We Care Your Cargo

Guyana National Shipping Corporation Limited

ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016

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NOTICE OF

ANNUAL GENERAL MEETING

The Thirty Sixth (36th) Annual General Meeting of the Shareholders of the **Guyana National Shipping Corporation Limited** will be held on **Monday, August 07, 2017 at 15:00 hours** at the Herdmanston Lodge, 65 Peter Rose and Anira Streets, Georgetown.

AGENDA

1. To receive and consider the Accounts for the year ended December 31, 2016.

2. To confirm the appointment of the Directors for the year ended December 31, 2016.

3. To consider any other business that may be conducted at an Annual General Meeting.

By Order of the Secretary

Registered Office
5-9 Lombard Street
La Penitence
Georgetown

M. Somaroo

....
Mohini Somaroo

July 17, 2017

MISSION STATEMENT

To ensure that we provide excellent maritime transportation services to customers and principals through the use of modern equipment, good financial management and skilled personnel, working with integrity, for the benefit of all stakeholders.

VISION STATEMENT

Our aim is to provide world class services to our customers.

ISO 9001-2008 QUALITY POLICY

Guyana National Shipping Corporation Limited is devoted to achieving and maintaining the highest standard of customer service in the provision of world class Maritime Transportation Services.

Management remains committed to establishing and improving a Quality Management System that would ensure effectiveness in all processes and integrity in all transactions.

Quality objectives are implemented, maintained and disseminated throughout the organization to all levels of staff in order that ultimate customer satisfaction is achieved.

The Company will ensure the training and development of staff at all levels in their related skill areas so as to maintain competence.

Opportunities for continual improvement and further effectiveness in service will be constantly pursued throughout the life of the organization by frequent reviews of the Quality Management System.

The Management and staff of the Corporation will at all times be committed to meeting the needs of customers and other stakeholders in a professional and safe manner, in accordance with industry norms and government's policies.

GUYANA NATIONAL SHIPPING CORPORATION LIMITED
CHAIRMAN'S STATEMENT – 2016

The Board Management and Staff have been challenged and bombarded with the pace of change emanating from several fronts at home and abroad and while the financial aspects of our operations may indicate declines in some areas, what is not visible is the time and energies being devoted to responding to these multiple challenges. The country, the Caribbean and the World is closely monitoring the events and opportunities resulting from the prospect of OIL revenues in the not too distant future.

In addition, there have been mergers and acquisitions in the Global Maritime Industry combined with the local expansion of local entities in attempting to prepare for the near future. While the challenges are ominous they also present equivalent opportunities which the entire management team has been developing strategies to combat the apparent. It must be accepted that over the last number of years and for a combination of reasons the Corporation was unable to invest and retool as it should, thus resulting in the loss of its competitive advantage. That is history.

The Corporation has been developing a five (5) year Business Plan which will address current and future needs which is critical to it regaining its natural place as the premier Shipping Organisation in Guyana. In this regard a review of what the word SHIPPING means, aligning what we do with our stated objectives, developing activities which differentiate us from the other market participants, introduction of performance measurements in all aspects of the Corporation, just to name a few initiatives, and most importantly, ensuring that there is prudent financial management in all areas of activity. We shall be embarking on a re-structuring process to confirm that the operations are aligned with its Organisational objectives.

I would like to acknowledge the efforts of the **Board of Directors**, the **Management team** and **all staff members** now and with the knowledge that they will continue to 'put their shoulders to the wheel' resulting in the Corporation taking its rightful place in the Shipping Industry in the future.

K. Cholmondeley

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KEITH CHOLMONDELEY
Chairman
GNSCL
La Penitence
July, 2017

REPORT OF THE DIRECTORS

OVERVIEW

GUYANA NATIONAL SHIPPING CORPORATION LIMITED is in existence for forty (40) years and is the only state-owned company in the shipping industry and remains committed to enhancing the state's economy through its contribution. We are dedicated to understanding our Customers' needs and delivering excellent service, both internally and externally. We seek continuous improvement and the highest quality in our planning.

The Corporation renders supportive services to all sectors of the economy and its major role in the shipping industry is the provision of related quality services to Ship-owners, Operators, and other Customers, locally and internationally.

As terminal operators' the Corporation provides modern loading/unloading facilities for various cargoes to and from local, regional and international markets. The provision of covered and open storage space at competitive rates for imports, mainly for manufacturing, agricultural and other sectors of the economy continues to be a leading role of the Corporation.

Property rental for office, storage and also wharf space, continues to be a significant aspect of the Corporation's operations.

