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

Nick Jackson
Chief Executive

Dindyal Permaul
Chairman, Central Tender Committee

Roger Speddy

Errol Hanoman

Rajendra Singh
Chairman, Remuneration Committee

Donald Ramotar

Hubert Rodney
Chairman, Lands Committee

Auditors

The 2005 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

Top half from left to right:

Ronald Alli
Roger Speddy
Rajendra Singh
Nick Jackson

Bottom half from left to right:

Dindyal Permaul
Hubert Rodney
Donald Ramotar
Errol Hanoman

CHAIRMAN'S STATEMENT

Guyana experienced its worse floods in over 100 years in January of 2005. Berbice recorded more than twice the historical mean for the month but the rainfall in Demerara was 872 mm, the highest on record since the 19th century. Approximately 65% of this rain fell from the 14th January to 22nd January 2005.

January and February were devastating for the Demerara Estates, particularly Enmore and LBI which were under complete flood conditions for over four (4) weeks. Soil compaction and death of canes between the ages of 1-3 months old were observed after the floods.

The floods and resultant extended period of waterlogged conditions caused severe damage to both the first and second crops. Uncertain weather continued in February and early showers in April 2005 meant that field operations were very limited. Fair conditions that commenced in August permitted good progress with land preparation and planting in the second crop. Heavy rainfall was again experienced in December

Production

The industry recorded a production of 246,071 tonnes of sugar in 2005, a 24.4% decrease on the 2004 production of 325,317 tonnes.

Despite the significantly lower production levels in 2005, the Corporation worked very hard during the year to mitigate the effects of the flood and returned a net operating profit of $0.264 billion before pension write back, sugar levy and tax, compared to a net operating profit of $2.7 billion in 2004.

The total production of 246,071 tonnes comprised 86,885 tonnes in the first crop and 159,186 tonnes for the second crop.

- Sugar from the corporation's canes accounted for 91% and farmers' canes accounted for 9% of production
- Total molasses production was 115,732 tonnes
- A total of 7,887 hectares were replanted against a budgeted replanting programme of 9,551 hectares. The loss of opportunity days due to poor field conditions resulted in the 79% level of achievement
- The land preparation achievement level was 78% of budget; 7,637ha were completed against a budget of 9,732ha.
- The average cane yields for 2005 was 65.3 tonnes per hectare which was 13% lower than the 2004 average of 75.1 tonnes per hectare
- The industry achieved a milling rate of 113 tonnes canes per hour and a factory time efficiency of 92.12%, which matched the 2004 performance levels.
- The average grinding period for the industry declined from 34 weeks in 2004 to 29.2 weeks in 2005 due to major loss of canes from the floods and at times impossible operating conditions.
- Total volume of cane milled also declined from 3.74 million tonnes to 3.01 million tonnes.
- Hours lost due to industrial strikes increased from 2,400 hours in 2004 to 2,569 hours in 2005 for all the estates.
- The average grinding time per week in 2005 was 115 hours, a decrease from the 122 hours achieved in 2004

CHAIRMAN'S STATEMENT (cont'd)

A Near Infra Red (NIR) Spectrophotometer was extensively tested on First Expressed Juice, Mixed Juice and molasses at Albion Factory. Correlation curves were established comparing the results with those obtained with the conventional analytical method for thousands of samples. The adoption of the NIR technique will provide for swift measurements for brix, pol, reducing sugars, alcohol and phosphates in one sample. It will indicate the level of cane deterioration arising from burning and grinding delays and assist management in making decisions to improve cane quality, sugar recoveries and ultimately sugar quality. It is under investigation for implementation throughout the industry for analysis of the various streams.

The Corporation continues to invest in the automation of its factories and the hot liming of juice is now generally practiced together with automatic pH control which has resulted in reduction in lime usage and improved clarification rate. Automated juice flow and de-superheater control are now in place at four of the factories with the others to be completed by 2006/2007. Pan automation has been installed in five factories for commissioning in 2006; this will improve the quality of the sugar massecuites and consequently improve our recoveries and costs.

Key Risks

The Board of Directors, together with management, have identified the key risks to the Corporation and will continue to work together to manage the risks and develop strategies to minimise same. The key risks identified are:

- Loss of key management personnel
- Poor labour turnout
- Increases in the prices of fuel and key inputs
- Unfavourable exchange rate movements particularly the Euro/$US rate
- Above average rainfall impacting on production
- Strike actions
- Increase in European freight costs
- Wage increase demands which are above the Corporation's ability to pay

Marketing

The major and most dramatic event in 2005 was the decision of the European Union to reduce the price of sugar by 36% over a four year period commencing in 2006. For most of 2005, the team was heavily involved in lobbying the EU and activities to delay

CHAIRMAN'S STATEMENT (cont'd)

and reduce the level of price cuts as well as extensive involvement in preparing the Guyana Action Plan on Accompanying Measures for Sugar Protocol Countries affected by the reform of the EU Sugar Regime.

The Corporation sold 253,199 tonnes of sugar in 2005, comprising 230,416 tonnes for exports and 22,783 tonnes for the local market split as shown:

	2005	2004	Change
Production	246,071	325,317	-24%
Export Sales			
E.U. - Protocol	151,503	166,992	-9%
E.U.- SPS	3,956	14,212	-72%
U.S.A. - bulk	2,700	18,183	-85%
U.S.A. - packaged	23	0	+23%
Caribbean/Regional - Bagged and Packaged	61,334	50,192	+22%
EU Bagged	900	0	+900%
Caribbean - Bulk	10,000	40,000	-75%
Gross Export Sales	230,416	289,579	-20%
Local Sales - Guyana Bagged and Packaged Sugar	22,783	23,832	-4%

- Bulk sugar exports to the EU, US and Trinidad and Tobago Market accounted for 66% of all sugar sold
- Direct consumption sugar (50 kg bagged and packaged sugar) accounted for the remainder.
- Caricom sales accounted for 31% of export sales.
- Direct consumption sales to the EU were initiated in 2005; a total of 900 tonnes of bagged sugar (Demerara Gold) was exported to that market.
- Packaged sugar sales to the USA sugar were also initiated in 2005

Bulk sugar exports to the EU, US and Trinidad and Tobago Market accounted for 66% of all sugar sold

ISO Accreditation

Sharma Dwarka, Mickey Persaud & David Mangra with the ISO Certificate from SGS

The Blairmont Factory was certified under the ISO 9001:2000 Quality Management System in November 2005. The certification also included the functioning of the Marketing Department and Personnel Department of the Head Office, which provide services to the factory staff and the Corporation's customers, respectively. This is a significant achievement for GuySuCo and a boost to the marketing of its direct consumption sugars, particularly the packaged sugars.

