

**BERMINE MINING ENTERPRISE LIMITED  
FINANCIAL STATEMENTS FOR 2002**

9-2004-1-03  
Financial Statement  
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AUDITED FINANCIAL STATEMENTS OF THE  
BERBICE MINING ENTERPRISE LIMITED

FOR THE YEAR ENDED  
31 DECEMBER 2002

AUDITORS: OFFICE OF THE AUDITOR GENERAL  
63 HIGH STREET  
KINGSTON  
GEORGETOWN  
GUYANA

OPINION.: 97/2004





*Office of the Auditor General*

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AG:97/2004

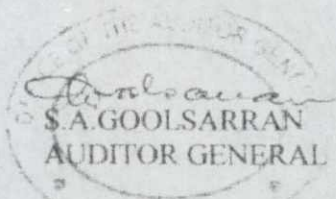
29 October 2004

REPORT OF THE AUDITOR GENERAL  
TO THE BOARD OF DIRECTORS OF  
BERBICE MINING ENTERPRISE LIMITED  
(WHOLLY OWNED SUBSIDIARY OF BAUXITE  
INDUSTRY DEVELOPMENT COMPANY LIMITED)  
ON THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2002

Chartered Accountants, Ram and Mc Rae, have audited on my behalf the financial statements of Berbice Mining Enterprise Limited for the year ended 31 December 2002 as set out on pages 1 to 17. The audit was conducted in accordance with the Financial Administration and Audit (Amendment) Act 1993.

The preparation of the financial statements, including assertions relating to their completeness, accuracy and validity, and compliance with applicable laws, regulations and contractual obligations, is the responsibility of Management. My responsibility is to express an independent opinion on the statements based on these assertions and to report my opinion to you.

As required by the Financial Administration and Audit (Amendment) Act 1993, I have reviewed the audit plan and procedures, workpapers, report and opinion of the Chartered Accountants. I have also had detailed discussions with the Chartered Accountants on all matters of significance to the audit. I concur with the disclaimer of opinion, as attached, of Chartered Accountants, Ram and Mc Rae.



OFFICE OF THE AUDITOR GENERAL  
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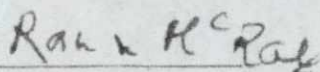
**REPORT OF THE INDEPENDENT CHARTERED ACCOUNTANTS RAM & McRAE TO  
THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF BERBICE MINING  
ENTERPRISE LIMITED FOR THE YEAR ENDED DECEMBER 31, 2002**

We were engaged to audit the balance sheet of **Berbice Mining Enterprise Limited** as at December 31, 2002, and the related statements of income, changes in shareholders equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Office of the Auditor General's auditing standards and International Standards on Auditing. Those standards require that we plan and perform an audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying financial statements have been prepared assuming that the company will continue as a going concern. As stated in note 1 however, the Government intends to liquidate the company and vest operational assets with Aroaima Mining Company Limited. Additionally, the company has been experiencing cash flow problems and has consequently been unable to service its liabilities amounting in total to \$1,521,329,543. The company had a net loss of \$581,316,751 for the year ended December 31, 2002 and as of that date had a working capital deficit of \$802,438,871. A significant portion of the work force has been severed and operations have been scaled back. The financial statements do not include any adjustments that might result from the outcome of the liquidation.

Because of the significance of the matter described in the preceding paragraph, we are unable to express and do not express an opinion on the financial statements on pages 1 to 17.



Ram & McRae  
Chartered Accountants  
Professional Services Firm  
157 'C' Waterloo Street  
North Cummingsburg  
GEORGETOWN

October 27, 2004



# Berbice Mining Enterprise Limited

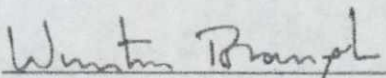
(wholly owned subsidiary of the Bauxite Industry Development Company Limited)

