Board of Directors

Back Row from left to right

Ronald Alli A.A.
Dr. Dindyal Permaul
Michael Boast
Errol Hanoman

Front Row from left to right

Dr. Hubert Rodney
Donald Ramotar
Barry Newton
Rajendra Singh

Chairman's Statement

Overview

There was a net operating loss before defined benefit pension liability, sugar levy writeback and tax of $2.3 billion in 2003 compared with a net operating profit of $800 million in 2002. This disappointing result was due to a significant drop in production which I explain in the next section. After defined benefit pension liability, sugar levy writeback and tax the net loss for the year was $1.1 billion compared with $300 million in 2002. The defined pension benefit liability increased by $300 million in 2003 and is a provision and not a cash item.

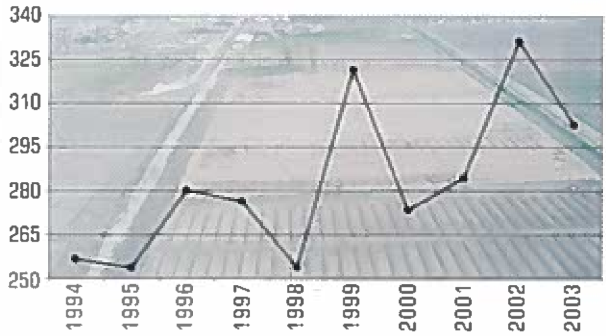
Turnover in 2003 (excluding the release of the export sugar levy by Government) increased to $28.1 billion, an 11% increase over 2002. Total sugar sold increased from 306,000 tonnes in 2002 to 336,000 tonnes of which 183,000 tonnes were sold to Europe and over 87,000 tonnes (a 46% increase over 2002) into the Caribbean.

The application of the new International Financial Reporting Standard number 41 on Agriculture increased the Corporation's assets by over $4 billion from the inclusion of the value of growing cane. The Corporation's net assets now total $87 billion.

Production

In 2003 we produced 302,378 tonnes of sugar from 3.4 million tonnes of cane. This represented a drop of 12 % from the record levels of 2002. Cane farmers provided 8.5 per cent of this cane. The disappointing quantities arose from the drought conditions during the first crop and unusually high rainfall both during the mid year out of crop period and at the beginning of the second crop. Cane yields in 2003 were affected by the prolonged drought in the second half of 2002 and the first half of 2003, which affected cane growth. The drought restricted the ability of the estates to irrigate the cane.

Sugar Production Tonnes (000)



During the first crop of 2003, despite the many challenges, Blairmont was able to set a new all-time sugar production first crop record with an achievement of 19,024 tonnes of sugar. The Corporation is targeting additional land preparation and planting to get to the acceptable cycle age of plant to four ratoons over a five-year period. A total of 9,313 hectares of land, or over 20% of the area under cultivation, were prepared for planting and 9,626 hectares were planted. Blairmont recorded the highest cane yield at 84.24 tonnes of cane per hectare and the highest sugar yield at 8.06 tonnes of sugar per hectare.

The budgeted cane yield for 2004 is projected at 79.8 tonnes cane per hectare which is a four per cent improvement on the actual 2003 cane yields. This is expected to be achieved since the 2003 drought created good conditions for subsoil cracking and excellent root development thereby promoting good stalk development of the cane to be reaped in 2004.

Some of the Bursary Awardees for 2003

The Corporation's contribution to the economy

GuySuCo generates 16 per cent of total GDP and 30 per cent of agriculture GDP. Each 20,000 tonnes of GuySuCo's sugar production represents one per cent of the country's GDP. We generated gross foreign exchange earnings of over US$ 130 million last year and net foreign exchange earnings of over US$ 80 million. This represents almost 25 per cent of the country's foreign exchange reserves.

Including temporaries the corporation employs over 20,000 people directly, with a further 5,000 estimated to be employed within cane farming. It is estimated that businesses which serve and depend on sugar employ a further 10,000 persons. If each employee supports a minimum of five people, 35,000 employees represent 175,000 persons or almost one quarter of the population.

Peer Education on HIV/AIDS Awareness

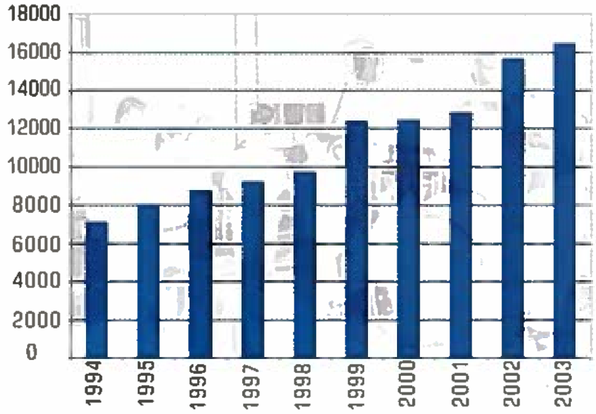
We provide medical, sporting, educational and community development facilities and are promoting computer literacy through training courses at our community centres. In particular the Corporation is focusing attention on HIV/Aids amongst the workforce. The Corporation recognizes that HIV/AIDS is a significant issue for all major employers in Guyana and has developed a sensitive and caring policy to address the issue.

The Corporation continues to invest heavily in drainage, an activity which benefits the surrounding communities as well as cane land. The concessional loan from the Caribbean Development Bank was drawn down during the year. Apart from this the Corporation has no long-term borrowings although of course this will change when the new Skeldon Project is complete.

Costs

Although operating costs decreased in absolute terms, the overall cost of production for the industry in 2003 was US¢ 19.5 per pound compared with the US 18.3¢ per pound in 2002. While maintaining our status as the largest and premium employer in Guyana, we have to target employment costs as in 2003 they represented 57 per cent of total costs.

Employment Cost ($M)



During 2004 we will discuss with the unions the replacement of the current production based annual incentive scheme with a new profit based scheme. This concept will be extended to all staff and the corporate managers. We will also introduce an incentive scheme based on results for senior management. Early in 2004 the management contract with Booker Tate was renewed with more emphasis placed on the achievement of a number of key operating parameters.

We are in the process of changing the current defined benefit pension scheme for senior staff to a defined contribution scheme. This change is necessary in view of the relatively limited opportunities for investment in Guyana which shows returns above the rate of inflation.

Average Price / Tonne (US$)

Chairman's Statement - cont'd

The global sugar trade environment

It is no secret that we are experiencing very challenging times in relation to maintaining access to our traditional markets in the European Union, which account for 180,000 tonnes of sugar or 60% of our 2003 production. Guyana is an active member of the ACP group and has the third largest EU quota, after Mauritius and Fiji, and the largest quota in Caricom. The global trading system in which we now operate is placing heavy pressure on non-reciprocal preferential trade and several countries, including some of the largest sugar producers in the world, have challenged the EU's sugar regime on the grounds that the regime is not WTO compatible.

There is also downward pressure on prices both within Europe and within Caricom. As the EU complies with its WTO commitments to reduce domestic support and export subsidies, the price for sugar will inevitably reduce. The EU Commission has produced a report which implies that the preferred mechanism for the rationalization of the E U sugar regime is for a gradual reduction in both prices and quotas with effect from 2006. Brazil's low cost of production and rapid increase in exports are also severely depressing world market prices. Our Caricom and non-EU customers are using world market prices to benchmark our price offers. This will negatively impact on revenues.

Guyana is currently involved in global, hemispherical and regional negotiations on the future of markets for sugar, i.e. the WTO, the FTAA, the EU / ACP and the Caricom Single Market and Economy (CSME). It is clear that we must become less heavily dependent on existing trade arrangements and become more competitive if we are to continue to sustain our industry. I discuss in the next paragraph the initiatives we are taking to address this objective.

The Quality Policy ensures top quality sugar from the Industry

Quality control measures are adhered to within our factory

Strategic Objectives and other initiatives

We continued the implementation of our strategic objectives including

- Development of the new factory at Skeldon including co generation
- Widening of the product base by developing systems for organic sugar production and by introducing Demerara Gold, our first branded packaged product
- Continuing talks on possible introduction of a refinery at Skeldon
- Improvements in productivity by the implementation of the Agricultural Improvement Plan
- The attack on the cost base through further work on the Benchmarking and Zero Based Budget (BOBB) exercises
- Emphasis on staff training at all levels.

