

**Bauxite Industry Development
Company Limited
Audited Financial Statements for the
years 2002-2003**

2003

**BAUXITE INDUSTRY
DEVELOPMENT COMPANY
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2003.

BISHESWAR, SEEBARRAN & CO
Chartered Accountants
198 Duncan Street
Lamaha Gardens
Georgetown

January 29, 2007



Audit Office of Guyana

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AG:7/2007

31 January 2007

**REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF
BAUXITE INDUSTRY DEVELOPMENT COMPANY LIMITED
ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

Chartered Accountants, Bisheshwar, Seebarran & Company, have audited on my behalf the financial statements of Bauxite Industry Development Company Limited for the year ended 31 December 2003, as set out on pages 1 to 20. 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 attached hereto, of Chartered Accountants, Bisheshwar, Seebarran & Company.



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Bisheswar, Seebarran & Co.

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Report of the Independent Auditors to the Auditor General on the Consolidated Financial Statements of Bauxite Industry Development Company Limited for the year ended December 31, 2003

We were engaged to audit the consolidated financial statements of Bauxite Industry Development Company Limited for the year ended December 31, 2003 as set out on pages 1 to 20. The consolidated financial statements include the subsidiaries of the Company and other related companies as explained in notes 2(h) and 5. These financial statements are the responsibility of the Company's and its Subsidiaries' 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 except that the scope of the audit was limited as explained below. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

1. The financial statements for the subsidiary, Linden Mining Enterprise Limited (Limine), were prepared from the books of accounts maintained in United States dollars and were translated to Guyana dollars using varying rates of exchange. In addition, an amount of \$20.462M, which represents translation differences, has been credited to Capital Reserves Account. We were therefore unable to quantify the effects on the consolidated profit and loss account and balance sheet items since the books of accounts have not been maintained in Guyana dollars.

2. Included in the consolidated inventories figure of \$1.807 billion are amounts totaling \$1.177 billion representing stocks, which were not physically counted for Limine. In addition, the provision for obsolete stocks amounted to \$963.486M, which was arrived at by the use of fixed percentages instead of a physical count. As a result of this policy, we are uncertain as to the adequacy of the provision for obsolete inventories at December 31, 2003 and also as to the accuracy of the consolidated loss and inventories in the consolidated financial statements at December 31, 2003.

3. Included in the consolidated current and long-term loans of \$14.298 billion are amounts totaling \$14.081 billion due to the Ministry of Finance that was not confirmed. Forming part of this amount is a balance of \$12.899 billion of which \$3.229 billion comprised of principal and capitalized interests on disbursements, which were made by the Ministry of Finance for payments of loans to Nissho Iwai and Boskalis. The remaining balance of \$9.670 billion represents principal and capitalized interest of loans by the Ministry of Finance to the company for working capital and payment of community electricity. The terms and conditions of these loans were not made available for verification. We are therefore uncertain as to the accuracy, terms and conditions and classification of loans included in the consolidated financial statements.

4. In 1994, an extraordinary item of \$2.373 billion stated in the profit and loss account of Limmine resulted in the net loss for the year being reduced from \$3.027 billion to \$654M. This item arose as a result of an adjustment to fixed assets and stores brought forward from 1993 to reflect the United States dollar value at the date of acquisition that was then translated to Guyana dollars. In our opinion, this in effect amounted to a revaluation of fixed assets and stores and therefore the classification of the surplus on revaluation, which has been treated as an extraordinary item, was incorrect. In addition, stores were incorrectly stated at a revalued amount as required by the Company's accounting policy. As a result, we are unable to express an opinion on the accumulated loss of \$19.729 billion as shown in the consolidated balance sheet.

5. The financial statements of both Limmine and Bermine have been prepared assuming the going concern concept. However, in the case of Limmine, the company has been having cashflow problems and as a result has been unable to service its liabilities in a timely manner, which resulted in the reduction of its workforce. On August 1, 2003, the Government placed the operations and overall management of the company under the management of Omai Bauxite Company Limited. The entire work force has been made redundant and the operations have been privatized as at December 8, 2004. Similarly, Bermine has been experiencing cashflow problems and was unable to service its liabilities. The Government of Guyana dissolved the company on October 15, 2004 and transferred the operational assets and liabilities to Aroaima Mining Company Limited and National Industrial Commercial Investments Limited. The financial statements of both Limmine and Bermine did not include any provisions that might result from the outcome of the liquidation.

