

2003

**AUDITED FINANCIAL STATEMENTS OF THE
AROAIMA MINING COMPANY INCORPORATED**

**FOR THE YEAR ENDED
31 DECEMBER 2003**

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

OPINION.:56/2005



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AG:56/2005

18 July 2005

**REPORT OF THE AUDITOR GENERAL
TO THE BOARD OF DIRECTORS OF
AROAIMA MINING COMPANY INCORPORATED
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

I have audited the financial statements of the Aroaima Mining Company Incorporated for the year ended 31 December 2003. These statements have been prepared under the historical cost convention and in accordance with the accounting policies as set out on page 7.

Respective Responsibilities of Management and Auditors

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

Basis of Opinion

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I 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 on 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. I believe that my audit provides a reasonable basis for my opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arosima Mining Company Incorporated as at 31 December 2003, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

OFFICE OF THE AUDITOR GENERAL
D. SHARMA
AUDITOR GENERAL (ag.)

AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA.

Aroaima Mining Company Inc.

Balance Sheet

As at December 31, 2003

	Notes	2003 G\$	2002 G\$
Current assets			
Receivables unconsolidated		-	-
Related Party Receivable	3	0	64,383,718
Other receivables		19,476,565	4,149,816
Cash on hand and in bank		42,628,495	72,289,438
Total current assets		62,105,060	140,822,972
Current liabilities			
Trade creditors		53,321,557	45,542,943
Other creditors and accruals		82,362,672	49,997,407
Payables unconsolidated	3	(73,679,169)	45,182,622
Total current liabilities		62,005,060	140,722,972
Net current assets		100,000	100,000
Net assets		100,000	100,000
Represented by			
Stated capital	4	100,000	100,000

Winston Brandy
Director


Director

The notes on pages 7 to 9 form an integral part of these financial statements

Aroaima Mining Company Inc.

Statement of Transferred Expenses for the year ended December 31, 2003

	Notes	2003	2002 G\$
Production expenses	7	1,034,919,220	803,075,866
Administrative expenses	8	256,789,984	175,731,586
Total expenses		1,291,709,204	978,807,452
Expenses transferred	2 C	1,291,709,204	978,807,452

The notes on pages 7 to 9 form an integral part of these financial statements

Aroaima Mining Company Inc.

Cash Flow Statement

For the year ended December 31, 2003

	2003 G\$	2002 G\$
Cash generated from operations		
Increase/(Decrease) in receivables	0	39,528,344
Increase/(Decrease) in other receivables	(15,326,749)	(989,377)
Increase in Related Party Receivable	64,383,718	(64,383,718)
Increase/(decrease) in payables	7,778,614	29,238,509
Increase in other payables	32,365,265	18,258,387
Increase in Payables Unconsolidated	(118,861,791)	45,182,622
Net increase in cash and cash equivalents	(29,660,943)	66,834,767
Cash and cash equivalents at January 01	72,289,438	5,454,671
Cash and cash equivalents at December 31	42,628,495	72,289,438
Analysis of cash as shown in the balance sheet		
Cash and deposits	42,628,495	72,289,438
	42,628,495	72,289,438

The notes on pages 7 to 9 form an integral part of these financial statements

Aroaima Mining Company Inc.

Notes to the financial statements

For the year ended December 31, 2003

1 Incorporation and principal activities

The company was incorporated in the Co-operative Republic of Guyana on August 22, 1989 under the Companies Act CAP 89:01. It was continued under the Companies Act 1991 on September 2, 1996. It's principal activity is the provision of management services to its parent company, Aroaima Bauxite Company Limited.

2 Statement of accounting policies

(a) Basis of accounting

These financial statements have been prepared under the historical cost convention and no account has been taken of the effects of inflation.

(b) Currency

These financial statements are stated in Guyana dollars. Foreign currency transactions during the year were translated at the exchange rate ruling at the date of each transaction. At the balance sheet date assets and liabilities denominated in foreign currencies are translated at the rates in effect at that date.

(c) Expenditure

Expenses incurred during 2002 are transferred to the parent company.

(d) Tangible fixed assets

The assets used by Aroaima Mining Company Incorporated are the property of Aroaima Bauxite Company Limited.

