THE GUYANA SUGAR CORPORATION INC.

ANNUAL REPORT
2017

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2017

CONTENTS

ABBREVIATIONS

Agriculture Services Department (ASD)
Board of Industrial Training (BIT)
Central Analytical & Environmental Monitoring Services (CAEMS)
Central Workshop (CWS)
Contributory Hospitalisation and Maternity Scheme (CH&MS)
Demerara Sugar Terminal (DST)
Diversified Products Division (DPD)
Environmental Protection Agency (EPA)
Estate Health and Safety Officers (EH&SO),
Field Record System (FRS)
Guyana Agricultural and General Workers Union (GAWU).
Guyana Dollars GYD)
Guyana Labour Union (GLU)
Guyana Rice Development Board (GRDB).
Guyana School of Agriculture (GSA)
High Quality Selection Programme (HQSP)
Human Resources Management Committee (HRMC),
Information Systems Department (ISD)
Mega Watts (MW)
National Grade Six Assessment (NGSA)
National Association of Agricultural, Commercial and Industrial Employees (NAACIE)
Occupational Health and Safety (OHS)
Pesticide and Toxic Chemical Control Board (PTCCB)
Skeldon Energy Inc. (SEI)
United States of America (USA)
United States Department of Agriculture (USDA)
World Trade Organization (WTO)

GUYANA SUGAR CORPORATION
10 YEARS SUGAR PRODUCTION

Estate	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Skeldon	18,383	25,715	33,237	29,410	33,309	25,544	35,890	39,157	31,783	14,303
Albion	55,454	52,271	48,629	57,838	54,022	47,257	51,294	60,390	46,771	45,563
Rose Hall	34,953	37,151	30,081	39,343	34,429	28,098	31,931	31,288	20,581	22,381
Blairmont	32,410	35,950	33,039	39,768	36,224	28,528	33,499	36,695	33,000	27,096
EDE	44,324	42,700	35,867	27,383	23,908	20,676	30,932	27,095	19,341	12,495
Uitvlugt	15,760	18,978	18,279	20,806	16,922	13,907	13,916	16,392	15,330	15,459
Wales	24,984	20,971	21,687	21,958	19,255	22,744	18,898	20,054	16,809	-
Total	**226,267**	**233,736**	**220,818**	**236,506**	**218,068**	**186,755**	**216,359**	**231,071**	**183,615**	**137,298**

BOARD OF DIRECTORS

The Board of Directors of the Guyana Sugar Corporation Inc., as of December 31, 2017 is as follows:

Dr. Clive Thomas	Chairman of the Board of Directors
Ms. Louise Bouyea	Director, Chairman of the Central Tender Procurement Sub-Committee
Mr. John Browman	Director, Chairman of the Lands Sub-Committee
Mr. George Jervis	Director
Mr. Nigel Cumberbatch	Director
Mrs. Sharon Roopchand-Edwards	Director
Mr. Vishnu Panday	Director

The following Directors resigned during the course of the year:

Mr. Nizam Ali	Director, Chairman of the Finance Sub-Committee January to May 2017 only
Mr. Fritz McLean	Director, Chairman of the Diversification Sub-Committee January to October 2017 only

Harvesting and Sugar Production

LOCATION	CANE PROCESSED (t)			SUGAR PRODUCED (t)			TC/TS		
	LE	Act.	Var.	LE	Act.	Var.	LE	Act.	Var.
SWR	436,916	253,961	-182,955	30,099	14,303	-15,796	14.52	17.76	-3.24
AN	583,157	530,696	-52,461	52,812	45,563	-7,248	11.04	11.65	-0.61
RH	419,603	334,134	-85,469	32,644	22,381	-10,263	12.85	14.93	-2.08
BCF	359,441	324,273	-35,168	30,996	27,096	-3,900	11.60	11.97	-0.37
EHP	321,747	201,686	-120,061	25,024	12,495	-12,529	12.86	16.14	-3.28
ICBU	247,888	214,287	-33,602	18,572	15,459	-3,113	13.35	13.86	-0.51
INDUSTRY	**2,368,752**	**1,859,037**	**-509,715**	**190,146**	**137,298**	**-52,848**	**12.46**	**13.54**	**-1.08**

Table 2: Actual, Audited Sugar Production compared with the respective Crop's Latest Estimates for 2017. Revised Estimates (LE) were done in January and July 2017, for the 1st and 2nd Crops, respectively.

Total sugar production for the year was **137,298 tonnes**, as compared to the latest estimate of **190,146 tonnes**, representing an achievement of only 72.2% of the original budget.

Substantial losses were realised due to the inability of the outgoing estates to harvest all of the canes available. This situation was itself due to the large amount of overrun canes that were present on these estates, most of which were under very weedy conditions and subjected to heavy rodent damage. A conscious decision was taken during the latter half of the 2nd crop to focus harvesting on the better stands of canes.

At the end of 2nd crop 2017, there was a total of 4,776.6 hectares of estates' canes that could not be harvested.

Estate	Ha	Est. TC
SWR	2,891.7	145,097
RHE	801.4	58,280
EDE	1,083.5	116,918
Total	**4,776.6**	**320,295**

Table 3: Unharvested Canes on Outgoing / Vested Estates, as at Dec. 31, 2017

Cane and Sugar Yield Trends

Average yields for estates' canes in 2017 were 49.05 TC/ha, 4.96 units lower than the revised estimates of July 2017. Among the estates that would remain in production after December 31st 2017, the most significant shortfalls were recorded from Albion and Blairmont estates, where actual TC/ha were below estimates by 6.69 and 6.16 units respectively.

Average losses were 9.77 TC/ha at the Albion location during the 2nd crop, mainly attributed to the impacts of extended floods, during the June/July rainy season, that persisted over four weeks. The effects of the persistent heavy rainfall were exacerbated by continuous over-topping of the Canje Creek. Cane deaths were significant in low-lying areas, and concentrated along drain shoulders, resulting in mortalities of up to 30%.

Rodent damage also impacted yields at the Blairmont (BCF) and Uitvlugt (ICBU) estates, and to a lesser extent the Albion estate. At the ICBU estate, heavy and repeated rodent damage ultimately affected the quality of juice in the canes available at the estate, and contributed to an increase in the TC/TS value by 1.02 units above the LE.

Intensive integrated pest management has since helped to reduce the amount of fresh stalk damage observed at all estates.

Delays in Commencement of Crops

The timely harvesting of canes in 2017 was affected, in part, by delays in the extensive repairs and modifications required for some factories, particularly the SWR, EHP and ICBU factories as follows:.

- The Skeldon factory did not operate for the entire 1st crop due to defective boilers and only commenced work on September 13th for the 2nd crop;

- The commencement of grinding operations at the Uitvlugt factory during the 2nd crop was delayed until September 2nd, due to the installation of a gantry that would off-load trailer delivered farmers' canes This particular activity was not completed for use in 2017and alternative arrangements were put in place to facilitate the supply of canes from farmers;

- The operations of the Enmore factory were affected throughout the 1st crop by a defective Turbine/Alternator for power generation. Subsequent repair of the component delayed the commencement of operations for the 2nd crop to September 24th.

Canes Carried-Over from 2016

At the beginning of 2017, there were 3,485 hectares and an estimated 174,673 tonnes of carried-forward canes, which could not have been harvested by the end of the 2nd crop in 2016. These canes, at the time of their eventual harvest in 2017, had lost significant weight and sucrose content, and did not reach the potential expected. The deterioration of the canes necessitated selective harvesting, in the best interest of utilizing available labour and machinery under prevailing unsettled weather conditions.

At the end of the 1st Crop of 2017, there remained a total of 5,019 hectares of unharvested canes. that were carried forward to the Second Crop.

Estate	Ha	Est. TC/Ha	Est. TC	Est. TC/TS	Est. TS
SWR	3,211.5	37.55	120,607	13.60	8,871
AN	83.8	53.4	4,475	12.04	372
RHE	706.5	52.7	37,233	13.78	2,702
EDE	1,017.2	48.5	49,334	14.85	3,322
Total	**5,019.0**	**42.17**	**211,649**	**13.86**	**15,267**

Table 4: Unharvested / Carried-Forward Canes at the end of 1st Crop 2017

Weather in 2017

The rainfall pattern observed during 2017 saw a 15.7% increase in precipitation over the LTM, with sporadic, unseasonal showers throughout the 2nd crop of the year that resulted in a reduction in the number of opportunity days at all the locations. The three continuing estates recorded an average of 53.2 opportunity days against a budget / estimate of 75 days for a normal year.

In addition to an increase in rainfall, 2017 also had abnormally high average daily temperatures, which were on average 2.2^{0}C higher than the LTM. During the 2nd crop the nightly minimum temperature seldom fell below 24^{0}C,on most estates. This was reflected in low natural ripening trends.. Only Albion estate experienced moderately favourable night temperatures that dropped to 20^{0}C on several occasions.

Labour Attendance

During 2017, all estates suffered from low labour turnout for Cane Harvesters, which negatively affected the harvesting rate and the delivery of fresh canes of the optimal age, to the factories. This has contributed to reduced plant utilization and lengthy periods during which factories would have been out of cane.

Average Daily Attendance for Cane Harvesters (as % of Persons on Roll)							
Estate / Crop	**SWR**	**AN/PM**	**RHE**	**BCF**	**EDE**	**ICBU**	**Industry Avg.**
1st Crop 2017	No Crop	61	62	54	59	50	56
2nd Crop 2017	55	63	63	63	78	58	63
Year 2017	55.0	62.1	62.6	59.6	70.4	54.0	60.6

Table 5: Average daily attendance for Cane Harvesters during 2017, expressed as a percentage of the number of employees on roll in this category

Land Preparation

In 2017, Albion, Blairmont Uitvlugt and completed 2,786.4 hectares of land preparation against a budget of 5,169.0 hectares (53.9% achievement). The shortfall in tillage was influenced by a late start of the harvesting and tillage programmes at Blairmont and Albion, and very persistent rainfall throughout the 2nd crop at the ICBU . The average number of opportunity days available to the estates was 19.3 and 40.8 days for the 1st and 2nd crops, respectively.

These estates nonetheless benefitted from the temporary transfer of tillage equipment from the estates, and as such were in a better position to do work during the reduced opportunity time.
At the end of 2017, the estates have a total of 652.7 hectares of prepared land (under wet fallow conditions); of which 499.9 hectares is at expanded Albion cultivation. This will allow for an early resumption of planting during the 1st crop of 2018.

Planting

Estates completed 2,499.1 hectares of planting against a budget of 5,125.0 hectares (48.8% achievement). During both crops, the Blairmont estate commenced its planting programme late, due to the unavailability of prepared land, as a result of which the estate had to wait until fields were harvested and tilled before planting could begin; this delay resulted in the loss of approximately half of the opportunity time for planting. Private farmers at the ICBU estate planted approximately 8.0 hectares of nursery fields, in preparation for planting and rehabilitation of lands leased within the Uitvlugt Estate cultivation..

The shortfall in planting on the estates occurred despite an extension of the planting season by an average of three weeks in both crops. This was further compounded by delays in the preparation and planting of dam-beds, which has been contributed to by reduced availability of the fleet of excavators and limited numbers of dam-bed pumps and irrigation equipment. Measures were initiated to correct these deficiencies.

Supplying

Estates were able to complete 3,084.4 hectares of supplying, against a budget of 2,549.0 hectares (121.0% achievement). Uitvlugt estate completed 266.3% of its supplying target, in an effort to make up for the shortfall in planting. Similarly, the Albion and BCF estates undertook high levels of supplying during the mid-year out-of-crop period to repair areas of young canes that had earlier been damaged by heavy rainfall and bouts of flooding.

All estates have experienced progressive reductions in the availability of labour for planting and supplying, and found it difficult to execute both activities simultaneously. The way forward is to increase the capacity for mechanised aids for planting.

AGRICULTURE RESEARCH

In 2017, the Department's scientists continued to contribute to monitoring and advisory support to estates where necessary, the department continues to support the Estates in technical advice and support. The weather overall in 2017 was moderate with estates experiencing wetter than normal weather when compared to the 2016, the mean annual rainfall was 2314mm, 15% above the historical mean of 2006 mm. As a consequence, there were periods of flooding particularly in Demerara resulting in some pressure being put on still inadequate drainage infrastructure. The unfavourable precipitation trends experienced during the year restricted efforts required to conduct replanting in order to improve the level of productivity of the respective estate cultivations

Emphasis continued to be placed on the High Quality Selection Programme which is being run with close cooperation with the High Quality programme of the West Indies Sugar Central Sugarcane Breeding Station; The department commenced 2017 with 124,103 seedlings, 5,407 clones and 1,913 varieties at the stages I to III phases of evaluation. Implementation of the breeding goals of the department have resulted in 2,395 seedlings being advanced for clonal evaluation, 419 clones allocated permanent identification numbers and 81 varieties planted in formal trials.

Throughout the year there were reports of major outbreaks or of threatening population resulting in severe damages. Uitvlugt, Enmore and Blairmont experienced more damages throughout the year during high activity seasons. Most of the damages reported were associated with seasonal migrations. Strategic, prophylactic baiting was continuously carried out on all estates. Towards the end of 2017 and as a result of the premeditated baiting, the industry observed a decline in rodent damage.

The Industry's Biological Control Programme for the major stem borer pest species; *Diatraea spp.,* continued with further success in the laboratory rearing, field releasing and establishment programme. Rearing and releasing continued at six (6) estate locations and at the central Bio-control facilities at LBI. A total of 4,580,953 Cotesia adults were release in in the sugarcane eco-system. A Quinquennial *Diatraea* Population Survey was conducted at all Estates, this is used to determine Diatraea species population and distribution in the Guyana sugarcane eco-system. The *Diatraea Centrella* spp. continues to be the more dominant of the two species on all locations. The survey revealed varying levels of damages on all locations; however levels were predominantly below the economic threshold of 5% joints bored except for a few isolated cases at Albion and Enmore.