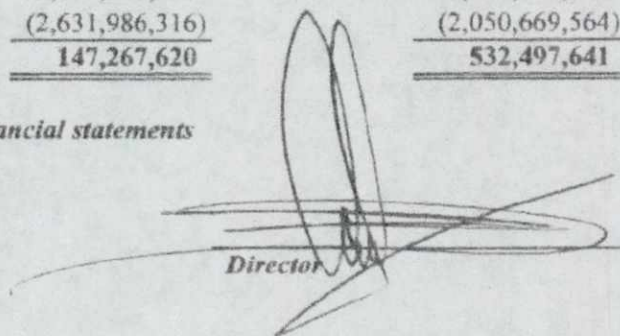
## Balance Sheet

As at December 31, 2002

	Notes	2002 G\$	2001 G\$
<b>Current assets</b>			
Inventories	2 (d) & 3	196,838,146	250,185,018
Trade and other receivables	4	195,337,944	57,385,978
Cash and bank		8,140,914	71,090,696
<b>Total current assets</b>		<u>400,317,004</u>	<u>378,661,692</u>
<b>Current liabilities</b>			
Trade payable		122,642,634	95,627,752
Other payables		142,318,081	182,476,437
Bank overdraft	5	190,306,860	345,849,082
Related parties	6	403,408,521	114,861,846
Loans	9	344,079,779	257,462,606
<b>Total current liabilities</b>		<u>1,202,755,875</u>	<u>996,277,723</u>
<b>Net current liabilities</b>		<b>(802,438,871)</b>	<b>(617,616,031)</b>
<b>Non current assets</b>			
Deferred expenditure	2 (g) & 7	-	53,425,353
Property, plant and equipment	2 (c) & 8	1,268,280,159	1,486,606,283
<b>Non-current liabilities</b>			
Loans	9	318,573,668	389,917,964
<b>Net assets</b>		<u>147,267,620</u>	<u>532,497,641</u>
<b>Represented by:</b>			
Stated capital	10	50,000,000	50,000,000
Reserves	11	2,729,253,936	2,533,167,205
Accumulated deficit		(2,631,986,316)	(2,050,669,564)
<b>Total shareholders' equity</b>		<u>147,267,620</u>	<u>532,497,641</u>

The notes on pages 5 to 17 form an integral part of these financial statements

  
Director

  
Director

# Berbice Mining Enterprise Limited

(wholly owned subsidiary of the Bauxite Industry Development Company Limited)

## Statement of Income

For the year ended December 31, 2002

	Notes	2002 G\$	2001 G\$
Sales	2(b)	873,903,339	2,062,754,116
Cost of sales	12	1,174,019,929	2,088,275,520
<b>Gross loss</b>		<u>(300,116,590)</u>	<u>(25,521,404)</u>
Marketing		6,611,658	16,531,039
Administrative		34,736,689	65,687,492
Financial charges		95,418,479	125,296,827
Community development	13	20,059,030	82,889,423
Impairment loss		-	68,353,496
Severance payments		213,329,345	-
Pension fund surplus	18	(24,500,000)	-
(Gain)/loss on exchange		18,022,392	5,642,902
<b>Total expenses</b>		<u>363,677,593</u>	<u>364,401,179</u>
<b>Operating loss</b>		<b>(663,794,183)</b>	<b>(389,922,583)</b>
Other income	14	38,362,077	56,824,198
Gain on disposal of property, plant and equipment		44,115,355	4,781,628
<b>Loss before taxation</b>	15	<u>(581,316,751)</u>	<u>(328,316,757)</u>
Taxation	17	-	-
<b>Loss after taxation</b>		<u>(581,316,751)</u>	<u>(328,316,757)</u>

The notes on pages 5 to 17 form an integral part of these financial statements



## Berbice Mining Enterprise Limited

(wholly owned subsidiary of the Bauxite Industry Development Company Limited)

### Statement of Changes in Shareholders' Equity

For the year ended December 31, 2002

	Stated capital	Reserves	Accumulated deficit	Total
	G\$	G\$	G\$	G\$
	note 11	note 12		
Balance at January 1, 2001	50,000,000	2,717,264,461	(1,722,352,807)	1,044,911,654
Movement on revaluation reserve	-	(39,454,113)	-	(39,454,113)
Impairment loss	-	(144,643,143)	-	(144,643,143)
Net loss for the period	-	-	(328,316,757)	(328,316,757)
<b>Balance at December 31, 2001</b>	<b>50,000,000</b>	<b>2,533,167,205</b>	<b>(2,050,669,564)</b>	<b>532,497,641</b>
Balance at January 1, 2002	50,000,000	2,533,167,205	(2,050,669,564)	532,497,641
Movement on revaluation reserve	-	(17,242,614)	-	(17,242,614)
Severance funded by Government	-	213,329,345	-	213,329,345
Net loss for the period	-	-	(581,316,751)	(581,316,751)
<b>Balance at December 31, 2002</b>	<b>50,000,000</b>	<b>2,729,253,936</b>	<b>(2,631,986,316)</b>	<b>147,267,620</b>

The notes on pages 5 to 17 form an integral part of these financial statements

## Berbice Mining Enterprise Limited

(wholly owned subsidiary of the Bauxite Industry Development Company Limited)