The Quality Management System that conforms to ISO 9001:2000 would aid in ensuring sustained national and international competitiveness as the Corporation confronts the challenges of free trade and globalization. From a marketing standpoint, ISO 9001:2000 certification is a signal to our customers that the Corporation places high priority to customer related processes, meeting quality commitments, attending to complaints, continual improvement of product and the gathering of marketing intelligence

Human Resources

For the year 2005, the Corporation continued to suffer immensely from the exodus of qualified and experienced human resources in critical and core activities. As a consequence, operational efficiencies were adversely affected. The average attrition rate was 18%, of which 80% have migrated extra-regionally.

Training continued to be intensified during the year to accelerate the improvement of the functional and managerial competencies of staff at all levels.

A new and thoroughly revised management training program was initiated in 2005. This will form the cornerstone of the long term plans to ease the loss of

CHAIRMAN'S STATEMENT (cont'd)

staff from the Corporation. It will have 2 streams of two and three years aimed at producing well trained young managers for all areas of the Corporation.

The HR Department has also developed a strategic plan to bring the practices of HR within the Corporation up to the standards expected of a dynamic business in the 21st century.

Industrial Relations

The 160 strikes recorded in 2005 were the lowest for the past 6 years whilst the mandays lost were the highest for the said period. Although the amount of strikes were less, the participation in some of the strikes were very high, especially those strikes associated with the missing sugar workers at East Demerara Estate, and the protest action over the Corporation's offer for wage increase and Annual Production Incentive. The amount of mandays lost in 2005 was 83,396 compared with the lowest of 53,367 recorded in 2003.

A total of 83 days tax-free days pay was awarded as Weekly Production Incentive to all eligible employees on all the estates; and an average of 7.2 days pay were awarded as Annual Production Incentive to all estates. An across-the-board increase of 5%, inclusive of merit increment, was awarded to all employees.

Skeldon Sugar Modernisation Project

Concrete piles under construction at SSMP factory site

The contracts between GuySuCo and CNTIC for the raw sugar factory and cogeneration facility were made effective in January 2005 when the EXIM Bank loan for the cogeneration plant was finalised.

The design work was already ongoing in China and had started upon signing of the contracts in June 2004. The contractor mobilised his advance site construction team to arrive in Guyana by August 2005 while the management team arrived from February onwards. The site works commenced in September with test piles being driven in November. By the end of the year the contractor was ready for the driving of the first production piles scheduled for January 2006. Manufacture of equipment in China and other countries progressed throughout 2005.

Construction work starting at SSMP

Information Technology

Oracle Financials (all modules) went live during the first quarter of 2005 and the system was fully established by the end of the year. A tape back up was implemented for Oracle Financials.

Pay Roll Automation started with the running of "live" gangs at Blairmont Estate. This is being used as the test bed for the payroll automation and when successful will be implemented on all estates.

All PCs were brought under UPS in view of the erratic power situation. Antivirus measures were implemented corporation wide. Internet surf control was established.

Mr. E. Vijayan joined as IS Director at the beginning of December and an IS Strategy was under formulation.

REPORT OF THE DIRECTORS

For the year ended 31st December, 2005

The Directors of Guyana Sugar Corporation Inc. present their report together with the audited financial statements for the year ended 31st December, 2005.

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 14 – 38.

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 32. All the Directors are non-executive, except for Mr. N. Jackson.

Messrs R. Speddy and 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. N. Jackson 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 11.2.3 on page 32 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

REPORT OF THE DIRECTORS

For the year ended 31st December, 2005

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 comments 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

There was no 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 1999 to 2004 inclusive, this activity was sub-contracted to Ram and McRae, while for the financial year 2005 this activity was sub-contracted to Deloitte and Touche.

BY ORDER OF THE BOARD

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

REPORT OF THE CHARTERED ACCOUNTANTS

DELOITTE & TOUCHE

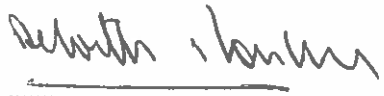
TO THE AUDITOR GENERAL
ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE
GUYANA SUGAR CORPORATION INC.
FOR THE YEAR ENDED DECEMBER 31, 2005

We have audited the consolidated balance sheet of Guyana Sugar Corporation Inc. as at December 31, 2005 and the related income statement, statements of changes in equity and cash flows for the year then ended as set out on pages 14 to 38. 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 have conducted our audit in accordance with the International Standards on Auditing and the Office of the Auditor General's auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the financial position of the Company and Group as at December 31, 2005 and of its results of operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 1991.

Without qualifying our opinion we draw attention to International Accounting Standard # 19 - Employee Benefits which 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 12 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 recognized in these financial statements amounted to G$ 17.4 billion.



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DELOITTE & TOUCHE
Chartered Accountants
77 Brickdam,
Stabroek,
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, Deloitte & Touche, have audited on my behalf the financial statements of Guyana Sugar Corporation Inc. for the year ended 31 December 2005, as set out on pages 14 to 38. 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 14 to 38 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.

Without qualifying my opinion I draw attention to International Accounting Standard # 19 - Employee Benefits which 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 12 to the financial statements. In their reports, the actuaries made certain cautionary statements in respect of the underlying data used in the valuations. The defined obligation recognised in these financial statements amounted to G$17.4 billion.

