

PROPERTY HOLDINGS INC.
ANNUAL REPORT 2002

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NOTICE OF MEETING

The **3rd Annual General Meeting** of Property Holdings Inc. (PHI) will be held at Princess Hotel on Tuesday 17th November, 2009 at 4:00pm.

AGENDA

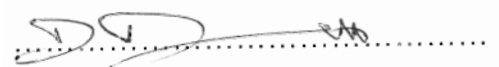
- To receive and consider the Report of the Directors and the Audited Financial Statements for the year ended 31st December, 2002.
- To transact any other business of an Annual General Meeting.

Only Shareholders or their duly appointed proxies may attend. Please bring this notice to gain entry to the meeting.

Any member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her. A person exercising a Proxy need not be a member of the Company. The Form of Proxy must be deposited with the Company Secretary at the Registered Office of the Company not less than 48 hours before the time for holding the meeting. A Proxy Form is attached for use.

Any corporation which is a member of the Company may, by resolution of its Board of Directors or other governing body, authorize such person as it thinks fit to act as its representative at the meeting.

BY ORDER OF THE BOARD



Dursatty Doodnauth
Company Secretary
Registered Office
126 Barrack Street, Kingston
September 29th, 2009

CORPORATE INFORMATION

CHAIRMAN

Mr. Manniram Prashad

DIRECTORS

Mr. Winston Brassington

Mr. Winfred Fries

CORPORATE SECRETARY

Mr. Winfred Fries

REGISTERED OFFICE

126 Barrack Street,

Kingston,

Georgetown

Telephone: (592) 225-0317

Facsimile: (592) 226-6426

AUDITORS

Office of the Auditor General (Nizam Ali and Company)

9 Church Street

Lacytown

Georgetown

Guyana

MANAGEMENT

Guyana Stores Ltd. managed PHI from incorporation to October 2000, when the major shareholder National Industrial and Commercial Investments Ltd. (NICIL), under the auspices of the Privatisation Unit assumed management functions. This was due to the privatisation of Guyana Stores Ltd. to a private entity whose new majority owner has no shares in PHI.

REPORT OF THE DIRECTORS

INCORPORATION & NATURE OF BUSINESS

Government and GSL incorporated PHI on 5th October 1999 as a fully owned subsidiary of GSL. Shortly after, the GSL shareholders approved the vesting of twenty-four (24) non-core properties of GSL to PHI. These comprised all GSL properties except Universal and Hardware buildings.

The nature of PHI's business is simply to manage or dispose of the non-core GSL properties that were transferred from GSL. A detailed account of all property related transactions, including third party related transactions involving shareholders and members of the Board of Directors, are provided for in the notes accompanying the accounts.

As a consequence of its business, PHI does not have any subsidiaries nor does it engage in other investment projects that carry investment risks nor has it borrowed any money from a licensed financial institution. Any debts of the Company are duly documented in the notes to the financial statements.

RESULTS

Gains on disposal and other income amounted to G\$1,269,368 compared to G\$32,800,653, representing a 96% decrease in total income. Loss after Taxation amounted to G\$18,029,282 as compared to a profit of G\$10,048,872 for the previous financial year.

Earnings per share amounted to G\$0.03, a decline to that of G\$0.10 of 2001.

DIVIDENDS

The Directors did not declare a dividend on for the period.

RETAINED EARNINGS

Total retained earnings carried forward amounted to G\$1,493,318.

DIRECTORS/OFFICERS

At incorporation, the Shareholders appointed Mr. Manniram Prashad as Chairman of the Board and Mr. Winfred Fries and Mr. Winston Brassington as Directors. All have served from inception and throughout the year.

Save and except Mr. Winfred Fries who holds 100,000 shares in PHI, no other director or officer of PHI holds any shares in the company. Any related party transactions that may have occurred over the years involving any member of the Board of Management of PHI is duly documented in the notes to the financial statements.

AUDITORS

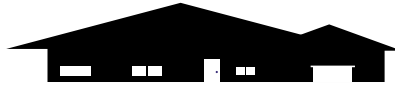
PHI, being a company whose majority shareholder is a wholly state-owned company, is required to have its financial statements audited by the Office of the Auditor General. The Auditor General has sub-contracted Nizam Ali & Company to assist in the audit of these financial statements.