### Statement of Cash Flows

For the year ended December 31, 2002

	2002	2001
	G\$	G\$
<b>Cash flows from operating activities</b>		
Net loss before taxation	(581,316,751)	(328,316,757)
<b>Adjustments for:</b>		
Depreciation charges	223,396,290	365,060,030
Impairment losses	-	68,353,496
Movement in deferred expenditure	53,425,353	1,067,215
Gain on disposal of fixed assets	(44,115,355)	(4,781,628)
<b>Operating profit/(loss) before working capital changes</b>	<b>(348,610,464)</b>	<b>101,382,356</b>
Decrease in inventories	53,346,872	116,002,194
(Increase) / decrease in trade and other receivables	(137,951,966)	61,278,282
Increase in related parties payable	288,546,675	2,830,823
(Decrease) in trade and other payables	(13,143,474)	(207,926,940)
<b>Net cash flow from operating activities</b>	<b>(157,812,357)</b>	<b>73,566,715</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(73,813,201)	(52,191,106)
Proceeds from sale of property, plant and equipment	95,615,776	37,026,992
<b>Net cash used in investing activities</b>	<b>21,802,575</b>	<b>(15,164,114)</b>
<b>Net cash from financing activities</b>		
Severance payments funded by the Government	213,329,345	-
Proceeds from long term borrowing	157,000,000	295,719,945
Repayments of long term borrowing	(141,727,123)	(678,647,680)
<b>Net cash flows from financing activities</b>	<b>228,602,222</b>	<b>(382,927,735)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>92,592,440</b>	<b>(324,525,133)</b>
Cash and cash equivalents at the beginning of the year	(274,758,386)	49,766,747
<b>Cash and cash equivalents at the end of the year</b>	<b>(182,165,946)</b>	<b>(274,758,386)</b>
<b>Cash and cash equivalents as shown in the balance sheet</b>		
Cash and bank	8,140,914	71,090,696
Bank overdraft	(190,306,860)	(345,849,082)
<b>Total</b>	<b>(182,165,946)</b>	<b>(274,758,386)</b>

The notes on pages 5 to 17 form an integral part of these financial statements



# **Berbice Mining Enterprise Limited**

*(wholly owned subsidiary of the Bauxite Industry Development Company Limited)*

## **Notes to the financial statements**

**For the year ended December 31, 2002**

### **1. Incorporation and principal activity**

The Company is a state-owned entity which was incorporated in the Co-operative Republic of Guyana on June 19, 1992 by Order No. 19 of 1992 under the Companies Act Cap 89:01 and continued under the Companies Act, 1991 on July 2, 1999. Under the Order, all property of Guymine located in the County of Berbice including all land, buildings, mining leases, licenses, etc. was transferred to Bermine.

The principal activity of the company is the mining and processing of bauxite.

In August 2002 the Government announced that Bermine will be merged with Aroaima Bauxite Company Limited (ABC). In September 2002 Aroaima Mining Company Limited (wholly owned subsidiary of Aroaima Bauxite Company Limited) was given responsibility to manage and operate Bermine's assets for the benefit of Bermine, its existing customers and creditors. Charges to Bermine will be at cost, with AMC utilising the infrastructure necessary to provide the most efficient delivery of services.

With limited support from the Government and National Industrial and Commercial Investment Limited (NICIL), ABC will provide critical rehabilitation at the Kwakwani and Everton locations and will invest in offloading facilities at Aroaima to allow the Kwakwani barges to offload bauxite. Modifications at Everton will also be pursued to allow storage of dried ore from Aroaima.

The Government also agreed to freeze all liabilities owed to them by Bermine and to assume responsibility for funding all social costs of the Kwakwani community from May 2002. Severance payments and training grants to workers of Bermine would also be funded by the Government.

In October 2003, the Government announced that BIDCO and Bermine would be liquidated. Operational assets of Bermine would be vested with Aroaima and other assets with NICIL. BIDCO's ownership of Bermine would be transferred to NICIL once it is liquidated.

These financial statements were approved by the Board of Directors on August 6, 2004.

### **2. Summary of significant accounting policies continued**

#### **(a) Basis of Accounting**

These financial statements have been prepared under the historical cost convention as modified for the revaluation of certain property, plant and equipment. The accounting policies conform with those International Financial Reporting Standards adopted in Guyana.

#### **(b) Turnover**

Turnover represents the value of bauxite sold to third parties.

## **Berbice Mining Enterprise Limited**

*(wholly owned subsidiary of the Bauxite Industry Development Company Limited)*

### **Notes to the financial statements**

For the year ended December 31, 2002

#### **2. Summary of significant accounting policies continued**

##### **(c) Property, plant and equipment**

Property, plant and equipment are stated at historical cost (except for equipment vested in 1992 which is stated at valuation) less accumulated depreciation and impairment losses. A full year's depreciation is charged in the year of acquisition but none in the year of disposal. Depreciation is provided on the straight line basis at rates sufficient to write off the cost of the assets over their estimated useful lives as follows:

Building	- Varying lives up to 35 years
Machinery	- Varying lives up to 10 years
Office equipment	- Varying lives up to 10 years
Lease/Purchase	- Over the life of the lease (4 years)

##### **(d) Inventories**

Inventories are valued at the lower of cost and net realisable value primarily based on the weighted average method. Cost includes direct labour, materials, expenses, production and other attributable overheads.