We also commenced discussion with Angostura of Trinidad for a new joint venture Distillery at Skeldon which will initially produce raw alcohol and later will produce aged and blended spirit.

The Corporation has sold forward the majority of its 2004 and 2005 European receivables at remunerative levels and has sold some of the 2006 receivables at over US$ 1.20 for •1.

GuySuCo continues to place emphasis on quality and is therefore seeking to obtain ISO certification in quality control and marketing for the Blairmont factory.

The Corporation is replacing its aging accounting and inventory management systems and is in the process of refining its comprehensive Information Systems strategy.

Skeldon Sugar Modernization Project

We were unable to sign a contract for the construction of the new factory at Skeldon due to the delays in getting approval from the multilateral institutions for the addition of a co-generation component to the project. However this approval has now been received and we expect to sign a contract during the first half of 2004, with the new factory becoming operational in 2007. The corporation raised US $ 4 million from the first tranche of land sales as part of the financing of the new project and additional land will be released to the market as necessary.

Thank you

In October the previous Chairman, Mr. Vickram Oditt, resigned to pursue other business interests. Mr. Oditt presided over the industry during a time of major changes and major achievements and we cannot thank him enough for the immense contributions he made to the development of the industry. We wish him well in his new business ventures.

I wish to record my appreciation to my fellow directors for their sterling contributions particularly since it must be said that the level of directors' fees is very low in relation to the substantial demands placed upon their time.

I also thank the management and all employees of GuySuCo most heartily for their efforts during 2003 and urge all to redouble efforts towards ensuring that our industry has a viable and sustainable future. GuySuCo is gradually evolving into a results orientated Corporation by reducing the previous emphasis on production and shifting to emphasis on customer satisfaction and cost reduction. I am confident that we have the team and the strategies to achieve the objectives of our mission statement.

Quality control measures are adhered to within our factory

MECHANISATION THE WAY FORWARD....

Proper land preparation leads to good yields

Bell Loader for more efficient gathering of cut canes at most Estates

The most recent development in field mechanization

Guysuco & The Environment

The Guyana sugar industry was established in the eighteenth century. It has undoubtedly made an impact on the environment within the so-called "sugar-belt". Fortunately, however, none of the sugar industry's by-products or operational procedures present a serious threat to the local environment.

The disposal of waste products

The main waste products emanating from a sugar development are bagasse, filter press mud, water as a factory effluent and smoke.

Bagasse is the fibre which remains after the juice has been extracted from the cane during processing. It consists mainly of cellulose and lignin and is used as a fuel in the factory boilers.

Filter press mud is the mud which settles out from the cane juice during clarification and which is filtered off. It is variable in composition and consists of sucrose, wax, fat, nitrogen, phosphate, potassium and some bagacillo (small particles of bagasse). It has value as a soil ameliorant and is used for this purpose, particularly on dam beds and during conversion of cambered beds to other field layouts when some exposure of the sub-soil occurs.

Water, in the form of effluent from the factory, contains many impurities, often varying quantities of sugar. It must be treated to minimal BOD (Biological Oxygen Demand) content prior to being discharged.

Smoke is another potential pollutant on a sugar development. It is produced by the factory boilers and from burning cane trash both before and after harvest. Prior to harvest cane fields are set on fire to remove the dead leaves and to minimise the non sugar-containing vegetative matter being taken to the factory. Fire is also found to displace snakes and some pests which are a hazard to cane cutters and agricultural workers. Guysuco is presently monitoring smoke discharge and its effect on areas around the estates. We are working with the Environmental Protection Agency towards defining a standard for smoke emission.

Effects on the indigenous life of the area

The industry's future plans relate, in the main, to the existing cane area. About 10, 000 acres of new land will be developed in Berbice while some existing cane lands in Demerara may be put to alternative use. There are therefore no anticipated negative environmental effects.

Present cane husbandry practices will essentially be maintained although we intend to increase the level of mechanisation of certain operations. Thus the present weed control measures will continue. It will be a mix of chemical, manual and mechanical methods of control. The herbicides in use are manufactured and/or formulated by major manufacturers within the United States and Europe and are approved for use by the appropriate United States and European authorities. Pest control will continue as at present with minimal use of insecticides for insect control and continuing efforts to establish means of biological control for the troublesome moth borers. Some insecticides may be used to control sporadic froghopper attacks and the periodic attacks by leaf - eating caterpillars and by termites. Again in such cases, only approved insecticides will be used. Rat baiting with rodenticides of low toxicity to other mammals, such as brodifacoum, will continue to be the main means of control.

In general, the navigation canals, together with flood fallow fields and sidelines, contain good stocks of fish and other aquatic animals and plants thus demonstrating the high water quality and freedom from pollutants. The situation will continue to be monitored.

As stated earlier, some 10 000 acres of new land will be taken into cane. Currently, this area supports savannah type grassland for grazing cattle during the season, but is subject to flooding in rainy periods. There are no trees to be cleared and the proposals will result in the replacement of pasture by sugarcane.

The rehabilitation proposals for the agricultural sector of GUYSUCO are, therefore, not expected to increase dangers of environmental pollution over the levels which have existed during the past twenty or thirty years.This is testified by the fact that the Environmental Protection Agency has issued an Environmental Permit to GuySuCo to construct the new factory at Skeldon.

Report of the Directors

The Directors of Guyana Sugar Corporation Inc. present their report together with the audited financial statements for the year ended 31st December 2003.

Principal Activity

The principal activity of the Corporation is the growing of sugar cane and the manufacture and sale of sugar and molasses from that cane.

The Chairman's Statement describes the development and operation of the Corporation during the year, including the preferential markets situation, the position at the end of the year and the proposed future developments.

Results and Dividends

The financial results of the Corporation are set out on pages 15-32.

In accordance with the policy of the Corporation for many years, no dividends are declared or payable.

Directors

The names of the Directors are set out on page 3. All the Directors are non-executive, except for Mr. M. Boast.

Mr. B. Newton and Mr. E. Hanoman are both senior executives of Booker Tate Limited, which manages the Corporation under a Corporate Management Agreement. Fixed and results-related fees are payable under the Agreement. Mr. M. Boast is an executive of Booker Tate seconded to the Corporation. Apart from this, none of the Directors during the year had any material interest in any contract which is of significance in relation to the business of the Corporation.

Directors' remuneration is set out in note 12(c) to the Financial Statements.

Corporate Governance

The Board believes that its primary function is to generate sustainable wealth for the shareholder as the key stakeholder in the business. The Guyana Sugar Corporation recognizes the importance and is committed to high standards of corporate governance. This report by the Directors covers the key elements regarding the application by the Corporation of the principles of corporate governance.

(a) **The Board:** The Board comprises seven non-executive directors (including the Chairman) and one executive director (the Chief Executive). The Board considers that each director is able to bring independent judgment to the Corporation's affairs in all matters. The Board meets not less than ten times a year and has adopted a schedule of matters reserved for its decision. It is responsible for the strategic direction of the Corporation. The Board receives information about the progress of the Corporation and its financial position each month. This information, together with papers required for each Board meeting, is circulated in a timely manner before each meeting.

The Board has established four committees with defined terms of reference, namely the Audit Committee, the Central Tender Committee, the Remuneration Committee and the Lands Committee.

The Audit Committee comprises three non-executive directors. Representatives of the corporation's senior management attend meetings. The role of the Committee is to assist the Board in fulfilling its obligations in relation to the integrity of financial statements, risk management and internal control. The Audit Committee reviews and discusses, with the Internal Auditor and External Auditor, the Group's internal accounting controls, internal audit function, choice of accounting policies, internal and external audit programmes, statutory auditors' report, financial reporting and other related matters.

Report of the Directors *- cont'd*

The Central Tender Committee evaluates all tenders for the supply of materials and services above predetermined levels. The Remuneration Committee approves remuneration of senior staff and sets the policies for remuneration of other staff. The Lands Committee approves all land disposals and establishes policy issues concerning land.

(b) **Internal Control:** The Board is responsible for the Corporation's system of internal control and for reviewing its effectiveness which is designed to provide reasonable (but not absolute) assurance regarding the safeguarding of assets against unauthorized use, the maintenance of proper accounting records and the reliability of the financial information used within the Corporation.