The current weed management approach at Guysuco continues to emphasise pre-emergent or early post emergent herbicide applications. When effectively utilised, these chemicals give good control and result in the minimal use of post-emergent spot spraying. Screening new formulations and combinations, for efficacy and phytotoxicity continued at all estates. The encouraging results of trials of early to medium post- emergent herbicide combination have led to, the introduction of commercial trials of these combinations in 2018. Efforts to bring existing problem weeds to a manageable level continued throughout 2017. The department continues to work to with the Ministry of Agriculture, the Pesticide and Toxic Chemical Control Board (PTCCB) and Environmental Protection Agency (EPA) on safe working area and practices for aerial application of agrichemicals. Four spray droplets evaluations with Antidrift, high fluorescent spray dye markers were carried out in 2017.

In 2017, the Central Analytical & Environmental Monitoring Services (CAEMS), conducted Thirty Nine Thousand Nine Hundred and Ninety Three (33.993) analyses, on Six Thousand Eight Hundred and Twenty Nine (6,829) samples during the year. The majority of these analyses were required for the monitoring of routine operations and research projects carried out by the Corporation's Agriculture and

Factory Departments. 2017 production was lower than 2016 production by approximately 23 % which was mainly due to the closure of some estates.

FACTORY OPERATIONS

Highlights

- Sugar Production achievement in 2017 was 137,298 tonnes which represents 72% of the year's estimate of 190,148 tonnes.

- Average weekly grinding hours for all factories was 100.74 Hours against a budget of 130 hours, the main contributory factors for the unsatisfactory performance being an inadequate and irregular supply of canes.

- It is to be noted that the Skeldon Estate did not have a 1st crop in 2017 and production in the 2nd crop was severely hampered by very poor and unreliable steam generation from the SEI (Skeldon Energy Incorporated) - controlled boilers resulting in a significant amount of canes being left unreaped.

- Except for the Albion and Blairmont factories, the 'quality' of the harvested canes was substandard, making it difficult to achieve better Recoveries. With more emphasis being placed on mechanically harvested canes, more detailed attention needed to be given to convert some factory equipment, notably boilers, to cope with the expected increase in extraneous matter, especially during damp harvesting conditions. In the latter regard, the inability to capitalize relevant pieces of factory equipment was not helpful in the circumstances, especially in cases of obsolete equipment which posed enormous difficulty to maintain, hence reliability was compromised. In 2017, a capital budget of G$1.23 Billion was proposed but G$88.0 M was available to be spent.

- Added focus was placed in the area of Boilers and Power House operations to arrest increased usage of expensive fossil fuel (dieseline). An adequate and regular supply of reasonably clean canes was not forthcoming to achieve the desired results, thus the factories, with the exception of Albion, did not have the capacity to build adequate reserves of bagasse.

- It is agreed to purchase a new 2.5MW alternator for the Blairmont factory. Coupled with an available turbine from the ex-Wales factory, the Turbo Alternator Set will replace an obsolete and inadequate Turbo Alternator Set in the Blairmont power house, thus resulting in better efficiencies in the power distribution system. Preparations for siting in the Blairmont power house have commenced.

- It is hoped that the merger of the Drainage System with the NDIA will result not only in better efficiencies but the urgent replacement of several obsolete pumping installations.

- The Planned Maintenance System has been resuscitated on the surviving estates to bring much needed order in the maintenance planning in factories, thus reducing significantly, unplanned failures of equipment.

- A more timely acquisition of basic spares would have been more helpful in executing the maintenance programmes. Also, with the mothballing of the Skeldon, Rose Hall and East Demerara Estates, the expected freedom to move certain spares and pieces of equipment to service and improve the performance of the surviving factories was withheld, thus creating a setback not only in the timely placing of orders for certain spares, but thwarted plans to strive for better factory efficiencies.

- Boiling House Recovery (BHR) improved significantly while the Final Molasses Purity showed a decreasing trend.

- The skill base in factories remained weak. Training, both on and off the job was intensified in the area of process control, given the difficult juices that had to be handled periodically. Notable weaknesses also existed in the operation and maintenance of instruments, turbines and governors. External help is necessary to bridge the gap and is being recommended.

- The Chief Electrical Engineer assumed duty during the year.

Proterra and ISO Matters

- In May 2017 Ms. Julia Clarke (Tate and Lyle representative) and Mr. Simon Gibbons (Consultant visited) Albion (AN), Blairmont (BCF) and Uitvlugt (ICBU) estates and audited the estates against a 15 point health and safety sustainability checklist. The estates obtained an average conformity of 7 out of 15 areas during this initial audit. A follow up audit was conducted in September of 2017, by Mr. Gibbons. At this audit all estates showed improvements in the areas audited, increasing the average conformity to 10 of 15 areas. An audit, was also conducted at Demerara Sugar Terminal (DST), which had a conformity rate of 4 out of 15 areas. At the upcoming consultancy audit, further improvement shall be seen with the completion of the GuySuCo health and safety manual, along with planned training sessions. Also, an application will be made to EPA as the first step towards gaining an environmental permit for Albion estate.

- In 2017, the Enmore and Blairmont factories along with human resources, marketing and PCMD (Procurement and contracts management department) successfully transitioned from the ISO 9001:2008 standard, to the ISO 9001:2015 revision. These departments were audited in September 2017 by 2 representatives of an external certification body known as SGS (Societe Generale de Surveillance which translated to English means General Society of Surveillance). The audited departments have met the requirements of the new standard and have been certified. Certificates of compliance have been ordered and will be received shortly.

Projects

Projects implemented and in progress during 2017 are as follows:

- The EU sponsored feasibility study titled "*Feasibility of Cogeneration and Electric Power Export for the Guyana Sugar Industry"* was awarded to Danish Energy Management A/S. The Final Report of this study, which commenced on 5th November, 2016, was received in October, 2017. The study examined the potential of Co-Generation at Albion and Uitvlugt factories and concluded that there is definitely a potential of exportable power at Albion at present and Uitvlugt in the future.

- The EU sponsored feasibility study titled "*Evaluation of Alternative Processes for the Production of the Detailed Designs of the Plantation White Sugar Processing Plant and Relocation of Packing Plant from East Demerara to Albion*" was completed to the stage of awarding to Cardno Emerging Markets (UK) Ltd. This study, projected to be completed in 3 months, is expected to start before the end of the first quarter of 2018.

- *Solar Installation at the new GuySuCo Head Office at LBI.* A proposal was submitted to the Guyana Energy Agency (GEA) for the installation of a 120 kWp (peak power) ground-based, grid-tied solar installation. This installation is scheduled for completion in 2018.

- *Relocation of Cane Gantry, Cane scale, Feeder table &Auxiliary carrier from Wales to Uitvlugt Factory.* This project, to enable the unloading of farmers' canes which are hauled by tractor and trailer, was necessitated by the closure of Wales factory at 2016 year-end and the requirement to process, at Uitvlugt factory, canes previously supplied to Wales factory by small farmers and cooperatives. The contract was awarded to Nabi Construction Inc, - work commenced during March 2017 and the Gantry and other equipment will unload farmers' canes from the commencement of the 1st Crop, 2018. Senior Construction Engineer, Mohamed "Peter" Isahack was brought out of retirement to supervise the work of the Contractor in the dismantling and re-erection of the equipment.

- *Replacement of #4 Pan at Albion.* Having identified the need to replace the old Cast-Iron #4 pan at Albion with the #4 pan of mild-steel construction from the old Skeldon factory, work commenced to remove the Albion #4 pan during the 2017 year-end Off-crop utilizing an "in-house" team composed mainly of ex. Rose Hall factory workers. The dismantling of the Skeldon #4 pan, removal and erection of same at Albion will be done under contract. This work is slated for completion in time for the 2nd Crop, 2018 at Albion.

- *Sugar Bagging & storage at Albion.* The cessation of sugar production at Rose Hall factory necessitates the production of bagged local sugar (in 50 kg bags) at Albion, to satisfy the demand in the Berbice area and also to supplement the requirements of the Demerara area until such time as Uitvlugt factory's production is sufficient to satisfy the entire Demerara demand. The Rose Hall factory sugar bagging machine and ancillaries are being relocated to Albion and a portion of the Stores Annexe has been allocated for storage of bagged sugar. Bagging of sugar at Albion will commence from the start of the 1st crop, 2018 whilst the storage area is scheduled to become available following the construction of an overhead covered walkway for transport of the bagged sugar from the sugar bagging floor to the Stores Annexe. Bagged sugar for the Demerara area will be transported from Albion to Rose Hall factory to be sent by Coastal vessel to the Demerara Sugar Terminals.

- *Relocation of 2.5 MW Turbo-Alternator set from Wales to Blairmont factory.* This 2.5 MW TA Set will improve the steam generated power at Blairmont factory and reduce the use of fossil fuel (diesel) during the cropping periods. An examination of the site indicated that the set should be installed, if possible, in the limited space between the two existing small TA sets in Blairmont's power house. Approval has been received from Leroy-Somers for the modified hot-air ducting from the alternator, which was the main area of concern in installing the set in this limited space. Detailed designs of the foundations, piping design etc. are in progress.

- *Rehabilitation of Sugar Packaging and Storage Bond at Blairmont Estate*. This contract was awarded, on 28th December 2017, to 4A Engineering Enterprise. Insufficient time was available during the 2017 Year-end Off-Crop at Blairmont for this 10 week job to be undertaken. The commencement of the works was therefore postponed to 2nd May, 2018 and the rehabilitated facility is scheduled for completion before the commencement of the 2nd crop, 2018.

- *New Molasses tank at Uitvlugt Estate.* This contract for the fabrication and erection of the new molasses tank with mild-steel material supplied by GuySuCo, already rolled and cut to size was awarded to GNIC. Work was originally scheduled to be undertaken during the Year-end Off-crop at Uitvlugt. Even with the long year-end Off-crop at Uitvlugt, DDL were unable to empty the contents of the tank, a prerequisite to the handing over of the site to the contractor. The contractor has agreed to the postponement of this job to the 2018 Mid-year Off-crop – it is expected that DDL will remove all molasses from the tank in good time to enable the fabrication of the new tank.

- *A Planned Bagged Sugar Bond.* A new sugar bond is planned to boost sugar storage capability at Uitvlugt.

Processing Highlights

- One additional member of staff (Inspecting Chemist) joined this section of the department to assist the Technical Process Controller in increasing the efficiency of process unit operations through closer monitoring of the parameters that affected the recoveries and sugar quality. Improved outcomes were realized through the introduction of reliable operational and laboratory practices, such as the treatment of final molasses for better exhaustion, the correct application of biocide to minimize inversion losses and the application of phosphate in juice treatment among others for better sugar quality.

- Areas of concern that plagued the operations were the weighing devices (juice, sugar, molasses and road scales). These devices malfunctioned frequently due mainly to worn- out parts. The department is working through the planned maintenance system to right this situation. Additionally, a greater degree of expertise is also required for the factory instruments. Mass balance was adopted to calculate the quantity of the materials normally produced by these devices.

- The practice of a complete "boil-off" was introduced at the end of each crop in order to make all crystal sugar available to the market and to validate the declaration of sugar and molasses produced.

- It was detected that the molasses tanks on all locations were not emptied and washed out routinely over the years. Crystal sugar is precipitated from molasses residing in a tank for a long period of time, thereby causing the actual volume of molasses in the tank to shift. This resulted in the false availability of molasses for sales. The condition of the molasses tank at Uitvlugt indicates that it needed replacement a long time ago, yet molasses was stored in the tank being the only storage tank. The removal of molasses by DDL was infrequent which compounded the situation.

- A marked improvement in sugar quality was recorded during the period under review especially insoluble solids, polarization and colour. Blairmont estate produced the best product for export and local sales.

- Classroom training was conducted for Production Managers, Head Laboratory Technicians and Quality Managers of the Corporation. Further on-the job training/mentoring was carried out during regular visits to the estates in order to improve the competency of these operatives. The need for more graduates among the home-grown staff could result in a better balanced status of the factory personnel.

HUMAN RESOURCES

1.0 Introduction

As a result of the Government's State Paper which was laid in Parliament on May 8, 2017 informing on the direction of the sugar industry the process was started in 2016 with the closure of Wales followed by Skeldon, Rose Hall and East Demerara Estates at the end of December 2017.This resulted in the termination/severance of 4269 employees including senior staff.

2.0 Appointments

There were eleven (10) Senior Staff appointments in 2017, two (2) of which were in the Agriculture Services Department, one (1) Diversification Department, three (3) Factory Department, two (2) Medical Services Department, one (1) Materials Management Department.

One (1) of these appointments was on Estate.

3.0 Promotions

Sixteen (15) persons were promoted to higher positions for the year 2017, two (2) Albion, one (1) Uitvlugt Estate, one (1) Agriculture Research Centre, one (1) Aircraft Department, two (2) Corporate Secretariat Department, two (2) Materials Management Department, three (3) Information Systems Department, one (1) Agriculture Services Department, one (1) Internal Audit Department and one (1) Communications Department.

4.0 Transfers

Thirteen (13) staff were also transferred, two (2) from the Agriculture Department, one (1) from Factory, one (1) from Finance, five (5) from Wales, two (2) from Albion, one (1) from Rose Hall, one from East Demerara and one (1) from Ogle Diagnostic Centre.

5.0 Departures

Resignations
There were twenty-four (24) resignations by Senior Staff across the Corporation in 2017.

Retirement
There were two (2) early retirement and eight (8) normal retirements during the period. Four (4) staff were granted extension of service at the end of normal retirement.

6.0 Training and Development

In-House Training

6.1 Training Plan - 2017

The 2017 Training Plan was completed in February 2017. The Plan embodied training for Estates and Head Office Departments, junior and senior staff. Hereunder are some of the programmes executed during the period under review.

6.2 Performance Management System

There were three (3) Training Sessions on Performance Appraisal at East Demerara Estate, Blairmont Estate & Albion Estate Training Building for Senior & Junior Staff in January 2017.