Where no movement has occurred in an inventory item during the period, a full provision is established against all such items. In prior years, this was based on items where no movement incurred over a two year period. The change in policy has not been applied retroactively.

##### **(e) Income and expenditure**

Income and expenditure are dealt with in these financial statements on the accruals basis.

##### **(f) Foreign currency transactions**

These financial statements are stated in Guyana dollars. Foreign currency transactions during the year are translated at the exchange rates prevailing at the dates of these transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are expressed at the rates prevailing at those dates. Gains and losses arising from the translation of foreign currency balances are included in the profit and loss account for the year except, as permitted under International Financial Reporting Standards, those that are capitalised during the period of construction of Property, Plant and Equipment where the monetary balance can be specifically attributable to that asset.

##### **(g) Deferred expenditure**

This represents expenditure incurred in stripping an area of a mine before mining commences and other expenses expected to benefit more than one accounting period. Deferred expenditure is amortised over its useful life.

Under the management of Aroaima Mining Company Limited, the company changed their policy to one of no deferral. Consequently, the accumulated balances at December 31, 2002 were written off in the financial statements.



## Berbice Mining Enterprise Limited

(wholly owned subsidiary of the Bauxite Industry Development Company Limited)

### Notes to the financial statements

For the year ended December 31, 2002

#### 2. Summary of significant accounting policies continued

##### (h) Pension fund

The Company participates jointly with Linden Mining Enterprises Limited and Bauxite Industry Development Company in a contributory pension scheme for its employees. The contributions are held in trustee administered funds which are separate from the Company's finances.

The cost of providing benefits under the plan is determined using the projected unit credit actuarial valuation method. Past service actuarial gains and losses are recognised as income or expense immediately.

3. Inventories	2002 G\$	2001 G\$
The inventory balance is made up as follows:		
Bauxite inventory	90,980,501	201,089,521
Stores and other supplies	105,857,645	49,095,497
<b>Total inventories</b>	<b>196,838,146</b>	<b>250,185,018</b>
<i>Bauxite inventories:</i>		
Crude stock	73,049,646	174,922,494
Finished stock	108,441,893	216,900,266
Semi-processed stock	48,357,719	39,180,642
	<b>229,849,258</b>	<b>431,003,402</b>
Less: provision for stock write-off	(138,868,757)	(229,913,881)
<b>Total bauxite inventories</b>	<b>90,980,501</b>	<b>201,089,521</b>
<i>Stores and other supplies:</i>		
Spares and other miscellaneous items	464,668,719	440,887,872
Raw materials (fuel and diesel)	36,614,138	13,418,066
Less: provision for stock obsolescence	(395,425,212)	(405,210,441)
<b>Total stocks and other supplies</b>	<b>105,857,645</b>	<b>49,095,497</b>

## Berbice Mining Enterprise Limited

(wholly owned subsidiary of the Bauxite Industry Development Company Limited)

### Notes to the financial statements

For the year ended December 31, 2002

	2002	2001
	G\$	G\$
<b>4. Trade and other receivables</b>		
Trade debtors	149,526,046	8,026,756
Advance payment on materials	5,387,297	45,198,596
Other debtors and prepayments	48,036,134	12,055,947
<b>Sub-total</b>	<u>202,949,477</u>	<u>65,281,299</u>
Less: provision for bad and doubtful debts	(7,611,533)	(7,895,321)
<b>Total</b>	<u>195,337,944</u>	<u>57,385,978</u>

### 5. Bank overdraft

The company maintains the following overdraft facilities:

Guyana National Co-operative Bank (GNCB)	190,306,860	186,307,116
National Bank of Industry and Commerce Limited (NBIC)	-	159,541,966
	<u>190,306,860</u>	<u>345,849,082</u>

The GNCB facility has a limit of \$186Mn with interest being charged at 2% below the Bank's floating prime lending rate which was 17.5% at December 31, 2001. The facility is secured by a Government of Guyana promissory note which was extended to December 31, 2002. In line with the decision of the Government of Guyana to freeze all liabilities owed by Bermine during the operational merger of Bermine and Aroaima Mining Company in September 2002, the requirement for payment on this facility was waived.

The NBIC facility has a limit of \$42Mn with interest being charged at 2% below the Bank's floating prime lending rate which was 17% at December 31, 2001. The facility was secured by a deposit as stated in note 5. The Bank had also granted Bermine a Standby Letter of Credit in favour of Republic Bank Limited in the amount of US\$950,000 secured by a first mortgage on properties at Lots 1-5 and 29 Queenstown, New Amsterdam, fire insurance policies thereon and a letter of concurrence from the Office of the Prime Minister.

