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Notice is hereby given that the Sixth Annual General Meeting of Kwakwani Utilities Incorporated will be held at the National Industrial & Commercial Investments Ltd (NICIL)/Privatisation Unit (PU) on Friday May 10, 2013 at 11:15hrs for the following purposes:

- 1) To receive and consider the Report of the Directors and the Audited Accounts for the Years ended December 31, 2011.
- 2) To consider any other business that may be conducted at 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 proxy need not be a member of the Company. The instrument appointing a proxy must bear a \$10 revenue stamp and be deposited at the registered office of the Company not less than 14 days before the time for holding the meeting.

A proxy form is attached for use if desired.

Any Corporation, which is a member of the Company, may, by resolution of its 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



Punaram Chanderban
Company Secretary / Director

Registered Office:
Kwakwani Utilities Inc
Berbice River
Region 10
Guyana
South America

Corporate Information

Registered Office:	Kwakwani Park Berbice River Region 10 Guyana
Auditors:	Audit Office of Guyana 63 High Street Kingston Georgetown Guyana
Bankers:	Republic Bank (Guyana) Ltd 38 Water Street Georgetown Guyana

Mission Statement

Kwakwani Utilities Incorporated is committed to providing electricity to domestic and commercial consumers in an efficient and cost effective manner, to ensure safe and adequate delivery of potable water and a safe sewerage system for better public health.

Licence Granted to Kwakwani Utilities Inc.

A Licence was issued on February 8, 2008 with an effective date of July 31, 2007 by the Minister responsible for the electricity sector. The Licence was granted under section 4 of the Electricity Sector Reform Act 1999 (No. 11 of 1999) and granted Kwakwani Utilities Inc. the rights to generate, distribute and supply electricity for public purposes within the “area of supply” defined below:

“*Area of Supply*” means the area within the boundaries of the lower extremity of the Kwakwani Creek and extended to Kelly Canal on the right bank of the Kwakwani, Berbice River. From Kelly Canal it extends to Hendricks Creek on the right bank of the river and across on the left bank it extends one and one half (1 1/2) miles on the east to Jeep Landing.



Punaram Chanderman Director & Company Secretary	Horace James Director	Winston Rozario Manager	Ann Gilkes Administrative Officer / Finance Officer	Ronald Webster Chairman	Needkumar Director	Elena Gorshova Director
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Members of the Board of Directors

- Ronald Webster: Chairman
- Punaram Chanderman: Director & Company Secretary
- Needkumar: Director
- Horace James: Director
- Elena Gorshkova: Director

No members of the Board of Directors resigned or retired during the year under review.

Management

- Winston Rozario: General Manager
- Ann Gilkes: Administrative / Finance Officer
- Derrick Anthony: Electrical Supervisor

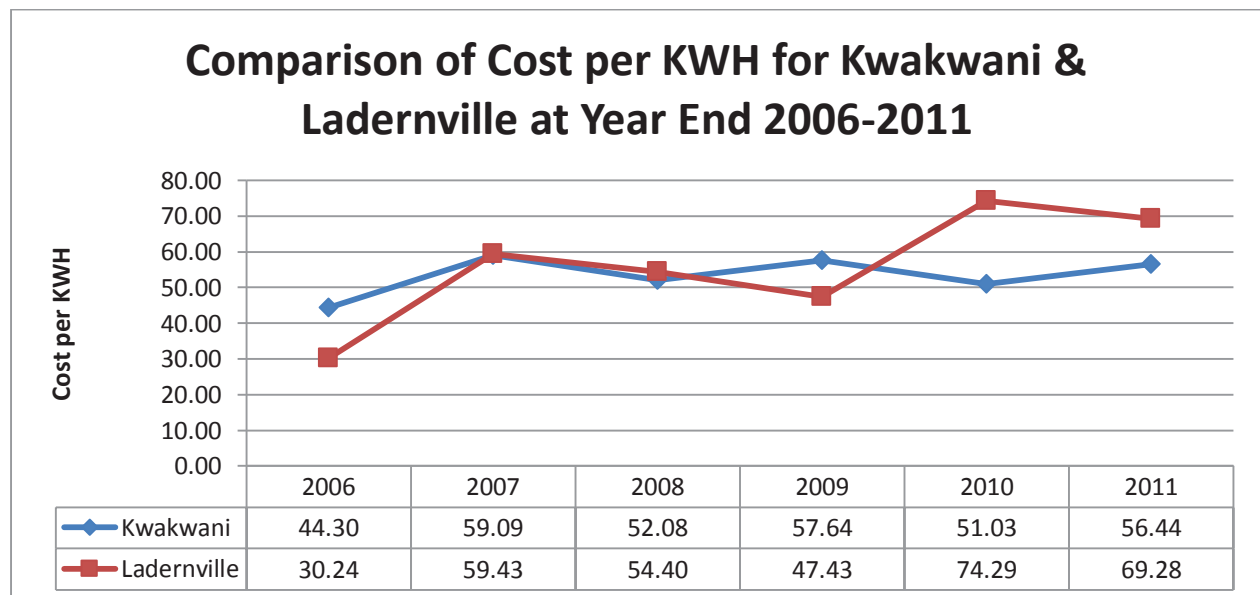
Report of the Chairman

This is the seventh annual report of Kwakwani Utilities Incorporated covering the period January 1, 2011 to December 31, 2011. In addition to all the requirements in law for an annual report, KUI has attempted to give full details of the achievements and constraints the company faced during the year.