6.3 Sugar Processing Symposium

The Training Unit in collaboration with Factory Operations hosted a Symposium on Sugar Processing for Production Managers and Head – Laboratory Technicians in February, 2017 at the East Demerara Estate Training Building. The objective of the Symposium was to review the 2016 factory performance.

6.4 Procurement Policy, Rules & Procedures

Mr. Anand Goolsarran, Procurement Consultant, facilitated four (4) Workshops on Procurement Policies, Rules and Procedures for members of staff across the Corporation during the month of March 2017.

7.0 Assistance to Study

Fifteen (15) employees from Head Office Departments accessed funds totalling one million, eight hundred and eight thousand, four hundred and eighty-four dollars ($1,808,484) from the Assistance to Study Scheme to pursue studies in disciplines such as Accounting, Information Technology, Auditing and Human Resources Development.

8.0 Bursary Awards

Thirty-one (31) children of staff members across the Corporation who wrote the **National Grade Six Assessment** and were successful and were awarded bursaries for 2017 totaling one hundred and eighty-six thousand dollars ($186,000). These students achieved a pass mark of 449.65 and above (i.e. at least 85% of 529 marks)**.**

Table 1 below indicates the number of bursaries distributed across the Corporation in 2017.

Table 1

Estate	Number of Bursaries
Head Office	3
Albion	13
Rose Hall	6
Uitvlugt	6
Blairmont	3
TOTAL	**31**

9. Graduates -University of Guyana and Guyana School of Agriculture

Cadets attending University of Guyana (5) and the Guyana School of Agriculture (4) graduated with Degree in Agriculture and Diploma respectively..

A Training Programme on Introduction to GIS was organized in April, by the Guyana Lands & Survey for participants interested in the use of geographical information system. Five employees from across the industry were in attendance: They include- Surveyors, Senior Engineers and Analyst/Programmer.

The objective of the Training was to enable participants to analyze data, understand spatial/geographical relationships and trends.

10. GuySuCo Training Centre /PM

The GuySuCo Training Centre / Port Mourant (GTC/PM) celebrated its 60th anniversary on May 5th 2017 with a special event. . More than three thousand (3,000) aspiring engineers have passed through the institution during the 60 years.

10.1 Apprentice Intake 2017

The recruitment and selection for the year 2017 apprentices' intake was temporarily curtailed due to the surplus of apprentices from Wales Estate and the cessation of sugar production at Skeldon, Rose Hall and East Demerara Estates.

10.2 Apprentice Relocation

With the cessation of sugar production at Rose Hall, Skeldon and Estate Demerara Estates, forty one (41) apprentices were relocated.

The fifteen (15) apprentices from **Rose Hall Estate** were transferred to: - Albion Estate (9 apprentices) and Blairmont Estates (6 apprentices). Apprentices reported to their respective new locations on January 2, 2018.

The Board of Industrial Training (BIT) confirmed that no further documentation was necessary, since similar processes were done between Wales and Uitvlugt Estates.

The seventeen (17) apprentices from **Skeldon Estate** were transferred to Skeldon Energy Inc. (SEI) to continue their training from 02/01/2018.

Mr. Shako, a representative from BIT has conducted the schedule (1) and (11) inspections for SEI to become a training master for apprentices.

The nine (9) apprentices from **East Demerara Estate** were transferred to Demerara Distillers Ltd (DDL) and continued their training from 02/01/2018.

All necessary information regarding the above mentioned 3rd and 4th year apprentices were sent to the Board of Industrial Training (BIT).

10.3 Revised System of Training

The Centre continues to review the curriculum for the apprenticeship programmes; Electrical Installation, Instrumentation, Agriculture Mechanic, Auto Electrician, Fitting and Machining and Sugar Processing.

There is a growing demand for mechanization and automation of the sugar industry. Apprentices within their second year training continue to visit the estates with structured training programmes to enhance their competencies. The in-plant training also benefited the staff of GTC/PM, as they keep abreast with the current changes in the industry.

The apprentice's management committee also reviewed and amended the second, third and fourth year apprentice's training programmes accordingly.

10.4 National Training For Youth Empowerment – Evening Class Programme

The Guysuco Training Centre in collaboration with the Board of Industrial Training continued to offer its evening class programmes to the communities of Regions five (5) and six (6). On February 6, 2017, the 6th Cohort of the Evening Class Programme commenced.

Two hundred and seventeen (217) applications were received for the programme. One hundred and sixty-six (166) persons enrolled and one hundred and eleven (111) persons graduated on December 7, 2017.in the areas of Refrigeration and Air-Conditioning (21), Fitting and Machining (9), Welding and Fabrication (18), Electrical Installation (20), Motor Vehicle Service and Repairs (21) and Supervisory Management (22).

10.5 GTE Examination Results

In June 2017, second year apprentices wrote the craft examinations whilst the third and fourth year apprentices wrote the advanced and technician's examinations.

In the craft examinations~~,~~ there were sixty-three (63) distinctions, sixty-one (61) credits, five (5) passes, one (1) Fail, one (1) Referral while two (2) were absent, whilst for the advanced and technician's examinations there were one (1) credit, two (2) passes, one (1) Fail, ten (10) Referrals and two (2) were absent.

10.6 In-Plant Apprentice Training

GTC/PM continues to enhance the Instrumentation and Auto Mechanic programmes to satisfy the current needs of the Industry, upgrading the facility standards and concentrating on an increase of in-plant training in both field and factory for the second year apprentices and staff. Apprentices and staff were also involved in in-plant training at the Skeldon and Albion factories/ fields in February 2017.

10.9 Staffing

Staff continued to strive to improve their academic qualifications. Instructors Mr. Jai Raaj Narayan and Mr. Mohamed Rassoul completed their Associated Degree programme in Industrial Engineering in July

2017; Mr. Devendra Singh is currently pursuing the Degree programme in Industrial Engineering at the University of Guyana. In addition, Mr. Jai Raaj Narayan is currently doing the Technical Teachers Programme at the Cyril Potter College.

The manning level in the OHS Unit has been further adjusted downwards by one.

11.0 Occupational Health and Safety

Lost Time Accident rate per 100,000 hours worked were marginally up by 0.40 % from 3.94 in 2016. Very importantly, there were no fatalities; welcoming news after six consecutive years of at least one. Time spent off the job due to injuries was just about the same at 15 days per case. Apart from Near Miss / Plant Damages which moved from 568 to 542, the reporting of the other indicators fell sharply.

Seven thousand, seven hundred and thirty-nine (7,139) illness cases were reported across the Industry for employees in 2017, resulting in a total of 77,746 days lost and an average time off the job of 10 days. Employees continued to seek consultations from Private Medical Practitioners over those on the estates at a ratio of 2:1, with an average of 12 days off the job versus 7days by the Estate Medical Practitioners.

There was an overall 90 % turnout for the medical surveillance programme, and it was achieved despite the poor responses at Skeldon, East Demerara and to some extent Uitvlugt estates. The results from the individual clinics were as follows, Bi-annual 92 %, Biennial 84 % and Annual, 75%, respectively.

11.1 Safety Committee Meetings

There were 236 Health and Safety Committee Meetings convened in 2017, down from 265 in the previous year. The failure to convene these meetings must be seen as missed opportunities to genuinely engage management and workers in reviewing safety and health issues in the workplace.

12.0 Industrial Relations

12.1 Work Stoppages

The Corporation recorded a total of 106 strikes resulting in 24,892 mandays loss in 2017; this is the lowest over the past 5 years. The intensity of these strikes has been significantly reduced when compared to 2016 where 44,472 mandays were loss across the industry.

The cane harvesters accounted for a total of 83 strikes with 18,496 mandays loss at (78.2 % and 74.3% respectively) when compared to the total strikes and mandays loss as they continued to demand exorbitant prices for obstacles, non-acceptance of work and demand to cut and stack etc.

The comparative analysis of strikes from 2012 – 2017 are as follows:

Year	2012	2013	2014	2015	2016	2017
Work Stoppages	203	233	194	193	148	106
Mandays Loss	50,230	38,121	32,064	70,129	44,472	24,892
Wages Loss (G$M)	117.5	104.5	96.3	181.5	116.2	66.4

12.2 Production incentives

A total of 12 tax free days' pay were awarded to qualified employees as Weekly Production Incentive (WPI) across the industry, comprising 1 and 11 days for the 1st and 2nd crop respectively. When compared to 2016, employees benefited from 22 WPI, with 7 in the 1stcrop and 15 in the 2nd crop. These data strongly informed on the estates' failure to work towards achieving their respective weekly production targets.

12.3 GuySuCo/GAWU Annual Production Incentives (API) Negotiations 2017.

The GAWU had submitted its proposal for API on October 23, 2017, proposing a payment of one day's pay (API) for every 25,000 tonnes of sugar produced. The parties met on December 28, 2017, where the Corporation informed the Union's delegation of its inability to award any API for 2017. It was agreed that the parties met an impasse at the bilateral level and the Union applied to the Ministry of Social Protection, Department of Labour for its conciliatory services.

The parties met at conciliation under the auspices of the Department of Labour on January 18 and 25, 2017, after presentations from both parties who remained steadfast in their positions as stated at the bilateral level, the conciliator informed the parties that they have reached an impasse and the matter was declared deadlocked.

12.3 Estates Closure and Employees Redundancies

The Corporations Officers met with each employee in the presence of the Unions Officers from GAWU and NAACIE to advise the employees on their services being terminated due to redundancy. The number of Field and Factory type and Junior Staff employees severed in 2017 are listed below.

Estates	Field and Factory type Employees	Junior Staff	Total
Skeldon	1,568	132	1,700
Rose Hall	708	73	781
East Demerara	1,258	123	1,381
Wales	304	19	323
Total	**3,838**	**347**	**4,185**

MARKETING

EUROPEAN UNION MARKET

Bulk Raws

The Guyana Sugar Corporation Inc.'s sugar exports to the European Union (E.U) benefit from duty free access. Bulk sugars to the E.U have been exported to Tate and Lyle Sugars. With the reform of the EU sugar regime where beet producers are not limited by the amount they can produce and export, the price obtained from Tate & Lyle for raw sugar purchased from the Corporation is more World Market related. As a result the Corporation suffered a sharp decline in income derived from the sugar it sold into the EU. During 2017, a total of 69,959 tonnes of raw sugar was exported to the United Kingdom at an average price of US$384.42/Metric Tonne..

USA

Pursuant to its obligations under the World Trade Organization the United States of America (USA) granted to Guyana a duty free tariff rate quota of 12,636 metric tonne of raw value sugar for Financial Year 2018 (1 October 2017 – 30 September 2018). The Industry also benefitted from a waiver by the United States Department of Agriculture to deliver additional increases of sugar from Fiscal Year 2017 in Fiscal Year 2018. This amounted to 5,408 MT raw sugar which was delivered.

As such, in year 2016 the Corporation was able to export to the USA 17,808 metric tonnes of raw sugar at an average price of US$510.83/MT. All sugars exported to the USA in 2017 were in raw bulk form.

CARICOM AND REGIONAL TRADE

The inevitable erosion of the traditional trade preferences in Europe and the reform of the EU sugar regime, the Corporation has heightened its effort to focus on meeting the needs of the markets within the Caribbean. Being a part of the regional trade block Caribbean Community (CARICOM) the Corporation is able to trade its sugars without restrictions inside the block. In 2017 the Corporation supplied 17,320 tonnes of bagged sugars to member states. The countries supplied were namely: Trinidad, Suriname, St Lucia, Dominica, Grenada, Antigua, Nevis and St Vincent.

There however, was a slight increase over 2016 in the supply of packaged sugar to the CARICOM market. The packaged sugar supplied to CARICOM in 2017 amounted to 2,900 tonnes. The Corporation experienced increased competition from other sugar producing countries within Caricom in the sales of its bagged and packaged sugar. Other sugar producing countries within Caricom experienced similar difficulties as the Corporation for the price of sugar sold to the EU. As a result, those sugar producing countries competed with Guyana for sales of bagged and packaged sugar into the Caricom countries. In the past Guyana was almost exclusively supplying brown sugar to Caricom countries.

The sachet market has become competitive regionally and in 2017 the Corporation's sales of this packaged size were minimal.

LOCAL MARKET

The sales performance of sugar on the local market continues to be dominated by the sale of bagged sugars. In 2017 the Corporation sold 18,986 tonnes of bagged sugars as opposed to 17,282 tonnes in 2016. The sale of packaged sugar in 2017 was 3,751 tonnes compared to 4,101 tonnes in 2016. Totals sales to the local market amounted to 22,737 tonnes. All sugars disposed on the local market were sold to wholesalers, bakeries, food processors, supermarkets and our distributors.

CUSTOMER SERVICE

The Marketing Department has continued to function in line with the Quality Management System of ISO 9001 with great emphasis on customer satisfaction. Research activities continue to assist the Corporation improving on its products and services which are an integral element of the department's work.

INFORMATION SYSTEMS

The predominant activity for the Information Systems Department, ISD, during the year 2017 was relocating its operation from Camp Street, Georgetown to the LBI Estate Compound. The Camp Street office served as the central hub through which the majority of inter-estate and inter-location telephony, emails, data exchange, and other such electronic communication were channelled. It also housed most of the business software used within GuySuCo. Therefore, apart from moving office, the relocation involved the delicate task of moving a data centre and effecting a major restructuring of the telecommunication infrastructure across GuySuCo. Thanks to the competence and commitment of staff, all of these were achieved with no adverse effect and minimal inconvenience to our system users.

The department is now settled in its new office and is in the final stages of updating and validating its operations procedures, disaster avoidance measures and disaster recovery procedures, in line with the new reality.