During 2001 Republic Bank Limited demanded payment on the Standby Letter of Credit and this amount was credited to the overdraft facility. Partial settlement of the overdraft facility was effected by utilising the deposit held at the same bank. During the year 2002 the facility was converted to a demand loan facility of \$157Mn with interest charged at 0.25% above the Bank's floating prime lending rate which was 17% at the date the facility was converted.



# Berbice Mining Enterprise Limited

(wholly owned subsidiary of the Bauxite Industry Development Company Limited)

## Notes to the financial statements

For the year ended December 31, 2002

### 6. Related parties

This represents amounts owing by Bermine to associated companies for payments made on their behalf.

Details of the balance are as follows:	2002 G\$	2001 G\$
Linden Mining Enterprise Limited	8,117,513	8,117,513
Bauxite Industry Development Company Limited	-	2,909,634
Aroaima Mining Company	395,291,008	103,834,699
<b>Total</b>	<u>403,408,521</u>	<u>114,861,846</u>

(a) Linden Mining Enterprise Limited (Linmine) was also formed on June 19, 1992 as a result of Order No. 19 of 1992 allocating the assets of Guymine to Linmine and Bermine.

(b) The Bauxite Industry Development Company Limited (BIDCO) owns all the issued shares of Bermine. All sales of Bermine are made through BIDCO and any related costs of BIDCO are shown as marketing costs in these financial statements.

(c) Aroaima Mining Company Inc. is responsible for the management of Bermine effective September 2002. Aroaima made a number of payments and collected money on the behalf of Bermine from July 2002 to date. The amount of \$103.8Mn shown in 2001 was previously shown under Other payables on the balance sheet.

### 7. Deferred expenditure

#### (a) Mines development

Bissarum	-	50,753,620
<b>Sub-total</b>	<u>-</u>	<u>50,753,620</u>

#### (b) Others

Repaired engines	-	267,367
Trunion roller	-	478,229
Debushing (Green Creek)	-	1,482,285
Primary stripping	-	443,852
<b>Sub-total</b>	<u>-</u>	<u>2,671,733</u>
<b>Total</b>	<u>-</u>	<u>53,425,353</u>

# Berbice Mining Enterprise Limited

(Managed by Aroaima Mining Company)

Notes to the financial statements

As at December 31, 2002

## 8. Property, plant and equipment

Cost/valuation	Freehold	Buildings	Plant, machinery & equipment		Furniture and fittings	Office Equipment	Motor Vehicles	Construction Work-in-Progress	Total
	Land		Owned	Leased					
	GS	GS	GS	GS	GS	GS	GS	GS	GS
At January 1, 2002	164,419	309,030,555	3,307,513,292	341,426,733	36,170,360	63,026,366	53,004,023	-	4,147,058,918
Additions	-	-	-	-	-	-	-	36,723,171	73,813,201
Transfers	-	-	-	-	-	-	-	-	73,813,201
Disposal	-	-	15,833,039	-	55,000	129,403	3,148,300	(19,165,742)	51,500,421
<b>At December 31, 2002</b>	<b>164,419</b>	<b>309,030,555</b>	<b>3,323,346,331</b>	<b>341,426,733</b>	<b>36,225,360</b>	<b>63,155,769</b>	<b>56,152,323</b>	<b>39,870,209</b>	<b>4,169,371,698</b>
<b>Accumulated depreciation</b>									
At January 1, 2002	-	231,032,621	2,255,939,485	56,419,917	31,155,810	39,014,912	46,889,890	-	2,660,452,635
Reversal	-	-	(48,201,157)	-	-	-	-	-	(48,201,157)
Current year charges	-	8,253,196	215,395,703	56,419,917	1,983,590	4,631,671	2,155,984	-	288,840,061
<b>At December 31, 2002</b>	<b>-</b>	<b>239,285,817</b>	<b>2,423,134,031</b>	<b>112,839,834</b>	<b>33,139,400</b>	<b>43,646,583</b>	<b>49,045,874</b>	<b>-</b>	<b>2,901,091,539</b>
<b>Net Book Value</b>									
<b>At December 31, 2002</b>	<b>164,419</b>	<b>69,744,738</b>	<b>900,212,300</b>	<b>228,586,899</b>	<b>3,085,960</b>	<b>19,509,186</b>	<b>7,106,449</b>	<b>39,870,209</b>	<b>1,268,280,159</b>
At December 31, 2001	164,419	77,997,934	1,051,573,807	285,006,816	5,014,550	24,011,454	6,114,133	36,723,171	1,486,606,284

### Notes:

- (a) In 1992 property, plant and equipment were acquired from the Guyana Mining Enterprise Limited based on a valuation approved by the Board of Directors.
- (b) Lease / purchase assets represent mining, river transportation and production equipment acquired under lease agreements with Republic Merchant Bank Limited (FINCOR) and Citicorp Merchant Bank Limited.



