

# **GUYANA SUGAR CORPORATION INC.**

**ANNUAL REPORT  
2011**

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## **Financial Matters**

The Corporation continues its effort towards profitability. Overall revenue for the year was G\$32.6 bln, compared to G\$26.2 bln. This increase was attributed towards increase sales to the European market and management initiatives.

Whilst the Corporation strives for profitability, this is continuously hampered by aged machineries and equipment. The Corporation has recorded a loss of G\$13.8 bln for 2011, compared to G\$7.3 bln for 2010. Efforts were made to have greater productivity from the flagship estate, Skeldon. It was hopeful that the state of the art factory would have contributed significantly to the Corporation's profitability, but this expectation was not met since there were many challenges with the factory.

The Corporation continues to work along with suppliers to ensure that their obligations are met within a reasonable timeframe.

The Corporation's cash and bank balances have slightly declined from G\$1.1 bln in 2010 to G\$1.0 bln in 2011, due to efforts to settle outstanding payments.

## **Agricultural Operations**

The Corporation plans for the year 2011 to be a year of consolidation. Many of the programmes initiated during the previous year have begun to yield results that should give direction to agriculture operations in the medium term.

Despite the lack of achievement of the projected yields in plant cycles, the sustainability of ratoon yields has been a major challenge. The Department's scientists have contributed monitoring and advisory support to estates where necessary in crop maintenance.

Considerable emphasis continues to be placed on the High Quality recurrent Selection Programme, which is being run with close cooperation with the High Quality programme of the West Indies Sugar Central Sugarcane Breeding Station that has begun to produce results that have received attention from sugarcane breeders around the world. The Demerara Crossing Programme extended for a period of 13 weeks, during which 458 crosses comprising 18 biparental, 99 high qualities, 331 open poly and 10 multipurpose crosses were accomplished. Two hundred and ninety three (293) distinct parents were utilized in 2011 crossing season, sixty one (61) being from the Demerara series, two hundred and fifteen (215) Demerara Barbados, four (4) Barbados and thirteen (13) WI and foreign varieties. The department continues to face considerable setbacks with its varietal development programme due primarily to unavailability of prepared fields. The year commenced with 4.6Ha available for mechanical tillage operation and as the year progressed 24.82 Ha was added. At the conclusion of the year only 4.6 Ha was prepared, allowing for the establishment and advancement of the stages previously mentioned. The department was also not exempted from the shortage of labour affecting the corporation; especially harvesters, which resulted in 35.7 percent of the 45.18 Ha of canes, budgeted for harvest being carried over to the following year.

## **Environment**

The Corporation continues to take actions that will contribute towards good stewardship of the Environment. These actions include, but not limited to sustainable Agriculture, Water Conservation, usage of Biological Herbicide and Weedicides for the field operations.

The Corporation spends a significant portion of its financial resources towards Drainages and Irrigations, which have a direct impact on the country's water management system. These actions are done throughout the Coastal areas on a daily basis by the Corporation's employees.

The importance of the biological control programme for containing the spread of *Diatraea* sp. is now widely appreciated and this is obvious by the emphasis that was placed by most estates on the management of insectaries and rearing and release of the *Cotesia flavipes* bio-control agent. The laboratory production and field releasing of the *Diatraea* spp parasitoid; *Cotesia flavipes*, continued successfully on most estates across the Industry during the year 2011 and as a result contributed significantly to the management and control of the major stem borer insect pest; *Diatraea* spp. A total of 8,189,880 *Cotesia* adults was produced from nine (9) Insectaries. Ninety- five percent (95%) of production was released in the sugarcane eco-system across the industry and this resulted in an average of 40% field parasitism in *Diatraea* infested fields as revealed from monthly field recovery surveys. Rodent infestation and its damaging effects in sugarcane cultivation across the industry, once again revealed damages generally below economic threshold with no reports of widespread or endemic infestations or isolated threatening incidence of widespread high populations. However, the usual upsurges, seasonal increases in infestation were evident in some sections and/or fields at rat endemic locations.

## **Factory Operations**

The sugar production for 2011 totalled 236,505 tonnes. This represented 84% of the January latest estimate of 282,712 tonnes. Rose Hall factory was the best of the operating units with 101% achievement, while Skeldon only produced 60% of its estimates. This was mainly due to weather and factory related problems at this location.

The industry average weekly grinding hours was 94 hours. Excellent performances were seen from Blairmont and Rose Hall. Cane shortages at the Demerara locations are the main reason for factory underutilization. Notwithstanding the intermittent grinding pattern at some locations due to cane shortages, several factory efficiency parameters were surpassed, however final molasses purity continued to be above the desired level.

Extensive factory equipment failure due to design flaws, poor quality equipment and shortages of water are the main reasons for Skeldon poor performance and high mechanical downtime. However, the time lost due to strikes decreased by 57% over 2011, significantly improved labour/industrial relations. Also notably, factory time loss did decrease at Skeldon Factory by 21% as well at Blairmont and Uitvlugt Factories by 43% and 17% respectively.

## **Corporate Social Responsibilities**

As part of the Corporation's passion to contribute to the nation as a Corporate Citizen, it continues to give back to the communities in the areas that it operates therein. The Guyana Sugar Corporation has been engaged in the ethical perspective of the Corporate Social responsibility for several decades. It sees itself as a giver to the community that it operates in, since many of the persons that it employs are residents of the community. These are some of the things that the Corporation continues to do for the communities wherein it operates:

- Provides medical services for the extended family members of any employee in the community
- Uses its Water tender to assist in the event that there is fire to any property for anyone in the community
- Makes the Community sports grounds available for anyone in the community so that they can practice whatever sport that will be seen fitted
- Offer Bursary awards to children of the employees
- Manage the irrigation and drainage across the coastal belt of the country.

## **National Contributions**

Guyana Sugar Corporation Inc. continues to make a sizeable contribution to the nation. These are through the forms of Corporation Taxes, Pay As You Earned, Social Security and Pension.

The Sugar Corporation employs approximately 17,000 persons directly. This level of employment directly affects about 80,000 persons. Guyana Sugar Corporation In. continues to be the single largest employer of the Cooperative Republic of Guyana.

## **Markets**

The Corporation continues to provide its products to several markets. These markets include Local market, Caribbean, Regional, North America and European Market. These markets have allowed the Corporation to reach its customers as it supplies both bulk and package sugar.

The Corporation is also able to supply Molasses to local and Regional Markets. Molasses is a by product from the Sugar cane production and the sale of it provides some much needed income for the Corporation.

Total Revenue increased by 24.5% in 2011 due to the increase of 7% in production levels.

Table 1. Revenue by Markets for 2011

<b>Markets</b>	<b>Revenues (G\$m)</b>
Europe	19,569
North America	1,997
Caribbean	6,462
Guyana	4,291
Other Markets	359
<b>Total</b>	<b>32,678</b>

## Production figures

### Ten Year Review 2002 to 2011

Operation	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>HECTARES HARVESTED</b>	41,627	41,959	45,447	41,890	42,422	39,757	44,262	43,556	36,510	45,411
<b>TONNES CANE MILLED ('000)</b>	3,708	3,382	3,744	3,005	2,975	3,099	2,767	2,764	2,762	3,196
<b>YIELDS:</b>										
ESTATE - TONNES CANE / HECTARE	80.60	72.75	74.87	65.43	64.48	71.97	57.71	57.50	66.32	62.58
TONNES CANE / TONNE SUGAR	11.20	11.03	11.52	12.20	11.46	11.55	12.16	11.67	12.51	13.51
TONNE SUGAR / HECTARE	7.29	6.59	6.45	5.36	5.63	6.23	4.75	4.93	5.30	4.63
<b>PRODUCTION (TONNES)</b>										
SUGAR	331,052	302,378	325,317	246,071	259,549	266,482	226,267	233,736	220,818	236,505
MOLASSES	137,794	127,201	138,140	115,732	107,501	115,048	99,280	109,598	122,281	132,733
<b>HOME CONSUMPTION (TONNES):</b>										
SUGAR	23,782	24,529	23,669	22,781	23,396	23,480	23,345	23,594	22,341	20,031
MOLASSES	56,424	55,272	51,685	40,058	41,895	46,253	74,206	92,396	37,103	38,385
<b>EXPORT (TONNES):</b>										
SUGAR	282,425	311,846	289,016	229,697	237,681	244,865	205,268	217,707	195,745	210,863
MOLASSES	82,576	76,726	83,974	71,071	61,851	57,282	19,169	12,271	70,775	92,432
<b>SALES:</b>										
DOMESTIC SUGAR (\$M)	1,066	1,286	1,319	1,335	1,644	1,673	1,595	1,906	2,273	1,884
AVERAGE PRICE / TONNE (\$)	51,556	52,428	55,723	58,601	70,245	71,252	68,328	76,857	101,757	94,079
EXPORT SUGAR (\$M)	22,562	25,094	25,288	21,324	25,509	27,101	23,777	24,398	18,332	23,954
AVERAGE PRICE / TONNE (\$)	79,886	80,469	87,498	92,835	107,332	110,676	115,832	112,067	93,652	113,601
AVERAGE PRICE / TONNE (US\$)	417	418	439	465	538	545	570	552	462	558
MOLASSES (\$M)	1,177	1,373	1,265	1,637	1,914	1,667	1,306	1,815	1,815	3,428
EMPLOYMENT COST	14,449	16,207	16,444	14,710	16,067	17,373	17,580	15,571	15,787	18,518
MATERIALS AND SERVICES (LOSS) / PROFIT BEFORE TAX (\$M)	7,496	7,754	7,220	8,408	9,485	8,958	10,858	10,629	11,565	12,626
(LOSS) / PROFIT BEFORE TAX AND LEVY	(328)	(1,130)	1,220	(1,188)	2,429	2,159	(6,210)	(1,949)	(5,136)	(11,232)
(LOSS) / PROFIT AFTER TAX (\$M)	(274)	(1,429)	261	(1,866)	476	630	(4,089)	(1,323)	(7,387)	(13,896)
(LOSS) / PROFIT AFTER TAX BEFORE LEVY	(274)	(4,305)	261	(1,866)	476	630	(4,089)	(1,323)	(7,387)	(13,896)
<b>AVERAGE MID MARKET</b>										
<b>EXCHANGE RATE (G\$/US\$)</b>	191.27	192.33	199.28	199.75	199.50	202.99	203.34	202.99	202.83	203.63

## **Board of Directors**

Dr. Nanda Gopaul

Chairman

Mr. Paul Bhim

Chief Executive Officer

Dr. Raj Singh

Member

Mr. Keith Burrowes

Member

Mr. J. Raghurai

Member

Mrs. Geeta Singh-Knight

Member



# **REPORT OF THE DIRECTORS**

**For the year ended 31<sup>st</sup> December, 2011**

The Directors of the Guyana Sugar Corporation Inc. present their report together with the audited financial statements for the year ended 31<sup>st</sup> December, 2011.

