Contents

The Flag & Crest

The GUYSUCO flag is green and gold. The green on the flag represents the agricultural lands of Guyana while the gold symbolises Sugar and the Corporation's involvement in cultivation and research in sugar cane.

The Crest of the Corporation shows gears, a machete, a wheel, the stalk of the sugar cane and cane arrow.

The gears speak of the Corporation's machinery and the co-operative effort of the Industry which includes every category of worker.

The machete symbolises the manpower needed in order to build the country's economy while the wheel is for industrial efficiency and progress.

The stalk and cane arrow stand for the source of sugar and represent progress through breeding of new varieties of cane.

Mission Statement

To be a world class sugar industry producing high quality sugar and added-value by-products, while ensuring customer satisfaction, employee development, environmental protection, and safe working practices. In so doing we will achieve growth and sustained profitability in any foreseeable marketing situation in order to contribute to the economic and social development of Guyana.

Our Vision

Working together to produce half a million tonnes of sugar.

This report can also be viewed on the Corporation's website www.guysuco.com

Corporate Information

Board of Directors

Ronald Alli
Chairman

Michael Boast
Chief Executive

Dindyal Permaul
Chairman, Central Tender Committee

Barry Newton

Errol Hanoman

Rajendra Singh
Chairman, Remuneration Committee

Donald Ramotar

Hubert Rodney
Chairman, Lands Committee

Auditors

The 2004 Accounts were audited by the Auditor General in accordance with the provisions of the Audit Act, 2004.

Company Secretary

Bibi Shabena Ali

Guyana Sugar Corporation INC.
Ogle Estate, East Coast Demerara, Guyana.
Telephone: (592) 222-6030
Facsimile: (592) 222-6048
E-mail: paulb@guysuco.com

Board of Directors

From top:

Ronald Alli
Hubert Rodney
Dindyal Permaul

Rajendra Singh
Errol Hanoman
Michael Boast

Barry Newton
Donald Ramotar

CHAIRMAN'S STATEMENT

Overview

The industry recorded a production of 325,317 tonnes, an increase of 7.6% over the 302,378 achieved in 2003. This production level is the third highest tonnage achieved since nationalisation in 1976. This resulted in a net operating profit of $2.673 billion before pension write back, sugar levy and tax, compared to a net operating loss of $2.3 billion in 2003.

The Corporation's net assets now stand at $87.77 billion.

Production

The industry produced a total of 325,317 tonnes, an increase of 7.6% over 2003; however, some 19,551 tonnes of sugar was from brought forward canes from the first crop of 2005.

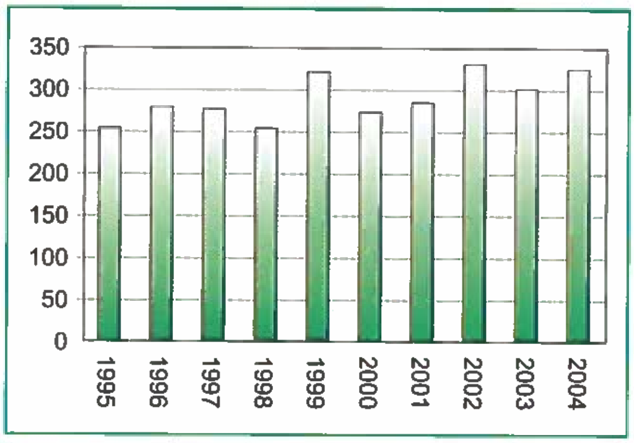
Unlike 2003, which was relatively dry with annual rainfall of 1526 mm (78% of historical 49 year mean), 2004 could be described as relatively wet as the mean annual rainfall was 1990 mm, 2% above the historical (49 year) mean of 1950 mm.

The distribution of rainfall had a major influence on crop maintenance and progress of operations. The early onset of the mid-year rains disrupted the progress of land preparation towards the end of the First Crop.

Land preparation was similarly disrupted by un-seasonal heavy showers in September and further delayed progress of tillage in October, normally the most productive month for tillage. Cane quality was also depressed by the intermittent showers during the main harvest months.

CHAIRMAN'S STATEMENT (cont'd)

10 yr Sugar production Statistics, 1995 to 2004 ('000's)



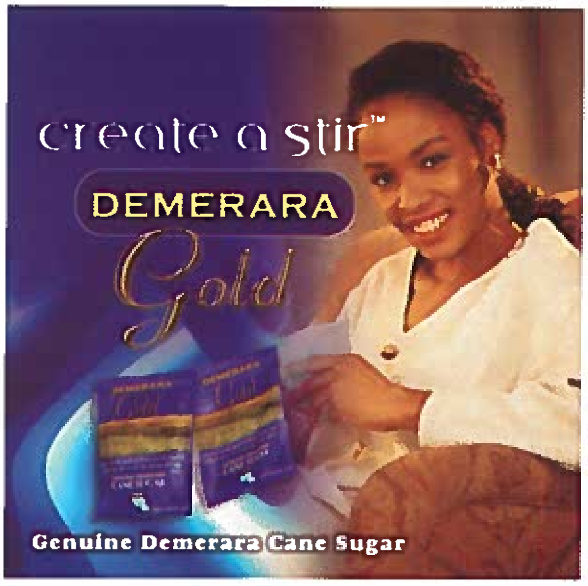
- A total of 3.74 million tonnes of cane were milled with average pol % cane and fibre of 10.55 and 17.42, respectively and pol extraction of 92.04% - a marginal increase in fibre and a slight drop in pol % cane compared to 2003.
- Sugar from the corporation's canes accounted for 92% and farmers canes accounted for 8% of production
- Average cane yields for 2004 was 75.1 tonnes per hectare which was 3.2% higher than the 2003 average of 72.8 TCH
- 7,493ha were replanted which fell short by 23% of the budgeted replanting area of 9,207ha
- The industry achieved a milling rate of 112.3 tonnes per hour and a factory time efficiency of 92.84% both showing an improvement on the 2003 performance for these parameters of 110.9 tonnes per hour and 92.51%, respectively.
- Total molasses production was 138,141 tonnes with an average brix and purity of 83.71 and 33.01 respectively

As a result of the rain distribution, the numbers of available opportunity days were only 459 against a budget of 775 days for all of the estates combined (59.2%). This was one of the major factors in the Corporation failing to achieve its tillage and replant programs for the year. This will have a knock on effect resulting in lower production in 2005 and beyond.

Marketing

The Corporation sold 313,411 tonnes of sugar in 2004, comprising 289,579 tonnes for exports and 23,832 tonnes for the local market. This compared with 311,844 tonnes for export and 24,579 tonnes for the local market in 2003.

