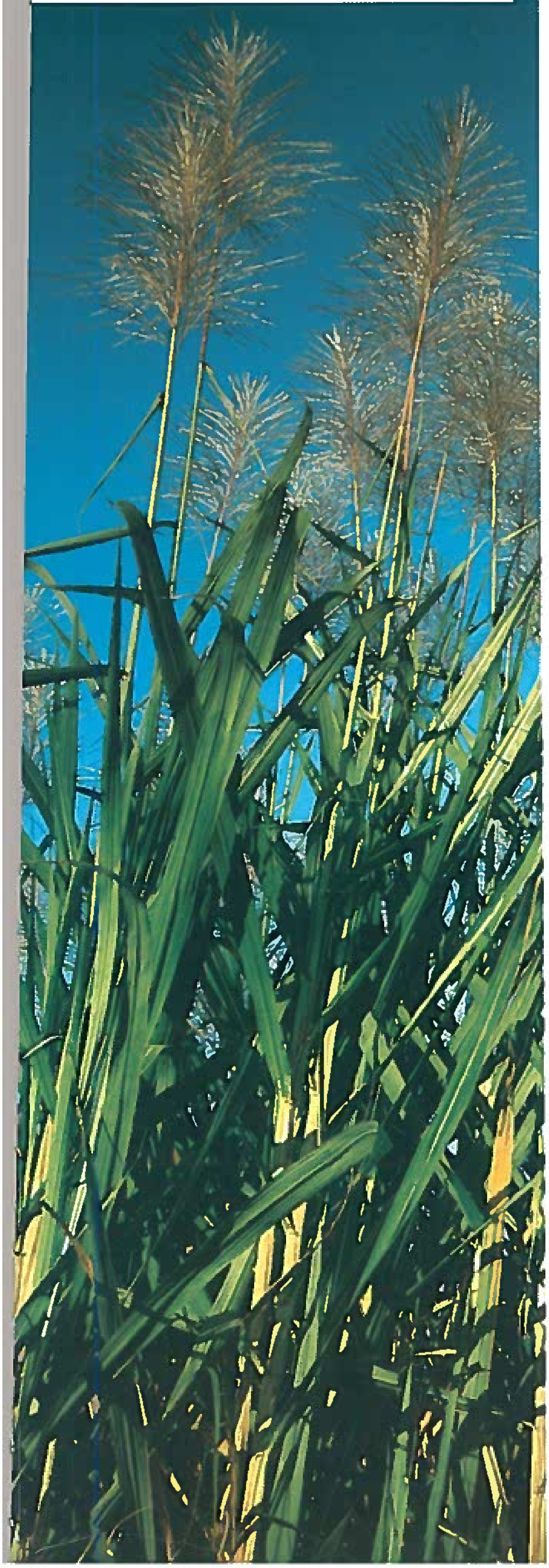

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Guyana Sugar Corporation Inc.
Annual Report 2006

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, A.A.
Chairman

Nicholas Jackson
Chief Executive

Dindyal Permaul
Chairman, Central Tender Committee

Rajendra Singh
Chairman, Remuneration Committee

Hubert Rodney
Chairman, Lands Committee

Donald Ramotar

Errol Hanoman

Roger Speddy

Auditors

The 2006 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, left to right:

Ronald Alli, A.A.
Roger Speddy
Rajendra Singh
Dindyal Permaul
Donald Ramotar
Hubert Rodney
Errol Hanoman
Nicholas Jackson

HIGHLIGHTS

Key Highlights

- A net operating profit before pension provision and taxation of $3.9 billion
- Turnover in 2006 increased to $32.4 billion, an improvement of 17% over 2005
- The Corporation in 2006 contributed $3,748M from its operating cash flows to the Skeldon project
- The Corporation borrowed US$25M in 2006 for working capital requirements which was fully repaid by 31 December
- The Guyana National Action Plan was produced and submitted to the EU Delegation in March
- The first cut in price for sugar delivered to Europe was felt in July with a 5% reduction
- Mean annual rainfall was 2281.1mm or 16% above the historical mean of 1966mm
- The Link Canal at Skeldon was initiated in the middle of the year and is expected to be completed towards the end of 2007
- Move away from crawler in field haulage units to wheel type tractors yielding higher levels of productivity at lower costs
- EU 50kg Bagged Demerara Gold direct consumption sugars expanded from 900 tonnes to 1,777.5 tonnes in 2006
- Two new retail packaged sugars, Demerara Brown and Demerara White were introduced towards the latter part of the year
- Demerara Gold sales increased from 3,857 tonnes in 2005 to 4,732 in 2006
- Another batch of 22 management trainees were recruited during the year
- The Central Laboratory was rated, in a report from the International Plant Analytical Exchange, to be within the group of top performing labs drawn from institutions around the world
- Oracle EBS has been fully licensed after negotiating directly with the Oracle Corporation
- The domain demeraragold.com was registered with ICANN for exclusive Guysuco use
- The SSMP contractor's Chinese workforce grew from 69 at the start of the year to 287 by December
- SSMP Pile fabrication and driving continued throughout 2006 and by the end of the year 3,188 of the eventual total of 3,374 piles had been driven
- 10 MW engine generators arrived by ship in the Berbice River and then travelled by barge to Skeldon

CHAIRMAN'S STATEMENT

Ronald Alli

The year 2006 reflected the versatility of the sugar industry with strong financial results – a net operating profit before pension provision and taxation of $3.9 billion (2005 - $264 million) on which taxation of $1.9 billion (2005 - $678 million) was incurred – although the production recovery was not strong given the poor growing conditions in 2005 and the increased levels of rainfall in Berbice in 2006 with sugar production of 259,549 tonnes (2005 – 246,071 tonnes). The factors influencing the results for 2006 are more fully discussed by Management in this Report.

2006 was also a year that saw significant change happening to the sugar industries of the World and of the ACP sugar producing countries in particular. It was confirmed that St. Kitts was one of the sugar growing countries that could no longer survive in the changing world of EU reform.

Change is the word on everyone's lips from the EU Commission, Fiji in the Pacific and all the way to Guyana in the Caribbean. The first change is the 5% cut that was felt in July that will ultimately result in a loss of price to the EU of 36%.

Guyana is one of the countries that believe that it has a future in sugar; it has developed a strong action plan that was submitted during 2006 to the EU for consideration. It includes within it much of the framework to carry the industry forward over the next several years.

It is focused on increasing revenues, reducing costs and cushioning the impact of the cuts on those affected.

The industry's plans to increase revenue are based on:

- Expanding production in line with new marketing opportunities to a level of approximately 450,000 tonnes.
- Adding value by producing direct consumption brown and refined sugars, branding and, packaging for retail.
- Expanding activities into non-traditional areas of co-generation, distillery and ethanol production.

Further, the industry is looking to adapt to the changes to become more mechanised, automated and integrated and with the expanded production, these measures are recognised as significant contributors to cost reduction.

The mechanisation will come from the development of chopper harvester compatible fields in Skeldon, developed to supply the new factory under construction with 350 tonnes of cane per hour, to the plans to convert Enmore Estate to a fully mechanised estate over the next 5 years. This will not only benefit the harvesting of the cane but will also accelerate the planting, tillage and other husbandry practices.

The automation will result in implementing solutions for process controls that are seen in other industries in the areas of juice management and pan boiling. Automation of the vacuum pans, that will be capable of consistently producing quality product, is currently being installed. Flow control of the juice to ensure better energy utilisation is also being introduced, making life easier for the chemists in the factory.

The business practices are also being automated with the expansion of the e-business suite, Oracle©, from just a financial package to full business integration. This will bring online HR, Marketing and Production all working together to bring better information for decision making to the Management of the Corporation.

2006 has been an immense challenge, but the EU and the world sugar markets continue to change. GuySuCo will be positioning itself to take full advantage of all of the technological advances in sugar and business systems available.

All aspects of the business need to change, right down to the attitude and work practices of every individual involved in the sugar industry.

We need to consolidate on the improvements in 2006 so that we can continue to build a vibrant and sustainable sugar industry for many years to come.

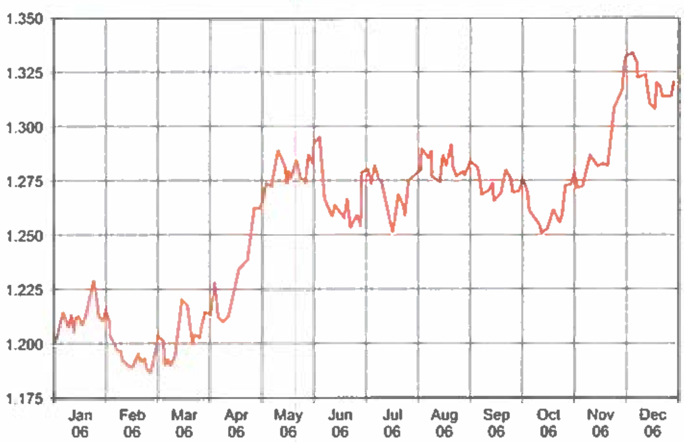
Chief Executive's Overview

Nick Jackson
Chief Executive Officer

Financial overview

The operating profit before defined benefit pension liability and taxation of $3.9 billion compared to a net operating profit of $264M in 2005. This represents a significant improvement on the 2005 result. After defined benefit pension liability and taxation, the net profit for the year was $514M compared with a loss of $1.9 billion in 2005. The defined benefit pension liability for the year was $1.4 billion and is a provision and does not represent an outlay of cash.

Daily Exchange Rates: U.S. Dollars per European Euro



Turnover in 2006 increased to $32.4 billion, an improvement of 17% over 2005. The increase was partially due to a significant increase in the Euro/$US exchange rate and improved prices obtained on our Caricom sales. Total sugar sales increased to 262,135 tonnes from 253,199 tonnes in 2005, of which 182,000 tonnes were sold to Europe and 22,400 tonnes to the USA.

Employment costs as a proportion of total costs was 54% and was the same in 2005. The Corporation in 2006 contributed $3,748M from its operating cash flows to the Skeldon project, which is an increase of $918M over the 2005 contribution of $2,830M.