126 Barrack Street
Kingston, Georgetown

By Order of the Board



Company Secretary



PROPERTY HOLDINGS INC.
FINANCIAL STATEMENTS

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



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>

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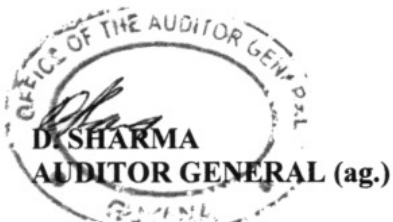
7 June 2005

REPORT OF THE AUDITOR GENERAL
TO THE BOARD OF DIRECTORS OF
PROPERTY HOLDINGS INC.
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002

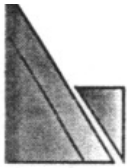
Chartered Accountants, Nizam Ali & Company, have audited on my behalf the financial statements of Property Holdings Inc. for the year ended 31 December 2002, as set out on pages 11 to 22. The audit was conducted in accordance with the Audit Act 2004.

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, of Chartered Accountants, Nizam Ali & Company.



OFFICE OF THE AUDITOR GENERAL
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
PROPERTY HOLDINGS INC.
FOR THE YEAR ENDED DECEMBER 31, 2002**

We have audited the attached financial statements of Property Holdings Inc. for the year ended December 31, 2002 as set out on pages 11 to 22. 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 other generally accepted auditing standards including 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 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2002 and of the results of its operations and its cash flows for the period then ended in accordance with International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Guyana.

Nizam Ali & Company
Chartered Accountants
Georgetown, Guyana

December 22, 2003

Balance Sheet

December 31, 2002 with comparative figures for 2001

(Expressed in Guyana dollars)

	Note	2002 \$	2001 \$
Property, plant and equipment	3	<u>92,886,345</u>	<u>94,807,435</u>
Current assets			
Receivables	4	56,815,073	56,815,073
Cash on hand and at bank		<u>6,205,572</u>	<u>7,107,590</u>
		<u>63,020,645</u>	<u>63,922,663</u>
Current liabilities			
Payables		2,745,225	2,645,225
Taxation		<u>69,697,729</u>	<u>54,591,555</u>
		<u>72,442,954</u>	<u>57,236,780</u>
Net current (liabilities) assets		<u>(9,422,309)</u>	<u>6,685,883</u>
		<u>83,464,036</u>	<u>101,493,318</u>
Financed by:			
Share capital	5	100,000,000	100,000,000
Retained earnings		<u>16,535,964</u>	<u>1,493,318</u>
Shareholders' equity		<u>83,464,036</u>	<u>101,493,318</u>

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

The financial statements were approved by the Board of Directors on December 03, 2003 and signed on its behalf by:

Director Winston Brandyk Director [Signature]

Statement of Profit and Retained Earnings
For the year ended December 31, 2002 with comparative figures for 2001

(Expressed in Guyana dollars)

	Note	2002 \$	2001 \$
Income	6	1,269,368	32,800,653
Administrative expenses		<u>(4,192,476)</u>	<u>(6,725,545)</u>
(Loss) profit before taxation		(2,923,108)	26,075,108
Taxation	7	<u>(15,106,174)</u>	<u>(16,026,236)</u>
(Loss) profit for the year	8	(18,029,282)	10,048,872
Retained earnings, beginning of year		1,493,318	21,444,446
Dividends		<u>-</u>	<u>(30,000,000)</u>
(Accumulated Deficit) retained earnings, end of year		<u>(16,535,964)</u>	<u>1,493,318</u>
Loss earnings per share in Guyana dollars		<u>(0.03)</u>	<u>0.10</u>

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

Statement of Cash Flows

For the year ended December 31, 2002 with comparative figures for 2001

(Expressed in Guyana dollars)

	2002	2001
	\$	\$
Cash flows from operating activities		
Loss (profit) before taxation	(2,923,108)	26,075,108
Adjustment for:		
Gain on disposal of property	-	(29,743,000)
Depreciation	1,921,090	1,922,716
<i>Operating loss before working capital changes</i>	<u>(1,002,018)</u>	<u>(1,745,176)</u>
Decrease in receivables	-	22,105,914
Increase in payables	100,000	503,974
<i>Net cash used in operating activities</i>	<u>(902,018)</u>	<u>20,864,712</u>
Cash flows from investing activities		
Proceeds from sale of properties	-	30,000,000
<i>Net cash from investing activities</i>	<u>-</u>	<u>30,000,000</u>
Cash flows from financing activities		
Dividends paid	-	(51,449,222)
<i>Net cash used in financing activities</i>	<u>-</u>	<u>(51,449,222)</u>
(Decrease)/increase in cash and cash equivalents	(902,018)	(584,510)
Cash and cash equivalents, beginning of year	<u>7,107,590</u>	<u>7,692,100</u>
Cash and cash equivalents, end of year	<u><u>6,205,572</u></u>	<u><u>7,107,590</u></u>
Cash and cash equivalents comprise:		
Cash on hand and at bank	<u><u>6,205,572</u></u>	<u><u>7,107,590</u></u>

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

Notes to the Financial Statements

December 31, 2002

(Expressed in Guyana dollars)

1. Incorporation and activities

Property Holdings Inc. (PHI) was incorporated on October 5, 1999 as a wholly owned subsidiary of Guyana Stores Limited (GSL).