Bulk sugar exports to the EU, US and Trinidad and Tobago Market accounted for 76% of sugar sold and direct consumption sugar (50 kg bagged and packaged sugar) accounted for the remainder. Caricom sales accounted for 28% of export sales.



The Corporation continues to progress with the sales of its premium packaged line, Demerara Gold, and sales have doubled over the same period in 2003.

Molasses sales amounted to 133,147 tonnes, of which 55% (72,729 tonnes) was sold to the local distillery, Demerara Distillers Limited.

The Corporation continued to provide molasses to the small distilleries in Grenada, Antigua, St Lucia and St Vincent. Reliable supply of Guyana's molasses is necessary to the survivability of these distilleries, which are expanding their operations. Sales to West Indies Rum Distillery Limited in Barbados were increased by 60%, from 29,991 tonnes to 47,918 tonnes. Revenue from sales was US$6.2 M.

ISO9001/2000 implementation has started at Blairmont with the aim of gaining certification before the end of 2005. Certification would cover the manufacturing operations at Blairmont as well as the marketing and human resources functions at Head Office.

Skeldon Sugar Modernisation Project

The financing for the project is now in place and contracts are being drawn up following on from the successful negotiations and signing of the contracts

CHAIRMAN'S STATEMENT (cont'd)

in Beijing. The project will consist of a 110,000t capacity sugar factory as well as a co-generation facility capable of exporting a minimum of 10MW during the cropping period.

The factory will be a modern factory with the first diffuser within the Caribbean. The contractor is CNTIC and the project will be funded as follows:

- Government of Guyana US$56M
- EXIM Bank of China US$33M
- Caribbean Development Bank US$25M
- GuySuCo US$53M

As GuySuCo commenced negotiations with Angostura for a joint venture distillery plant at Skeldon, Demerara Distillers Limited (DDL) successfully filed a motion seeking a Prohibitory Order in the High Court, their argument being that they are entitled to a first call on 90,000t of molasses from Guysuco. Whilst this action is ongoing in the Courts, GuySuCo is prohibited from moving forward on the project with Angostura or any other joint venture partner.

European Union Market Developments

The European Union, following a challenge to the WTO by Australia, Brazil and Thailand, has started to review the sugar regime within Europe. They are expected to put forward their proposals by the middle of 2005. It is expected that there will be a cut in price of the sugar supplied under the Sugar Protocol Agreements from the ACP countries. The cut in the price of sugar to be supplied to Europe could be as much as 40% but the timescale over which this may be implemented is not known at this time.

GuySuCo has retained the services of a full time lobbyist in the UK to work with the Guyana High Commission in London and to represent Guyana in Brussels in defending Guyana's position on sugar to the EU Commission.

Human Resources

The Corporation employs around 19,000 employees of which approximately 5,500 are temporary employees. The majority are within the unionised categories (GAWU and NACCIE) with 450 being Senior Staff.

Senior Staff turnover continues to be an issue for the Corporation as departure rates range between 12-14% per annum. This level of turnover reduces the overall experience levels of those left within the Corporation and places more pressure on those with experience. The Corporation is looking to improve training, recruitment and conditions in an attempt to reduce the loss of Senior Staff, the majority of whom are migrating.

Industrial Relations

The 226 strikes recorded in 2004 were the third highest within the past 6 years. The workers at Albion fully participated in the strikes surrounding their demand to reduce the weekly production targets. 82,262 man days were lost this year, compared with the lowest of 53,367 recorded in 2003.

A total of 147 days tax-free pay was awarded as Weekly Production Incentive to all eligible employees on all the estates, and an average of 21.72 days pay was awarded as Annual Production Incentive to each estate. An agreement with the Unions was reached for an across-the-board increase of 5%, inclusive of merit increment, for all unionised workers.

Attempts to gain multi year wage agreements failed with both unions and the Corporation continuing to negotiate on an annual basis.

Information Technology

The Corporation has implemented and is fine tuning its implementation of the Oracle Financials modules including the General Ledger, Accounts Receivables, Fixed Assets, Purchasing and Inventory. Data migration from legacy systems (Stratis and MCS II) was also successfully completed. Tests for going "live" also commenced towards the end of the year.

Pricewaterhouse Coopers from Trinidad and Tobago conducted a workshop in March to investigate ways to improve the utilisation of the Information Systems Department in achieving the Corporation's business goals. This called for a complete restructuring of the Department as well as the recruitment of an experienced IT Director.

REPORT OF THE DIRECTORS

For the year ended 31st December, 2004

The Directors of Guyana Sugar Corporation Inc. present their report together with the audited financial statements for the year ended 31st December, 2004.

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 13-34.

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 30. All the Directors are non-executive, except for Mr. M. Boast.

Messrs 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 15 on page 30 of 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 recognises 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 no 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 and 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 prior to 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.

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 the Corporation's 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 unauthorised 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 said 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 organisational structure with clearly defined lines of responsibility and delegation of authority;
- documented policies, procedures, and authorisation 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 Corporation's Senior Staff Pension Scheme is established under an irrevocable trust. The Pension Scheme Management Committee includes employee representatives. The Scheme is managed by Professionals. 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. In addition to the Senior Staff Pension Scheme, the Corporation pays an ex-gratia pension to those unionised workers who satisfy the qualification criteria for a pension. This scheme is not funded.

Material events after year-end

In January, 2005 the country suffered a major flood which affected the Corporation's estates, with the Demerara estates the worst affected. Plant canes in particular were unable to withstand the effects of the flooding and there was also some damage to established canes. Except for the foregoing, there was no other matter which is material to the financial affairs of the Corporation or the group occurring between the date of the Balance Sheet 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, while for the financial years 1999 to 2004 this activity was sub-contracted to Ram and McRae.

BY ORDER OF THE BOARD

....

Bibi Shabena Ali
Company Secretary
Registered Office
Ogle Estate
East Coast Demerara

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 DECEMBER 31, 2004

We have audited the consolidated balance sheet of Guyana Sugar Corporation Inc. as at December 31, 2004 and the related statements of income, changes in 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.

Note 2(a) to the financial statements indicates that the financial statements have been prepared in accordance with International Financial Reporting Standards as required by the Companies Act, 1991: The company has not disclosed the remuneration paid to key management personnel, which in our opinion is required by International Accounting Standard # 24 - Related Party Disclosures. In addition to the remuneration payable to members of the Board of Directors as shown in note 15(b), the company paid $118Mn to twelve (2003:$100Mn to eleven) key management personnel.