## **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.

## **Results and Dividends**

The financial results of the Corporation are set out on pages 13-40.

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 F. All the Directors are non-executive, except for the Chief Executive.

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 14.2.3 to the Financial Statements.

## **Corporate Governance**

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

### **(a) The Board:**

The Board comprises of six non-executive Directors (including the Chairman) and one executive Director (the Chief Executive). The Board considers that each Director is able to bring independent judgment to the Corporation's affairs in all matters. The Board meets not less than ten times a year. 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 before each meeting.

The Board has established the Central Tender Committee which evaluates all tenders for the supply of materials and services above predetermined levels.

**(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 framework of the Corporation's system of internal control includes:

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

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

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

**Employees**

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 unionized workers who satisfy the qualification criteria for a pension. This scheme is unfunded.

## **Material events after year-end**

There was no material event that is material to the financial affairs of the Corporation or the group occurring between the date of the Balance Sheet and the date of approval of the Financial Statements.

## **Auditors**

The Auditor General has audited the Financial Statements. For the financial years 1995 to 1998, inclusive, this activity was sub-contracted to Deloitte and Touche; for the financial years 1999 to 2003 this activity was sub-contracted to Ram and McRae; for the financial years 2004 to 2010 this activity was subcontracted to TSD Lal & Co; for the financial years 2011 to 2015 Parmesar Chartered Accountants were the sub-contracted auditors.

By order of the Board  
Frederick Singh  
Company Secretary  
Registered Office  
Ogle Estate  
East Coast Demerara

**GUYANA SUGAR CORPORATION INC.**

**FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011**

**TOGETHER WITH**

**REPORT OF THE AUDITORS**

**GUYANA SUGAR CORPORATION INC.**

**31 DECEMBER 2011**

**I N D E X**

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AUDITED FINANCIAL STATEMENTS OF THE  
GUYANA SUGAR CORPORATION INC.  
FOR THE YEAR ENDED 31 DECEMBER 2011

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## *Audit Office of Guyana*

*P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana*

*Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>*

189/PC: 34/2/2013

04 July 2013

Mr. Paul Bhim  
Chief Executive Officer (ag.)  
Guyana Sugar Corporation Inc.  
Ogle Estate  
East Coast Demerara.

Dear Mr. Bhim,

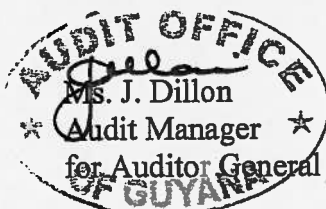
**AUDIT OF THE BOOKS AND ACCOUNTS OF THE**  
**GUYANA SUGAR CORPORATION INC.**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

Please find attached three (3) copies of the audited financial statements, together with the report of the Auditor General, thereon.

Should you need any further explanation, please do not hesitate to contact us.

With best regards.

Yours sincerely,





## *Audit Office of Guyana*

*P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana*  
*Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>*

04 July 2013

AG: 100/2013

**REPORT OF THE AUDITOR GENERAL**  
**TO THE MEMBERS OF THE BOARD OF DIRECTORS**  
**OF THE GUYANA SUGAR CORPORATION INC.**  
**ON THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

Chartered Accountants Parmesar Chartered Accountants have audited on my behalf the consolidated financial statements of Guyana Sugar Corporation Inc. for the year ended 31 December 2011, as set out on pages 5 to 40. The audit was conducted in accordance with the Audit Act 2004.

*Management's responsibility for the consolidated financial statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's responsibility*

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted the audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC), and those of the International Organisation of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



As required by the Audit Act 2004, I have reviewed the audit plan and procedures, working 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the consolidated financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

*Emphasis of matter*

Without qualifying my opinion I wish to emphasize the following:

With respect to the Corporation's indebtedness to the Guyana Revenue Authority for taxes amounting to \$2,319,952,485, the Guyana Revenue Authority has accepted the Corporation's proposal to discharge the liability over a period of five years (2011 – 2015). However, the Corporation's request for waiver of penalties and interest will be addressed in the agreement which will be entered into. The exact terms of this agreement has not yet been determined.

At 31 December 2011, the Company's total liabilities exceeded its assets by \$33,587,000,000 and the issued share capital has been depleted by the losses incurred. The validity of the going concern basis on which the consolidated financial statements are prepared depends on the continued support from the Government of Guyana. Should the Company be unable to continue in operational existence, adjustments would have to be made to bring the consolidated statement of financial position values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets as current assets. My opinion is not qualified in this respect.

*Report on Other Legal and Regulatory Requirements*

The consolidated financial statements of the Group and the Company comply with the requirements of the Companies Act 1991.



AUDIT OFFICE  
63 HIGH STREET  
KINGSTON  
GEORGETOWN  
GUYANA.

**REPORT OF THE CHARTERED ACCOUNTANTS  
PARMESAR  
TO THE AUDITOR GENERAL  
ON THE CONSOLIDATED FINANCIAL STATEMENTS OF  
GUYANA SUGAR CORPORATION INC.  
FOR THE YEAR ENDED 31 DECEMBER 2011**

We have audited the accompanying consolidated financial statements of Guyana Sugar Corporation Inc. which comprise of the statement of financial position as at 31 December 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 5 to 40.

**Management's responsibility for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated 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 about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatements of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements give a true and fair view of the financial position of the Guyana Sugar Corporation Inc. as at 31 December 2011, and of the financial performance and the statement of cash flows for the year then ended in accordance with International Financial Reporting Standards.

## **Emphasis of Matter**

Without qualifying our opinion we wish to emphasise the following:

- with respect to the Corporation's indebtedness to the Guyana Revenue Authority for taxes amounting to G\$2,319,952,485, the Guyana Revenue Authority has accepted the Corporation's proposal to discharge the liability over a period of five years (2011 – 2015). However, the Corporation's request for waiver of penalties and interest will be addressed in the agreement which will be entered into. The exact terms of this agreement have not yet been determined.
  
- at December 31, 2011 the Company's total liabilities exceeded its assets by \$33,586,104,101 and the issued share capital has been depleted by the losses incurred. The validity of the going concern basis on which the consolidated financial statements are prepared depends on the continued support from the Government of Guyana. Should the Company be unable to continue in operational existence, adjustments would have to be made to bring the consolidated statement of financial position values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify non-current assets as current assets. Our opinion is not qualified in this respect.

## **Report on Other Legal and Regulatory Requirements**

The consolidated financial statements of the Guyana Sugar Corporation Inc. comply with the requirements of the Companies Act 1991.

  
.....  
**PARMESAR**  
**PARMESAR**  
**20 June 2013**

**GUYANA SUGAR CORPORATION INC.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2011**

	NOTES	COMPANY		GROUP	
		2011 \$M	2010 \$M	2011 \$M	2010 \$M
<b>ASSETS</b>					
<b>Non current assets</b>					
Property, plant and equipment	5	105,737	106,722	105,737	106,722
Deferred tax asset	6	10,247	10,585	10,278	10,612
Investments	7.1	286	192	286	192
Investment in subsidiary	7.2	22	22	-	-
<b>Total non current assets</b>		<b>116,292</b>	<b>117,521</b>	<b>116,301</b>	<b>117,526</b>
<b>Current assets</b>					
Inventories	8.1	4,111	4,278	4,111	4,278
Standing cane	8.2	6,121	10,050	6,128	10,080
Product stock	8.3	1,665	1,551	1,665	1,551
Trade receivables		1,339	1,456	1,347	1,460
Other receivables		1,502	1,223	1,503	1,223
Prepayments		521	1,124	521	1,124
Taxes recoverable		-	-	34	34
Cash on hand and at bank	9.1	1,035	1,188	1,061	1,213
<b>Total current assets</b>		<b>16,294</b>	<b>20,870</b>	<b>16,370</b>	<b>20,963</b>
<b>TOTAL ASSETS</b>		<b>132,586</b>	<b>138,391</b>	<b>132,671</b>	<b>138,489</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholder's Equity</b>					
Stated capital	10	10,800	10,800	10,800	10,800
Revaluation reserve	11.1	50,849	50,849	50,849	50,849
Other reserves	11.2	306	212	306	212
Accumulated deficit		(28,368)	(14,472)	(28,389)	(14,481)
		33,587	47,389	33,566	47,380
Non controlling interest	7.3	-	-	(4)	21
<b>Total equity</b>		<b>33,587</b>	<b>47,389</b>	<b>33,562</b>	<b>47,401</b>
<b>Non current liabilities</b>					
Deferred tax liability	6	16,267	14,140	16,269	14,150
Deferred income	12	2,713	2,713	2,713	2,713
Borrowings	13.2	29,200	28,618	29,200	28,618
Employees retirement benefits	15	26,533	24,879	26,533	24,879
<b>Total non-current liabilities</b>		<b>74,713</b>	<b>70,350</b>	<b>74,715</b>	<b>70,360</b>
<b>Current liabilities</b>					
Trade payables		2,855	2,033	2,855	2,033
Other payables		13,296	11,047	13,296	11,047
Related parties	14.1	1,282	1,123	1,377	1,186
Taxes payable		3,026	2,827	3,039	2,840
Borrowings	13.1	1,335	1,859	1,335	1,859
Bank overdraft(secured)	9.2	2,492	1,763	2,492	1,763
<b>Total current liabilities</b>		<b>24,286</b>	<b>20,652</b>	<b>24,394</b>	<b>20,728</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>132,586</b>	<b>138,391</b>	<b>132,671</b>	<b>138,489</b>

The Board of Directors approved these financial statements for issue on 14 June, 2013

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 Director

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 Director

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

**GUYANA SUGAR CORPORATION INC.**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	NOTES	COMPANY		GROUP	
		2011	2010	2011	2010
		\$M	\$M	\$M	\$M
Revenue	16	32,678	26,248	32,678	26,248
Cost of sales		37,759	25,905	37,782	25,905
<b>Gross profit</b>		<b>(5,081)</b>	<b>343</b>	<b>(5,104)</b>	<b>343</b>
Other income		1,544	1,292	1,544	1,292
Administrative expenses		(2,133)	(1,780)	(2,153)	(1,780)
Marketing and distribution expenses		(3,517)	(2,876)	(3,517)	(2,876)
<b>Operating profit/(loss)</b>		<b>(9,187)</b>	<b>(3,021)</b>	<b>(9,230)</b>	<b>(3,021)</b>
Finance cost		(400)	(492)	(405)	(507)
Employees retirement benefits	15	(1,654)	(1,636)	(1,654)	(1,636)
Income from investments		9	14	9	14
<b>Loss before tax</b>	17	<b>(11,232)</b>	<b>(5,136)</b>	<b>(11,281)</b>	<b>(5,150)</b>
Taxation	18	(2,664)	(2,251)	(2,652)	(2,243)
<b>Loss for the year</b>		<b>(13,896)</b>	<b>(7,387)</b>	<b>(13,933)</b>	<b>(7,393)</b>
<b>Other Comprehensive income:</b>					
Net gain/ (loss) on revaluation of investments		94	59	94	59
Net loss on revaluation of non-current asset		-	(7)	-	(7)
Other comprehensive income net of tax		94	52	94	52
<b>Total comprehensive loss for the year</b>		<b>(13,802)</b>	<b>(7,335)</b>	<b>(13,839)</b>	<b>(7,341)</b>
<b>Loss for the year</b>					
<b>Attributable to:-</b>					
Equity holders of the parent		(13,896)	(7,387)	(13,908)	(7,388)
Non controlling interest		-	-	(25)	(5)
		<b>(13,896)</b>	<b>(7,387)</b>	<b>(13,933)</b>	<b>(7,393)</b>
<b>Total comprehensive loss for the year</b>					
<b>Attributable to:</b>					
Equity holders of the parent		(13,802)	(7,335)	(13,814)	(7,336)
Non controlling interest	7.3	-	-	(25)	(5)
<b>Loss for the year</b>		<b>(13,802)</b>	<b>(7,335)</b>	<b>(13,839)</b>	<b>(7,341)</b>
Basic loss per share in dollars	24	<b>(1.29)</b>	<b>(0.68)</b>	<b>(1.29)</b>	<b>(0.68)</b>