Prior to the privatisation of GSL which occurred on September 30, 2000, certain properties owned by GSL with a nominal value of \$100,000,000 were transferred by vesting order to PHI and this was used as consideration for acquiring all PHI's shares. GSL during 1999 declared a dividend and distributed its shareholdings acquired in PHI as payment for this dividend. This resulted in a shareholding in PHI that mirrored the GSL shareholdings.

The Government of Guyana through the National Industrial and Commercial Investments Ltd. owns 73.33% of PHI and minority shareholders hold collectively 26.77% of the issued share capital.

2. Significant accounting policies

(a) *Accounting convention*

The financial statements are prepared in accordance with International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Guyana.

(b) *Revenue recognition*

In relation to sale of property, gain/loss is recognised when the significant risks and rewards of ownership of these properties have been transferred to the buyer. Significant risks and rewards of ownership are transferred to the buyer upon signing of agreement of sale.

Interest and other income is recognised as it accrues unless the ability to collect is in doubt.

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

No depreciation is provided on freehold land. Depreciation is not charged in the year of acquisition and the year of disposal. Depreciation on vested assets is based on the nominal value attributed to the assets at the time of vesting.

Depreciation is based on the estimated useful lives of fixed assets and is provided on the straight-line method at the following annual rates: -

Buildings	-	2%
Plant and equipment	-	10%

Notes to Financial Statements

December 31, 2002

(Expressed in Guyana dollars)

2. Significant accounting policies, continued

(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 monetary 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.

3. Property, plant and equipment

(a)	Freehold Land and Building	Plant and equipment	Total
	\$	\$	\$
Cost/valuation			
At January 1, 2002			
And December 31, 2002	98,588,700	58,566	98,647,266
Depreciation			
At January 1, 2002	3,833,974	5,857	3,839,831
Charge for the year	1,915,233	5,857	1,921,090
At December 31, 2002	5,749,207	11,714	5,760,921
Net book values			
At December 31, 2002	92,839,493	46,852	92,866,345
At December 31, 2002	94,754,726	52,709	94,807,435

Notes to the Financial Statements

December 31, 2002

(Expressed in Guyana dollars)

3. Property, plant and equipment, continued

- (b) Subsequent to incorporation, the following assets were vested to the Company from Guyana Stores Limited, by Vesting Order number 36 of 1999 dated October 13, 1999.

Description of property	Nominal value	
	Land \$	Building \$
(1) 43 and 44 Water Street, Robbstown, Georgetown with all buildings and erections thereon	588,500	1,208,800
(2) Tract 'Z' being portion of East 1/2 of lots A 13 and 1 4 South Cummingsburg District, Georgetown with all buildings and erections thereon	1,353,600	82,403,580
(3) Sublots lettered "B" being parts of lots numbered 49, 50, 51 and 52 Water Street, Robbstown, Georgetown with buildings and erections thereon	-	4,824,200
(4) Lot 9 New Amsterdam with buildings, wharf railing, hardwood railing and erections thereon and lot 8 New Amsterdam	474,300	2,806,900
(5) Lot "N" and area "B" Plantation Lima, Essequibo with buildings and erections thereon	2,900	80,500
(6) Lots 248, 250 and 252 being portions of Section 'K' Part of parcel 'A' part of lot 43 Linden with buildings and erections thereon	54,000	2,509,000
(7) South 1/2 of lot A8, Water Street, South C/burg with buildings and erections thereon	-	287,000
(8) 1 Bel Air Gardens, Georgetown with buildings and erections thereon	94,500	162,500
(9) 3 Bel Air Gardens, Georgetown with buildings and erections thereon	113,500	186,000
(10) 12 Bel Air Gardens, Georgetown with buildings and erections thereon	59,500	142,600
(11) 13 Bel Air Gardens, Georgetown with buildings and erections thereon	60,600	150,500
(12) 16 Bel Air Gardens, Georgetown with buildings and erections thereon	72,300	163,700
(13) 43 Bel Air Gardens, Georgetown with buildings and erections thereon	53,600	144,500
(14) Lot 18 Queenstown, Georgetown with buildings and erections thereon	72,700	225,500
	<u>3,000,000</u>	<u>95,295,280</u>
Balance carried forward	<u>3,000,000</u>	<u>95,295,280</u>

