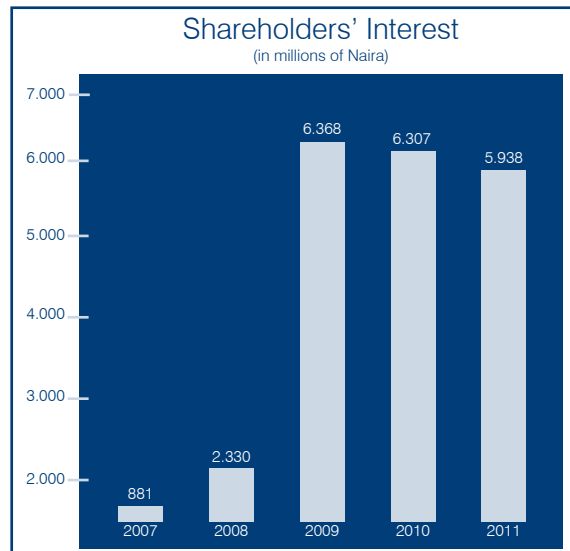
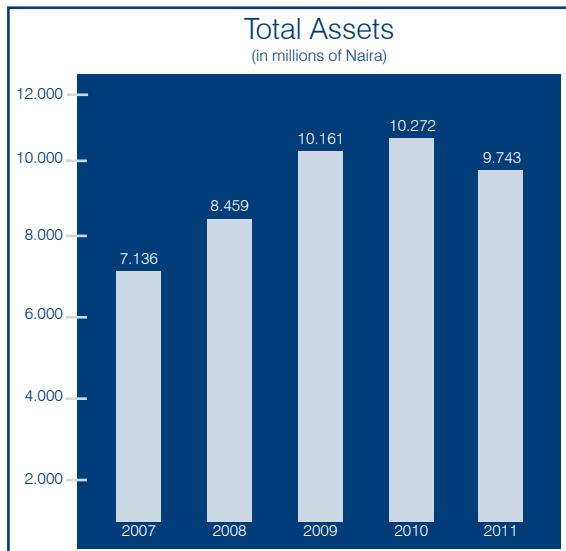
Financial Indicators

(Group)



Financial Indicators

(Company)



Chairman's Statement

Results

2011 has been a difficult year but a year of progress. The Rolling Mill was closed throughout the first quarter of the year as essential upgrade works was undertaken on the 2 Hi Mill. Lack of contribution from our own manufactured products during those 3 months resulted in a consolidated loss of N210m.

After the elections of April the market started to pick up and we reported profits in each of quarters 2 and 3. The LME cost of imported aluminium rose from a budgeted cost of \$2,350 per tonne to a peak of \$2,739 putting our margins under severe pressure. As we order materials several months in advance this high cost continued to affect us until the end of the year.

In certain coil thicknesses we face fierce price competition against imported coil and that proved to be the case throughout the year. Just before the year end the Standards Organisation of Nigeria proscribed that aluminium roofing sheets must have a minimum metal thickness (prior to painting and embossing) of 0.4 mm. We welcome this development as it should eliminate the proliferation of under gauge imported material, and protect the consumer as well as the reputation of aluminium roofing in Nigeria.

Packaging volumes were maintained, but products came under intense price pressure. Management is looking at improving profitability in this division.

Summary Financial Information

| | 2011 N'm | 2010 N'm | Change |
|--------------------------------|-------------|-------------|--------|
| Turnover | 8,790 | 8,760 | |
| Gross profit | 324 | 629 | -49% |
| Exceptional restructuring cost | 21 | 188 | |
| Trading profit | 49 | 78 | -36% |
| Interest charges | 388 | 463 | -16% |
| Loss before taxation | 278 | 298 | -7% |

Restructuring

I announced last year that the activity of manufacturing and fitting of windows and doors within Aluminium City ceased and that remaining employees and assets had been transferred to the rolling mill division to provide a better, and more cost effective sales organization. This was concluded in March 2011. During the year the last contract of the previously owned FEPS division was completed.

Corporate Governance

High standards of corporate governance are rightly expected of the Board and we remain committed to those principles which ensure we run our business in a responsible way. We have always believed that good governance stems from a quality Board with a breadth of experience and skills and non-executives who are able to provide the necessary level of question and debate in the boardroom.

Corporate Social Responsibility

At FAN we take our responsibilities to employees, customers, suppliers and all our stakeholders seriously and our strategy includes specific objectives in respect of this.

The Company has considered Social Responsibility and it takes full account of the significance of environmental and ethical matters in the conduct of its business and in its risk assessment processes.

Environmental

The Group's Environmental Policy includes commitments on prevention of pollution, compliance with all relevant legal and regulatory requirements and to the continuous improvement of environmental performance. In support of the above policy, FAN will:

- Allocate formal environmental responsibilities to ensure compliance with legislation;
- Support a culture of consultation with employees, key stakeholders and other interested parties;

Chairman's Statement continued

- Provide environmental information, guidance and training;
- Monitor; measure, audit and seek continuous improvement in its environmental performance;
- Work with external agencies and bodies to ensure continued adoption of best practice solutions in environmental management;
- Communicate best practice and publish internal and external information detailing its aims and achievements;
- Foster open communication with employees, customers, suppliers and other stakeholders via both electronic publishing and face-to-face discussion.

Ethics and values

The Board of Directors is committed to ensuring high levels of ethical practice and conduct by all FAN employees in all their dealings. FAN will not offer, pay, solicit or accept bribes. The Group's whistleblowing policy was further enhanced during the year and is active at all sites.

Suppliers

Business integrity and fair dealing is key to FAN's relationships with its suppliers and contractors. FAN is committed to building long-term relationships with its supply base. These relationships are reinforced through supplier quality visits. Values such as integrity and working conditions are core to our principles and we actively search for these same values within our supply base.

Health & Safety

FAN aims to provide a safe working environment for all visitors to our premises and also for our employees wherever they work. The Group Health & Safety Policy sets out the Group's requirement to 'meet or exceed legislation and other requirements in the countries in which FAN operates'.

Effective management of our Health & Safety Programme enables us to:

- Minimize the risk of injury to our employees, customers and suppliers and damage to property
- Reduce costs associated with employee illness, injury and loss of physical assets
- Reduce the risk of legislative breaches.

In all our sites, the safety of people and property is paramount. FAN employees' are engaged in activities which include manual handling of heavy objects, mechanical lifting, operating machinery and driving to suppliers and customers locations. In addition to working in the Group's facilities, FAN's Engineers work on customers sites, which are often more hazardous.

Three key measures are monitored across the Group: accident frequency rate, lost times rate and incident frequency rate. By monitoring the results of these measures we are able to identify areas of strong performance which can then be shared across the Group and areas of weakness and consequently activities that may benefit from additional resources and training.

Dividend

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

Outlook

The sales team is being reorganised and strengthened. Customer service is further improved. Focus on lowering the operational cost continues. The current market activity supports the Board's expectation of making further progress in 2012.



ALHAJI S. S. BAFFA
14 March 2012

Managing Director's Review

Introduction

2011 has been the first full year for the new management which has acted swiftly to change the companies results. A new strategy has been developed and execution is on its way.

The fundamental tenets of this strategy are to:

- Put the customer first
- Focus on core activities
- Reduce the cost base commensurate to the level of activity

Good progress has been made in each of these areas in what has been a year of transition. Improved results will be seen in the years to come. The company is in much better shape to capitalise on its market position and to face the new challenges that manufacturing in Nigeria brings.

Special thanks goes to:

- Our customers, who even in difficult periods kept patronising the company;
- Our employees, who have reacted very positively on the needed changes, and
- Our shareholders, who stayed with the company through difficult times.

Operational review

The new strategy, which has been developed to bring the company back in profit in the coming years, means we are changing the company on several fronts at the same time.

