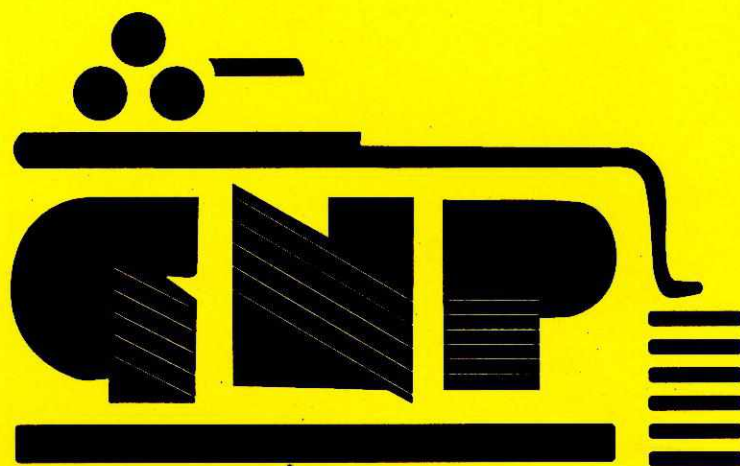


GUYANA NATIONAL PRINTERS LIMITED



Annual Report
2004

About the Company

The business was established during 1939 by Leon Schuler, and he traded under the name of B.G. Lithographic as Sole Trader. He was joined in 1942 by Messrs. Booker Mc Connell & Co. Ltd. and a Company was incorporated and named Guyana Lithographic Co. Ltd. The reason for Leon Schuler and Bookers joining hands was to expand and modernise the printing plant to meet the growing needs of Guyanese and West Indian customers.

When the country gained its independence from Britain in 1966, it was renamed Guyana Lithographic Co. Ltd. and when its assets were acquired by the State in May 1976, it was registered as Guyana National Lithographic Co. Ltd.

From 1980, the Company merged with Guyana Printers Ltd. and the two Companies were renamed Guyana National Printers Ltd. A planned rationalisation programme was put in train for greater effectiveness and efficiency at both plants.

Operations were completely consolidated at the La Penitence Plant in 2003 at which time the Industrial Site property was sold.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Farhaud	Amin	- Chairman
Cecil	Ramsingh	
Michael	Gordon	
Bridgette	Morrison	- (retired)
Percival	Boyce (Jnr)	
Cyril	Belgrave	
Maharajia	Sahadeo	
Roysdale	Forde	
Nigel	John	- (retired)
Don	Grenardo	- Worker Representative

REGISTERED OFFICE

1 Public Road
La Penitence
Georgetown
Tele # 225-1242

MANAGEMENT

Marlyn	Nedd	- General Manager
David	Collins	- Sales Manager
Errol	Chan	- Production Manager
Denise	Souvenir	- Finance Manager (ag)

BANKERS

Republic Bank (Guyana) Ltd – Water Street, Georgetown
New Building Society – Avenue of the Republic

AUDITORS

Auditor General - 63 High Street Kingston, Georgetown

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **22nd Annual General Meeting** of **Guyana National Printers Limited** will be held on **2010 April 21**, in the Company's Boardroom, 1 Public Road, La Penitence Georgetown **at 10:00 Hours** for the following purposes:

1. To receive and consider the Company's Accounts for the year ended **2004 December 31**, and the reports of the Directors and Auditors thereon.
2. To appoint Auditors
3. To authorize the Directors to fix the remuneration of the Auditors
4. To transact any other business of an Annual General Meeting.

BY ORDER OF THE BOARD

.....

Marlyn Nedd (Mrs)
Company Secretary

GUYANA NATIONAL PRINTERS LIMITED

CHAIRMAN'S REPORT

Operations:

The year **2004** was another challenging one for the Company. The dismantling and removal of the Exercise Book machine from the Ruimveldt Industrial Site Plant and its relocation at the La Penitence location in **September 2003** severely affected the production of books throughout the year. The machine suffered regular breakdowns due to various minor problems and production was reduced to less than **50%** of the capacity of the machine prior to its relocation, also there was a very high rate of spoilage. Concerns were also raised that the machine was not properly aligned and the floor was uneven thus affecting its performance.

Regular breakdowns were also experienced by the printing presses and finishing equipment. At the same time, customers became intolerant of the Company's inability to produce full colour jobs of a consistently high quality, in a very short time-frame and at competitive prices. Our Sales Representatives were candidly told by some customers that if we wanted to attract their business the Company would have to acquire a four colour press.