In our opinion, except for the matter referred to in the preceding paragraph, the consolidated financial statements on pages 13 to 34 present fairly, in all material respects, the state of affairs at December 31, 2004, the profit, changes in equity and cash flows of the Company and Group for the year then ended in conformity with International Financial Reporting Standards and the Companies Act, 1991.'

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

a) *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 1 (d) to the financial statements. These leases represent a substantial portion of the operating assets of the Company.

b) *International Accounting Standard # 19 -'Employee Benefits* prescribes the accounting and disclosure requirements in respect of employee benefits including pension costs. In complying with the Standard, the company utilised independent actuaries to compute the defined benefit liability in respect of the three schemes mentioned in Note 11 to these financial statements. In their reports, the Actuaries made certain cautionary statements in respect of the underlying data used in the valuations. The defined benefit obligation recognised in these financial statements amounted to $16.0 billion.

Ram & McRae

Ram & McRae
Chartered Accountants
Professional Services Firm
157 'C' Waterloo Street,
Georgetown,
Guyana.

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.gov.gy

REPORT OF THE AUDITOR GENERAL

TO THE MEMBERS OF
GUYANA SUGAR CORPORATION INC.
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

Chartered Accountants, Ram and McRae, have audited on my behalf the financial statements of Guyana Sugar Corporation Inc. for the year ended 31 December 2004, as set out on pages 13 to 34. The audit was conducted in accordance with the Audit Act 2004.

Respective Responsibilities of Management and Auditors

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

Basis of Opinion

The audit was conducted in accordance with generally accepted auditing standards, including those of INTOSAI. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures 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. I believe that my audit provides a reasonable basis for my opinion.

As required by the Audit Act 2004, I have reviewed the audit plan and procedures, work papers, report and opinion of the Chartered Accountants. I have also had detailed discussions with the Chartered Accountants on all matters of significance to the audit and had carried out additional examinations, as necessary, in arriving at my opinion.

Opinion

In my opinion, the consolidated financial statements on pages 13 to 34 present fairly, in all material respects, the financial position of the Company and Group as at 31 December 2004, and the results of operations for the year then ended in conformity with generally accepted accounting principles and the Companies Act 1991.

....
AUDITOR GENERAL (ag.)
Audit Office
63 High Street,
Kingston,
Georgetown,
Guyana.

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2004

	NOTES	COMPANY		GROUP	
		2004 $M	Restated 2003 $M	2004 $M	Restated 2003 $M
ASSETS					
Non current assets					
Property, plant and equipment	2 (c), 2 (d), 3	71,577	73,312	71,581	73,319
Deferred tax asset	2(k), 4	7,449	7,363	7,449	7,368
Investment		47	38	47	38
Investment in subsidiary	5	45	29	-	-
Total non current assets		79,118	80,742	79,077	80,725
Current assets					
Inventories	2(e), 6(a)	3,054	3,253	3,054	3,253
Standing cane	2(e), 6(d)	4,431	4,625	4,495	4,675
Product stock	2(e), 6(b)	1,600	807	1,600	807
Accounts receivable and prepayments		2,691	2,056	2,691	2,056
Related parties	6(c)	4	34	-	-
Taxes recoverable		-	-	10	10
Cash and cash equivalents	7	4,194	1,615	4,267	1,686
Total current assets		15,974	12,390	16,117	12,487
TOTAL ASSETS		95,091	93,132	95,194	93,212
EQUITY AND LIABILITIES					
Shareholder's equity					
Stated capital	8	10,800	10,800	10,800	10,800
Revaluation reserve	9(b)	51,206	53,280	51,206	53,280
Other reserves	9(a)	87	78	87	78
Minority interest		-	-	91	77
Retained earnings		2,796	2,055	2,777	2,040
Total shareholder's equity		64,889	66,213	64,961	66,275
Non current liabilities					
Deferred tax liability	2(k), 4	6,102	6,268	6,099	6,268
Loan	10	780	453	780	453
Defined benefit pension liability	11(a)	15,996	14,542	15,996	14,542
Total non current liabilities		22,878	21,263	22,875	21,263
Current liabilities					
Accounts payable and accruals		4,058	3,714	4,073	3,729
Related parties	12	1,494	1,211	1,494	1,211
Taxes payable		1,629	587	1,647	590
Debenture	13	144	144	144	144
Total current liabilities		7,325	5,656	7,358	5,674
TOTAL EQUITY AND LIABILITIES		95,091	93,132	95,194	93,212

These financial statements were approved for issue by the Board of Directors on February 18, 2006

.... Director

.... Director

The accompanying notes on pages 18 to 34 form an integral part of these financial statements

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2004

	NOTES	COMPANY		GROUP	
		2004 $M	Restated 2003 $M	2004 $M	Restated 2003 $M
Revenue	14	30,727	28,077	30,727	28,077
Cost of sales		23,104	25,361	23,022	25,311
Gross profit		7,623	2,716	7,705	2,766
Other operating income		698	227	685	236
Administrative expense		(2,508)	(2,770)	(2,509)	(2,770)
Marketing and distribution expenses		(3,089)	(2,437)	(3,089)	(2,437)
Finance cost		(75)	(82)	(75)	(81)
Provision for defined benefit pension liability	11(b),17	(1,453)	(1,672)	(1,453)	(1,672)
Sugar levy write back	14	-	2,876		2,876
Income from subsidiary		24	12	-	-
Net profit / (loss) before tax	15	1,220	(1,130)	1,264	(1,082)
Taxation	16	959	299	980	308
Net profit /(loss) for the period		261	(1,429)	284	(1,390)
Minority interest	5	-	-	(27)	(23)
Retained earnings (loss) for the year		261	(1,429)	257	(1,414)

The accompanying notes on pages 18 to 34 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT DECEMBER 31, 2004