3 Related Party Receivable - Bermine

The Company commenced managing a sister company, Berbice Mining Company, on September 11th, 2002. All financial transactions, including procurement, payments, financial management are done through AMC. During the period to Year End advances were made to procure supplies and consumables for the operation. The balance reflected in the financial statements is the net result of advances to and receipts on behalf of Bermine. These transfers were made by Aroaima Bauxite Company to the Company

Aroaima Mining Company Inc.

Notes to the financial statements

For the year ended December 31, 2003

	2003 GS	2002 GS
4 Stated capital		
100 ordinary shares	100,000	100,000

By its Articles the company is authorised to issue a maximum of 100 ordinary shares at a minimum issue price of GS\$1,000 each.

5 Income

The company generates no income. The principal objective of the company is the provision of management services to its parent company, Aroaima Bauxite Company Limited.

6 Taxation

The company has obtained from the Government of Guyana an exemption from all Corporate Taxes. Accordingly, no provision for taxation is required.

	GS	GS
7 Production expenses		
Employment costs	\$ 747,108,371	\$ 562,850,542
Other Employee Benefit	\$ 99,150,957	\$ 5,130,402
Education/Training	\$ 633,186	\$ 677,991
Accommodation and meals	\$ 45,402,446	\$ 3,858,178
Fuel, oil and lubricants	\$ 20,350,304	\$ 5,683,864
Freight, cartage and demurrage	\$ 6,889,212	\$ 6,759,960
Transshipping	\$ 193,200	\$ 86,400
Outside services	\$ 35,449,791	\$ 138,823,903
Rental of equipment	\$ 24,341,196	\$ 28,302,438
Rental of Buildings	\$ 120,000	\$ 580,000
Repairs and maintenance	\$ 33,006,557	\$ 23,547,521
Cleaning Materials etc.	\$ 131,591	\$ 1,807,227
Safety Gears	\$ 277,528	\$ 237,734
Insurance	\$ 2,537,020	\$ 2,507,212
Sundry supplies	\$ 1,683,469	\$ 1,093,509
Loose tools	\$ 1,219,035	\$ 2,554,304
Electricity	\$ 872	\$ 16,583
Telephone -Internet	\$ 8,960,312	\$ 5,713,739
Office Supplies	\$ 562,448	\$ 1,491,021
Subscription	\$ 235,100	\$ 93,370
Donations	\$ 443,745	\$ 576,420
Postage	\$ 653,619	\$ 680,996
Printing	\$ 118,000	\$ 249,653
Professional Fees	\$ 996,675	\$ 197,600
Employee activities	\$ 1,692,852	\$ 3,935,998
Miscellaneous	\$ 2,759,734	\$ 3,594,097
Total	1,034,919,720	803,075,866

Aroaima Mining Company Inc.

Notes to the financial statements For the year ended December 31, 2003

	2003 G\$	2002 G\$
8 Administrative expenses		
Salaries - clerical	173,865,569	104,540,822
Social security contributions	5,080,180	3,536,727
Employment Cost - Expat	2,125,311	2,391,404
Employee Benefit	202,880	624,213
Office supplies	3,998,753	3,120,792
Printing	236,363	226,219
Professional fees	4,519,135	6,591,089
Rental of building	6,008,000	6,870,000
Telephone and telex	5,205,080	2,496,997
Subscription	136,680	341,110
Donation	309,428	394,930
Accommodation and meals	4,382,519	4,511,085
Sales, meetings & conventions	61,132	8,790
Directors' fees	218,000	119,000
Other taxes	-	14,518
Electricity	448,800	1,228,265
Freight	14,430,950	7,307,906
Insurance	7,219,759	90,000
Outside Services	16,087,424	18,144,032
Lubricants & Other Supplies	5,407,099	1,653,874
Cleaning Materials etc.	2,190	438,063
Safety Gears	155,600	437,770
Loose Tools	35,956	556,615
Repair & Maintenance	3,700,588	9,961,681
Miscellaneous	2,952,588	125,684
Total	256,789,984	\$ 175,781,596

9 Accommodation and meals have been apportioned as follows

Production	2/3
Administration	1/3

Details of directors emoluments for the year are as follows:

Names

Mr. Robeson Benn	118,000	49,000
Mr. Nheedkumar	100,000	70,000
Total	218,000	119,000

10 Other

The following court actions are filed against Aroaima Mining Company:

- Brent Walters -v- Aroaima Mining Company - Wrongful dismissal*
- Marlyn Drakes -v- Aroaima Mining Company - Trespass to Property*

Based on legal advised sought, management do not consider the financial effect of these matters material to the financial statements.