National Industrial & Commercial Investments Ltd.

2013 Annual Report

Table of Contents

CORPORATE INFORMATION

CHAIRMAN	Dr. Ashni Singh Honorable Minister of Finance
DIRECTOR	Dr. Roger Luncheon Head of the Presidential Secretariat
DIRECTOR	Ms. Sonya Roopnauth Director, Office of the Budget, Ministry of Finance
DIRECTOR	Mr. Nigel Dharamlall Permanent Secretary, Ministry of Amerindian Affairs
DIRECTOR	Mr. Winston Brassington Executive Director, NICIL
REGISTERED OFFICE	**126 Parade & Barrack Streets,** **Kingston,** **Georgetown,** **Guyana.** Telephone: (592) 225-0317 Facsimile: (592) 226-6426
AUDITORS	**Audit Office of Guyana** 63 High Street, Kingston, Georgetown, Guyana

REPORT OF THE DIRECTORS

The Board submits the Annual Report of the National Industrial and Commercial Investments Limited (the Company) including its Audited Financial Statements for the year ended 31st December 2013.

Results

The Company's revenue amounted to G$4,258,306,000 for the year ended 31st December 2013. Profit after taxation totaled G$3,627,170,000.

Earnings per share amounted to G$36,000.

Dividends

The Directors approved an interim dividend to its shareholder in the amount of G$1,720,000,000 for the year 2013. No further dividends are proposed.

Directors

The Directors, Dr. Ashni Singh, (Minister of Finance), Dr. Roger Luncheon, (Head of the Presidential Secretariat), Ms. Sonya Roopnauth, (Director, Office of the Budget, Ministry of Finance), Mr. Nigel Dharamlall, (Permanent Secretary, Ministry of Amerindian Affairs) and Mr. Winston Brassington, (Executive Director) served throughout the year.

Directors Remuneration

No emoluments were paid to the Directors during the year.

Service Contracts with Directors

Other than Mr. Winston Brassington who has a Contract for Service with NICIL, there were no other contracts between the National Industrial and Commercial Investments Limited and any other of its Directors.

Going Concern

The Directors are satisfied that the Company has adequate resources to continue to operate for the foreseeable future. For this reason, they continue to adopt the "going concern" basis for preparing the accounts.

Auditors

NICIL, a wholly state-owned company, is required by Section 24(1) of the Audit Act 2004, to have its financial statements audited by the Audit Office of Guyana.

By Order of the Board

....
Marcia Nadir-Sharma
Company Secretary

30th January, 2015

AUDITED FINANCIAL STATEMENTS

of the

National Industrial & Commercial Investments Ltd.

for the year ended

31st DECEMBER, 2013

Audit Office of Guyana
P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana
Tel: 592-225-7592, Fax: 592-226-7257, http://www.audit.org.gy

AG: 9/2015 19 February 2015

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE BOARD OF DIRECTORS OF THE
NATIONAL INDUSTRIAL AND COMMERCIAL INVESTMENTS LIMITED (NICIL)
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

I have audited the accompanying financial statements of National Industrial and Commercial Investments Limited (NICIL), which comprise the statement of financial position as at 31 December 2013, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The Audit was conducted in accordance with the Audit Act 2004.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC), and those of the International Organization of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements give a true and fair view, in all material respects, of the financial position of National Industrial and Commercial Investments Limited (NICIL) as at 31 December 2013, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

AUDIT OFFICE OF GUYANA

D. SHARMA
AUDITOR GENERAL

AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

National Industrial & Commercial Investments Ltd.
Statement of Comprehensive Income
for the year ended 31 December 2013

	Note	2013 G$000	2012 G$000
Revenue	3	4,156,288	6,957,096
Operating expense	4	206,443	154,720
Operating profit		3,949,845	6,802,376
Interest and other income		102,018	8,159
EXPENSES			
Administrative expenses		483,692	435,313
Depreciation		58,299	71,881
		541,991	507,194
PROFIT BEFORE TAXATION	5	3,509,872	6,303,341
TAXATION	6	117,298	(97,801)
PROFIT AFTER TAXATION		3,627,170	6,205,540
EARNINGS PER SHARE	8	36	62

"The notes on pages 12 to 30 form an integral part of these financial statements".

National Industrial & Commercial Investments Ltd.