We also render a reliable service in transporting over half of the country's sugar production from Berbice estates to the point of export at the Demerara Sugar Terminal.

Marine insurance and other related services as Lloyd's Agents are also provided at competitive rates.

In order to be successful in a competitive and rapidly changing global economy, we are committed to being proactive in our preparations for future challenges and managing our resources strategically in order to achieve our vision. We see our role and the demand for our various services continuing in the long term as diversification of the economy continues.

REPORT OF THE DIRECTORS

REVIEW OF OPERATIONS - 2016

Total revenue for the year was $647.035M as against a budget of $715.248M. This shows an unfavourable variance of $68.213M and a ninety percent (90%) achievement rate. Revenue would have declined by thirteen percent (13%) over the year 2015.

Expenses for the year were $626.767M as against a budget of $672.246M. This reveals a favourable variance of $45.479M and a seven percent (7%) savings over the budget. Expenses would have seen an eleven percent (11%) decline over the previous year.

The resultant actual Profit for the year was $20.268M, which was fifty three percent (53%) less than the budgeted target for the year of $43.002M and a fifty percent (50%) decrease over the previous year's profit of $40.554M.

The Corporation has a current ratio of three (3) for the year 2016 as against four (4) for the previous year. This means that the Corporation has $3.0 in current assets to pay every $1.0 in Current Liabilities.

The Pre-tax margin of three point one percent (3.1%) for 2016 has seen a reduction of two point four percent (2.4%) over 2015. The Return on Equity of one point four percent (1.4%) and Return on Assets of one point two percent (1.2%) for the current year were marked declines over the previous year. This means that the Equity invested and Assets employed in the Corporation were not as efficiently and effectively utilized as in the past.

These indicators would have resulted in zero Earnings per Share for the year 2016 as compared to thirteen dollars ($13) for the year 2015.

During the year the Corporation was faced with several constraints that contributed to the shortfall in the goals and targets set by the company.

When the Corporation became the Agent for our Principal Hapag-Lloyd in April, 2015, there were high expectations from this merger but business did not see much improvement. Hapag-Lloyd continued in the ways of its predecessor – Compania Sud Americana de Vapores (CSAV) which resulted in imports being at a bare minimum while exports were practically non-existent for the year 2016. Continuous discussions with Hapag-Lloyd during the first half of the year to offer better freight rates would have materialized somewhat during the second half of the year. However, the rates were still not desirable to shake the growing competition and the new operators in the market-place.

Trans-shipment of cargo volumes of containerized cargo continued throughout the year since the Principal continued to use slots on other feeder vessel calling at other wharves; as such the revenue earned from this area of operation was reduced. The vessels were

REVIEW OF OPERATIONS - 2016 Cont'd

calling at Demerara Shipping Company Limited (DSCL) and John Fernandes Limited (JFL) wharves, however in June, 2016 Hapag-Lloyd moved the vessel call to Muneshwers wharf and the said wharf refused to enter into a sharing agreement and therefore removing this revenue stream of business.

The Corporation's continuous efforts in highlighting the short comings to Hapag-Lloyd would have resulted in a positive meeting in mid third quarter 2016 and a visit by Hapag Lloyd's representative in the fourth quarter. There was a commitment to review the freight rates and the feeder vessel calling at Muneshwers wharf. However, by the end of year 2016 the situation was not remedied and the difficulties still existed.

While the Company's intense marketing campaign has continued, including participation at the yearly Guyexpo exhibition, it has been difficult to attract new business/clients in the absence of Liner-vessel calls at the terminal. This situation keeps the performance of the Cargo Handling Department, the core business operation arm of the company, relatively below its capacity. The actual containerised cargo handled would have only been forty eight percent (48%) of the budgeted target of 37,520 tonnes.

The Corporation tried to increase its market share in other cargo types in order to buffer this shortfall. General cargo and fertilizer were successful with a ninety percent (90%) and eighty one percent (81%) achievement rate, respectively. However, cement did not make much of an impact and rice and lumber business were non-existent. These types of break bulk cargo are very labour intensive with small profit margins.

Up to the third quarter of the year, the Corporation continued to depend on outsourced transportation service in an effort to provide an effective and efficient service to our customers. We battled with the high cost of maintenance to the aged equipment as well as the lack of skilled operators for some of the equipment which caused the dependency on the outsourced transportation and other equipment in general - for example - cranes, lift trucks - thereby further reducing profit margins for some business operations. The recruitment of a Manager - Maintenance and Engineering on September 01, 2016, would have resulted in the addition of some equipment to the fleet of mechanical handling equipment and lesser dependence on outsourced equipment in the last quarter of the year 2016.