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

**GUYANA SUGAR CORPORATION INC.**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**COMPANY**

<u>Notes</u>	<u>Stated Capital</u>	<u>Revaluation Reserve</u>	<u>Other Reserves</u>	<u>Retained Earnings</u>	<u>Total Equity</u>
	\$M	\$M	\$M	\$M	\$M
Balance at January 1, 2010	10,800	50,856	153	(7,085)	54,724
Other comprehensive Income	-	(7)	59	-	52
<b>Loss for the year</b>	-	-	-	(7,387)	(7,387)
<b>Total comprehensive income for the year</b>	-	(7)	59	(7,387)	(7,335)
Balance as at December 31, 2010	10,800	50,849	212	(14,472)	47,389
Other comprehensive Income	-	-	94	-	94
<b>Loss for the year</b>	-	-	-	(13,896)	(13,896)
<b>Total comprehensive income for the year</b>	-	-	94	(13,896)	(13,802)
Balance at December 31, 2011	10,800	50,849	306	(28,368)	33,587

**GROUP**

	<u>Attributable to equity holders of the parent</u>					<u>Total Equity</u>
	<u>Stated Capital</u>	<u>Revaluation Reserve</u>	<u>Other Reserves</u>	<u>Retained Earnings</u>	<u>Non Controlling Interest</u>	
	\$M	\$M	\$M	\$M	\$M	
Balance at January 1, 2010	10,800	50,856	153	(7,093)	26	54,742
Other comprehensive Income	-	(7)	59	-	-	52
<b>Loss for the year</b>	-	-	-	(7,388)	(5)	(7,393)
<b>Total comprehensive income for the year</b>	-	(7)	59	(7,388)	(5)	(7,341)
Balance as at December 31, 2010	10,800	50,849	212	(14,481)	21	47,401
Other comprehensive income	-	-	94	-	-	94
<b>Loss for the year</b>	-	-	-	(13,908)	(25)	(13,933)
<b>Total comprehensive income for the year</b>	-	-	94	(13,908)	(25)	(13,839)
	-	-	-	-	-	-
Balance at December 31, 2011	10,800	50,849	306	(28,389)	(4)	33,562

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

GUYANA SUGAR CORPORATION INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2011

	COMPANY		GROUP	
	2011 \$M	2010 \$M	2011 \$M	2010 \$M
<b>OPERATING ACTIVITIES</b>				
<b>Loss before taxation</b>	(11,232)	(5,136)	(11,281)	(5,150)
Adjustments for:				
Depreciation and write down of assets	4,854	4,185	4,854	4,184
(Gain) / loss on disposal of property, plant and equipment	(73)	220	(73)	220
Net interest	400	492	405	492
Income from investments	(9)	(14)	(9)	(14)
<b>Operating profit/(loss) before working capital changes</b>	<b>(6,060)</b>	<b>(252)</b>	<b>(6,104)</b>	<b>(267)</b>
Decrease / (increase) in inventories	167	(637)	167	(637)
Decrease / (increase) in standing cane	3,929	(3,308)	3,952	(3,304)
Increase in product stocks	(114)	(600)	(114)	(600)
Decrease / (increase) in accounts receivable and prepayments	440	(774)	436	(777)
Increase in accounts payable and accruals	3,071	6,444	3,071	6,429
Decrease in amounts due to related parties	159	(295)	191	(265)
Increase in defined benefit pension liability	1,654	1,636	1,654	1,636
<b>Cash generated from operations</b>	<b>3,247</b>	<b>2,214</b>	<b>3,254</b>	<b>2,214</b>
Interest paid	(401)	(499)	(406)	(499)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,846</b>	<b>1,715</b>	<b>2,848</b>	<b>1,715</b>
<b>INVESTING ACTIVITIES</b>				
Interest received	1	7	1	7
Purchase of property, plant and equipment	(3,874)	(8,560)	(3,874)	(8,560)
Proceeds from sale of property, plant and equipment	78	-	78	-
Dividends received from investments	9	14	9	14
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(3,786)</b>	<b>(8,539)</b>	<b>(3,786)</b>	<b>(8,539)</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from borrowing	58	4,894	58	4,894
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>58</b>	<b>4,894</b>	<b>58</b>	<b>4,894</b>
Decrease in cash and cash equivalents	(882)	(1,930)	(881)	(1,930)
Cash and cash equivalents at beginning of the period	(575)	1,355	(550)	1,380
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>(1,457)</b>	<b>(575)</b>	<b>(1,431)</b>	<b>(550)</b>
<b>CASH AND CASH EQUIVALENT COMPRISED OF:-</b>				
Cash on hand and at bank	1,035	1,188	1,061	1,213
Bank overdraft(secured)	(2,492)	(1,763)	(2,492)	(1,763)
	<b>(1,457)</b>	<b>(575)</b>	<b>(1,431)</b>	<b>(550)</b>

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

**GUYANA SUGAR CORPORATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**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.

Lochaber Limited's principal activity is the cultivation of sugar cane. Its registered office is at Ogle Estate, East Coast Demerara.

**2. NEW AND REVISED STANDARDS**

**Application of new and revised Standards and Interpretations**

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the financial statements for the prior year except for the adoption of new standards and interpretations which became effective during the period.

Revised standards and interpretations which became effective during the period and were adopted did not have any impact on the accounting policies, financial position or performance of the Company.

**Standards and Interpretations not yet effective**

IFRS 9 was issued in November 2009 and is required to be applied from 1 January 2013. The Company has not opted for early adoption. This standard specifies how an entity should classify and measure its financial assets. It requires all financial assets to be classified in their entirety on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are to be initially measured at fair value plus, in the case of a financial asset not at fair value through profit and loss, particular transaction costs. Subsequently, financial assets are to be measured either at amortised cost or fair value. When adopted, IFRS 9 will be applied retrospectively in accordance with IAS 8.

Additionally there are several interpretations and amendments to existing standards which are not yet effective. The Company has not early adopted any such pronouncements. The directors anticipate that the adoption of these standards and interpretations will have no material impact on the financial statements of the Company.

IAS 1 Presentation of Financial Statements - Other comprehensive income (effective July 1, 2012)

IAS 12 Income Taxes — Recovery of Underlying Assets (effective January 1, 2012)

IAS 19 Employees Benefits (amendment) (effective January 1, 2013)

IAS 24 Related Party Disclosures – Partial exemption for government- related entities and revised definition (effective January 1, 2011)



**GUYANA SUGAR CORPORATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**2 NEW AND REVISED STANDARDS (Cont'd)**

IAS 27 Separate Financial Statements (effective January 1, 2013)

IFRS 1 First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective July 1, 2011)

IFRS 7 Financial Instruments: Disclosures – Enhanced Derecognition Disclosures Requirements (effective July 1, 2011)

IFRS 9 Financial Instruments (effective January 1, 2013)

IFRS 10 Consolidated Financial Statements (effective January 1, 2013)

IFRS 11 Joint Arrangements (effective January 1, 2013)

IFRS 12 Disclosure of Interests in Other Entities (effective January 1, 2013)

IFRS 13 Fair Value Measurement (effective January 1, 2013)

IFRIC 14 Prepayments of a minimum funding requirement (amendment - effective January 1, 2011)

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (effective January 1, 2013)  
Improvements to IFRSs (issued in May 2010) (effective mainly January 1, 2011)

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Accounting convention**

The financial statements have been prepared under the historical cost convention as modified for the revaluation of investments and fixed assets and conform with International Financial Reporting Standards and the Companies Act 1991.

**3.2 Revenue and expense recognition**

Revenue represents the amounts earned from the sale of sugar and molasses during the year. Revenue is recognized in the Statement of Comprehensive Income on an accrual basis when the product is shipped, or for domestic sales, when the product is collected. Expenses are recognized at the fair value of the consideration paid/payable on an accrual basis.

**3.3 Property, plant and equipment**

Freehold land and buildings are stated at fair values as at January 1, 1999 as determined by professional valuers. Factory, plant and equipment are stated at Directors' valuation as at December 31, 2005. Freehold land and building and factory plant acquired subsequent to these valuation dates and other property, plant and equipment are stated at cost.

**GUYANA SUGAR CORPORATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES ( Cont'd)**

**3.3 Property, plant and equipment (cont'd)**

All assets with the exception of freehold land and work-in-progress are depreciated on the straight line method at rates sufficient to write off the cost or revaluation of these assets to their residual values over their estimated useful lives as follows:

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

All assets are tested for possible impairment based on income generated and net realizable 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.

**3.4 Freehold and leasehold land**

In addition to 21,565 acres of land, the Group leases from the Government of Guyana 50,509 hectares of land on which it grows cane and for ancillary purposes.

The tenure of the lease is for fifty (50) years. There is no intent by the Government of Guyana to pass title to the company for any of these lands, therefore, they are all classified as operating leases in accordance with IAS 17.

**3.5 Inventory**

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

Product stocks are valued at the lower of cost of production and estimated realizable value less deductions for Sugar Industry Special Funds contributions and shipping and selling expenses, where applicable. Where markets are identified for sugar and molasses, the net realizable value is used if it is lower than the cost of production. Production costs include all estates' operations and administrative costs.

**3.6 Standing cane**

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

**GUYANA SUGAR CORPORATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**3.7 Research and development**

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

**3.8 Financial instruments**

Financial assets and liabilities are recognized on the company's statement of financial position when the company becomes a party to the contractual provisions of the instruments.

Financial instruments carried on the statement of financial position include investment securities, receivables, payables, accruals and cash resources. The recognition method adopted for investment securities is disclosed in the individual policy statements.

**Investments**

Investments are recognized in the financial statements to comply with International Accounting Standards.