Loading Punts with Cane

EU Changes

The Guyana National Action Plan was produced and submitted to the EU Delegation in March and was adjudged to be one of the best plans from the ACP countries. Guyana was subsequently awarded €5.66M for the year 2006 in accompanying measures.

The first cut in price for sugar delivered to Europe was felt in July with a 5% reduction.

General Operations

The year of 2006 was again a very tough year from the perspective of weather, where the mean annual rainfall was 2281.1mm or 16% above the historical mean of 1966mm. Production was reduced to 259,549t against a January Latest Estimate of 279,018t.

Chopper Harvester

Our safety standards improved with Albion factory winning the most improved factory award and Rose Hall winning the most improved Estate from within the Booker Tate managed estates worldwide.

The Link Canal at Skeldon was initiated in the middle of the year and is expected to be completed towards the end of 2007. This will ensure that the private cane farmers can transport their cane to the new factory.

Information Systems have been very active during the year with the payroll for unionised workers being computerised and tested at Blairmont. There has been investment in upgrading and installing redundant links between estates to ensure reliable and consistent communication.

DDL Court Case

Unfortunately the Court ruled in favour of Demerara Distillers Limited (DDL) in the action with regard to the joint venture between GuySuCo and Angostura. The Corporation has appealed the decision; however, this is expected to be a long drawn out process that could take 2-3 years to resolve.

Land Preparation - Tillage

Operations

Paul Worthington
Director, Operations

At best 2006 was always going to be a year of consolidation following on from the floods of 2005, but with the Berbice estates receiving twice the normal rainfall in January the year was always going to be "challenging".

The effects of the previous year's poor growing conditions and its effect on cane root development had a significant effect on cane yields which was neither reflected in the budgeted 315,171 tonnes sugar from a projected 3.5m tonnes of cane or even in the 2006 January Latest Estimate of 279,018ts from 3.22m tonnes of cane.

Consequently the first crop never delivered to expectation with only 90,352ts from 1.0354Mtc being produced compared with the expected LE production of 98,214ts. In the second crop, despite an excellent performance in the first half of the crop when 66% of the sugar was produced, the effects of industrial action (strikes due to wage negotiations that cost 7,400ts) and decreasing turn out led to a production of 169,198ts from 1.936Mtc compared to an LE of 180,806ts. This gave an annual production of 259,549ts from 2.975Mtc.

Although cane quality was generally in line with expectations it was the lack of plant cane resulting from work not undertaken in 2005 due to rain and the larger than expected ratoon yield declines that had the largest effect on production numbers. The budgeted industry cane yields were 73.78tc/ha with the LE at 70.66tc/ha but the final performances was closer to 63.07tc/ha. This prompted a massive rehabilitation programme and "back to basics" campaign which is expected to generate a 20% improvement in the second crop production in 2007.

Weather patterns also disrupted the land preparation programmes throughout 2006 and only 79% (8,328ha) of the planned 10,565ha was achieved and with only 90% (9,544ha) of planned replanting undertaken land taken out of fallow as a short term policy to maximise on the land available to harvest in 2007.

Despite these problems some notable achievements were made in terms of laying the foundations for a fundamental change in agricultural practices which would reverse the previous 4 year decline in the general industry's performance and bring the Estates back in line with the expectations of the Agriculture Improvement Plan (AIP). These included:

a) A review of the hectares under different cane varieties, the introduction of primary and secondary nurseries on the estates to achieve the presence of true stands of seed cane and a full review of the blocking systems used.
b) The fast track development of new varieties like DB 9633 containing higher sucrose contents
c) A concerted effort to convert field layouts to accept mechanised harvesting.
d) A defined move away from crawler in field haulage units to wheel type tractors yielding higher levels of productivity at lower costs.
e) The removal of rats as a pest from the Skeldon, Albion and Blairmont cultivations
f) The introduction of policies and systems that went back to basics that held Management accountable for the results achieved.

Factory Operations - Milling Train

With respect to factory operations, and despite most of the available capital funding in 2006 being targeted at agricultural infrastructural works and the move to wheeled type, rather than tracked, tillage equipment; there was a concerted effort made to improve the longer term maintenance planning within the factories. This was aimed at improving plant reliability, the commencement of replacing obsolete early PLC controllers and providing the essential boiler plant and milling spares required to improve steam generation and recoveries. This work will also start to position the factories to take off the expected higher cane production tonnages post 2008 as the AIP starts to significantly improve cane quantities and before the Factory Improvement Plan (FIP) comes into effect.

Spreading Filter Mud

One key aspect of the problems faced by the industry was the significant number of Senior Manager resignations and their emigration from the country and the subsequent depletion of skills and competencies. In addition, decreasing labour availability and especially decreases in labour productivity were experienced during the year. This has led management to move more quickly down the mechanisation route with land conversions, semi mechanised planting and harvesting including the quadrupling of the mechanical Cane Loader fleet planned by the start of 2008.

2006 was the reversal of 4 years of progressive decline in the industry and provided labour productivities and attendance improves in line with cane supplies then the potential of the Revised AIP can be realised. However, the ability to take off future larger crops will be dependant on the cane being supplied to the factories in a timely manner. The year's performance, where effectively factories operate for around 70% of the available time, is unsustainable.

Irrigating Plant Cane

Initial indication shows that 2007 will be a better year than 2006 despite not achieving the field rehabilitation programmes. However, the cane must be delivered to the factories to reverse the decreasing trend in grinding hours per week. If not reversed it will not allow the delivery of the sugar projected within the AIP.

Finance

Paul Bhim
Director, Finance

Computerisation

With the implementation of Oracle financials software across the industry in 2005, fine tuning of the system was carried out in 2006. Additionally, Oracle fixed assets was implemented and fully integrated with financials in 2006. Plans were also put in place for Low Value Purchase Orders to be automated on Oracle financials and to be implemented in 2007. This would ensure that there is visibility of all purchases across the industry. Data capture and input for the Accounts Payable system, which was previously centralized, is now decentralised with all locations across the industry given responsibility for these key tasks. This has assisted in managing our cash flows and also facilitated a quicker turnaround time for suppliers' invoices.

We continued to work with all the local banks and several foreign banks to ensure that our financing needs were satisfied. In this regard the Corporation borrowed US$25M in 2006 for working capital requirements which was fully repaid by 31st December. ING bank of the UK provided US$15M with a consortium of local banks advancing a further US$10M. The Corporation's London brokers C. Czarnikow Sugar Limited, through their UK bankers, also provided short term working capital (7-14 days) which was secured against bills of lading from its European shipments.

As far as possible, the Corporation sought to maximise on the proceeds received from the sale of its Euros for $US. Working closely with two foreign banks, namely ING of the UK and Bank of Nova Scotia in Canada, the Corporation continued its policy of hedging a portion of its Euro proceeds with simple forward hedges. Hedging ensures certainty of income and greatly enhances planning in the organisation, particularly when cash flows are limited. By hedging only a portion of the Euro receipts, advantage can be taken on maximising the Corporation's US$ proceeds received from the sale of the un-hedged portion.

In the procurement area, the competitive tendering process aided in keeping the Corporation's material services costs down particularly in a period when the costs of some of the Corporation's key inputs such as fuel, fertilisers and chemicals increased significantly.

The Procurement Policy Manual was updated during the year to reflect, as far as possible, compliance with the Procurement Act, 2003.

Marketing & Trade

Nisa Surujbally
Director, Marketing and Trade

Guysuco met its EU and US bulk sugar commitments and continued to supply direct consumption sugars in Caricom and locally in both bagged and packaged forms.

Highlights of the markets supplied in 2006:

EU Sugar Protocol - 173,554 tonnes of bulk sugar. This included shortfall re-allocations of approximately 3,000 tonnes for the 2005/2006 delivery year.

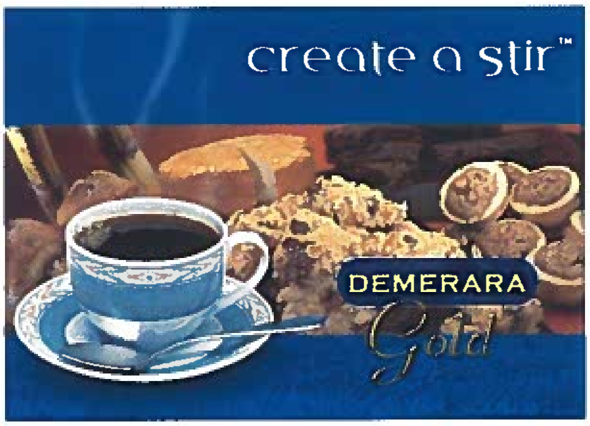
GuySuCo's GuyExpo Booth

EU Special Preferential Sugars (SPS) - 6,885 tonnes bulk sugar. The SPS market was officially closed on June 30, 2006 and replaced by the Complementary Quantity (CQ). A CQ Monitoring Body has been convened and a formula derived for allocations of the CQ. Guyana was grouped with five other good performing countries (G6) which have an initial allocation of 100,000 tonnes to be shared equally.

EU 50kg Bagged Demerara Gold -- The new market which was developed in 2005 in the EU for direct consumption sugars expanded from 900 tonnes to 1,777.5 tonnes in 2006. The Corporation is positioning itself to take advantage of value added opportunities in the EU when new trading arrangements under the Economic Partnership Agreement (EPA) comes into effect in 2008.

US Quota - 22,400 tonnes of bulk sugar. Guyana benefited from increased quota due to hurricane destruction of the US sugar crop. The initial quota of 13,953 tonnes was increased to 21,561 tonnes for the 2005/2006 delivery year. The 2006/2007 quota (estimated at 12,000 tonnes) is scheduled to be delivered in 2007.

Caricom/Regional - Sales of direct consumption sugar in 50kg bags in Caricom were relatively low as compared to sales in previous years and amounted to 32,022 tonnes. This was not a reflection of reduced demand but rather of the inability to supply. The assessed demand was in excess of 80,000 tonnes. Bagged sugar was exported to fifteen countries, ten Caricom states plus five of the smaller regional states.



Packaged Sugars – Two new retail packaged sugars, Demerara Brown and Demerara White, were introduced towards the latter part of the year in response to market demand. The packaged sugars are manufactured in compliance with the Quality Management System of ISO 9001 2000, which reflects the Corporation's commitment to high quality standards and customer satisfaction.