The most important one is customer focus. From being a production driven company, within a short period of time we managed to change this to a customer driven company. Nowadays the various departments produce only what is required by the customer. This leads to lower stock levels and enhanced flexibility towards the customer.

We have made it much easier for the customer to do business with us by changing and simplifying many internal rules in favor of the customer.

We have returned the sale of coils and roofing sheets to the Rolling Mill, thus simplifying internal processes and reducing capital tied up, whilst improving flexibility and customer service.

We are the only company in our market to have introduced an official and transparent customer complaint procedure. Any remark from a customer is independently recorded in the company. We have set ourselves a target of responding and resolving any outstanding issue within 48 business hours.

In order to be able to simplify and speed-up change, we have decided to focus on core activities. That means that non-core activities, or any that are loss-making, will be shut. The first activity we had to shut was the window and door manufacturing in Aluminium City. The remaining part of Aluminium City has refocused on roofing and roofing projects. These results have come instantly.

Our goal is to become the lowest possible cost producer. To that end we have already taken out a substantial part of operational cost including overheads.

Managing Director's Review continued

Since people are the most valuable asset of a company, we must ensure that our workers have a safe environment to work in.

Packaging operates in a different industry from the remelting and rolling of aluminium, and its level of HSE awareness is on a par with Europe. We are using the knowledge gained in packaging to improve standards in the Rolling Mill and this already is showing good results.

The Group's target is to achieve better than industry averages in health & safety performance for our sector. A peer group benchmark is used for comparative purposes. The number of accidents has fallen by 44% between 2010 and 2011 to 0.38 injuries per 100,000 hours worked. With this, we are on par with the better European companies in our industry. Our track record is good but we cannot afford to be complacent.

The Market

FAN is known for its superb quality products. 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 have grown our presence in the market of major roofing projects where the combination of our heavy gauge products, project management skills and benefits of vertical integration is a clear differentiator. First Aluminium was an unknown player in this market, but nowadays we are considered to be the prime supplier in this area. Management will decide this year on further expansion in this market.

For the Packaging Division we must broaden our customer base; review all operations on profitability including expansion and downsizing of activities.

Outlook

The position of the company has changed considerably this year. We are much closer to our customers now, and have reduced our cost base considerably. Going further down on this route will increase our turnover and profitability. However, given the present climate in Nigeria, it will take sometime before the strategy materializes.



BERNARDUS ELFRINK

Managing Director

14 March 2012

Directors' Report

The Directors submit to the members of the Company, the audited Financial Statements of the group for the year ended 31 December 2011.

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.

2. REVIEW OF THE BUSINESS

Foreign exchange was available throughout the year, but expensive when compared to previous year. The exchange rate began the year at N152/\$1, it depreciated towards the end of quarter three to N155/\$1 and eventually closed the year at N160/\$1.

Bank lending rates ranged between 15% to 18% PA in the course of the year. The minimum rediscount rate (MRR), CBN's bench mark for Bank lending witnessed upwards changes in the year, as the CBN tried to use the MPR window to curtail inflation and exchange rate devaluation. MPR moved sharply from 6.5% pa at the beginning of the year, to 12% pa at year end.

We imported aluminium ingot raw material from Europe because we could not purchase sufficient supplies locally. 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 2,445\$ to 2,739\$ per tonne 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, 2011 were:

| | | |
|----------------------------------|---|--|
| Alhaji Sulaiman Sulaiman Baffa | - | Chairman |
| Mr. Ben Efrink | - | Managing Director |
| Chief John Nwabueze Ajene | - | Non-Executive Director |
| Engr. Joseph Oyeyani Makoju, mni | - | Non-Executive Director |
| Chief Henry Chukwuma Okolo | - | Non-Executive Director |
| Mr. John Dixon | - | Executive Director |
| Engr. Mike O.Okolo | - | Executive Director |
| Miss Eniye Ambakederemo | - | was appointed as Non-Executive Director on 24 January 2012 |

In accordance with the Company's Articles of Association, Alhaji S. S. Baffa and Chief H. C. Okolo retire by rotation whilst Miss Eniye Ambakederemo who was appointed a Director since the last annual general meeting also retires at this meeting. All the retiring directors being eligible offer themselves for re-election.

Directors' Report continued

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 2011 according to the Register required to be kept under Section 275 of the Companies And Allied Matters Act CAP C20 LFN 2004 and the listing requirements of the Nigerian Stock Exchange were as follows:

| | Ordinary shares of 50 kobo each | |
|--------------------------------|---------------------------------|------------|
| | 31/12/11 | 31/12/10 |
| 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 |
| Mr Ben Elfrink | - | - |
| Mr. John Dixon | - | - |
| Engr. Mike O. Okolo | 77,000 | 77,000 |

Chief J. N. Ajene is interested in Chartered Aluminium Systems Plc 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, CAP C20 LFN 2004, 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 | 48,813 | 17,418 |
| Loss before Taxation | (278,223) | (312,216) |
| Taxation | (46,821) | (56,593) |
| Loss after Taxation | (325,044) | (368,809) |
| Transfer from General Reserve | (325,044) | (368,809) |

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

As at 31 December 2011 the Company did not acquire any of its shares and the disclosure under Schedule 5 of the Companies and Allied Matters Act CAP C20 LFN 2004 is not applicable.

9. SIGNIFICANT CHANGES IN FIXED ASSETS

Details of movements during the year are as set out in Note 8 to the Financial Statements.

10. SIGNIFICANT POST BALANCE SHEET EVENTS

There have been no significant events occurring after 31 December, 2011, 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. The Company recognizes that per capita income consumption of aluminium in Nigeria is now improving, although it is still low compared with other comparable 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 this financial statement as required by the Companies and Allied Matters Act CAP C20 LFN 2004.

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 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 most of 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 managements, etc, 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 CAP C20 LFN 2004, BDO Professional Services 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
14 March 2012

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.

THE TOTAL NUMBER OF BOARD MEETINGS HELD IN 2011
AND ATTENDANCE ARE AS INDICATED BELOW

| No. of meetings held 7 | Attendance |
|------------------------|------------|
| S.S. Baffa | 6 |
| B.Elfrink | 6 |
| W. J. Dixon | 7 |
| M. O. Okolo | 7 |
| J. N. Ajene | 7 |
| H. C. Okolo | 4 |
| J. O. Makoju | 3 |

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 has 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 TOTAL NUMBER OF AUDIT COMMITTEE MEETINGS HELD IN 2011
AND ATTENDANCE ARE AS INDICATED BELOW

| No. of meetings held 5 | Attendance |
|------------------------|------------|
| T. A. Okoronkwo | 5 |
| J. N. Ajene | 5 |
| S. O. Ogunnowo | 5 |
| G. O. Kabiawu | 5 |
| W. J. Dixon | 5 |
| H. C. Okolo | 1 |

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. 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.

The above three sub-committees of the Board met concurrently 10 times in the year and the attendance are as indicated below:

| Number of meetings held 10 | Attendance |
|----------------------------|------------|
| B.Elfrink | 9 |
| W. J. Dixon | 8 |
| M. O. Okolo | 10 |
| A. Vitankar | 8 |
| C. O. Iwunwa | 10 |
| K. Ayibowu | 8 |

iv. 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.

This sub committee met 7 times during the year and attendance is as per the Board meeting set out on page 14.



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 CAP C20 LFN 2004, 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 CAP C20 LFN 2004.
- 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.

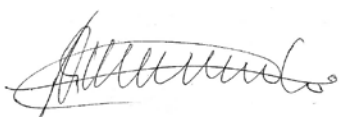
Audit Committee's Report

To the members of the First Aluminium Nigeria Plc

In accordance with Section 359 (6) of the Companies and Allied Matters Act CAP C20 LFN 2004, we have reviewed;

- 1) The scope and planning of the audit requirements.
- 2) The External Auditors' Management Report for the year ended 31 December 2011 as well as the management responses thereon.
- 3) Ascertained that the accounting and reporting policies of the Company for the year ended 31 December 2011 are in accordance with legal requirements and agreed ethical practices.