The Board has delegated this responsibility to the Audit Committee. The Audit Committee conducts an annual assessment of the effectiveness of the system of internal control during the year. Key procedures have been established which are designed to provide an effective system of internal control.

The framework of the Corporation's system of internal control includes

- an organizational structure with clearly defined lines of responsibility and delegation of authority
- documented policies, procedures, and authorization limits for all transactions including capital expenditure
- a comprehensive system of financial reporting. The Board approves the annual budget and actual results are reported against budget each month. Any significant adverse variance is examined and remedial action taken. Revised profit forecasts for the year are prepared on a quarterly basis
- an internal audit function

The system of internal control is designed to manage rather than eliminate risk as no system of control can provide absolute protection against loss.

The Directors are of the opinion, based on information and explanations given by management and the internal auditors, and on comment by the independent auditors on the results of their audit, that the Corporation's internal accounting controls are adequate and that the financial records may reasonably be relied upon for preparing the financial statements and for maintaining accountability for assets and liabilities.

Employees

Performance appraisals, staff development and training are provided at all levels and emphasis is placed on both technical and personal development.

Guysuco is committed to equality of opportunity amongst its employees. Recruitment, terms of service and career development are based solely on ability and performance.

Pensions

The pension scheme of the Corporation is established under an irrevocable trust. The Pension Scheme Management Committee includes employee representatives. Professionals manage the Scheme. Both the Committee and the Managers are required to act at all times in accordance with the rules of the Scheme and to have regard to the best interests of the members of the Scheme. The Management Committee controls the investment funds, which are managed by external fund managers. Guysuco is committed to ensuring that the Scheme is administered in accordance with the highest standards.

Material events after year-end

No matter which is material to the financial affairs of the Corporation or the group occurred between the balance sheet date and the date of approval of the Financial Statements.

Auditors

The Auditor General has audited the Financial Statements. For the financial years 1995 to 1998 inclusive this activity was sub-contracted to Deloitte and Touche. For 1999 to 2003 the activity was sub-contracted to Ram and McRae.

BY ORDER OF THE BOARD

Adreana De Souza-Pompey
Company Secretary
Registered Office
Ogle Estate

Report of the Auditors

Report of the Chartered Accountants Ram & McRae
To the Auditor General
On the Consolidated Financial Statements of the
GUYANA SUGAR CORPORATION INC.
For the year ended 31st December 2003

We have audited the consolidated balance sheet of Guyana Sugar Corporation Inc. as at December 31, 2003, the consolidated profit and loss account and the statements of changes in shareholders' equity and cash flows for the year then ended. 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 International Standards on Auditing and the Office of the Auditor General's auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance that the financial statements are free from 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 Consolidated financial statements on pages 15 to 32 present fairly, in all material respects, the state of the Company's affairs at December 31, 2003 and its loss and cash flows for the year then ended in conformity with International Financial Reporting Standards, and comply with the Companies Act 1991.

Without qualifying our opinion we draw attention to the following matters:

International Accounting Standard 17 - Leases requires that leases be accounted for as finance or operating leases under defined circumstances. The Company in the preparation of these financial statements has accounted for all leases with the Government of Guyana as operating leases as stated in note 2 (d) to the financial statements. These leases represent a substantial portion of the operating assets of the Company.

Preliminary data was used by the Independent Actuaries in calculating the IAS 19 - Employee Benefits for the Junior Staff Pension Scheme. The Actuaries cautioned that the IAS 19 figures may be subject to change after a more complete assessment is carried out of the Scheme. The defined benefit obligation on the Junior Staff Pension Scheme included in the financial statements at December 31, 2003 amounted to $14.3 billion.

Ram & McRae

Ram & McRae
CHARTERED ACCOUNTANTS
PROFESSIONAL SERVICES FIRM
157 'C' Waterloo Street,
North Cummingsburg, Georgetown,
Guyana

December 8, 2004

Report of the Auditor General

OFFICE OF THE AUDITOR GENERAL OF GUYANA
63, HIGH STREET,
KINGSTON, GEORGETOWN,
GUYANA

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF
GUYANA SUGAR CORPORATION INC.
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

Chartered Accountants, Ram & McRae, have audited on my behalf the financial statements of Guyana Sugar Corporation Inc. for the year ended 31 December 2003, as set out on pages 15 to 32. The audit was conducted in accordance with the Financial Administration and Audit (Amendment) Act 1993.

The preparation of the financial statements, including assertions relating to their completeness, accuracy and validity, and compliance with the 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 Financial Administration and Audit (Amendment) Act 1993, 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 set out on page 13, of Chartered Accountants, Ram & McRae.

S. A. Goolsarran
Auditor General

Office of the Auditor General
63 High Street, Kingston
Georgetown, Guyana

December 13, 2004

Consolidated Balance Sheet

As at 31st December 2003

	NOTES	COMPANY		GROUP	
		2003 $M	Restated 2002 $M	2003 $M	Restated 2002 $M
ASSETS					
Non current assets					
Property, plant and equipment	2(c), 2(d), 7	73,312	73,599	73,320	73,608
Investment		38	38	38	38
Investment in subsidiary	15	29	23	-	-
Deferred tax asset	2(k), 5	7,363	6,942	7,368	6,953
Total non current assets		80,742	80,602	80,726	80,599
Current assets					
Inventories	2(e), 8(a)	3,253	3,445	3,253	3,445
Product stock	2(e), 8(b)	807	3,321	807	3,321
Standing cane	8(e)	4,625	4,400	4,675	4,442
Accounts receivable and prepayments		2,056	1,939	2,056	1,939
Related parties	8(c), 19	34	41	-	-
Taxes recoverable		-	-	10	10
Cash and cash equivalents	9	1,615	1,814	1,686	1,882
Total current assets		12,390	14,960	12,487	15,039
TOTAL ASSETS		93,132	95,563	93,213	95,638
EQUITY AND LIABILITIES					
Shareholder's equity					
Stated capital	3	10,800	10,800	10,800	10,800
Revaluation reserve	4 (b)	53,280	54,099	53,280	54,099
Other reserves	4 (a)	78	78	78	78
Minority interest		-	-	77	65
Retained earnings		2,449	3,115	2,457	3,108
Total Shareholders equity		66,607	68,092	66,692	68,150
Non current liabilities					
Deferred tax liability	2(k), 5	6,268	6,634	6,268	6,634
Loan	11	453	21	453	21
Defined benefit pension liability	14(a)	14,256	12,870	14,256	12,870
		20,977	19,525	20,977	19,525
Current liabilities					
Accounts payable and accruals		3,291	2,895	3,283	2,910
Related parties	8(d), 19	1,527	1,525	1,527	1,525
Debenture	6	144	144	144	144
Obligations under finance lease		-	70	-	70
Taxes payable		587	435	590	435
Export sugar levy	10	-	2,876	-	2,876
Total current liabilities		5,548	7,945	5,544	7,962
TOTAL EQUITY AND LIABILITIES		93,132	95,563	93,213	95,638

These financial statements were approved for issue by the Board of Directors on 7th December.