Demerara Gold sales increased from 2,945 tonnes in 2005 to 4,732 in 2006. Demand is outstripping supply and the Corporation will address expanding its capacity to produce packaged Genuine Demerara Cane Sugars with the upgrading of the Enmore factory and construction of an 80,000 tonne capacity packaging plant. This project is expected to be funded by the EU from the Accompanying Measures sought in Guyana's National Action Plan to mitigate the effect of the price cuts.

Customer Satisfaction – Market research and intelligence are now integral elements of the Corporation's portfolio. In 2006, the Corporation commissioned and completed studies on its Shipping and Logistics Operations, the quality of service provided to the Enmore local bagged customers and the performance of GuySuCo's local distributors of Demerara Gold. The findings and recommendations of these studies have been taken on board to improve the quality of service to the Corporation's customers.

Human Resources

Jairam Petam
Director, Human Resources

Industrial Relations

204 strikes were recorded in 2006, which was the 3rd lowest for the past 6 years. However, man days and wages lost were the highest for the same 6 years. Agriculture piece rated workers continue to demand exorbitant extras for obstacles that resulted in work stoppages and refusal to take up work. The participation in some of the strikes especially the strikes involving the protest action on all estates over the Corporation's wages offer for 2006, and the strikes at Skeldon and Blairmont for a reduction in the weekly targets accounted for a total of 88,478 man days.

The comparative analysis of the strikes for 2003 – 2006 is as follows:

A total of 107 days pay, or an average of 13 per factory, were awarded as weekly production incentive to all qualified employees for both crops during the year. In addition, an average Annual Production Incentive (API) of 10.47 days was awarded for the year.

Year	2003	2004	2005	2006
Work Stoppages	202	226	160	204
Mandays Lost ('000's)	53,3	82,2	83,3	117,8
Wages Lost ($M's)	91.8	127.4	149.6	204.0

The Corporation awarded a wage and salaries increase of 5½% to all unionised workers for the year.

Training and Development

During the year, 18 cadets returned to the Corporation after completing their degrees and diplomas at the University of Guyana (UG) and Guyana School of Agriculture (GSA), respectively. One cadet returned from an overseas cadetship. 8 awards were made for staff to attend UG and GSA for 2006.

8 staff graduated from the Faculty of Technology, UG, with a certificate in General Engineering.

44 students from the secondary, tertiary and vocational educational institutions benefited from work-study attachments at the Corporation's Head Office and its estates.

CXC bursaries to a tune of $1,980,000 were awarded to qualified children of employees on the estates and head office.

Apprentices at GTC/PM

A batch of 22 management trainees in cohort 2, recruited during the year, complemented the 22 in cohort 1 that were recruited in the previous year.

48 apprentices were enrolled at the GTC/PM, and 43 graduated during the year.

Personnel

Mr. Michael Harris left the organisation and Mr. Jairam Petam, formerly IR Director, was appointed as Human Resources Director. The opportunity was taken to merge the two departments of IR and HR under the new leadership of Mr. Petam.

Staff Movement during the Year

Details	No. of Persons
Appointments	24
Promotions	65
Transfers	21
Resignations	30
Other departures, including retirements.	10

High staff turnover continues to pose a major challenge to the management of the human resources function. Increased dependence on internal promotion and external recruitment to fill vacancies resulted in appointees being in critical positions without the necessary experience and competencies. In the circumstance, greater emphasis on internal managerial and technical training is being pursued to narrow the gaps in experience and competencies deficiencies.

In 1st January 2006, the Corporation introduced its defined contribution scheme for all new members of senior management.

Management Trainee Induction

Agriculture Research

Dr Harold Davis
Director, Agriculture Research

Weather

2006 was a wet year following the very wet 2005. Mean annual rainfall was 2281.1 mm, 16% above the historical mean of 1966 mm.

Individual Estate Annual Rainfall

Estate	Annual Rainfall 2006	Annual Rainfall 2005	50+ year Annual Rainfall
Skeldon	1338.1	1632.3	1610
Albion	2022.0	2349.9	1698
Rosehall	2153.8	2404.0	1909
Blairmont	1863.9	2399.8	1793
Enmore	2332.6	2425.9	1900
LBI	2165.1	2689.1	1956
Wales	2759.8	3349.4	2214
Uitvlugt	3165.7	2627.1	2651
Industry	2281.4	2484.7	1966

All estates experienced weather wetter than normal weather, except Skeldon where rainfall was less than the historical mean. A significant event was again (like 2005) intense rainfall during January that was for most of the Berbice estates (415 mm) more than twice the historical mean for the month. January rainfall in Demerara was also very high at 552 mm. There were periods of flooding in East Berbice where the drainage infrastructure could not cope adequately with the intensity of rainfall. Drier weather from February to April permitted alleviation of waterlogged conditions and facilitated tillage and operations in March and April. Mid-year rainfall was heavy in May and June. Fair weather that prevailed from August was interrupted by unseasonable showers in October that disrupted the progress of tillage towards the end of the season. Uitvlugt estate experienced over 3m of rain and remained wet and waterlogged for the greater part of the year. Considerable effort will be required to restore this estate to its former levels of productivity. Moderate rainfall was experienced in December

Variety Development

352 crosses were achieved in the Demerara Crossing programme. Fuzz for 166 DB families were also imported from the WISCBS.

Family selection that was introduced into the ARC procedures from 2005 has demonstrated the potential for identifying clones with previously unattainable quality in Guyana conditions. Mean family brixes in stage 1 selections range from 17.2º –24º. High Quality imports from the WI programme expressed brix values ranging from 25º to 27º in Guyana's coastal environment. WI 87718 a MPC variety with fibre contents approximately 19% -20% was advanced to commercial Stage IV evaluation. This variety also has been indicated to be above average Pol% cane. Varieties from the D 98 and D 99 crossing programmes have been indicated to be potentially outstanding at Stage IV

Stricter monitoring of the variety extension and programmes for distribution of varieties within individual estates has been implemented. Good

WI 87718

Mobile Transporter

progress has been made with establishment of secondary nurseries on all estates, to ensure that objectives are met for pure variety extension into seed fields. Commercial seed blocks planted from these have shown early indicators of good germination and rate of development.

Other Research Highlights

Engineering: A billet cane elevator and self-discharging infield trailer unit adapted from a North Queensland machine in collaboration with the designer and ARC/Booker Tate engineers was fabricated by ECI under ARC supervision and tested at Skeldon. The machines are linked in cane delivery and performed to the specification set and was several orders of magnitude faster than the previous operating mode based on a grab transloader.

It could not, however, operate as a mobile unit as a result of the uneven nature of the dams. A stationary elevator powered independently from the trailer was demonstrated to be a practical alternative. Units on this concept will form the central cane delivery system for combine harvesting in Guyana.

Pests & Diseases: Infield parasitism of Diatrea sp by Cotesia flavipes was above 20% throughout the year. The early threat of potential rodent infestation of near epidemic proportions at Skeldon was averted

Tip mechanism to Elevator

by concerted action by the agriculture team with the advice and support from the ARC. Similar problems at Blairmont during the early months of the year were brought under control by the end of July, 2006.The level of awareness of the threat posed by rodents and the importance of an integrated strategy involving surveillance, cultural and baiting has been raised across the industry. Compilation of a rodent control manual incorporating the combined experience of ARC members and estate management commenced.

Weeds: Introduction of Imazapyr to chemical weed control at Uitvlugt/ Leonora has impacted positively on the management of tanner grass in clogged infield drains and spread of the weed infield. Mr. Dyndial Bishundial, Weeds Agronomist, suffered a

Collecting Planting Material

major coronary attack in March, 2006. His recovery has been slow but it is hoped that he will recover sufficiently to resume normal activities. Mr. Bishundial is acknowledged to be one of Guyana's leading scientists in this subject matter.

Chemistry: The Central Laboratory performed 60,162 analyses on 13,586 samples, a significant increase on the 38,740 analyses in 2005. A robust methodology has been developed for the analyses of lead and heavy metals in sugar. The 2005 Report from the International Plant Analytical Exchange was very favourable to the Central Laboratory. The laboratory's repeatability and accuracy on 10 elements placed it well within the group of top performing participating drawn from institutions around the world. The unit resumed the evaluation of lead-free Octapol against lead sub-acetate to clarify process stream materials (juice, syrup and molasses) prior to sugar analysis by HPLC. Unfortunately, this activity had to be curtailed because of data acquisition and output handling problems. The laboratory, in collaboration with the Chemistry Department of the University of Guyana commenced the development of its capability to determine the cellulose, hemicellulose and lignin content of bagasse from all the industry's commercial sugar cane varieties, as well as "multipurpose" and "fuel cane" varieties, as part of a wider study aimed at assessing indirect energy generation and biofuel potential.

The Central Laboratory commenced development of a quality manual as part of its quality management system, in conformity with the ISO 17025 standard that specifies the "General Requirements for the Competence of Testing and Calibration Laboratories". Technical assistance was sought from the Guyana National Bureau of Standards (GNBS) as necessary.

Environment: The Department concluded successful negotiations with the Guyana Environmental Protection Agency to reduce the rigour of the water quality monitoring requirement in the new Environmental Permit issued for the Agrochemical Waste Treatment Plant at the Aircraft Department, Ogle Aerodrome by the agency in 2006. The negotiations were based on a review of the water quality data obtained for the period 1998-2005, during which the first permit was in effect. The emergency response plan for the treatment plant was completed, pursuant to the environmental permit, with the approval of the agency.

Ripener chemicals: During 2006 a third trial was established to evaluate Touchdown IQ (monopotassium glyphosate 50% SL) in paired comparisons with the regular Touchdown (glyphosate trimesium) and Roundup Ultra. Two trials were conducted simultaneously at Blairmont and Albion estates respectively during the 2nd crop. The results of the trials indicated significant cane ripening response at both locations for all three ripener chemicals used. Roundup Ultra consistently gave the highest response followed by Touchdown and then Touchdown IQ. In both trials it was observed that juice quality peaked at around 48-49 weeks. Based on the results obtained from all trials conducted so far, Roundup Ultra gave the greatest ripening response and would appear to be a more suitable replacement for Touchdown than the new chemical Touchdown IQ.