# Berbice Mining Enterprise Limited

(wholly owned subsidiary of the Bauxite Industry Development Company Limited)

Notes to the financial statements

For the year ended December 31, 2002

## 8. Property, plant and equipment continued

Cost/valuation	Freehold	Buildings	Plant, machinery & equipment		Furniture and fittings	Office Equipment	Motor Vehicles	Construction Work-in-Progress	Total
	Land		Owned	Leased					
	G\$	G\$	G\$	G\$	G\$	G\$	G\$	G\$	G\$
At January 01, 2001	164,419	307,304,612	3,231,330,492	673,276,911	35,740,046	60,741,226	49,991,088	83,638,197	4,442,186,990
Additions	-	-	-	15,469,000	-	-	-	83,638,197	4,442,186,990
Transfers	-	1,725,943	76,182,800	-	430,314	2,285,140	3,012,935	36,722,106	52,191,106
Disposals	-	-	-	(347,319,178)	-	-	-	(83,637,132)	-
<b>At December 31, 2001</b>	<b>164,419</b>	<b>309,030,555</b>	<b>3,307,513,292</b>	<b>341,426,733</b>	<b>36,170,360</b>	<b>63,026,366</b>	<b>53,004,023</b>	<b>36,723,171</b>	<b>4,147,058,918</b>
<b>Accumulated depreciation / Impairment losses</b>									
At January 01, 2001	-	222,779,425	1,798,417,859	227,242,659	29,172,221	34,383,243	46,020,260	-	2,358,015,667
Current year charges	-	8,253,196	244,524,987	144,251,072	1,983,589	4,631,669	869,630	-	404,514,143
Impairment losses	-	-	212,996,639	-	-	-	-	-	212,996,639
Disposal	-	-	-	(315,073,814)	-	-	-	-	(315,073,814)
<b>At December 31, 2001</b>	<b>-</b>	<b>231,032,621</b>	<b>2,255,939,485</b>	<b>56,419,917</b>	<b>31,155,810</b>	<b>39,014,912</b>	<b>46,889,890</b>	<b>-</b>	<b>2,660,452,635</b>
<b>Net Book Value</b>									
<b>At December 31, 2001</b>	<b>164,419</b>	<b>77,997,934</b>	<b>1,051,573,807</b>	<b>285,006,816</b>	<b>5,014,550</b>	<b>24,011,454</b>	<b>6,114,133</b>	<b>36,723,171</b>	<b>1,486,606,283</b>
At January 01, 2001	164,419	84,525,187	1,432,912,633	446,034,252	6,567,825	26,357,983	3,970,828	83,638,197	2,084,171,323

### Notes:

- (a) In 1992 property, plant and equipment were acquired from the Guyana Mining Enterprise Limited based on a valuation approved by the Board of Directors.
- (b) Lease / purchase assets represent mining, river transportation and production equipment acquired under agreements with Republic Merchant Bank Limited (FINCOR) and Citicorp Merchant Bank Limited.

## Berbice Mining Enterprise Limited

(wholly owned subsidiary of the Bauxite Industry Development Company Limited)

### Notes to the financial statements

For the year ended December 31, 2002

	2002	2001
	G\$	G\$
<b>9. Loans</b>		
(a) Government of Guyana	162,280,853	158,065,765
(b) FINCOR (Lease / purchase)	-	7,707,830
(c) Citibank (Lease / purchase)	198,946,204	258,508,790
(d) Royal Bank of Trinidad and Tobago	116,438,018	170,310,324
(e) National Bank of Industry and Commerce Limited	137,772,355	-
(f) Government of Guyana	47,216,017	52,787,861
<b>Total loans</b>	<u>662,653,447</u>	<u>647,380,570</u>
Due within one year	344,079,779	257,462,606
Due after two-five years	303,445,400	326,332,209
Due after five years	15,128,268	63,585,754
	<u>662,653,447</u>	<u>647,380,570</u>

#### (a) Government of Guyana

This Loan was disbursed over the 4 year period 1995 to 1998. The stipulated repayment period is 15 years at an interest rate of 4% per annum. A moratorium was granted for a period of 5 years during which interest was capitalised. The first payment was due during September 2000 but no payments have been made to date. In line with the decision of the Government of Guyana to freeze all liabilities owed by Bermine during the operational merger of Bermine and Aroaima Mining Company in September 2002, the requirement for payment on this facility was

#### (b) FINCOR (Lease / purchase)

On May 21, 1997, BERMINE entered into an equipment lease/ purchase agreement with Republic Finance Merchant Bank Limited (FINCOR) of Trinidad & Tobago. Under this agreement, FINCOR will supply equipment totalling US\$1,350,000 while Bermine will repay the amount over a period of 48 consecutive months at US\$34,376.19 per month inclusive of interest at 10.6% per annum. A shortfall in the financing required resulted in an additional facility of US\$126,634 during July 1999. This additional facility is repayable over 29 months at US\$4,758.21 per month inclusive of interest at 7.5% per annum.