Statement of Changes in Equity

for the year ended 31 December 2013

	Note	Share Capital G$000	Retained Earnings G$000	General Reserve G$000	Other Reserve (Merger Equity) G$000	Total G$000
Balance at 31 December 2011		100	924,051	1,666,270	4,489,544	7,079,965
Net profit for the year		-	6,205,540	-	-	6,205,540
Restatement to reflect unrecorded assets	7	-	-	-	9,775	9,775
Dividends paid	9	-	(1,000,000)	-	-	(1,000,000)
Balance at 31 December 2012		100	6,129,591	1,666,270	4,499,319	12,295,280
Net profit for the year		-	3,627,170	-	-	3,627,170
Dividends paid	9	-	(1,720,000)	-	-	(1,720,000)
Balance at 31 December 2013		100	8,036,761	1,666,270	4,499,319	14,202,450

"The notes on pages 12 to 30 form an integral part of these financial statements".

National Industrial & Commercial Investments Ltd.

Statement of Financial Position -

for the year ended 31 December 2013

	Note	2013	2012
ASSETS		**G$000**	**G$000**
NON - CURRENT ASSETS			
Property and equipment	**10**	1,354,524	1,409,267
Investments	**11**	2,919,606	5,065,768
Subordinated Bonds	**11b**	3,315,866	-
		7,589,996	6,475,035
CURRENT ASSETS			
Inventories	**12**	416,200	416,200
Receivables	**13**	1,679,506	1,800,920
Related parties	**14**	1,480,464	217,828
Cash and deposits	**15**	6,042,727	8,327,539
		9,618,897	10,762,487
TOTAL ASSETS		17,208,893	17,237,522
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	**16**	100	100
Retained earnings		8,036,761	6,129,591
Other reserve		4,499,319	4,499,319
General reserve		1,666,270	1,666,270
		14,202,450	12,295,280
NON-CURRENT LIABILITIES		288,725	288,725
CURRENT LIABILITIES			
Payables	**18**	1,752,612	762,060
Related parties	**14**	439,728	3,248,781
Taxation payable		525,378	642,676
		2,717,718	4,653,517
TOTAL EQUITY AND LIABILITIES		17,208,893	17,237,522

The Board of Directors approved these financial statements for issue on 29 January 2015.....

Director **Director**

Director

"The notes on pages 12 to 30 form an integral part of these financial statements".

National Industrial & Commercial Investments Ltd.

Statement of Cash Flows

for the year ended 31 December 2013

OPERATING ACTIVITIES	2013 G$000	2012 G$000
Profit for the year	3,509,872	6,303,341
Adjustments for:		
Gain on disposal	-	70,831
Depreciation	58,299	71,881
Operating profit before working capital changes	3,568,171	6,446,053
Working capital changes:		
(Increase)/ decrease in receivables	121,414	(1,009,416)
Increase/ (decrease) in payables	990,552	(564,751)
Increase/(decrease) in related parties	(4,071,689)	2,849,373
Cash Generated from Operating Activities	608,448	7,721,259
Net Cash Inflow - Operating Activities	608,448	7,721,259
INVESTING ACTIVITIES		
Proceeds from disposal of property and equipment	-	100,000
(Increase)/ decrease in investments	(1,169,704)	480,338
Reclassification of fixed assets	-	17,723
Acquisition of property and equipment	(3,556)	(30,757)
Net Cash Outflow - Investing Activities	(1,173,260)	567,304
FINANCING ACTIVITIES		
Dividends paid	(1,720,000)	(1,000,000)
Restatement to reflect unrecorded assets	-	9,775
Net Cash Outflow - Financing Activities	(1,720,000)	(990,225)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(2,284,812)	7,298,338
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	8,327,539	1,029,201
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	6,042,727	8,327,539

"The notes on pages 12 to 30 form an integral part of these financial statements".

National Industrial & Commercial Investments Ltd.
Notes to the Financial Statements
for the year ended 31 December 2013

1. INCORPORATION AND BUSINESS ACTIVITIES

(a) Incorporation

National Industrial & Commercial Investments Ltd. (NICIL) was incorporated as a company under the Companies Act Chapter 89:01 on the 18th July, 1990, but did not begin to function as a Company until the appointment and assumption of duty of the Executive Director on the 15th July, 1991.
Effective 1 January, 2002 a Management Co-operation Agreement (MCA) was signed appointing the Privitisation Unit (PU) as exclusive manager of NICIL. Under the agreement all privatisation expenses would be funded by NICIL. Additionally NICIL agreed that any privatisation of NICIL's assets would be in accordance with Privatisation Policy Framework Paper (PPFP) of 1993.