Boom Spraying

Plant growth regulators: Ethrel impact field studies commenced in the second quarter of the year. Cane and sugar yield data were received for fields, which received application of Ethrel in the first crop of 2005. The objective of the study was to determine the effectiveness of Ethrel application in combating potential yield losses in older ratoon cycles, which may have suffered some form of stress such as insect damage and whose stalk population may have been considerably reduced.

Land and soil management: Increased occurrence of potash deficiencies in foliar samples from Corentyne series soils has influenced the introduction of potash fertiliser to all cycles growing on these soils. Monitoring of the reduced tillage evaluations continued with two trials at Le Resouvenir (LR), LBI and an observation area at Manarabisi (MRP), Skeldon. Unfortunately the trial areas at LBI were subjected to an extended period of flooding in 2005. The LBI trials evaluated a range of reduced tillage systems including no-till, strip-till and full-width tillage in reduced and conventional forms. There was no adverse effect on the soil's physical structure as measured by soil dry bulk density in the 15 cm topsoil in the first ratoon cycle. The bulk densities in the inter-rows were significantly higher than within the rows. Plant and first ratoon cane yields were extremely low but not significantly different for the various treatments. Soil physical and chemical indices and growth data from cane crops following cowpea fallow have been very encouraging.

Information Systems

E. Vijayan
Director, Information Systems

The key milestone for 2006 was the development of a long term Information Systems (IS) Strategy in line with the Corporation's vision and current operational scenario. This was approved by the Board of Directors in April.

Based on the Strategy above, a five year IS Implementation Plan (2006-2010) was formulated and approved by the board in July. This document is a high level plan; but gives programme wise, cost wise and department wise breakdowns. Total estimated cost for the 5 year plan is US$ 4.5M. The cost includes Oracle e-Business Suite (EBS) licensing and implementation costs, including hardware and network upgrade costs.

Oracle EBS has been fully licensed after negotiating directly with the Oracle Corporation for phased interest free payment schedules. A business process fitness study as a prelude to implementing EBS has been finalised at highly lucrative rates by breaking the problem of only one company bidding for the business thereby making large savings.

Some elements of the planned network upgrade are already in operation. The Corporation's head office, located at its Ogle Estate, now has a redundant link with the Information Systems Department, located at Camp Street, Georgetown, and the West Demerara Estates (WDE) have been provided with much better communication facilities as a result. It is also noteworthy that the network upgrade will be done using wireless Ethernet technology as opposed to the microwave links used by the Corporation so far, reducing the costs by a factor of four.

The preliminary in house work for implementing EBS is nearing completion as far as Accounts Receivable, Sales and Shipping and HR. Project Managers have been nominated for each of the modules.

Preliminary work for an Agricultural Management System (AMS) as an extension and replacement to the existing Field Reporting System is making smooth progress. Discussions were held with an overseas vendor in November, who could be the potential designer/developer.

Existing Microsoft exchange server mail software has been used to provide a "Public Folder" service. It is being used as a collaboration and document management solutions. Its usage is catching on and will be monitored to determine if this will avoid the purchase of a costly document management system.

A performance management monitoring system for all departments using the services of Information Systems has been developed based on user complaints, response and resolution times.

Pay Roll implementation is 90% complete at Blairmont, the test site, and 45% complete on other estates. Though not part of the original plan, an electronic data transfer system for data exchange with NIS has been tested. Apart from manpower savings, this could result in a better service from NIS for retiring employees. Data transfer to banks has also been tried at Blairmont. This will reduce the amount of translation errors between all parties to the benefit of both the Corporation as well as the employees.

The domain **demeraragold.com** was registered with ICANN for exclusive Guysuco use in June as part of the roll out of the branding for the retail products.

Herdmanston House was provided with a wireless link to the internet and GuySuCo's network. This low cost solution is a marriage between GT&T's DSL service and the Corporation's wireless technology. Thus, DSL is accessed on wireless.

An Information Systems Department User Manual has been developed and is available online on the GuySuCo intranet.

The Information Systems services were used extensively by external agencies, some examples of which are:

- Support to Office of the President (Information Liaison) for formulation of the National IT Strategy-ICT4Development.
- IS Director also undertook an IT Review of the GRA on behalf of the Inter American Development Bank in November.
- IS Department was also involved in support of projects related to Cricket World Cup, 2007.

Communication Tower at ISD, Camp Street

Company Secretary/Legal

Bibi Shabena Ali
Company Secretary

In 2006, the Corporation agreed land sales valued at G$28M.

In an effort to ensure compliance with the Procurement Act, 2003, the Corporation, in January, 2006 embarked on a revision of its Procurement Policy Manual. Consultations were held on all the Estates and Head Office in an effort to ensure, inter alia, transparency across the industry.

In the area of Trademark Registration, the Corporation continued its efforts to register the name "Demerara Gold" in the EU, North America and the Caribbean Region. Oppositions were filed in Canada and the United States of America, which are being defended by the Corporation.

Unfortunately, in May, 2006, Demerara Distillers Limited (DDL) obtained from the High Court a Prohibitory Order against the Corporation. The order prohibits the Corporation from entering into any joint venture partnership as it relates to the commitment or sale or supply of its molasses without first offering same to DDL. The Corporation has since appealed the decision and is currently awaiting a date for the hearing of this appeal.

Towards the end of 2006, the Corporation undertook a revision of its Disciplinary Procedures and Code to ensure consistency with the Termination of Employment and Severance Pay Act, 1997.

A Procedure for Document Control was also completed and approved by the Board of Directors.

2006 also saw the resignation of the Company Secretary, Mrs. Adreana De Souza – Pompey. Mrs. De-Souza – Pompey served in this capacity from 2001. The Corporation records it appreciation for her significant contributions over the years. Ms. Bibi Shabena Ali, formerly Assistant Company Secretary, was appointed Company Secretary by the Board of Directors in September, 2006.

Skeldon Sugar Modernisation Project

Paul Hough
Project Director

Agriculture

The clearing of bush and the construction of drainage infrastructure in the new cane lands continued throughout 2006 in Blocks 2, 3, 10 and the conservancy. By the end of the year 64% of the new areas had been empoldered and 61% cleared. These predominantly dry weather operations were interrupted by the seasonal onset of the two rainy seasons.

72% of the new sidelines drains were completed and 81% of the new navigation canals. This included the survey and partial construction of the link canal to connect the Moleson Creek farmers to the estate navigation system.

The first length of canal revetment was started at the end of the year and a small length of trial road surfacing was completed (4% of total). Road building materials were stockpiled for future use.

Land preparation and planting, which follow on from the bush clearing and excavation works, continued in Block 2 with 19% of the total expansion planting being completed by the end of 2006.

Land Clearing at Skeldon

Procurement activities for the provision of CDB funded infrastructure and agriculture equipment continued throughout the year. Equipment with an aggregate value of US$ 8.3 m was delivered during the year and included drainage pipes, drainage and irrigation pumps, hydraulic gates, tractors, scrapers, vehicles, cane loaders and cane punts. This represents the delivery to date of 58% of the project equipment to be funded by CDB.

Factory

The contractor's Chinese workforce grew from 69 at the start of the year to 287 by December. These are housed in pre-fabricated site accommodation units brought from China and assembled at site. There has been no significant negative impact on the local community from the influx of a large team of foreign workers and many traders and establishments, both in Corriverton and in Georgetown, have benefited from supplying the workforce with foodstuffs and industrial supplies. A local Guyanese workforce of around 100 has been established to support the skilled and semi-skilled Chinese workers.

A stock of prefabricated concrete piles that had been accumulated during the last quarter of 2005 was used to start pile driving in the first few weeks of 2006. Pile fabrication and driving continued throughout 2006 and by the end of the year 3,188 of the eventual total of 3,374 piles had been driven. The large quantities of sand, stone and cement required to fabricate the piles and the foundations presented a considerable supply and logistics challenge to the site works contractor at a time when there was a larger than normal volume of civil construction work proceeding in Guyana and across the Caribbean region.

Process House under Construction

May 2006 saw the first deliveries of new factory equipment with the 10 MW engine generators arriving by ship in the Berbice River and then traveling by barge to Skeldon. Further equipment arrivals were offloaded at GuySuCo's Providence wharf before being trucked to Skeldon. This required the movement of large volumes of equipment by the public roads and took place without any serious disruption or incident.

Early in the year the first main factory structures were erected to support the new boilers and this was soon followed by the diesel power house structures. By the end of 2006 erection work was in progress on all fronts and the boilers were in the advanced stages of construction.

Throughout the year, the project team worked with the Community Development Carbon Fund of the World Bank to prepare the validation documentation to enable the project to be registered under the Clean Development Mechanism of the Kyoto Protocol for the purposes of selling Certified Emissions Reductions.

Steam Boilers under Construction

REPORT OF THE DIRECTORS

For the year ended 31st December, 2006

The Directors of Guyana Sugar Corporation Inc. present their report together with the Audited Financial Statements for the year ended 31st December, 2006.

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 25-50.

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 42. 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 for which both fixed and results-related fees are payable. 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 42 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 of, 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 holdings.

(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, 2006

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 which includes financial, agricultural and factory.

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

During 2007 the European Union signaled its intention to denounce the Sugar Protocol in its market access offer. It was anticipated that the negotiations of the Economic Partnership Agreement (EPA) that would come into effect from January 1, 2008 would have been successfully concluded and a joint statement on the Sugar Protocol thereafter declared, however, the mechanism that will transpose the benefits of the Sugar Protocol into the EPA is not yet finalised.

The result is that, what was once a straight forward ACP Agreement for the sale of raw sugar will now be fragmented to bilateral commercial contracts.

The Corporation is therefore assessing all the options going forward in what appears to be an open market for sugar trade in the European Union after 2015.

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 years 2005 and 2006 this activity was sub-contracted to Deloitte and Touche.

BY ORDER OF THE BOARD

....

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, 2006

Report on the Financial Statements

We have audited the accompanying financial statements of Guyana Sugar Corporation Inc., which comprise the balance sheet as at 31 December 2006 and the income statement, statements of changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 25 to 50.

Directors'/Management's Responsibility for the Financial Statements

The Directors/ Management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view, in all material respects of the financial position of Guyana Sugar Corporation Inc. as at 31 December 2006 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

The financial statements comply with the requirements of the Companies Act 1991.