The Company's investments have been classified as "Available-for-sale". "Available-for-sale" investments are initially recognized at cost and adjusted to fair value at subsequent periods. The classification of investments is regularly reviewed for any changes.

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 Statement of Comprehensive Income for that period.

**Trade, other receivables and prepayments**

Trade, other receivables and prepayments are measured at amortised cost. Appropriate allowances for estimated unrecoverable amounts are recognized in statement of income when there is objective evidence that the asset is impaired. The allowance recognized is based on management's evaluation of the collectability of the receivables.

**Cash and cash equivalents**

Cash and cash equivalents are comprised of cash on hand and at bank and fixed deposits maturing three months or less.

**Trade, other payables and accruals**

Trade, other payables and accruals are measured at amortised cost.

**GUYANA SUGAR CORPORATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**3.9 Reserves**

(i) Surplus on revaluation of fixed assets (land and buildings) is credited to this account. This reserve is not distributable.

(ii) Other

Fair value adjustments of "available-for-sale" investments are credited to this account. This reserve is not distributable.

**3.10 Impairment of tangible assets**

At each reporting date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

**3.11 Taxation**

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

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of income 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 or substantively enacted by the statement of financial position date.

**Deferred tax**

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 is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

**GUYANA SUGAR CORPORATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**3.11 Deferred Tax (cont'd)**

Deferred tax assets are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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 group intends to settle its current tax assets and liabilities on a net basis.

**Current and deferred tax for the period**

Current and deferred taxes are recognised as an expense or income in the consolidated statement of income.

**3.12 Employee retirement benefits**

The group participates in a contributory multi-employer pension plan, Guyana Sugar and Trading Enterprise Pension Scheme (STEPS), a defined benefit scheme, for its qualifying employees.

The contributions are held in trustee administered funds which are separate from the company's finances.

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

The retirement benefit costs are assessed using the Projected Unit Credit method. Under this method, the cost of providing pensions is charged to the statement of income so as to spread the regular costs over the service lives of the employees. This is determined by professional actuaries. Actuarial gains and losses are recognized as income or expenses if the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting period exceed the greater of (a) 10% of the present value of the defined benefit obligation, and (b) 10% of the fair value of the plan assets at that date.

**GUYANA SUGAR CORPORATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**3.13 Translation of foreign currency**

Transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions.

At the end of the financial period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary assets and liabilities carried at the fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in the statement of comprehensive income for the period.

**3.14 Presentation currency**

The financial statements have been presented in Guyana dollars.

**3.15 Provisions**

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

**3.16 Skeldon Sugar Modernisation Project (SSMP)**

All expenses including borrowing costs to the modernization project had been charged as work- in- progress. This was capitalized on the commissioning of the factory during 2009. See Note 5.3

**3.17 Basis of consolidation**

The consolidated financial statements incorporate the financial statements made to December 31 each year of the Parent Company and Lochaber Limited (the subsidiary), a company controlled by the Parent. Control is achieved by virtue of the Company 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 7.2 Intra group balances and transactions have been eliminated in preparing the consolidated financial statements

**3.18 Basic earnings per share**

Basic earnings per share attributable to ordinary equity holders of the parent is calculated by dividing profit or loss attributable to ordinary equity holders of the parent by the weighted number of ordinary shares outstanding during the period.

**3.19 Borrowing costs**

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds IAS23 – Borrowing costs. Borrowing costs that were directly attributable to the acquisition and construction of qualifying assets were capitalized during the year. Borrowing costs were computed using the effective interest method in accordance with IAS 39 – Financial instruments: Recognition and measurement.

**GUYANA SUGAR CORPORATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the group accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the financial statements:

**i) Trade, other receivables and prepayments**

On a regular basis, management reviews trade and other receivables 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 impairment of debts.

**ii) Other financial assets**

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

**iii) Useful lives 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) Impairment of financial assets**

Management makes judgement at each reporting date to determine whether financial assets are impaired. Financial assets are impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

**v) Retirement benefit asset/obligation**

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

GUYANA SUGAR CORPORATION INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

5. PROPERTY, PLANT & EQUIPMENT

5.1 COMPANY

Cost/valuation	Land	Buildings others	Buildings wooden	Land expansion cost	Plant, machinery and equipment	Work in progress	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
As at Jan 01 2011	44,344	11,655	2,689	2,842	62,696	11,127	135,353
Transfers	-	47	8	93	5,065	(5,213)	-
Additions	-	2	-	-	5	3,867	3,874
Disposals	-	-	-	-	(188)	-	(188)
<b>As at December 31, 2011</b>	<b>44,344</b>	<b>11,704</b>	<b>2,697</b>	<b>2,935</b>	<b>67,578</b>	<b>9,781</b>	<b>139,039</b>
<b>Comprising:</b>							
Cost	541	1,329	127	2,935	67,406	9,781	82,119
Valuation	43,803	10,375	2,570	-	172	-	56,920
	44,344	11,704	2,697	2,935	67,578	9,781	139,039
<b>Depreciation</b>							
As at Jan 01 2011	-	2,687	915	76	24,953	-	28,631
Charge for the period	-	226	81	13	4,534	-	4,854
Retired on disposals	-	-	-	-	(183)	-	(183)
<b>As at December 31, 2011</b>	<b>-</b>	<b>2,913</b>	<b>996</b>	<b>89</b>	<b>29,304</b>	<b>-</b>	<b>33,302</b>
<b>Net book value</b>							
As at December 31, 2011	44,344	8,791	1,701	2,846	38,274	9,781	105,737
As at December 31, 2010	44,344	8,968	1,774	2,766	37,743	11,127	106,722

5.2 GROUP

Cost or valuation	Land	Buildings others	Buildings wooden	Land expansion cost	Plant, machinery and equipment	Work in progress	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
As at Jan 01 2011	44,344	11,655	2,689	2,842	62,696	11,127	135,353
Transfers	-	47	8	93	5,065	(5,213)	-
Additions	-	2	-	-	5	3,867	3,874
Disposals	-	-	-	-	(188)	-	(188)
<b>As at December 31, 2011</b>	<b>44,344</b>	<b>11,704</b>	<b>2,697</b>	<b>2,935</b>	<b>67,578</b>	<b>9,781</b>	<b>139,039</b>
<b>Comprising:</b>							
Cost	541	1,329	127	2,935	67,406	9,781	82,119
Valuation	43,803	10,375	2,570	-	172	-	56,920
	44,344	11,704	2,697	2,935	67,578	9,781	139,039
<b>Depreciation</b>							
As at Jan 01 2011	-	2,687	915	76	24,953	-	28,631
Charge for the year	-	226	81	13	4,534	-	4,854
Retired on disposals	-	-	-	-	(183)	-	(183)
<b>As at December 31, 2011</b>	<b>-</b>	<b>2,913</b>	<b>996</b>	<b>89</b>	<b>29,304</b>	<b>-</b>	<b>33,302</b>
<b>Net book value</b>							
As at December 31, 2011	44,344	8,791	1,701	2,846	38,274	9,781	105,737
As at December 31, 2010	44,344	8,968	1,774	2,766	37,743	11,127	106,722



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**5. PROPERTY, PLANT & EQUIPMENT (cont'd)**

**5.3 Skeldon Modernisation Project**

Expenditure includes project management costs, the preparation of new cane areas, equipment and interest cost.

Interest capitalised is as follows:

	<u>CDB SSMP</u> \$M	<u>CDB D&amp;I</u> \$M	<u>GOG SSMP</u> \$M	<u>TOTAL</u> \$M
Balance as at January 1 2010	471	53	1,374	1,898
Capitalised for the year	189	-	2,393	2,582
Balance as at December 31, 2010	660	53	3,767	4,480
Capitalised for the year	13	-	-	13
Balance as at December 31, 2011	673	53	3,767	4,493

Skeldon Modernisation Project was transferred out of capital work in progress in 2009 when the project was deemed completed. Interest capitalised up to 2009 was also included in the cost of the project. The amount of G\$13M in 2011 represents additional capitalised interest.

**5.4 Net Book Value at Cost method**

If no revaluation of land, buildings and equipment was done, the net book value of property, plant and equipment would have been approximately \$82,119,000,000 (2010 - \$78,585,000,000).

**5.5 Leasehold Land**

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 is as follows:

	<u>Hectares</u>
Unexpired leases	21,576
Unexpired Licences	181
Expired leases	1,673
Expired permissions	992
During the President's pleasure licenses	25,680
During the President's pleasure permissions	407
	<u>50,509</u>

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 market exists for these lands.

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**6. DEFERRED TAX**

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

	<b>COMPANY</b>		<b>GROUP</b>		
	<u>2011</u> \$M	<u>2010</u> \$M	<u>2011</u> \$M	<u>2010</u> \$M	
<b>Deferred tax liability</b>					
Property, plant and equipment	14,429	10,621	14,443	10,634	
Standing cane	1,838	3,519	1,826	3,516	
	<u>16,267</u>	<u>14,140</u>	<u>16,269</u>	<u>14,150</u>	
<b>Deferred tax asset</b>					
Tax value of losses carried forward	(2,293)	(1,882)	(2,307)	(1,892)	
Property, plant and equipment	-	-	(18)	(18)	
Inventories provision	7	7	7	7	
Defined benefit pension liability	(7,961)	(8,710)	(7,960)	(8,709)	
	<u>(10,247)</u>	<u>(10,585)</u>	<u>(10,278)</u>	<u>(10,612)</u>	
<b>Movement in temporary differences</b>					
			<b>COMPANY</b>		
			<u>Balance at</u> <u>Jan 01,2011</u>	<u>Recognised</u> <u>In Income</u>	<u>Balance at</u> <u>Dec 31,2011</u>
<b>Deferred tax liability</b>					
Property, plant and equipment		10,621	3,808		14,429
Standing cane		3,519	(1,681)		1,838
		<u>14,140</u>	<u>2,127</u>		<u>16,267</u>
<b>Deferred tax asset</b>					
Tax value of losses carried forward		(1,882)	(411)		(2,293)
Inventories provision		7	-		7
Defined benefit pension liability		(8,710)	749		(7,961)
		<u>(10,585)</u>	<u>338</u>		<u>(10,247)</u>
<b>Movement In temporary differences</b>					
			<b>GROUP</b>		
			<u>Balance at</u> <u>Jan 01,2011</u>	<u>Recognised</u> <u>In Income</u>	<u>Balance at</u> <u>Dec 31,2011</u>
<b>Deferred tax liability</b>					
Property, plant and equipment		10,634	3,808		14,442
Standing cane		3,516	(1,689)		1,827
		<u>14,150</u>	<u>2,119</u>		<u>16,269</u>
<b>Deferred tax asset</b>					
Tax value of losses carried forward		(1,892)	(415)		(2,307)
Property, plant and equipment		(18)	-		(18)
Inventories provision		7	-		7
Defined benefit pension liability		(8,709)	749		(7,960)
		<u>(10,612)</u>	<u>334</u>		<u>(10,278)</u>

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**7. INVESTMENTS**

**7.1 Available for sale:**

	<u>COMPANY</u>		<u>GROUP</u>	
	<u>2011</u> \$M	<u>2010</u> \$M	<u>2011</u> \$M	<u>2010</u> \$M
<b>Republic Bank Guyana Limited</b>	286	192	286	192
	<u>286</u>	<u>192</u>	<u>286</u>	<u>192</u>

In determining the value of investments, quotations from Guyana Association of Securities Companies and Intermediaries inc. and Directors valuation for unquoted investments were used.