(b) Principal Activities

The primary objectives of the company "NICIL" is that of subscribing for, taking or otherwise acquiring and holding the Government shares, stocks, debentures or other securities of any company, co-operatives societies or body corporate.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting convention
The financial statements have been prepared under the historical cost convention except for certain properties and investments that were measured at nominal amounts, as explained in the policies below, and in accordance with International Financial Reporting Standards as issued by the IAS Board.

These Financial Statements are presented in Guyana dollars.

(b) Property and equipment
Property and equipment are stated at cost or at nominal amounts less accumulated depreciation. The Company depreciates its property and equipment other than freehold land and construction work in progress on the straight line method at rates which are estimated to reduce these assets to their residual value at the end of their useful lives:

The annual rates are:

Buildings	2%
Furniture and equipment	10%
Motor vehicles	25%

The gain or loss arising on disposal or retirement of an item of fixed assets is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

National Industrial & Commercial Investments Ltd.
Notes to the Financial Statements
for the year ended 31 December 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Foreign currency

Foreign currency transactions completed during the year are translated to Guyana dollars at the National Bank of Industry & Commerce Limited Cambio rates of exchange ruling at the dates of such transactions. At Balance sheet date all amounts denominated in foreign currencies are translated to Guyana dollars at the National Bank of Industry & Commerce Limited Cambio exchange rates ruling at that date or at rates agreed by Bank of Guyana. Gains and losses resulting from such transactions are included in the Statement of Comprehensive Income.

(d) General reserves

The Company took a conservative approach, in accordance with IAS 20 (para 23), in valuing properties that were vested or transferred at a nominal value.

In addition this account is used to account for shares transferred from the Government of Guyana to NICIL.

(e) Revenue recognition

In relation to the sale of property, income is recognised in the Statement of Comprehensive Income, when the significant risks and rewards of ownership have been transferred to the buyer. Significant risks and rewards of ownership are transferred to the buyer upon publication of the Vesting Order or passing of the Transport.

All other income categories are recognised on an accrual basis except when collection is considered doubtful, or payment is outstanding for more than the time specified in the Agreement of Sale. In such cases income is accounted for on a cash basis.

(f) Expenditure

Expenses are recognised in the Statement of Comprehensive Income on an accrual basis at the fair value of the consideration paid/payable.

(g) Investments

Investments in subsidiaries, associates and trade investments were valued at nominal cost.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value with cost being determined on the first-in-first out basis

National Industrial & Commercial Investments Ltd.
Notes to the Financial Statements
for the year ended 31 December 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Dividends

Dividends that are proposed and declared are recorded as an appropriation of retained earnings in the statement of changes in equity in the period in which they have been paid.

(j) Cash & cash equivalents

For the purposes of presentation in the Statement of Cash Flows; cash and cash equivalent comprise of cash on hand and balances with banks.

(k) Taxation

Provision is made for deferred tax using the liability method for all temporary differences arising between the tax bases of the assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred corporation tax.

The principal temporary differences arise from depreciation on property, plant and equipment and tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

(l) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into the risk and uncertainties surrounding the obligation.

(m) Grants

Government subventions are recognised in the Statement of Comprehensive Income in the period in which the related expenses are recognised.
Grants for non-current assets are recognised as deferred income and are recognised in the Statement of Comprehensive Income over the periods and in proportions in which depreciation expense on those assets is recognised.

National Industrial & Commercial Investments Ltd.
Notes to the Financial Statements
for the year ended 31 December 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Financial Instruments

Financial assets and liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

Debtors and other receivables

Debtors and other receivables are measured at amortised cost.
Appropriate allowances for estimated unrecoverable amounts are recognized in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired.
The allowance recognised is based on management's evaluation of the collectability of the receivables.

Creditors and other payables

Creditors and other payables are measured at amortised cost.

(o) Business reporting division

A business reporting division is a component of an entity that is engaged in providing products or services that are subject to risks and returns that are different from those of other business divisions. A geographical division is engaged in providing services within a particular economic environment that are subject to risks and returns that are different from those of divisions operating in other economic environments.
The Company's operations are considered a single business unit with only a single activity segmented along geographical line in Guyana.