#### (c) Lease / purchase (Citibank)

On November 30, 2000, the company entered into an equipment lease/purchase agreement with Citicorp Merchant Bank Limited, a company incorporated in Trinidad and Tobago amounting to US\$1,754,678. Interest is linked to the Bank's US Dollar Prime Rate and was fixed at 10% at December 31, 2001. The facility is repayable in 48 monthly instalments of US\$45k inclusive of interest and is secured by two Caterpillar Trucks and a Komatsu Backhoe.



## Berbice Mining Enterprise Limited

(wholly owned subsidiary of the Bauxite Industry Development Company Limited)

### Notes to the financial statements

For the year ended December 31, 2002

#### 9. Loans continued

##### (d) Royal Bank of Trinidad and Tobago

The company received a loan of US\$1,237,000 to refinance purchases made from E.C. Vieira and G.N.I.C. Interest is charged at the rate of 2% above the Royal Bank of Trinidad and Tobago Limited US Dollar Commercial Prime Lending Rate which was 9.25% at December 31, 2001. The loan principal is repayable at the rate of US\$34,361.12 per month for 36 months commencing February 28, 2001 and is secured by Ship's mortgages on four barges, guarantee by E.C. Vieira Investments Limited for US\$1,237,000 and letter of comfort from the Government of Guyana for US\$1,237,000.

##### (e) National Bank of Industry and Commerce Limited

The company had a revolving line of credit with Republic Bank Limited, a company incorporated in Trinidad and Tobago. This facility was repaid via an NBIC Standby Letter of Credit of US\$950,000 (see note 6) and cash payments by Bermine following a demand by the Bank. The letter of credit has been converted to a demand loan by the Bank.

##### (f) Ministry of Finance

This represents a loan from the Government of Guyana based on agreement dated March 28, 2001. Interest is at the rate of 15% per annum with the first six months of interest being capitalised. Bermine was required to make 12 equal payments beginning on October 31, 2001 and ending on September 30, 2002 but was unable to make these payments. In line with the decision of the Government of Guyana to freeze all liabilities owed by Bermine during the operational merger of Bermine and Aroaima Mining Company in September 2002, the requirement for payment on this facility was waived.

#### 10. Stated capital

	2002	2001
	G\$	G\$
Issued: 50,000 ordinary shares	<u>50,000,000</u>	<u>50,000,000</u>

By its Articles the company is authorised to issue a maximum of 50,000 ordinary shares at a minimum issue price of \$1,000 each. The company is a state-owned entity with all shares vested in the Bauxite Industry Development Company Limited, a company which is itself wholly-owned by the State. Shares can only be transferred with the permission of the State.

#### 11. Reserves

(a) Government of Guyana Reserves	1,788,828,248	1,788,828,248
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This represents the balance on the Sysmin on-lent loan to Bermine by the Government of Guyana. The Ministry of Finance has instructed that this amount be treated as a reserve.

## Berbice Mining Enterprise Limited

(wholly owned subsidiary of the Bauxite Industry Development Company Limited)

### Notes to the financial statements

For the year ended December 31, 2002

	2002	2001
	G\$	G\$
Reserves continued		
(b) Capital reserves	644,172,283	644,172,283

This amount represents the net adjustments arising from the takeover of the assets and liabilities of the Guyana Mining Enterprise Limited which was dissolved by Order No.19 of 1992.

(b) Revaluation reserves	82,924,060	100,166,674
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This amount represents the net adjustments arising from the takeover of the assets and liabilities of the Guyana Mining Enterprise Limited which was dissolved by Order No.19 of 1992.

(d) Other reserves	213,329,345	-
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The Government of Guyana injected these funds into the company to enable the company to make severance payments to severed employees.

<b>Total</b>	<u>2,729,253,936</u>	<u>2,533,167,205</u>
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### 12. Cost of sales

Employment costs	274,865,000	369,955,000
Fuel and lubricants	243,501,000	497,876,000
Maintenance and supplies	50,592,000	162,547,000
Freight and other shipping expenses	148,373,000	211,930,000
Depreciation and amortisation	166,196,000	221,948,000
Subcontractor costs	104,588,000	272,683,000
Lease rental and hire of equipment	56,420,000	287,060,000
Channel fees	3,300,000	39,624,000
Outside services	63,350,000	39,920,000
Income credits	(9,346,000)	(9,047,000)
Other	(14,375,071)	(24,437,123)
<b>Operating expenses</b>	<u>1,087,463,929</u>	<u>2,070,058,877</u>
Stripping costs absorbed/(deferred)	21,494,000	(710,000)
Change in bauxite inventory	(16,864,000)	(106,738,291)
Ore purchased from Aroaima Mining Company Limited	22,460,000	-
Provision for loss and write off of bauxite inventories	95,351,000	83,441,891
Provision for obsolescence of spares	(9,785,000)	112,893,043
Costs allocated to capping sales	(26,100,000)	(70,670,000)
	<u>1,174,019,929</u>	<u>2,088,275,520</u>



## Berbice Mining Enterprise Limited

(wholly owned subsidiary of the Bauxite Industry Development Company Limited)

### Notes to the financial statements

For the year ended December 31, 2002

#### 13. Community development costs

This represents expenditure incurred in providing basic infrastructural services to the residents of the bauxite communities. As stated in note 1, the Government of Guyana has agreed to fund these costs.