....................Director
R. Alli

....................Director
M. Boast

The accompanying notes on pages 20 to 31 form an integral part of these financial statements

Consolidated Income Statement

For The Year Ended December 31, 2003

	NOTES	COMPANY		GROUP	
		2003 $M	Restated 2002 $M	2003 $M	Restated 2002 $M
Revenue	10	28,077	25,389	28,077	25,389
Cost of sales		25,361	20,604	25,311	20,601
Gross profit		2,716	4,785	2,766	4,788
Other operating income		204	401	207	390
Administrative expense		(2,741)	(2,116)	(2,741)	(2,117)
Marketing and distribution expenses		(2,437)	(2,266)	(2,437)	(2,266)
Finance cost		(82)	(37)	(81)	(35)
Provision for defined benefit pension liability	14(b)	(1,386)	(1,118)	(1,386)	(1,118)
Sugar levy writeback	10	2,876	-	2,876	-
Income from subsidiary		6	23	-	-
Net loss before tax	12	(844)	(328)	(796)	(358)
Taxation/ (tax credit)	13	299	(54)	309	(60)
Net loss for the period		(1,143)	(274)	(1,105)	(298)
Minority interest	15	-	-	(23)	-
Retained loss for the year		(1,143)	(274)	(1,128)	(298)

The accompanying notes on pages 20 to 31 form an integral part of these financial statements

Consolidated Statement Of Changes In Equity

As At December 31, 2003

	NOTES	Stated Capital $M	Reserves Revaluation $M	Other $M	Retained Earnings $M	Total $M
COMPANY 2003						
Balances at January 01, 2003		**10,800**	**54,099**	**78**	**3,115**	**68,092**
Review of valuation of property, plant and equipment	4(c)		(802)			(802)
Release of revaluation reserve for excess depreciation			(476)		476	-
Release of revaluation reserve on disposals			(40)			(40)
Deferred tax recognized in equity	5		499			499
Retained loss for the year					(1,143)	(1,143)
Balances at December 31, 2003		**10,800**	**53,280**	**78**	**2,449**	**66,607**

	NOTES	Stated Capital $M	Reserves Revaluation $M	Other $M	Retained Earnings $M	Total $M
COMPANY 2002						
Balances at January 01, 2002		**499**	**53,821**	**10,295**	**(5,115)**	**59,500**
Capitalization of reserve as equity		10,301	(47)	(10,254)		-
Review of valuation of property, plant and equipment			1,025			1,025
Release of revaluation reserve for excess depreciation			(525)		525	-
Deferred tax recognized in equity			(175)		1,540	1,365
Retained loss for the year					(274)	(274)
		10,800	**54,099**	**41**	**(3,324)**	**61,616**
Adjustment to opening reserves						
IAS 41 standing cane adjustment	16				4,400	4,400
Defined benefit pension liability actuarial adjustment	14				2,039	2,039
Revaluation of investment	4(a)			37		37
Balances at December 31, 2002		**10,800**	**54,099**	**78**	**3,115**	**68,092**

The accompanying notes on pages 20 to 31 form an integral part of these financial statements

Consolidated Statement Of Changes In Equity

As At December 31, 2003

	NOTES	Stated Capital $M	Reserves Revaluation $M	Other $M	Retained Earnings $M	Total $M
GROUP 2003						
Balances at January 01, 2003		**10,800**	**54,099**	**78**	**3,108**	**68,085**
Review of valuation of Property, plant and equipment	4(c)		(802)			(802)
Release of revaluation reserve for excess depreciation			(476)		476	-
Release of revaluation reserve on disposals			(40)			(40)
Minority interest						-
Deferred tax recognized in equity	5		499			499
Retained loss for the year					(1,128)	(1,128)
Balances at December 31, 2003		**10,800**	**53,280**	**78**	**2,457**	**66,615**

	NOTES	Stated Capital $M	Reserves Revaluation $M	Other $M	Retained Earnings $M	Total $M
GROUP 2002						
Balances at January 01, 2002		499	53,821	10,295	(5,090)	59,525
Capitalization of reserve as equity		10,301	(47)	(10,254)		-
Review of valuation of property, plant and equipment			1,025			1,025
Release of revaluation reserve for excess depreciation			(525)		525	-
Deferred tax recognized in equity			(175)		1,540	1,365
Retained loss for the year					(298)	(298)
		10,800	**54,099**	**41**	**(3,324)**	**61,616**
Adjustment to opening reserves:						
IAS 41 standing cane adjustment	16				4,392	4,392
Defined benefit pension liability actuarial adjustment	16				2,039	2,039
Revaluation of investment	4(a)			37		
Balances at December 31, 2002		**10,800**	**54,099**	**78**	**3,108**	**68,048**

The accompanying notes on pages 20 to 31 form an integral part of these financial statements

Consolidated Cash Flow Statement

For The Year Ended December 31, 2003

	COMPANY		GROUP	
	2003 $M	Restated 2002 $M	2003 $M	Restated 2002 $M
CASH FLOWS FROM OPERATING ACTIVITIES (note a)	2,541	1,998	2,560	2,057
Interest paid	(75)	(73)	(77)	(73)
Taxation paid	(451)	(1,044)	(453)	(1,070)
Taxation refunds received	-	-		9
NET CASH FLOWS FROM OPERATING ACTIVITIES	2,015	881	2,030	923
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	7	36	7	35
Purchase of property, plant and equipment	(2,584)	(2,026)	(2,584)	(2,026)
Payment to minority interest	-	-	(11)	(28)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(2,577)	(1,990)	(2,588)	(2,019)
CASH FLOWS FROM FINANCING ACTIVITIES				
Lease Financing - short term	(70)	70	(70)	70
Proceeds from Loan- long term borrowing	432	21	432	21
NET CASH FLOWS FROM FINANCING ACTIVITIES	362	91	362	91
Net decrease in cash and cash equivalents	(200)	(1,018)	(196)	(1,005)
Cash and cash equivalents at beginning of the period	1,814	2,831	1,882	2,887
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1,615	1,814	1,686	1,882
CASH AND CASH EQUIVALENTS AS PER BALANCE SHEET	1,615	1,814	1,686	1,882

a) CASH FLOWS FROM OPERATING ACTIVITIES

	COMPANY 2003	COMPANY 2002	GROUP 2003	GROUP 2002
Net loss before taxation	(844)	(328)	(796)	(358)
Adjustments for:				
Depreciation	2,017	1,933	2,020	1,936
Loss on Disposal of property, plant and equipment	13	-	13	-
Net interest	82	37	82	38
Income from subsidiary	(6)	(23)		
Operating profit before working capital changes	1,262	1,619	1,319	1,616
(Increase)/decrease in inventories	192	(195)	192	(195)
(Increase)/decrease in product stocks	2,514	(1,767)	2,514	(1,779)
Increase in standing cane	(225)	-	(233)	-
(Increase)/decrease in accounts receivable and prepayments	(117)	761	(117)	749
Increase accounts payable and accruals	396	410	373	406
Increase in amounts due to related parties	2	93	2	142
(Increase)/decrease in amounts due from related parties	7	(41)	-	-
Increase in defined benefit pension liability	1,386	1,118	1,386	1,118
Decrease in sugar levy payable	(2,876)		(2,876)	
Cash generated from operations	2,541	1,998	2,560	2,057

The accompanying notes on pages 20 to 31 form an integral part of these financial statements

Notes To The Financial Statement

For The Year Ended December 31, 2003

1. INCORPORATION AND PRINCIPAL ACTIVITIES

Guyana Sugar Corporation Limited was incorporated on May 21, 1976 and is involved in the cultivation of sugar cane and the manufacture and sale of sugar and molasses. On February 28, 1996 the Corporation was continued under the Companies Act 1991 and its name changed to Guyana Sugar Corporation Inc. The Corporation is wholly owned by the Government of Guyana.

2. STATEMENT OF ACCOUNTING POLICIES

a) Accounting convention

The financial statements have been prepared under the historical cost convention as modified for the revaluation of fixed assets investments, standing cane and product stock which are stated at fair value. They have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the requirements of the Laws of Guyana.

b) Basis of consolidation

The consolidated financial statements incorporate the financial statements made to December 31 each year of the Corporation and Lochaber Limited (the subsidiary), a company controlled by the Corporation. Control is achieved by virtue of the Corporation having the power to govern the financial and operating policies of the subsidiary through the Board of Directors. Details of the Subsidiary are given in note 15. Intra group balances and transactions have been eliminated in preparing the consolidated financial statements.

c) Property, plant and equipment and depreciation

Freehold land and buildings are stated at professional valuation as at January 01, 1999. Factory plant is stated at Directors' valuation as at December 31, 2003 as further explained in note 4 (c). Other property plant and equipment acquired subsequent to January 01, 1999 are stated at cost. All assets with the exception of freehold land and work-in-progress are depreciated on the straight line method calculated to write off each asset over its estimated useful life as follows:-

Freehold buildings - wooden	Over 20 years
Freehold buildings - others	Over 33 years
Land expansion costs	According to tenure
Plant, machinery and equipment	From 5 to 17 years
Motor vehicles	Over 4 years
Aircraft	Over 5 and 10 years

All assets are tested for possible impairment based on income generation and net realizable value. Depreciation is provided from the month following acquisition until the month of disposal. Capital work in progress is not depreciated until the relevant assets are brought into use.

d) Freehold and leasehold land

In addition to 21,565 hectares of freehold land, the Group leases from the Government of Guyana 55,173 hectares of land on which it grows cane and for ancillary purposes. These are subject to several types of lease agreements, the status of which is follows:

	Hectares
Unexpired leases	19,364
Expired leases	7,561
Expired permissions	944
During the President's pleasure licenses	26,961
During the President's pleasure permissions	342
	55,173

The Group has received written confirmation that the Government of Guyana is committed to renewing all leases for lands beneficially occupied by Guyana Sugar Corporation Inc. The tenure of the leases is likely to be fifty (50) years. Lease rentals will be reviewed from time to time by the Commissioner of Lands and Surveys and approved by the Government of Guyana.