	NOTES	Stated Capital $M	Revaluation Reserve $M	Other Reserves $M	Retained Earnings $M	Total $M
COMPANY 2004						
Balances at January 01, 2004		**10,800**	**53,280**	**78**	**2,055**	**66,213**
Review of valuation of property, plant and equipment		(1,502)			(1,502)	
Release of revaluation reserve for excess depreciation		(480)		480	-	
Release of revaluation reserve on disposals			(260)			(260)
Deferred tax recognised in equity	4		168			168
Retained profit for the year					261	261
Revaluation of Investment				9		9
Balances at December 31, 2004		**10,800**	**51,206**	**87**	**2,796**	**64,889**
COMPANY 2003						
Balances at January 01, 2003		**10,800**	**54,099**	**41**	**(3,324)**	**61,616**
IAS 41 standing cane adjustment	17				4,400	4,400
Defined benefit pension liability actuarial adjustment	17				2,039	2,039
Revaluation of investment in subsidiary					23	23
Revaluation of investment				37		37
		10,800	**54,099**	**78**	**3,138**	**68,115**
Prior year adjustments	17				(130)	(130)
Review of valuation of property, plant and equipment			(802)			(802)
Release of revaluation reserve for excess depreciation			(476)		476	-
Release of revaluation reserve on disposals			(40)			(40)
Deferred tax recognised in equity			499			499
Retained loss for the year					(1,429)	(1,429)
Balances at December 31, 2003		**10,800**	**53,280**	**78**	**2,055**	**66,213**

The accompanying notes on pages 18 to 34 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT DECEMBER 31, 2004

	NOTES	Stated Capital $M	Revaluation Reserve $M	Other Reserves $M	Retained Earnings $M	Total $M
GROUP 2004						
Balances at January 01, 2004		**10,800**	**53,280**	**78**	**2,117**	**66,275**
Review of valuation of property, plant and equipment			(1,502)			(1,502)
Release of revaluation reserve for excess depreciation			(480)		480	-
Release of revaluation reserve on disposals			(260)			(260)
Deferred tax recognised in equity	4		168			168
Profit attributable to minority interest					27	27
Dividends paid to minority interest					(13)	(13)
Retained loss for the year					257	257
Revaluation of investment				9		9
Balances at December 31, 2004		**10,800**	**51,206**	**87**	**2,868**	**64,961**
GROUP 2003						
Balances at January 01, 2003		**10,800**	**54,099**	**41**	**(3,258)**	**61,682**
IAS 41 standing cane adjustment	17				4,392	4,392
Defined benefit pension liability actuarial adjustment	17				2,039	2,039
Revaluation of investment				37		37
		10,800	**54,099**	**78**	**3,173**	**68,150**
Prior year adjustment	17				(130)	(130)
Review of valuation of property, plant and equipment			(802)			(802)
Release of revaluation reserve for excess depreciation			(476)		476	-
Release of revaluation reserve on disposals			(40)			(40)
Deferred tax recognised in equity	4		499			499
Profit attributable to minority interest					23	23
Dividends paid to minority interest					(11)	(11)
Retained loss for the year					(1,414)	(1,414)
Balances at December 31, 2003		**10,800**	**53,280**	**78**	**2,117**	**66,275**

Group retained earnings include profit attributable to minority interest of $91M for 2004 and G$77M for 2003.

The accompanying notes on pages 18 to 34 form an integral part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2004

	COMPANY		GROUP	
	2004 $M	Restated 2003 $M	2004 $M	Restated 2003 $M
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit (loss) before taxation	1,220	(1,130)	1,264	(1,082)
Adjustments for:				
Depreciation	1,947	2,018	1,949	2,020
Gain on disposal of property, plant and equipment	(429)	(29)	(429)	(29)
Net interest	75	82	75	82
Income from subsidiary	(24)	(12)		
Operating profit before working capital changes	2,789	929	2,859	991
Decrease in inventories	199	192	199	192
(Increase)/decrease in standing cane	194	(225)	180	(233)
(Increase)/decrease in product stocks	(793)	2,514	(793)	2,514
Increase in accounts receivable and prepayments	(635)	(117)	(635)	(117)
Increase accounts payable and accruals	344	396	344	373
Decrease in amounts due from related parties	30	7	-	-
Increase in amounts due to related parties	283	2	283	2
Increase in defined benefit pension liability	1,454	1,672	1,454	1,672
Decrease in sugar levy payable	-	(2,876)	-	(2,876)
Cash generated from operations	3,865	2,494	3,890	2,518
Interest paid	(78)	(75)	(78)	(77)
Taxation paid	(1)	(451)	(4)	(453)
NET CASH FLOWS FROM OPERATING ACTIVITIES	3,786	1,968	3,809	1,988
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	3	7	3	7
Purchase of property, plant and equipment	(2,124)	(2,584)	(2,124)	(2,584)
Dividends paid to minority interest	-	-	(13)	(11)
Dividends received from investments	8	6	-	-
Proceeds from disposals	579	42	579	42
NET CASH FLOWS FROM INVESTING ACTIVITIES	(1,534)	(2,529)	(1,555)	(2,546)
CASH FLOWS FROM FINANCING ACTIVITIES				
Lease Financing - short term	-	(70)	-	(70)
Proceeds from Loan- long term borrowing	327	432	327	432
NET CASH FLOWS FROM FINANCING ACTIVITIES	327	362	327	362
Net increase /(decrease) in cash and cash equivalents	2,579	(199)	2,581	(196)
Cash and cash equivalents at beginning of the period	1,615	1,814	1,686	1,882
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	4,194	1,615	4,267	1,686
CASH AND CASH EQUIVALENTS AS PER BALANCE SHEET	4,194	1,615	4,267	1,686

The accompanying notes on pages 18 to 34 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

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 property, plant and equipment, 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 5. 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, 2004 as further explained in note 9 (c). Freehold land and building and factory plant acquired subsequent to the valuation dates and other property plant and equipment 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 realisable value. Depreciation is calculated 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

2. STATEMENT OF ACCOUNTING POLICIES (cont'd)

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 use for ancillary purposes. These are subject to several types of lease agreements, the status of which is as follows:

	Hectares
Unexpired leases	19,364
Expired leases	7,561
Expired permissions	944
During the President's pleasure licenses	26,962
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 must be approved by the Government of Guyana. There is no intent by the Government of Guyana to pass title to the Corporation for any of these leased lands, therefore they are all classified as operating leases in accordance with IAS 17. Leasehold land represents 72% of land used to derive economic benefits by the Group.

Lease payment per hectare per annum has been as follows:

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

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

e) Inventories

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

Product stocks are valued at the lower of cost of production and estimated realisable 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 realisable value is used if it is lower than the cost of production. Production costs include operation and administrative costs of all estates.

The value of standing cane is included in the financial statements in accordance with IAS 41 (Agriculture) effective for financial periods 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 to which sugar is supplied.

2. **STATEMENT OF ACCOUNTING POLICIES (cont'd)**

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 recognised 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 recognised 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 $145M. In 2003, it was $196M.