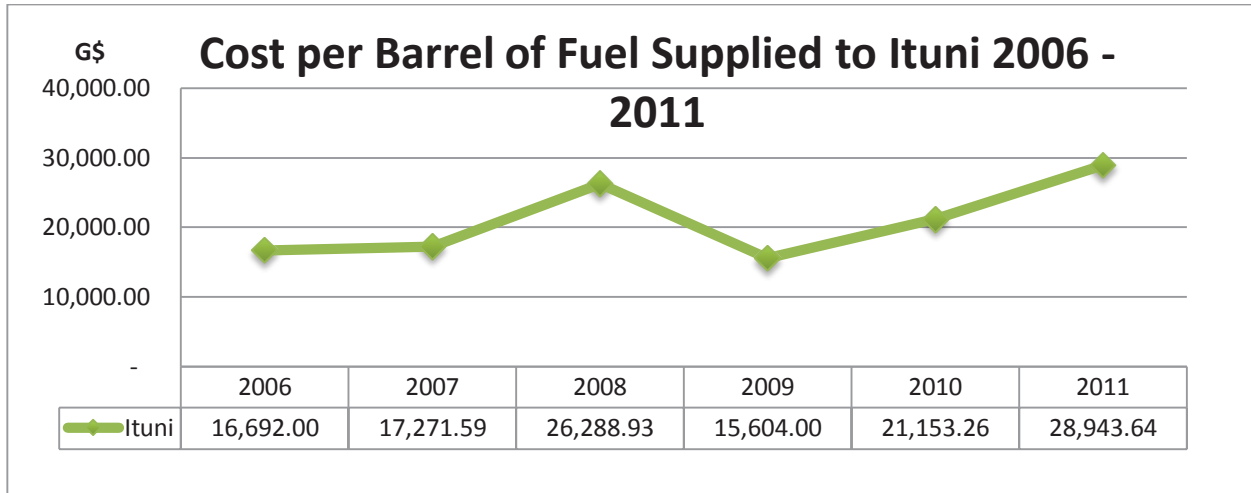
The Government of Guyana established Kwakwani Utilities Incorporated in January 2005 to provide a reliable and safe supply of electricity and water to Kwakwani and surrounding areas. KUI is also responsible for the management of the sewage system in Kwakwani. The generation and distribution of electricity were managed and controlled by Aroaima Mining Company (AMC) prior to its privatization in March 2006.

Kwakwani Utilities Incorporated is a wholly owned Subsidiary of National Industrial and Commercial Investments Limited having obtained 100% of the issued shares in the Company by Consideration. The Parent Company provided technical and financial advice to the Company at no cost during the period.

The Government of Guyana provided G\$325.2M (2010 G\$253.9M) to the company as a full subsidy towards the cost of sewage management and the generation and distribution of water and electricity. The cost per kWh purchased from BCGI at the end of the year were G\$56.44 and G\$69.28 (2010 G\$51.03 and G\$74.29) for Kwakwani and Ladernville respectively. 100,425 liters of fuel were purchased for Ituni during 2011 (2010 94,961 liters of fuel) at an average cost of G\$182.05 per liter (2010 G\$ 133.05 per liter).



Report of the Chairman (Cont'd)



The Company continues to work towards providing safe and reliable levels of electricity and water in the Communities, and plans to expand to other areas in the forthcoming years as part of the Company's strategic plan.

The Company was billed for a total of 3,739,103 kWh (2010 3,510,449 kWh) of electricity for the year ended December 31, 2011.

Performance Highlights

Highlights of the Company's performance for 2011 were:

- Stabilization of Electricity, potable water and sewage services;
- Satisfaction of a broadening consumer base;
- Installation of Meters and Socket.

Operating Statistics

<i>Operating Statistics</i>	2011	2010
Net Operating Revenue	50,561,058	50,860,861
Profit/(Loss) before Tax	(12,246,562)	(10,551,225)
Total Capital and Reserves	62,426,021	74,672,583
Net Current Assets	8,960,851	36,489,990
Number of Consumers	896	873
Peak Demand	800 kW	800 KW
Number of Employees	29	28
Employment Cost	37,560,310	32,371,568
Cost of kWh Purchased (Kwakwani) at Year End	G\$56.44	G\$51.03
Cost of kWh Purchased (Ladernville) at Year End	G\$69.28	G\$74.29
Length of Transmission Line	495,907 ft	492,571 ft
# of Installed Transformers	42	42

Report of the Chairman (Cont'd)

Generation Statistics and Acquisitions

- a) 3,739,103 kWh was purchased for the communities of Kwakwani and Ladernville during 2011; this represents an increase of 6.5% from 2010;
- b) The total number of consumers on the grid stood at 896 as at December 31, 2011.