During the year the engineer from Schiebeler & Co (**T'dad**) Limited made an assessment of the Offset presses and advised that only two (**2**) of them should be refurbished. He also said that the problems experienced by the Exercise Book machine were beyond him and recommended that the services of the **Wills Engineer from Schiebeler (Germany)** should be sought.

Towards the last quarter of the year Management was forced to introduce a second shift in the Exercise Book Department in an effort to boost production.

The year ended with over 300,000 of the 2,000,000 books contract remaining to be produced.

The need for re-tooling was evident, however Management was frequently reminded that the Company was identified for privatization, hence acquisition of equipment would not be supported.

On the first meeting of the newly appointed Board which was held in the month of April, Management presented a document outlining the Company's performance from **2000 to 2003** and highlighting the problems faced. A recommendation was also made for the severing of twenty (**20**) persons since the level of operations could not have afforded a staff strength of **110**. The Board was not enthused about the severing of employees, however, after monitoring performance for the following months, it was evident that downsizing was imperative. This matter was discussed with the Union, the PIAWU and the workers.

It was recognized that if operations were to be sustained, it would be necessary to trim the staff by at least 30%. The matter was also brought to the attention of the Ministry of Labour.

Having fully ventilated the issue the decision was taken to sever the services of thirty two (**32**) employees or approximately **30%** of the workforce, effective **2004 December 31**, leaving a headcount of **75**.

Performance:

Trading results for **2004** reflect a turnover of **\$175.8M** with a pre-tax loss of **\$26.7M**. This compares with **2003's** figures of **\$175.4M** and pre-tax profit of **\$13.2M**.

Cost of sales of **88%** was recorded against **79%** for 2003. Administrative expenses rose by **103%** when compared with 2003's, this was due mainly to the payment of **\$19M** in severance benefits.

Training

During the year we continued to emphasise both in-house and external training. Employees were trained in the areas of **Supervisory Management and Industrial Relations & Dispute Settlement**.

Industrial & Other Relations

The industrial climate was reasonably calm for most of the year with the Printing Industry & Allied Workers Union co-operating with Management in

a bid of finding solutions for the problems experienced. However, on November 15, the Union implemented a go-slow exercise upon learning that its request for a ten percent (10%) increment and increases in vacation and meal allowances were denied. The exercise was discontinued on December 01, when approval was granted for a three percent (3%) increment retroactive from 2004 January 01.

We must mention that during the period of industrial action the Union allowed key employees to continue to work as normal so as to ensure that customers needs were met.

The Company issued three (3) bursaries to the children of employees who were successful at the Secondary Schools Entrance Examination.

Five (5) students from the Ministry of Education were allowed to do their work-study stint with the Company.

As usual the Company participated in Guyexpo.

On behalf of the Board of Directors I take this opportunity to thank each and every employee for their efforts during a very difficult period.



Office of the Auditor General

*P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana
Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.gov.gy>*

AG:90/2005

9 November 2005

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF
THE BOARD OF DIRECTORS OF
GUYANA NATIONAL PRINTERS LIMITED
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

Chartered Accountants, Nizam Ali and Company, have audited on my behalf the financial statements of Guyana National Printers Limited for the year ended 31 December 2004, as set out on pages 3 to 14. The audit was conducted in accordance with the Audit Act 2004.

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 Audit Act 2004, I have reviewed the audit plan and procedures, work papers, 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 opinion, as set out on pages 1 to 2, of Chartered Accountants, Nizam Ali and Company.


D. SHARMA
AUDITOR GENERAL (ag.)

AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA



Nizam Ali & Company

Chartered Accountants

9 Church Street
Georgetown
Guyana

Tel: (592)-225-9291
(592)-227-8825
Telefax (592)-227-8824
E-mail: nizamali@guyana.net.gy

**REPORT OF CHARTERED ACCOUNTANTS
NIZAM ALI & COMPANY
TO THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
GUYANA NATIONAL PRINTERS LIMITED
FOR THE YEAR ENDED DECEMBER 31, 2004**

We have audited the accompanying balance sheet of Guyana National Printers Limited for the year ended December 31, 2004, and the related statements of loss, changes in 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 Office of the Auditor General's auditing standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether 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.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2004, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Guyana and comply with the Companies Act 1991.

Without qualifying our opinion we wish to emphasise that the financial statements have been prepared using International Financial Reporting Standards applicable to a going concern which contemplate the realisation of assets and liquidation of liabilities in the normal course of business. However, as explained in Note 15 to the financial statements, the Government of Guyana has taken a decision to privatise the company. No adjustment to assets or liabilities has been made as a result of this.