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

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2005

	NOTES	COMPANY		GROUP	
		2005 $M	2004 Restated $M	2005 $M	2004 Restated $M
ASSETS					
Non current assets					
Property, plant and equipment	3	78,698	71,577	78,699	71,581
Deferred tax asset	4	7,772	7,449	7,774	7,451
Investments	5.1	78	47	78	47
Investment in subsidiary	5.2	27	35	-	-
Total non current assets		86,575	79,108	86,551	79,079
Current assets					
Inventories	6.1	2,793	3,054	2,793	3,054
Standing cane	6.2	4,755	4,431	4,784	4,495
Product stock	6.3	1,417	1,600	1,417	1,600
Trade receivables		1,491	1,974	1,491	1,974
Other receivables		560	641	560	641
Prepayments		360	76	360	76
Related parties	6.4	-	4	-	-
Taxes recoverable		-	-	10	10
Cash and cash equivalents	7	11,528	4,194	11,563	4,267
Total current assets		22,904	15,974	22,978	16,117
TOTAL ASSETS		109,479	95,082	109,529	95,196
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Stated capital	8	10,800	10,800	10,800	10,800
Revaluation reserve	9.1	51,206	51,206	51,206	51,206
Other reserves	9.2	118	87	118	87
Retained earnings		1,010	2,786	1,010	2,787
		63,134	64,879	63,134	64,880
Minority interest	5.3	-	-	47	60
Total equity		63,134	64,879	63,181	64,940
Non current liabilities					
Deferred tax liability	4	6,900	6,102	6,910	6,124
Borrowings	10.2	15,585	780	15,585	780
Employees retirement benefits	12	17,448	15,996	17,448	15,996
Total non-current liabilities		39,933	22,878	39,943	22,900
Current liabilities					
Trade payables		2,656	2,197	2,671	2,210
Other payables		395	1,861	395	1,863
Related parties	11.1	1,475	1,494	1,444	1,494
Taxes payable		1,742	1,629	1,751	1,645
Borrowings	10.1	144	144	144	144
Total current liabilities		6,412	7,325	6,405	7,356
TOTAL EQUITY AND LIABILITIES		109,479	95,082	109,529	95,196

The Board of Directors approved these financial statements for issue on March 20, 2007

Director

Director

The accompanying notes on pages 19 to 38 form an integral part of these financial statements

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2005

	NOTES	COMPANY		GROUP	
		2005 $M	2004 Restated $M	2005 $M	2004 Restated $M
Revenue	13	27,781	30,727	27,781	30,727
Cost of sales		22,186	23,104	22,170	23,022
Gross profit		5,595	7,623	5,611	7,705
Other income		345	698	347	685
Administrative expenses		(2,654)	(2,508)	(2,671)	(2,509)
Marketing and distribution expenses		(2,871)	(3,089)	(2,871)	(3,089)
Operating profit		415	2,724	417	2,792
Finance cost		(152)	(75)	(152)	(75)
Employees retirement benefits	12.2	(1,452)	(1,453)	(1,452)	(1,453)
Income from subsidiary		1	24	-	-
Profit/(loss) before tax	14	(1,188)	1,220	(1,187)	1,264
Taxation	15	(588)	(959)	(589)	(980)
Profit/(loss) for the year		(1,776)	261	(1,776)	284
Attributable to:					
Equity holders of the parent		(1,776)	261	(1,777)	257
Minority interest	5.3	-	-	1	27
		(1,776)	261	(1,776)	284

The accompanying notes on pages 19 to 38 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT DECEMBER 31, 2005

	NOTES	Stated Capital $M	Revaluation Reserve $M	Other Reserves $M	Retained Earnings $M	Total Equity $M
COMPANY 2005						
Balances at January 01, 2005		**10,800**	**51,206**	**87**	**2,786**	**64,879**
Retained loss for the year		-	-	-	(1,776)	(1,776)
Revaluation of Investment		-	-	31	-	31
Balances at December 31, 2005		**10,800**	**51,206**	**118**	**1,010**	**63,134**
COMPANY 2004						
Balances at January 01, 2004		**10,800**	**53,280**	**78**	**2,055**	**66,213**
Review of valuation of property, plant and equipment	9.3	-	(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		-	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**
Prior year adjustment	20	-	-	-	(10)	(10)
Balances at December 31, 2004 - Restated		**10,800**	**51,206**	**87**	**2,786**	**64,879**

The accompanying notes on pages 19 to 38 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT DECEMBER 31, 2005

		Attributable to equity holders of the parent						
	Notes	Stated Capital $M	Revaluation Reserve $M	Other Reserves $M	Retained Earnings $M	Total $M	Minority Interest $M	Total Equity $M
GROUP 2005								
Balances at January 01, 2005		**10,800**	**51,206**	**87**	**2,787**	**64,880**	**60**	**64,940**
Profit/(loss) for the year		-	-	-	(1,777)	(1,777)	1	(1,776)
Dividends paid to minority interest		-	-	-	-	-	(14)	(14)
Revaluation of investment		-	-	31	-	31		31
Balances at December 31, 2005		**10,800**	**51,206**	**118**	**1,010**	**63,134**	**47**	**63,181**
GROUP 2004								
Balances at January 01, 2004		**10,800**	**53,280**	**78**	**2,040**	**66,198**	**77**	**66,275**
Review of valuation of property, plant and equipment	9.3	-	(1,502)	-	-	(1,502)	-	(1,502)
Release of revaluation reserve for excess depreciation		-	(480)	-	480	-	-	-
Release of revaluation reserve on disposals		-	(260)	-	-	(260)	-	(260)
Deferred tax recognised in equity		-	168	-	-	168	-	168
Dividends paid to minority interest		-	-	-	-	-	(13)	(13)
Profit for the year		-	-	-	257	257	27	284
Revaluation of investment		-	-	9	-	9	-	9
Balances at December 31, 2004		**10,800**	**51,206**	**87**	**2,777**	**64,870**	**91**	**64,961**
Prior year adjustment	20	-	-	-	10	10	(31)	(21)
Balances at December 31, 2004 - Restated		**10,800**	**51,206**	**87**	**2,787**	**64,880**	**60**	**64,940**

The accompanying notes on pages 19 to 38 form an integral part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2005