Lease payment per hectare per annum has been as follows:

	$
Prior to 1985	10.0
From January 01, 1985 to May 31, 1998	18.5
From June 01, 1998	2,471.0

A valuation prepared by professional valuer placed a value on these lands of $1,482,600 per hectare at January 01, 1999.

Notes To The Financial Statement

For The Year Ended December 31, 2003

2. STATEMENT OF ACCOUNTING POLICIES-cont'd

e) Inventories

Inventories are valued at the lower of weighted average cost and net realizable value.

Product stocks are valued at the lower of cost of production and estimated realizable value less deductions for sugar industry special funds contributions and shipping and selling expenses, where applicable. Where markets are identified for sugar and molasses, the net realizable value is used if it is lower than the cost of production. Production cost includes all estates operations and administrative cost.

The value of standing cane is included in the financial statements. IAS 41 (Agriculture) became effective for financial statements beginning on or after January 01, 2003

Standing cane is measured at fair value less estimated point of sale costs. The fair value of cane is determined using the average cane farmers price. This is determined using the weighted aggregate price achieved in the various markets for which sugar is supplied.

f) Research and development

Research and development expenditure is charged against revenue in the year in which it is incurred.

g) Foreign currency transactions

Foreign currency transactions are recorded in Guyana Dollars at the rates of exchange ruling at the date of such transactions. At the balance sheet date, monetary assets and liabilities denominated in a foreign currency are translated at the rates of exchange ruling at that date and the resulting gains and losses are recognized in the income statement.

h) Revenue

Revenue represents the amounts earned from the sale of sugar and molasses during the year.

i) Revenue recognition

Revenue is recognized when the product is shipped, or for domestic sales when the product is collected.

j) Pension scheme

The Corporation participates in a contributory multi-employer pension scheme, Guyana Sugar and Trading Enterprises Pension Scheme (STEPS), a defined benefit scheme, for its qualifying employees. The contributions are held in trustee administered funds which are separate from the Corporation's finances.

A valuation carried out at December 31, 2001 for the pension scheme revealed a surplus of $144M. The valuation was calculated on a going concern basis and thus allowed, inter alia, for future salary increases on the scheme's liabilities. The actuaries have confirmed that, had the scheme been terminated as at the date of valuation, the available assets would have been sufficient to secure accrued benefits based on completed service and current salary levels. During the year the Corporation's contribution to the scheme was $196M (2002 $199M).

Employees who have retired and are not members of the pension scheme are paid ex-gratia pensions, which are partially recoverable from the Sugar Industry Price Stabilization Fund. Under IAS 19 the total liability to the employees governed by this arrangement has been computed as shown in Note 14. The movement in the liability as at December 31, 2003 has been taken to the income statement.

k) Deferred tax

Deferred tax liabilities are recognized in respect of the Corporation taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are recognized in respect of deductible temporary differences, unused tax losses and unused tax credits but only to the extent that it is anticipated that taxable profit will be available in future years. The amount of the deferred tax has been calculated using rates enacted or substantially enacted at the balance sheet date.

Notes To The Financial Statement

For The Year Ended December 31, 2003

l) Skeldon sugar modernization project

All expenditure relating to the modernization project has been charged to work in progress.
Expenditure incurred to date on the project comprises project management costs ($899M), the development of new cane areas ($944M) and equipment purchased ($344M). The corporation has received written confirmation from the Government of Guyana that loans from the World Bank (IDA) and the Caribbean Development Bank have been pledged for the project and the Government of Guyana has guaranteed all payment obligations under contracts awarded for the project.

m) Comparatives

Certain changes have been made to the presentation of the financial statements and where necessary the comparative figures for the previous year have been restated accordingly.

3. STATED CAPITAL

The Corporation has an authorized stated capital of 10,800,000,000 at a minimum issue price of $1 each and an issued stated capital of 10,799,571,775 ordinary shares. During 2002 the Corporation capitalized $9,362,950,000 from the Rehabilitation and Development Fund and $939,085,000 from the General Capital Reserves as equity.

4. RESERVES

	COMPANY		GROUP	
		Restated		Restated
	2003 $M	2002 $M	2003 $M	2002 $M
a) Other reserves	78	78	78	78
b) Revaluation Reserve	53,280	54,099	53,280	54,099
	53,358	54,177	53,358	54,177

a) Other reserves

	$M	$M	$M	$M
1. Amounts received by the Corporation from the Sugar Industry Special Funds for rehabilitation work carried out on the Corporation's factories.	25	25	25	25
2. Monies received from the Government of Guyana for the purpose of financing projects in the Corporation's diversification programme.	15	15	15	15
3. The value of the net assets of Guyana Agricultural Products Corporation and Demerara Sugar Company Limited which were acquired by the Government of Guyana and transferred to the Corporation. During 2002 $14m was capitalized as equity.	1	1	1	1
4. Adjusment of investments to reflect fair value	37	37	37	37
	78	78	78	78

b) Revaluation reserve

	$M	$M	$M	$M
1. Revaluation of fixed assets	61,355	60,330	61,355	60,330
Effect of review of valuation of factory plant and machinery	(802)	1,025	(802)	1,025
Less provision for deferred tax	(7,233)	(7,256)	(7,233)	(7,256)
Less released on disposals	(40)	-	(40)	-
	53,280	54,099	53,280	54,099

c) Revaluation

The Corporation revalued its freehold land and buildings and factory plant and machinery as at January 01, 1999. The valuation of the land and buildings was undertaken by an independent valuer. The original valuation as at January 01, 1999 of plant and machinery was based on a value in use calculation. The valuation is reviewed each year in the light of changes in markets, production levels and exchange rate movements. The value was revised downwards by the directors at the balance sheet date by $802M (2002 $1,025M upwards).

Notes To The Financial Statement

For The Year Ended December 31, 2003

5. DEFERRED TAX

Recognized deferred tax assets/liabilities are attributable to the following items:

	COMPANY		GROUP	
	2003 $M	Restated 2002 $M	2003 $M	Restated 2002 $M
Deferred tax liability				
Property, plant and equipment	6,268	6,634	6,268	6,634
Deferred tax assets				
Tax value of loss carry-forward	(525)	-	(530)	(11)
Inventories provision	(229)	(179)	(229)	(179)
Defined benefit pension liability	(4,990)	(5,223)	(4,990)	(5,223)
Standing Cane	(1,619)	(1,540)	(1,619)	(1,540)
	(7,363)	(6,942)	(7,368)	(6,953)

Movement in temporary differences during 2003

	COMPANY		GROUP	
	Balance at Jan 01,2003	Recognized in Income	Recognized in Equity	Balance at Dec 31,2003
Deferred tax liability				
Property, plant and equipment	6,634	133	(499)	6,268
Deferred tax assets				
Inventories provision	(179)	(50)	-	(229)
Defined benefit pension liability	(5,223)	233	-	(4,990)
Tax losses	-	(525)	-	(525)
Standing Cane	(1,540)	(79)	-	(1,619)
	(6,942)	(421)	-	(7,363)

Movement in temporary differences during 2003

	COMPANY		GROUP	
	Balance at Jan 01,2003	Recognized in Income	Recognized in Equity	Balance at Dec 31,2003
Deferred tax liability				
Property, plant and equipment	6,634	133	(499)	6,268
Deferred tax assets				
Tax value of loss carry-forward utilized	(11)	(519)	-	(530)
Inventories provision	(179)	(50)	-	(229)
Defined benefit pension liability	(5,223)	233	-	(4,990)
Standing Cane	(1,540)	(79)	-	(1,619)
	(6,953)	(415)	-	(7,368)

	COMPANY		GROUP	
	2003 $M	Restated 2002 $M	2003 $M	Restated 2002 $M
6. DEBENTURE				
2% Government of Guyana Debenture	144	144	144	144

The debenture from the Government of Guyana is scheduled to be repaid in 2004.