In our opinion, the scope and planning of the audit for the year ended December 31, 2011 together with the audited accounts were satisfactory. We were satisfied with management responses to the Auditors findings.



T. A. OKORONKWO
Chairman, Audit Committee
13 March 2012

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 |

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Financial Statements

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FIRST ALUMINIUM NIGERIA PLC AND ITS SUBSIDIARY COMPANY

We have audited the accompanying financial statements of First Aluminium Nigeria plc ('the company') and its subsidiary company ('the group') for the financial year ended 31 December 2011, set out on pages 21 to 40 which have been prepared on the basis of significant accounting policies on pages 19 to 20.

Directors' responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with Statements of Accounting Standards issued by the Financial Reporting Council of Nigeria and with the requirements of the Companies and Allied Matters Act, CAP C20 LFN, 2004. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an 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 auditors' 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 auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements give a true and fair view of the state of affairs of the Group and Company's financial position as at 31 December 2011 in accordance with Statements of Accounting Standards issued by the Financial Reporting Council of Nigeria and the Companies and Allied Matters Act CAP C20, LFN, 2004.

Report on other legal requirements

The Companies and Allied Matters Act, CAP C20 LFN, 2004 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; and
- iii) the Group and the Company's balance sheet and profit and loss account are in agreement with the books of account.

Lagos Nigeria
15 March 2012



BDO Professional Services
Chartered Accountants

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 unrealised 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 recognised 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 converted at rates ruling at the transaction dates.

Exchange differences are reflected in income in the year in which they arise.

f PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost or valuation, less accumulated depreciation.

g DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost or valuation, less accumulated depreciation. Depreciation is provided 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% |

Lease buildings are depreciated over the unexpired lease period. Land is not depreciated.

h FINANCE LEASES

Leased assets are stated at their fair values and are capitalised on installation, and depreciated in line with the company policy on depreciation of the related class of property, plant and equipment.

The finance cost of the leases are charged to the profit and loss account in accordance with the lease terms.

i 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.

Significant Accounting Policies continued

j TRADE DEBTORS

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

k 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.

l RETIREMENT BENEFITS

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

(a) *Gratuity Scheme* - The Benefits payable to employees on retirements or resignation are accrued over the service life of the employee concerned based on the 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 contribution to the scheme which are funded through payroll deductions while the Company's contribution is charged to the Profit and Loss account.

m TAXATION

(a) *Income Tax* - Income Tax is provided on Taxable profits at the current statutory tax rate.

(b) *Deferred Tax* - deferred taxation is provided using the liability method, for all temporary differences between the tax basis of assets and liabilities and their carrying values for financial reporting purposes currently enacted tax rates are used to determine deferred income tax.

Deferred tax assets relating to the carrying forward of unused tax losses are recognised to the extent that it is probable that the future tax action profit will be available against which the unused tax losses can be utilised.

n DIVIDEND

Dividends on ordinary shares are recognised as liability in the period in which they are declared. Dividend that are proposed but not yet declared are disclosed in the note to the financial statements.

o 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 the 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, 2011

| | Note | 2011 Group N'000 | 2010 Group N'000 | 2011 Company N'000 | 2010 Company N'000 |
|--------------------------------------|------|------------------------|------------------------|--------------------------|--------------------------|
| Turnover | 2 | 8,790,055 | 8,760,477 | 8,549,878 | 8,488,610 |
| Cost of sales | | (8,466,291) | (8,131,349) | (8,291,209) | (7,934,954) |
| Gross profit | | 323,764 | 629,128 | 258,669 | 553,656 |
| Operating expenses | | (274,951) | (551,275) | (241,251) | (250,047) |
| Trading profit | | 48,813 | 77,853 | 17,418 | 303,609 |
| Other income | 3 | 61,124 | 86,962 | 58,526 | 80,614 |
| Interest payable and similar charges | 4 | (388,160) | (462,885) | (388,160) | (462,885) |
| Loss before taxation | 5 | (278,223) | (298,070) | (312,216) | (78,662) |
| Tax on ordinary activities | 6 | (46,821) | (36,516) | (56,593) | 40,253 |
| Loss after taxation | | (325,044) | (334,586) | (368,809) | (38,409) |
| Loss transferred to reserves | 23 | (325,044) | (334,586) | (368,809) | (38,409) |
| Earning per 50k share | 7 | (15) | (16) | (18) | (2) |

The Statement of Significant Accounting Policies on pages 20 and 21 and accompanying notes on pages 25 to 38 form an integral part of these financial statements.

Balance Sheet

as at 31 December, 2011

| | Note | 2011 Group N'000 | 2010 Group N'000 | 2011 Company N'000 | 2010 Company N'000 |
|--|-------|------------------------|------------------------|--------------------------|--------------------------|
| NON - CURRENT ASSETS | | | | | |
| Fixed assets | 8 | 6,020,347 | 6,274,980 | 5,713,794 | 5,885,156 |
| Investment in shares | 9 | 5,400 | 5,400 | 5,400 | 5,400 |
| Investment in subsidiary | 10 | - | - | 2,500 | 2,500 |
| Long term Receivables | 11 | 5,822 | 5,822 | 5,822 | 5,822 |
| Deferred Tax assets | 12 | 396,644 | 362,574 | 396,644 | 362,574 |
| Long Term assets | 13 | 29,758 | 60,862 | - | - |
| Total non - current assets | | 6,457,971 | 6,709,638 | 6,124,160 | 6,261,452 |
| CURRENT ASSETS | | | | | |
| Stocks | 14 | 2,879,344 | 3,025,170 | 2,869,857 | 2,865,181 |
| Debtors and prepayments | 15 | 437,885 | 601,048 | 430,261 | 544,868 |
| Amount due from related companies | 16(a) | 54,146 | 120,486 | 294,694 | 558,212 |
| Cash at bank and in hand | | 27,753 | 51,611 | 24,749 | 42,043 |
| Total current assets | | 3,399,128 | 3,798,315 | 3,619,561 | 4,010,304 |
| CURRENT LIABILITIES | | | | | |
| Amount falling due within one year | | | | | |
| Borrowings | 17 | (2,083,447) | (2,452,636) | (2,083,447) | (2,452,636) |
| Trade and other creditors | 18 | (1,039,858) | (1,150,369) | (980,846) | (978,444) |
| Amount due to related companies | 16(b) | (47,425) | - | (47,425) | - |
| Taxation | 6 | (141,227) | (91,740) | (110,929) | (31,528) |
| Unclaimed Dividend | | (8,500) | (8,500) | (8,500) | (8,500) |
| | | (3,320,457) | (3,703,245) | (3,231,147) | (3,471,108) |
| Net current assets | | 78,671 | 95,070 | 388,414 | 539,196 |
| Total assets less current liabilities | | 6,536,642 | 6,804,708 | 6,512,574 | 6,800,648 |
| NON - CURRENT LIABILITIES | | | | | |
| Provisions for liabilities and charges | 19 | (125,828) | (133,374) | (125,828) | (120,579) |
| Deferred tax liability | 6 | (17,354) | (28,316) | - | - |
| Creditors due after more than one year | 20 | (448,129) | (372,643) | (448,129) | (372,643) |
| Net assets | | 5,945,331 | 6,270,375 | 5,938,617 | 6,307,426 |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 21 | 1,055,333 | 1,055,333 | 1,055,333 | 1,055,333 |
| Share premium | 22 | 1,659,748 | 1,659,748 | 1,659,748 | 1,659,748 |
| Reserves | 23 | 3,230,250 | 3,555,294 | 3,223,536 | 3,592,345 |
| SHAREHOLDERS' INTEREST | | 5,945,331 | 6,270,375 | 5,938,617 | 6,307,426 |

The financial statements and the accompanying notes were approved by the board of Directors on 14 March and signed on its behalf by:


S.S. BAFFA:.....