(p) Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of it's tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.
Recoverable amount is the higher of fair value less costs to sell and value in use. If recoverable amount of an asset is estimated to be less than its carrying value, an impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

National Industrial & Commercial Investments Ltd.
Notes to the Financial Statements
for the year ended 31 December 2012

3. GROSS REVENUE

	2013 G$000	2012 G$000
Properties	436,300	399,026
Capital proceeds	200,000	5,558,070
Dividends received	3,519,988	1,000,000
	4,156,288	6,957,096

4. OPERATING EXPENSE

Real estate	206,443	154,647
Industrial estate	-	73
	206,443	154,720

5. NET PROFIT BEFORE TAXATION

Net profit before taxation is shown after accounting for:	3,509,872	6,303,341
Audit fees	-	-
Interest expenses	-	-

6. TAXATION

The provisional credit for taxation in the financial statements is made up as follows:-

Current:		
Taxes Adjusted	(159,499)	-
Property tax	42,201	97,801
Provisional charge	(117,298)	97,801

National Industrial & Commercial Investments Ltd.
Notes to the Financial Statements
for the year ended 31 December 2013

	2013	2012
6. TAXATION (CONT'D)	**G$000**	**G$000**
Reconciliation of corporation tax expense and accounting profit		
Profit before taxation	3,509,872	6,303,341
Corporation tax 30%	1,052,962	1,891,002
Property and withholding taxes	42,201	97,801
Income exempt from corporation tax	(978,434)	(1,926,838)
Deferred tax not recognised	(74,527)	35,836
	42,201	97,801

The Company incurred a tax loss of $66,825,854 (2012-$97,825,277) in the current year. It has tax losses of $1,023,286,481 (2012-$956,461,127) available to offset against future pre-tax profits.

7. GENERAL AND OTHER RESERVES

(i) In 2003 BIDCO, previously recorded nominally in NICIL financial statements, was wound up by Vesting Order # 45 of 2003. Consequently, 100% of LINMINE, 100% of BERMINE and 49.9% of Surpana was vested into NICIL.

(ii) In 2003 Small Business Credit Imitative was wound up by Vesting Order # 27 of 2003 and specific assets and liabilities were vested into NICIL. In 2004 LINMINE was wound up by Vesting Order #36 of 2004 and specific assets and liabilities were vested into NICIL. In 2008 NEOCOL was wound up by Vesting Order # 7 of 2008 and specific assets and liabilities were vested into NICIL. In 2011 Aroaima Mining Co. was wound up by Vesting Order # 5 of 2011 and specific assets and liabilities were vested into NICIL.

8. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of shares in issue during the year.

	2013	2012
	G$	**G$**
Profit attributable to shareholders	3,627,170,000	6,205,540,000
Weighted average number of shares in issue	100,000	100,000
Basic earnings per share	36,272	62,055

	2013 G$000	2012 G$000
9. DIVIDENDS PAID		
$17,200 (2012 - $10,000) per share	1,720,000	1,000,000

10. PROPERTY AND EQUIPMENT	Land and Buildings G$000	Furniture and Equipment G$000	Motor Vehicles G$000	Work in Progress G$000	2013 Total G$000
Cost					
Balance at 1 January 2013	1,307,487	529,252	24,652	-	1,861,391
Additions	-	3,556	-	-	3,556
Reclassification	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at 31 December 2013	1,307,487	532,808	24,652	-	1,864,947
Depreciation					
Balance at 1 January 2013	95,671	339,055	17,398	-	452,124
Charge for the year	13,167	42,404	2,728	-	58,299
Reclassification	-	-	-	-	-
Write back on disposal	-	-	-	-	-
Balance at 31 December 2013	108,838	381,459	20,126	-	510,423
Net Book Values					
Balance at 31 December 2013	1,198,649	151,349	4,526	-	1,354,524