Nizam Ali & Company

Chartered Accountants
Georgetown, Guyana

November 7, 2005

GUYANA NATIONAL PRINTERS LIMITED

Balance Sheet

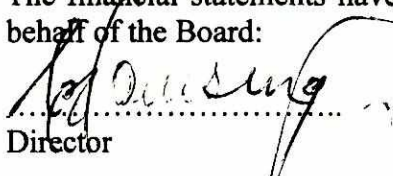
December 31, 2004

(With comparative figures for 2003)

	<u>Note</u>	2004 \$	2003 \$
Property, plant and equipment	3	<u>5,664,192</u>	<u>6,496,288</u>
Current assets			
Inventories	4	55,360,229	83,811,613
Trade receivables		13,855,563	25,506,849
Other receivables and prepayments		1,337,211	778,664
Taxation recoverable		14,269,388	13,234,298
External payment deposits		100,977	100,977
Cash on hand and at bank		<u>38,003,622</u>	<u>38,196,395</u>
		<u>122,926,990</u>	<u>161,628,796</u>
Current liabilities			
Trade payables		7,173,509	14,102,790
Advance payments		38,384,450	35,146,112
Other payables and accruals		9,167,293	14,594,806
Taxation payable		10,593,710	12,961,714
Dividends payable		<u>7,005,286</u>	<u>7,005,286</u>
		<u>72,324,248</u>	<u>83,810,708</u>
Net current assets		<u>50,602,742</u>	<u>77,818,088</u>
Long-term debt	5	<u>25,807,272</u>	<u>25,807,272</u>
Net assets		<u>30,459,662</u>	<u>58,507,104</u>
Financed by:			
Share capital	6	2,814,850	2,814,850
Capital reserve	7	12,873,199	12,873,199
Retained earnings		<u>14,771,613</u>	<u>42,819,055</u>
Shareholders' equity		<u>30,459,662</u>	<u>58,507,104</u>

The accompanying notes form an integral part of these financial statements.

The financial statements have been approved by the Directors on 25.11.04 on behalf of the Board:


.....
Director


.....
Director

GUYANA NATIONAL PRINTERS LIMITED

Statement of Loss
For the year ended December 31, 2004
(With comparative figures for 2003)

	<u>Note</u>	2004 \$	2003 \$
Sales		175,843,115	175,430,172
Cost of sales		<u>(154,159,071)</u>	<u>(138,085,644)</u>
Gross profit		<u>21,684,044</u>	<u>37,344,528</u>
Administrative expenses		(50,500,939)	(24,878,032)
Net financing income	8	<u>1,704,109</u>	<u>765,452</u>
		<u>(48,796,830)</u>	<u>(24,112,580)</u>
		(27,112,786)	13,231,948
Other income		<u>343,852</u>	<u>100,300</u>
(Loss)/profit before taxation	9	(26,768,934)	13,332,248
Taxation	10	<u>(1,278,508)</u>	<u>(3,646,513)</u>
(Loss)/profit for the year		<u>(28,047,442)</u>	<u>9,685,735</u>
(Loss)/earnings per share in dollars	11	<u>(99.64)</u>	<u>34.41</u>

The accompanying notes form an integral part of these financial statements.

GUYANA NATIONAL PRINTERS LIMITED

**Statement of Changes in Equity
December 31, 2004
(With comparative figures for 2003)**

	2004	2003
	₹	₹
Share capital (note 6)		
As at beginning of year	2,814,850	2,814,850
New issues	<u>-</u>	<u>-</u>
As at end of year	<u>2,814,850</u>	<u>2,814,850</u>
Capital reserve (note 7)		
As at beginning and end of year	<u>12,873,199</u>	<u>12,873,199</u>
Retained earnings		
As at beginning of year	42,819,055	33,133,320
(Loss)/profit for the year	<u>(28,047,442)</u>	<u>9,685,735</u>
As at end of year	<u>14,771,613</u>	<u>42,819,055</u>
Total	<u>30,459,662</u>	<u>58,507,104</u>

GUYANA NATIONAL PRINTERS LIMITED

Cash Flow Statement

For the year ended December 31, 2004

(With comparative figures for 2003)