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 Stabilisation Fund. In Accordance with IAS 19 the total liability to the employees governed by this arrangement has been computed as shown in Note 11. The movement in the liability as at December 31, 2004 has been taken to the income statement.

k) **Deferred tax**

Deferred tax liabilities are recognised for the Corporation taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are recognised 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.

l) **Skeldon Sugar Modernisation Project**

All expenditure relating to the modernisation project has been charged to work in progress. Expenditure incurred to date on the project is comprised of project management costs ($1,015M), the development of new cane areas ($1,139M), equipment purchased ($767M) and finance cost ($206M). 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. Refer to note 17.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

3. a) PROPERTY, PLANT & EQUIPMENT

COMPANY

	Land $M	Buildings others $M	Buildings wooden $M	Land expansion cost $M	Plant, machinery and equipment $M	Work in progress $M	Total $M
Cost or valuation							
As at Jan 01 2004	43,900	10,648	3,693	79	24,356	3,895	86,571
Revaluation					(1,502)		(1,502)
Additions		101	1		386	1,636	2,124
Disposals	(97)	(102)	(11)		(670)		(880)
Transfers		47	2		934	(983)	-
As at Dec 31 2004	**43,803**	**10,694**	**3,685**	**79**	**23,504**	**4,548**	**86,313**
Depreciation							
As at Jan 01 2004	-	1,163	382	12	11,702	-	13,259
Transfers		8			(8)		-
Charge for the year		231	78	8	1,630		1,947
Retired on disposals			(2)		(468)		(470)
As at Dec 31 2004	**-**	**1,402**	**458**	**20**	**12,856**	**-**	**14,736**
Net book value							
As at Dec 31 2004	**43,803**	**9,292**	**3,227**	**59**	**10,648**	**4,548**	**71,577**
As at Dec 31 2003	**43,900**	**9,485**	**3,311**	**67**	**12,654**	**3,895**	**73,312**

GROUP

	Land $M	Buildings others $M	Buildings wooden $M	Land expansion cost $M	Plant, machinery and equipment $M	Work in progress $M	Total $M
Cost or valuation							
As at Jan 01 2004	**43,900**	**10,660**	**3,693**	**79**	**24,367**	**3,895**	**86,594**
Revaluation	-	-	-	-	(1,502)	-	(1,502)
Additions	-	101	1	-	386	1,636	2,124
Disposals	(97)	(102)	(11)	-	(681)	-	(891)
Transfers	-	47	2	-	934	(983)	-
As at Dec 31 2004	**43,803**	**10,706**	**3,685**	**79**	**23,503**	**4,548**	**86,324**
Depreciation							
As at Jan 01 2004	7	1,156	382	12	11,718	-	13,275
Transfers	-	8	-	-	(8)	-	-
Charge for the year	-	231	78	8	1,632	-	1,949
Retired on disposals	-	-	(2)	-	(479)	-	(481)
As at Dec 31 2004	**7**	**1,395**	**458**	**20**	**12,863**	**-**	**14,743**
Net book value							
As at Dec 31 2004	**43,796**	**9,311**	**3,227**	**59**	**10,640**	**4,548**	**71,581**
As at Dec 31 2003	**43,893**	**9,504**	**3,311**	**67**	**12,649**	**3,895**	**73,319**

4. DEFERRED TAX

Recognised deferred tax assets/liabilities are attributable to the following items:	COMPANY		GROUP	
	2004 $M	Restated 2003 $M	2004 $M	Restated 2003 $M
Deferred tax liability				
Property, plant and equipment	6,102	6,268	6,099	6,268
Deferred tax assets				
Tax value of losses carried-forward	-	(525)	(527)	(530)
Inventories provision	(231)	(229)	(838)	(229)
Defined benefit pension liability	(5,599)	(4,990)	(4,465)	(4,990)
Standing Cane	(1,619)	(1,619)	(1,619)	(1,619)
	(7,449)	(7,363)	(7,449)	(7,368)

Movement in temporary differences during 2004

COMPANY				
Deferred tax liability	Balance at Jan 01,2004	Recognised in Income	Recognised in Equity	Balance at Dec 31,2004
Property, plant and equipment	6,268	2	(168)	6,102
Deferred tax assets				
Inventories provision	(229)	(2)	-	(231)
Defined benefit pension liability	(4,990)	(609)	-	(5,599)
Tax losses	(525)	525	-	-
Standing Cane	(1,619)		-	(1,619)
	(7,363)	(86)	-	(7,449)

Movement in temporary differences during 2004

GROUP				
Deferred tax liability	Balance at Jan 01,2004	Recognised in Income	Recognised in Equity	Balance at Dec 31,2004
Property, plant and equipment	6,268	(1)	(168)	6,099
Deferred tax assets				
Tax value of utilised losses carried-forward	(530)	3	-	(527)
Inventories provision	(229)	(609)	-	(838)
Defined benefit pension liability	(4,990)	525	-	(4,465)
Standing Cane	(1,619)		-	(1,619)
	(7,368)	(81)	-	(7,449)

5. INVESTMENT IN SUBSIDIARY

The Corporation holds 36.8% of the share capital of Lochaber Limited. The Corporation exercises 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

6. CURRENT ASSETS

	COMPANY		GROUP	
	2004 $M	Restated 2003 $M	2004 $M	Restated 2003 $M
a) (i) Inventories				
Gross	3,784	3,902	3,784	3,902
Less provision for slow moving and obsolete items	(730)	(649)	(730)	(649)
Net	3,054	3,253	3,054	3,253
(ii) Inventory categories				
Fuel	133	96	133	96
Spares	2,716	2,716	2,716	2,716
Fertilizers and chemicals	453	627	453	627
Other	482	463	482	463
	3,784	3,902	3,784	3,902
b) Product stock categories				
Sugar	1,444	701	1,444	701
Molasses	148	98	148	98
Livestock	8	8	8	8
	1,600	807	1,600	807
NET CURRENT ASSETS				
c) Amounts due from related parties Lochaber Limited	4	34	-	-
d) 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				
Balance as at January 01	4,625	4,400	4,675	4,442
Taken to profit and loss account/retained earnings	(194)	225	(180)	233
Balance as at December 31	4,431	4,625	4,495	4,675