Notes to the Financial Statements

December 31, 2002

(Expressed in Guyana dollars)

3. Property, plant and equipment, continued

(b)

Description of property	Nominal value	
	Land \$	Building \$
Balance brought forward	3,000,000	95,295,280
(15) Lot 304 and South 1/2 of lot 305 Cummingsburg District, Georgetown with buildings and erections thereon	161,600	310,800
(16) Lots 205, 206 and 207 North Cummingsburg, Georgetown with buildings and erections thereon	95,500	331,000
(17) East 1/2 of lot 27 South C/burg District with buildings and erections thereon	-	380,000
(18) Lot 18 and South 1/2 of lot 19 Werk-en-Rust, Georgetown with buildings and erections thereon	-	184,000
(19) East 1/2 of the south 2/3 of west 3/4 of lot 3 Section 'A', Golden Grove, East Coast Demerara with buildings and erections thereon	13,000	82,125
(20) Zone E.B.D. Block XXX Parcels 1864 and 1865 Ruimveldt, Georgetown with buildings and erections thereon	10,933	128,262
(21) Area 'E' being a portion of Block 'G' and Area 'F' La Penitence with buildings and erections thereon	-	7,500
Total	<u>3,281,033</u>	<u>96,718,967</u>

Notes to the Financial Statements

December 31, 2002

(Expressed in Guyana dollars)

3. Property, plant and equipment, continued

- (c) Pursuant to Schedule J of the Share Sale and Purchase Agreement between National Industrial and Commercial Investments Limited and Royal Investments Inc., Guyana Stores Limited has the option to buy the following properties which are being occupied by them rent free for varying periods up to three years commencing October 5, 2000. Guyana Stores Limited pays all costs associated with these properties such as security costs and rates and taxes.

Description of property	<u>Duration of rent free occupation</u>
(1) The building at sublots lettered "B" being parts of lots numbered 49, 50, 51 and 52 Water Street, Robbstown, Georgetown together with right, title and interest in sublots lettered "B"	1 year
(2) East 1/2 of lot 27 South C/bug District, Georgetown with building and erections thereon	1 year
(3) Tract 'Z' being portion of East 1/2 of A13 and A14 South C/bug District, Georgetown with all buildings and erections thereon	1 year
(4) Parcel of land known as lot 'N' Plantation Lima, Essequibo with the buildings thereon	3 years
(5) Area 'B' being part of the lands of Plantation Lima, Essequibo, with no building thereon	3 years
(6) Parcel of land at lot 9 New Amsterdam with buildings, wharf railing, hardwood railing and erections thereon	3 years
(7) Parcel of land at lot 8 Smythtown, New Amsterdam, Berbice	3 years

Notes to the Financial Statements

December 31, 2002

(Expressed in Guyana dollars)

3. Property, plant and equipment, continued

- (d) Included in the vesting order is property located at east half of lot 109 Kingston. This property was not owned by GSL. The inclusion of this property in the vesting order was based on the assumption that the building commonly known as the Sports Club was located at lot 109 Kingston. It has since been discovered that the Sports Club is not at this location but is on land owned by the state.

Considering the above, the property at 109 Kingston was excluded from PHI's fixed assets. The exclusion of this property resulted in the omission of the Sports Club from PHI's fixed assets, however, the Privatisation Board has agreed to compensate PHI for the Sports Club building and erections. See Note 10 (iv).