Deloitte & Touche

....
DELOITTE & TOUCHE
CHARTERED ACCOUNTANTS

10 October 2007

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 2006

Chartered Accountants, Deloitte & Touche, have audited on my behalf the financial statements of Guyana Sugar Corporation Inc. for the year ended 31 December 2006, as set out on pages 25 to 50. 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 25 to 50 present fairly, in all material respects, the financial position of the Guyana Sugar Corporation Inc. as at 31 December 2006, and of its financial performance and cash flows for the year then ended in conformity with International Financial Reporting Standards and the Companies Act 1991.

....
D.Sharma
Auditor General (ag.)

Audit Office
63 High Street
Kingston
Georgetown
Guyana.

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2006

	NOTES	COMPANY		GROUP	
		2006	2005 Restated	**2006**	2005 Restated
		$M	$M	**$M**	$M
ASSETS					
Non current assets					
Property, plant and equipment	3	**89,078**	78,698	**89,078**	78,699
Deferred tax asset	4	**6,909**	6,108	**6,911**	6,110
Investments	5.1	**66**	78	**66**	78
Investment in subsidiary	5.2	**35**	27	**-**	-
Total non current assets		**96,088**	84,911	**96,055**	84,887
Current assets					
Inventories	6.1	**3,502**	2,793	**3,502**	2,793
Standing cane	6.2	**6,179**	4,755	**6,251**	4,784
Product stock	6.3	**1,413**	1,417	**1,413**	1,417
Trade receivables		**728**	1,491	**719**	1,491
Other receivables		**609**	560	**609**	560
Prepayments		**333**	360	**333**	360
Taxes recoverable		**-**	-	**10**	10
Cash and cash equivalents	7	**6,797**	11,528	**6,833**	11,563
Total current assets		**19,561**	22,904	**19,670**	22,978
TOTAL ASSETS		**115,649**	107,815	**115,725**	107,865
EQUITY AND LIABILITIES					
Shareholder's equity					
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	**106**	118	**106**	118
Retained earnings		**(1,842)**	(2,318)	**(1,817)**	(2,318)
		60,270	59,806	**60,295**	59,806
Minority interest	5.3	**-**	-	**60**	47
Total equity		**60,270**	59,806	**60,355**	59,853
Non current liabilities					
Deferred tax liability	4	**10,689**	8,564	**10,714**	8,574
Borrowings	10.2	**18,505**	15,585	**18,505**	15,585
Employees retirement benefits	12	**18,847**	17,448	**18,847**	17,448
Total non-current liabilities		**48,041**	41,597	**48,066**	41,607
Current liabilities					
Trade payables		**2,932**	2,656	**2,947**	2,671
Other payables		**512**	395	**512**	395
Related parties	11.1	**1,604**	1,475	**1,539**	1,444
Taxes payable		**2,096**	1,742	**2,112**	1,751
Borrowings	10.1	**194**	144	**194**	144
Total current liabilities		**7,338**	6,412	**7,304**	6,405
TOTAL EQUITY AND LIABILITIES		**115,649**	107,815	**115,725**	107,865

The Board of Directors approved these financial statements for issue on 9th October 2007.

.... Director

.... Director

The accompanying notes on pages 29 to 50 form an integral part of these financial statements

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2006

	NOTES	COMPANY		GROUP	
		2006 **$M**	2005 Restated $M	**2006** **$M**	2005 Restated $M
Revenue	13	**32,495**	27,781	**32,495**	27,781
Cost of sales		**23,122**	22,186	**23,038**	22,170
Gross profit		**9,373**	5,595	**9,457**	5,611
Other income		**869**	345	**872**	347
Administrative expenses		**(3,168)**	(2,654)	**(3,184)**	(2,671)
Marketing and distribution expenses		**(3,071)**	(2,871)	**(3,071)**	(2,871)
Operating profit		**4,003**	415	**4,074**	416
Finance cost		**(183)**	(152)	**(183)**	(152)
Employees retirement benefits	12.2	**(1,399)**	(1,452)	**(1,399)**	(1,452)
Income from subsidiary		**8**	1	**-**	-
Profit/(loss) before tax	14	**2,429**	(1,188)	**2,492**	(1,188)
Taxation	15	**(1,953)**	(678)	**(1,978)**	(678)
Profit/(loss) for the year		**476**	(1,866)	**514**	(1,866)
Attributable to:					
Equity holders of the parent		**476**	(1,866)	**501**	(1,867)
Minority interest	5.3	**-**	-	**13**	1
Profit/(loss) for the year		**476**	(1,866)	**514**	(1,866)
Earnings/(loss) per share	20	**0.04**	(0.17)	**0.05**	(0.17)

The accompanying notes on pages 29 to 50 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT DECEMBER 31, 2006

COMPANY 2006

	NOTES	Stated Capital $M	Revaluation Reserve $M	Other Reserves $M	Retained Earnings $M	Total Equity $M
Balances at January 01, 2006		10,800	51,206	118	(2,318)	59,806
Retained Profit for the year		-	-	-	476	476
Revaluation of Investment		-	-	(12)	-	(12)
Balances at December 31, 2006		10,800	51,206	106	(1,842)	60,270

COMPANY 2005

	NOTES	Stated Capital $M	Revaluation Reserve $M	Other Reserves $M	Retained Earnings $M	Total Equity $M
Balances at January 01, 2005		10,800	51,206	87	2,786	64,879
Prior period adjustment	19	-	-	-	(3,238)	(3,238)
Balances at January 01, 2005 as restated		10,800	51,206	87	(452)	61,641
Loss for the year		-	-	-	(1,866)	(1,866)
Revaluation of Investment		-	-	31	-	31
Balances at December 31, 2005 as restated		**10,800**	**51,206**	**118**	**(2,318)**	**59,806**

GROUP 2006

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
Balances at January 01, 2006		10,800	51,206	118	(2,318)	59,806	47	59,853
Profit/(loss) for the year		-	-	-	501	501	13	514
Revaluation of investment		-	-	(12)	-	(12)	-	(12)
Balances at December 31, 2006		10,800	51,206	106	(1,817)	60,295	60	60,355

GROUP 2005

	Notes	Stated Capital $M	Revaluation Reserve $M	Other Reserves $M	Retained Earnings $M	Total $M	Minority Interest $M	Total Equity $M
Balances at January 01, 2005		**10,800**	**51,206**	**87**	**2,787**	**64,880**	**60**	**64,940**
Prior period adjustment	19				(3,238)	(3,238)		
Balances at January 01, 2005 as restated		**10,800**	**51,206**	**87**	**(451)**	**61,642**	**60**	**61,702**
Loss for the year		-	-	-	(1,867)	(1,867)	1	(1,866)
Dividends paid to minority interest		-	-	-	-	-	(14)	(14)
Revaluation of investment		-	-	31	-	31	-	31
Balances at December 31, 2005 as restated		**10,800**	**51,206**	**118**	**(2,318)**	**59,806**	**47**	**59,853**

The accompanying notes on pages 29 to 50 form an integral part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2006

	COMPANY		GROUP	
	2006	2005 Restated	2006	2005 Restated
	$M	$M	$M	$M
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit /(loss) before taxation	2,429	(1,188)	2,492	(1,188)
Adjustments for:				
Depreciation	2,044	1,734	2,044	1,738
Loss on disposal of property, plant and equipment	26	95	26	95
Net interest	(213)	70	(213)	70
Income from subsidiary	(8)	(1)	-	
Operating profit before working capital changes	4,278	710	4,349	715
Decrease/(Increase) in inventories	(709)	261	(709)	261
Increase in standing cane	(1,424)	(324)	(1,467)	(289)
Decrease in product stocks	4	183	4	183
Decrease in accounts receivable and prepayments	741	280	750	280
(Decrease)/increase in accounts payable and accruals	393	(1,007)	393	(1,007)
Decrease in amounts due from related parties	-	4	-	-
(Increase)/decrease in amounts due to related parties	129	(19)	95	(50)
Increase in defined benefit pension liability	1,399	1,452	1,399	1,452
Cash generated from operations	4,811	1,540	4,814	1,545
Interest paid	(313)	(100)	(313)	(100)
Taxes paid	(275)	-	(275)	(20)
NET CASH FLOWS FROM OPERATING ACTIVITIES	4,223	1,440	4,226	1,425
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	526	30	529	30
Purchase of property, plant and equipment	(12,450)	(8,961)	(12,405)	(8,961)
Dividends received from investments	-	9	-	-
Dividends paid to minority interest	-	-	-	(14)
Proceeds from disposals	-	11	-	11
NET CASH FLOWS FROM INVESTING ACTIVITIES	(11,924)	(8,911)	(11,876)	(8,934)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowing	2,970	14,805	2,920	14,805
NET CASH FLOWS FROM FINANCING ACTIVITIES	2,970	14,805	2,920	14,805
Net increase/(decrease) in cash and cash equivalents	(4,731)	7,334	(4,730)	7,296
Cash and cash equivalents at beginning of the period	11,528	4,194	11,563	4,267
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	6,797	11,528	6,833	11,563
CASH AND CASH EQUIVALENTS AS PER BALANCE SHEET	6,797	11,528	6,833	11,563

The accompanying notes on pages 29 to 50 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

1. Incorporation and 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 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.

Basis of preparation

In the current year, the Group adopted several revised and a 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.

Of relevance to the company are:

IAS	19	-	Employee Benefits
IAS	39	-	Financial Instruments

The effect of adopting IAS 19 and IAS 39 and amendments had no material effect on the company's accounting policies

Potential impact of changes in standards not yet effective:

IFRS 7 – Financial Instruments

Financial Instruments (effective for annual periods beginning on or after 1 January 2007. This standard will replace IAS 30, Disclosures in the financial statement 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 instrument IFRS 7 requires 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 Segment

This becomes effective for period beginning on or after 1 January 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 specific criteria.

Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by operating decision makers in deciding how to allocate resources and in assessing performance.

Amendment was made to IAS 1 Presentation of Financial Statements as relates to Capital Disclosures which became effective 1 January 2007. This standard would require additional disclosures on the Company's share capital.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

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

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.