Notes To The Financial Statement

For The Year Ended December 31, 2003

7. FIXED ASSETS COMPANY

Cost or valuation	Land	Buildings others	Buildings wooden	Land expansion cost	Plant, Machinery and equipment	Equipment under finance lease < 1 year	Work in progress	Total
As at Jan 01 2003	43,811	10,473	3,690	76	23,652	174	3,038	84,914
Revaluation	-	(11)	-	-	(802)	-	-	(813)
Additions	-	-	-	-	-	-	2,593	2,593
Disposals	-	(25)	-	-	(78)	-	(22)	(125)
Transfers	89	210	3	3	1,584	(174)	(1,715)	-
As at Dec 31 2003	43,900	10,648	3,693	79	24,356	-	3,895	86,570
Depreciation								
As at Jan 01 2003	-	934	303	4	10,053	21	-	11,315
Transfers	-	-	-	-	21	(21)	-	-
Charge for the year	-	231	79	8	1,699	-	-	2,017
Retired on disposals	-	(2)	-	-	(72)	-	-	(74)
As at Dec 31 2003	-	**1,163**	**382**	**12**	**11,701**	-	-	**13,258**
Net book value								
As at Dec 31 2003	**43,900**	**9,485**	**3,311**	**67**	**12,655**	-	**3,895**	**73,312**
As at Dec 31 2002	**43,811**	**9,539**	**3,387**	**72**	**13,599**	**153**	**3,038**	**73,599**

Cost or valuation	Land	Buildings others	Buildings wooden	Land expansion cost	Plant, Machinery and equipment	Equipment under finance lease < 1 year	Work in progress	Total
As at Jan 01 2003	43,811	10,473	3,690	76	23,675	174	3,038	84,937
Revaluation	-	-	-	-	(802)	-	-	(802)
Additions	-	-	-	-	-	-	2,584	2,584
Disposals	-	(25)	-	-	(78)	-	(22)	(125)
Transfers	89	210	3	3	1,584	(174)	(1,715)	-
As at Dec 31 2003	**43,900**	**10,658**	**3,693**	**79**	**24,379**	-	**3,886**	**86,595**
Depreciation								
As at Jan 01 2003	7	927	303	4	10,067	21	-	11,329
Transfers	-	-	-	-	21	(21)	-	-
Charge for the year	-	231	79	8	1,702	-	-	2,020
Retired on disposals	-	(2)	-	-	(72)	-	-	(74)
As at Dec 31 2003	**7**	**1,156**	**382**	**12**	**11,718**	-	-	**13,275**
Net book value								
As at Dec 31 2003	**43,893**	**9,502**	**3,311**	**67**	**12,661**	-	**3,886**	**73,320**
As at Dec 31 2002	**43,804**	**9,546**	**3,387**	**72**	**13,608**	**153**	**3,038**	**73,608**

Notes To The Financial Statement

For The Year Ended December 31, 2003

8. NET CURRENT ASSETS

	COMPANY 2003 $M	COMPANY Restated 2002 $M	GROUP 2003 $M	GROUP Restated 2002 $M
a) (i) Inventories				
Gross	3,902	3,957	3,902	3,957
Less provision for slow moving and obsolete items	(649)	(512)	(649)	(512)
Net	3,253	3,445	3,253	3,445

No obsolete stocks were charged against the provision in 2003 (2002 $22M). Additionally the provision has been increased by $141M in 2003 compared to a decrease of $190M in 2002.

a) (ii) Inventory categories	$M	$M	$M	$M
Fuel	96	88	96	88
Spares	2,716	2,535	2,716	2,535
Fertilizers and chemicals	627	777	627	777
Other	463	557	463	557
	3,902	3,957	3,902	3,957

b) Product stock categories	$M	$M	$M	$M
Sugar	701	3,122	701	3,122
Molasses	98	193	98	193
Livestock	8	6	8	6
	807	3,321	807	3,321

c) Amounts due from related parties	$M	$M	$M	$M
Lochaber Limited	34	41	-	-

d) Amounts due to related parties	$M	$M	$M	$M
Booker Tate	67	177	67	177
Government of Guyana - Lease rentals	437	485	437	485
Sugar Industry Labour Welfare Fund	1,023	863	1,023	863
	1,527	1,525	1,527	1,525

e) Standing cane

Standing cane is accounted for in accordance with IAS 41
The difference between the opening and closing balance is included in cost of sales

	COMPANY 2003 $M	COMPANY Restated 2002 $M	GROUP 2003 $M	GROUP Restated 2002 $M
Balance as at January 01,2003	4,400	-	4,442	-
Taken to profit and loss account/retained earnings	225	4,400	233	4,442
Balance as at December 31,2003	4,625	4,400	4,675	4,442

Standing cane by age

Age of cane	Company 2003 Hectares	Company 2002 Hectares	Group 2003 Hectares	Group 2002 Hectares	Company 2003 $M	Company 2002 $M	Group 2003 $M	Group 2002 $M
1-5 Months	24,647.64	24,331.52	24,824.34	24,424.52	-	-	-	-
6 Months	1,256.36	899.74	1,256.36	899.74	33	23	33	23
7 Months	543.00	466.50	543.00	466.50	31	27	31	27
8 Months	1,912.70	2,412.90	1,912.70	2,541.90	192	237	192	250
9 Months	5,131.00	5,791.30	5,240.30	5,889.00	1,027	1,128	1,050	1,148
10 Months	5,725.20	5,091.50	5,811.90	5,121.50	1,773	1,545	1,800	1,554
11 Months	3,472.70	3,646.60	3,472.70	3,646.60	1,239	1,270	1,239	1,270
12 Months	852.00	449.60	852.00	449.60	330	171	330	171
	43,540.60	43,089.66	43,913.30	43,439.36	4,625	4,400	4,675	4,442
					$	$	$	$
Farmers Price per tonne of sugar					52,108	51,137	52,108	51,137

Notes To The Financial Statement

For The Year Ended December 31, 2003

9. CASH AND CASH EQUIVALENTS

	2003 000s	2002 000s	$M	$M	$M	$M
US Dollar	3,740	1,111	725	212	725	212
Sterling	35	253	12	77	12	77
Euro	3,029	5,142	740	983	740	983
			1,477	1,272	1,477	1,272
Guyana Dollar			138	542	209	610
			1,615	1,814	1,686	1,882
Rate of conversion						
G$/US$			193.85	191.27	193.85	191.27
G$/GBP			342.86	308.19	342.86	308.19
G$/EUR			244.31	200.57	244.31	200.57

10. SALES AND EXPORT LEVY

	COMPANY		GROUP	
	2003 $M	Restated 2002 $M	2003 $M	Restated 2002 $M
Sales				
Sugar	27,167	24,212	27,167	24,212
Molasses	910	1,177	910	1,177
Total Sales	28,077	25,389	28,077	25,389
Export sales levy				
Amount payable	5,989	11,958	5,989	11,958
Remitted by Government	(5,989)	(11,958)	(5,989)	(11,958)
Sales after remission of levy	28,077	25,389	28,077	25,389

The Sugar Levy Act of 1974 was repealed as of July 01,2003. Therefore, the amount of export sales levy payable was calculated under the Act up to that date. Under section 6(1) of the Financial Administration and Audit Act, the Government of Guyana agreed to remit $5,989M (2002 $11,958M) of the Sugar Levy payable.

In 2003 the Government of Guyana relinquished its right to claim payment of any unpaid sugar levy totaling $2,876M therefore the amount was written back in the current period.