Transmission & Distribution

- a) The Company continued to replace poles and transmission lines in affected areas;
- b) Total number of transformers installed remained at 42 for the year ended December 31, 2011.

Areas Serviced

The Company continued to service the following areas during 2011:

1. Kwakwani Park
2. Western & Eastern Banks of Berbice River, Kwakwani
3. Waterfront Road
4. First, Second & Third Phase Housing Scheme, Kwakwani
5. Roosery Avenue
6. Staff Hill
7. Potville
8. Hopetown
9. Jonestown
10. Airstrip
11. Lamp Island

Consumer Service

Reports in relation to unsatisfactory services can be reported to the Company's Office. All reports are dealt with efficiently by the Company's skilled and trained staff; all reports are dealt within 12 hours of the initial report.

Key Consumer Statistics

<i>Consumers - Total</i>	<i>2011</i>	<i>2010</i>	<i>Increase (%)</i>
Residential	739	723	2.21
Commercial	157	150	4.67
Total	896	873	2.63

Report of the Chairman (Cont'd)

Human Resources

KUI had a total of 29 individuals under its employment as at the December 31, 2011, or an increase of 4% from 2010;

<i>Type of Employee</i>	<i>2011</i>	<i>2010</i>	<i>Increase</i>
Electrical	5	6	(1)
Administration	9	7	2
Water Plant	4	5	(1)
Security	4	4	-
NCN	3	3	-
Plumbing	2	2	-
Sanitation	2	1	1
Total	29	28	1

Safety and Environment

The Company continued in its effort to develop a safe work culture and thus employed in-house training to promote occupational health and safety standards during 2011.

Financial Performance

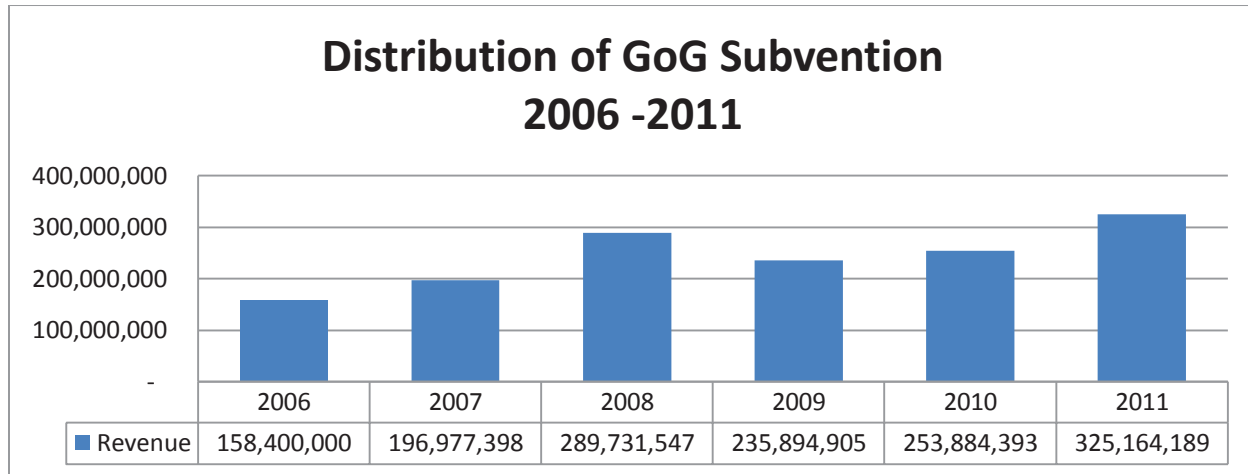
Profitability

- a) The Company's recorded a Net Loss of G\$12,246,562 during 2011 representing an increase in loss of 16% from the previous year (2010 G\$10,551,225);
- b) No dividends were declared in respect to the year ended December 31, 2011.

Revenue Overview

99.7% or G\$325.2M of the Company's revenue for year under review consisted of subvention received from the Government of Guyana.

Report of the Chairman (Cont'd)



Debt Financing:

There were no borrowings for the year under review.

Metering / Billing and Tariff

A total of 329 meters were installed during 2011 (Commercial 20 and Residential 309) (2010 166). Cabinet at a meeting held on October 27, 2009 approved a tariff structure for all categories of consumers as follows:

- Consumers utilizing 0 – 15 KWh, no charge;
- Consumers utilizing in excess of 15Kwh would be charged at a rate of G\$30 per KWh

The implementation of this tariff structure is on “Hold” subject to approval being granted by the Minister responsible for Electricity.

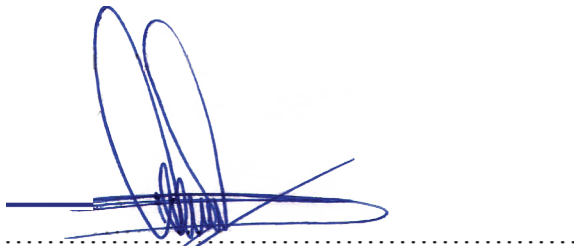
Capital Expenditure:

The Company’s 3508 Caterpillar Generator was subject to an extensive overall, which was completed by the Machinery Corporation of Guyana.