10. PROPERTY AND EQUIPMENT

	Land and Buildings G$000	Furniture and Equipment G$000	Motor Vehicles G$000	Work in Progress G$000	2012 Total G$000
Cost					
Balance at 1 January 2012	1,370,075	962,462	27,285	-	2,359,822
Additions	25,000	5,757	-	-	30,757
Reclassification	-	(22,154)	-	-	(22,154)
Disposals	(87,588)	(416,813)	(2,633)	-	(507,034)
Balance at 31 December 2012	1,307,487	529,252	24,652	-	1,861,391
Depreciation					
Balance at 1 January 2012	85,809	618,709	16,359	-	720,877
Charge for the year	13,067	55,142	3,672	-	71,881
Reclassification	-	(4,431)	-	-	(4,431)
Write back on disposal	(3,205)	(330,365)	(2,633)	-	(336,203)
Balance at 31 December 2012	95,671	339,055	17,398	-	452,124
Net Book Values					
Balance at 31 December 2012	1,211,816	190,197	7,254	-	1,409,267

National Industrial & Commercial Investments Ltd.

Notes to the Financial Statements

for the year ended 31 December 2013

11a. INVESTMENTS

Trade Investments	% Owned	# of Shares	2013 G$000	2012 G$000
Guyana Stores Limited	3.19	3,188,473	3,188	3,188
Omai Gold Mines Inc.	5	500	1	1
Guyana Stockfeeds Limited [1]	7	7,000,000	7,000	7,000
Caribbean Food Corporation	7	7,186	-	-
New GPC Inc.	10	761,566	76,157	76,157
Berbice River Bridge Inc.	0	1	-	-
LIDCO	0	-	-	-
Bauxite Company of Guyana Inc.	10	-	443,426	443,426
Hand in Hand Trust Corporation Inc.	10	250,000	25,000	25,000
			554,772	554,772
Investments in Associates				
Surpana Allied & Agriculture Services Ltd. [2]	49.9	49,900	-	-
Bosai Mineral Group Guyana Inc.	30	5,223,208	1,044,642	1,044,642
			1,044,642	1,044,642

1 - Despite a judgment in favour of restoring NICIL's previous shareholding in Guyana StocksFeeds Ltd., the company has appealed the decision of Justice Jainarayan Singh. Pending the outcome of this appeal, the representative shareholding is likely to be increased.

2 - The company is non operational and the financial position is unknown due to the unavailability of financial statements.

National Industrial & Commercial Investments Ltd.
Notes to the Financial Statements
for the year ended 31 December 2013

11. INVESTMENTS Cont'd

Investments in Subsidiaries	% Owned	# of Shares	2013 G$000	2012 G$000
Property Holdings Inc.	73.63	73,625,044	73,625	73,625
Guyana National Printers Limited	99.6	280,516	2,805	2,805
Guyana National Shipping Corporation Ltd.	100	2,796,642	2,797	2,797
Guyana Oil Company Limited	100	574,999	575	575
National Communication Network	100	35,000,000	220,329	220,329
Guyana National Newspapers Limited	90	2,203,200	36,220	66,510
LINMINE	100	3,482,661	-	-
Madhia Power Ltd./ Matthews Ridge Power Ltd. /Port Kaituma Power Ltd.	100	128	128	128
Guyana World Cup Inc.	100	-	28,820	28,820
Linden Electricity Company Inc.	100	73,000	7,300	7,300
Atlantic Hotel Inc.	100	80,000	800,000	2,916,466
GNCB	95.3	2,382,299	-	-
Lethem Power Company Inc.	100	17,030	17,030	17,030
Kwakwani Utilities Inc.	100	44,086	130,563	129,969
			1,320,192	3,466,354
Total Investments			**2,919,606**	**5,065,768**

11b. SUBBORDINATED BONDS

AHI has by Board resolution passed on 11th April 2013, created 155,000 subordinated bonds of US$100 each, to be constituted as provided in the Subordinated Bond Agreement and issued as consideration for NICIL's provision of US$15,500,000 debt financing to AHI.

1. Interest on the Subordinated Bonds shall be paid by the Company to the Bondholders at the rate of 0%;

2. The maturity date for the Subordinated Bonds shall be 30th April, 2028 (being 15 years from the date of Financial Close).

3. AHI retains the right and/or option to make partial payments or equal installments of 1/15th or full payment on the principal prior to the Maturity Date in accordance with Schedule B of the

Subordinate Bond Threshold

AHI Subordinate Bond threshold was increased by shareholder's resolution passed on July 15, 2013, which created 25,125 additional subordinated bonds of US$100 each.