2.3 Property, plant and equipment

Freehold land and buildings are stated at fair value as at January 1, 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 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted in Guyana at the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the Balance Sheet Liability Method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor accounting profit.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

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

2.5 Taxation (cont'd)

"The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered."

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority, and the company intends to settle its current tax assets and liabilities on a net basis.

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.

2.9 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

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

2.11 Employee retirement benefits (cont'd)

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. This will be capitalised on the commissioning of the factory in 2008.

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.

Major areas of estimation

(i) Trade and other receivables and other inventory

On a regular basis, management reviews trade and other receivable and inventory to assess impairment. Based on information available as to the likely impairment in cash flows, decisions are taken in determining appropriate provisions to be made for bad and doubtful debts and obsolescence.

(ii) Other financial assets

In determining the fair value of investments in the absence of a market, the directors estimate the likelihood of impairment by using discounted cash flows.

(iii) Useful life of property, plant and equipment

Management reviews the estimated useful lives of property, plant and equipment at the end of each year to determine whether the useful lives of property, plant and equipment should remain the same.

(iv) Retirement benefit asset/obligation

The provision for defined benefit asset/obligation are determined by the actuary based on the data provided by management. The computation of the provisions by the actuary assumes that the data provided is not materially misstated.

(v) Standing cane

Standing cane is measured at fair value. Appropriate allowances for estimated unrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is based on management evaluation of cane maturity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

3. PROPERTY, PLANT & EQUIPMENT

COMPANY

3.1 PROPERTY, PLANT & EQUIPMENT

	Land $M	Buildings others $M	Buildings wooden $M	Land expansion cost $M	Plant, machinery and equipment $M	Work in progress $M	Total $M
Cost/valuation							
As at Jan 01 2006	43,803	10,699	3,685	79	25,894	11,001	95,161
Reclassification	-	57	-	-	(57)	-	-
Additions	-	29	-	-	1,957	10,464	12,450
Disposals	-	(6)	-	-	(695)	-	(701)
As at Dec 31 2006	**43,803**	**10,779**	**3,685**	**79**	**27,099**	**21,465**	**106,910**
Comprising:							
Cost	-	-	-	-	-	-	-
Valuation	43,803	10,779	3,685	79	27,099	21,465	106,910
	43,803	10,779	3,685	79	27,099	21,465	106,910
Depreciation							
As at Jan 01 2006	-	1,596	532	24	14,311	-	16,463
Charge for the year	-	203	146	11	1,684	-	2,044
Retired on disposals	-	-	-	-	(675)	-	(675)
As at Dec 31 2006	-	**1,799**	**678**	**35**	**15,320**	-	**17,832**
Net book value							
As at Dec 31 2006	**43,803**	**8,980**	**3,007**	**44**	**11,779**	**21,465**	**89,078**
As at Dec 31 2005	**43,803**	**9,103**	**3,153**	**55**	**11,583**	**11,001**	**78,698**

GROUP

3.2 PROPERTY, PLANT & EQUIPMENT

	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 2006	43,803	10,711	3,685	79	25,893	11,001	95,172
Reclassification		57			(57)		-
Additions	-	29	-	-	1,957	10,464	12,450
Disposals	-	(6)	-	-	(695)	-	(701)
As at Dec 31 2006	**43,803**	**10,791**	**3,685**	**79**	**27,098**	**21,465**	**106,921**
Comprising:							
Cost	188	1,360	391	77	24,614	11,001	37,631
Valuation	43,615	9,431	3,294	2	2,484	10,464	69,290
	43,803	10,791	3,685	79	27,098	21,465	106,921
Depreciation							
As at Jan 01 2006	7	1,589	532	24	14,321	-	16,473
Charge for the year	-	203	146	11	1,684	-	2,044
Retired on disposals	-	-	-	-	(675)	-	(675)
As at Dec 31 2006	**7**	**1,792**	**678**	**35**	**15,330**	-	**17,842**
Net book value							
As at Dec 31 2006	**43,796**	**8,999**	**3,007**	**44**	**11,768**	**21,465**	**89,078**
As at Dec 31 2005	**43,796**	**9,122**	**3,153**	**55**	**11,572**	**11,001**	**78,699**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

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

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 (2005 - G$20,132,000,000).

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

	COMPANY		GROUP	
Recognised deferred tax assets/liabilities are attributable to the following items:	**2006**	2005 Restated	**2006**	2005 Restated
	$M	$M	**$M**	$M
Deferred tax liability				
Property, plant and equipment	**8,527**	6,900	**8,552**	6,910
Standing cane	**2,162**	1,664	**2,162**	1,664
	10,689	8,564	**10,714**	8,574
Deferred tax assets				
Tax value of losses carried forward	**(311)**	-	**(311)**	-
Property, plant and equipment	**-**	-	**(2)**	(2)
Inventories provision	**(1)**	(1)	**(1)**	(1)
Defined benefit pension liability	**(6,597)**	(6,107)	**(6,597)**	(6,107)
	(6,909)	(6,108)	**(6,911)**	(6,110)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

4. DEFERRED TAX (cont'd)

Movement in temporary differences

	COMPANY		
	Balance at Jan 01,2006	Recognised in Income	Balance at Dec 31,2006
Deferred tax liability			
Property, plant and equipment	6,900	1,627	8,527
Standing cane	1,664	498	2,162
	8,564	**2,125**	**10,689**
Deferred tax assets			
Tax value of losses carried forward	-	(311)	(311)
Inventories provision	(1)	-	(1)
Defined benefit pension liability	(6,107)	(490)	(6,597)
	(6,108)	**(801)**	**(6,909)**

Movement in temporary differences

	GROUP		
	Balance at Jan 01,2006	Recognised in Income	Balance at Dec 31,2006
Deferred tax liability			
Property, plant and equipment	6,910	1,642	8,552
Standing cane	1,664	498	2,162
	8,574	**2,140**	**10,714**
Deferred tax asset			
Tax value of losses carried forward	-	(311)	(311)
Property, plant and equipment	(2)	-	(2)
Inventories provision	(1)	-	(1)
Defined benefit pension liability	(6,107)	(490)	(6,597)
	(6,110)	**(801)**	**(6,911)**

5. INVESTMENTS

	COMPANY		GROUP	
5.1 Investments	**2006 $M**	2005 $M	**2006 $M**	2005 $M
Available for sale:				
Livestock Development Co.	**0.05**	0.05	**0.05**	0.05
National Bank of Industry and Commerce	**66**	78	**66**	78
	66	78	**66**	78

In determining the value of investment, rates from Guyana Association of Securities Companies and Intermediaries Inc. and current market rates were used.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

5. INVESTMENTS (cont'd)

5.2 Investment in Subsidiary

	COMPANY	
	2006 $M	2005 $M
Lochaber Ltd.	35	27

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.

5.3 Minority Interest

	GROUP	
	2006 $M	2005 $M
At 1 January	47	60
Share of profit	13	1
Dividend paid	-	(14)
At 31 December	60	47

6. CURRENT ASSETS

6.1 Inventory categories

	COMPANY		GROUP	
	2006 $M	2005 $M	2006 $M	2005 $M
Fuel	313	269	313	269
Spares	2,199	1,853	2,199	1,853
Fertilizers and chemicals	566	364	566	364
Other	847	743	847	743
Gross inventories	3,925	3,229	3,925	3,229
Less provision for slow moving and obsolete items	(423)	(436)	(423)	(436)
Net Inventories	3,502	2,793	3,502	2,793

Provision for slow moving and obsolete items decreased by G$ 13M which was due to obsolete items being written off during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

6. CURRENT ASSETS

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	
	2006 $M	2005 $M	**2006 $M**	2005 $M
Balance as at January 01	**4,755**	4,431	**4,784**	4,495
Adjustment to cost of sales	**1,424**	324	**1,467**	289
Balance as at December 31	**6,179**	4,755	**6,251**	4,784

Standing Cane by Age

	COMPANY		GROUP		COMPANY		GROUP	
Age of Cane	**2006 Hectares**	2005 Hectares	**2006 Hectares**	2005 Hectares	**2006 $M**	2005 $M	**2006 $M**	2005 $M
1-5 Months	**27,120**	25,777	**27,312**	25,777	**-**	-	**1**	-
6 Months	**742**	1,247	**742**	1,247	**28**	42	**28**	42
7 Months	**1,015**	830	**1,015**	830	**86**	62	**86**	62
8 Months	**2,015**	2,829	**2,015**	2,829	**294**	364	**294**	364
9 Months	**5,176**	4,578	**5,260**	4,578	**1,504**	1,179	**1,530**	1,179
10 Months	**5,787**	5,165	**5,832**	5,165	**2,600**	2,033	**2,620**	2,033
11 Months	**2,741**	2,127	**2,786**	2,127	**1,418**	1,005	**1,440**	1,005
12 Months	**458**	156	**464**	156	**250**	70	**253**	99
	45,054	42,709	**45,426**	42,709	6,179	4,755	**6,251**	4,784

	$	$	$	$
Farmers' price per tonne of sugar	75,816	66,980	75,816	66,980

	COMPANY		GROUP	
	2006 $M	2005 $M	**2006 $M**	2005 $M
6.3 Product stock categories				
Sugar	**925**	1,165	**925**	1,165
Molasses	**477**	241	**477**	241
Livestock	**11**	11	**11**	11
	1,413	1,417	**1,413**	1,417
6.4 Amounts due from related parties				
Lochaber Limited	9	-	9	-

7. CASH AND CASH EQUIVALENTS

	2006 000s	2005 000s	COMPANY 2006 $M	COMPANY 2005 $M	GROUP 2006 $M	GROUP 2005 $M
US Dollar (Escrow)	**33,204**	53,260	**6,624**	10,639	**6,624**	10,639
US Dollar (Current a/c)	**197**	1,301	**39**	260	**39**	262
GBP	**10**	251	**4**	86	**4**	86
Euro	**(1)**	531	**-**	125	**-**	125
			6,667	11,110	**6,667**	11,112
Guyana Dollar			**130**	418	**166**	451
			6,797	11,528	**6,833**	11,563
Rate of conversion						
G$/US$			**199.50**	199.75	**199.50**	199.75
G$/GBP			**393.00**	343.84	**393.00**	343.84
G$/EUR			**268.08**	236.32	**268.08**	236.32