In view of the significance of the foregoing matters, we are unable to express an opinion as to whether the financial statements present fairly, in all material respects, the state of affairs of the Company and Group as at December 31, 2003 and the results of their operations and cash flows for the year then ended and comply with the Companies Act 1991.

Bishwan, Seebarran & Co
Bisheswar, Seebarran & Co
Chartered Accountants
198 Duncan Street
Lamaha Gardens
Georgetown

January 29, 2007

Bauxite Industry Development Company Limited and Subsidiaries
Consolidated Balance Sheet as at December 31, 2003

	Notes	Company		Group	
		2003 G\$'000	2002 G\$'000	2003 G\$'000	Restated 2002 G\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	3 (a) (b)	15,187	21,388	1,471,868	1,825,033
Deferred expenditure	4	-	-	9,926	29,376
Investments:					
Excluded Subsidiaries	5	-	-	23,348	23,348
Subsidiary Companies and Other	6	3,536,407	5,325,235	-	-
Trade and Others	7	-	-	315	315
		<u>3,551,594</u>	<u>5,346,623</u>	<u>1,505,457</u>	<u>1,878,072</u>
Current assets					
Inventories	8 (1)	372	483	1,807,321	1,736,653
Debtors and prepayments	8 (2)	1,355	150,888	804,797	854,114
Cash and cash equivalents		172,113	202,894	258,079	383,961
Due from subsidiaries	7 (1)	-	2,491	-	13,977
		<u>173,840</u>	<u>356,756</u>	<u>2,870,197</u>	<u>2,998,705</u>
Total Assets		<u>3,725,434</u>	<u>6,703,379</u>	<u>4,378,684</u>	<u>4,876,777</u>
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	9	3,578,161	3,578,161	3,578,161	3,578,161
Capital reserve	10	213,617	-	5,170,875	2,590,534
Accumulated loss	11	(87,875)	(35,963)	(19,729,470)	(17,040,060)
		<u>3,723,903</u>	<u>3,542,198</u>	<u>(10,980,834)</u>	<u>(10,871,385)</u>
Non-current Liabilities					
Loan	12	-	1,788,828	14,080,503	12,970,133
Current liabilities					
Bank overdraft (unsecured)		-	-	178,843	384,444
Creditors and accruals	8 (3)	1,530	14,814	804,709	1,419,837
Due to Subsidiaries	7 (1)	-	-	-	8,118
Related Party	18	-	-	74,889	283,991
Loans	12	-	-	217,543	344,080
Provision for taxation		-	357,539	-	357,539
		<u>1,530</u>	<u>372,353</u>	<u>1,275,784</u>	<u>2,778,008</u>
Total Equity and Liabilities		<u>3,725,434</u>	<u>6,703,379</u>	<u>4,378,684</u>	<u>4,876,777</u>

Walter Brown (Shareholder Representative)
 Director

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 Director

The notes on pages 5 to 20 form an integral part of these financial statements

Bauxite Industry Development Company Limited and Subsidiaries
Consolidated Profit and Loss Account
For the year ended December 31, 2003

	Notes	Company		Group	
		2003 G\$'000	2002 G\$'000	2003 G\$'000	2002 G\$'000
Sales		-	-	4,005,797	2,581,715
Cost of sales	13	-	-	4,228,876	4,007,022
Gross loss from operations		-	-	(223,079)	(1,425,307)
Add:					
Other revenues		36,068	82,162	58,567	211,626
Gain on Exchange		-	-	1,081	-
		36,068	82,162	(163,431)	(1,213,681)
Less:					
Financial, Marketing and Administrative expenses		67,980	72,343	2,460,181	2,937,851
Loss on Disposal		-	-	67,489	-
		67,980	72,343	2,527,669	2,937,851
Net profit/(loss) from operations before t	14	(31,912)	9,819	(2,691,100)	(4,151,532)
Taxation	15	-	40,000	-	40,000
Net loss after taxation		(31,912)	(30,181)	(2,691,100)	(4,191,532)

The notes on pages 5 to 20 form an
integral part of these financial statements

Bauxite Industry Development Company Limited and Subsidiaries
Statement of Changes in Equity
For the year ended December 31, 2003