Notwithstanding the extensive effort directed at the relocation, the department continued its drive to improve the efficiency of business processes, through the combination of appropriate and contextualised information systems, and business processes redesign. In this regard, during 2017, ISD implemented: Oracle's "Cash Management" module – a module within the Oracle E-Business Suite software used in GuySuCo - to aid in treasury management; an in-house redesigned application to improve the process of requisitioning spares and materials from estate's stores; and extensions to our payroll and HR system to improve the management of annual leave, leave passage assistance payment and to automate the transfer of employment cost to our financial software.

In addition, by the end of the year, considerable progress was made on development of a Factory Information System that would improve the capturing, reporting, storage and analysis of the factories' operations data, and monitoring of operation parameters. Similarly, the year ended with development work in progress on a mobile data collection solution that would bring comparable benefits to agriculture management. The mobile solution will also combine with our proposed Agriculture Management System, and the Factory Information System to significantly automate – and reduce the cost of - the payment process for agriculture workers.

ISD gives equal importance to enhancing the use of existing business systems. In this regard, there were over ten training sessions for system users across the corporation, focusing mainly on better use of existing business software to improve: inventory management, the tracking and accounting for punts, and payroll processes. Regarding the last of these, ISD also drove an exercise to harmonise GuySuCo's and the National Insurance Scheme's record for GuySuCo employees, with the view of enabling electronic submission of NIS returns in the near future.

The department's strive to enhance business processes and the timely availability of quality information for decision making is complemented by a similar motivation for operational excellence within ISD. This includes efforts to ensure that: the supporting technologies exhibit the requisite level of availability, performance and security; the department's operation is based on a customer oriented approach; operations costs are minimised; and the maintenance of a highly skilled and engaged work team. Accordingly, in 2017 the department continued to place emphasis on operations monitoring, incident response and resolution times, change management, staff development and knowledge sharing among others. The result is that the department has maintained outstanding performances in most target areas. Nonetheless, the department readily acknowledges the need for continuous improvement to align its operations with international best practices.

The achievements of 2017 highlighted and the numerous smaller achievements not mentioned herein were attained with limited and constricting resources. This bears testament to the commitment and technical competence of the department's staff to ensure that the department play its part in reviving the company.

REPORT OF THE DIRECTORS

For the year ended 31st December, 2017

The Directors of the Guyana Sugar Corporation Inc. present their report together with the audited financial statements for the year ended 31st December, 2017.

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 38 to 74.

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 five (5). All the Directors are non-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 14.2.2 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 Inc. 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 seven non-executive Directors (including the Chairman) and one executive Director (the Chief Executive). The Board considers that each Director is able to bring independent judgment to the Corporation's affairs in all matters. The Board meets not less than ten times a year and has adopted a schedule of matters reserved for its decision. It is responsible for the strategic direction of the Corporation 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

National Industrial & Commercial Investments Limited and the Special Purpose Unit have been entrusted by Cabinet via Cabinet Decision Amend A – CP (2017) 5:4: O at the end of December 2017, to arrange and conduct the privatization and divestment of the former estates of the Guyana Sugar Corporation Ltd (GUYSUCO) which includes Skeldon, Rose Hall, Enmore and Wales Estates. Wales Estate ceased sugar production on December 31, 2016 while Skeldon, Rose Hall and Enmore Estates ceased sugar production on December 31, 2017.

Additionally, by virtue of Guyana Sugar Corporation Incorporated (Transfer of Property) Order No. 45 of 2017, and subsequent Instrument of Transfer of January 12, 2018, GUYSUCO is now a wholly owned subsidiary of NICIL.

Sugar production will continue at Albion/Port Mourant, Blairmont and Uitvlugt Estates.

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 2016 Parmesar Chartered Accountants were the sub-contracted auditors; for the financial year 2017, Ram and McRae, Chartered Accountants were the sub-contracted auditors.

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

AUDITOR’S REPORT

Audit Office of Guyana
P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana
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AG: 57/2021 18 June 2021

REPORT OF THE AUDITOR GENERAL TO THE MEMBERS OF THE BOARD OF DIRECTORS OF GUYANA SUGAR CORPORATION INCORPORATED ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Opinion

Chartered Accountants Ram & McRae Chartered Accountants have audited on my behalf the consolidated financial statements of Guyana Sugar Corporation Inc. and its subsidiary which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies as set out on pages 1 to 37.

In my opinion, the accompanying consolidated financial statements presents fairly, in all material respects, the consolidated financial position of the Guyana Sugar Corporation Inc. as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and Companies Act Cap. 89:01.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC), the International Standards of Supreme Audit Institutions (ISSAIs) and the Audit Act 2004. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of my report. I am independent of the Group in accordance with the ethical requirements that are relevant to my audit of the consolidated financial statements in Guyana, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

The Guyana Revenue Authority (GRA) has accepted the Corporation's proposal to discharge its then outstanding liability over a period of six years (2011 – 2017), but as at the date of issue of this opinion the Corporation has not met all its obligations under the agreement. The Corporation had also requested a waiver of penalties and interest arising from this liability. The GRA has not formally responded to this request. Exclusive of penalties and interest payable under the tax laws, the amounts owing to the GRA at the balance sheet date amounted to $4.026 billion at the reporting date. The directors are of the opinion that the Corporation will not be assessed for any penalties and interest.

I draw attention to Note 29 in the consolidated financial statements which indicates that the Corporation has accumulated deficit of $105.413 billion as at December 31, 2017. The validity of the going concern basis on which the consolidated financial statements are prepared is dependent on the continued support from the Government of Guyana. Should the Corporation 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 and liabilities as current assets and liabilities.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the consolidated financial statements for the year ended December 31, 2017. These matters were addressed in the context of my audit of the consolidated financial statement as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of Defined Benefit Liability (Employee Retirement Benefits)

The Corporation has accrued a defined benefit liability of $24.674 billion at the year end. This is considered to be a key item since assumptions that underpin the valuation of the defined benefit pension liability are important and also involve subjective judgements and the deficit balance is volatile and affects the Corporation's distributable reserves. Management has employed an actuarial specialist in order to calculate this balance and uncertainty arises as a result of estimates made based on the Corporation's expectation about long-term trends and market conditions.

How my Audit Addressed the Key Audit Matters

During the audit I reviewed the actuarial report for the year ended December 31, 2017 and ensured that the information was presented and disclosed in accordance with IAS 19. I also obtained an understanding of the methodology and assumptions used by the actuary and assessed whether these were consistent with prior years and my understanding of the Corporation. I also reviewed the source data by the Corporation's actuary and performed tests to ascertain the completeness and accuracy of the information therein.

Valuation and Impairment of Investments

The Corporation's investments totaled $429M as at December 31, 2017 and consisted of the Corporation's share in the ownership of subsidiary company Lochaber Limited of $22M and available for sale investment in Republic Bank (Guyana) Limited of $407M. Investment in the subsidiary is considered a key audit matter since the valuation was based on an entity- developed internal method and not on quoted prices in an active market. There is therefore a significant level of uncertainty involved in the valuation. As a result, the valuation of these instruments was significant to the Corporation's audit.

How my Audit Addressed the Key Audit Matters

I audited Lochaber's Limited financial statements for the year ended December 31, 2016. The financial statement for 2017 were submitted to the Directors for signature. I also reviewed the company's policy on accounting for the various categories of investments and ensuring compliance with the relevant IFRSs. Based on my audit of Lochaber Limited no impairment of the investment exists.

Valuation of written down value of assets for wear and tear purposes

The Wear and Tear Schedule for the year shows an opening tax written down value of assets at $13.743 billion but the disposal for the year is shown as tax written down value of $27.851 billion. After allowing for wear and tear for the current year, the tax written down value of the assets shows a negative of $16.130 billion. While there are no immediate tax implications given that the Corporation has been recording substantial losses. The written down value of the wear and tear schedule should be reviewed and corrected as it would be critical to a final resolution of all tax matters with the GRA.

How my Audit Addressed the Key Audit Matters

This matter is pending and will be reviewed during the 2019 Audit.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and the Companies Act Cap. 89:01, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs and ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervisions and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

D. SHARMA
AUDITOR GENERAL

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REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF
GUYANA SUGAR CORPORATION INC.

Opinion

We have audited the consolidated financial statements of **Guyana Sugar Corporation Inc.** and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Emphasis of Matter section of this report, the consolidated financial statements on pages 1 to 37 present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and Companies Act Cap. 89:01.

Emphasis of Matter

The Guyana Revenue Authority (GRA) has accepted the Corporation's proposal to discharge its then outstanding tax liability over a period of years (2011 – 2017), but as at the date of issue of this Opinion the Corporation has not met all its obligations under the agreement. The Corporation had also requested a waiver of penalties and interest arising from this liability. The GRA has not formally responded to this request. Exclusive of penalties and interest payable under the tax laws, the amount owing to the GRA at the balance sheet date amounted to $4,026Mn at the reporting date. The directors are of the opinion that the Corporation will not be assessed for any penalties and interest.

We draw attention to **Note 29** in the consolidated financial statements which indicates that the Corporation has accumulated deficit of $105,412,702,144 as at December 31, 2017. The validity of the going concern basis on which the consolidated financial statements are prepared is dependent on the continued support from the Government of Guyana. Should the corporation 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 and liabilities as current assets and liabilities.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most importance in our audit of the consolidated financial statements for the year ended December 31, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How Our Audit Addressed The Key Audit Matters
Valuation of Defined Benefit Liability – Employee Retirement Benefits The Corporation has accrued a defined benefit liability of \$24,674Mn at the year end. This is considered to be a key item since assumptions that underpin the valuation of the defined benefit pension liability are important and also involve subjective judgments and the deficit balance is volatile and affects the Corporation's distributable reserves. Management has employed an actuarial specialist in order to calculate this balance and uncertainty arises as a result of estimates made based on the Corporation's expectations about long-term trends and market conditions.	During the audit we reviewed the actuarial report for the year ended December 31, 2017 and ensured that the information was presented and disclosed in accordance with IAS 19. We also obtained an understanding of the methodology and assumptions used by the actuary and assessed whether these were consistent with prior years and our understanding of the Corporation. We also reviewed the source data used by the Corporation's actuary and performed tests to ascertain the completeness and accuracy of the information therein.
Valuation and Impairment of Investments The Corporation's investments totalled \$429Mn as at December 31, 2017 and consisted of the Corporation's share in the ownership of subsidiary company Lochaber Limited of \$22Mn and available for sale investment in Republic Bank (Guyana) Limited of \$407Mn. Investment in the subsidiary is considered a key matter since the valuation was based on an entity-developed internal method and not on quoted prices in an active market. There is therefore a significant level of uncertainty involved in the valuation. As a result, the valuation of these instruments was significant to the Corporation's audit.	We audited Lochaber's Limited financial statements for the year ended December 31, 2016. The financial statements for 2017 were submitted to the Directors for signature. We also reviewed the company's policy on accounting for the various categories of investments and ensuring compliance with the relevant International Financial Reporting Standards. Based on our audit of Lochaber Limited no impairment of the investment exists.
Valuation of written down value of assets for wear and tear purposes. The Wear and Tear Schedule for the year shows an opening tax written down value of assets at \$13,743Mn but the disposal for the year is shown as a tax written down value of \$27,851Mn. After allowing for wear and tear for the current year, the tax written down value of the assets shows a negative of \$16,130Mn. While there are no immediate tax implications given that the company has been recording substantial losses. The written down value of the wear and tear schedule should be reviewed and corrected as it would be critical to a final resolution of all tax matters with the Guyana Revenue Authority (GRA).	This matter is pending and will be reviewed during the 2019 Audit.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the Companies Act Cap. 89:01, and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

June 14, 2021

AUDITED FINANCIALS

GUYANA SUGAR CORPORATION INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

	NOTES	COMPANY 2017 $Mn	COMPANY 2016 $Mn	GROUP 2017 $Mn	GROUP 2016 $Mn
ASSETS					
Non current assets					
Property, plant and equipment	5	29,194	89,049	29,194	89,049
Deferred tax asset	6	-	28,206	97	28,303
Investments	7.1	407	272	407	272
Investment in subsidiary	7.2	22	22	-	-
Total non current assets		**29,623**	**117,549**	**29,698**	**117,624**
Current assets					
Inventories	8.1	962	3,414	962	3,414
Standing cane	8.2	3,143	6,961	3,143	6,977
Product stock	8.3	1,591	1,643	1,591	1,643
Trade receivables		2,383	2,957	2,405	2,962
Other receivables		3,180	3,119	3,180	3,119
Prepayments		190	151	190	151
Related parties	14.1	347	323	-	-
Taxes recoverable		-	-	34	34
Cash on hand and at bank	9.1	292	784	326	818
Total current assets		**12,088**	**19,352**	**11,831**	**19,118**
TOTAL ASSETS		**41,711**	**136,901**	**41,528**	**136,742**
EQUITY AND LIABILITIES					
Shareholder's equity					
Stated capital	10	10,800	10,800	10,800	10,800
Revaluation reserve	11.1	13,503	50,849	13,503	50,849
Other reserves	11.2	4,240	293	4,240	293
Accumulated deficit		(105,413)	(40,571)	(105,538)	(40,685)
		(76,871)	21,371	(76,995)	21,257
Non controlling interest	7.3	-	-	(76)	(65)
Total equity		**(76,871)**	**21,371**	**(77,071)**	**21,192**
Deferred tax liability	6	18,199	15,722	18,203	15,727
Deferred income	12	2,287	2,356	2,287	2,356
Borrowings	13.2	18,115	19,930	18,115	19,930
Employees retirement benefits	15	24,674	32,852	24,674	32,852
Total non-current liabilities		**63,275**	**70,860**	**63,279**	**70,865**
Current liabilities					
Trade payables		7,488	9,662	7,488	9,664
Other payables and accruals	16	26,109	17,193	26,109	17,193
Related parties	14.1	2,004	1,924	2,004	1,924
Taxation		4,026	2,701	4,039	2,714
Borrowings	13.1	13,285	12,797	13,285	12,797
Bank overdraft(secured)	9.2	2,394	393	2,394	393
Total current liabilities		**55,307**	**44,670**	**55,320**	**44,685**
TOTAL EQUITY AND LIABILITIES		**41,711**	**136,901**	**41,528**	**136,742**

The Board of Directors approved these financial statements for issue on 11 June 2021

Director

Director

"The accompanying notes on pages 5 to 37 form an integral part of these financial statements."