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 2006 $M	COMPANY 2005 $M	GROUP 2006 $M	GROUP 2005 $M
9.1 Revaluation reserve				
1. Revaluation of fixed assets	**51,206**	51,206	**51,206**	51,206
9.2 Other reserves				
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	**65**	77	**65**	77
	106	118	**106**	118

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 basis 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 2006 since there was no impairment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

10. BORROWINGS

	COMPANY		GROUP	
	2006 $M	2005 $M	**2006 $M**	2005 $M
10.1 Current				
a) Government of Guyana Drainage and Irrigation financed by CDB	**50**	-	**50**	-
2% Government of Guyana Debenture	**144**	144	**144**	144
	194	144	**194**	144
10.2 Non Current				
a) Government of Guyana Drainage and Irrigation financed by CDB	**907**	887	**907**	887
b) Government of Guyana SSMP	**11,357**	11,350	**11,357**	11,350
c) Government of Guyana SSMP financed by CDB	**2,064**	1,153	**2,064**	1,153
d) Government of Guyana SSMP financed by EXIM Bank	**4,177**	2,195	4,177	2,195
Total loans	**18,505**	15,585	**18,505**	15,585
Repayments due in one year and included in current liabilities	**194**	144	**194**	144
Repayment due within 2-5 years	**780**	649	**780**	649
Repayment due after five years	**17,725**	14,936	**17,725**	14,936
	18,505	15,585	**18,505**	15,585

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, 2006 amounted to US$4,930,686.51 (2005 US$4,930,715). 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$10.2M 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

10. BORROWINGS (cont'd)

10.2 Non Current (cont'd)

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$20.5M 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	
	2006	2005	**2006**	2005
	$M	$M	**$M**	$M
Lochaber	**47**	31	**(18)**	-
Booker Tate	**251**	175	**251**	175
Government of Guyana - Lease rentals	**450**	466	**450**	466
Sugar Industry Labour Welfare Fund	**856**	803	**856**	803
	1,604	1,475	**1,539**	1,444

Total rent payable for the lease lands to the Government of Guyana was G$110M (2005 $106M) whilst the amount paid was G$127M (2005 $97M).

Total levies payable to Sugar Industry Welfare Fund was G$123M whilst claims made by Guysuco for work done on behalf of the welfare was G$5M. 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	
	2006	2005	**2006**	2005
	$M	$M	**$M**	$M
Fixed fee (£350,000 per annum)	**136**	131	**136**	131
Production incentive fee	**65**	65	**65**	65
Salaries, benefits and other expenses	**174**	175	**174**	175
Total	**375**	371	**375**	371

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

11. RELATED PARTIES

11.2 Related parties transactions (cont'd)

11.2.2 Key Management Personnel (excluding Booker Tate)

The company's key management personnel comprise its Directors, its Chief Executive Officer and Managers. The remuneration paid to key management personnel during the year was as follows:

	COMPANY		GROUP	
	2006 $M	2005 $M	**2006 $M**	2005 $M
Short term employee benefit	**245**	234	**245**	234

11.2.3 Directors' fees and expenses

	COMPANY				GROUP			
	2006 $000 Fees	**$000 Expenses**	2005 $000 Fees	$000 Expenses	**2006 $000 Fees**	**$000 Expenses**	2005 $000 Fees	$000 Expenses
Directors								
Ronald Alli (Chairman)	**90**	**4,247**	90	3,012	**90**	**4,247**	90	3,012
Donald Ramotar	**84**	**203**	84	-	**84**	**203**	84	-
Dindyal Permaul	**84**	**759**	84	-	**84**	**759**	84	-
Rajendra Singh	**84**	**1,784**	84	1,255	**84**	**1,784**	84	1,255
Hubert Rodney	**84**	**2,702**	84	2,982	**84**	**2,702**	84	2,982
Michael Boast(1)	-	-	-	142	-	-	-	142
Nick Jackson	-	**884**	-	380	-	**884**	-	380
Roger Speedy	-	**4,740**	-	-	-	**4,740**	-	-
Barry Newton	-	-	-	52	-	-	-	52
Errol Hanoman	-	**8,702**	-	9,464	-	**8,702**	-	9,464
	426	**24,021**	426	17,287	**426**	**24,021**	426	17,287

(1) Resignation

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.

Defined Benefit asset/liability

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31 December 2003 by Bacon Woodrow & De Souza. The present valuation of the defined benefit obligation and the related current service cost were measured by the actuaries at 31 December 2006 using the Projected Unit Credit Method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

12. EMPLOYEES RETIREMENT BENEFITS

		2006				2005			
		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	573	6,747	17,155	24,475	570	6,517	17,762	24,849
	Fair value of assets	-	(6,965)	-	(6,965)	-	(6,545)	-	(6,545)
	Present value of unfunded contributions	573	(218)	17,155	17,510	570	(28)	17,762	18,304
	Unrecognized loss	-	438	898	1,336	3	245	(1,104)	(856)
	Defined benefit liability	573	220	18,053	18,846	573	217	16,658	17,448
12.2	**Reconciliation of opening and closing defined benefit liability**								
	Defined benefit liability at the beginning of the year	573	217	16,658	17,448	573	167	15,255	15,996
	Add net pension cost	-	216	1,780	1,996	-	267	1,805	2,071
	Less company contribution/benefits paid	-	(213)	(384)	(597)	-	(217)	(403)	(620)
	Net pension cost	-	3	1,396	1,399	-	50	1,402	1,452
	Defined benefit liability at the end of the year	573	220	18,055	18,847	573	217	16,658	17,448
12.3	**The amounts recognized as staff costs in the Income Statement are as follows:**								
	Current service cost	-	259	726	985	-	263	828	1,091
	Interest on defined benefit obligation	-	381	1,054	1,435	-	373	977	1,350
	Expected return on Plan Assets	-	(424)		(424)	-	(371)	-	(371)
	Amortized net (gain)/loss	-	-	-	-	-	-	-	-
	Total included in staff costs	-	216	1,780	1,996	-	266	1,805	2,071
12.4	**Actual return on Plan Assets**								
	Expected return on Plan assets	-	424	-	424	-	371	-	371
	Actuarial gain on Plan Assets	-	39	-	39	-	474	-	474
	Actual return on Plan Assets	-	463	-	463	-	845	-	845

12. EMPLOYEES RETIREMENT BENEFITS (cont'd)

12.5 Actuarial assumptions

	2006	2005
(i) Funded Scheme		
Discount rate	6 %	6 %
Salary increases	6 %	6 %
Pension increases	2 %	2 %
Rate of return on Pension Plan assets	6.5%	6.5%
(ii) Unfunded Scheme		
Discount rate	6 %	6 %
Salary increases	6 %	6 %
Pension increases	5 %	5 %
Rate of return on Pension Plan assets	N/A	N/A

There is no Pension Scheme for the subsidiary company.

	Retirement Medical		STEPS Scheme	
	2006 G$ 000	2005 G$ 000	**2006 G$ 000**	2005 G$ 000
Experience History				
Defined benefit obligation	**17,154.90**	17,762.00	**6,516.80**	6,746.50
Fair Value Plan Assets	**-**	-	**(6,544.80)**	(6,964.60)
(Surplus)/Deficit	**17,154.90**	17,762.00	**(28.00)**	(218.10)
Experience Adjustment on Plan Liabilities	**17,154.90**	17,762.00	**(28.00)**	(218.10)
Experience Adjustment on Plan Assets	**-**	-	**474.10**	39.20
Expected Company Contributions in 2007	**384.50**		**218.10**	

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	
	2006 $M	2005 $M	**2006 $M**	2005 $M
Revenue by products				
Sugar	**30,404**	25,894	**30,404**	25,894
Molasses	**2,091**	1,887	**2,091**	1,887
Total Sales	**32,495**	27,781	**32,495**	27,781
Revenue by major markets	**23,939**	19,504	**23,939**	19,504
Europe	**1,899**	202	**1,899**	202
North America	**3,504**	5,318	**3,504**	5,318
Caribbean	**3,154**	2,757	**3,154**	2,757
Guyana				
	32,495	27,781	**32,495**	27,781

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, 2006

	COMPANY		GROUP	
	2006 $M	Restated 2005 $M	**2006 $M**	Restated 2005 $M
14. PROFIT/(LOSS) BEFORE TAXATION	**2,429**	(1,188)	**2,492**	(1,188)
After charging -				
Employment Costs				
Wages and salaries	**13,906**	12,557	**13,906**	12,557
Social security contributions	**762**	701	**762**	701
Employees retirement benefits	**1,399**	1,452	**1,399**	1,452
Materials and services purchased	**6,415**	5,595	**6,415**	5,595
Research and development expense	**242**	223	**242**	223
Directors' fees & expenses	**24**	12	**24**	12
Provision for slow moving and obsolete items	**423**	436	**423**	436
Depreciation	**2,044**	1,734	**2,044**	1,737
Auditors' remuneration-audit services	**7**	6	**7**	6
Interest expense	**282**	100	**282**	100
Management fees and expenses	**375**	371	**375**	371
After crediting				
Net gain on exchange	**31**	23	**31**	23
Interest income	**68**	30	**68**	30
Gain/(loss) on disposal of property, plant and equipment	**23**	(95)	**23**	-95

15. TAXATION	COMPANY		GROUP	
	2006 $M	2005 $M	**2006 $M**	2005 $M
Current year				
Corporation Tax	**487**	-	**496**	13
Deferred Tax	**1,324**	565	**1,339**	552
	1,811	565	**1,835**	565
Property Tax	**142**	113	**143**	113
	1,953	678	**1,978**	678

Reconciliation of corporation tax expense and accounting profit:

	COMPANY				GROUP			
	2006 $M	**%**	2005 $M	%	**$M**	**2006 %**	$M	2005 %
Accounting (loss)/profit	**2,429**	**100.0**	(1,188)	100.0	**2,492**	**100.0**	(1,187)	100.0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