14. Other income	2002	2001
	G\$	G\$
Sale of capping	46,623,365	100,533,380
Cost of capping sold	<u>(38,634,191)</u>	<u>(75,398,418)</u>
<i>Profit on sale of capping</i>	7,989,174	25,134,962
Sale of inventory items	982,115	452,734
Storage and terminal fees	26,799,635	24,489,684
Sale of miscellaneous items	2,591,153	6,746,818
	<u>38,362,077</u>	<u>56,824,198</u>

#### 15. Profit before taxation

Included therein are the following charges:

Directors remuneration (see note 15a)		
- chairman	-	10,000
- directors	1,821,440	3,355,142
Depreciation	223,396,290	365,060,030
Amortisation of lease	56,419,917	144,251,072
Auditors remuneration	4,100,000	4,400,000
Loss on disposal of property, plant and equipment	(44,115,355)	(4,781,628)

#### 15a. Directors remuneration

	Salaries	Allowances	Total	
Edgar Mendonca	749,133	52,500	801,633	1,384,953
Ervil Gabriel	536,382	52,500	588,882	1,019,222
Cyril Conway	310,925	52,500	363,425	755,967
Rohit Persaud	-	15,000	15,000	82,500
Lincoln Lewis	-	52,500	52,500	82,500
Roy Hanoman (to February 2001)	-	-	-	10,000
James Blackman (to August 2001)	-	-	-	30,000
	<u>1,596,440</u>	<u>225,000</u>	<u>1,821,440</u>	<u>3,365,142</u>

Subsequent to the operational merger with Aroaima Mining Company Limited, Winston Brassington (Chairman), Robeson Benn and Maurice Stuart were appointed to serve on the company's board. No remuneration has been received by these individuals for their services as at December 31, 2003.

## Berbice Mining Enterprise Limited

(wholly owned subsidiary of the Bauxite Industry Development Company Limited)

### Notes to the financial statements

For the year ended December 31, 2002

16. Foreign currency risks	2002	2001
	US\$	US\$
Balances denominated in foreign currency are as follows:		
Cash and bank	500	322,322
Accounts receivable	781,751	269,147
Accounts payable	(269,609)	(1,176,062)
Related parties	(1,517,234)	-
Loans and leases	(3,464,481)	(2,293,359)
	<u>(4,469,073)</u>	<u>(2,877,951)</u>
Year end exchange rate	191.27063	189.38156

### 17. Taxation

The Company has been granted a waiver on all taxes, duties and other imports until its future can be determined by the Government of Guyana.

18. Employee benefits	2002	2001
	G\$	G\$
Staff costs	203,775,304	385,077,547
Pension fund (surplus) / deficit	(24,500,000)	14,100,000
Severance costs	213,329,345	-
	<u>392,604,649</u>	<u>399,177,547</u>

### Pension fund

A preliminary actuarial valuation was completed on July 7, 2003 for the period ended December 31, 2001. The valuation showed that the fund had a balance of \$108.6M of which \$17.2M was attributable to Berbice Mining Enterprise Limited. The assets and liabilities of the fund attributable to Bermine was \$490.9Mn and \$508.1Mn respectively. The recommended future service contribution rate is 6.3%.

The valuation at September 8, 2002 is in progress. Bermine no longer contributes to the plan and the deficit may be funded by the Government. At December 31, 2002 the company had 233 employees (2001 - 453).

The principal financial assumptions used in the last two valuations were as follows:

	December 31, 2001	December 31, 1998
Investment return	5% per annum	7% per annum
Pensionable earnings increases	5% per annum	7% per annum
Rate of increase in National Insurance Earnings Ceiling	4% per annum	6% per annum



## **Berbice Mining Enterprise Limited**

*(wholly owned subsidiary of the Bauxite Industry Development Company Limited)*

### **Notes to the financial statements**

**For the year ended December 31, 2002**

#### **19. Going Concern**

These accounts have been prepared using the accounting principles applicable to a going concern which contemplate the realisation of assets and liquidation of liabilities in the normal course of business. As stated in note 1, the Government of Guyana has plans for the liquidation of the company. No adjustments have been made to the assets and liabilities to reflect the above decision.