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

6. CURRENT ASSETS (cont'd)

Standing cane by age

	Company		Group		Company		Group	
Age of cane	**2004 Hectares**	2003 Hectares	**2004 Hectares**	2003 Hectares	**2004 $M**	2003 $M	**2004 $M**	2003 $M
1-5 Months	**25,917**	24,648	**26,051**	24,824	**-**	-	**-**	-
6 Months	**1,708**	1,256	**1,708**	1,256	**51**	33	**51**	33
7 Months	**773**	543	**846**	543	**51**	31	**56**	31
8 Months	**2,179**	1,913	**2,179**	1,913	**250**	192	**250**	192
9 Months	**4,228**	5,131	**4,279**	5,240	**967**	1,027	**979**	1,050
10 Months	**5,561**	5,725	**5,584**	5,812	**1,985**	1,773	**1,993**	1,800
11 Months	**2,015**	3,473	**2,065**	3,473	**822**	1,239	**842**	1,239
12 Months	**683**	852	**729**	852	**305**	330	**324**	330
	43,064	43,541	**43,441**	43,913	**4,431**	4,625	**4,495**	4,675
					$	$	**$**	$
Farmers' price per tonne of sugar					**59,587**	52,108	**59,587**	52,108

7. CASH AND CASH EQUIVALENTS

	2004 000s	2003 000s	**$M**	$M	**$M**	$M
US Dollar	**14,106**	3,740	**2,811**	725	**2,811**	725
Sterling	**94**	35	**36**	12	**36**	12
Euro	**506**	3,029	**138**	740	**138**	740
			2,985	1,477	**2,985**	1,477
Guyana Dollar			**1,209**	138	**1,282**	209
			4,194	1,615	**4,267**	1,686
Rate of conversion						
G$/US$			**199.28**	193.85	**199.28**	193.85
G$/GBP			**384.25**	342.86	**384.25**	342.86
G$/EUR			**266.71**	244.31	**266.71**	244.31

8. STATED CAPITAL

The Corporation has an authorised 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

9. RESERVES

	COMPANY		GROUP	
	2004 $M	Restated 2003 $M	**2004 $M**	Restated 2003 $M
a) Other reserves	**87**	78	**87**	78
b) Revaluation reserve	**51,206**	53,280	**51,206**	53,280
	51,293	53,358	**51,293**	53,358

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 capitalised as equity.	**1**	1	**1**	1
4. Adjustment of investments to reflect fair value	**46**	37	**46**	37
	87	**78**	**87**	78

b) Revaluation reserve

	$M	$M	**$M**	$M
1. Revaluation of fixed assets	**60,033**	61,355	**60,033**	61,355
Effect of review of valuation of factory plant and machinery	**(1,502)**	(802)	**(1,502)**	(802)
Less: provision for deferred tax	**(7,065)**	(7,233)	**(7,065)**	(7,233)
Less: released on disposals	**(260)**	(40)	**(260)**	(40)
	51,206	53,280	**51,206**	53,280

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 valuator. 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 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 $1,506M (2003 $802M).

10. LOANS

	COMPANY		GROUP	
	2004 $M	Restated 2003 $M	2004 $M	Restated 2003 $M
Government of Guyana	780	453	780	453

The loan from the Government of Guyana represents an on-lending of a loan from the Caribbean Development Bank for US$5,050,000 to finance various Drainage and Irrigation projects. Total funds received at December 31, 2004 amounted to US$3,976,636 (2003 US$2,321,653). Interest is charged at the rate of 3% per annum on the principal and is paid quarterly.

The repayment of the loan starts 10 years after the date of the first disbursement and will be paid in 34 equal semi annual installments. The first disbursement was received in July 2002.

11. DEFINED BENEFIT PENSION LIABILITY-COMPANY

	2004				2003			
	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	570	6,378	16,475	23,423	540	5,645	15,989	22,174
Fair value of assets	-	(5,699)	-	(5,699)	-	(5,347)	-	(5,347)
Present value of unfunded contributions	570	680	16,475	17,725	540	298	15,989	16,827
Unrecognized gain /(loss)	3	(512)	(1,220)	(1,729)		(160)	(2,125)	(2,285)
Defined benefit liability	573	167	15,255	15,996	540	138	13,864	14,542
(b) Reconciliation of opening and closing defined benefit liability								
Defined benefit liability at the beginning of the year	540	138	13,864	14,543	516	94	12,542	13,152
Add net pension cost	53	247	1,772	2,072	49	248	1,693	1,990
Less company contribution/benefits paid	(20)	(218)	(381)	(619)	(25)	(204)	(371)	(600)
Net pension cost	33	29	1,391	1,453	25	44	1,322	1,391
Defined benefit liability at the end of the year	573	167	15,255	15,996	540	138	13,864	14,542

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

11. DEFINED BENEFIT PENSION LIABILITY-COMPANY (cont'd)

	2004				2003			
	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
(c) The amounts recognized as staff costs in the profit and loss account are as follows:								
Current service cost	21	265	789	1,075	19	236	762	1,017
Interest on defined benefit obligation	32	333	948	1,313	30	314	878	1,223
Expected return on Plan Assets	-	(351)		(351)	-	(305)		(305)
Amortized net (gain)/loss		-	35			3	53	
Total included in staff costs	53	247	1,772	2,072	49	248	1,693	1,990
(d) Actual return on Plan Assets								
Expected return on Plan assets	-	305	-	305	-	305	-	305
Actuarial gain on Plan Assets	-	320	-	320	-	320	-	320
Actual return on Plan Assets	-	625	-	625	-	625	-	625

(e) Actuarial assumptions

	2004	2003
(i) Funded Scheme		
Discount rate	6.0%	6.0%
Salary increases	6.0%	6.0%
Pension increases	5.0%	2.0%
Rate of return on Pension Plan assets	6.5%	6.5%
(ii) Unfunded Scheme		
Discount rate	6.0%	6.0%
Salary increases	6.0%	6.0%
Pension increases	5.0%	2.0%
Rate of return on Pension Plan assets	N/A	N/A

There is no Pension Scheme for the subsidiary company.

11. DEFINED BENEFIT PENSION LIABILITY-COMPANY (cont'd)

Data given to the actuaries included the Corporation's best possible estimations of details where precision was not possible. This was required for them to calculate liabilities in accordance with IAS 19. The actuaries have cautioned that the figures are subject to change after a more complete assessment is carried out of the scheme.