15. TAXATION (cont'd)

	COMPANY				GROUP			
	2006		2005		**2006**		2005	
	$M	**%**	$M	%	**$M**	**%**	$M	%
Corporation tax @35%	**850**	**35.0**	(416)	(35.0)	**872**	**35.0**	(415)	(35.0)
Add: Tax effect of expenses not deductible in determining taxable profits								
Depreciation for accounting purposes	**715**	**29.4**	607	51.1	**715**	**28.7**	609	51.3
Defined benefit pension cost	**490**	**20.2**	508	42.8	**490**	**19.6**	508	42.8
Others	**8**	**0.3**	147	12.4	**11**	**0.4**	159	13.4
	2,063	**84.9**	846	71.2	**2,088**	**83.7**	861	72.5
Deduct:								
Depreciation for tax purposes	**(767)**	**(31.6)**	(956)	(80.5)	**(767)**	**(30.8)**	(958)	(80.7)
Standing Cane	**(498)**	**(20.5)**	110	9.3	**(514)**	**(20.5)**	110	9.3
	798	**33**	0	0	**807**	**32.4**	13	1.0
Loss relief	**(311)**	**(12.8)**	0	0	**(311)**	**(12.8)**	0	0.0
	487	**20.1**	0	0	**496**	**19.6**	13	1.0

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	
	2006	2005	**2006**	2005
	$M	$M	**$M**	$M
Expenditure authorised by the Directors but not committed				
Routine expenditure	**2,407**	2,250	**2,407**	2,250
Skeldon Sugar Modernisation Project	**11,100**	19,000	**11,100**	19,000
Drainage & Irrigation project	**175**	150	**175**	150

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 (2005 $133M).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

18. FINANCIAL RISK MANAGEMENT

(a) Market Risk

(i) Foreign currency risk

The financial statement at 31 December include the following assets and liabilities denominated in foreign currency stated in the Guyana dollar equivalent.

	GROUP	
	2006 $M	2005 $M
Assets		
US Dollar (Escrow)	**6,624**	10,639
US Dollar (Current a/c)	**39**	262
GBP	**4**	86
Euro	**(0)**	125
	6,667	11,112
Liabilities		
US Dollar	**18,505**	15,585
Net liabilities	**(11,838)**	(4,473)

(ii) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates.

The group is exposed to various risks that are associated with the effects of variations in interest rates. This impacts directly on its cash flows.

The group management continually monitors and manages these risks through the use of appropriate tools and implements relevant strategies to hedge against any adverse effects.

	Maturing 2006				
	Within 1Year $M	**1 to 5 years $M**	**Over 5 years $M**	**Non - interest bearing $M**	**Total $M**
Assets					
Investments	-	-	-	66	66
Accounts receivable	-	-	-	1,328	1,328
Cash and cash equivalents	6,833	-	-	-	6,833
	6,833	-	-	1,394	8,227
Liabilities					
Accounts Payable	-	-	-	3,459	3,459
Loans	194	780	17,725	-	18,699
Taxation	-	-	-	2,112	2,112
	194	780	17,725	5,571	24,270
Interest sensitivity gap	6,639	(780)	(17,725)		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

18. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market Risk (cont'd)

(ii) Interest rate risk (cont'd)

	Maturing 2005				
	Within 1 Year $M	1 to 5 years $M	Over 5 years $M	Non-interest bearing $M	Total $M
Assets					
Investments	-	-	-	78	78
Accounts receivable	-	-	-	2,051	2,051
Cash and cash equivalents	11,563	-	-	-	11,563
	11,563	-	-	2,129	13,692
Liabilities					
Accounts Payable	-	-	-	3,066	3,066
Loans	144	830	14,755	-	15,729
Taxation	-	-	-	1,751	1,751
	144	830	14,755	4,817	20,546
Interest sensitivity gap	11,419	(830)	(14,755)		

The Company's average interest rate for monetary financial instruments are shown below:

	2006 %	2005 %
Assets		
Cash at Bank	**0.52**	0.29
Liabilities		
Loans	**5.53**	6

(iii) Price risk

Price risk is the risk that the value of the financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Management continually identifies, underwrites and diversifies risk in order to minimize the total cost of carrying such risk.

(b) Credit risk

The Group faces credit risk in respect of its receivable and cash and cash equivalents. However, this risk is controlled by close monitoring of these assets by the Group. The maximum credit risk faced by the Group is the balance reflected in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

18. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet its commitments associated with financial instruments. The Group manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form.

The following table shows the distribution of assets and liabilities by maturity:

As at 31 December 2006	**1 to 12 months $M**	**2 to 5 years $M**	**Over 5 years $M**	**Total $M**
Assets	19,561	-	66	19,627
Liabilities	(7,337)	(780)	(17,725)	(25,842)
	12,224	(780)	(17,659)	(6,215)
As at 31 December 2005				
Assets	22,904		78	22,982
Liabilities	(6,412)	(830)	(14,775)	(22,017)
	16,492	(830)	(14,697)	965

19. RESTATEMENT AND RECLASSIFICATION

In 2006, adjustments were made for the prior years which resulted in restatement of certain balances. The effect of the restatement is summarised below:

	2005 Deferred tax $ M	**Retained earnings $ M**	**2004 Retained earnings $ M**
Deferred tax on standing cane (a)	3,328	(90)	(3,238)

(a) Correction of misstatement of deferred tax calculation on standing cane.

	Company as restated		**Group as restated**	
Loss per share for 2005 was also restated	(0.16)	(0.40)	(0.16)	(0.17)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

20. Earnings Per Share

	COMPANY	
	2006 $M	2005 $M
Profit attributable to equity holders of the parent	**476**	(1,866)
Ordinary share issued and fully paid	**10,799,571,775**	10,799,571,775
Earnings/(loss) per share	**0.04**	(0.17)

	GROUP	
	2006 $M	2005 $M
Profit/(loss) for the year	**514**	(1,866)
Ordinary share issued and fully paid	**10,799,571,775**	10,799,571,775
Earnings/(loss) per share	**0.05**	(0.17)

21. POST BALANCE SHEET EVENT

European Union Sugar Protocol

The European Union signalled its intention to denounce the Sugar Protocol in its market access offer. It was anticipated that the negotiations of the Economic Partnership Agreement (EPA) that would come into effect from January 1, 2008, would have been successfully concluded and a joint statement on the Sugar Protocol (SP) thereafter declared, however, the mechanism that will transpose the benefits of the SP into the EPA is not yet finalised.

The result is that what was once a straight forward all ACP Agreement for the sale of raw sugar will now be fragmented to bilateral commercial contracts.

The Corporation is therefore assessing all the options going forward in what appears to be an open market for sugar trade in the European Union after 2015.

TEN YEAR REVIEW
1996 to 2005

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
HECTARES HARVESTED	46,349	39,908	43,656	44,259	41,621	41,627	41,959	45,447	41,890	**42,422**
TONNES CANE MILLED ('000)	3,074	2,966	3,596	2,984	3,142	3,708	3,382	3,744	3,005	**2,975**
YIELDS:										
ESTATE - TONNES CANE / HECTARE	65.75	67.00	72.50	62.20	67.10	80.60	72.75	74.87	65.43	**64.48**
TONNES CANE /TONNE SUGAR	11.12	11.68	11.03	10.88	11.00	11.20	11.03	11.52	12.20	**11.46**
TONNE SUGAR / HECTARE	5.90	6.36	6.58	5.67	6.16	7.29	6.59	6.45	5.36	**5.63**
PRODUCTION (TONNES)										
SUGAR	276,392	253,871	321,438	273,318	284,474	331,052	302,378	325,317	246,071	**259,549**
MOLASSES	123,881	117,939	129,934	108,703	118,103	137,794	127,201	138,140	115,732	**107,501**
HOME CONSUMPTION (TONNES):										
SUGAR	24,616	23,996	23,682	23,667	24,437	23,782	24,529	23,669	22,781	**23,396**
MOLASSES	108,379	59,140	51,777	45,061	49,533	56,424	55,272	51,685	40,058	**41,895**
EXPORT (TONNES):										
SUGAR	247,058	236,773	270,248	277,267	251,798	282,425	311,846	289,016	229,697	**237,681**
MOLASSES	15,543	61,320	78,473	63,642	56,439	82,576	76,726	83,974	71,071	**61,851**
SALES:										
DOMESTIC SUGAR ($M)	1,189	1,157	1,098	1,094	1,109	1,066	1,286	1,319	1,335	**1,644**
AVERAGEPRICE / TONNE($)	48,302	48,216	48,181	46,337	45,380	51,556	52,428	55,723	58,601	**70,245**
EXPORT SUGAR ($M)	19,284	19,818	23,657	22,106	20,287	22,562	25,094	25,288	21,324	**25,509**
AVERAGE PRICE / TONNE ($)	78,055	83,700	87,537	79,727	80,569	79,886	80,469	87,498	92,835	**107,332**
AVERAGE PRICE / TONNE (US$)	557	547	484	431	426	417	418	439	465	**538**
MOLASSES ($M)	453	580	448	669	1,330	1,177	1,373	1,265	1,637	**1,914**
AVERAGE PRICE / TONNE ($)	3,656	4,815	3,440	6,154	12,515	8,469	10,402	9,193	14,731	**18,449**
EXPENDITURE ($M)										
EMPLOYMENT COST	9,230	9,718	12,384	12,430	12,821	14,449	16,207	16,444	14,710	**16,067**
MATERIALS AND SERVICES	8,484	8,266	9,279	7,978	7,314	7,496	7,754	7,220	8,408	**9,485**
(LOSS) / PROFIT BEFORE TAX ($M)	680	860	2,073	61	(1,235)	(328)	(1,130)	1,220	(1,188)	**2,429**
(LOSS) / PROFIT BEFORE TAX AND LEVY	2,680	2,680	3,873	1,061	(1,235)	(328)	(4,006)	1,220	(1,188)	**2,429**
(LOSS) / PROFIT AFTER TAX($M)	228	271	1,258	(481)	(869)	(274)	(1,429)	261	(1,866)	**476**
(LOSS) / PROFIT AFTER TAX BEFORE LEVY	2,228	2,271	3,058	519	(869)	(274)	(4,305)	261	(1,866)	**476**
AVERAGE MID MARKET EXCHANGE RATE (G$ / US$)	140.13	152.94	181.00	185.00	189.38	191.27	192.33	199.28	199.75	**199.50**

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