B. ELFRINK :.....

The Statement of Significant Accounting Policies on pages 20 and 21 and accompanying notes on pages 25 to 38 form an integral part of these financial statements.

Statement of Cash Flow

| | Note | 2011 Group N'000 | 2010 Group N'000 | 2011 Company N'000 | 2010 Company N'000 |
|---|------|------------------------|------------------------|--------------------------|--------------------------|
| Net cash inflow from operating activities | 24 | 784,557 | 566,605 | 794,539 | 573,759 |
| INVESTMENT ACTIVITIES | | | | | |
| Purchase of fixed assets | 8 | (148,286) | (476,112) | (148,286) | (459,446) |
| Interest received | 3 | 270 | 398 | 270 | 398 |
| Proceeds from sale of fixed assets | | 7,294 | 8,530 | 3,876 | 2,658 |
| | | (140,722) | (467,184) | (144,140) | (456,390) |
| Net cash inflow before financing | | 643,835 | 99,421 | 650,399 | 117,369 |
| FINANCING ACTIVITIES | | | | | |
| Interest paid | 4 | (388,160) | (462,885) | (388,160) | (462,885) |
| Net movement in loan balance | 20 | 2,495 | 148,759 | 2,495 | 148,759 |
| Net movement in leases | 20 | 14,170 | 75,074 | 14,170 | 75,074 |
| Increase/(Decrease) in cash and cash equivalents | 25 | 272,340 | (139,631) | 278,904 | (121,683) |

The Statement of Significant Accounting Policies on pages 20 and 21 and accompanying notes on pages 25 to 38 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. During the year, the Company ceased trading. Its assets and employees were transferred to the Rolling Mill division.

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 2% (2010 3%) of its Turnover after the deduction of appropriate withholding tax.

Notes to the Financial Statements continued

2 SEGMENT INFORMATION

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

| | 2011 Group N'000 | 2010 Group N'000 | 2011 Company N'000 | 2010 Company N'000 |
|--|------------------------|------------------------|--------------------------|--------------------------|
| Turnover by business Sector; | | | | |
| Aluminium Coils and Sheets | 7,424,689 | 8,584,257 | 7,184,512 | 7,391,824 |
| Packaging Products | 947,723 | 993,991 | 947,723 | 993,991 |
| Engineering Products | 417,643 | 102,795 | 417,643 | 102,795 |
| Building accessories | - | 48,854 | - | - |
| Total Turnover by segment | 8,790,055 | 9,729,897 | 8,549,878 | 8,488,610 |
| Intersegment Turnover | - | (969,420) | - | - |
| Total Net Turnover | 8,790,055 | 8,760,477 | 8,549,878 | 8,488,610 |
| Loss before tax by business Sector; | | | | |
| Aluminium Coils and Sheets | (389,449) | (378,420) | (423,442) | (188,789) |
| Packaging Products | 90,975 | 105,864 | 90,976 | 105,864 |
| Engineering Products | 20,251 | 4,263 | 20,251 | 4,263 |
| Building accessories | - | (29,777) | - | - |
| Total Loss before tax | (278,223) | (298,070) | (312,216) | (78,662) |
| Depreciation expense by business Sector; | | | | |
| Aluminium Coils and Sheets | 317,578 | 331,608 | 311,633 | 312,198 |
| Packaging Products | 78,493 | 94,452 | 78,493 | 94,452 |
| Engineering Products | - | 382 | - | 382 |
| Building accessories | - | 16,416 | - | - |
| Total Depreciation Charge | 396,071 | 442,858 | 390,126 | 407,032 |
| Fixed assets by business Sector; | | | | |
| Aluminium Coils and Sheets | 5,311,047 | 5,509,688 | 5,004,494 | 5,119,864 |
| Packaging Products | 709,300 | 765,292 | 709,300 | 765,292 |
| Total Fixed Assets | 6,020,347 | 6,274,980 | 5,713,794 | 5,885,156 |
| Net assets by business Sector; | | | | |
| Aluminium Coils and Sheets | 4,948,488 | 5,252,176 | 4,924,385 | 5,255,834 |
| Packaging Products | 815,874 | 785,360 | 815,874 | 785,360 |
| Total operating segment net assets | 5,764,372 | 6,037,536 | 5,740,259 | 6,041,194 |
| 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 | 396,644 | 362,574 | 396,644 | 362,574 |
| Long term assets | 31,522 | 60,862 | - | - |
| Cash and Bank balances | 27,753 | 51,611 | 24,749 | 42,043 |
| Current and deferred Taxation | (158,580) | (120,056) | (110,929) | (31,528) |
| Retirement Benefit obligations | (125,828) | (133,374) | (125,828) | (120,579) |
| Total Net Assets | 5,945,331 | 6,270,375 | 5,938,617 | 6,307,426 |

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

Turnover by geographical location of Customers;

| | 2011 N'000 Group | 2010 N'000 Group | 2011 N'000 Company | 2010 N'000 Company |
|----------|------------------------|------------------------|--------------------------|--------------------------|
| Domestic | 8,790,055 | 8,760,477 | 8,549,878 | 8,488,610 |
| Total | 8,790,055 | 8,760,477 | 8,549,878 | 8,488,610 |

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 Statements continued

3 OTHER INCOME

| | 2011 Group N'000 | 2010 Group N'000 | 2011 Company N'000 | 2010 Company N'000 |
|--|------------------------|------------------------|--------------------------|--------------------------|
| Profit on disposal of property, plant and equipment | 447 | 341 | 446 | 341 |
| Profit on disposal of FEPS | - | 35,946 | - | 35,946 |
| Interest income | 270 | 398 | 270 | 398 |
| Others | 60,408 | 50,277 | 57,810 | 43,929 |
| | 61,124 | 86,962 | 58,526 | 80,614 |

4 INTEREST PAYABLE AND SIMILAR CHARGES

| | | | | |
|---|---------|---------|---------|---------|
| On bank loans, overdrafts and other loans repayable within 5 years | 388,160 | 462,885 | 388,160 | 462,885 |
|---|---------|---------|---------|---------|

5 LOSS BEFORE TAXATION

| | | | | |
|---|---------|---------|---------|---------|
| Loss before taxation is stated after charging: | | | | |
| Depreciation | 396,071 | 442,858 | 390,126 | 407,032 |
| Auditors' remuneration | 10,000 | 12,000 | 9,000 | 9,000 |
| Restructuring Cost | 20,928 | 188,000 | - | - |
| Profit on disposal of property, plant and equipment | 446 | - | 881 | - |

Restructuring costs consist of property, plant and equipment of Aluminium City Limited and redundancy costs.

6 TAXATION

| | 2011 Group N'000 | 2010 Group N'000 | 2011 Company N'000 | 2010 Company N'000 |
|---|------------------------|------------------------|--------------------------|--------------------------|
| (a) Per profit and loss account | | | | |
| Based on the profit for the year as adjusted for tax at 30% (Subsidiary Coy - Minimum tax) | 577 | 1,865 | - | - |
| Prior year under provision | 88,733 | 17,546 | 88,733 | - |
| Education tax at 2% | 2,543 | 7,490 | 1,930 | 7,490 |
| Capital gains tax | - | 3,595 | - | 3,595 |
| Deferred tax asset | (45,032) | (22,296) | (34,070) | (51,338) |
| Deferred Tax charge | - | 28,316 | - | - |
| | 46,821 | 36,516 | 56,593 | (40,253) |
| (b) Per balance sheet | | | | |
| Balance at the beginning of the year | 91,740 | 72,789 | 31,528 | 27,347 |
| Charge for the year | 91,853 | 56,278 | 90,663 | 11,085 |
| Tax paid during the year | (11,262) | (8,435) | (11,262) | (6,904) |
| Withholding tax credit utilised | (31,104) | (28,892) | - | - |
| Balance at the end of the year | 141,227 | 91,740 | 110,929 | 31,528 |

(c) Income tax expense is the aggregate of the charge to the profit and loss account in respect of current income tax, education and deferred tax.