**7.2 Investment in Subsidiary**

**Lochaber Limited**

	<u>22</u>	<u>22</u>	<u>-</u>	<u>-</u>
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The Corporation holds 36.8% of the share capital of Lochaber Limited. The Corporation exercises dominant control 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 cost method in the Corporation's own financial statements.

**7.3 Non controlling interest**

At January 1  
 Share of loss  
 At December 31

	-	-	21	26
	-	-	(25)	(5)
	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>21</u>

**GUYANA SUGAR CORPORATION INC.**  
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**8. CURRENT ASSETS**

**8.1 Inventory categories**

Fuel
Spares
Fertilizers and chemicals
Other
<b>Gross Inventories</b>
Less collectively assessed provision for slow moving and obsolete items
<b>Net Inventories</b>

COMPANY		GROUP	
2011	2010	2011	2010
\$M	\$M	\$M	\$M
90	80	90	80
1,833	1,807	1,833	1,807
827	1,018	827	1,018
1,706	1,719	1,706	1,719
<b>4,457</b>	<b>4,624</b>	<b>4,457</b>	<b>4,624</b>
(346)	(346)	(346)	(346)
<b>4,111</b>	<b>4,278</b>	<b>4,111</b>	<b>4,278</b>

It is estimated that fuel, fertilizers and chemicals and other inventories will be realised within one year  
Spares expected to be recovered more than one year \$632M (2010 - \$632M)

**8.2 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

Balance as at January 01
Adjustment to cost of sales
<b>Balance as at December 31</b>

COMPANY		GROUP	
2011	2010	2011	2010
\$M	\$M	\$M	\$M
10,050	6,742	10,080	6,776
(3,929)	3,308	(3,952)	3,304
<b>6,121</b>	<b>10,050</b>	<b>6,128</b>	<b>10,080</b>

**Standing Cane by Age**

Age of Cane	COMPANY		GROUP	
	2011 Hectares	2010 Hectares	2011 Hectares	2010 Hectares
1-5 Months	26,914	22,134	26,914	22,298
6 Months	1,156	1,044	1,156	1,044
7 Months	2,153	133	2,153	133
8 Months	3,728	1,384	3,728	1,384
9 Months	4,243	2,842	4,243	2,868
10 Months	3,136	4,738	3,136	4,846
11 Months	2,331	4,963	2,331	4,963
12 Months	1,288	8,336	1,288	8,365
<b>44,948</b>	<b>45,573</b>	<b>44,948</b>	<b>45,900</b>	

COMPANY		GROUP	
2011	2010	2011	2010
\$M	\$M	\$M	\$M
-	-	-	-
50	38	57	51
206	11	206	11
617	194	617	194
1,461	830	1,461	832
1,609	2,062	1,609	2,075
1,369	2,472	1,369	2,472
809	4,443	809	4,445
<b>6,121</b>	<b>10,050</b>	<b>6,128</b>	<b>10,080</b>

**Farmers' price per tonne of sugar**

COMPANY	GROUP
2011	2010
\$	\$
<b>86,116</b>	<b>73,054</b>
<b>86,116</b>	<b>73,054</b>

**8.3 Product stock categories**

Sugar
Molasses
Livestock

COMPANY		GROUP	
2011	2010	2011	2010
\$M	\$M	\$M	\$M
1,030	942	1,030	942
625	598	625	598
10	10	10	10
<b>1,665</b>	<b>1,551</b>	<b>1,665</b>	<b>1,551</b>

**9. CASH AND CASH EQUIVALENTS**

**9.1 Cash on hand and at bank**

US Dollar (Escrow account)
US Dollar (Current account)
GBP - pound sterling
Euro

COMPANY	GROUP		
2011	2010		
\$M	\$M		
155	744	181	770
188	349	188	349
4	13	4	13
688	82	688	82
<b>1,035</b>	<b>1,188</b>	<b>1,061</b>	<b>1,213</b>

GUYANA SUGAR CORPORATION INC.

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9. CASH AND CASH EQUIVALENTS (Cont'd)

9.2 Bank overdraft (secured)

	COMPANY		GROUP	
	2011 \$M	2010 \$M	2011 \$M	2010 \$M
Guyana Dollar(a)	2,492	1,763	2,492	1,763
(a) These comprised of:-				
(i) Guyana Bank for Trade and Industry Limited	1,293	1,184	1,293	1,184
(ii) Republic Bank Guyana Limited	325	266	325	266
(iii) Demerara Bank Limited	487	44	487	44
(iv) Bank of Nova Scotia	387	269	387	269
	2,492	1,763	2,492	1,763

Securities held consist of

(i) & (ii)- Over property situated at Plantation Ogle, East Coast Demerara

(iii) & (iv) - Over properties at Plantation Vryheids Lust, Plantation Montrose, Plantation Felicity, Plantation Better Hope & Plantation Brothers all of East Coast Demerara.

- Over properties at Plantation La Bonne Intention and Plantation Chateau Margot both of East Coast Demerara.

- Over properties at Plantation Le Ressouvenir and Plantation Success both of East Coast Demerara.

(b) Interest rates are as follows:-

	GROUP	
	2011	2010
Guyana Bank for Trade and Industry Limited	9%	9%
Republic Bank Guyana Limited	8%	8%
Demerara Bank Limited	8.5%	8.5%
Bank of Nova Scotia	8.5%	8.5%

10. 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. The fully paid ordinary shares have no par value and carry one vote per share and equal rights to dividends.

11. RESERVES

	COMPANY		GROUP	
	2011 \$M	2010 \$M	2011 \$M	2010 \$M
11.1 Revaluation reserve				
Revaluation of fixed assets	50,849	50,849	50,849	50,849

The Company 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 revised in 2009.

11.2 Other reserves

	COMPANY		GROUP	
	2011 \$M	2010 \$M	2011 \$M	2010 \$M
1. Amounts received by the Company from the Sugar Industry Special Funds for rehabilitation work carried out on the Company's factories.	25	25	25	25
2. Monies received from the Government of Guyana for the purpose of financing projects in the Company'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.	2	2	2	2
4. Adjustment of investments to reflect fair value	264	170	264	170
	306	212	306	212

GUYANA SUGAR CORPORATION INC.

NOTES TO THE FINANCIAL STATEMENTS

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12. DEFERRED INCOME

	COMPANY		GROUP	
	2011 \$M	2010 \$M	2011 \$M	2010 \$M
Income from European Union	2,713	2,713	2,713	2,713

Deferred Income represents income from the European Union as part of the Guyana National Action Plan (GNAP) submission for the mitigation against the EU price cuts. Funds received will be utilised for the construction of a new packaging plant at Enmore Estate called Enmore Project Gold and will result in the conversion of production into direct consumption sugars for the local and international markets.

Construction works commenced on the US\$12M facility in 2009 and Certificate of Completion is expected to be signed on February 2012. Following completion, deferred income will be transferred to the Statement of Comprehensive Income on an annual basis over the plant's useful economic life.

13. BORROWINGS

	COMPANY		GROUP	
	2011 \$M	2010 \$M	2011 \$M	2010 \$M
<b>13.1 Current</b>				
a) Government of Guyana Drainage and Irrigation financed by CDB	141	141	141	141
b) Consortium of local banks and ING	1,050	1,574	1,050	1,574
c) Government of Guyana Debenture	144	144	144	144
<b>Total current loans</b>	<b>1,335</b>	<b>1,859</b>	<b>1,335</b>	<b>1,859</b>
<b>13.2 Non Current</b>				
a) Government of Guyana Drainage and Irrigation financed by CDB	677	646	677	646
b) Government of Guyana SSMP	15,283	15,249	15,283	15,249
c) Government of Guyana SSMP financed by CDB	5,087	4,588	5,087	4,588
d) Government of Guyana SSMP financed by EXIM Bank	6,153	6,135	6,153	6,135
<b>Total non-current loans</b>	<b>29,200</b>	<b>28,618</b>	<b>29,200</b>	<b>28,618</b>
<b>Repayments due in one year and included in current liabilities</b>	<b>1,335</b>	<b>1,859</b>	<b>1,335</b>	<b>1,859</b>
Repayment due within 2-5 years	5,981	5,981	5,981	5,981
Repayment due after five years	23,219	22,637	23,219	22,637
	<b>29,200</b>	<b>28,618</b>	<b>29,200</b>	<b>28,618</b>

**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 amounted to US\$5,026,395. Interest is charged at the rate of 3% per annum on the principal and is paid on a semi-annual basis.

The repayment of the loan started 5 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. The maturity date of the loan is June 2024.

**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 6.5% 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 installments. A grace period of 3 years was granted in 2010 on the repayments by the Government of Guyana. The first disbursement was received in March 2005. The maturity date of the loan is February 2027.

**c) Government of Guyana SSMP financed by CDB**

This is an on-lending facility from the Government of Guyana for US\$24.8M financed by CDB. This facility is divided into two sections: Ordinary Capital Resources (OCR) for US\$ 11.8M and Special Funds Resources (SFR) for \$13.0M. 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\$23.560M was made.

The repayment of the loan starts 5 years after the date of the first disbursement and will be paid in 34 equal semi-annual installments. A grace period of 3 years was granted in 2010 on the repayments by the Government of Guyana. The first disbursement was received in May 2005. The maturity date of the loan is April 2027. Interest is charged at the rate of 6.5% on the OCR portion and 3% on the SFR portion per annum on the principal amount.

**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\$35M was made.

The repayment of the loan starts 5 years after the date of the first disbursement and will be paid in 24 equal installments. A grace period of 3 years has been granted in 2010 on the repayments by the Government of Guyana. The first disbursement was received in March 2005. The maturity date of the loan is February 2022. Interest is charged at a rate of 4.5% per annum.

**e) Consortium of local banks**

This is a short-term line of credit as part of a consortium lending arrangement by participating Licensed Financial Institutions of Guyana totalling G\$1,050M.

**f) Government of Guyana debenture**

This is a convertible Government of Guyana debenture. The Government of Guyana is the major shareholder and issuer of the debenture on which no interest is charged.

GUYANA SUGAR CORPORATION INC.

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14. RELATED PARTIES

14.1 Amounts due to related parties

	COMPANY		GROUP	
	2011 \$M	2010 \$M	2011 \$M	2010 \$M
Lochaber	(95)	(68)	-	-
Booker Tate	11	11	11	11
Government of Guyana - Lease rentals	370	299	370	299
Sugar Industry Labour Welfare Fund	996	880	996	876
	<b>1,282</b>	<b>1,123</b>	<b>1,377</b>	<b>1,186</b>

Total rent payable for the lease lands to the Government of Guyana was \$370.4M (2010 - \$299.4M) whilst the amount paid was \$33.1M (2010 - \$167.6M).