	Share Capital G\$'000	Capital Reserve G\$'000	Company Accumulated Losses G\$'000	Total G\$'000	Share Capital G\$'000	Capital Reserve G\$'000	Group Accumulated Losses G\$'000	Total G\$'000
At January 01, 2002	3,578,161	-	(5,782)	3,572,379	3,578,161	2,280,713	(12,848,528)	(7,009,654)
Adjustment to capital reserves	-	-	-	-	-	-	-	-
Movement on revaluation reserve	-	-	-	-	-	22,434	-	22,434
Severance funded by Government	-	-	-	-	-	(17,243)	-	(17,243)
Net profit/ (loss) for the year	-	-	(30,181)	(30,181)	-	213,329	-	213,329
	3,578,161	-	(35,963)	3,542,198	3,578,161	2,479,233	(17,040,060)	(10,982,666)
Prior year Adjustment to capital reserve:	-	-	-	-	-	111,300	-	111,300
At December 31, 2002 (restated)	3,578,161	-	(35,963)	3,542,198	3,578,161	2,590,533	(17,040,060)	(10,871,366)
Adjustment to capital reserves	-	213,617	-	213,617	-	2,580,141	-	2,580,141
Revaluation Surplus realised	-	-	-	-	-	-	1,689	1,689
Severance funded by Government	-	-	-	-	-	-	-	-
Net profit/ (loss) for the year	-	-	(31,912)	(31,912)	-	-	(2,991,100)	(2,991,100)
At December 31, 2003	3,578,161	213,617	(67,875)	3,723,903	3,578,161	5,170,674	(19,729,472)	(10,980,634)

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The notes on pages 5 to 20 form an
integral part of these financial statements

Bauxite Industry Development Company Limited and Subsidiaries
Cash Flow Statement
For the year ended December 31, 2003

	2003 G\$'000	Restated 2002 G\$'000
Cash flows from operating activities		
Net loss before interest and taxation	(2,383,739)	(3,750,214)
Adjustments for:		
Depreciation	306,940	462,526
Fixed assets reclassification	677	2,099
(Gain)/ loss on disposal of fixed assets	58,003	(40,520)
Fixed assets written off	-	203,622
Deferred expenditure written off	19,450	53,425
Inventory written off	-	391,604
Adjustment to fixed asset	(1,083)	1,036
Movement in deferred expenditure	(9,926)	(29,376)
Capital reserve adjustment	20,482	133,734
Interest capitalised	279,143	367,056
Increase/(Decrease) in provision for taxation	(357,539)	-
Exchange loss on loans	198,699	213,456
Operating profit before working capital changes	(1,866,913)	(1,991,552)
(Increase)/Decrease in inventories	(70,658)	(54,775)
(Increase)/Decrease in receivables and prepayments	49,317	184,128
Increase/(Decrease) in payables and accruals	(615,126)	(253,383)
(Increase)/Decrease in Due from subsidiary	-	(2,268)
Increase/(Decrease) in Related Party Payable	(209,302)	283,991
Cash generated from operations	(2,714,693)	(1,853,859)
Interest paid	(308,359)	(410,065)
Net cash from operating activities	(3,023,052)	(2,263,924)
Cash flows from investing activities		
Acquisition of fixed assets	(94,096)	(78,755)
Proceeds from sale of assets	81,740	98,811
Interest received	997	8,746
Net cash used in investing activities	(11,358)	28,802
Cash flows from financing activities		
Severance Payments funded by the Government	-	213,329
Amounts transferred to Government of Guyana Reserve	707,787	-
Proceeds from long term borrowings	-	157,000
Repayments of long term borrowings	(823,106)	(141,727)
Loans drawn down and transfer	3,117,925	2,107,077
Investment by NICIL (Capital Reserves)	61,541	-
Net cash used in financing activities	3,084,127	2,335,679
Net increase/(Decrease) in cash and cash equivalents	49,717	100,560
Cash and cash equivalents at beginning of period	29,518	(71,042)
Cash and cash equivalents at end of period	79,235	29,518
Cash and Cash Equivalents as shown in the Balance Sheet		
Cash on hand and with banks	258,079	393,962
Bank Overdraft	(178,843)	(364,444)
Cash and Cash equivalents as restated	79,236	29,518

Bauxite Industry Development Company Limited and Subsidiaries
Notes to the Financial Statements
For the year ended December 31, 2003

1. **Incorporation and activities**

Bauxite Industry Development Company Limited was incorporated on February 3, 1976. The company is involved in assisting Berbice Mining Enterprise Limited with the marketing of bauxite; acts as shipping agents for bauxite vessels and provides customs brokerage services for the Group. It also provides managerial and technical support to the subsidiaries.