(d) The amount provided as income tax on the profit for the year has computed on the basis of income tax rate of 30% in accordance with CAP C21 LFN 2004 (as amended).

(e) Provision for education tax has been computed at the rate of 2% on the assessable profit in accordance with Education Tax Act CAP E4 LFN, 2004 (as amended).

(f) Deferred Tax Liability

| | 2011 Group N'000 | 2010 Group N'000 | 2011 Company N'000 | 2010 Company N'000 |
|--------------------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Balance at the beginning of the year | 28,316 | - | - | - |
| Write Back | (10,962) | - | - | - |
| Charge | - | 28,316 | - | - |
| Balance at the end of the year | 17,354 | 28,316 | - | - |

(g) As a result of accelerated income tax capital allowance, in the books of the subsidiary company, the net book value of fixed assets at balance sheet date exceeded their corresponding tax written down value by N164,516,720 (2010: N171,315,159) a decrease during the year of N6,798,439 (2010: N1,587,776). A provision of N10,962,209 has been made for the tax that will become payable in future period upon reversal of this timing differences as depreciation charged exceeded capital allowances in these periods.

Notes to the Financial Statements continued

7 LOSS PER ORDINARY SHARE

Loss per share is calculated by dividing the results attributable to shareholders by the weighted average number of ordinary share in issue during the year.

| | 2011 Group N'000 | 2010 Group N'000 | 2011 Company N'000 | 2010 Company N'000 |
|---|------------------------|------------------------|--------------------------|--------------------------|
| Loss for the year attributable to shareholders | (325,044) | (334,586) | (368,809) | (38,409) |
| Weighted average number of ordinary shares in issue (in thousand units) | 2,110,359 | 2,110,359 | 2,110,359 | 2,110,359 |
| Loss per 50k shares (kobo) | (15) | (16) | (18) | (2) |

8 (a) 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 2011 | 4,798,296 | 3,686,274 | 217,042 | 157,740 | 111,263 | 8,970,615 |
| Additions | 3,654 | 207,135 | 46,290 | 2,470 | (111,263) | 148,286 |
| Disposals | - | (9,094) | - | (10,526) | - | (19,620) |
| At 31 December 2011 | 4,801,950 | 3,884,315 | 263,332 | 149,684 | - | 9,099,281 |
| DEPRECIATION | | | | | | |
| At 1 January 2011 | 103,962 | 2,251,848 | 217,042 | 122,783 | - | 2,695,635 |
| Charge for the year | 52,132 | 311,271 | 18,663 | 14,005 | - | 396,071 |
| Disposals | - | (7,009) | - | (5,763) | - | (12,772) |
| At 31 December 2011 | 156,094 | 2,556,110 | 235,705 | 131,025 | - | 3,078,934 |
| NET BOOK AMOUNT | | | | | | |
| At 31 December 2011 | 4,645,856 | 1,328,205 | 27,627 | 18,659 | - | 6,020,347 |
| At 31 December 2010 | 4,694,334 | 1,434,426 | - | 34,957 | 111,263 | 6,274,980 |

(b) 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 2011 | 4,472,980 | 3,534,147 | 241,830 | 128,670 | 71,676 | 8,449,303 |
| Additions | 3,654 | 208,116 | 5,722 | 2,470 | (71,676) | 148,286 |
| Transfer from Subsidiary | - | 63,676 | 5,039 | 5,193 | - | 73,908 |
| Disposals | - | - | (118) | (8,526) | - | (8,644) |
| At 31 December 2011 | 4,476,634 | 3,805,939 | 252,473 | 127,807 | - | 8,662,853 |
| DEPRECIATION | | | | | | |
| At 1 January 2011 | 95,616 | 2,160,766 | 207,675 | 100,090 | - | 2,564,147 |
| Charge for the year | 50,409 | 308,425 | 17,888 | 13,404 | - | 390,126 |
| Revaluation | - | - | - | - | - | - |
| Disposals | - | - | (118) | (5,096) | - | (5,214) |
| At 31 December 2011 | 146,025 | 2,469,191 | 225,445 | 108,398 | - | 2,949,059 |
| NET BOOK AMOUNT | | | | | | |
| At 31 December 2011 | 4,330,609 | 1,336,748 | 27,028 | 19,409 | - | 5,713,794 |
| At 31 December 2010 | 4,377,364 | 1,373,381 | 34,155 | 28,580 | 71,676 | 5,885,156 |

9 INVESTMENT IN SHARES

Investment in shares represent the value of 1.8 million in First City Monument Bank Plc at N3 per share. Market value as at 31st December 2011 was worth N4.18 kobo per share (2010: N7.70 kobo per share).

10 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 | Total N'000 |
|--|------------------|-----------------------|----------------|
| Condensed results of operation | | | |
| Turnover | 8,549,878 | 240,177 | 8,790,055 |
| Gross profit | 258,669 | 66,422 | 325,091 |
| Trading profit | 18,745 | 31,395 | 50,140 |
| (Loss)/Profit before taxation | (312,216) | 33,993 | (278,223) |
| (Loss)/Profit after taxation | (368,809) | 43,765 | (325,044) |
| Condensed financial position | | | |
| Non current assets | 6,124,160 | 333,811 | 6,457,971 |
| Current assets | 3,619,561 | (220,433) | 3,399,128 |
| Current liabilities | (3,231,147) | (89,310) | (3,320,457) |
| Non current liabilities | (573,957) | (17,354) | (591,311) |
| Net assets | 5,938,617 | 6,714 | 5,945,331 |
| Condensed cash flow | | | |
| Net cash generated from operating activities | 794,539 | (9,982) | 784,557 |
| Net cash generated from investing activities | (144,140) | 3,418 | (140,722) |
| Net cash generated from financing activities | (371,495) | - | (371,495) |
| Movement in cash and cash equivalents | 278,904 | (6,564) | 272,340 |
| Subsidiary financial split | | | |
| Cash and bank balances | 24,749 | 3,004 | 27,753 |
| Bank loans and overdraft | 1,736,321 | - | 1,736,321 |
| Finance lease | 90,372 | - | 90,372 |
| Term loans | 606,505 | - | 606,505 |
| Commercial paper | 141,500 | - | 141,500 |

Notes to the Financial Statements continued

| | 2011 Group N'000 | 2010 Group N'000 | 2011 Company N'000 | 2010 Company N'000 |
|---------------------------------|------------------------|------------------------|--------------------------|--------------------------|
| 11 LONG TERM RECEIVABLES | | | | |
| Balance 1 January | 5,822 | 5,822 | 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 2011 financial year.

| | 2011 Group N'000 | 2010 Group N'000 | 2011 Company N'000 | 2010 Company N'000 |
|-------------------------------|------------------------|------------------------|--------------------------|--------------------------|
| 12 DEFERRED TAX ASSETS | | | | |
| Balance 1 January | 362,574 | 362,574 | 362,574 | 362,574 |
| Provision for the year | 34,070 | - | 34,070 | - |
| Balance 31 December | 396,644 | 362,574 | 396,644 | 362,574 |

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.

| | 2011 Group N'000 | 2010 Group N'000 | 2011 Company N'000 | 2010 Company N'000 |
|--------------------------------|------------------------|------------------------|--------------------------|--------------------------|
| 13 (a) LONG TERM ASSETS | | | | |
| Balance 1 January | 60,862 | 60,862 | | |
| Provision for the year | - | - | | |
| Amount utilized | (31,104) | - | | |
| Balance 31 December | 29,758 | 60,862 | | |

(b) 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 utilized the sum of N31.1m to absorb prior tax liability as assessed by the FIRS .