Total levies payable to Sugar Industry Welfare Fund was \$1,309M whilst claims made by Guysuco for work done on behalf of the welfare was \$315M. No payments were made during the year.

14.2 Related parties transactions

14.2.1 Booker Tate Limited

Booker Tate Limited, a company incorporated in the United Kingdom, managed the Corporation under an agreement dated March 26, 1996 up to March 31 2009. Under this agreement Booker Tate received a fixed fee, a production incentive fee and reimbursement of certain expenses. From April 01 2009 this agreement was replaced with a Technical Services Agreement. The amounts payable to Booker Tate under the agreements were as follows:

	COMPANY		GROUP	
	2011 \$M	2010 \$M	2011 \$M	2010 \$M
Salaries, benefits and other expenses	-	18	-	18

14.2.2 Key Management Personnel (excluding Booker Tate)

The company's key management personnel is comprised of its Chief Executive Officer, Deputy Chief Officer, Functional Directors and other Managers. The remuneration paid to key management personnel during the year was as follows:

	2011	2010	2011	2010
Short term employee benefit	230	226	230	226

14.2.3 Directors' fees and expenses

	COMPANY				GROUP			
	2011		2010		2011		2010	
	Fees \$000	Expenses \$000	Fees \$000	Expenses \$000	Fees \$000	Expenses \$000	Fees \$000	Expenses \$000
<b>Directors</b>								
Dr Nanda K. Gopaul **	-	-	-	-	-	-	-	-
Donald Ramotar **	70	2,726	52	1,896	70	2,726	52	1,896
Mrs. Geeta Singh -Knight	87	-	52	-	87	-	52	-
Dr. Rajendra Singh	87	1,164	52	749	87	1,164	52	749
Keith Burrowes	87	-	52	-	87	-	52	-
Mr. J.B. Raghural	87	-	52	-	87	-	52	-
Errol Hanoman *	-	-	-	-	-	-	-	-
	<b>420</b>	<b>3,890</b>	<b>262</b>	<b>2,645</b>	<b>420</b>	<b>3,890</b>	<b>262</b>	<b>2,645</b>

\* Indicate Directors retired in 2010

\*\* Indicate Directors retired in 2011

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.

GUYANA SUGAR CORPORATION INC.

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FOR THE YEAR ENDED DECEMBER 31, 2011

15. EMPLOYEES RETIREMENT BENEFITS

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 2011 by Becon 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 2011 using the Projected Unit Credit Method.

	2011				2010			
	Post Retirement Medical	STEPS Scheme	Ex Gratia Scheme	Total	Post Retirement Medical	STEPS Scheme	Ex Gratia Scheme	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>15.1 The amounts recognized in the Statement of Financial Position are as follows:</b>								
Defined benefit obligation		10,707	26,117	36,825	574	9,083	21,227	30,883
Fair value of assets		(8,892)	-	(8,892)	-	(8,402)	-	(8,402)
<b>Present value of unfunded contributions</b>								
Unrecognized gain/(loss)	-	1,815	26,117	27,932	574	681	21,227	22,481
		(1,405)	(570)	(1,974)	-	(333)	2,730	2,397
<b>Defined benefit liability</b>								
	-	411	25,548	25,958	574	348	23,957	24,879
<b>15.2 Reconciliation of opening and closing defined benefit liability</b>								
Defined benefit liability at the beginning of the year	575	348	23,957	24,879	574	294	22,374	23,243
Add net pension cost	-	293	2,206	2,499	-	297	2,122	2,419
Less company contribution/benefits paid		(230)	(815)	(845)	-	(243)	(540)	(783)
Net pension cost	-	63	1,591	1,654	-	54	1,582	1,636
<b>Defined benefit liability at the end of the year</b>								
	575	411	25,548	26,533	574	348	23,956	24,879
<b>15.3 The amounts recognized as staff costs in the Statement Of Income are as follows:</b>								
Current service cost		303	991	1,294	-	320	824	1,144
Interest on defined benefit obligation		530	1,255	1,786	-	480	1,298	1,778
Expected return on Plan Assets		(541)	(41)	(581)	-	(503)	-	(503)
<b>Total included in staff costs</b>								
	-	293	2,206	2,499	-	297	2,122	2,419
<b>15.4 Actual return on Plan Assets</b>								
Expected return on Plan assets		541	-	541	-	503	-	503
Actuarial loss on Plan Assets		125	-	125	-	198	-	198
Actual return on Plan Assets		665	-	665	-	699	-	699

	2011	2010
<b>15.5 Actuarial assumptions</b>		
<b>(I) Funded Scheme</b>		
Discount rate	6%	6%
Salary increases	6%	6%
Pension increases	2%	2%
Rate of return on Pension Plan assets	6.5%	6.5%
<b>(II) Unfunded Scheme</b>		
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.

	Ex Gratia Scheme					Steps Scheme				
	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007
	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000
<b>Experience History</b>										
Defined benefit obligation	26,117	21,227	21,899	20,950	19,457	10,707	9,083	8,200	7,986	7,516
Fair Value Plan Assets	-	-	-	-	-	(8,892)	(8,402)	(7,776)	(7,612)	(7,373)
<b>(Surplus)/Deficit</b>										
	26,117	21,227	21,899	20,950	19,457	1,815	681	423.8	374.1	143.00
Experience Adjustment on Plan Liabilities	(3,259)	2,255	-579	53	949	1,196	399	(220)	46	308
Experience Adjustment on Plan Assets	-	-	-	-	-	125	196	(227)	(156)	(52)
<b>Expected Company Contributions in 2011</b>										
		646					245			

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 in 2011



**GUYANA SUGAR CORPORATION INC.**  
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**15. EMPLOYEES RETIREMENT BENEFITS (cont'd)**

**15.6 Asset Allocation**

	<u>2011</u>	<u>2010</u>
Equity Securities	18.20%	18.20%
Debt Securities	24.20%	24.20%
Property	7.20%	7.20%
Other	<u>50.40%</u>	<u>50.40%</u>
Total	<u>100.00%</u>	<u>100.00%</u>

The Scheme does not directly hold any assets of Guyana Sugar Corporation Inc

**16. REVENUE**

	<u>COMPANY</u>		<u>GROUP</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	<u>\$M</u>	<u>\$M</u>	<u>\$M</u>	<u>\$M</u>
<b>Revenue by products</b>				
Sugar	28,958	22,857	28,958	22,857
Molasses	3,477	2,933	3,477	2,933
Co-generation Electricity	243	458	243	458
Total Sales	<u>32,678</u>	<u>26,248</u>	<u>32,678</u>	<u>26,248</u>
<b>Revenue by major markets</b>				
Europe	19,569	14,600	19,569	14,600
North America	1,997	3,044	1,997	3,044
Caribbean	6,462	3,804	6,462	3,804
Guyana	4,291	4,606	4,291	4,606
Other Markets	359	194	359	194
	<u>32,678</u>	<u>26,248</u>	<u>32,678</u>	<u>26,248</u>

All expenditures are 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.

GUYANA SUGAR CORPORATION INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

	COMPANY		GROUP	
	2011 \$M	2010 \$M	2011 \$M	2010 \$M
<b>17. LOSS BEFORE TAXATION</b>	<b>(11,232)</b>	<b>(5,136)</b>	<b>(11,281)</b>	<b>(1,951)</b>
<b>After charging -</b>				
Employment Costs				
Wages and salaries	17,423	14,969	17,423	14,969
Social security contributions	957	828	957	828
Employees retirement benefits	1,500	1,636	1,500	1,500
Materials and services purchased	11,744	10,564	11,744	10,564
Research and development expenses	214	207	214	207
Directors' fees & expenses	4	3	4	3
Provision for slow moving and obsolete items	(66)	22	(66)	22
Depreciation	4,854	4,195	4,854	4,195
Auditors' remuneration-audit services	11	11	11	11
Interest expense	400	499	405	499
Management fees and expenses	-	18	-	18
Loss on revaluation of non-current assets	-	31	-	31
<b>After crediting</b>				
Net gain on exchange	-	79	-	79
Interest income	1	7	1	7
Available for sale income	9	14	9	14
<b>18. TAXATION</b>				
<b>Reconciliation of corporation tax expense and accounting loss:</b>				
Accounting loss	(11,232)	(5,136)	(11,281)	(5,150)
Corporation tax @30 (2010-35%)	(3,370)	(1,798)	(3,384)	(1,802)
<b>Add: Tax effect of expenses not deductible in determining taxable profits</b>				
Depreciation for accounting purposes	1,427	1,592	1,427	1,592
Defined benefit pension cost	496	573	496	573
	(1,447)	367	(1,461)	363
<b>Deduct:</b>				
Depreciation for tax purposes	(1,332)	(1,597)	(1,332)	(1,597)
Standing Cane	1,179	(1,011)	1,179	(1,011)
	(1,600)	(2,241)	(1,615)	(2,245)
Corporation Tax	-	-	-	-
Deferred Tax	2,465	2,034	2,453	2,026
	2,465	2,034	2,453	2,026
Property Tax	199	217	199	217
	2,664	2,251	2,652	2,243
Taxation - current	199	217	199	217
- deferred	2,465	2,034	2,453	2,026
	2,664	2,251	2,652	2,243

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.