In July 2003, Bauxite Industry Development Company Limited ceased operations. However, the company was officially closed on December 31, 2003 as per Official Gazette (Legal Supplement) – December 30, 2003. All properties were transferred to and vested in NICIL. On October 21, 2003, the Government decided that liabilities payable to the Government and State Owned Entities will be absorbed by the Government.

Consequent to the winding up of Bauxite Industry Development Company Limited (BIDCO), Linmine became a wholly owned subsidiary of National Industrial and Commercial Investment Limited with effect from December 31, 2003 vide Order No. 43 of 2003.

2. **Significant accounting policies**

(a) The financial statements have been prepared under the historical cost convention as modified for the revaluation of certain fixed assets and the accounting policies conform with International Standards adopted by the Institute of Chartered Accountants of Guyana.

(b) **Basis of consolidation**

The consolidated financial statements include the financial statements of Bauxite Industry Development Company Limited and its wholly owned subsidiaries, Linden Mining Limited and Berbice Mining Enterprise Limited.

The financial statements of Guymine Engineering and Technical Services Limited and Surapana Agricultural and Allied Services Limited have been excluded from consolidation.

The directors have exercised their discretion to exclude these financial statements on the grounds that the businesses of these companies are so different that they cannot be reasonably treated as a single undertaking.

Bauxite Industry Development Company Limited and Subsidiaries
Notes to the Financial Statements
For the year ended December 31, 2003

2. Significant accounting policies – cont'd

<u>Companies</u>	<u>Status</u>
(i) Guymine Engineering and Technical Services Limited	Ceased operations in 1992 and is in the process of being liquidated.
(ii) Surapana Agricultural and Allied Services Limited	Negotiations are in the process to privatize the company.

(c) Sales

This represents the value of bauxite sold to third parties.

(d) Fixed assets

Fixed assets other than freehold and construction work-in-progress are shown in the balance sheet at cost/valuation less provision for depreciation and depletion.

Construction work-in-progress, when brought into use, is capitalized and depreciated in the normal manner.

Mineral properties on other assets is provided on the straight-line method, calculated to write off each asset over its estimated useful life as follows:-

Buildings	-	Varying lives up to 35 years
Plant and Equipment	-	Varying lives up to 12 years
Office Equipment	-	Varying lives up to 10 years

Where management believes that items of property, plant and equipment have been impaired, an assessment is carried out to determine the extent of such impairment. Impairment losses are charged to income unless a previous revaluation gain exists on the individual asset, in which case, the loss is first charged against any revaluation surplus.

Bauxite Industry Development Company Limited and Subsidiaries
Notes to the Financial Statements
For the year ended December 31, 2003

2. Significant accounting policies – cont'd

(e) Inventories

Inventories are valued at the lower of cost and net realizable value using the weighted cost method. The cost of bauxite stocks includes direct labour, materials, expenses and production and other attributable overheads.

(f) Deferred expenditure

Exploration and drilling expenditure

Exploration and drilling expenditure are accumulated and either written off when the prospects of mining an area is abandoned or amortised, together with the development expenditure, when mining commences.

Development expenditure

This represents expenditure incurred in stripping an area of the mine before mining can commence. Absorption of this expenditure is based on the quantity of the ore mined during the year with the exception of the development expenditure incurred by the Berbice Operations, which is absorbed on a pre-determine time basis.

(g) Translation of foreign currencies

Foreign currency transactions completed during the year are translated at rates of exchange in effect at the date of each transaction.

Assets and liabilities denominated in foreign currencies at each balance sheet date are translated using the rates in effect on that date.

Gains and losses arising from the translation of foreign currencies are included in the profit and loss account for the period except adjustments relating to fixed assets, which are under construction. Such adjustments are reflected in the cost of the assets.

The Guyana dollar financial statements of Linden Mining Enterprise Limited are prepared from the books of that Company maintained in United States dollars.

Bauxite Industry Development Company Limited and Subsidiaries
Notes to the Financial Statements
For the year ended December 31, 2003

2. Significant accounting policies – cont'd

(h) Pension Funds

The Company participates jointly with Berbice Mining Enterprise Limited and Linden Mining Enterprise Limited in a contributory pension scheme for its employees. The contributions are held in trustee-administered funds, which are separate from the Company's finances.