GUYANA SUGAR CORPORATION INC.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017

	NOTES	COMPANY		GROUP	
		2017	2016	2017	2016
		$Mn	$Mn	$Mn	$Mn
Revenue	17	14,592	20,183	14,592	20,183
Cost of sales		24,084	27,514	24,092	27,538
Gross loss		**(9,492)**	**(7,331)**	**(9,500)**	**(7,355)**
Other income		9,359	11,720	9,359	11,721
Administrative expenses		(9,342)	(1,862)	(9,356)	(1,878)
Other gains and losses	18	(55,693)	(1,538)	(55,693)	(1,538)
Marketing and distribution expenses		(1,302)	(1,652)	(1,302)	(1,652)
Adjustment to Revaluation Reserves	11.1	37,346	-	37,346	-
Operating loss		**(29,123)**	**(663)**	**(29,145)**	**(702)**
Finance cost		(13,219)	(544)	(13,219)	(565)
Employees retirement benefits	15	8,178	(27)	8,178	(27)
Income from subsidiary and others		4	21	4	21
Loss before tax	19	**(34,160)**	**(1,213)**	**(34,182)**	**(1,273)**
Taxation	20	(30,682)	2,118	(30,682)	2,129
(Loss)/Profit for the year		**(64,842)**	**905**	**(64,864)**	**856**
Other Comprehensive Income:					
Net gain/(loss) on revaluation of investments		135	(64)	135	(64)
Other comprehensive income net of tax		135	(64)	135	(64)
Total comprehensive (loss)/profit for the year		**(64,707)**	**841**	**(64,729)**	**792**
(Loss)/profit for the year Attributable to:-					
Equity holders of the parent		(64,842)	905	(64,853)	874
Non controlling interest		-	-	(11)	(18)
		(64,842)	**905**	**(64,864)**	**856**
Total comprehensive Loss/profit for the year Attributable to:					
Equity holders of the parent		(64,707)	841	(64,718)	810
Non controlling interest	7.3	-	-	(11)	(18)
(Loss)/Profit for the year		**(64,707)**	**841**	**(64,729)**	**792**
Basic (loss)/profit per share in dollars	26	**(6.00)**	**0.08**	**(6.00)**	**0.08**

"The accompanying notes on pages 5 to 37 form an integral part of these financial statements."

GUYANA SUGAR CORPORATION INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017

Company

	Notes	Stated Capital $Mn	Revaluation Reserve $Mn	Other Reserves $Mn	Retained Earnings $Mn	Total Equity $Mn
Balance at January 1, 2016		10,800	50,849	357	(41,476)	20,530
Other comprehensive income		-	-	(64)	-	(64)
Loss for the year		-	-	-	905	905
Total comprehensive income for the year		-	-	(64)	905	841
Balance as at December 31, 2016		10,800	50,849	293	(40,571)	21,371
Other comprehensive income		-	-	135	-	135
Prior year adjustment to other reserves		-	-	3,812	-	3,812
Revaluation Adjustment		-	(37,346)	-	-	(37,346)
Loss for the year		-	-	-	(64,842)	(64,842)
Total comprehensive income/(loss) for the year		-	(37,346)	3,947	(64,842)	(98,241)
Balance at December 31 2017		10,800	13,503	4,240	(105,413)	(76,871)

Group

	Attributable to equity holders of the parent					
	Stated Capital $Mn	Revaluation Reserve $Mn	Other Reserves $Mn	Retained Earnings $Mn	Non Controlling Interest $Mn	Total Equity $Mn
Balance at January 1, 2016	10,800	50,849	357	(41,559)	(47)	20,400
Other comprehensive income	-	-	(64)	-	-	(64)
Profit/Loss for the year	-	-	-	874	(18)	856
Total comprehensive income for the year	-	-	(64)	874	(18)	792
Balance as at December 31, 2016	10,800	50,849	293	(40,685)	(65)	21,192
Other comprehensive income	-	-	135	-	-	135
Prior year adjustment to other reserves	-	(37,346)	3,812	-	-	(33,534)
(Loss)/profit for the year	-	-	-	(64,853)	(11)	(64,864)
Total comprehensive income/(loss) for the year	-	(37,346)	3,947	(64,853)	(11)	(98,263)
Balance at December 31 2017	10,800	13,503	4,240	(105,538)	(76)	(77,071)

"The accompanying notes on pages 5 to 37 form an integral part of these financial statements."

GUYANA SUGAR CORPORATION INC.
CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

	COMPANY		GROUP	
OPERATING ACTIVITIES	**2017 $Mn**	**2016 $Mn**	**2017 $Mn**	**2016 $Mn**
Loss Before Tax	(34,160)	(1,213)	(34,182)	(1,273)
Adjustments for:				
Depreciation and write down of assets	4,709	4,757	4,709	4,757
Loss on disposal of property, plant and equipment	55,693	1,525	55,693	1,525
Revaluation Reserve adjustment	(37,346)	-	(37,346)	-
Net interest	13,219	544	13,219	552
Income from subsidiary and others	(4)	(21)	(4)	(21)
Operating profit/(loss) before working capital changes	2,111	5,592	2,089	5,540
Decrease in inventories	2,452	67	2,452	67
Decrease/(Increase) in standing cane	3,818	(2,829)	3,834	(2,795)
Decrease/(Increase) in product stocks	52	(364)	53	(364)
Increase in accounts receivable,prepayments	475	865	457	884
Increase in amounts due from related parties	(24)	(25)	-	-
Increase in accounts payable and accruals	6,741	19	6,741	20
Increase in Included are land sales deposits,Statutory and other Payments.	80	130	80	130
Decrease in defined benefit pension liability	(8,178)	26	(8,178)	26
Cash generated from operations	7,529	3,482	7,528	3,508
Interest paid	(13,219)	(544)	(13,219)	(565)
Taxes paid	1,325	-	1,325	-
NET CASH PROVIDED/ RECEIVED FROM OPERATING ACTIVITIES	(4,365)	2,938	(4,366)	2,943
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(575)	(729)	(575)	(729)
Proceeds from sale of property, plant and equipment	-	1	-	1
Dividends received from investments	4	21	4	21
NET CASH USED IN INVESTING ACTIVITIES	(571)	(707)	(571)	(707)
FINANCING ACTIVITIES				
Proceeds from borrowing	3,812	1,980	3,812	1,980
Loan Repayments	(1,301)	(4,289)	(1,370)	(4,286)
Proceeds from Government of Guyana Grant	(69)	(61)	(69)	(61)
NET CASH PROVIDED BY FINANCING ACTIVITIES	2,442	(2,370)	2,373	(2,367)
Decrease in cash and cash equivalents	(2,494)	(139)	(2,495)	(132)
Cash and cash equivalents at beginning of the period	391	530	425	557
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(2,103)	391	(2,069)	425
CASH AND CASH EQUIVALENT COMPRISED OF:-				
Cash on hand and at bank	292	784	326	818
Bank overdraft (secured)	(2,394)	(393)	(2,394)	(393)
	(2,103)	391	(2,069)	425

"The accompanying notes on pages 5 to 37 form an integral part of these financial statements."

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

1. IDENTIFICATION 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.

In May 2017 the Government of Guyana issued a State Paper which indicated consolidation of the Industry at the end of 2017. In December 2017 as part of the restructuring plans the following Estates were closed: Skeldon, Rose Hall and East Demerara. These along with the Wales Estate which was closed in December 2016 due to continued operating losses were placed for divestment and or diversification. The Vesting Order made under The Public Corporations Act (Cap. 19:05) stated Guyana Sugar Corporation Inc. (Transfer of Property) Order 45 of 2017 effective December 30, 2017 transferred all of its movable and immovable property of the aforementioned locations as listed in the First, Second and Third Schedules attached to the Order along with the shares of GUYSUCO held by the State to the National Industrial and Commercial Investments Limited (NICIL). The liabilities of the vested estates however remained with the Corporation.

Pursuant to the Order and a Cabinet Decision, a Special Purpose Unit (SPU) was established to handle the divestment and or diversification process. As at the balance sheet date, the Estates which were operated by GUYSUCO from comprised of Albion, Blairmont and Uitvlugt.

For further developments, please refer to ***Note 30*** Post-Balance Sheet Events.

Lochaber Limited, whose principal activity is the cultivation of sugar cane, is a related company. 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

The standards and interpretations that are issued, but not yet effective, up to the date of issue of the financial statements are disclosed below. The Group intends to adopt these standards, if applicable when they become effective.

IFRS 9 Financial Instruments (effective January 1, 2018)
IFRS 15 Revenue from Contracts with Customers (effective January 1, 2018)
IFRS 16 Leases (effective January 1, 2019)
IFRS 17 Insurance Contracts (effective January 1, 2021)

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

NEW AND REVISED STANDARDS (Cont'd)
Standards and Interpretations not yet effective (Con't)

Annual Improvements 2014 – 2016 Cycle (issued in December 2016)
These improvements include:
IFRS 1 First Time Adoption of International Financial Reporting Standards (effective January 1, 2018)

IAS 28 Investments in Associates and Joint Ventures (effective January 1, 2018)

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (effective January 1, 2018)

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment (effective January 1, 2019).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

These financial statements have been prepared in conformity with International Financial Reporting Standards (IFRSs) and the Companies Act Cap. 89:01 under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Corporation's accounting policies. Although these estimates are based on management's best knowledge of current events, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3.2 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.

3.3 Revenue and expense recognition

Revenue represents the amounts earned from the sale of sugar and molasses during the year. Revenue is recognized in the income statement 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.

3.4 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,

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

plant and equipment are stated at cost.

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

3.4 Property, plant and equipment (Cont'd)

All assets with the exception of freehold land and work-in-progress are depreciated using 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.

3.5 Freehold and leasehold 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.

3.6 Inventories

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

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

3.7 Standing cane

The value of standing cane is included in the financial statements as a biological asset. Standing cane is measured at fair value less estimated point of sale costs. The fair value of the cane is determined using the average cane farmers' price. This is determined using the weighted aggregate price obtained in the various markets to which sugar is supplied.

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

3.8 Research and development

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

3.9 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 Financial Reporting 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 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.

3.10 Reserves

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

(ii) Other

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

Reserves (Con't)

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

3.11 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.

3.12 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.

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.

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

Taxation (Con't)

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.

3.13 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.

3.14 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.15 Presentation currency

The financial statements have been presented in Guyana dollars.

3.16 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.

3.17 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

3.18 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

3.19 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.

3.20 Borrowing costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds – IAS 23-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.

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.

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

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.

5. PROPERTY, PLANT & EQUIPMENT

5.1 COMPANY

Cost/valuation	Intangibles	Land	Buildings others	Freehold Buildings wooden	Land expansion cost	Plant, machinery and equipment	Work in progress	Total
	$Mn	$Mn	$Mn	$Mn	$Mn	$Mn	$Mn	$Mn
As at January 01, 2017	-	44,460	21,052	2,319	8,545	62,220	1,288	139,884
Transfers	12	22	55	5	319	928	(1,341)	0
Additions	-	-	-	-	-	-	547	547
Interestate Transfers	-	-	-	-	-	21	(21)	-
Disposals	-	(23,257)	(14,384)	(1,197)	(7,373)	(43,555)	-	(89,766)
Adjustments	-	-	-	-	-	(12)	-	(12)
Reclassifications	177	-	-	-	-	(177)		0
As at December 31, 2017	189	21,225	6,724	1,127	1,491	19,425	473	50,653
Comprising:								
Cost	189	14,482	3,013	1,127	1,491	16,204	473	36,979
Valuation		6,743	3,711		-	3,221	-	13,675
	189	21,225	6,724	1,127	1,491	19,425	473	50,654
Depreciation								
As at January 01, 2017	-	-	6,526	1,181	1,788	41,340	-	50,835
Charge for the period	-	-	417	65	786	3,441	-	4,709
Interestate Transfers	-	-	-	-	-		-	-
Prior year adjustment	-	-	-	-	-	(12)	-	(12)
Reinstatements	-	-	-	-	-	-	-	-
Written back on disposals	-	-	(4,520)	(619)	(2,041)	(26,894)	-	(34,074)
As at December 31, 2017	-	-	2,423	628	533	17,875	-	21,459
Net book value								
As at December 31, 2017	189	21,225	4,301	499	958	1,550	473	29,194
As at January 01, 2017	-	44,460	14,526	1,138	6,757	20,880	1,288	89,049

5.2 GROUP

Cost or valuation	Intangibles	Land	Buildings others	Buildings wooden	Land expansion cost	Plant, machinery and equipment	Work in progress	Total
	$Mn	$Mn	$Mn	$Mn	$Mn	$Mn	$Mn	$Mn
As at January 01, 2017	-	44,460	21,052	2,319	8,545	62,220	1,288	139,884
Transfers	12	22	55	5	319	928	(1,341)	0
Additions	-	-	-	-	-	-	547	547
Interestate Transfers	-	-	-	-	-	21	(21)	-
Disposals	-	(23,257)	(14,384)	(1,197)	(7,373)	(43,555)	-	(89,766)
Adjustments	-	-	-	-	-	(12)	-	(12)
Reclassifications	177	-	-	-	-	(177)	8	8
As at December 31, 2017	189	21,225	6,724	1,127	1,491	19,425	481	50,661
Comprising:								
Cost	189	14,482	3,013	1,127	1,491	16,204	481	36,987
Valuation	-	6,743	3,711	-	-	3,221	-	13,675
	189	21,225	6,724	1,127	1,491	19,425	481	50,661
Depreciation								
As at January 01, 2017	-	-	6,526	1,180	1,788	41,340	-	50,835
Charge for the period	-	-	417	65	786	3,441	-	4,709
Written back on disposals	-	-	(4,520)	(619)	(2,041)	(27,073)	-	(34,253)
Prior year adjustment	-	-	-	-	-	(12)	-	(12)
Interestate Transfers	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-
As at December 31, 2017	-	-	2,423	626	533	17,696	-	21,280
Net book value								
As at December 31, 2017	-	21,225	4,301	500	958	1,728	481	29,194
As at January 01, 2017	-	44,460	14,526	1,139	6,757	20,880	1,288	89,049

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

5.3 LEASEHOLD LANDS

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

	Hectares
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
	50,509

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.