National Industrial & Commercial Investments Ltd.
Notes to the Financial Statements
for the year ended 31 December 2013

12. INVENTORIES

	2013 G$000	2012 G$000
Stores and miscellaneous supplies	1,675,590	1,675,590
Provision for obsolescence	(1,259,390)	(1,259,390)
	416,200	416,200

13. RECEIVABLES

	2013 G$000	2012 G$000
Trade receivables	2,067,125	2,035,777
Other receivables	562,365	563,492
Provision for bad debts	(949,984)	(798,349)
	1,679,506	1,800,920

14. RELATED PARTIES

Parties are considered related if (a) one party has the ability to control the other party or exercise significant influence over the other party in making financial decisions or (b) the party is a member of a key management personnel.

Amount due from:

	2013 G$000	2012 G$000
Property Holdings Inc.	7,360	850
Government of Guyana	165,231	169,038
Kwakwani Utilities Inc.	21,724	21,713
LINMINE	2,059	2,059
Guyana Electricity Corp.	566,633	566,633
Guyana Telephone & Telegraph Co.	142,738	142,738
Guyana National Shipping Limited	-	5,127
Atlantic Hotel Inc.	1,255,115	-
GUYSUCO	31,034	21,100
Provision for Bad debts	(711,430)	(711,430)
	1,480,464	217,828

National Industrial & Commercial Investments Ltd.
Notes to the Financial Statements
for the year ended 31 December 2013

	2013 G$000	2012 G$000
14. RELATED PARTIES (CONT'D)		
Amount due to:		
GNCB / PHI	370,183	379,725
Guyana Power & Light	234	2,806,831
Atlantic Hotel Inc.	-	710
Lethem Power Company	69,311	61,515
	439,728	3,248,781

The amounts due from / (to) the related parties are unsecured, interest free and carry no fixed terms of repayment.

15. CASH AND DEPOSITS

	2013 G$000	2012 G$000
Current accounts	(39,055)	35,245
Savings accounts	6,081,069	8,291,812
Cash on hand	713	482
	6,042,727	8,327,539

16. SHARE CAPITAL

	2013 G$000	2012 G$000
Authorised		
100,000 ordinary shares	100	100
Issued and fully paid		
100,000 Ordinary Shares	100	100

National Industrial & Commercial Investments Ltd.
Notes to the Financial Statements
for the year ended 31 December 2013

	2013 G$000	2012 G$000
17. RELATED PARTY TRANSACTIONS		
(a) Directors' emoluments (Privatisation Unit)		
P. Dial	90	90
	90	90
(b) Key management compensation		
The company's key management personnel comprise its Directors, its Chief Executive Officer and its Project Managers. The remuneration paid to key management personnel during the year		
Short-term benefits	55,728	47,683
(c) Other transactions		
Net advances to subsidiaries:	1,262,636	(822)
Net advances from subsidiaries:	(2,809,053)	2,848,551
Dividends received	3,519,988	1,000,000
18. PAYABLES		
Trade creditors	79,630	50,398
Other creditors	1,667,796	705,230
Accruals	5,186	6,432
	1,752,612	762,060

National Industrial & Commercial Investments Ltd.

Notes to the Financial Statements
for the year ended 31 December 2013

19. CAPITAL RISK MANAGEMENT

The Company manages its capital structure on an on-going basis. As part of this review, management considers the cost of capital and risks associated with each class of capital. The capital structure of the Company consists of equity comprising issued capital, retained earnings and reserves.

20. FINANCIAL INSTRUMENT AND RISK MANAGEMENT

Financial instruments carried at the reporting date include investment securities, loans and advances, receivables, cash resources, borrowings, payables and accruals.

(i)Analysis of Financial Assets and Liabilities by measurement basis

				2013
	Available for sale G$000	Loans and receivables G$000	Financial assets and liabilities at amortised cost G$000	Total G$000
Assets				
Investments	554,772	-	2,364,834	2,919,606
Subordinated Bonds	-	3,315,866	-	3,315,866
Receivables and prepayments	-	1,679,506	-	1,679,506
Related parties	-	-	1,480,464	1,480,464
Cash and bank	-	-	6,042,727	6,042,727
Total assets	554,772	4,995,372	9,888,025	15,438,169
Liabilities				
Payables and accruals	-	-	2,041,337	2,041,337
Related parties	-	-	439,728	439,728
Taxation payable	-	-	525,378	525,378
Total liabilities	-	-	3,006,443	3,006,443