	COMPANY		GROUP	
	2005	2004 Restated	2005	2004 Restated
	$M	$M	$M	$M
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation	(1,188)	1,220	(1,187)	1,264
Adjustments for:				
Depreciation	1,734	1,947	1,737	1,949
Loss/(gain) on disposal of property, plant and equipment	95	(429)	95	(429)
Net interest	70	75	70	75
Income from subsidiary	(1)	(24)	-	-
Operating profit before working capital changes	710	2,789	715	2,859
Decrease in inventories	261	199	261	199
Decrease/(increase) in standing cane	(324)	194	(289)	180
Decrease/(increase) in product stocks	183	(793)	183	(793)
Decrease/(increase) in accounts receivable and prepayments	280	(635)	280	(635)
(Decrease)/increase in accounts payable and accruals	(1,007)	344	(1,007)	344
Decrease in amounts due from related parties	4	30	-	-
(Increase)/decrease in amounts due to related parties	(19)	283	(50)	283
Increase in defined benefit pension liability	1,452	1,454	1,452	1,454
Cash generated from operations	1,540	3,865	1,545	3,890
Interest paid	(100)	(78)	(100)	(78)
Taxes paid	-	(1)	(20)	(4)
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,440	3,786	1,425	3,809
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	30	3	30	3
Purchase of property, plant and equipment	(8,961)	(2,124)	(8,961)	(2,124)
Dividends received from investments	9	8	-	-
Dividends paid to minority interest	-	-	(14)	(13)
Proceeds from disposals	11	579	11	579
NET CASH FLOWS FROM INVESTING ACTIVITIES	(8,911)	(1,534)	(8,934)	(1,555)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from long term borrowing	14,805	327	14,805	327
NET CASH FLOWS FROM FINANCING ACTIVITIES	14,805	327	14,805	327
Net increase in cash and cash equivalents	7,334	2,579	7,296	2,581
Cash and cash equivalents at beginning of the period	4,194	1,615	4,267	1,686
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	11,528	4,194	11,563	4,267
CASH AND CASH EQUIVALENTS AS PER BALANCE SHEET	11,528	4,194	11,563	4,267

The accompanying notes on pages 19 to 38 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 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 International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the requirements of the Laws of Guyana.

In the current year, the Group adopted several revised and new standards that are now effective and relevant to its operations.

The adoption of the revised and new standards did not result in substantial changes to the Group's financial statements.
Potential impact of changes in standards not yet effective

(i) IAS 19 (Amendment), Employee Benefits (effective for annual periods beginning on or after January 01, 2006). This amendment introduces the option of an alternative recognition approach for actuarial gains and losses and introduces additional disclosures. The Group will consider whether it will adopt this amendment in the financial year ending December 31, 2006.

(ii) IFRS 7, Financial Instruments (effective for annual periods beginning on or after January 01, 2007). This standard will replace IAS 30, Disclosures in the financial statements of Banks and similar Financial Institutions, and the disclosure requirements of IAS 32, Financial Instruments: Disclosure and Presentation. The standard will introduce new disclosures to improve information about financial instruments. FRS 7 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

IFRS 8 - Operating Segments

This becomes effective for period beginning on or after January 1, 2009. IFRS 8 replaces IAS 14 Segment reporting. IFRS 8 requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by chief operating decision maker in deciding how to allocate resources and in assessing performance.

Amendment was made to IAS 1 Capital Disclosures which became effective 1 January 2007. This standard would require additional disclosures on the Group's share capital.

Other standards and interpretations issued but not yet effective are not expected to have a material impact on the Group's financial statements when adopted.

2.2 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 5.2. Intra group balances and transactions have been eliminated in preparing the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Property, plant and equipment

Freehold land and buildings are stated at fair value as at January 01, 1999 determined by professional valuers. Factory plant and equipment are stated at Directors' valuation as at December 31, 2005 as further explained in Note 9. Freehold land and building and factory plant acquired subsequent to these 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
Aircraft	Over 5 and 10 years
Motor vehicles	Over 4 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.

2.4 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.

The tenure of the leases are for fifty (50) years. 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.

2.5 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.

2.6 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 all estates' operations and administrative costs.

2.7 Standing Cane

The value of standing cane is included in the financial statements as a biological asset. 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.

2.8 Research and development

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.9 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.

2.10 Revenue

Revenue represents the amounts earned from the sale of sugar and molasses during the year. Revenue is recognised on an accrual basis when the product is shipped, or for domestic sales, when the product is collected.

2.11 Employee retirement benefits

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.

Employees who have retired and are not members of the pension scheme are paid ex-gratia pensions and provided with post retirement medical care, which are partially recoverable from the Sugar Industry Price Stabilisation Fund.

The retirement benefit costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the Income Statement so as to spread regular costs over the service lives of employees. This is determined by professional actuaries. Actuarial gains and losses are recognised as income or expense when cumulative unrecognised actuarial gains or losses exceed 10% of the defined benefit obligation and the fair value of the plan assets. These gains or losses are recognised by amortising them over the average remaining working lifetime of employees.

2.12 Skeldon Sugar Modernisation Project (SSMP)

All expenditure including borrowing costs relating to the modernisation project has been charged to work in progress. These will be capitalised on the commissioning of the factory in 2007.

2.13 Use of Estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

2.14 Financial Instruments

Financial assets and liabilities are recognized on the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value. Appropriate allowances for estimated unrecoverable amounts are recognized in profit and loss when there is objective evidence that the asset is impaired. The allowance recognized is based on management's evaluation of the collectibility of the receivables.

Trade and other payables

Trade and other payables are measured at fair values.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.14 Financial Instruments (cont'd)

Investments

Investments are recognized in the financial statements to comply with International Accounting Standards No. 39 - Financial Instruments - Recognition and Measurement

The group investments have been classified as "available for sale financial assets".

Gains or losses on "available for sale financial assets" are recognized through the statement of changes in equity until the asset is sold or otherwise disposed, at which time previously recognized gains or losses are transferred to the income statement for the period.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise bank overdraft and cash at bank and in hand.

2.16 Presentation currency

The financial statements have been presented in Guyana dollars.

3. PROPERTY, PLANT & EQUIPMENT

3.1 Property, Plant & Equipment - COMPANY

Cost/valuation	Land $M	Building others $M	Building wooden $M	Land expansion cost $M	Plant machinery and equipment $M	Work in progress $M	Total $M
As at Jan 01 2005	43,803	10,694	3,685	79	23,504	4,548	86,313
Additions	-	-	-	-	1,395	7,566	8,961
Disposals	-	-	-	-	(113)	-	(113)
Transfers	-	5	-	-	1,108	(1,113)	-
As at Dec 31 2005	**43,803**	**10,699**	**3,685**	**79**	**25,894**	**11,001**	**95,161**
Comprising:							
Cost	188	1,348	391	77	24,614	11,001	37,619
Valuation	43,615	9,351	3,294	2	1,280	-	57,542
	43,803	10,699	3,685	79	25,894	11,001	95,161
Depreciation							
As at Jan 01 2005	-	1,402	458	20	12,856	-	14,736
Charge for the year	-	194	74	4	1,462	-	1,734
Retired on disposals	-	-	-	-	(7)	-	(7)
As at Dec 31 2005	**-**	**1,596**	**532**	**24**	**14,311**	**-**	**16,463**
Net book values							
As at Dec 31 2005	**43,803**	**9,103**	**3,153**	**55**	**11,583**	**11,001**	**78,698**
As at Dec 31 2004	**43,803**	**9,292**	**3,227**	**59**	**10,648**	**4,548**	**71,577**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