Bauxite Industry Development Company Limited and Subsidiaries
Notes To The Financial Statements
For the year ended December 31, 2003

3 Property, plant and equipment

	Freehold Land and Buildings G\$'000	Mineral Properties and Mining Rights G\$'000	Plant, Machinery, Vehicles & Equipment G\$'000	Capital Work-In- Progress G\$'000	Total G\$'000
(a) Group					
Cost/Valuation					
At January 01	3,320,832	1,771	16,690,516	101,282	20,114,401
Additions	-	-	82,679	11,417	94,086
Transfers	-	-	10,065	(10,065)	-
Disposals	-	-	(1,169,236)	(39,870)	(1,209,106)
Reclassification	-	-	-	(677)	(677)
At December 31	3,320,832	1,771	15,614,024	62,086	18,998,713
Accumulated Depreciation					
At January 01	2,646,866	1,335	15,639,166	-	18,287,367
Charge for the year	8,451	-	297,489	-	305,940
Reversal on Disposals	(59)	-	(1,069,404)	-	(1,069,463)
At December 31	2,656,257	1,335	14,867,253	-	17,524,845
Net Book Values					
At January 01	671,967	436	1,051,348	101,282	1,825,033
At December 31	662,575	436	746,771	62,086	1,471,868

(ii) Linden Mining Enterprises Limited

Fixed assets were acquired from Guyana Mining Enterprise Limited, based on valuations approved by the Board of Directors.

(iii) Berbice Mining Enterprises Limited

Plant, Machinery and Equipment includes lease purchases of G\$248.7M. Lease/ Purchase assets represent mining, river transportation and production equipment acquired under an agreement with Republic Merchant Bank Limited (FINCOR).

Bauxite Industry Development Company Limited and Subsidiaries
Notes To The Financial Statements
For the year ended December 31, 2003

3 Property, plant and equipment

(b) Company	Land & Building G\$'000	Buildings, Machinery, Vehicles & Equipment G\$'000	Total G\$'000
Cost			
At January 01	21,840	27,748	49,588
Disposals	-	(10,755)	(10,755)
At December 31	21,840	16,993	38,833
Accumulated Depreciation			
At January 01	8,308	18,892	28,200
Charge for the year	1,110	3,129	4,239
Retired on Disposals	-	(8,793)	(8,793)
At December 31	9,418	14,228	23,646
Net Book Values			
At January 01	12,422	7,856	21,388
At December 31	12,422	2,765	15,187

	Group	
	2003 G\$'000	2002 G\$'000
4 Deferred Expenditure		
LINMINE		
East Montgomery	-	29,376
Hudig & Veder	9,926	-
	<u>9,926</u>	<u>29,376</u>

The sum of G\$ 9,926M represents deferred freight and storage charges used for unsold finish goods held by Agents in Rotterdam as at December 31, 2003. The deferred expenses will be written off when the goods are sold.

The sum mobilisation advance of G\$ 29,276M represents amounts paid to Ormai Bauxite Mining Inc. for (a) transporting equipment to East Montgomery mines, (b) pre-contract survey, (c) pre-contract environmental assessment and (d) completion of mine drainage audit. The expenditure was written off when mining commenced.

Bauxite Industry Development Company Limited and Subsidiaries
Notes To The Financial Statements
For the year ended December 31, 2003

		Group	
		2003	2002
		G\$'000	G\$'000
5 Investment in excluded subsidiaries			
Share of net assets			
(a)	Guyvine Engineering and Technical Services Limited	20,602	20,602
(b)	Surapanna Agricultural and Allied Services Limited	2,746	2,746
		23,348	23,348

(a) **Guyvine Engineering and Technical Services Limited**

The financial statements of Guyvine Engineering and Technical Service Limited at December 31, 1992 in summary form is presented below:

Share Capital	1,000	1,000
Retained Earnings	19,602	19,602
Shareholders' funds	20,602	20,602
Total Assets	39,818	39,818
Current Liabilities	(19,216)	(19,216)
	20,602	20,602

The company owns 100% of the issued share capital of Guyana Engineering and Technical Services Limited

- (b) The investment in Surapana Agricultural and Allied Services Limited represents assets transferred from Guyana Mining Enterprise Limited.