Report of the Chairman (Cont'd)

Going Concern:

The financial statements are prepared on a going concern basis and the Board, after making appropriate enquiries, is satisfied that KUI has adequate resources and support to continue its Operations for the foreseeable future. Finally, I take this opportunity to thank the Government of Guyana, our Shareholder, members of the Board of Directors, the Management of BCGI, Management and Staff and our consumers for their contribution during 2011 and solicit their continued contribution and guidance in 2012.



.....
Ronald Webster
Chairman

Report of the Board of Directors

The Directors take pleasure in submitting our seventh Annual Report and Audited Financial Statements for the year ended December 31, 2011.

Principal Activities

Kwakwani Utilities Incorporated, license # 5301, was incorporated under the Companies Act 1991, of Guyana on January 6, 2005. The principal activities of the Company are the distribution of electricity, water and sewage management services to the residents of Kwakwani and surrounding areas. Electricity is supplied on a 24hr basis whilst sewage and water are managed when needed and supplied on a scheduled basis respectively via subventions received from the Government of Guyana.

Regulatory Matters

In accordance with the Company's License and the Electricity Sector Reform Act (ESRA) 1999 KUI focuses on a Development and Expansion Programme. This Programme identifies measures to address the immediate and long term issues facing the Company. The immediate problems identified were as follows:

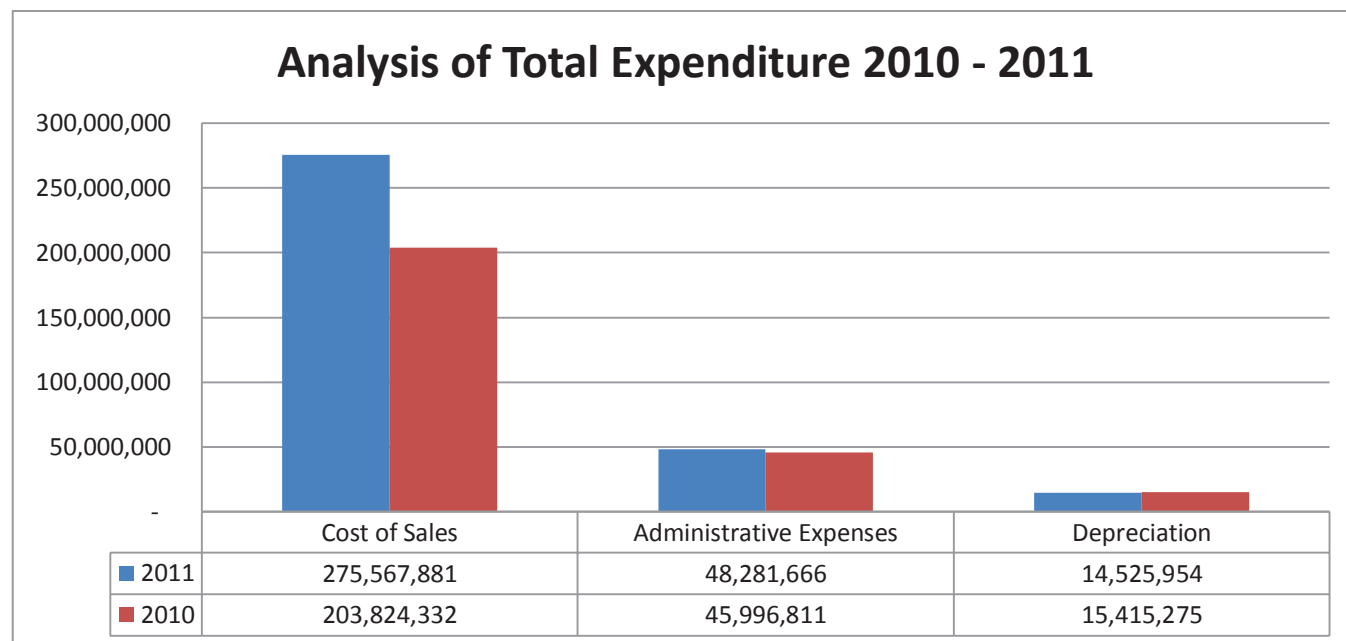
- a) Maintaining reasonable and uninterrupted supply of electricity and water to consumers;
- b) Reduction in technical losses;
- c) Management of Government subvention to meet both the operational and capital needs of the Company;
- d) Lack of Capital Subvention from the Government of Guyana to proceed with Capital Expenditures needed to reduce technical losses.