National Industrial & Commercial Investments Ltd.
Notes to the Financial Statements
for the year ended 31 December 2013

20. FINANCIAL INSTRUMENT AND RISK MANAGEMENT (CONT'D)

(i) Analysis of Financial Assets and Liabilities by measurement basis (cont'd)

				2012
	Available for sale G$000	Loans and receivables G$000	Financial assets and liabilities at amortised cost G$000	Total G$000
Assets				
Investments	554,772	-	4,479,876	5,034,648
Receivables and prepayments	-	1,800,920	-	1,800,920
Related parties	-	-	217,828	217,828
Cash and bank	-	-	8,327,539	8,327,539
	554,772	1,800,920	13,025,243	15,380,935
				16,790,202
Liabilities				
Payables and accruals	-	-	1,050,785	1,050,785
Related parties	-	-	3,248,781	3,248,781
Taxation payable	-	-	642,676	642,676
	-	-	4,942,242	4,942,242

(ii) Financial risk management objectives

The Company's management monitors and manages the financial risks relating to the operations of the Company. These risks include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk.
The Company seeks to minimise the effects of these risks by the use of techniques that are governed by management's policies on foreign exchange risk, interest rate risk and credit risk.

(a) Market risk

The Company is exposed to changes in market risk for some of its financial instruments but these are continuously being monitored and adequate policies are in place to minimise any such risk.

(i) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The company is exposed to various risks that are associated with the effects in interest rates. This impacts directly on its cash flows.

National Industrial & Commercial Investments Ltd.

Notes to the Financial Statements
for the year ended 31 December 2013

20. FINANCIAL INSTRUMENT AND RISK MANAGEMENT (CONT'D)

(i) Interest rate risk (cont'd)

The maturity profile of the Company's assets and liabilities are as follows:

	Maturing 2013				
	Average Interest rate	Within 1 Year G$000	More than 5 years G$000	Non-Interest Bearing G$000	Total G$000
Assets					
Investments		-	-	2,919,606	2,919,606
Subordinated Bonds		-	3,315,866	-	3,315,866
Receivables		-	-	1,679,506	1,679,506
Related parties		-	-	1,480,464	1,480,464
Cash and bank	2-3%	6,081,069	-	(38,342)	6,042,727
		6,081,069	3,315,866	6,041,234	15,438,169
Liabilities					
Payables and accruals		-	-	2,041,337	2,041,337
Related Parties		-	-	439,728	439,728
Taxation payable		-	-	525,378	525,378
		-	-	3,006,443	3,006,443
Interest Sensitivity gap		6,081,069	3,315,866		

	Maturing 2012				
Assets					
Investments		-	-	5,065,768	5,065,768
Receivables		-	-	1,800,920	1,800,920
Related parties		-	-	217,828	217,828
Cash and bank	2-3%	8,291,812	-	35,727	8,327,539
		8,291,812	-	7,120,243	15,412,055
Liabilities					
Payables and accruals		-	-	1,050,785	1,050,785
Related parties		-	-	3,248,781	3,248,781
Taxation payable		-	-	642,676	642,676
		-	-	4,942,242	4,942,242
Interest Sensitivity gap		8,291,812	-		

National Industrial & Commercial Investments Ltd.
Notes to the Financial Statements
for the year ended 31 December 2013

20. FINANCIAL INSTRUMENT AND RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(ii) Currency risk

The Company is exposed to foreign currency risk due to fluctuations in exchange rates on balances that are denominated in foreign currencies.

The aggregate Guyana dollars amount of assets and liabilities denominated in United States dollars are shown below:

	2013 G$000	2012 G$000
Assets	2,306,109	6,739,976
Liabilities	-	-

Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 2% increase or decrease in the Guyana dollar against the relevant currencies. Although a rate is not normally adopted and used as a measure, 2% gives a prudent possibility of a change in rate.

The sensitivity analysis shows the impact of all assets held in foreign currencies per the preceding table. A positive number below indicates an increase in profit if the currency were strengthened 2% against the Guyana dollar. If the currencies were weaken 2% against the Guyana dollar, there would be an equal and opposite impact on the profit and the balances below would be negative.