Bauxite Industry Development Company Limited and Subsidiaries
Notes To The Financial Statements
For the year ended December 31, 2003

		Company	
		2003	2002
		G\$'000	G\$'000
6 Investment in Subsidiary companies and other			
(a)	Guymin Engineering and Technical Services Limited	1,000	1,000
	Guymin Engineering and Technical Services Limited ceased operations in 1992 and is in the process of being liquidated		
(b)	Surapana Agricultural and Allied Service Limited	2,746	2,746
	Surapana Agricultural and Allied Service Limited is still in operation but management intends to privatize it		
(c)	Linden Mining Enterprise Limited	3,482,661	3,482,661
(d)	Berbice Mining Enterprise Limited	50,000	50,000
(e)	Government of Guyana - Sysmin Loan (Note)	-	1,788,828
		<u>3,535,407</u>	<u>6,325,235</u>

Note

This represents the balance on the Sysmin loan by the Government of Guyana to Berrine which was transferred to the Company (see note 12). The Ministry of Finance has advised that this amount be treated as an investment.

Bauxite Industry Development Company Limited and Subsidiaries
Notes to the Financial Statements
For the year ended December 31, 2003

7 **Trade and other investments**

	Group	
	2003 G\$'000	2002 G\$'000
Trade		
Livestock Development Company Limited		
300,000 shares of G\$1.00 each at cost (less write off)	245	245
	<u>245</u>	<u>245</u>
Others:		
3.5% 10 years National Defense Bonds at cost	70	70
	<u>70</u>	<u>70</u>
	<u>315</u>	<u>315</u>

7 (1) **Balance due from Subsidiaries**

Due from subsidiaries:		
Due from BERMINE to LINMINE	-	11,427
Due from LINMINE to BIDCO	-	2,551
	<u>-</u>	<u>13,977</u>
Less: Due to LINMINE		
Due to LINMINE from BERMINE	-	8,118
	<u>-</u>	<u>8,118</u>
	<u>-</u>	<u>5,859</u>

Bauxite Industry Development Company Limited and Subsidiaries
Notes to the Financial Statements
For the year ended December 31, 2003

	Company		Group	
	2003 G\$'000	2002 G\$'000	2003 G\$'000	2002 G\$'000
8 Current Assets and Liabilities				
Current Assets				
(1) Inventories:				
Finished stock of bauxite			357,624	194,322
Semi processed stocks of bauxite			29,629	79,046
Crude bauxite			82,907	73,050
Raw Materials			2,300,650	95,343
Miscellaneous supplies	372	483	2,770,810	2,773,012
	<u>372</u>	<u>483</u>	<u>2,770,810</u>	<u>3,214,773</u>
Less: Provision for stock Obsolescence			(983,489)	(1,478,120)
	<u>372</u>	<u>483</u>	<u>1,807,321</u>	<u>1,736,653</u>
(2) Debtors and Prepayments:				
Trade			503,746	375,947
Other debtors & prepayments	1,355	150,888	484,140	663,243
	<u>1,355</u>	<u>150,888</u>	<u>987,886</u>	<u>1,039,190</u>
Less: provision for bad and and doubtful debts			(183,089)	(185,076)
	<u>1,355</u>	<u>150,888</u>	<u>804,797</u>	<u>854,114</u>
Current Liabilities				
(3) Creditors and accruals:				
Trade creditors			743,722	1,211,399
Other creditors and accruals	1,530	14,814	60,987	208,438
	<u>1,530</u>	<u>14,814</u>	<u>804,709</u>	<u>1,419,837</u>

Bauxite Industry Development Company Limited and Subsidiaries
Notes to the Financial Statements
For the year ended December 31, 2003

	<u>2003</u>	<u>2002</u>
9 Share Capital		
Authorized 36,000,000 Ordinary shares	<u>36,000,000</u>	<u>36,000,000</u>
	<u>2003</u>	<u>2002</u>
	<u>G\$'000</u>	<u>G\$'000</u>
Issued and Fully Paid 35,781,805 Ordinary Shares @ G\$100.00	<u>3,578,161</u>	<u>3,578,161</u>
10 Capital Reserve		
(a) Group	<u>5,170,675</u>	<u>2,590,534</u>

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

The value of assets and liabilities assumed by the company was approved by the Board of Directors.