**GUYANA SUGAR CORPORATION INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

**19. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS**

**COMPANY**

	<b>2011</b>			
	<b>Available for sale</b>	<b>Loans and Receivables</b>	<b>Financial Assets and Liabilities at Amortised cost</b>	<b>Total</b>
	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
<b>ASSETS</b>				
Investments	286	-	-	286
Trade receivables	-	1,339	-	1,339
Other receivables and prepayments	-	2,023	-	2,023
Cash on hand and at bank	-	-	1,035	1,035
<b>Total assets</b>	<b>286</b>	<b>3,362</b>	<b>1,035</b>	<b>4,683</b>
<b>LIABILITIES</b>				
Employees retirement benefit	-	-	26,533	26,533
Trade payables	-	-	2,855	2,855
Other payables and accruals	-	-	13,296	13,296
Related parties	-	-	1,282	1,282
Borrowings	-	-	30,535	30,535
Taxation	-	-	3,026	3,026
Bank overdraft(secured)	-	-	2,492	2,492
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>80,019</b>	<b>80,019</b>

	<b>2010</b>			
	<b>Available for sale</b>	<b>Loans and Receivables</b>	<b>Financial Assets and Liabilities at Amortised cost</b>	<b>Total</b>
	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
<b>ASSETS</b>				
Investments	192	-	-	192
Trade receivables	-	1,456	-	1,456
Other receivables and prepayments	-	2,347	-	2,347
Cash on hand and at bank	-	-	1,188	1,188
<b>Total assets</b>	<b>192</b>	<b>3,803</b>	<b>1,188</b>	<b>5,183</b>
<b>LIABILITIES</b>				
Employees retirement benefit	-	-	24,879	24,879
Trade payables	-	-	2,033	2,033
Other payables and accruals	-	-	11,047	11,047
Related parties	-	-	1,123	1,123
Borrowings	-	-	30,477	30,477
Taxation	-	-	2,827	2,827
Bank overdraft(secured)	-	-	1,763	1,763
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>74,149</b>	<b>74,149</b>

GUYANA SUGAR CORPORATION INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

19. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

GROUP

2011

	Available for sale \$M	Loans and Receivables \$M	Financial Assets and Liabilities at Amortised cost \$M	Total \$M
<b>ASSETS</b>				
Investments	286	-	-	286
Trade receivables	-	1,347	-	1,347
Other receivables and prepayments	-	2,024	-	2,024
Taxes recoverable	-	34	-	34
Cash on hand and at bank	-	-	1,061	1,061
Total assets	<u>286</u>	<u>3,405</u>	<u>1,061</u>	<u>4,752</u>

LIABILITIES

Employees retirement benefit	-	-	26,533	26,533
Trade payables	-	-	2,855	2,855
Other payables and accruals	-	-	13,296	13,296
Related parties	-	-	1,377	1,377
Borrowings	-	-	30,535	30,535
Taxation	-	-	3,039	3,039
Bank overdraft(secured)	-	-	2,492	2,492
Total liabilities	<u>-</u>	<u>-</u>	<u>80,127</u>	<u>80,127</u>

2010

	Available for sale \$M	Loans and Receivables \$M	Financial Assets and Liabilities at Amortised cost \$M	Total \$M
<b>ASSETS</b>				
Investments	192	-	-	192
Trade receivables	-	1,460	-	1,460
Other receivables and prepayments	-	2,347	-	2,347
Taxes recoverable	-	34	-	34
Cash on hand and at bank	-	-	1,213	1,213
Total assets	<u>192</u>	<u>3,841</u>	<u>1,213</u>	<u>5,246</u>

LIABILITIES

Employees retirement benefit	-	-	24,879	24,879
Trade payables	-	-	2,033	2,033
Other payables and accruals	-	-	11,047	11,047
Related parties	-	-	1,186	1,186
Borrowings	-	-	30,477	30,477
Taxation	-	-	2,840	2,840
Bank overdraft(secured)	-	-	1,763	1,763
Total liabilities	<u>-</u>	<u>-</u>	<u>74,225</u>	<u>74,225</u>

**GUYANA SUGAR CORPORATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**20. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

	<b>COMPANY</b>		<b>GROUP</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
<b>Expenditure authorised by the Directors but not committed</b>				
Routine expenditure	4,325	4,325	4,325	4,325

The capital expenditure for 2011 will be funded by a combination of facilities lent by the Government of Guyana, provided by other suppliers of finance and from self generated funds.

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

**21. PENDING LITIGATION**

There are several actions for which the liability of the Group, if any, has not been determined. The maximum potential liability at the end of the year is estimated at \$406M (2010 \$987M).

**GUYANA SUGAR CORPORATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**22. FINANCIAL RISK MANAGEMENT**

**Financial risk management objectives**

The Group's management monitors and manages the financial risk relating to the operations of the Group through internal risk reports which analyse exposure by degree and magnitude of risks. These risks include market risk (currency risk, interest risk and price risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by the use of techniques that are governed by management's policies on foreign exchange risk, interest rate risk and credit risk which are approved by the board of directors.

**(a) Market Risk**

Market risk is the risk that the value of 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.

The Group's exposure to market risk arises from its local and foreign securities.

Management continually identifies, evaluates, underwrites and diversifies risks in order to minimise the total cost of carrying such risk.

**(i) Foreign currency risk**

The Group's exposure to the effects of fluctuations in foreign currency exchange rates arise mainly from bank balances, other assets and loans in United States Dollars, Sterling and Euros.

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

	<b>Group 2011</b>			
	<b>US Dollar</b>	<b>GBP</b>	<b>Euro</b>	<b>Total</b>
	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
Assets	425	12	762	1,199
Liabilities	(831)	(312)	-	(1,143)
Net Asset/(liability)	<b>(406)</b>	<b>(300)</b>	<b>762</b>	<b>56</b>
	<b>Group 2010</b>			
Assets	5,238	68	1,862	7,167
Liabilities	(3,841)	(828)	-	(4,669)
Net Asset/(liability)	<b>1,397</b>	<b>(760)</b>	<b>1,862</b>	<b>2,498</b>

**GUYANA SUGAR CORPORATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**22. FINANCIAL RISK MANAGEMENT (cont'd)**

**(a) Market Risk (cont'd)**

**(i) Foreign currency risk (cont'd)**

**Foreign currency sensitivity analysis**

The following table details the Group's sensitivity to a 5% increase and decrease in the Guyana dollar (GYD) against the relevant currencies, 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number indicates an increase in profit where the currency strengthens 5% against the GYD. For a 5% weakening of the currency against GYD there would be an equal and opposite impact on the profit and the balances below would be reversed.

	<u>US\$ Impact</u>		<u>Sterling Impact</u>		<u>Euro Impact</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	\$M	\$M	\$M	\$M	\$M	\$M
<b>Profit/(loss)</b>	(20)	70	(15)	(38)	38	93

**GUYANA SUGAR CORPORATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**22. FINANCIAL RISK MANAGEMENT (cont'd)**

**(a) Market Risk (cont'd)**

**(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's management continually monitors and manages these risks through the use of appropriate tools and implements relevant strategies to hedge against any adverse effects.

<b>COMPANY</b>	<b>effective average interest rate</b>	<b>2011</b>				
		<b>Maturing</b>				
		<b>Within 1Year \$M</b>	<b>1 to 5 years \$M</b>	<b>Over 5 years \$M</b>	<b>Non - interest bearing \$M</b>	<b>Total \$M</b>
<b>ASSETS</b>						
Investments		-	-	-	286	286
Trade Receivables and Prepayment		-	-	-	3,362	3,362
Cash and Cash equivalents	3.75	1,035	-	-	-	1,035
		<u>1,035</u>	<u>-</u>	<u>-</u>	<u>3,648</u>	<u>4,683</u>
<b>LIABILITIES</b>						
Employees Retirement Benefits		-	-	-	26,533	26,533
Trade and Other Payables		-	-	-	16,151	16,151
Related Parties		-	-	-	1,282	1,282
Borrowings	8.50	1,335	5,981	23,219	-	30,535
Taxation		-	-	-	3,026	3,026
Bank Overdraft(secured)	7.25	2,492	-	-	-	2,492
		<u>3,827</u>	<u>5,981</u>	<u>23,219</u>	<u>46,992</u>	<u>80,019</u>
Interest sensitivity gap		<u>(2,792)</u>	<u>(5,981)</u>	<u>(23,219)</u>		
<b>2010</b>						
<b>Maturing</b>						
		<b>Within 1 Year \$M</b>	<b>1 to 5 years \$M</b>	<b>Over 5 years \$M</b>	<b>Non- interest bearing \$M</b>	<b>Total \$M</b>
<b>ASSETS</b>						
Investments		-	-	-	192	192
Trade receivables & prepayments		-	-	-	3,803	3,803
Cash and cash equivalents	3.75	1,188	-	-	-	1,188
		<u>1,188</u>	<u>-</u>	<u>-</u>	<u>3,995</u>	<u>5,183</u>
<b>LIABILITIES</b>						
Employees retirement benefits		-	-	-	24,879	24,879
Trade and other payables		-	-	-	13,080	13,080
Related parties		-	-	-	1,123	1,123
Borrowings	8.50	1,859	5981	22,636	-	30,477
Taxation		-	-	-	2,827	2,827
Bank overdraft(secured)	7.25	1,763	-	-	-	1,763
		<u>3,622</u>	<u>5,981</u>	<u>22,636</u>	<u>41,909</u>	<u>74,149</u>
Interest sensitivity gap		<u>(2,434)</u>	<u>(5,981)</u>	<u>(22,636)</u>		



GUYANA SUGAR CORPORATION INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

22. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market Risk (cont'd)

(ii) Interest rate risk (cont'd)

GROUP	effective average interest rate	2011				
		Maturing				
		Within 1 Year	1 to 5 years	Over 5 years	Non - interest bearing	Total
	\$M	\$M	\$M	\$M	\$M	
<b>ASSETS</b>						
Investments		-	-	-	286	286
Trade Receivables and Prepayment		-	-	-	3,371	3,371
Tax recoverable		-	-	-	34	34
Cash and Cash equivalents	3.75	1,061	-	-	-	1,061
		<u>1,061</u>	<u>-</u>	<u>-</u>	<u>3,691</u>	<u>4,752</u>
<b>LIABILITIES</b>						
Employees Retirement Benefits		-	-	-	26,533	26,533
Trade and Other Payables		-	-	-	16,151	16,151
Related Parties		-	-	-	1,377	1,377
Borrowings	8.50	1,335	5,981	23,219	-	30,535
Taxation		-	-	-	3,039	3,039
Bank Overdraft(secured)	7.25	2,492	-	-	-	2,492
		<u>3,827</u>	<u>5,981</u>	<u>23,219</u>	<u>47,100</u>	<u>80,127</u>
<b>Interest sensitivity gap</b>		<u>(2,766)</u>	<u>(5,981)</u>	<u>(23,219)</u>		
<b>GROUP</b>						
		2010				
		Maturing				
		Within 1 Year	1 to 5 years	Over 5 years	Non- interest bearing	Total
		\$M	\$M	\$M	\$M	\$M
<b>ASSETS</b>						
Investments		-	-	-	192	192
Trade Receivables and Prepayment		-	-	-	3,807	3,807
Tax Recoverable		-	-	-	34	34
Cash and Cash equivalents	3.75	1,213	-	-	-	1,213
		<u>1,213</u>	<u>-</u>	<u>-</u>	<u>4,033</u>	<u>5,246</u>
<b>LIABILITIES</b>						
Employees Retirement Benefits		-	-	-	24,879	24,879
Trade and Other Payables		-	-	-	13,080	13,080
Related Parties		-	-	-	1,186	1,186
Borrowings	6.77	1,859	5,981	22,636	-	30,476
Taxation		-	-	-	2,840	2,840
Bank Overdraft(secured)	7.25	1,763	-	-	-	1,763
		<u>3,622</u>	<u>5,981</u>	<u>22,636</u>	<u>41,985</u>	<u>74,224</u>
<b>Interest sensitivity gap</b>		<u>(2,409)</u>	<u>(5,981)</u>	<u>(22,636)</u>		

**GUYANA SUGAR CORPORATION INC.**  
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**22 FINANCIAL RISK MANAGEMENT (cont'd)**

**(a) Market Risk (cont'd)**

**(ii) Interest rate risk (cont'd)**

**(i) Interest rate sensitivity analysis**

The table below analyses the sensitivity of interest rates exposure for both financial assets and liabilities at the end of the reporting period. For floating rate instruments, the analysis is prepared assuming the amount of the instrument outstanding at the end of the reporting period was outstanding for the whole year. A fifty (50) basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management assessment of the reasonably possible change in interest rate.