12. (a) AMOUNTS DUE TO RELATED PARTIES

	COMPANY		GROUP	
	2004 $M	Restated 2003 $M	2004 $M	Restated 2003 $M
Booker Tate	172	67	172	67
Government of Guyana - Lease rentals	481	437	481	437
Sugar Industry Labour Welfare Fund	841	707	841	707
	1,494	1,211	1,494	1,211

(b) RELATED PARTIES TRANSACTIONS

Booker Tate Limited, a company incorporated in the United Kingdom, manages the Corporation under an initial agreement dated March 26, 1996. Under this agreement Booker Tate receives a fixed fee, a production incentive fee and reimbursement of certain expenses. The agreement was renewed on March 04, 2004 and will continue to the later of December 31, 2005 or six months after the commissioning and integration of the Skeldon Factory. The amounts paid to Booker Tate Limited during the year were as follows:

	COMPANY		GROUP	
	2004 $M	Restated 2003 $M	2004 $M	Restated 2003 $M
Fixed fee (£350,000 per annum)	163	110	163	110
Production incentive fee	80	60	80	60
Expenses	159	197	159	197
Total	402	367	402	367

Total rent payable for the lease lands to the Government of Guyana was G$134M (2003 $219M) whilst the amount paid was G$90M (2003 $30M).

Total levies payable to Sugar Industry Welfare Fund was G$149M whilst claims made by Guysuco for work done on behalf of the welfare was G$15M. No payment was made during the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

13. DEBENTURE

	COMPANY		GROUP	
	2004 $M	Restated 2003 $M	2004 $M	Restated 2003 $M
2% Government of Guyana Debenture	144	144	144	144

The debenture from the Government of Guyana is now rescheduled to be repaid in 2006 further to discussions held in 2005.

14. REVENUE

	COMPANY		GROUP	
	2004 $M	Restated 2003 $M	2004 $M	Restated 2003 $M
SALES				
Sugar	29,679	27,167	29,679	27,167
Molasses	1,048	910	1,048	910
Total Sales	30,727	28,077	30,727	28,077
EXPORT SALES LEVY				
Amount payable	-	5,989	-	5,989
Remitted by Government	-	(5,989)	-	(5,989)
SALES AFTER REMISSION OF LEVY	30,727	28,077	30,727	28,077
SALES BY MAJOR MARKETS				
Europe	21,715	19,498	21,715	19,498
USA	1,365	825	1,365	825
Canada	-	360	-	360
Caribbean	5,085	5,010	5,085	5,010
Guyana	2,562	2,384	2,562	2,384
	30,727	28,077	30,727	28,077

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 of the Sugar Levy payable for 2003. In 2003 the Government of Guyana relinquished its right to claim payment of any unpaid sugar levy totalling $2,876M. Therefore the amount was written back in that period.

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

15. NET PROFIT/ (LOSS) BEFORE TAXATION

	COMPANY 2004 $M	COMPANY Restated 2003 $M	GROUP 2004 $M	GROUP Restated 2003 $M
	1,220	(1,130)	1,264	(1,082)
(a) After charging -				
Employment Costs				
Wages and salaries	14,277	13,894	14,277	13,894
Social security contributions	714	641	714	641
Defined benefit pension liability (note 11(c))	1,453	1,672	1,453	1,672
Materials and services purchased	6,846	7,754	6,846	7,754
Research and development expense	61	51	61	51
Directors' fees & expenses (Note (15b) below)	15	16	15	16
Provision for slow moving and obsolete items	81	141	81	141
Depreciation	1,947	2,017	1,949	2,020
Auditors' remuneration-audit services	6	6	6	6
Interest expense	75	88	75	88
Management fees and expenses (Note 12)	402	367	402	367
After crediting				
Net gain/ (loss) on exchange	(82)	(29)	(82)	(29)
Interest income	3	6	3	4
Gains of disposal of assets	429	29	429	29

(b) Directors' fees & expenses	COMPANY 2004 $000 Fees	COMPANY 2004 $000 Expenses	COMPANY Restated 2003 $000 Fees	COMPANY Restated 2003 $000 Expenses	GROUP 2004 $000 Fees	GROUP 2004 $000 Expenses	GROUP Restated 2003 $000 Fees	GROUP Restated 2003 $000 Expenses
Directors								
Vickram Oditt (1)	-	-	90	5,074	-	-	90	5,074
Ronald Alli	90	2,640	84	2,554	90	2,640	84	2,554
Donald Ramotar	84	-	84	-	84	-	84	-
Dindyal Permaul	84	-	84	-	84	-	84	-
Rajendra Singh	84	1,271	84	1,298	84	1,271	84	1,298
Hubert Rodney	84	2,580	84	2,244	84	2,580	84	2,244
Brian Webb (2)	-	-	-	-	-	-	-	-
Michael Boast	-	-	-	-	-	-	-	-
David Carter (3)	-	-	-	-	-	-	-	-
Barry Newton	-	4,432	-	2,135	-	4,432	-	2,135
Errol Hanoman	-	3,756	-	2,605	-	3,756	-	2,605
	426	14,679	510	15,910	426	14,679	510	15,910

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

15. NET PROFIT/ (LOSS) BEFORE TAXATION (cont'd)

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 corporate business. Directors' fees comprise those amounts paid to or on behalf of directors in respect of services as directors.

Number of Employees

	COMPANY		GROUP	
	2004 $M	Restated 2003 $M	2004 $M	Restated 2003 $M
Permanent	16,420	17,198	16,420	17,198
Temporary	5,206	5188	5,206	5188
	21,626	22,386	21,626	22,386

16. TAXATION

	COMPANY 2004	COMPANY 2003	GROUP 2004	GROUP 2003
Corporation Tax	935	372	952	389
Deferred Tax	(84)	(280)	(81)	(288)
	851	92	871	101
Withholding Tax	1	2	1	3
Property Tax	107	206	108	207
Prior year under/(over) provision				
Corporation		(1)	-	(3)
	959	299	980	308
Reconciliation of corporation tax expense and accounting profit:				
Accounting profit/(loss)	1,220	(1,130)	1,264	(1,082)
Corporation tax @35%	427	(395)	442	(379)
Add: Tax effect of expenses not deductible in determining taxable profits				
Depreciation for accounting purposes	681	706	682	707
Defined benefit pension cost	509	574	509	574
Others	68	0	74	0
	1,685	885	1,707	902

16. TAXATION (cont'd)

	COMPANY		GROUP	
	2004 $M	Restated 2003 $M	2004 $M	Restated 2003 $M
Deduct:				
Depreciation for tax purposes	(598)	(509)	(598)	(509)
Interest and dividend	(2)	(4)	(2)	(4)
Gains on disposal	(150)	0	(150)	0
Tax loss utilised during the year		0	(5)	
Tax liability/ (effect of loss)	935	372	952	389

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

17. ADJUSTMENT TO OPENING RESERVES

	COMPANY		GROUP	
	2004 $M	Restated 2003 $M	2004 $M	Restated 2003 $M
IAS 41 standing cane	-	4,400	-	4,400
Restatement of defined benefit pension liability following actuarial adjustment	-	2,039	-	2,039
Post retirement medical scheme	286	-	286	-
Sickness and provident benefits	130		130	-
	416	6,439	416	6,439

18. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Expenditure authorised by the Directors but not committed

	COMPANY 2004 $M	COMPANY 2003 $M	GROUP 2004 $M	GROUP 2003 $M
Routine expenditure	2,440	1,600	2,440	1,600
Skeldon Sugar Modernisation Project	11,302	5,006	11,302	5,006
Drainage & Irrigation project	230	532	230	532
	13,972	7,138	13,972	7,138

The capital expenditure will be funded by a combination of facilities on lent by the Government of Guyana , 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

19. 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 $133M (2003 $142M).