	COMPANY		GROUP	
	2003 $M	Restated 2002 $M	2003 $M	Restated 2002 $M
Europe	19,498	18,350	19,498	18,350
USA	825	942	825	942
Canada	360	-	360	-
Caribbean	5,010	4,219	5,010	4,219
Guyana	2,384	1,878	2,384	1,878
	28,077	25,389	28,077	25,389

All expenditure is incurred in Guyana, with the exception of marketing expenses and part of the management fee. All assets and liabilities are based in Guyana, with the exception of foreign cash balances and some trade receivables and payables.

The Directors consider therefore that segmentation of net profit and assets by geographic area would not be meaningful.

11. LOANS

	COMPANY		GROUP	
	2003 $M	Restated 2002 $M	2003 $M	Restated 2002 $M
Government of Guyana	453	21	453	21

The loan from the Government of Guyana (GoG) represents an on-lending of a loan from the Caribbean Development Bank (CDB) for US$5,050,000 to finance various Drainage and Irrigation projects. Total funds received at December 31, 2003 amounted to US$2,321,653 (2002 US$109,798). Interest is charged at the rate of 3% per annum on the principal and paid quarterly.

The loan is to be repaid starting 10 years after the date of the first disbursement in 34 equal semi annual installments. The date of the first disbursement was July 2002.

Notes To The Financial Statement

For The Year Ended December 31, 2003

	COMPANY 2003 $M	COMPANY Restated 2002 $M	GROUP 2003 $M	GROUP Restated 2002 $M
12. NET LOSS) BEFORE TAXATION	(844)	(328)	(796)	(358)
(a) After charging -				
Staff Costs				
Wages and salaries	13,894	12,192	13,894	12,164
Social security contributions	641	634	641	634
Defined benefit pension liability (note 14(c))	1,968	1,623	1,968	1,623
Materials and services purchased	7,754	7,629	7,754	7,717
Lease obligations	291	230	291	230
Research and development expense	51	38	51	38
Directors' fees & expenses (Note (b) below)	16	24	16	24
Provision for slow moving and obsolete items	141	(190)	141	(190)
Depreciation	2,017	1,933	2,020	1,936
Auditors' remuneration-audit services	6	6	6	6
Interest expense	88	73	88	73
Management fees and expenses (Note 19)	367	453	367	453
After crediting				
Net gain/ (loss) on exchange	(29)	67	(29)	67
Interest income	6	36	4	35

(b) Directors' fees & expenses	COMPANY 2003 $000 Fees	COMPANY 2003 $000 Expenses	COMPANY 2002 $000 Fees	COMPANY 2002 $000 Expenses Restated	GROUP 2003 $000 Fees	GROUP 2003 $000 Expenses	GROUP 2002 $000 Fees	GROUP 2002 $000 Expenses Restated
Directors								
Vickram Oditt (1)	90	5,074	108	4,683	90	5,074	108	4,683
Ronald Alli	84	2,554	84	1,596	84	2,554	84	1,596
Donald Ramotar	84	-	84	-	84	-	84	-
Dindyal Permaul	84	-	84	-	84	-	84	-
Rajendra Singh	84	1,298	84	648	84	1,298	84	648
Hubert Rodney	84	2,244	84	1,360	84	2,244	84	1,360
Brian Webb (2)	-	-	-	-	-	-	-	-
Michael Boast	-	-	-	-	-	-	-	-
David Carter (3)	-	-	-	6,929	-	-	-	6,929
Barry Newton	-	2,135	-	7,844	-	2,135	-	7,844
Errol Hanoman	-	2,605	-	-	-	2,605	-	-
Patrick Falconer	-	-	-	-	99	99	85	85
Joseph King	-	-	-	-	99	99	85	85
	510	15,910	528	23,060	708	16,108	698	23,230

Resignations

(1) - Vickram Oditt - resigned October, 2003 (2) - Brian Webb - Resigned February, 2003 (3) - David Carter - Resigned July, 2003

All directors expenses have been incurred on the company's business. Directors' fees comprise those amounts paid to or on behalf of directors in respect of services as directors.

(c) Write back of Camp Street Property

The property was disposed in February 2004 for $101.9M. Accordingly the net book value previously written back of $112.5M was reduced to the net realisable value and an amount of $10.6M was written off.

Notes To The Financial Statement

For The Year Ended December 31, 2003

13. TAXATION

	COMPANY		GROUP	
	2003	Restated 2002	2003	Restated 2002
Current year	$M	$M	$M	$M
Corporation	380	253	390	245
Deferred Tax	(288)	(493)	(288)	(503)
	92	(240)	187	(258)
Withholding Tax	2	4	3	5
Property Tax	206	188	207	189
Prior year under/(over) provision				
Property	-	2	-	4
Corporation	(1)	(8)	(3)	-
	299	(54)	309	(60)

Reconciliation of corporation tax expense and accounting profit:

	$M	$M	$M	$M
Accounting (loss)	(844)	(328)	(796)	(358)
Corporation tax @35%	(295)	(115)	(279)	(125)
Add: Tax effect of expenses not deductible in determining taxable profits				
Depreciation for accounting purposes	706	664	707	665
Defined benefit pension cost	474	392	474	392
Others				
	885	941	902	932
Deduct:				
Depreciation for tax purposes	(509)	(410)	(509)	(410)
Interest and dividend	(4)	(11)	(4)	(10)
Tax loss utilized during the year		(267)	-	(267)
Tax liability/ (effect of loss)	372	253	389	245

No deferred tax liability has been recognized in relation to capital gains taxes which would become payable on factory plant, machinery and equipment should the revaluation surplus be realized upon disposal of the revalued assets since the Corporation does not intend to dispose of these assets other than in the normal course of business.

14. DEFINED BENEFIT PENSION LIABILITY-COMPANY

	2003				2002			
	Post Retirement Medical $M	STEPS Scheme $M	Ex Gratia Scheme $M	Total $M	Post Retirement Medical $M	STEPS Scheme $M	Ex Gratia Scheme $M	Total $M
(a) The amounts recognized in the balance sheet are as follows:								
Defined benefit obligation	292	5,645	15,989	21,926	273	5,327	14,822	20,422
Fair value of assets	-	(5,347)	-	(5,347)		(4,648)	-	(4,648)
Present value of unfunded contributions	292	298	15,989	16,579	273	679	14,822	15,774
Unrecognized loss	(38)	(160)	(2,125)	(2,323)	(39)	(585)	(2,280)	(2,904)
Defined benefit liability	254	138	13,864	14,256	234	94	12,542	12,870

Notes To The Financial Statement

For The Year Ended December 31, 2003

	2003				2002			
	Post Retirement Medical $M	STEPS Scheme $M	Ex Gratia Scheme $M	Total $M	Post Retirement Medical $M	STEPS Scheme $M	Ex Gratia Scheme $M	Total $M
(b) Reconciliation of opening and closing defined benefit liability								
Defined benefit liability at beginning of year	234	94	12,542	12,870	224	92	11,437	11,753
Add net pension cost	27	248	1,693	1,968	23	195	1,405	1,623
Less company contribution/benefits paid	(8)	(204)	(371)	(583)	(12)	(193)	(300)	(505)
Net pension cost	20	44	1,322	1,386	11	2	1,105	1,118
Defined benefit liability at end of year	254	138	13,864	14,256	234	94	12,542	12,870
(c) The amounts recognized as staff costs in the profit and loss account are as follows:								
Current service cost	10	236	762	1,008	8	198	615	821
Interest on defined benefit obligation	16	314	878	1,208	15	295	790	1,100
Expected return on Plan Assets	-	(305)		(305)	-	(298)		(298)
Amortized net (gain)/loss	1	3	53		-			
Total included in staff costs	27	248	1,693	1,968	23	195	1,405	1,623
(d) Actual return on Plan Assets								
Expected return on Plan assets	-	305	-	305	-	298	-	298
Actuarial gain on Plan Assets	-	320	-	320	-	43	-	43
Actual return on Plan Assets	-	625	-	625	-	341	-	341

		COMPANY
		Restated
(e) Actuarial assumptions	2003	2002
(i) Funded Scheme		
Discount rate	6%	6%
Salary increases	6%	6%
Pension increases	2%	2%
Rate of return on Pension Plan assets	6.5%	6.5%
(ii) Unfunded Scheme		
Discount rate	6%	6%
Salary increases	6%	6%
Pension increases	5%	5%
Rate of return on Pension Plan assets	N/A	N/A

There is no Pension Scheme for the subsidiary company.