	2004	2003
	\$	\$
Cash flows from operating activities		
(Loss)/profit before taxation	(26,768,934)	13,332,248
Adjustments for:		
Depreciation	1,358,535	2,673,440
Gain on disposal of property, plant and equipment	<u>(203,500)</u>	<u>-</u>
<i>Operating (loss)/ profit before working capital changes</i>	(25,613,899)	16,005,688
Decrease/(Increase) in inventories	28,451,384	(13,645,416)
Decrease/(Increase) in trade receivables	11,651,286	(8,361,698)
(Increase)/Decrease in other receivables and prepayments	(558,547)	396,365
Decrease in trade payables	(6,929,281)	(2,128,197)
Increase in advance payments	3,238,338	14,128,708
Decrease in other payables and accruals	(5,427,513)	(16,428,965)
Decrease in long - term debt	-	(4,192,728)
Taxes paid	<u>(4,681,601)</u>	<u>(2,276,344)</u>
<i>Net cash from operating activities</i>	<u>130,166</u>	<u>16,502,587</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(526,439)	(1,048,900)
Proceeds from sale of property, plant and equipment	<u>203,500</u>	<u>4,192,728</u>
<i>Net cash used in investing activities</i>	<u>(322,939)</u>	<u>(3,143,828)</u>
Decrease in cash and cash equivalents	(192,773)	(13,358,759)
Cash and cash equivalents, beginning of year	<u>38,196,395</u>	<u>51,555,154</u>
<i>Cash and cash equivalents, end of year</i>	<u>38,003,622</u>	<u>38,196,395</u>
Cash and cash equivalents comprise:		
Cash on hand and at bank	<u>38,003,622</u>	<u>38,196,395</u>

The accompanying notes form an integral part of these financial statements.

GUYANA NATIONAL PRINTERS LIMITED

Notes to Financial Statements December 31, 2004

1. Incorporation and activities

The Guyana National Printers Limited was formerly known as the Guyana Lithographic Company Limited which was incorporated on May 26, 1976. It was then registered as Guyana National Lithographic Company Limited. From 1980 the Company merged with Guyana Printers Limited and the merged company was renamed Guyana National Printers Limited.

The Company's principal activities are to provide printing and packaging services.

2. Significant accounting policies

(a) The financial statements have been presented in Guyana dollars. These financial statements are prepared in accordance with International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Guyana.

(b) Property, plant and equipment and depreciation

No depreciation is provided on freehold land.

Depreciation on other property, plant and equipment is based on their estimated useful lives and is charged from the date of acquisition. Depreciation is provided on the straight-line method at the following annual rates:-

Buildings	-	2%
Motor vehicles	-	25%
Plant, machinery and equipment	-	10% - 12%

(c) Inventories

These are valued at the lower of cost and net realisable value. The weighted average cost method is used to determine cost.

(d) Foreign currency

Foreign currency transactions completed during the year are translated at the National Bank of Industry and Commerce Limited cambio rate of exchange at the date of each transaction. At the balance sheet date all assets and liabilities denominated in foreign currencies are translated at the National Bank of Industry and Commerce Limited cambio rate of exchange ruling at that date or at rates agreed by Bank of Guyana.

Gains and losses arising from the translation of foreign currencies are included in the profit and loss account for the year.

GUYANA NATIONAL PRINTERS LIMITED

Notes to Financial Statements December 31, 2004

2. Significant accounting policies (cont'd)

(e) Revenue recognition

Revenue comprises the invoiced value for sale of goods and services net of discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

(f) Pension scheme

The company participates in a multi employer defined benefit plan viz Guyana Sugar & Trading Enterprises Pension Scheme which is accounted for as a defined contribution plan since the last actuarial valuation of the scheme which was done as at December 31, 2003 did not provide any information as it relates to individual employers.

(g) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held on call with the banks.

GUYANA NATIONAL PRINTERS LIMITED

Notes to Financial Statements December 31, 2004

3. Property, plant and equipment

(a)	Land and buildings		Plant, machinery & equipment	Motor vehicles	Total
	Freehold	Leasehold			
	\$	\$	\$	\$	\$
Cost/valuation					
At 01.01.2004	8,259,956	957	59,769,165	13,386,529	81,416,607
Additions	-	-	526,439	-	526,439
Disposals	-	-	(346,012)	(6,470,514)	(6,816,526)
At 31.12.2004	<u>8,259,956</u>	<u>957</u>	<u>59,949,592</u>	<u>6,916,015</u>	<u>75,126,520</u>
Depreciation					
At 01.01.2004	3,439,269	162	59,094,359	12,386,529	74,920,319
Charge for the year	156,378	-	702,157	500,000	1,358,535
Write back on disposal	-	-	(346,012)	(6,470,514)	(6,816,526)
At 31.12.2004	<u>3,595,647</u>	<u>162</u>	<u>59,450,504</u>	<u>6,416,015</u>	<u>69,462,328</u>
Net book values					
At 31.12.2004	<u>4,664,309</u>	<u>795</u>	<u>499,088</u>	<u>500,000</u>	<u>5,664,192</u>
At 31.12.2003	<u>4,820,687</u>	<u>795</u>	<u>674,806</u>	<u>1,000,000</u>	<u>6,496,288</u>

(b) Property, plant and equipment vested on May 26, 1976 were stated at the book values of the previous owners (which were in excess of compensation prices) less provision for depreciation computed on those values until 1982 when revaluation was done by professional valuers. The surplus on revaluation has been credited to capital reserve.