Financial Results

Cost of Sales for 2011 represented 85% of the total subvention received from the Government of Guyana; with the company paying an average of G\$70.7 per kWh during 2011 (2010 G\$53.08). A comparative summary of the company's financial performance is presented below:

<i>Item</i>	<i>2011 (G\$)</i>	<i>2010 (G\$)</i>	<i>Variance (G\$)</i>	<i>Variance (%)</i>
Subvention	325,164,189	253,884,393	71,279,796	28.08%
Other Income	964,750	800,800	163,950	20.47%
Cost of Sales	275,567,881	203,824,332	71,743,549	35.20%
<i>Net Operating Revenues</i>	50,561,058	50,860,861	(299,803)	(0.59%)
Administrative Expenses	48,281,666	45,996,811	2,284,855	4.97%
Depreciation	14,525,954	15,415,275	889,321	5.77%
<i>Net Profit/(Loss) for the Year</i>	(12,246,562)	(10,551,225)	(1,695,337)	16.07%

Directors Report (Cont'd)

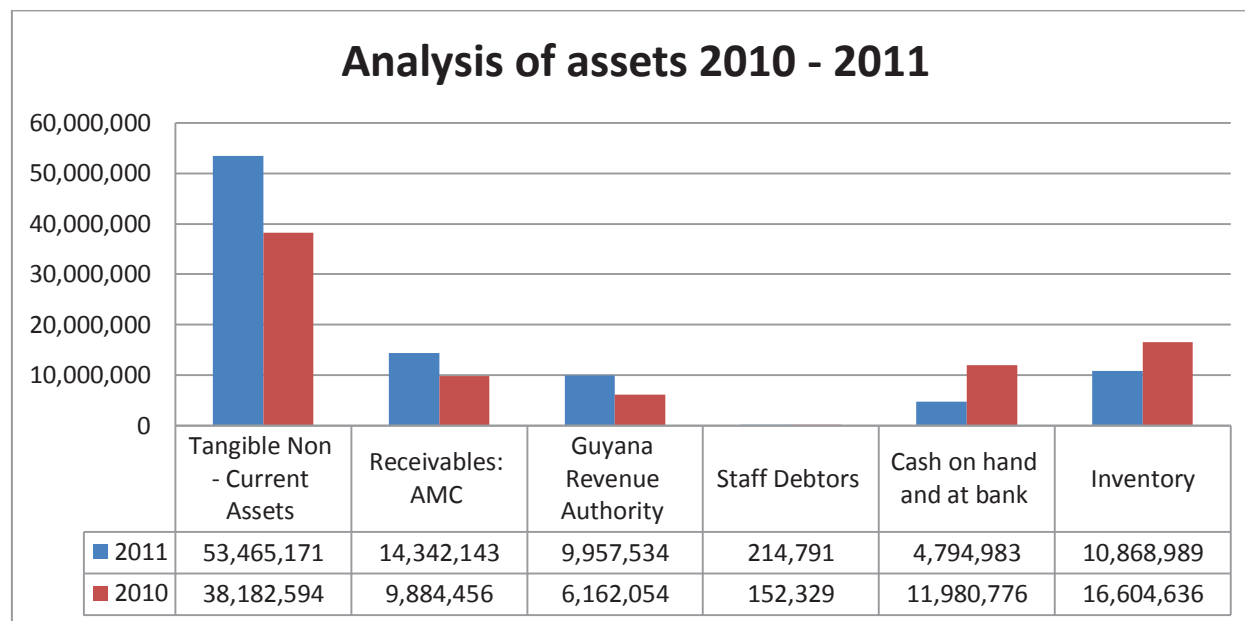


Distribution of Total Assets as at December 31, 2011

Item	2011 (G\$)	2010 (G\$)	Variance (G\$)	Variance (%)
Non - Current Assets				
Tangible Non - Current Assets	53,465,171	38,182,594	15,282,577	40%
Total Non - Current Assets	53,465,171	38,182,594	15,282,577	40%
Current Assets				
Receivables: AMC	14,342,143	9,884,456	4,457,687	45%
Guyana Revenue Authority	9,957,534	6,162,054	3,795,480	62%
Staff Debtors	214,791	152,329	62,462	41%
Cash on hand and at bank	4,794,983	11,980,776	(7,185,793)	(60%)
Inventory	10,868,989	16,604,636	(5,735,647)	(35%)
Total Current Assets	40,178,440	44,784,251	(4,605,811)	(10%)
Total Assets	93,643,610	82,966,845	10,676,765	13%

Directors Report (Cont'd)