The current year's movement represents:

- i) - Exchanged difference arising from the translation of account balances at varying rates of exchange from United States dollars to Guyana dollars
- ii) - 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.
- iii) - On October 21, 2003, the Government of Guyana decided that liabilities payable to them and State Owned Entities would be absorbed by the Government. In this regard, these balances were transferred as a reserve.
- iv) - Contributions by NICIL to Bermine to facilitate the merger with Arosima Mining Company Limited. The contribution of \$ 192,840,824 was used to rehabilitate the assets transferred to Arosima Mining Company Limited.

Bauxite Industry Development Company Limited and Subsidiaries
Notes To The Financial Statements
For the year ended December 31, 2003

	Company G\$'000	Subsidiary Companies G\$'000	Excluded Subsidiaries G\$'000	Group G\$'000
11 Accumulated Profits/ (Losses)				
At January 01, 2003	(35,983)	(17,023,698)	19,602	(17,040,059)
Revaluation Surplus Realised	-	1,689		1,689
Net loss for the year	(31,912)	(2,859,188)	-	(2,691,100)
At December 31, 2003	<u>(67,875)</u>	<u>(19,681,197)</u>	<u>19,602</u>	<u>(19,729,470)</u>

	Foreign Currency 000	2003 G\$'000	Foreign Currency 000	2002 G\$'000
12 Loans				
Company				<u>1,788,828</u>
Government of Guyana - Sysmin loan				
Repayable within twenty (20) years with a grace period of ten (10) years. Interest is at the rate of 4% and is capitalized during the grace period.				
Group				
LINMINE				
(a) Government of Guyana - Sysmin loan	€ 5,215	1,181,319	€ 5,095	1,022,630
Repayable within twenty (20) years with a grace period of ten (10) years. Interest is at the rate of 4% and is capitalized during the grace period.				
(b) Government of Guyana - Ministry of Finance		12,899,184		9,840,101
The terms and conditions of this loan have not yet been determined. Interest is at a fixed rate of 4% per annum.				
Balance carried forward		<u>14,080,503</u>		<u>10,862,731</u>

Bauxite Industry Development Company Limited and Subsidiaries
Notes to the Financial Statements
For the year ended December 31, 2003

	Foreign Currency '000	2003 G\$'000	Foreign Currency '000	2002 G\$'000
12 Loans - Cont'd				
Brought forward		14,080,503		10,862,731
(b) BERMINE				
Government of Guyana				162,281
<p>This loan was disbursed over the 4 year period 1995 to 1998. This 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 would be capitalized. The first payment was due during September 2000.</p>				
Lease/ Purchases (Citibank)	US\$	94,779	US\$	198,946
<p>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\$1,754,676. The facility is repayable in 48 equal instalments of US\$45,471 and is secured by two Caterpillar trucks and a Komatsu backhoe.</p>				
Balance carried forward		<u>14,175,282</u>		<u>11,223,958</u>

Bauxite Industry Development Company Limited and Subsidiaries
Notes to the Financial Statements
For the year ended December 31, 2003

12 Loans - Cont'd

	Foreign Currency '000	2003 G\$'000	Foreign Currency '000	2002 G\$'000
Balance brought forward		14,175,282		11,223,958
Royal Bank of Trinidad and Tobago	US\$	20,318	US\$	116,438
<p>The company received a loan of US\$ 1,237,000 to refinance purchases made from E.C. Viera and G.N.I.C. interest is charged at a rate of 2% above the Royal Bank of Trinidad and Tobago Limited US Commercial Prime Lending Rate which was 9.25 % at December 31, 2001. The loan principal is repayable at the rate of US\$ 34361.12 per month for 36 months commencing February 28,2001 and is secured by Ship's mortgages on four barges, gaurantee by E.C. Viera Investments Limited for US\$ 1,237,000 and letter of comfort from the Government of Guyana for US\$ 1,237,000</p>				
Ministry of Finance				47,216
National Bank of Industry and Commerce Limited		102,446		137,772
(c) Bauxite Industry Development Company Limited Government of Guyana-Sysmin loan				1,788,828
		<u>14,298,046</u>		<u>13,314,213</u>
Note: Loans secured by guarantees from the Government of Guyana.				
<u>Summary of loans</u>				
Medium and Long Term Portion		14,080,503		12,970,133
Due within one (1) year		217,543		344,080
		<u>14,298,046</u>		<u>13,314,213</u>

Bauxite Industry Development Company Limited and Subsidiaries
Notes to the Financial Statements
For the year ended December 31, 2003