GUYANA NATIONAL PRINTERS LIMITED

Notes to Financial Statements December 31, 2004

	2004 \$	2003 \$
4. Inventories		
Raw materials	18,917,254	40,231,171
Work in progress	13,093,736	11,333,809
Finished goods	16,926,965	20,765,086
Spares	<u>6,422,274</u>	<u>11,481,547</u>
	<u>55,360,229</u>	<u>83,811,613</u>

	2004 \$	2003 \$
5. Long-term debt	<u>25,807,272</u>	<u>25,807,272</u>

This amount represents monies advanced to the Company by the Ministry of Finance. The terms and conditions of this advance have not yet been finalised, however, management does not expect the advance to attract any interest.

	2004 \$	2003 \$
6. Share capital		
Authorised 300,000 ordinary shares		
Issued and fully paid 281,485 ordinary shares - stated value	<u>2,814,850</u>	<u>2,814,850</u>

GUYANA NATIONAL PRINTERS LIMITED

Notes to Financial Statements December 31, 2004

	2004 \$	2003 \$
7. Capital reserve	<u>12,873,199</u>	<u>12,873,199</u>

This represents the difference between the compensation price and the valuation of property, plant and equipment at May 26, 1976 and the surplus on the revaluation done in 1982.

	2004 \$	2003 \$
8. Net financing income		
Interest expense	(31,794)	(34,640)
Net foreign exchange loss	(77,144)	(283,555)
Interest income	<u>1,813,047</u>	<u>1,083,647</u>
	<u>1,704,109</u>	<u>765,452</u>

GUYANA NATIONAL PRINTERS LIMITED

**Notes to Financial Statements
December 31, 2004**

	2004	2003
	₹	₹
9. (Loss)/profit before taxation	<u>(26,768,934)</u>	<u>13,332,248</u>
After charging the following:		
Depreciation	1,358,535	2,673,440
Auditors' remuneration	925,000	925,000
Directors' remuneration (a)	618,332	487,500
(a) Directors' remuneration		
F Amin	90,000	90,000
C Ramsingh	90,000	90,000
R Forde	30,000	37,500
M Sahadeo	90,000	90,000
B Morrison	7,500	90,000
N John	7,500	90,000
C Belgrave	82,500	-
D Grenardo	82,500	-
M Gordon	55,832	-
P Boyce	<u>82,500</u>	<u>-</u>
	<u>618,332</u>	<u>487,500</u>
	2004	2003
	₹	₹
10. Taxation		
Property tax	1,278,508	1,576,336
Corporation tax	<u>-</u>	<u>2,070,177</u>
	<u>1,278,508</u>	<u>3,646,513</u>

GUYANA NATIONAL PRINTERS LIMITED

Notes to Financial Statements December 31, 2004

	2004 \$	2003 \$
11. (Loss)/earnings per share		
(Loss)/Earnings per share is calculated as follows:-		
(Loss)/Profit for the year	<u>(28,047,443)</u>	<u>9,685,735</u>
Number of issued shares	<u>281,485</u>	<u>281,485</u>
(Loss)/Earnings per share in dollars	<u>(99.64)</u>	<u>34.61</u>

12. Pension scheme

The Company's total contribution to the multi employer pension plan for the year amounted to \$5,121,373 (2003: \$4,523,819) and the actuarial valuation of the Scheme at December 31, 2003 which was done using the "projected unit" method of funding revealed a past service surplus of \$325 million.

13. Contingencies

The Company received a tax liability statement from the Commissioner, Internal Revenue which indicated taxes including interest amounting to \$36,467,824 owing by the Company. These taxes included corporation, income and property taxes relating to years of assessment 1985 to 2002. The Company has since objected to these taxes and based on its accounting records for that period does not expect to make further payments.

GUYANA NATIONAL PRINTERS LIMITED

Notes to Financial Statements December 31, 2004

14. Financial instruments

(i) Credit risk

Credit risk on trade receivables is limited, as trade receivables are shown net of provision for bad debts. Management believes that there is no additional credit risk beyond amounts provided for collection losses.

(ii) Fair values

The fair values of cash and bank balances, accounts receivable, accounts payable and parent company advances are not materially different from their carrying amounts.

15. The Government of Guyana has listed the Company to be privatised, however, this privatisation has been put on hold.

16. Comparative figures

Certain comparative amounts were reclassified to conform with the current year's presentation.