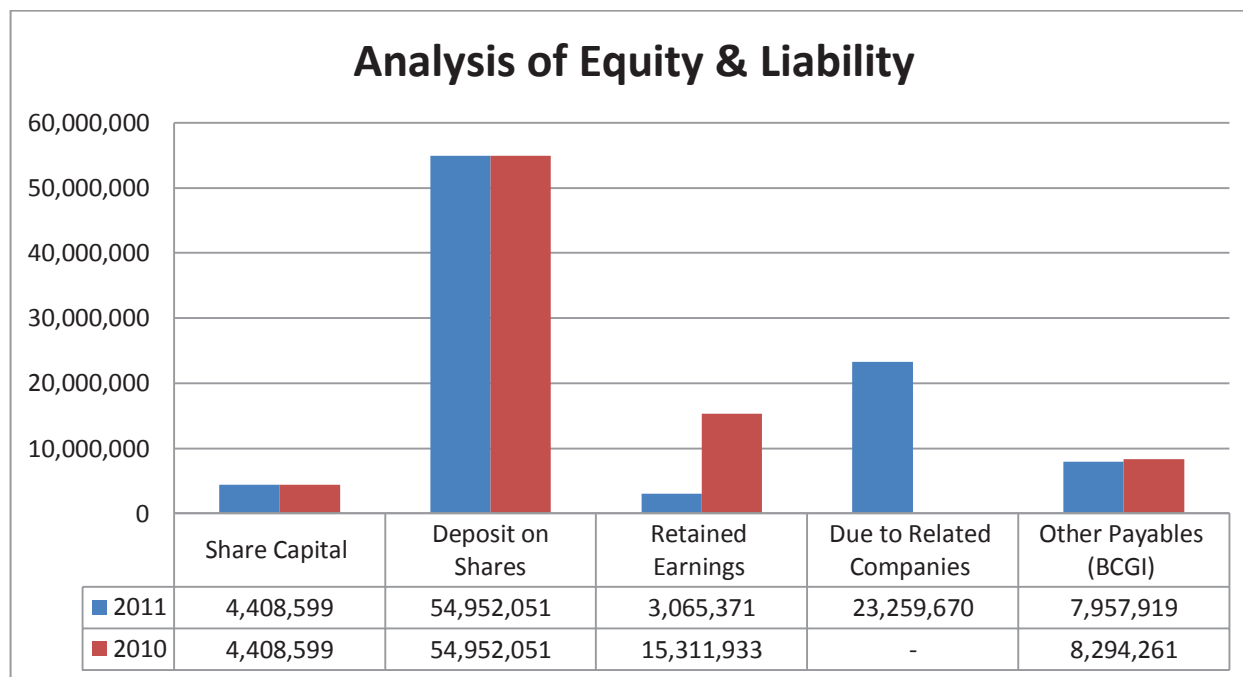
The Company's Total Assets increased by G\$10.6M or 13% from 2010.



Distribution of Equity & Liabilities as at December 31, 2011

<i>Item</i>	<i>2011 (G\$)</i>	<i>2010 (G\$)</i>	<i>Variance G\$</i>	<i>Variance</i>
<i>Capital & Reserves</i>				
Share Capital	4,408,599	4,408,599	-	0%
Deposit on Shares	54,952,051	54,952,051	-	0%
Retained Earnings	3,065,371	15,311,933	(12,246,562)	(80%)
<i>Total Capital & Reserves</i>	<i>62,426,021</i>	<i>74,672,583</i>	<i>(12,246,562)</i>	<i>(16%)</i>
<i>Current Liabilities</i>				
Due to Related Companies	23,259,670	-	23,259,670	100%
Other Payables (BCGI)	7,957,919	8,294,261	(336,342)	(4%)
<i>Total Current Liabilities</i>	<i>31,217,589</i>	<i>8,294,261</i>	<i>22,923,328</i>	<i>276%</i>
<i>Total Equity & Liabilities</i>	<i>93,643,610</i>	<i>82,966,844</i>	<i>10,676,766</i>	<i>13%</i>

Directors Report (Cont'd)



Share Structure

The Company is a wholly owned subsidiary of National Industrial and Commercial Investments Limited.

Dividends


No dividend was declared in respect to the year ended December 31, 2011

Auditors


Kwakwani Utilities Incorporated, being a company whose majority shareholder is state – owned, is required to have its financial statements audited by the Audit Office of Guyana

By Order of the Board

.....
Punaram Chanderban
Director / Company Secretary



**AUDITED FINANCIAL STATEMENTS
OF
KWAKWANI UTILITIES INCORPORATED
FOR THE YEAR ENDED
DECEMBER 31, 2011**





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: 112/2012

15 November 2012

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE BOARD OF DIRECTORS
OF THE KWAKWANI UTILITIES INCORPORATED
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

I have audited the accompanying financial statements of Kwakwani Utilities Incorporated which comprise the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The audit was conducted in accordance with the Audit Act of 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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts 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 the Kwakwani Utilities Incorporated as at 31 December 2011, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.



AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

KWAKWANI UTILITIES INC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD JANUARY 1, 2011 TO DECEMBER 31, 2011

	Note	2011 G\$	2010 G\$
Revenue	3	326,128,939	254,685,193
Generation and Distribution Cost	4	<u>(275,567,881)</u>	<u>(203,824,332)</u>
Gross Profit		50,561,058	50,860,861
Administration	5	(48,281,666)	(45,996,811)
Depreciation		(14,525,954)	(15,415,275)
Profit for the Year		<u><u>(12,246,562)</u></u>	<u><u>(10,551,225)</u></u>

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

KWAKWANI UTILITIES INC
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD JANUARY 1, 2011 TO DECEMBER 31, 2011

Note	<u>Share Capital</u> G\$	<u>Retained Earnings</u> G\$	<u>Deposit on Ordinary Shares</u> G\$	<u>Total</u> G\$
Balance at January 1, 2010	4,408,599	25,863,159	-	30,271,758
Net Profit / (Loss) for the year		(10,551,225)		(10,551,225)
Deposit on Ordinary Shares			54,952,051	54,952,051
Balance at December 31, 2010	<u>4,408,599</u>	<u>15,311,933</u>	<u>54,952,051</u>	<u>74,672,583</u>
Net Profit / (Loss) for the year		(12,246,562)	-	(12,246,562)
Balance at December 31, 2011	<u><u>4,408,599</u></u>	<u><u>3,065,371</u></u>	<u><u>54,952,051</u></u>	<u><u>62,426,021</u></u>