	Company		Group	
	2003 G\$'000	2002 G\$'000	2003 G\$'000	2002 G\$'000
13 Cost of Sales	-	-	4,228,876	4,007,022
14 Net profit/(loss) before taxation	31,912	(9,819)	(2,891,100)	(2,802,344)
Net profit/(loss) before taxation is arrived at after charging the following items:-				
Directors' emoluments				
Chairman	80	120	150	120
Directors	350	808	743	3,201
	<u>430</u>	<u>728</u>	<u>893</u>	<u>3,321</u>
Interest on loans	-	-	279,143	367,056
Interest on overdrafts	-	-	23,942	23,942
Depreciation	4,239	3,160	306,940	482,717
Town Utility	-	-	609,633	165,341
Auditors' Remuneration	<u>801</u>	<u>732</u>	<u>7,273</u>	<u>5,171</u>
After crediting:				
Sale of electricity	-	-	36,500	25,205
Bank interest	-	-	997	8,746
Secretarial Credits	-	-	<u>23,883</u>	-

Social costs represent expenditure incurred in providing basic and infrastructure services to residents of Bauxite Communities.

A secretariat was set up to managed the non-core activities of the Company. The secretariat operated independently from the operations. However, for complete financial reporting it was incorporated in Linmine's accounts.

15 Taxation

Taxation Charges	-	40,000	-	40,000
	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>

The Company has applied to the Minister of Finance for a waiver of taxes, and possible penalty and interest thereon. Approval has not been received to date.

16 Pending Litigations

There are certain pending litigations against the company and subsidiaries for which the exposure, if any, has not yet been determined

17 Capital expenditure

Capital expenditure budgeted for	-	-	-	613,130
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Bauxite Industry Development Company Limited and Subsidiaries
Notes to the Financial Statements
For the year ended December 31, 2003

18 Related Party

This amount represents amounts owing to associated companies for payments made on behalf of Bermine.

Details of the balance are as follows:

	Company		Group	
	2003 G\$'000	2002 G\$'000	2003 G\$'000	Restated 2002 G\$'000
Aroaima Mining Company Limited	-	-	74,689	283,991

In September 2002, Aroaima Mining Company Limited (AMC) was made the manager of the company. Accordingly, AMC managed all operations of the company including but not limited to the financial management. This management agreement continued until the company was liquidated on October 15, 2004.

19 Post Balance Sheet Events

On October 15, 2004, Bermine was legally dissolved following the vesting order # 25/2004 by the Government of Guyana. Certain assets and liabilities were transferred to Aroaima Mining Company Limited and National Industrial Commercial and Investments Limited (NICIL). Aroaima and NICIL are both state-owned companies.

The Board of Directors agreed to discontinue the Pension Plan as at October 31, 2004 vide board resolution dated June 9, 2004. The winding - up valuation of the Bauxite Industry Pension Plan (BIPP) as at October 31, 2004 was completed on June 27, 2005. The valuation revealed that the pension plan assets were \$ 2,821,785,824 and the sums required to secured accrued benefits were \$ 2,811,493,431. the surplus of \$ 10,292,393 was carried forward as a contingency reserve for the cost of dealing with queries raise by individual members. Winding-up benefits were paid in June 2005.

Winding-up benefits were calculated using the following actuarial assumptions:-

- The rate of interest used was three percent (3%) per annum.
- The mortality table used were the standard UK tables as the a(55) table of annuitants mortality.
- For deferred annuities, no allowance would be made for mortality during the period of deferment.
- No mention was made of any explicit expense charges.

Effective December 8, 2004, the operations of Linmine was privatised to Omai Bauxite Mining Inc. (OBMI). According to the Agreement, the Government of Guyana will continue thirty percent (30%) of the OBMI equity. The share issued to the Government of Guyana are held by the National Industrial and Commercial Investment Ltd.

20 Contingent Liability

Civil appeal No. 69 of 2001 dated March 3, 2004 in the matter of the Insolvency Act, Chapter 12:21 Linden Mining Enterprise Limited and Bauxite Industry Development Company (Respondents/Defendants) were ordered to pay to James Ramshoye (Appellant /Plaintiff) the sum of G\$ 78,820,220.

21 Prior Year Restatement

The financial statements for the previous year was restated to recognised an investment of \$ 111,300,000 by NICIL to facilitate the merger with Aroaima Bauxite Company Limited as stated in Note 10 (iv).