6. DEFERRED TAX

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

	COMPANY		GROUP	
	2017 $Mn	2016 $Mn	2017 $Mn	2016 $Mn
Deferred tax liability				
Property, plant and equipment	14,966	13,635	14,986	13,655
Standing cane	3,233	2,087	3,217	2,072
Total	**18,199**	**15,722**	**18,203**	**15,727**
Deferred tax asset				
Tax value of losses carried forward	-	(18,349)	-	(18,428)
Property, plant and equipment	-	-	97	(18)
Defined benefit pension liability	-	(9,857)	-	(9,857)
Total	**-**	**(28,206)**	**97**	**(28,303)**

Movement in temporary differences

	COMPANY		
	Balance at Jan 01, 2017	Recognised in Income	Balance at Dec 31, 2017
Deferred tax liability			
Property, plant and equipment	13,635	1,331	14,966
Standing cane	2,087	1,145	3,233
Total	**15,722**	**2,476**	**18,199**
Deferred tax asset			
Tax value of losses carried forward	(18,348)	52,980	-
Defined benefit pension liability	(9,858)	(24,774)	-
Total	**(28,206)**	**28,206**	**-**

Movement in temporary differences

	GROUP		
	Balance at Jan 01, 2017	Recognised in Income	Balance at Dec 31, 2017
Deferred tax liability			
Property, plant and equipment	13,655	1,331	14,986
Standing cane	2,072	1,145	3,217
Total	**15,727**	**2,476**	**18,203**
Deferred tax asset			
Tax value of losses carried forward	(18,428)	52,980	-
Property, plant and equipment	(18)	-	97
Defined benefit pension liability	(9,857)	(24,774)	-
Total	**(28,303)**	**28,206**	**97**

7. INVESTMENTS

7.1 Investments

	COMPANY		GROUP	
	2017	2016	2017	2016
Available for sale:	$Mn	$Mn	$Mn	$Mn
Republic Bank Limited	407	272	407	272
Total	**407**	**272**	**407**	**272**

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

	COMPANY	
	2017	2016
	$Mn	$Mn
Lochaber Limited	22	22

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

7.3 Non controlling interest

	GROUP	
	2017	2016
	$Mn	$Mn
At January 1	(65)	(47)
Share of loss	(11)	(18)
At December 31	(76)	(65)

8. CURRENT ASSETS

8.1 Inventory categories	COMPANY 2017 $Mn	COMPANY 2016 $Mn	GROUP 2017 $Mn	GROUP 2016 $Mn
Fuel	85	66	85	66
Spares	901	1,742	901	1,742
Fertilizers and chemicals	421	473	421	473
Other	273	1,851	273	1,851
Gross Inventories	1,680	4,132	1,680	4,132
Less collectively assessed provision for slow moving and obsolete items	(718)	(718)	(718)	(718)
Net Inventories	962	3,414	962	3,414

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 $ 1,200Mn (2016 - $1,200Mn).

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

	COMPANY 2017 $Mn	COMPANY 2016 $Mn	GROUP 2017 $Mn	GROUP 2016 $Mn
Balance as at January 01	6,961	4,132	6,961	4,182
Adjustment to cost of sales	(3,818)	2,829	(3,818)	2,795
Balance as at Dec 31	3,143	6,961	3,143	6,977

Standing Cane by Age

Age of Cane	COMPANY 2017 Hectares	COMPANY 2016 Hectares	GROUP 2017 Hectares	GROUP 2016 Hectares	COMPANY 2017 $Mn	COMPANY 2016 $Mn	GROUP 2017 $Mn	GROUP 2016 $Mn
1-5 Months	10,239	22,599	10,239	22,729	-	-	-	-
6 Months	118	-	118	-	4	-	4	-
7 Months	-	-	-	62	-	-	-	-
8 Months	519	994	519	1,118	69	142	69	142
9 Months	2,347	4,569	2,347	4,626	648	1,357	648	1,374
10 Months	3,882	4,465	3,882	4,465	1,596	1,976	1,596	1,976
11 Months	1,586	2,877	1,586	2,877	746	1,457	746	1,457
12 Months	159	3,746	159	3,746	80	2,030	80	2,030
Total	18,849	39,250	18,849	39,623	3,143	6,961	3,143	6,978
					$	$	$	$
Farmers' price per tonne of sugar					69,020	74,273	69,020	74,273

	Farmers' Prices	COMPANY Tones Sugar (TS) Values	Standing Cane Value (Farmers Price@TS Values)
2017	69,020	45,542	3,143,322,093
2016	74,273	93,728	6,961,425,490
Total			(3,818,103,397)

The value of standing cane decreased by 54 85% due to decreased cane farmers' prices and tonnes sugar value derived from standing cane.
Only the standing cane for the three remaining sugar estates were valued and a small acre for one non-sugar Estate (Rose Hall).

8.3 Product stock categories	COMPANY 2017 $Mn	COMPANY 2016 $Mn	GROUP 2017 $Mn	GROUP 2016 $Mn
Sugar	1,278	816	1,278	816
Molasses	301	810	301	810
Livestock	12	17	12	17
Total	1,591	1,643	1,591	1,643

9. CASH AND CASH EQUIVALENTS

9.1 Cash on hand and at bank	COMPANY 2017 $Mn	COMPANY 2016 $Mn	GROUP 2017 $Mn	GROUP 2016 $Mn
GY Dollar	289	759	323	793
US Dollar (Current a/c)	3	3	3	3
GBP	-	22	-	22
Total	292	784	326	818

9. CASH AND CASH EQUIVALENTS (cont'd)

9.2 Bank overdraft (secured)

	COMPANY		GROUP	
	2017 $Mn	2016 $Mn	2017 $Mn	2016 $Mn
Guyana Dollar(a)	2,394	393	2,394	395
(a) These comprised of:-				
(ii) Republic Bank (Guyana) Limited	2,124	350	2,124	350
(iii) Demerara Bank Limited	270	43	270	43
	2,394	393	2,394	393

Securities held consist of

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

(ii) - Over properties at Plantation Vryhelds 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	
	2017	2016
Guyana Bank for Trade and Industry Limited	-	9%
Republic Bank (Guyana) Limited	8%	8%
Demerara Bank Limited	8.5%	8.5%

10. STATED CAPITAL

The Corporation has an authorised stated capital of 10,800,000,000 shares 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	
11.1 Revaluation reserve	2017 $Mn	2016 $Mn	2017 $Mn	2016 $Mn
Revaluation of fixed assets	13,503	50,849	13,503	50,849

The Corporation revalued its freehold land and buildings and factory plant and machinery as at January 01, 1999. The valuation of the land and buildings was undertaken by an independent valuer. The original valuation as at January 01, 1999 of plant and machinery was used as a basis for value in use calculation from 2001 to date. The valuation is reviewed in light of changes in markets, production levels and exchange rate movements. The value was revised in 2009.The reduction in the reserve in 2017 results from the reversal of the revaluation surplus previously recognised due to the disposal of assets at the vested locations.

11.2 Other reserves

		COMPANY		GROUP	
		2017 $Mn	2016 $Mn	2017 $Mn	2016 $Mn
1.	Amounts received by the Corporation from the Sugar Industry Special Funds for rehabilitation work carried out on the Corporation's factories.	25	25	25	25
2.	Monies received from the Government of Guyana for the purpose of financing projects in the Corporation's diversification programme.	17	17	17	17
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	384	249	384	249
5.	The conversion of loan received from the Government of Guyana in 2015 to Equity for the Guyana Sugar Corporation Inc.	3,812	-	3,812	-
	Total	4,240	293	4,240	293

12. DEFERRED INCOME

	COMPANY		GROUP	
	2017 $Mn	2016 $Mn	2017 $Mn	2016 $Mn
Income from European Union	2,267	2,336	2,267	2,336
Income from Government of Guyana	20	20	20	20
Total	2,287	2,356	2,287	2,356

Deferred income of $2,267Mn 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 were utilised in the construction of the new packaging plant at Enmore Estate called Enmore Project Gold, which has resulted in the conversion of production into direct consumption sugars for the local and international markets.
Construction works commenced on the US$12Mn facility in 2009 and was completed and signed in February 2017. Now that the factory is completed, deferred income is being transferred to the Statement of Comprehensive Income on an annual basis over the plant's useful economic life.

Deferred income of $20Mn was received from the Government of Guyana in March 2016 for capitalisation of the Ethanol Plant at Albion Estate. Deferred Income will be transferred to the Statement of Comprehensive Income on an annual basis over the useful economic life of the Plant, which is approximately 15 years

13. BORROWINGS

	COMPANY		GROUP	
	2017 $Mn	2016 $Mn	2017 $Mn	2016 $Mn
13.1 Current				
a) Government of Guyana Drainage and Irrigation financed by CDB	390	342	390	342
b) Consortium of Local Banks	1,158	2,456	1,158	2,456
c) Government of Guyana Debenture	144	144	144	144
d) Government of Guyana SSMP	6,371	5,467	6,371	5,467
e) Government of Guyana SSMP financed by CDB	2,286	1,960	2,286	1,960
f) Government of Guyana SSMP financed by EXIM Bank	2,913	2,428	2,913	2,428
g) Guyana Rice Development (Seed Paddy Project loan)	22	-	22	-
Total current loans	13,285	12,797	13,285	12,797
13.2 Non Current				
a) Government of Guyana Drainage and Irrigation financed by CDB	439	488	439	488
b) Government of Guyana SSMP	9,068	10,022	9,067	10,022
c) Government of Guyana SSMP financed by CDB	3,266	3,593	3,267	3,593
d) Government of Guyana SSMP financed by EXIM Bank	5,341	5,827	5,341	5,827
Total non- current loans	18,115	19,930	18,115	19,930
Repayments due in one year and included in current liabilities	13,285	12,797	13,285	12,797
Repayment due within 2-5 years	6,154	4,116	6,154	4,116
Repayment due after five years	11,961	15,814	11,961	15,814
Total	18,115	19,930	18,115	19,930

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 semi - annual basis.

The repayment of the loan was due to commence 5 years after the date of the first disbursement and is to 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$56Mn 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 was due to commence 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$24.8Mn financed by CDB. This facility is divided into two sections, Ordinary Capital Resources (OCR) for US$ 11.8Mn and Special Funds Resources (SFR) for $13Mn. These funds were used for the agricultural component of the new Skeldon Factory. Drawdowns are made based on submission of contractors' certificates.At the year end a drawdown of US$24.167Mn was made.

The repayment of the loan was due to commence 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$35Mn 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.At year end a drawdown of US$35Mn was made.

The repayment of the loan was due to commence 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 totaling G$1,158Mn.

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.

g) Guyana Rice Development Board (GRDB) loan
This loan was received from the GRDB in 2017 to assist with the cost attached to the rice farming/seed paddy project at Wales Estate. The loan will be offset against revenue received from sales of the seed paddy.

14. RELATED PARTIES

14.1 Amounts due to related parties	COMPANY 2017 $Mn	COMPANY 2016 $Mn	GROUP 2017 $Mn	GROUP 2016 $Mn
Government of Guyana - Lease rentals	498	469	498	469
Sugar Industry Labour Welfare Fund	1,506	1,455	1,506	1455
Total	**2,004**	**1,924**	**2,004**	**1,924**

14.1 Amount due from related party

Lochaber	347	323	-	-

Total rent payable for the lease lands to the Government of Guyana was $497.9Mn(2016 - $468.6Mn).

Total levies payable to Sugar Industry Welfare Fund was $1,506Mn.

14.2 Related parties transactions

14.2.1 Key Management Personnel

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

	COMPANY 2017 $Mn	COMPANY 2016 $Mn	GROUP 2017 $Mn	GROUP 2016 $Mn
Short term employee benefit	204	717	204	717

14.2.2 Directors' fees and expenses

	COMPANY 2017 Fees $000	COMPANY 2016 Fees $000	GROUP 2017 Fees $000	GROUP 2016 Fees $000
Directors				0
Dr. Clive Thomas	383	413	383	413
Mr. George Jervis	394	391	394	391
Mr. Earl John	-	30	-	30
Mr. Anthony Vieira	-	246	-	246
Mr. Fritz Charles Mc lean	284	148	284	148
Mr. John Samuel Browman	382	135	382	135
Ms. Louise Andress Bouyea	346	424	346	424
Mr. Nizamudin Ali	188	148	188	148
Mr. Richard Nigel Cumberbatch	394	108	394	108
Ms. Sharon Roopchand-Edwards	274	135	274	135
Mr. Vishnu Panday	271	-	271	-
	2,916	**2,176**	**2,916**	**2,176**

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

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 2017 by Bacon Woodrow & De Souza. The present valuation of the defined benefit obligation and the related current service cost were measured by the actuaries at 31 December 2017 using the Projected Unit Credit Method.