Notes To The Financial Statement

For The Year Ended December 31, 2003

15. INVESTMENT IN SUBSIDIARY

The Corporation holds 36.8% of the share capital of Lochaber Limited. The Corporation excercises dominant influence over the financial and operating policies of Lochaber Limited through the membership of its Board. Investment in the subsidiary is accounted for using the equity method in the corporation's own financial statements.

16. ADJUSTMENT TO OPENING RESERVES

	COMPANY		GROUP	
		Restated		Restated
	2003	2002	2003	2002
	$M	$M	$M	$M
IAS 41 standing cane	4,400	-	4,400	-
Restatement of defined benefit pension liability following actuarial adjustment	2,039	-	2,039	-
	6,439	-	6,439	-

17. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	COMPANY		GROUP	
		Restated		Restated
	2003	2002	2003	2002
Expenditure authorized by the Directors but not committed	$M	$M	$M	$M
Routine expenditure	1,600	1,701	1,600	1,701
Skeldon Sugar Modernization Project	5,006	4,856	5,006	4,856
Drainage & Irrigation project	532	876	532	876
	7,138	7,433	7,138	7,433

The capital expenditure will be funded by a combination of facilities on lent by Government , provided by other suppliers of finance and from self generated funds.

Contrary to previous practice, the Commissioner of Internal Revenue in 2000 sought to assess the Corporation on additional income for the years of assessment 1995, 1996 and 1997 arising from the remission of sugar levies by the Government of Guyana for the years 1994, 1995 and 1996. The Corporation does not accept this amended tax treatment and objected to the computations on the grounds that the levies have been correctly treated for tax purposes. No provision has been made in the financial statements for taxation arising from any such computations as the Corporation has been advised that they would be incorrect.

18. CREDIT, INTEREST RATE AND CURRENCY EXPOSURE

Exposure to credit, interest rate and currency risk arises in the normal course of the Corporation's business.

Credit risk

The Corporation has exposure to credit buyers of sugar. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit. All buyers have consistently paid on time.

Investments are only allowed in liquid securities and only with counterparties which have a credit rating of AA or better. Given these high credit ratings management does not expect any counterparty to fail to meet its obligations.

At the Balance Sheet date there were no significant concentrations of credit risk.

Interest rate risk

The Corporation has no interest-bearing liabilities except for a government debenture (note 6) and the GoG/CDB drainage & irrigation loan (note 11). The rates of interest on the debenture and the GoG/CDB loan are fixed and there is therefore no interest rate risk. The Corporation obtains competitive quotations before investing funds.

Notes To The Financial Statement

For The Year Ended December 31, 2003

Currency exposure

The Corporation incurs currency risk on sales and purchases which are denominated in a currency other than the Guyana Dollar. The Corporation seeks to minimize exposure to currency risk by entering into forward contracts and other hedge instruments . The currencies giving rise to this risk are primarily the Euro, US dollar and pound sterling. At the reporting date the Corporation had assets in foreign currency consisting of cash and trade accounts receivable and liabilities consisting of trade accounts payable. The foreign currency assets considerably exceeded the foreign currency liabilities, as is normal throughout the year.

Details of balances at balance sheet date denominated in foreign currencies are as follows:

	US$ 000	Euro 000	Sterling 000
Accounts payable	(377)	-	(27)
Accounts receivable	3,194	370	-
Due to related parties	-	-	(302)

As at the balance sheet date the Corporation had entered into forward contracts to sell 86M Euros relating to 2004 sales at an average rate of US$/Euro = 1.1012 . Subsequent to the balance sheet date 69M Euros relating to 2005 sales and 27.4M Euros for 2006 sales were sold forward at an average rate of US$/Euro = 1.1042 and 1.2052 respectively. This represents 86%, 69% and 31% of sales into Europe in 2004, 2005 and 2006 respectively.

19. RELATED PARTIES

Booker Tate Limited a company incorporated in the United Kingdom manages the Corporation under an agreement dated March 26, 1996. Under this agreement Booker Tate receives a fixed fee, a production incentive fee and reimbursement of certain expenses. The amounts paid to Booker Tate under the agreement were as follows:

	COMPANY		GROUP	
	2003 $M	Restated 2002 $M	2003 $M	Restated 2002 $M
Fixed fee (£350,000 per annum)	110	96	110	96
Production incentive fee	60	163	60	163
Expenses	197	194	197	194
Total	367	453	367	453

During 2004 the Corporation entered into a new agreement with Booker Tate.

20. PENDING LITIGATION

There are several actions for which the liability of the Corporation, if any, has not been determined. The maximum potential liability at the end of the year is estimated at $142M (2002 $205M).

Ten Year Review

1994 to 2003

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
HECTARES HARVESTED	44,474	44,863	41,042	46,349	39,908	43,656	44,259	41,621	41,627	41,959
TONNES CANE MILLED ('000)	3,199	2,956	3,222	3,074	2,966	3,596	2,984	3,142	3,708	3,382
YIELDS:										
ESTATE - TONNES CANE / HECTARE	66.31	60.33	71.30	65.75	67.00	72.50	62.20	67.10	80.60	72.75
TONNES CANE /TONNE SUGAR	12.47	11.64	11.51	11.12	11.68	11.03	10.88	11.00	11.20	11.03
TONNE SUGAR / HECTARE	5.25	5.14	6.72	5.90	6.36	6.58	5.67	6.16	7.29	6.59
PRODUCTION (TONNES)										
SUGAR	256,657	253,837	280,116	276,392	253,871	321,438	273,318	284,441	331,054	302,378
MOLASSES	117,618	122,183	131,422	123,881	117,939	129,934	108,703	118,103	137,794	127,201
HOME CONSUMPTION: (TONNES)										
SUGAR	21,800	22,993	23,599	24,616	23,996	23,682	23,667	24,437	23,782	24,529
MOLASSES	111,709	109,653	112,446	108,379	59,140	51,777	45,061	49,533	56,424	55,272
EXPORT: (TONNES)										
SUGAR	239,424	225,420	255,527	247,058	236,773	270,248	277,267	251,798	282,425	311,846
MOLASSES	5,909	12,530	18,976	15,543	61,320	78,473	63,642	56,439	82,576	76,726
SALES:										
DOMESTIC SUGAR ($M)	1,053	1,111	1,142	1,189	1,157	1,098	1,094	1,109	1,066	1,286
AVERAGE PRICE / TONNE($)	48,303	48,319	48,392	48,302	48,216	48,181	46,337	45,380	51,556	52,428
EXPORT SUGAR ($M)	16,812	18,310	21,920	19,284	19,818	23,657	22,106	20,287	22,562	25,094
AVERAGE PRICE / TONNE ($)	70,219	81,226	85,783	78,055	83,700	87,537	79,727	80,569	79,886	80,469
AVERAGE PRICE / TONNE (US$)	508	595	611	557	547	484	431	426	417	418
MOLASSES ($M)	607	732	818	453	580	448	669	1,330	1,177	1,373
AVERAGE PRICE / TONNE ($)	5,161	5,991	6,224	3,656	4,815	3,440	6,154	12,515	8,469	10,402
EXPENDITURE ($M)										
EMPLOYMENT COST	7,092	7,892	8,764	9,230	9,718	12,384	12,430	12,821	15,635	16,463
MATERIALS AND SERVICES	6,732	8,504	9,676	8,484	8,266	9,279	7,978	7,314	7,496	7,754
(LOSS) / PROFIT BEFORE TAX ($M)	1,101	702	674	680	860	2,073	60	(1,235)	(198)	(3,190)
(LOSS) / PROFIT BEFORE TAX AND LEVY	4,129	3,602	5,315	2,680	2,680	3,873	1,060	(1,235)	(198)	(3,190)
(LOSS) / PROFIT AFTER TAX($M)	691	320	224	228	271	1,258	(504)	(869)	(155)	(3,022)
(LOSS) / PROFIT AFTER TAX BEFORE LEVY	3,719	3,220	4,865	2,228	2,271	3,058	496	(869)	(155)	(3,022)
AVERAGE MID MARKET EXCHANGE RATE (G$ / US$)	138.20	136.50	140.50	140.13	152.94	181.00	185.00	189.38	191.27	192.33