3. PROPERTY, PLANT & EQUIPMENT

3.2 Property, Plant & Equipment - GROUP

Cost/valuation	Land $M	Building others $M	Building wooden $M	Land expansion cost $M	Plant machinery and equipment $M	Work in progress $M	Total $M
As at Jan 01 2005	43,803	10,706	3,685	79	23,503	4,548	86,324
Additions	-	-	-	-	1,395	7,566	8,961
Disposals	-	-	-	-	(113)	-	(113)
Transfers	-	5	-	-	1,108	(1,113)	-
As at Dec 31 2005	**43,803**	**10,711**	**3,685**	**79**	**25,893**	**11,001**	**95,172**
Comprising:							
Cost	188	1,360	391	77	24,614	11,001	37,631
Valuation	43,615	9,351	3,294	2	1,279	-	57,541
	43,803	10,711	3,685	79	25,893	11,001	95,172
Depreciation							
As at Jan 01 2005	7	1,395	458	20	12,863	-	14,743
Charge for the year	-	194	74	4	1,465	-	1,737
Retired on disposals	-	-	-	-	(7)	-	(7)
As at Dec 31 2005	7	1,589	532	24	14,321	-	16,473
Net book value							
As at Dec 31 2005	**43,796**	**9,122**	**3,153**	**55**	**11,572**	**11,001**	**78,699**
As at Dec 31 2004	**43,796**	**9,311**	**3,227**	**59**	**10,640**	**4,548**	**71,581**

3(a) Skeldon Modernisation Project

Expenditure includes project management costs, the development of new cane areas and equipment.

3(b) If no revaluation of land, buildings and equipment was done, the net book value of property, plant and equipment would have been approximately G$29,697,000,000 (2004 - G$20,132,000,000).

3. PROPERTY, PLANT & EQUIPMENT (cont'd)

3.3 Leasehold lands

Leasehold land represents 72% of land used to derive economic benefits by the Group. Since title is not expected to be passed to the group at the end of the lease, these leases are classified as operating leases. These are subject to several types of lease agreements, the status of which are 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. 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.

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

A valuation prepared by a professional valuer placed a value on these lands of $1,482,600 per hectare at January 01, 1999. However, no active markets exist for these lands.

4. DEFERRED TAX

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

	COMPANY		GROUP	
	2005 $M	2004 $M	**2005 $M**	2004 $M
Deferred tax liability				
Property, plant and equipment	**6,900**	6,102	**6,900**	6,102
Standing cane	**-**	-	**10**	22
	6,900	6,102	**6,910**	6,124
Deferred tax assets				
Tax value of losses carried forward	**-**	-	**(2)**	(2)
Inventories provision	**(1)**	(231)	**(1)**	(231)
Defined benefit pension liability	**(6,107)**	(5,599)	**(6,107)**	(5,599)
Standing Cane	**(1,664)**	(1,619)	**(1,664)**	(1,619)
	(7,772)	(7,449)	**(7,774)**	(7,451)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

4. DEFERRED TAX (cont'd)

Movement in temporary differences during 2005
COMPANY

	Balance at Jan 01,2005	Recognised in Income	Balance at Dec 31,2005
Deferred tax liability			
Property, plant and equipment	6,102	798	6,900
Deferred tax assets			
Inventories provision	(231)	230	(1)
Defined benefit pension liability	(5,599)	(508)	(6,107)
Standing Cane	(1,619)	(45)	(1,664)
	(7,449)	**(323)**	**(7,772)**

Movement in temporary differences during 2005
GROUP

	Balance at Jan 01,2005	Recognised in Income	Balance at Dec 31,2005
Deferred tax liability			
Property, plant and equipment	6,102	798	6,900
Standing cane	22	(12)	10
	6,124	786	6,910
Deferred tax asset			
Property, plant and equipment	(2)	-	(2)
Inventories provision	(231)	230	(1)
Defined benefit pension liability	(5,599)	(508)	(6,107)
Standing Cane	(1,619)	(45)	(1,664)
	(7,451)	**(323)**	**(7,774)**

5. INVESTMENTS

5.1 Investments

	COMPANY		GROUP	
	2005 $M	2004 $M	**2005 $M**	2004 $M
Available for sale:				
Livestock Development Co.	**0.05**	0.05	**0.05**	0.05
National Bank of Industry and Commerce	**78**	47	**78**	47
	78	47	**78**	47

5.2 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 by using the equity method in the Corporation's own financial statements.

5. INVESTMENTS

5.3 Minority Interest

	GROUP	
	2005 $M	2004 $M
At 1 January	60	77
Share of profit	1	27
Dividend paid	(14)	(13)
Prior year adjustment	-	(31)
At 31 December	47	60

6. CURRENT ASSETS

6.1 Inventory categories

	COMPANY		GROUP	
	2005 $M	2004 $M	2005 $M	2004 $M
Fuel	269	133	269	133
Spares	1,853	2,716	1,853	2,716
Fertilizers and chemicals	364	453	364	453
Other	743	482	743	482
Gross inventories	3,229	3,784	3,229	3,784
Less provision for slow moving and obsolete items	(436)	(730)	(436)	(730)
Net Inventories	2,793	3,054	2,793	3,054

Provision for slow moving and obsolete items decreased by G$ 294 M which was due to obsolete items being written off during the year.

6.2 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		GROUP	
	2005 $M	2004 $M	2005 $M	2004 $M
Balance as at January 01	4,431	4,626	4,495	4,675
Adjustment to cost of sales	324	(183)	289	(180)
Balance as at December 31	4,755	4,431	4,784	4,495

6. CURRENT ASSETS (cont'd)

6.2 Standing Cane

Standing Cane by Age

	COMPANY		GROUP		COMPANY		GROUP	
	2005 Hectares	2004 Hectares	2005 Hectares	2004 Hectares	2005 $M	2004 $M	2005 $M	2004 $M
Age of Cane								
1-5 Months	25,777	25,918	25,777	26,051	-	-	-	-
6 Months	1,247	1,708	1,247	1,708	42	51	42	62
7 Months	830	773	830	846	62	51	62	56
8 Months	2,829	2,179	2,829	2,179	364	250	364	250
9 Months	4,578	4,228	4,578	4,279	1,179	967	1,179	979
10 Months	5,165	5,561	5,165	5,584	2,033	1,985	2,033	1,993
11 Months	2,127	2,015	2,127	2,065	1,005	833	1,005	841
12 Months	156	683	156	729	70	294	99	314
	42,709	43,065	42,709	43,441	4,755	4,431	4,784	4,495
					$	$	$	$
Farmers' price per tonne of sugar					66,980	59,587	66,980	59,587