	Company 2017				Company 2016			
	Retirement Medical	STEPS Scheme	Ex Gratia Scheme	Total	Post Retirement Medical	STEPS Scheme	Ex Gratia Scheme	Total
	$Mn	$Mn	$Mn	$Mn	$Mn	$Mn	$Mn	$Mn
15.1 The amounts recognized in the Statement of Financial Position are as follows:								
Present value of defined benefit obligation	574	13,191	22,860	36,626	574	12,899	30,643	44,116
Fair value of assets		(11,951)		(11,951)	-	(11,264)		(11,264)
Surplus	574	1,240	22,860	24,675	574	1,635	30,643	32,852
Effect of Asset Ceiling		-	-			-	-	
Net defined benefit liability.	574	1,240	22,860	24,675	574	1,635	30,643	32,852
15.2 Reconciliation of opening and closing defined benefit liability								
Opening Defined Benefit Liability.	574	1,634	30,645	32,852	574	1,863	30,390	32,826
Net Pension Cost	-	(433)	400	(33)	-	541	2,788	3,329
Re-measurements	-	780	(7,374)	(6,594)	-	(268)	(1,740)	(2,008)
Less company contribution benefits paid	-	(742)	(810)	(1,552)	-	(502)	(793)	(1,295)
Closing defined benefit liability.	574	1,240	22,862	24,674	574	1,634	30,645	32,852
15.3 The amounts recognized as staff costs in the Statement Of Income are as follows:								
Current service cost	-	427	1	1,652	-	448	988	1,436
Net Interest on net defined benefit liability	-	72	1,815	1,840	-	93	1,800	1,893
Past Service Credit	-	(931)	-	(931)	-	-	-	-
Curtailment	-	-	(2,285)	(2,285)	-	-		-
Net Pension Cost	-	(433)	(470)	276	-	541	2,788	3,329
15.4 Actual return on Plan Assets								
Expected return on Plan assets	-	206	-	206	-	100	-	100
Actuarial Gain on Plan Assets/ Interest Income	-	670	-	670	-	631	-	631
Actual return on Plan Assets	-	877	-	877	-	731	-	731

15.5 Actuarial assumptions	2017	2016
(I) Funded Scheme		
Discount rate	6%	6%
Salary increases	6%	6%
Future Pension increases	2%	2%
Rate of return on Pension Plan assets	6.0%	5.5%
(II) Unfunded Scheme		
Discount rate	6%	6%
Salary increases	6%	6%
Future Pension increases	5%	5%
Rate of return on Pension Plan assets	N/A	N/A

There is no Pension Scheme for the subsidiary company.

	Company Ex-Gratia Pensioners				Company Steps Scheme			
	2017	2016	2015	2014	2017	2016	2015	2014
	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000
Experience History								
Defined benefit obligation	22,860	30,643	30,389	30,054	13,191	12,899	12,362	11,945
Fair Value Plan Assets	-	-	-	-	(11,951)	(11,264)	(10,499)	(10,852)
(Surplus)/Deficit	22,860	30,643	30,389	30,054	1,240	1,635	1,863	1,093
Experience Adjustment on Plan Liabilities	(7,374)	(1,740)	(1,839)	(378)	(605)	(167)	(267)	(232)
Experience Adjustment on Plan Assets	-	-	-	-	670	631	638	654
Expected Company Contributions in 2018	850				259			

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 on the scheme in 2018.

15. EMPLOYEES RETIREMENT BENEFITS (cont'd)

15.6 Asset Allocation

	Company 2017	Company 2016
Equity Securities	18.20%	18.20%
Debt Securities	24.20%	24.20%
Property	7.20%	7.20%
Other	50.40%	50.40%
Total	100.00%	100.00%

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

16. OTHER PAYABLES AND ACCRUALS.

	COMPANY		GROUP	
	2017 $Mn	2016 $Mn	2017 $Mn	2016 $Mn
Accrued Expenses	10,268	3,263	10,268	3,263
Land Sale Deposits	14,693	12,680	14,693	12,680
Statutory Payments	892	646	892	646
Other Payables	256	604	256	604
Total	26,109	17,193	26,109	17,193

Accrued expenses comprised of all payments due to suppliers, employees pension contributions, audit fees, actuarial fees among others. Land sales deposits are revenue accrued from Sale of lands to Central Housing and Planning Authority and NICIL.

17. REVENUE

	COMPANY		GROUP	
	2017 $Mn	2016 $Mn	2017 $Mn	2016 $Mn
Revenue by product				
Sugar	12,311	17,477	12,311	17,477
Molasses	2,281	2,349	2,281	2,349
Co-generation Electricity	-	357	-	357
Total Sales	14,592	20,183	14,592	20,183
Revenue by major market				
Europe	5,711	10,355	5,711	10,355
North America	1,889	1,724	1,889	1,724
Caribbean	3,580	4,587	3,580	4,587
Guyana	3,376	3,444	3,376	3,444
Other Markets	36	73	36	73
	14,592	20,183	14,592	20,183

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

18. OTHER GAINS AND LOSSES

	COMPANY		GROUP	
	2017 $Mn	2016 $Mn	2017 $Mn	2016 $Mn
	(55,693)	(1,538)	(55,693)	(1,538)
Total	(55,693)	(1,538)	(55,693)	(1,538)

Other gains and losses of $55,693M is comprised of the fixed assets and inventory at the Skeldon, Rose Hall, East Demerara and Wales estates transferred

	COMPANY		GROUP	
	2017 $Mn	2016 $Mn	2017 $Mn	2016 $Mn
19. LOSS BEFORE TAXATION	**(34,160)**	**(1,213)**	**(34,182)**	**(1,273)**
After charging -				
Employment Costs				
Wages, salaries and other	13,160	18,711	13,160	18,711
Social security contributions	1,023	1,135	1,023	1,135
Employees retirement benefits	8,178	27	8,178	27
Materials and services purchased	4,378	7,034	4,378	7,034
Research and development expenses	0	157	0	157
Directors' fees and expenses	3	2	3	2
Depreciation	4,709	4,757	4,709	4,757
Auditors' remuneration-audit services	10	10	10	10
Interest expense -	13,219	544	13,219	544
After crediting				
Dividend income (Republic Bank dividends)	4	21	4	21

20. TAXATION

	COMPANY 2017	COMPANY 2016	GROUP 2017	GROUP 2016
Accounting loss	(34,160)	(1,213)	(34,182)	(1,273)
Corporation tax @30%	(10,248)	(364)	(10,255)	(382)
Add: Tax effect of expenses not deductible in determining taxable profits				
Depreciation for accounting purposes	1,413	1,427	1,413	1,427
Defined benefit pension cost	2,454	8	2,454	8
	(6,381)	1,071	(6,387)	1,053
Deduct:				
Depreciation for tax purposes	1,413	(1,337)	1,413	(1,337)
Standing Cane	943	(848)	943	(838)
Tax losses	34,707	(1,057)	34,707	(1,057)
	30,682	(2,171)	30,676	(2,179)
Corporation Tax	-	78	-	89
Deferred Tax	30,682	(2,196)	30,679	(2,218)
	30,682	(2,118)	30,679	(2,129)
Property Tax - current year	-	-	-	-
- prior year	-	-	-	-
	30,682	(2,118)	30,679	(2,129)
Taxation - current	-	-	-	-
- prior year	-	78	-	89
- deferred	30,682	(2,196)	30,679	(2,218)
	30,682	(2,118)	30,679	(2,129)

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 these assets other than in the normal course of business.

21. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

COMPANY

	2017			
	Available for sale	Loans and Receivables	Financial Assets and Liabilities at Amortised cost	Total
ASSETS	**$Mn**	**$Mn**	**$Mn**	**$Mn**
Investments	407	-	-	407
Trade receivables	-	2,383	-	2,383
Other receivables and prepayments	-	3,370	-	3,370
Cash on hand and at bank	-	-	292	292
Total assets	**407**	**5,753**	**292**	**6,452**
LIABILITIES				
Employees retirement benefit	-	-	24,674	24,674
Trade payables	-	-	7,488	7,488
Other payables	-	-	26,109	26,109
Related parties	-	-	2,004	2,004
Borrowings	-	-	31,400	31,400
Taxation	-	-	4,026	4,026
Bank overdraft (secured)	-	-	2,394	2,394
	-	**-**	**98,095**	**98,095**

COMPANY

	2016			
	Available for sale	Loans and Receivables	Financial Assets and Liabilities at Amortised cost	Total
ASSETS	**$Mn**	**$Mn**	**$Mn**	**$Mn**
Investments	272	-	-	272
Trade receivables	-	2,957	-	2,957
Other receivables and prepayments	-	3,270	-	3,270
Cash on hand and at bank	-	-	784	784
Total assets	**272**	**6,228**	**784**	**7,284**
LIABILITIES				
Employees retirement benefit	-	-	32,852	32,852
Trade payables	-	-	9,662	9,662
Other payables	-	-	17,193	17,193
Related parties	-	-	1,924	1,924
Borrowings	-	-	32,727	32,727
Taxation	-	-	2,701	2,701
Bank overdraft (secured)	-	-	393	393
Total liabilities	**-**	**-**	**97,452**	**97,452**

21. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

2017 GROUP	Available for sale	Loans and Receivables	Financial Assets and Liabilities at Amortised cost	Total
ASSETS	**$Mn**	**$Mn**	**$Mn**	**$Mn**
Investments	407	-	-	407
Trade receivables	-	2,405	-	2,405
Other receivables and prepayments	-	3,370	-	3,370
Taxes recoverable	-	34	-	34
Cash on hand and at bank	-	-	326	326
Total assets	**407**	**5,809**	**326**	**6,542**
LIABILITIES				
Employees retirement benefit	-	-	24,674	24,674
Trade payables	-	-	7,488	7,488
Other payables	-	-	26,109	26,109
Related parties	-	-	2,004	2,004
Borrowings	-	-	31,400	31,400
Taxation	-	-	4,039	4,039
Bank overdraft (secured)	-	-	2,394	2,394
	-	**-**	**98,108**	**98,108**

2016 GROUP	Available for sale	Loans and Receivables	Financial Assets and Liabilities at Amortised cost	Total
ASSETS	**$Mn**	**$Mn**	**$Mn**	**$Mn**
Investments	272	-	-	272
Trade receivables	-	2,962	-	2,962
Other receivables and prepayments	-	3,270	-	3,270
Taxes recoverable	-	34	-	34
Cash on hand and at bank	-	-	818	818
Total assets	**272**	**6,266**	**818**	**7,356**
LIABILITIES				
Employees retirement benefit	-	-	32,852	32,852
Trade payables	-	-	9,664	9,664
Other payables	-	-	17,193	17,193
Related parties	-	-	1,924	1,924
Borrowings	-	-	32,727	32,727
Taxation	-	-	2,714	2,714
Bank overdraft (secured)	-	-	393	393
Total liabilities	**-**	**-**	**97,467**	**97,467**

22. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	COMPANY		GROUP	
	2017	2016	2017	2016
	$Mn	$Mn	$Mn	$Mn
Expenditure authorised by the Directors				
Capital expenditure	5,290	3,577	5,290	3,577

The capital expenditure for 2017 was to be funded by a combination of facilities lent by the Government of Guyana, provided by other suppliers of finance and from self generated funds.

CONTINGENT LIABILITY.

(a) 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.

(b) The Guyana Revenue Authority had accepted the Corporation's proposal to discharge its tax liability over a period of years (2011 – 2017), but as at the date of issue of this Opinion no payment has been made. The Corporation had also requested a waiver of penalties and interest arising from this liability. The Guyana Revenue Authority has not formally responded to this request. Tax liability totalled $4,025Mn at the reporting date and no provision has been made in these financial statements for penalties and interest accruing on the balance outstanding. The directors are of the opinion that the Corporation will not be assessed for any penalties and interest.

23. 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 $349Mn (2016 $339Mn)

24. 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.

	Group 2017			
	US Dollar $Mn	GBP $Mn	Euro $Mn	Total $Mn
Assets	1	1	1	3
Liabilities	(620)	(19)	-	(639)
Net asset/(liability)	**(619)**	**(18)**	**1**	**(636)**
	Group 2016			
Assets	1,620	1	-	1,622
Liabilities	(1,955)	(88)	-	(2,043)
Net liability.	**(335)**	**(87)**	**-**	**(422)**

24. 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 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 G$. For a 5% weakening of the currency against there would be an equal and opposite impact on the profit and the balances below would be reversed.

	US$ Impact		Sterling Impact		Euro Impact	
	2017	2016	2017	2016	2017	2016
	$Mn	$Mn	$Mn	$Mn	$Mn	$Mn
Profit/(loss)	(31)	(17)	(0.9)	(4)	0.04	-

24. 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.