Notes to the Financial Statements continued

| | 2011 Group N'000 | 2010 Group N'000 | 2011 Company N'000 | 2010 Company N'000 |
|---|------------------------|------------------------|--------------------------|--------------------------|
| 14 STOCKS | | | | |
| Raw materials | 888,296 | 327,773 | 888,296 | 327,773 |
| Work in progress | 241,883 | 250,762 | 241,883 | 250,762 |
| Finished goods | 583,469 | 810,486 | 573,982 | 652,458 |
| Contract Materials | - | 110,478 | - | - |
| Goods in transit | 781,402 | 1,237,463 | 781,402 | 1,088,458 |
| Stores materials | 384,294 | 288,208 | 384,294 | 545,730 |
| | 2,879,344 | 3,025,170 | 2,869,857 | 2,865,181 |
| 15 DEBTORS AND REPAYMENTS | | | | |
| Trade debtors | 239,230 | 347,203 | 239,230 | 323,223 |
| Contract work in progress | - | 20,326 | - | - |
| Other debtors | 82,022 | 81,857 | 74,398 | 78,559 |
| Prepayments | 116,633 | 151,662 | 116,633 | 143,086 |
| | 437,885 | 601,048 | 430,261 | 544,868 |
| 16 (a) AMOUNT DUE FROM RELATED COMPANIES | | | | |
| Aluminium City Limited | - | - | 240,548 | 437,726 |
| African Oil Field Services Limited | 2,674 | 42 | 2,674 | 42 |
| Gerad Limited | 25,397 | 57,938 | 25,397 | 57,938 |
| Inlaks Computers Limited | 1,798 | 1,265 | 1,798 | 1,265 |
| Inlaks Power Solution Limited | 24,277 | 61,241 | 24,277 | 61,241 |
| | 54,146 | 120,486 | 294,694 | 558,212 |
| (b) AMOUNT DUE TO RELATED COMPANY | | | | |
| Gerad Limited | 47,425 | - | 47,425 | - |
| 17 (a) SHORT TERM BORROWINGS | | | | |
| Bank loans and overdrafts (17(b)) | 1,736,321 | 2,052,519 | 1,736,321 | 2,052,519 |
| Term loans (Note (20 (e))) | 347,126 | 400,117 | 347,126 | 400,117 |
| | 2,083,447 | 2,452,636 | 2,083,447 | 2,452,636 |

(b) At 31 December 2011, the company had Bank loans and overdraft facilities amounting to N4.3 billion (2010: N3.8 billion) out of which N2.08 billion (2010: 2.4 billion) was utilised.

(c) The facilities are secured amongst other with;

- i) Negative pledge on the company's assets
- (ii) Stock hypothecation backed by letter of pledge and trust receipt.
- (iii) Lien on shipping documents and good imported.
- (iv) Drafts and cheques in clearing.
- (v) Facility to run as advances against specific transactions.

Notes to the Financial Statements continued

| | 2011 Group N'000 | 2010 Group N'000 | 2011 Company N'000 | 2010 Company N'000 |
|---|------------------------|------------------------|--------------------------|--------------------------|
| 18 CREDITORS DUE WITHIN ONE YEAR | | | | |
| Trade creditors | 414,665 | 201,044 | 410,619 | 195,991 |
| Customers' deposits | 170,617 | 142,215 | 148,834 | 49,644 |
| Obligations under finance leases | 43,122 | 28,952 | 43,122 | 28,952 |
| Bills for Collection | 182,746 | 385,172 | 182,746 | 385,172 |
| Other creditors and accruals | 228,708 | 392,986 | 195,525 | 318,685 |
| | 1,039,858 | 1,150,369 | 980,846 | 978,444 |

(b) Included in customers' deposits are the following items relating to the subsidiary company's construction contract business:

| | 2011 Group N'000 | 2010 Group N'000 | 2011 Company N'000 | 2010 Company N'000 |
|-------------------|------------------------|------------------------|--------------------------|--------------------------|
| Progress payments | - | 36,000 | - | - |
| Advance payments | - | 2,600 | - | - |

19 PROVISIONS FOR LIABILITIES AND CHARGES ESB

| | 2011 Group N'000 | 2010 Group N'000 | 2011 Company N'000 | 2010 Company N'000 |
|--------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Balance 1 January | 133,374 | 81,382 | 120,579 | 70,268 |
| Accrued within the year | 18,561 | 64,996 | 18,561 | 56,859 |
| Due within one year | - | (643) | - | - |
| Payments during the year | (26,107) | (12,361) | (13,312) | (6,548) |
| Balance 31 December | 125,828 | 133,374 | 125,828 | 120,579 |

ESB - End of Service benefit 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's salaries.

Notes to the Financial Statements continued

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

| | 2011 Group N'000 | 2010 Group N'000 | 2011 Company N'000 | 2010 Company N'000 |
|--|------------------------|------------------------|--------------------------|--------------------------|
| 20 CREDITORS DUE AFTER MORE THAN ONE YEAR | | | | |
| Obligations under finance leases | 47,250 | 47,250 | 47,250 | 47,250 |
| Commercial Paper | 141,500 | 121,500 | 141,500 | 121,500 |
| Obligation under term loans (Note 20(e)) | 259,379 | 203,893 | 259,379 | 203,893 |
| At 31 December | 448,129 | 372,643 | 448,129 | 372,643 |

(b) The availability and utilization of commercial notes worth N141.5 million has been extended beyond one year tenor; these bear interest at prevailing market rates to be paid on a quarterly basis.

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

| | 2011 Group N'000 | 2010 Group N'000 | 2011 Company N'000 | 2010 Company N'000 |
|----------------------------------|------------------------|------------------------|--------------------------|--------------------------|
| LEASE OBLIGATIONS: | | | | |
| Balance 1 January | 76,202 | 1,128 | 76,202 | 1,128 |
| New lease in the year | 50,000 | 90,000 | 50,000 | 90,000 |
| Repayment during the year | (35,830) | (14,926) | (35,830) | (14,926) |
| Balance 31 December | 90,372 | 76,202 | 90,372 | 76,202 |
| Analyzed into: | | | | |
| Due within one year (note 18(a)) | 43,122 | 28,952 | 43,122 | 28,952 |
| Due after more than one year | 47,250 | 47,250 | 47,250 | 47,250 |

(d) Amount due on the lease is repayable on a reducing balance method. The outstanding balance as analyzed is repayable on monthly and quarterly basis, with the last installment due in 2014.

Notes to the Financial Statements continued

| | 2011 Group N'000 | 2010 Group N'000 | 2011 Company N'000 | 2010 Company N'000 |
|--|------------------------|------------------------|--------------------------|--------------------------|
| (e) TERM LOAN OBLIGATIONS: | | | | |
| Balance 1 January | 604,010 | 455,251 | 604,010 | 455,251 |
| New term loan in the year | 579,695 | 814,596 | 579,695 | 814,596 |
| Repayment during the year | (577,200) | (665,837) | (577,200) | (665,837) |
| Balance 31 December | 606,505 | 604,010 | 606,505 | 604,010 |
| Analyzed into: | | | | |
| Due within one year (note 17) | 347,126 | 400,117 | 347,126 | 400,117 |
| Due after more than one year (note 20 (a)) | 259,379 | 203,893 | 259,379 | 203,893 |
| | 606,505 | 604,010 | 606,505 | 604,010 |

During the year the sum of N579.7m was received from Bank of Industry (BOI) through Mainstreet Bank Limited to refinance the new paint line investment in Rolling Mill Port Harcourt. The loan is for a period of three years.