20. CREDIT, INTEREST RATE AND CURRENCY EXPOSURE

Exposure to credit, interest rate and currency risks 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 (note13) and the GoG/CDB drainage & irrigation loan (note 10). 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.

Currency exposure

The Corporation incurs currency risk on sales and purchases that are denominated in a currency other than the Guyana Dollar. The Corporation seeks to minimise exposure to currency risk by entering into forward contracts and by using 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 foreign currency assets consisting of cash and trade accounts receivable and foreign currency 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
Cash and bank	14,106	94	506
Accounts payable	(1,046)	-	(85)
Accounts receivable	7,434	785	-
Due to related parties	-	-	(327)

As at the balance sheet date the Corporation had entered into forward contracts to sell 62.9M Euros relating to 2005 sales at an average rate of US$/Euro = 1.1042 and 27.4M Euros for 2006 sales were sold forward at an average rate of US$/Euro = 1.2052. This represents 69% and 31% of sales into Europe in 2005 and 2006 respectively.

21. POST BALANCE SHEET EVENTS

Management completed draft financial statements for the year to December 31, 2004 on April 15, 2005 for review and approval by the Audit Committee. On August 20, 2005, the financial statements were tabled to the Board of Directors for adoption. These financial statements were authorised for issue to the shareholder on February 18, 2006.

January 2005 floods

The East and West Demerara Estates had unusually high rainfall during the period January 14 to January 21, 2005 which resulted in its crops having been inundated by floods for over four weeks. This resulted in inability of the standing cane to yield over 22,000 tonnes of sugar. These were mostly canes that were aged 0 to 6 months which had no economic value as at the Balance Sheet date. Infrastructural damage was minimal and no material adjustment will be required for 2005.

European Union Price Cuts

In November 2005 the European Union made a proposal to cut the sugar prices shipped under the preferential protocol to Europe by 5% commencing July 1st , 2006. This will be effective up to June 30th 2008. This proposal is to be ratified and approved by the European Parliament. Once this is approved the Corporation's sales would reduce by 4.3M euros for each of those two years after which a further price cut is expected.

TEN YEAR REVIEW
1995 to 2004

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
HECTARES HARVESTED	44,863	41,042	46,349	39,908	43,656	44,259	41,621	41,627	41,959	**45,447**
TONNES CANE MILLED ('000)	2,956	3,222	3,074	2,966	3,596	2,984	3,142	3,708	3,382	**3,744**
YIELDS:										
ESTATE - TONNES CANE / HECTARE	60.33	71.30	65.75	67.00	72.50	62.20	67.10	80.60	72.75	**74.87**
TONNES CANE /TONNE SUGAR	11.64	11.51	11.12	11.68	11.03	10.88	11.00	11.20	11.03	**11.52**
TONNE SUGAR / HECTARE	5.14	6.72	5.90	6.36	6.58	5.67	6.16	7.29	6.59	**6.45**
PRODUCTION (TONNES)										
SUGAR	253,837	280,116	276,392	253,871	321,438	273,318	284,474	331,052	302,378	**325,317**
MOLASSES	122,183	131,422	123,881	117,939	129,934	108,703	118,103	137,794	127,201	**138,140**
HOME CONSUMPTION (TONNES):										
SUGAR	22,993	23,599	24,616	23,996	23,682	23,667	24,437	23,782	24,529	**23,669**
MOLASSES	109,653	112,446	108,379	59,140	51,777	45,061	49,533	56,424	55,272	**51,685**
EXPORT (TONNES):										
SUGAR	225,420	255,527	247,058	236,773	270,248	277,267	251,798	282,425	311,846	**289,016**
MOLASSES	12,530	18,976	15,543	61,320	78,473	63,642	56,439	82,576	76,726	**83,974**
SALES:										
DOMESTIC SUGAR ($M)	1,111	1,142	1,189	1,157	1,098	1,094	1,109	1,066	1,286	**1,319**
AVERAGEPRICE / TONNE($)	48,319	48,392	48,302	48,216	48,181	46,337	45,380	51,556	52,428	**55,723**
EXPORT SUGAR ($M)	18,310	21,920	19,284	19,818	23,657	22,106	20,287	22,562	25,094	**25,288**
AVERAGE PRICE / TONNE ($)	81,226	85,783	78,055	83,700	87,537	79,727	80,569	79,886	80,469	**87,498**
AVERAGE PRICE / TONNE (US$)	595	611	557	547	484	431	426	417	418	**439**
MOLASSES ($M)	732	818	453	580	448	669	1,330	1,177	1,373	**1,265**
AVERAGE PRICE / TONNE ($)	5,991	6,224	3,656	4,815	3,440	6,154	12,515	8,469	10,402	**9,193**
EXPENDITURE ($M)										
EMPLOYMENT COST	7,892	8,764	9,230	9,718	12,384	12,430	12,821	14,449	16,207	**16,444**
MATERIALS AND SERVICES	8,504	9,676	8,484	8,266	9,279	7,978	7,314	7,496	7,754	**7,220**
(LOSS) / PROFIT BEFORE TAX ($M)	702	674	680	860	2,073	61	(1,235)	(328)	(1,130)	**1,220**
(LOSS) / PROFIT BEFORE TAX AND LEVY	3,602	5,315	2,680	2,680	3,873	1,061	(1,235)	(328)	(4,006)	**1,220**
(LOSS) / PROFIT AFTER TAX($M)	320	224	228	271	1,258	(481)	(869)	(274)	(1,429)	**261**
(LOSS) / PROFIT AFTER TAX BEFORE LEVY	3,220	4,865	2,228	2,271	3,058	519	(869)	(274)	(4,305)	**261**
AVERAGE MID MARKET EXCHANGE RATE (G$ / US$)	136.50	140.50	140.13	152.94	181.00	185.00	189.38	191.27	192.33	**199.28**

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