COMPANY	effective average interest rate	2017 Maturing Within 1Year	1 to 5 years	Over 5 years	Non - interest bearing	Total
Assets		**$Mn**	**$Mn**	**$Mn**	**$Mn**	**$Mn**
Investments		-	-	-	407	**407**
Trade receivables					2,383	**2,383**
Other receivables and prepayments		-	-	-	3,370	**3,370**
Cash and cash equivalents	3.75	292	-	-	-	**292**
		292	**-**	**-**	**6,160**	**6,452**
Liabilities						
Employees retirement benefits		-	-	-	24,674	**24,674**
Trade payables		-	-	-	7,488	**7,488**
Other payables					26,109	**26,109**
Related parties		-	-	-	2,004	**2,004**
Borrowings	9.50	13,285	6,154	11,962	-	**31,400**
Taxation		-	-	-	4,026	**4,026**
Bank overdraft(secured)	9.50	2,394	-	-	-	**2,394**
		15,679	**6,154**	**11,962**	**64,302**	**98,095**
Interest sensitivity gap		**(15,387)**	**(6,154)**	**(11,962)**		

COMPANY		2016 Maturing Within 1 Year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Assets		**$Mn**	**$Mn**	**$Mn**	**$Mn**	**$Mn**
Investments		-	-	-	272	**272**
Trade receivables		-	-	-	2,957	**2,957**
Other receivables and prepayments					3,271	**3,271**
Cash and cash equivalents	3.75	784	-	-	-	**784**
		784	**-**	**-**	**6,501**	**7,284**
Liabilities						
Employees retirement benefits		-	-	-	32,852	**32,852**
Trade payables		-	-	-	9,662	**9,662**
Other payables					17,193	**17,193**
Related parties		-	-	-	1,924	**1,924**
Borrowings	9.50	12,797	4,116	15,814	-	**32,727**
		-		-	2,701	**2,701**
Bank overdraft(secured)	9.50	393	-	-	-	**393**
		13,190	**4,116**	**15,814**	**64,332**	**97,452**
Interest sensitivity gap		(12,406)	(4,116)	(15,814)		

24. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market Risk (cont'd)

(ii) Interest rate risk

GROUP	effective average interest rate	Within 1Year $Mn	1 to 5 years $Mn	Over 5 years $Mn	Non - interest bearing $Mn	Total $Mn
		2017 Maturing				
Assets						
Investments		-	-	-	407	407
Trade receivables					2,405	2,405
Other receivables and prepayments		-	-	-	3,370	3,370
Tax recoverable		-	-	-	34	34
Cash and cash equivalents	3.75	326	-	-	-	326
		326	-	-	6,216	6,542
Liabilities						
Employees retirement benefits		-	-	-	24,674	24,674
Trade payables					7,488	7,488
Other payables		-	-	-	26,109	26,109
Related parties		-	-	-	2,004	2,004
Borrowings	8.50	13,285	6,154	11,962	-	31,400
Taxation		-	-	-	4,039	4,039
Bank overdraft(secured)	8.50	2,394	-	-	-	2,394
		15,679	6,154	11,962	64,314	98,108
Interest sensitivity gap		(15,353)	(6,154)	(11,962)		

GROUP		Within 1 Year $Mn	1 to 5 years $Mn	Over 5 years $Mn	Non-interest bearing $Mn	Total $Mn
		2016 Maturing				
Assets						
Investments		-	-	-	272	272
Trade receivables					2,962	2,962
Other receivables and prepayments		-	-	-	3,270	3,270
Tax recoverable		-	-	-	34	34
Cash and cash equivalents	3.75	818	-	-	-	818
		818	-	-	6,538	7,356
Liabilities						
Employees retirement benefits		-	-	-	32,852	32,852
Trade payables					9,664	9,664
Other payables		-	-	-	17,193	17,193
Related parties		-	-	-	1,924	1,924
Borrowings	8.50	12,797	4,116	15,814	-	32,727
Taxation		-	-	-	2,714	2,714
Bank overdraft(secured)	8.50	393	-	-	-	393
		13,190	4,116	15,814	64,347	97,467
		(12,372)	(4,116)	(15,814)		

24 FINANCIAL RISK MANAGEMENT (cont'd)

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

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

(ii) 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 managements 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:

		Impact on loss			
		Company 2017	Group 2016	Company 2017	Group 2016
	Increase/ decrease in basis point	G$Mn	G$Mn	G$Mn	G$Mn
Cash & cash equivalent	+ /-50	3	8	3	8
Borrowings	+ /-50	428	331	428	331
		432.0815			

(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.

24. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Liquidity risk (cont'd)

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 31 December to the contractual maturitv dates.

	GROUP 2017					
	Maturing					
	Within 1 year					
	on demand	due in 3 months	due 3 - 12 months	2 to 5 years	Over 5 years	Total
Assets	$Mn	$Mn	$Mn	$Mn	$Mn	$Mn
Investments	-	-	-	-	407	407
Trade receivables	2,032	373	-	-	-	2,405
Other receivables and prepayments	3,258	112	-		-	3,370
Taxes recoverable	-	-	34	-	-	34
Cash on hand and at bank	326	-	-	-	-	326
Total assets	**5,616**	**485**	**34**	**-**	**407**	**6,542**
Liabilities						
Employees retirement benefits	-	-	-	-	24,674	24,674
Trade payables	7,488	-	-	-	-	7,488
Other payables	26,109	-	-	1	-	26,110
Related parties	-	-	2,004	-	-	2,004
Borrowings	-	-	13,285	6,154	11,962	31,400
Taxation	-	-	4,039	-	-	4,039
Bank overdraft(secured)	2,394	-	-	-	-	2,394
Total liabilities	**35,992**	**-**	**19,328**	**6,155**	**36,636**	**98,109**
Net asset/(liabilities)	**(30,376)**	**485**	**(19,294)**	**(6,155)**	**(36,229)**	**(91,567)**

24. FINANCIAL RISK MANAGEMENT (cont'd)

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

	GROUP 2016					
	Maturing					
	Within 1 year					
Assets	on demand $Mn	due in 3 months $Mn	due 3 - 12 months $Mn	2 to 5 years $Mn	Over 5 years $Mn	Total $Mn
Investments	-	-	-	-	272	272
Trade receivables	1,200	1,762	-	-	-	2,962
Other receivables and prepayments	1,650	1,620	-		-	3,270
Taxes recoverable	-	-	34	-	-	34
Cash on hand and at bank	818	-	-	-	-	818
Total assets	**3,668**	**3,382**	**34**	**-**	**272**	**7,356**
Liabilities						
	-	-	-	-	32,852	32,852
Trade payables	9,664	-	-	-	-	9,664
Other payables	17,193	-	-	-	-	17,193
Related parties	-	-	1,924	-	-	1,924
Borrowings	-	-	12,797	4,116	15,814	32,727
Taxation	-	-	2,714	-	-	2,714
Bank overdraft(secured)	393	-	-	-	-	393
Total liabilities	**27,250**	**-**	**17,435**	**4,116**	**48,666**	**97,467**
Net asset/(liabilities)	**(23,582)**	**3,382**	**(17,401)**	**(4,116)**	**(48,394)**	**(90,111)**

24. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Credit risk

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

	Company		Group	
	Maximum exposure		Maximum exposure	
	2017	2016	2017	2016
	$Mn	$Mn	$Mn	$Mn
Cash on hand and at bank	292	784	326	818
Investments	407	272	407	272
Investment in subsidiary	22	22	-	-
Trade, other receivables and prepayments	5,753	6,229	5,775	6,232
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.

	Company		Group	
	2017	2016	2017	2016
	$Mn	$Mn	$Mn	$Mn
Trade and other receivables (excluding prepayments)	5,563	6,077	5,585	6,081
The above balances are classified as follows:				
Current	529	3,717	529	3,717
Past due but not impaired	5,034	2,359	5,056	2,364
	5,563	**6,076**	**5,585**	**6,081**
Aging of trade and other receivables which was pass due but not impaired				
Past Due up to 29 days	1,922	569	1,944	593
Past Due 30 - 59 days	446	136	446	136
Past Due 60 - 89 days	1,706	71	1,706	71
Past Due 90 - 179 days	5	99	5	99
Past Due over 180 days but less than 1 year	395	59	395	59
Past Due more than 1 year	172	1,446	172	1,446
	4,646	**2,379**	**4,668**	**2,403**
Collectively assessed provision for bad debts	(118)	(21)	(118)	(21)
	4,528	**2,357**	**4,550**	**2,381**

25. 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 2016.

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:

	Company		Group	
	2017 $Mn	2016 $Mn	2017 $Mn	2016 $Mn
Debt (i)	33,794	33,120	33,794	33,120
Cash in hand and at bank	(292)	(784)	(326)	(818)
Net debt	**33,502**	**32,336**	**33,468**	**32,302**
Equity (ii)	(76,871)	21,371	(76,995)	21,292
Net debt to equity ratio	**1.51:1**	**1.51:1**	**1.50:1**	**1.51:1**

(i) Debt is defined as long- and short-term borrowings and bank overdraft.
(ii) Equity includes all capital and reserves of the Group.

26. Basic loss per share

	COMPANY	
	2017 $	2016 $
Profit/(Loss) for the year	(64,842,075,113)	905,000,000
	Units	**Units**
Ordinary share issued and fully paid	10,799,571,775	10,799,571,775
Basic Profit/(loss) per share	**(5.99)**	**0.08**
Profit/(Loss) attributable to equity holders of the parent	(64,853,170,905)	874,000,000
Ordinary share issued and fully paid	10,799,571,775	10,799,571,775
Basic Profit/(loss) per share	**(6.00)**	**0.08**

27. 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 establised trade preferences between the EU and Guyana resulting in bilateral commerical contracts. The EPA also hopes to improve the 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 2017.

28. Fair value of financial instruments

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

	GROUP 2017		GROUP 2016	
	Carrying Value $Mn	Fair Value $Mn	Carrying Value $Mn	Fair Value $Mn
Financial assets				
Available for sale investments	407	407	272	272
Trade receivables	2,405	2,405	2,962	2,962
Other receivables and prepayments	3,370	3,370	3,270	3,270
Taxes Recoverable	34	34	34	34
Cash and cash equivalents	326	326	818	818
	6,542	6,542	7,356	7,356
Financial liabilities				
Employee retirement benefits	24,674	24,674	32,852	32,852
Trade payables	7,488	7,488	9,664	9,664
Other payables	26,109	26,109	17,193	17,193
Related Parties	2,004	2,004	1,924	1,924
Borrowings	31,400	31,400	32,727	32,727
Taxation	4,039	4,039	2,714	2,714
Bank overdraft(secured)	2,394	2,394	393	393
	98,110	98,110	97,467	97,467

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 valuators using level 1 fair value measurements.

(b) Financial instruments where the carrying amounts are equal to fair value:-Due to their short-term maturity, the carrying amounts of certain financial instruments are 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.

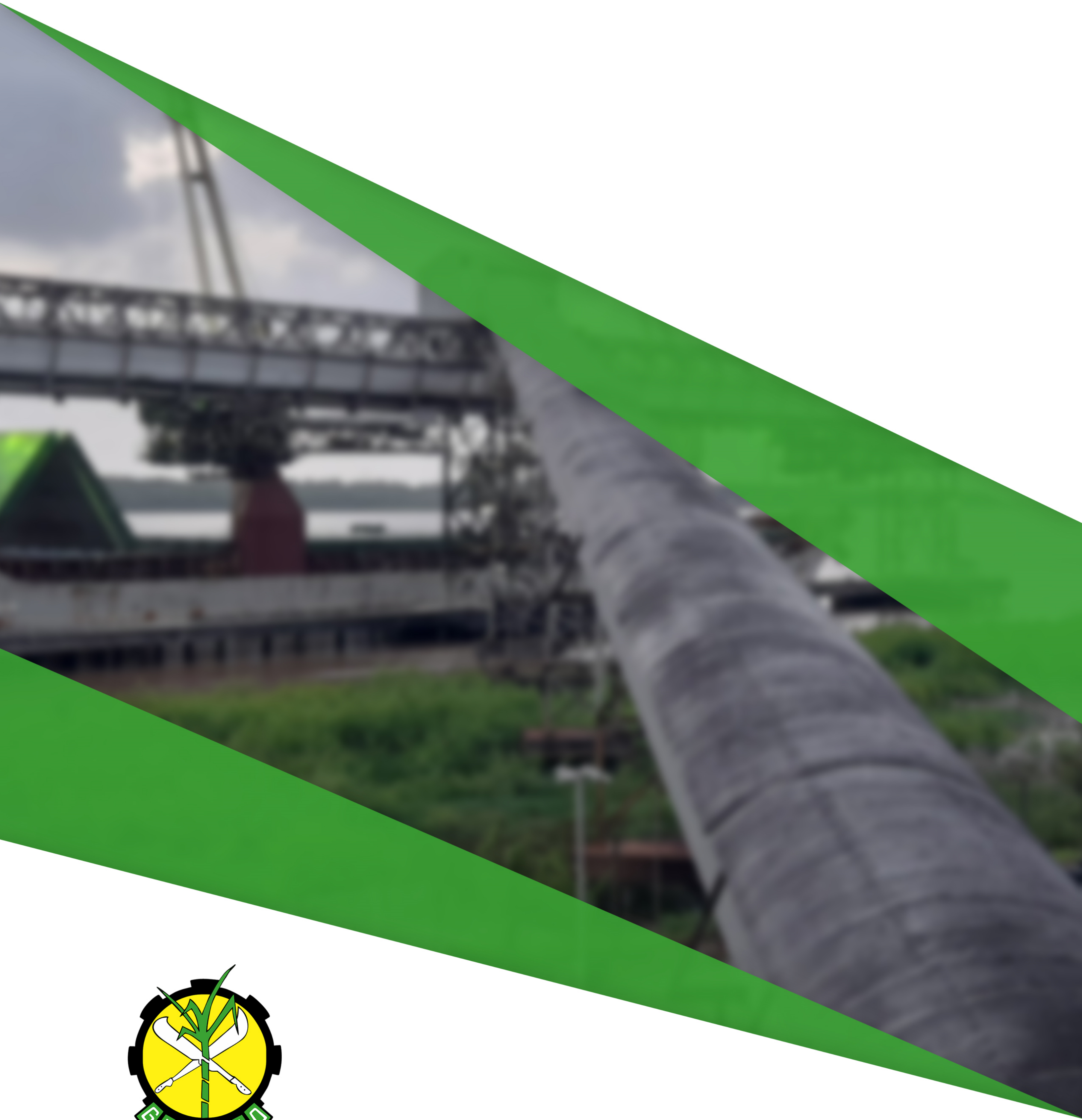
29. Going Concern

These financial statements have been prepared on a "going concern" basis, which presumes the Corporation will realise its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at December 31, 2017, the Corporation has incurred an accumulated deficit from operations of $105,413Mn (2016:$40,571Mn).There is, therefore, uncertainty regarding the company's ability to operate as a going concern.

30 Post Balance Sheet Events

On September 10, 2020, following a change of Government and a decision to re-open the Enmore, Rose Hall and Skeldon Estates, the Corporation and NICIL entered into a Memorandum of Understanding under which the Corporation is allowed access to the Vested Estates and use of the assets remaining thereon, including but not limited to machinery, plant, equipment, vehicles, stores, bonds, administrative and residential buildings to execute all necessary works in order to reopen Enmore, Rose Hall and Skeldon Estates.

By Act 1 of 2020 assented to on September 30, 2020 appropriated out of the Consolidated Fund the sum of three billion Dollars. According to the Budget Speech leading to the passing of the Act, this sum constitutes an initial allocation for critical works in 2020, with an additional $2 billion to be made available as work progresses.



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