Loss	-	-

National Industrial & Commercial Investments Ltd.
Notes to the Financial Statements
for the year ended 31 December 2013

20. FINANCIAL INSTRUMENT AND RISK MANAGEMENT (CONT'D)

(a) Market Risk cont'd

(iii) Price risk

Price risk is the risk that the value of the financial instruments will fluctuate as a result of changes in market prices, whether those changes are caused by factors affecting all securities traded in the market.

Management continually identifies, evaluates underwrites and diversifies risks in order to minimize risk.

(b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in raising fund to meet its commitments associated with financial instruments. The Company manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form.

It is unusual for companies to have the maturities of its assets and liabilities completely matched since business transacted is often of uncertain term and differing types. As such the matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the Company.

The information given below relates to the major financial assets and liabilities based on the remaining period at 31 December to contractual maturity dates.

	Maturing 2013			
	Within 1 Year G$000	2 to 5 Years G$000	Over 5 Years G$000	Total G$000
Assets				
Investments	-	-	2,919,606	2,919,606
Subordinated Bonds	-	-	3,315,866	3,315,866
Receivables	1,679,506	-	-	1,679,506
Related parties	1,480,464	-	-	1,480,464
Cash and bank	6,042,727	-	-	6,042,727
	9,202,697	-	6,235,472	15,438,169
Liabilities				
Payables	1,752,612	288,725	-	2,041,337
Related party	439,728	-	-	439,728
Taxation payable	525,378	-	-	525,378
	2,717,718	288,725	-	3,006,443
Net assets	6,484,979	(288,725)	6,235,472	12,431,726

National Industrial & Commercial Investments Ltd.
Notes to the Financial Statements
for the year ended 31 December 2013

20. FINANCIAL INSTRUMENT AND RISK MANAGEMENT (CONT'D)

(b) Liquidity risk (cont'd)

	Maturing 2012			
	Within 1 Year G$000	**2 to 5 Years G$000**	**Over 5 Years G$000**	**Total G$000**
Assets				
Investments	-	-	5,065,768	5,065,768
Receivables	1,800,920	-	-	1,800,920
Related parties	217,828	-	-	217,828
Cash and bank	8,327,539	-	-	8,327,539
	10,346,287	-	5,065,768	15,412,055
Liabilities				
Payables	762,060	288,725	-	1,050,785
Related parties	3,248,781	-	-	3,248,781
Taxation payable	642,676	-	-	642,676
	4,653,517	288,725	-	4,942,242
Net assets /(liabilities)	5,692,770	(288,725)	5,065,768	10,469,813

(c) Credit risk

Credit risk is the risk that financial loss may arise from the failure of a customer to meet its obligation under a contract. It arises principally from conducting business with third parties.

Cash on hand and at bank are amounts held with banks and in vault. These banks have been assessed by the Directors as being credit worthy, with very strong capacity to meet their obligations as they fall due. The related risk is therefore considered low.

The Company faces credit risk in respect of its receivables and cash and equivalents. However, this risk is controlled by close monitoring of these assets by the company. The maximum credit risk faced by the Company is the balance reflected in the financial statements.

	2013 G$000	**2012 G$000**
Receivables and related parties	3,159,970	2,018,748
The above balances are classified as follows:		
Past due up to 3 months	1,273,767	146,730
Past due between 3 months to 1 year	1,093,810	516,601
Past due between 1 to 5 years	792,393	1,355,417
	3,159,970	2,018,748

The above balances are impaired.

Annual General Meeting 2013

FORM OF PROXY

The Secretary
National Industrial & Commercial Investments Limited
126 Barrack Street
Kingston
Georgetown
Guyana

I/We

____

of ____

A Member/Members of the National Industrial & Commercial Investments Limited hereby appoint

____

or in his/her absence

____

of ____

as my/our Proxy to vote in my/our name(s) and on my/our behalf upon any matter proposed at the ___ Annual General Meeting of the National Industrial & Commercial Investments Limited to be held on ______________________________, 2013 or any adjournment thereof in such manner as such Proxy may think proper.

As witness my hand this __________________ day of __________________, 2013.

Signed by the Said ____________________________________
(Name of Member/s)

____
(Signature of Member/s)

Note: To be valid, this form must be completed and deposited with the Secretary at least 48 hours before the time appointed for the meeting or adjoined meeting.