	2002	2001
	\$	\$
4. Receivables		
Sale of properties	55,000,000	55,000,000
Ministry of Finance - Privatisation Unit	413,038	413,038
Government of Guyana	1,402,035	1,402,035
	<u>56,815,073</u>	<u>56,815,073</u>

5. Share capital

Authorised

100,000,000 ordinary shares
of no par value

	2002	2001
	\$	\$
Issued and fully paid shares		
100,000,000 ordinary shares stated value	<u>100,000,000</u>	<u>100,000,000</u>

Notes to the Financial Statements

December 31, 2002

(Expressed in Guyana dollars)

	2002 \$	2001 \$
6. Income		
Gain on disposal of fixed assets		
Lot 1 Bel Air Gardens	-	29,743,000
Interest	219,324	749,653
Rental	420,000	2,006,000
Colgrain pool dues	630,044	302,000
	<u>1,269,368</u>	<u>32,800,653</u>
	2002 \$	2001 \$
7. Taxation		
Capital gains	-	800,000
Property tax	15,106,174	15,226,236
	<u>15,106,174</u>	<u>16,026,236</u>
	2002 \$	2001 \$
8. (Loss)/Profit for the year	<u>(2,923,108)</u>	<u>10,048,872</u>
After charging:		
Auditors' remuneration	<u>100,000</u>	<u>100,000</u>
After crediting:		
Interest	<u>219,324</u>	<u>749,653</u>

Notes to the Financial Statements

December 31, 2002

(Expressed in Guyana dollars)

9. Financial Instruments

(i) Credit risk

The Company's cash holdings are with substantial financial institutions. Credit risk on trade receivables are shown net of provision for bad debts. Management believes that there is no additional risk beyond amounts provided for collection losses.

(ii) Fair values

The fair values of cash and bank balances, receivables and payables balances are not materially different from their carrying amounts.

10. Related Party

The Company considers related party transactions to be those with Directors, the Government, and persons and entities affiliated with Directors and Government.

(a) Transactions with State Owned Entities:

- (i) On privatisation of Guyana Stores Ltd., the administrative functions of PHI were moved to the offices of the National Industrial and Commercial Investments Ltd. No management fee has been charged or paid.
- (ii) Property located at lot 18 Lamaha Street has been rented to Guyana Sugar Corporation for an annual rental of \$240,000. This is the continuation of a rental arrangement that existed between Guyana Stores Limited and Guyana Sugar Corporation prior to the incorporation of PHI. The terms of the rental agreement provided that Guyana Sugar Corporation shall pay the cost of maintenance and rates and taxes during the period of occupancy of the property.
- (iii) During 2001 NICIL agreed to pay the amount of \$55,000,000 owed by Guyana Pharmaceutical Corporation for the acquisition of property located at Lot 1 La Penitence.

This amount was still outstanding at December 31, 2002.

- (iv) 109 Young Street/GSL Sports Club: During 2002, following the transfer of the land owned by the State to NICIL (see note 3(d)), NICIL agreed to compensate PHI amount of \$13,225,000 for the Sports Club buildings and erections. This amount was based on a valuation done by Rodrigues Architects Ltd.

Notes to the Financial Statements

December 31, 2002

(Expressed in Guyana dollars)

10. Related Party, continued

- (v) At the end of 2002, PHI had a receivable from NICIL totaling \$68,225,000 representing outstanding sums under (iii) and (iv).

(b) Transactions with Government of Guyana:

- (i) 304-305 East Street: This property has been occupied by the Ministry of Health prior to the privatization of Guyana Stores Limited and transfer of non-core properties to PHI. Ministry of Health has been paying all outgoings for the building in lieu of rent, save and except insurance and rates and taxes.
- (ii) 205-207 Camp Street: Occupation of the Colgrain Pool and Colgrain Flat (located next to the pool) was granted to the Ministry of Culture, Youth and Sport on the basis that the Ministry would be responsible for the payment of all outgoings in lieu of rent.
- (iii) 205 Camp Street (Colgrain House): This property has been occupied by the CARICOM free of rent. Management is currently negotiating an appropriate compensation from the Government.

(c) Other Transactions:

Prior to incorporation of PHI and transfer of non-core properties from Guyana Stores Ltd. to PHI, M. P. Insurance Brokers & Consultants, a company affiliated with one of its Directors, has performed the services of brokers for Guyana Stores Ltd. This relationship continues to date, without influence being exercised by the related Director. No service fees are paid by PHI to the insurance broker. During the year, the Company paid insurance premiums amounting to \$1,184,044.



FORM OF PROXY

The Secretary
Property Holdings Inc.
126 Barrack Street,
Kingston, Guyana

I/We _____

of _____

A Member/Members of Property Holdings Inc. hereby appoint _____

or in his/her absence _____

of _____

as my/our Proxy to vote in my/our name (s) an on my/our behalf upon any matter proposed at the 3rd Annual General Meeting of the Property Holdings Inc. to be held on Tuesday 17th November, 2009 or any adjournment thereof in such manner as such Proxy may think proper.

As witness my hand this ----- day of ----- 2009.

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 adjointed meeting.