6.3 Product stock categories

	COMPANY		GROUP	
	2005 $M	2004 $M	2005 $M	2004 $M
Sugar	1,165	1,444	1,165	1,444
Molasses	241	148	241	148
Livestock	11	8	11	8
	1,417	1,600	1,417	1,600

6.4 Amounts due from related parties

Lochaber Limited	-	4	-	-

7. CASH AND CASH EQUIVALENTS

			COMPANY		GROUP	
	2005 000s	2004 000s	**2005 $M**	2004 $M	**2005 $M**	2004 $M
US Dollar (Escrow)	**53,260**	-	**10,639**	-	**10,639**	-
US Dollar (Current a/c)	**1,301**	14,106	**260**	2,811	**262**	2,811
GBP	**251**	94	**86**	36	**86**	36
Euro	**531**	506	**125**	138	**125**	138
			11,110	2,985	**11,112**	2,985
Guyana Dollar			**418**	1,209	**451**	1,282
			11,528	4,194	**11,563**	4,267
Rate of conversion						
G$/US$			**199.75**	199.28	**199.75**	199.28
G$/GBP			**343.84**	384.25	**343.84**	384.25
G$/EUR			**236.32**	266.71	**236.32**	266.71

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.

9. RESERVES

	COMPANY		GROUP	
9.1 Revaluation reserve	**2005 $M**	2004 $M	**2005 $M**	2004 $M
1. Revaluation of fixed assets	**51,206**	60,033	**51,206**	60,033
Effect of review of valuation of factory plant and machinery	-	(1,502)	-	(1,502)
Provision for deferred tax	-	(7,065)	-	(7,065)
Released on disposals	-	(260)	-	(260)
	51,206	51,206	**51,206**	51,206

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

9. RESERVES (cont'd)

9.2 Other reserves

	COMPANY		GROUP	
	2005 $M	2004 $M	**2005 $M**	2004 $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	**77**	46	**77**	46
	118	87	**118**	87

9.3 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 used as a bases for value in use calculation from 2001 to date. The valuation is reviewed each year in light of changes in markets, production levels and exchange rate movements. The value was not revised for 2005 since there was no impairment.

10. BORROWINGS

	COMPANY		GROUP	
	2005 $M	2004 $M	**2005 $M**	2004 $M
10.1 Current				
2% Government of Guyana Debenture	**144**	144	**144**	144
10.2 Non Current				
a) Government of Guyana Drainage and Irrigation financed by CDB	**926**	765	**926**	765
b) Government of Guyana SSMP	**11,314**	-	**11,314**	-
c) Government of Guyana SSMP financed by CDB	**1,149**	15	**1,149**	15
d) Government of Guyana SSMP financed by EXIM Bank	**2,196**	-	**2,196**	-
Total loans	**15,585**	780	**15,585**	780

10. BORROWINGS (cont'd)

10.2 Non Current (cont'd)

	COMPANY		GROUP	
	2005 $M	2004 $M	**2005 $M**	2004 $M
Repayments due in one year and included in current liabilities	**144**	144	**144**	144
Repayment due within 2-5 years	**649**	-	**649**	-
Repayment due after five years	**14,936**	780	**14,936**	780
	15,585	780	**15,585**	780

a) Government of Guyana Drainage and Irrigation financed by CDB

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, 2005 amounted to US$4,305,715 (2004 US$3,976,636). 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.

b) Government of Guyana SSMP

This is an on - lending facility from the Government of Guyana for US$56M to finance the new Skeldon factory. The full amount was deposited in an escrow account with ING Bank. Interest is charged at a rate of 3% per annum on the principal and is to be paid on a semi-annual basis.

The repayment of the loan starts 5 years after the date of the first disbursement and will be paid in 34 equal instalments. The first disbursement was received in March 2005.

c) Government of Guyana SSMP financed by CDB

This is an on - lending facility from the Government of Guyana for US$25M financed by CDB. These funds are to be used for the agricultural component of the new Skeldon factory. Drawdowns are made based on submission of contractors' certificates. To date a drawdown of US$5.7M was made.

The repayment of the loan starts 5 years after the date of the first disbursement and will be paid in 24 equal semi annual instalments. The first disbursement was received in May 2005.

d) Government of Guyana SSMP financed by EXIM Bank

This is an on - lending facility from the Government of Guyana for US$35M financed by the Export and Import Bank of China (EXIM). These funds are to be used for the Co-generation Facility of the new Skeldon factory. Drawdowns are made based on submission of contractors' certificates. To date a drawdown of US$10.9M was made.

The repayment of the loan starts 5 years after the date of the first disbursement and will be paid in 24 equal instalments. The first disbursement was received in March 2005.

11. RELATED PARTIES

11.1 Amounts due to related parties

	COMPANY		GROUP	
	2005 $M	2004 $M	**2005 $M**	2004 $M
Lochaber	**31**	-	**-**	-
Booker Tate	**175**	172	**175**	172
Government of Guyana - Lease rentals	**466**	481	**466**	481
Sugar Industry Labour Welfare Fund	**803**	841	**803**	841
	1,475	1,494	**1,444**	1,494

Total rent payable for the lease lands to the Government of Guyana was G$120M (2004 $134M) whilst the amount paid was G$90M (2004 $90M).

Total levies payable to Sugar Industry Welfare Fund was G$119M whilst claims made by Guysuco for work done on behalf of the welfare was G$114M. No payment was made during the year.