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

KWAKWANI UTILITIES INC
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011

ASSETS	Note	2011 GS	2010 GS	Restated 2009 GS
<i>Non - Current Assets</i>				
Fixed Assets	6	53,465,171	38,182,594	16,051,664
<i>Total Non - Current Asset</i>		<u>53,465,171</u>	<u>38,182,594</u>	<u>16,051,664</u>
<i>Current Assets</i>				
Due from Related Company		14,342,143	9,884,456	6,061,154
Guyana Revenue Authority		9,957,534	6,162,054	3,589,831
Staff Debtors		214,791	152,329	132,329
Cash on hand and at bank	7	4,794,983	11,980,776	24,082,315
Inventory	8	10,868,989	16,604,636	-
<i>Total Current Assets</i>		<u>40,178,440</u>	<u>44,784,251</u>	<u>33,865,629</u>
TOTAL ASSETS		<u>93,643,610</u>	<u>82,966,845</u>	<u>49,917,293</u>
EQUITY & LIABILITY				
<i>Capital & Reserves</i>				
Share Capital	9	4,408,599	4,408,599	4,408,599
Deposit on Shares	10	54,952,051	54,952,051	-
Retained Earnings		3,065,371	15,311,933	25,863,159
		<u>62,426,021</u>	<u>74,672,583</u>	<u>30,271,758</u>
<i>Current Liabilities</i>				
Due to Related Companies	11	23,259,670	-	(33,592)
Due to Bauxite Company of Guyana		7,957,919	8,294,261	19,679,127
		<u>31,217,589</u>	<u>8,294,261</u>	<u>19,645,535</u>
TOTAL EQUITY AND LIABILITIES		<u>93,643,610</u>	<u>82,966,845</u>	<u>49,917,293</u>

The Financial Statements were approved by the Board of Directors on the October 23, 2012


 Director


 Director

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

KWAKWANI UTILITIES INC
STATEMENT OF CASH FLOWS
FOR THE PERIOD JANUARY 1, 2011 TO DECEMBER 31, 2011

Operating activities	2011	2010
	G\$	G\$
Net profit for the year	(12,246,562)	(10,551,225)
Adjustments for:		
Depreciation	14,525,954	15,415,275
(Increase) / Decrease in Receivables	(3,857,942)	(2,592,223)
(Increase) / Decrease in Dues from Related Companies	(4,457,687)	(3,823,302)
(Increase) / Decrease in Inventory	5,735,647	(16,604,636)
Increase / (Decrease) in Due to Related Companies	23,259,670	33,592
Decrease in other Creditors	(336,342)	(11,384,866)
Cash Flow from (Used) / Generated from Operations	22,622,738	(29,507,385)
Cash Flow from Investing Activities		
Purchase of fixed assets	(29,808,531)	(33,426,831)
Additions to Metering Project	-	(4,119,374)
Net Cash (Used) / Generated from Investments	(29,808,531)	(37,546,205)
Cash Flow from Financing Activities		
Deposit on Shares	-	54,952,051
Net Cash (Used) / Generated from Financing	-	54,952,051
Net Increase / (Decrease) in Cash & Cash Equivalents	(7,185,793)	(12,101,539)
Net Increase / (Decrease) in Cash & Cash at the Beginning of the Period	11,980,776	24,082,315
Net Increase / (Decrease) in Cash & Cash at the End of the Period	4,794,983	11,980,776

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

**KWAKWANI UTILITIES INC
NOTES TO THE FINANCIAL STATEMENTS**

1. Incorporation

Kwakwani Utilities Inc. (K.U.I) was incorporated as a Company under the Companies Act Chapter 89:01 on the 6 January 2005. The objectives of the company are the supply of Electricity, Water and Sewerage Management services in Kwakwani.

2. Summary of significant of accounting policies

(a) Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and conform with International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Guyana.

(b) Fixed assets

Fixed assets are depreciated on the straight-line method over their estimated useful lives as follows:-

Buildings	2%
Furniture and equipment	20%
Motor vehicles	25%
Generation Equipment	20%
Distribution Systems	7.5%

(c) Foreign currency

Foreign currency transactions completed during the year are translated to Guyana dollars at the Republic Bank (Guyana) 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 Republic Bank (Guyana) 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 profit and loss account for the year.

(d) Revenue

Revenue consisted primarily of Subvention received from Government of Guyana.

(e) Expenditure

Expenditures are dealt with in these financial statements on the accrual basis.