Apart from the foregoing with respect to the other financial assets and liabilities, it was not possible to determine the expected impact of a reasonable possible change in interest rates on profits or equity as other factors such as credit risks, market risks, political and disaster risks can affect the value of the asset and liabilities

The impact on the profit for the year is the effect of changes in interest rates on the floating interest rates of financial assets and liabilities.

This impact is illustrated on the following table:

		<b>Impact on loss for the year</b>			
		<u>Company</u>	<u>Group</u>	<u>Company</u>	<u>Group</u>
		<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
		<b>G\$M</b>	<b>G\$M</b>	<b>G\$M</b>	<b>G\$M</b>
	Increase/ decrease in basis point				
Cash & cash equivalent	+ /-50	10	12	10	12
Borrowings	+ /-50	330	322	330	322

**(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.

GUYANA SUGAR CORPORATION INC.

NOTES TO THE FINANCIAL STATEMENTS

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22. FINANCIAL RISK MANAGEMENT (cont'd)

(b) 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 Group's policy is to maintain a strong liquidity position and to manage the liquidity profile of assets, liabilities and commitments so that cash flows are appropriately balanced and all funding obligations met when due.

The information given below relates to the major financial assets and liabilities based on the remaining period at December 31 to the contractual maturity dates.

	GROUP 2011					
	Maturing					
	Within 1 year			2 to 5 years	Over 5 years	Total
	on demand	due in 3 months	due 3 - 12 months			
\$M	\$M	\$M	\$M	\$M	\$M	
<b>ASSETS</b>						
Investments	-	-	-	-	286	286
Trade receivables	708	464	100	75	-	1,347
Other receivables	377	846	280	-	-	1,503
Prepayments	521	-	-	-	-	521
Taxes recoverable	-	-	34	-	-	34
Cash on hand and at bank	1,061	-	-	-	-	1,061
<b>Total assets</b>	<b>2,667</b>	<b>1,310</b>	<b>414</b>	<b>75</b>	<b>286</b>	<b>4,752</b>
<b>LIABILITIES</b>						
Employees retirement benefits	-	-	-	-	26,533	26,533
Trade payables	2,855	-	-	-	-	2,855
Other payables	13,296	-	-	-	-	13,296
Related parties	-	-	1,377	-	-	1,377
Borrowings	-	-	1,335	5,981	23,219	30,535
Taxation	-	-	3,039	-	-	3,039
Bank overdraft(secured)	2,492	-	-	-	-	2,492
<b>Total liabilities</b>	<b>18,643</b>	<b>-</b>	<b>5,751</b>	<b>5,981</b>	<b>49,752</b>	<b>80,127</b>
<b>Net asset/(liabilities)</b>	<b>(15,976)</b>	<b>1,310</b>	<b>(5,337)</b>	<b>(5,906)</b>	<b>(49,466)</b>	<b>(75,375)</b>

**GUYANA SUGAR CORPORATION INC.**

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**22. FINANCIAL RISK MANAGEMENT (cont'd)**

**(b) Liquidity risk (cont'd)**

	<b>GROUP 2010</b>					
	<b>Maturing</b>					
	<b>Within 1 year</b>					
	<b>on</b>	<b>due in</b>	<b>due 3 - 12</b>	<b>2 to 5</b>	<b>Over</b>	<b>Total</b>
	<b>demand</b>	<b>3 months</b>	<b>months</b>	<b>years</b>	<b>5 years</b>	<b>\$M</b>
	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
<b>ASSETS</b>						
Investments	-	-	-	-	192	192
Trade receivables	708	578	100	74	-	1,460
Other receivables	377	846	-	-	-	1,223
Prepayments	1,124	-	-	-	-	1,124
Taxes recoverable	-	-	34	-	-	34
Cash on hand and at bank	1,213	-	-	-	-	1,213
<b>Total assets</b>	<b>3,422</b>	<b>1,424</b>	<b>134</b>	<b>74</b>	<b>192</b>	<b>5,246</b>
<b>LIABILITIES</b>						
Employees retirement benefits	-	-	-	-	24,879	24,879
Trade payables	2,033	-	-	-	-	2,033
Other payables	11,047	-	-	-	-	11,047
Related parties	-	-	1,186	-	-	1,186
Borrowings	-	-	1,859	5,981	22,636	30,476
Taxation	-	-	2,840	-	-	2,840
Bank overdraft(secured)	1,763	-	-	-	-	1,763
<b>Total liabilities</b>	<b>14,843</b>	<b>-</b>	<b>5,885</b>	<b>5,981</b>	<b>47,515</b>	<b>74,225</b>
<b>Net asset/(liabilities)</b>	<b>(11,421)</b>	<b>1,424</b>	<b>(5,751)</b>	<b>(5,907)</b>	<b>(47,323)</b>	<b>(68,979)</b>

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**22. FINANCIAL RISK MANAGEMENT (cont'd)**

**(c) Credit risk**

The table below shows the company's maximum exposure to credit risk:

	<b>Company</b>		<b>Group</b>	
	<b>Maximum exposure</b>		<b>Maximum exposure</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
Cash on hand and at bank	1,035	1,188	1,061	1,213
Investments	286	192	286	192
Investment in subsidiary	22	22	-	-
Trade, other receivables and prepayments	3,362	3,803	3,371	3,807
Tax recoverable	-	-	34	34

Credit risk refers to the risk that a customer will default on its contractual obligations resulting in financial loss to the group.

The Company and Group face credit risk in respect of their receivables 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.

Cash and cash equivalents are held by commercial banks. These banks have been assessed by the Directors as being credit worthy, with very strong capacity to meet their obligation as they fall due.

The related risk is therefore considered very low.

Investments reflected in the Company and Group Statement of Financial Position are assets for which the likelihood of default is considered minimal by the Directors.

Trade receivables consist of a large number of customers spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivables on a regular basis.

	<b>COMPANY</b>		<b>GROUP</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
Trade and other receivables (excluding prepayments)	2,841	2,679	2,850	2,683

The above balances are classified as follows:

Current	711	1,079	711	1,084
Past due but not impaired	2,130	1,600	2,138	1,600
	<b>2,841</b>	<b>2,679</b>	<b>2,849</b>	<b>2,684</b>

Aging of trade and other receivables which was past due but not impaired

Past Due up to 29 days	1,323	1,311	1,331	1,311
Past Due 30 - 59 days	75	113	75	113
Past Due 60 - 89 days	78	58	78	58
Past Due 90 - 179 days	217	36	217	36
Past Due over 180 days but less than 1 year	14	6	14	6
Past Due more than 1 year	433	84	433	84
	<b>2,140</b>	<b>1,608</b>	<b>2,148</b>	<b>1,608</b>
Collectively assessed provision for bad debts	(10)	(8)	(10)	(8)
	<b>2,130</b>	<b>1,600</b>	<b>2,138</b>	<b>1,600</b>

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**23. CAPITAL RISK MANAGEMENT**

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2010.

The capital structure of the Group consists of issued capital, reserves and retained earnings.

**Gearing ratio**

The Group's management reviews the capital structure on an on-going basis. As part of this review management considers the cost of capital and the risks associated with each class of capital. The corporation have not set a target gearing ratio .

The gearing ratio at the year end was as follows:

	<b>Company</b>		<b>Group</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
Debt (i)	33,028	32,240	33,028	32,240
Cash in hand and at bank	(1,035)	(1,188)	(1,061)	(1,213)
Net debt	<u>31,992</u>	<u>31,052</u>	<u>31,967</u>	<u>31,027</u>
Equity (ii)	<u>33,587</u>	<u>47,389</u>	<u>33,560</u>	<u>47,401</u>
Net debt to equity ratio	<u>0.95:1</u>	<u>0.66:1</u>	<u>0.95:1</u>	<u>0.65:1</u>

(i) Debt is defined as long- and short-term borrowings and bank overdraft.

(ii) Equity includes all capital and reserves of the Group.

**24. Basic loss per share**

	<b>COMPANY</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Loss for the year	(13,896,248,263)	(7,386,832,853)
Ordinary share issued and fully paid	<b>Units</b> 10,799,571,775	<b>Units</b> 10,799,571,775
Basic loss per share	<u>(1.29)</u>	<u>(0.68)</u>

	<b>GROUP</b>	
	<b>2011</b>	<b>2010</b>
Loss attributable to equity holders of the parent	(13,933,000,000)	(7,393,000,000)
Ordinary share issued and fully paid	10,799,571,775	10,799,571,775
Basic loss per share	<u>(1.29)</u>	<u>(0.68)</u>

**GUYANA SUGAR CORPORATION INC.**

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**25. EUROPEAN UNION SUGAR PROTOCOL**

The Economic Partnership Agreement (EPA), effective from October 1, 2008, replacing the Sugar Protocol, includes all the benefits of access, price and unlimited duration transposed into Duty - Free - Quota - Free (DFQF) access.

The key component of the EPA is the reciprocity which removes all established trade preferences between the EU and Guyana resulting in bilateral commercial contracts. The EPA also hopes to improve the private investment in the sector while promoting public-private partnerships.

The Group is assessing all the strategic options available in the open market for sugar trade after 2015.

**26. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The following table details the carrying costs of financial assets and liabilities and their fair values

	GROUP 2011		GROUP 2010	
	Carrying Value \$M	Fair Value \$M	Carrying Value \$M	Fair Value \$M
<b>Financial assets</b>				
Cash and cash equivalents	1,061	1,061	1,213	1,213
Available for sale investments	286	286	192	137
Trade, other receivables & prepayment	3,371	3,371	3,807	3,807
Taxes Recoverable	34	34	34	34
<b>Financial liabilities</b>				
Borrowings	30,535	30,535	30,477	30,477
Trade and other payables	16,151	16,151	13,080	13,080
Employee retirement benefits	26,533	26,533	24,879	24,879
Bank overdraft(secured)	2,492	2,492	1,763	1,763
Taxation	3,039	3,039	2,840	2,840
Related Parties	1,377	1,377	1,186	1,186

**Valuation techniques and assumptions applied for the purposes of measuring fair value**

The fair values of financial assets and financial liabilities are determined as follows.

- (a) For available for sale financial assets, the fair values were determined with reference to quoted market prices. Quoted market prices are obtained from independent market valuers using level 1 fair value measurements.
- (b) Financial instruments where the carrying amounts is equal to fair value:-Due to their short-term maturity, the carrying amounts of certain financial instruments is assumed to approximate their fair values. These include cash and cash equivalent, trade & other receivables and prepayments, borrowings and trade and other payables, employee retirement benefits and bank overdraft.