11.2 Related parties transactions

11.2.1 Booker Tate Limited

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 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 under the agreement were as follows:

	COMPANY		GROUP	
	2005 $M	2004 $M	**2005 $M**	2004 $M
Fixed fee (£350,000 per annum)	**131**	163	**131**	163
Production incentive fee	**65**	80	**65**	80
Salaries, benefits and other expenses	**175**	159	**175**	159
Total	**371**	402	**371**	402

11.2.2 Key Management Personnel (excluding Booker Tate)

Salaries and benefits	**234**	227	**234**	227

11. RELATED PARTIES (cont'd)

11.2 Related parties transactions

11.2.3 Directors' fees and expenses

	COMPANY				GROUP			
Directors	2005 $000 Fees	$000 Expenses	2004 $000 Fees	$000 Expenses	2005 $000 Fees	$000 Expenses	2004 $000 Fees	$000 Expenses
Ronald Alli (Chairman)	90	3,012	90	2,640	90	3,012	90	2,640
Donald Ramotar	84	-	84	-	84	-	84	-
Dindyal Permaul	84	-	84	-	84	-	84	-
Rajendra Singh	84	1,255	84	1,271	84	1,255	84	1,271
Hubert Rodney	84	2,982	84	2,580	84	2,982	84	2,580
Michael Boast (1)	-	142	-	-	-	142	-	-
Nick Jackson	-	380	-	-	-	380	-	-
Barry Newton	-	52	-	4,432	-	52	-	4,432
Errol Hanoman	-	3,955	-	3,756	-	3,955	-	3,756
	426	11,778	426	14,679	426	11,778	426	14,679

Resignations

(1) - Michael Boast - retired July, 2005
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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

12. EMPLOYEES RETIREMENT BENEFITS

		2005				2004			
		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
12.1	**The amounts recognized in the Balance Sheet are as follows:**								
	Defined benefit obligation	570	6,517	17,762	24,849	570	6,378	16,475	23,423
	Fair value of assets	-	(6,545)	-	(6,545)	-	(5,699)	-	(5,699)
	Present value of unfunded contributions	570	(28)	17,762	18,304	570	679	16,475	17,725
	Unrecognized loss	3	245	(1,104)	(856)	3	(512)	(1,220)	(1,729)
	Defined benefit liability	573	217	16,658	17,448	573	167	15,255	15,996
12.2	**Reconciliation of opening and closing defined benefit liability**								
	Defined benefit liability at the beginning of the year	573	167	15,255	15,996	540	138	13,864	14,543
	Add net pension cost	-	267	1,805	2,071	53	247	1,772	2,072
	Less company contribution/benefits paid	-	(217)	(403)	(620)	(20)	(218)	(381)	(619)
	Net pension cost	-	50	1,402	1,452	33	29	1,391	1,453
	Defined benefit liability at the end of the year	573	217	16,658	17,448	573	167	15,255	15,996
12.3	**The amounts recognized as staff costs in the Income Statement are as follows:**								
	Current service cost	-	263	828	1,091	21	265	789	1,075
	Interest on defined benefit obligation	-	373	977	1,350	32	333	948	1,313
	Expected return on Plan Assets	-	(371)		(371)	-	(351)	-	(351)
	Amortized net (gain)/loss	-	-	-	-	-	-	35	35
	Total included in staff costs	-	266	1,805	2,071	53	247	1,772	2,072
12.4	**Actual return on Plan Assets**								
	Expected return on Plan assets	-	371	-	371	-	305	-	305
	Actuarial gain on Plan Assets	-	474	-	474	-	320	-	320
	Actual return on Plan Assets	-	845	-	845	-	625	-	625

12. EMPLOYEES RETIREMENT BENEFITS (cont'd)

12.5 Actuarial assumptions

	2005	2004
(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%	2%
Rate of return on Pension Plan assets	N/A	N/A

There is no Pension Scheme for the subsidiary company.

A valuation carried out at December 31, 2004 for the pension scheme revealed a surplus of $28M. 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 $640M (2004 - $619M).

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 according to IAS 19. The actuaries have cautioned that the figures are subject to change after a more complete assessment is carried out of the scheme.

13. REVENUE

	COMPANY		GROUP	
	2005 $M	2004 $M	2005 $M	2004 $M
Revenue by products				
Sugar	25,894	29,679	25,894	29,679
Molasses	1,887	1,048	1,887	1,048
Total Sales	27,781	30,727	27,781	30,727
Revenue by major markets				
Europe	19,504	21,715	19,504	21,715
North America	203	1,365	203	1,365
Caribbean	5,318	5,085	5,318	5,085
Guyana	2,756	2,562	2,756	2,562
	27,781	30,727	27,781	30,727

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 of geographic area would not be meaningful.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

	COMPANY		GROUP	
	2005 $M	Restated 2004 $M	2005 $M	Restated 2004 $M
14. PROFIT/(LOSS) BEFORE TAXATION	**(1,188)**	1,220	**(1,187)**	1,264
After charging -				
Employment Costs				
Wages and salaries	**12,557**	14,277	**12,557**	14,277
Social security contributions	**701**	714	**701**	714
Employees retirement benefits	**1,452**	1,453	**1,452**	1,453
Materials and services purchased	**5,595**	6,846	**5,595**	6,846
Research and development expense	**223**	61	**223**	61
Directors' fees & expenses	**12**	15	**12**	15
Provision for slow moving and obsolete items	**436**	81	**436**	81
Depreciation	**1,734**	1,947	**1,737**	1,949
Auditors' remuneration-audit services	**6**	6	**6**	6
Interest expense	**100**	78	**100**	78
Management fees and expenses	**371**	402	**371**	402
After crediting				
Net gain on exchange	**23**	82	**23**	82
Interest income	**30**	3	**30**	3
Gain/(loss) on disposal of property, plant and equipment	**(95)**	429	**(95)**	429
15. TAXATION				
Current year				
Corporation Tax	**-**	935	**13**	952
Deferred Tax	**475**	(84)	**463**	(81)
	475	851	**476**	871
Withholding Tax	**-**	1	**-**	1
Property Tax	**113**	107	**113**	108
	588	959	**589**	980

15. TAXATION (cont'd)

Reconciliation of corporation tax expense and accounting profit:

	COMPANY				GROUP			
	2005 $M	**%**	2004 $M	%	**2005 $M**	**%**	2004 $M	%
Accounting (loss)/profit	**(1,188)**	**100.0**	1,220	100.0	**(1,187)**	**100.0**	1,264	100.0
Corporation tax @35%	**(416)**	**(35.0)**	427	35.0	**(415)**	**(35.0)**	442	35.0
Add: Tax effect of expenses not deductible in determining taxable profits								
Depreciation for accounting purposes	**607**	**51.1**	681	55.6	**609**	**51.3**	682	54.0
Defined benefit pension cost	**508**	**42.8**	509	41.6	**508**	**42.8**	509	40.3
Others	**147**	**12.4**	68	5.5	**159**	**13.4**	74	5.9
	846	**71.3**	1,685	137.7	**861**	**72.5**	1,707	135.2
Deduct:								
Depreciation for tax purposes	**(956)**	**(80.6)**	(598)	(48.6)	**(958)**	**(80.7)**	(598)	(47.3)
Interest and dividend	**-**	**-**	(2)	(0.1)	**-**	**-**	(2)	(0.2)
Gain on disposal of property, plant and equipment	**-**	**-**	(150)	(12.0)	**-**	**-**	(150)	(12.0)
Others	**110**	**9.3**	-	-	**110**	**9.3**	(5)	(0.4)
	-	**-**	935	77.0	**13**	**1.1**	952	75.3

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.

16. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	COMPANY		GROUP	
	2005 $M	2004 $M	**2005 $M**	2004 $M
Expenditure authorised by the Directors but not committed				
Routine expenditure	**2,250**	2,440	**2,250**	2,440
Skeldon Sugar Modernisation Project	**19,000**	11,302	**19,000**	11,302
Drainage & Irrigation project	**150**	230	**150**	230

The capital expenditure will be funded by a combination of facilities on lent by 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.

17. 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 (2004 $133M).

18. 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 concentration of credit risk.

Interest rate risk

The Corporation has no interest-bearing liabilities except for a government debenture and the GOG/CDB drainage & irrigation loan and GOG/SSMP loans. The rates of interest on the debenture, GOG/CDB and the GOG/SSMP loans 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 US dollar, Euro and GBP. At the reporting date the Corporation had foreign currency assets consisting of cash and trade receivables and foreign currency liabilities consisting of trade payables.

Details of balances at Balance Sheet date denominated in foreign currencies are as follows:

	US$ 000	Euro 000	GBP 000
Accounts payable	152	2,183	17
Accounts receivable	3,241	635	-
Due to related parties	-	-	508

As at the Balance Sheet date the Corporation had entered into forward contracts to sell 41.5M Euros relating to 2006 at an average rate of US$/Euro = 1.222103. This represents 36% of sales into Europe.

19. POST BALANCE SHEET EVENTS

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 5.135% commencing July 1, 2006. This will be effective up to June 30, 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.

20. RESTATEMENT AND RECLASSIFICATION

Adjustments were made to the prior period comparatives of the subsidiary - Lochaber Limited to correct errors in the accounting for current and deferred tax charges. The effect on net assets of the Group was as follows:

	2004 $ M
Net assets as previously reported	64,961
Overprovision of corporation and property tax charges	3
Deferred tax liability on standing cane now recognised	(23)
Deferred tax asset on property, plant and equipment disposed now derecognised	(1)
Net assets as restated	**64,940**

Due to the above, investment in the subsidiary and minority interest was recalculated and restated in the prior period.

Certain balances were also reclassified to conform with the 2005 presentation.

TEN YEAR REVIEW
1996 to 2005

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
HECTARES HARVESTED	41,042	46,349	39,908	43,656	44,259	41,621	41,627	41,959	45,447	41,890
TONNES CANE MILLED ('000)	3,222	3,074	2,966	3,596	2,984	3,142	3,708	3,382	3,744	3,005
YIELDS:										
ESTATE - TONNES CANE / HECTARE	71.30	65.75	67.00	72.50	62.20	67.10	80.60	72.75	74.87	65.43
TONNES CANE /TONNE SUGAR	11.51	11.12	11.68	11.03	10.88	11.00	11.20	11.03	11.52	12.20
TONNE SUGAR / HECTARE	6.72	5.90	6.36	6.58	5.67	6.16	7.29	6.59	6.45	5.36
PRODUCTION (TONNES)										
SUGAR	280,116	276,392	253,871	321,438	273,318	284,474	331,052	302,378	325,317	246,071
MOLASSES	131,422	123,881	117,939	129,934	108,703	118,103	137,794	127,201	138,140	115,732
HOME CONSUMPTION (TONNES):										
SUGAR	23,599	24,616	23,996	23,682	23,667	24,437	23,782	24,529	23,669	22,781
MOLASSES	112,446	108,379	59,140	51,777	45,061	49,533	56,424	55,272	51,685	40,058
EXPORT (TONNES):										
SUGAR	255,527	247,058	236,773	270,248	277,267	251,798	282,425	311,846	289,016	229,697
MOLASSES	18,976	15,543	61,320	78,473	63,642	56,439	82,576	76,726	83,974	71,071
SALES:										
DOMESTIC SUGAR ($M)	1,142	1,189	1,157	1,098	1,094	1,109	1,066	1,286	1,319	1,335
AVERAGEPRICE / TONNE($)	48,392	48,302	48,216	48,181	46,337	45,380	51,556	52,428	55,723	58,601
EXPORT SUGAR ($M)	21,920	19,284	19,818	23,657	22,106	20,287	22,562	25,094	25,288	21,324
AVERAGE PRICE / TONNE ($)	85,783	78,055	83,700	87,537	79,727	80,569	79,886	80,469	87,498	92,835
AVERAGE PRICE / TONNE (US$)	611	557	547	484	431	426	417	418	439	465
MOLASSES ($M)	818	453	580	448	669	1,330	1,177	1,373	1,265	1,637
AVERAGE PRICE / TONNE ($)	6,224	3,656	4,815	3,440	6,154	12,515	8,469	10,402	9,193	14,731
EXPENDITURE ($M)										
EMPLOYMENT COST	8,764	9,230	9,718	12,384	12,430	12,821	14,449	16,207	16,444	14,710
MATERIALS AND SERVICES	9,676	8,484	8,266	9,279	7,978	7,314	7,496	7,754	7,220	8,408
(LOSS) / PROFIT BEFORE TAX ($M)	674	680	860	2,073	61	(1,235)	(328)	(1,130)	1,220	(1,188)
(LOSS) / PROFIT BEFORE TAX AND LEVY	5,315	2,680	2,680	3,873	1,061	(1,235)	(328)	(4,006)	1,220	(1,188)
(LOSS) / PROFIT AFTER TAX($M)	224	228	271	1,258	(481)	(869)	(274)	(1,429)	261	(1,866)
(LOSS) / PROFIT AFTER TAX BEFORE LEVY	4,865	2,228	2,271	3,058	519	(869)	(274)	(4,305)	261	(1,866)
AVERAGE MID MARKET EXCHANGE RATE (G$ / US$)	140.50	140.13	152.94	181.00	185.00	189.38	191.27	192.33	199.28	199.75

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