KWAKWANI UTILITIES INC
NOTES TO THE FINANCIAL STATEMENTS

	<u>2011</u> <u>G\$</u>	<u>2010</u> <u>G\$</u>
3. Revenue		
Subvention Received from GOG	325,164,189	253,884,393
Income from TV Operations	411,500	373,200
Revenue from Customers	281,550	-
Other Income	271,700	427,600
Total Revenue Collected	<u>326,128,939</u>	<u>254,685,193</u>
4. Generation & Distribution Cost		
Community Electricity	236,961,473	173,745,240
Community Fuel	18,382,065	12,634,328
Community Rental Equip.	120,120	120,120
Distribution System Maintainance	18,202,728	13,737,083
Plant Maintainance	1,901,495	3,587,561
Total Generation & Distribution Cost	<u>275,567,881</u>	<u>203,824,332</u>
5. Administrative Expenses		
Training	174,300	273,185
Wages And Salaries	37,560,310	32,371,568
Professional & Service Fees	230,771	479,500
Internet Charges	52,900	58,300
Repairs & Maintenance: Building	732,179	1,657,366
Transport, Travelling & Postage	354,210	409,790
Telephone Charges	433,925	335,489
Bank Charges	22,320	14,300
Subsistence Allowance	654,570	1,299,934
Repairs & Maintenance: Equipment & Motor Vehicles	2,356,823	1,826,803
Cleaning & Clearing	799,642	587,092
Operating Expense	1,608,210	2,348,195
Operating Expense NCN	51,223	111,925
Entertainment	247,660	789,403
Photocopying / Printing	440,580	1,278,200
Insurance	52,990	42,510
Donation	241,862	244,000
Rental of Equipment	39,600	20,000
Fuel	2,227,591	1,849,251
Total Administration Expenses	<u>48,281,666</u>	<u>45,996,811</u>

KWAKWANI UTILITIES INC
NOTES TO THE FINANCIAL STATEMENTS

6. Fixed Assets

	Furniture & Equipment GS	Motor Vehicles GS	Distribution Systems GS	Metering GS	Generation Equipment GS	Total GS
Cost						
As at December 31, 2010	4,694,832	9,792,768	27,523,974	7,541,012	32,616,617	82,169,203
Additions	326,368	-	-	6,222,493	23,259,670	29,808,531
Disposals						-
Transfers						-
As at December 31, 2011	5,021,200	9,792,768	27,523,974	13,763,505	55,876,287	111,977,734
Depreciation						
As at December 31, 2010	2,594,736	7,344,576	27,523,974	-	6,523,323	43,986,609
Charge for the year	902,505	2,448,192	-	-	11,175,257	14,525,954
Write back on disposal						-
As at December 31, 2011	3,497,241	9,792,768	27,523,974	-	17,698,580	58,512,564
Net Book Values						
As at December 31, 2010	2,100,096	2,448,192	-	7,541,012	26,093,294	38,182,594
As at December 31, 2011	1,523,959	-	-	13,763,505	38,177,707	53,465,171

Meters are transferred from Inventory to Fixed Assets when they are installed and becomes operational at a consumer's residence. These are subsequently depreciated at 7.5% per annum on a straight line basis over there expected useful life of thirteen (13) years.

7. Cash on hand and at Bank

Cash at Bank	4,044,816	11,390,938
Cash on Hand	750,167	589,838
Total Cash on Hand and at Bank	4,794,983	11,980,776

KWAKWANI UTILITIES INC
NOTES TO THE FINANCIAL STATEMENTS

	2011	2010
	G\$	G\$
8. Inventory		
Opening Balance	16,604,636	-
<i>Add:</i> Uninstalled Meters & Materials acquired during the period	-	16,604,636
<i>Deduct:</i> Meters and Materials used during 2011	(5,735,647)	-
Balance as at December 31	10,868,989	16,604,636

Total Inventory represents the value of uninstalled meters and surplus materials procured for the Metering Project at the end of the period.

9. Share Capital

Authorised, issued and fully paid
Ordinary Shares @ G1 each

4,408,599	4,408,599
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The above balance consists of the following:

Registry fees for incorporation	33,550	33,550
Computers transferred from Linmine	251,075	251,075
Payment to service distribution systems	4,123,974	4,123,974
	4,408,599	4,408,599

10. Deposit On Ordinary Shares

Balance as at January 1	54,952,051	-
Deposit Made During the Year - NICIL	-	54,952,051
Balance as at December 31	54,952,051	54,952,051

Total Deposit held in advance by NICIL:

Deposit on Shares held for NICIL represents monies paid by NICIL to complete the metering of all consumers in Kwakwani. This deposit will be converted into Ordinary Share Capital upon the completion of the metering project.

11. Due to Related Company

LECI	-	-
NICIL	23,259,670	-
Total Due to Related Companies	23,259,670	-

**ANNUAL GENERAL MEETING 2011
FORM OF PROXY**

The Secretary
Kwakwani Utilities Inc
Kwakwani Park
Berbice River
Region 10
Guyana

I/ We

of

A Member / Members of Kwakwani Utilities Inc. hereby appoint.....

or in his/her absence

of

As my / our Proxy to vote in my / our names(s) and on my / our behalf upon any matter proposed at the Seventh Annual General Meeting of the Kwakwani Utilities Inc. to be held on Friday May 10, 2013 at 11:15hrs or thereof in such manner as such Proxy may think proper.

As witness my hand this day of

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 adjourned meeting.