| | 2011 Group N'000 | 2010 Group N'000 | 2011 Company N'000 | 2010 Company N'000 |
|---|------------------------|------------------------|--------------------------|--------------------------|
| 21 SHARE CAPITAL | | | | |
| Authorised: 4,000,000,000 (2010: 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 (2010: 2,110,359,242) ordinary shares of 50k each Balance at year end | 1,055,333 | 1,055,333 | 1,055,333 | 1,055,333 |
| 22 SHARE PREMIUM | | | | |
| Balance at year end | 1,659,748 | 1,659,748 | 1,659,748 | 1,659,748 |

Notes to the Financial Statements continued

23 RESERVES - GROUP

| | Capital Reserve N'000 | General Reserve N'000 | Total 2011 N'000 | Total 2010 N'000 |
|---|--------------------------|--------------------------|------------------------|------------------------|
| At 1 January 2011 | 4,467,643 | (912,349) | 3,555,294 | 3,911,880 |
| Loss for the year | - | (325,044) | (325,044) | (334,586) |
| Adjustment - prior year revaluation reserve | - | - | - | (22,000) |
| At 31 December 2011 | 4,467,643 | (1,237,393) | 3,230,250 | 3,555,294 |

RESERVES - COMPANY

| | Capital Reserve N'000 | General Reserve N'000 | Total 2011 N'000 | Total 2010 N'000 |
|---|--------------------------|--------------------------|------------------------|------------------------|
| At 1 January 2011 | 4,184,479 | (592,134) | 3,592,345 | 3,652,754 |
| Loss for the year | - | (368,809) | (368,809) | (38,409) |
| Adjustment - prior year revaluation reserve | - | - | - | (22,000) |
| At 31 December 2011 | 4,184,479 | (960,943) | 3,223,536 | 3,592,345 |

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

| | 2011 Group N'000 | 2010 Group N'000 | 2011 Company N'000 | 2010 Company N'000 |
|--|------------------------|------------------------|--------------------------|--------------------------|
| Trading profit | 48,813 | 77,853 | 17,418 | 303,609 |
| Other income | 60,408 | 86,223 | 57,810 | 79,875 |
| Depreciation charges | 396,071 | 442,858 | 390,126 | 407,032 |
| Net asset transferred from Subsidiary | - | - | (73,908) | - |
| Decrease (increase) in stocks | 145,826 | (22,779) | (4,676) | (195,198) |
| Decrease in debtors | 163,163 | 157,659 | 114,607 | 161,866 |
| Decrease in long term assets | 31,104 | 64,663 | - | - |
| Withholding Tax balance utilised | (31,104) | (28,892) | - | - |
| Tax Paid | (11,262) | (8,435) | (11,262) | (6,904) |
| Decrease in deferred tax liability | - | 25,782 | - | - |
| Increase in amounts owed by related companies | 66,340 | 37,240 | 263,518 | 24,757 |
| (Decrease) in payables/accruals | (132,227) | (161,305) | (6,519) | (97,016) |
| Increase/(decrease) in amounts owed to related companies | 47,425 | (104,262) | 47,425 | (104,262) |
| Net cash inflow from operating activities | 784,557 | 566,605 | 794,539 | 573,759 |

25 ANALYSIS OF CASH AND CASH EQUIVALENTS DURING THE YEAR

| | | | | |
|---|----------------|------------------|----------------|------------------|
| Opening cash balance | (51,611) | (46,925) | (42,043) | (19,409) |
| Add: Opening borrowing | 2,174,019 | 2,029,702 | 2,174,019 | 2,029,702 |
| Less: Closing borrowing | (1,877,821) | (2,174,019) | (1,877,821) | (2,174,019) |
| Add: Closing cash balance | 27,753 | 51,611 | 24,749 | 42,043 |
| Increase/(decrease) in cash and cash equivalents | 272,340 | (139,631) | 278,904 | (121,683) |

Notes to the Financial Statements continued

26 CONTINGENT LIABILITIES

There were no material contingent liabilities as at 31 December 2011 (31 December 2010: Nil)

27 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 N22.2m (2010: N23.4m) 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:

| | 2011 Group Number | 2010 Group Number | 2011 Company Number | 2010 Company Number |
|----------------|-------------------------|-------------------------|---------------------------|---------------------------|
| Categories | | | | |
| Management | 52 | 64 | 52 | 53 |
| Non-management | 435 | 477 | 435 | 421 |
| | 487 | 541 | 487 | 474 |

| | 2011 Group N'000 | 2010 Group N'000 | 2011 Company N'000 | 2010 Company N'000 |
|-----------------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Staff cost for the above persons: | | | | |
| Wages, salaries and benefits | 506,291 | 750,583 | 506,291 | 660,899 |
| Other pension costs | 66,084 | 84,796 | 66,084 | 73,666 |
| | 572,375 | 835,379 | 572,375 | 734,565 |

Notes to the Financial Statements continued

28 DIRECTORS AND EMPLOYEES (Cont'd)

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

| ₦ | ₦ | 2011 Group Number | 2010 Group Number | 2011 Company Number | 2010 Company Number |
|-----------|------------|-------------------------|-------------------------|---------------------------|---------------------------|
| 200,000 | 300,000 | 133 | 171 | 133 | 158 |
| 300,001 | 400,000 | 81 | 104 | 81 | 94 |
| 400,001 | 500,000 | 65 | 71 | 65 | 61 |
| 500,001 | 600,000 | 60 | 62 | 60 | 54 |
| 600,001 | 700,000 | 38 | 23 | 38 | 13 |
| 700,001 | 800,000 | 42 | 30 | 42 | 26 |
| 800,001 | 900,000 | 19 | 23 | 19 | 21 |
| 900,001 | 1,000,000 | 14 | 38 | 14 | 37 |
| 1,000,001 | 2,000,000 | 25 | 11 | 25 | 3 |
| 2,000,001 | 3,000,000 | 2 | 3 | 2 | 2 |
| 3,000,001 | 4,000,000 | 2 | 2 | 2 | 2 |
| 4,000,001 | 5,000,000 | 3 | 1 | 3 | 1 |
| 5,000,001 | 10,000,000 | 1 | 1 | 1 | 1 |
| ABOVE | 10,000,000 | 2 | 1 | 2 | 1 |

DIRECTORS

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

| N'000 | N'000 | N'000 | N'000 |
|---------------|---------------|---------------|---------------|
| 34,203 | 26,043 | 34,203 | 26,043 |

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

| | | | | |
|---------------------------|---------------|---------------|---------------|---------------|
| The chairman | 978 | 855 | 978 | 855 |
| The highest paid director | 11,863 | 12,632 | 11,863 | 12,632 |

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:

| ₦ | ₦ | 2011 Group Number | 2010 Group Number | 2011 Company Number | 2010 Company Number |
|------------|--------------|-------------------------|-------------------------|---------------------------|---------------------------|
| Less than | - 500,000 | - | 3 | - | 3 |
| 500,001 | - 1,000,000 | 4 | 1 | 4 | 1 |
| 1,000,001 | - 10,000,000 | 1 | - | 1 | - |
| 10,000,001 | - 15,000,000 | 2 | 1 | 2 | 1 |
| 15,000,001 | - 16,000,000 | - | 1 | - | 1 |

Notes to the Financial Statements continued

29 TRANSACTIONS WITH DIRECTORS

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

30 TRANSACTIONS WITH OFFICERS

Included in other debtors (Note 15) are loans to officers of the Company amounting to N15,131,858.53 (2010: N16,795,908)

31 RELATED PARTY TRANSACTIONS

- (a) 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.
- (b) Gerad limited charges a handling commission of 0.5% (2010 1%) of the value of purchases for rendering this service. This commission is included in the invoice values of goods and services to the company.
- (c) Purchases during the period amounted to N4.8 billion (2010: N4.3 billion).
- (d) Note 16 to the financial statement disclose details of the amount due from/to the related companies including Gerad Limited at the end of the financial year.

32 TECHNICAL ASSISTANCE AND KNOW-HOW 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 N164 million (2010: N126 million).

33 COMPARATIVE FIGURES

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year in accordance with statement of accounting standards (SAS) 2.

Statement of Value Added

for the year ended 31 December 2011

| | 2011 Group N'000 | % | 2010 Group N'000 | % | 2011 Company N'000 | % | 2010 Company N'000 | % |
|--|------------------------|------------|------------------------|------------|--------------------------|------------|--------------------------|------------|
| Turnover | 8,790,055 | | 8,760,477 | | 8,549,878 | | 8,488,610 | |
| Other income | 61,124 | | 86,962 | | 58,526 | | 80,614 | |
| Purchase of goods and services - Foreign | (4,814,135) | | (4,298,150) | | (4,814,135) | | (4,298,150) | |
| Purchase of goods and services - Local | (2,958,661) | | (3,106,237) | | (2,755,824) | | (2,745,254) | |
| VALUE ADDED | 1,078,383 | 100 | 1,443,052 | 100 | 1,038,445 | 100 | 1,525,820 | 100 |
| APPLIED AS FOLLOWS | | | | | | | | |
| EMPLOYEES | | | | | | | | |
| Salaries, wages and other benefits | 572,375 | 53 | 835,379 | 58 | 572,375 | 55 | 734,565 | 48 |
| PROVIDERS OF FUNDS | | | | | | | | |
| Interest | 388,160 | 36 | 462,885 | 32 | 388,160 | 37 | 462,885 | 30 |
| GOVERNMENT | | | | | | | | |
| Taxation | 46,821 | 4 | 36,516 | 2 | 56,593 | 5 | (40,253) | (3) |
| THE FUTURE | | | | | | | | |
| Depreciation | 396,071 | 37 | 442,858 | 31 | 390,126 | 38 | 407,032 | 28 |
| Retained profit/(loss) | (325,044) | (30) | (334,586) | (23) | (368,809) | (35) | (38,409) | (3) |
| VALUE ADDED | 1,078,383 | 100 | 1,443,052 | 100 | 1,038,445 | 100 | 1,525,820 | 100 |

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 2011

| | 2011 N'000 | 2010 N'000 | 2009 N'000 | 2008 N'000 | 2007 N'000 |
|---|---------------|---------------|---------------|---------------|---------------|
| FUNDS EMPLOYED | | | | | |
| Share capital | 1,055,333 | 1,055,333 | 1,055,333 | 1,055,333 | 621,110 |
| Share premium | 1,659,748 | 1,659,748 | 1,659,748 | 1,659,748 | 487,600 |
| Capital reserve | 4,467,643 | 4,467,643 | 4,489,643 | 200,275 | 200,275 |
| General reserve | (1,237,393) | (912,349) | (577,762) | (626,079) | (327,427) |
| Shareholders' interest | 5,945,331 | 6,270,375 | 6,626,962 | 2,289,277 | 981,558 |
| Long term loan | 448,129 | 372,643 | 239,259 | 206,400 | 1,507,119 |
| Deferred taxation | 17,354 | 28,316 | - | 25,782 | - |
| | 6,410,814 | 6,671,334 | 6,866,221 | 2,521,459 | 2,488,677 |
| EMPLOYMENT OF FUNDS | | | | | |
| Fixed assets | 6,020,347 | 6,274,980 | 6,271,916 | 2,183,308 | 2,299,991 |
| Investment in shares | 5,400 | 5,400 | 5,400 | 5,400 | 5,400 |
| Long term receivables | 5,822 | 5,822 | 5,822 | 5,822 | 5,822 |
| Deferred tax assets | 396,644 | 362,574 | 340,278 | 322,830 | 119,469 |
| Long term assets | 29,758 | 60,862 | 125,525 | 127,673 | 124,563 |
| Current assets less liabilities and Charges | (47,157) | (38,304) | 117,280 | (123,574) | (66,568) |
| | 6,410,814 | 6,671,334 | 6,866,221 | 2,521,459 | 2,488,677 |
| SALES AND PROFIT | | | | | |
| Turnover | 8,790,055 | 8,760,477 | 8,289,986 | 8,080,063 | 8,723,618 |
| (Loss)/Profit before taxation | (278,223) | (298,070) | 59,621 | (473,092) | (583,106) |
| Taxation | (46,821) | (36,516) | (11,305) | 174,440 | 91,522 |
| (Loss)/Profit after taxation | (325,044) | (334,586) | 48,316 | (298,652) | (491,584) |
| PER ORDINARY SHARE (Adjusted) | | | | | |
| (Loss)/Profit after tax (k) | (15.4) | (15.9) | 2.3 | (23.2) | (38.1) |
| Book value (k) | 281.7 | 297.1 | 314.0 | 177.5 | 79.0 |
| OTHER STATISTICS | | | | | |
| Capital expenditure | 148,286 | 476,112 | 147,583 | 248,164 | 227,164 |
| No. of shareholders at the year end | 12,846 | 13,002 | 13,116 | 13,030 | 9,108 |
| No. of employees at the year end | 487 | 541 | 572 | 529 | 588 |

Financial Summary - Company

for the year ended 31 December 2011

| | 2011 N'000 | 2010 N'000 | 2009 N'000 | 2008 N'000 | 2007 N'000 |
|---|---------------|---------------|---------------|---------------|---------------|
| FUNDS EMPLOYED | | | | | |
| Share capital | 1,055,333 | 1,055,333 | 1,055,333 | 1,055,333 | 621,110 |
| Share premium | 1,659,748 | 1,659,748 | 1,659,748 | 1,659,748 | 487,600 |
| Capital reserve | 4,184,479 | 4,184,479 | 4,206,479 | 200,275 | 200,275 |
| General reserve | (960,943) | (592,134) | (553,725) | (585,023) | (428,032) |
| Shareholders' interest | 5,938,617 | 6,307,426 | 6,367,835 | 2,330,333 | 880,953 |
| Long term loan | 448,129 | 372,643 | 239,259 | 206,400 | 1,507,119 |
| | 6,386,746 | 6,680,069 | 6,607,094 | 2,536,733 | 2,388,072 |
| EMPLOYMENT OF FUNDS | | | | | |
| Fixed assets | 5,713,794 | 5,885,156 | 5,857,058 | 2,033,726 | 2,137,533 |
| 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 | 5,822 |
| Deferred tax assets | 396,644 | 362,574 | 311,236 | 297,808 | 123,770 |
| Current assets less liabilities and Charges | 262,586 | 418,617 | 425,078 | 191,477 | 113,047 |
| | 6,386,746 | 6,680,069 | 6,607,094 | 2,536,733 | 2,388,072 |
| SALES AND PROFIT | | | | | |
| Turnover | 8,549,878 | 8,488,610 | 7,740,481 | 7,375,573 | 7,863,244 |
| (Loss)/Profit before taxation | (312,216) | (78,662) | 24,949 | (331,029) | (542,861) |
| Taxation | (56,593) | 40,253 | 6,349 | 174,038 | 80,028 |
| (Loss)/Profit after taxation | (368,809) | (38,409) | 31,298 | (156,991) | (462,833) |
| PER ORDINARY SHARE (Adjusted) | | | | | |
| (Loss)/Profit after tax (k) | (17.5) | (1.9) | 1.5 | (12.2) | (35.9) |
| Book value (k) | 281.4 | 298.8 | 301.7 | 180.7 | 68.3 |
| OTHER STATISTICS | | | | | |
| Capital expenditure | 148,286 | 459,446 | 140,323 | 227,468 | 210,970 |
| No.of shareholders at the year end | 12,846 | 13,002 | 13,116 | 13,030 | 9,108 |
| No.of employees at the year end | 487 | 474 | 505 | 461 | 510 |

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

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 7 June 2012.

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 Thursday 7 June 2012 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 11:00 am prompt on 5 June 2012. 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 7 June 2012, 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