The Corporation's contract with the Guyana Sugar Corporation (Guysuco) to transport bulk sugar by ship from the Berbice Estates to the Demerara Sugar Terminals (DST) continued throughout the year. However, the first and second crops would have only achieved eighty one percent (81%) tonnages as compared to the budget for the year 2016 of 135,880. The constant strikes by the sugar workers would have had a negative impact on the production of the company. Guysuco's second crop came to an end on

REVIEW OF OPERATIONS - 2016 Cont'd

December 24 2016; however, there were some overspills up to the beginning of January, 2017. As at December 31 2016, the Corporation was owed $85.576M by Guysuco, of which, $52.503M, was overdue.

The Insurance Department was challenged with a reduction in business activity due to changes in market conditions giving rise to less business opportunities. The Department experienced a drastic slow-down in requests for cargo surveys since customers were willing to take the risk of not insuring their cargo. Also, suppliers were going the extra mile of replacing damaged cargo and this gave customers a level of comfort and is mainly responsible for them not having insurance for their cargo.

On a positive note, the Property section was able to add to its customer base with a few new customers renting office and bond space in the latter half of the year 2016 which resulted in them marginally exceeding their targets. Also the Shipping Department would have handled more vessels than budgeted, including the floating library/book vessel - Logos Hope, and as such the projected agency fees and related commissions from this area of the business were achieved.

The Corporation continued with its repairs and maintenance programme with repairs to several areas of the La Penitence terminal and expended $16.938M during the year, with a focus on providing safe berthing and storage for customers. Also $20.180M was expended on rehabilitation of the fleet of aging Mechanical handling Equipment and service vehicles to provide more efficient service to customers. Repairs were also done to several sections of the Warehouse Complex at a cost of $4.806M.

The Corporation managed its resources to the utmost, attempting in every area, to work within the confines of the budget, however, this proved a bit challenging in the area of employment. The Corporation paid salary increases in October, 2016, retroactive to January 01, 2016, in the amount of $9.608M. A one-off tax free bonus of $25,000 was also paid to employees in December, 2016 and this totaled to $2.950M.

The Corporation embraced all areas and ensured compliance with the standards of the ISO9001-2008 quality certification and successfully passed the ISO audit which was done in September, 2016.

The Corporation maintained active internal Committees, such as, Health and Safety, Workers' Participation Council, Sports Club, Maintenance, Security (ISPS), Credit and Tender Committees, which all worked assiduously to accomplish their mandate.

REPORT OF THE DIRECTORS

REVIEW OF OPERATIONS - 2016 Cont'd

The Board of Directors (BOD) appointed by the Ministry of Finance in June, 2015 for a period of eighteen (18) months, continued to be actively involved in providing policy guidelines and direction to the Corporation in the year 2016. The BOD piloted the five year Strategic Plan of the Corporation that is aimed at re-defining our business strategy to meet the demands of customers and principals and ultimately position the Corporation to take a leading role in the development plans for the GEORGETOWN HARBOUR. There were monthly meetings of the BOD as well as sub-committee meetings on Finance, Human Resource and Technical areas of operations within the Corporation.

REPORT OF THE DIRECTORS

DEPARTMENTAL REVIEW - 2016

The Corporation had budgeted for the main Revenue earners to be the Coastal Shipping Department and Wharf activities which were expected to contribute forty seven percent (47%) and twenty five percent (25%), respectively, to the total budgeted revenue for the year of $715.248M. Actual performance showed the departments' contributions were forty percent (40%) and twenty two percent (22%), respectively, of the total actual revenue.

In absolute terms, the Coastal Shipping Department would have underperformed against the budgeted revenue by $71.453M and also the actual revenue for the year 2015 by $73.521M. The Wharf activities fell short of the Budget by $33.485M and also likewise recorded a decrease from the year 2015 revenue of $23.084M. The shortfall in revenue was a direct result of the reduction in containerized cargo handling at the La Penitence Wharf during the year.

The Transportation Department recorded actual revenue for the year of $15.246M as against $9.503M for the year 2015 and a budget of $19.060M. There was improvement in revenue for the year; however, it was still below the revenue that was generated in the past years. This is attributable to having an inadequate amount of operable equipment to service customers' needs in an efficient and effective manner for most of the year.

Notable mention is the Shipping Department which exceeded its budget by forty two percent (42%) by generating $100.463M in revenue for 2016. This amounted to a fifteen percent (15%) contribution to the actual total revenue earned. It should be noted that this department's actual revenue for 2016 was above that of the prior year by thirteen percent (13%) or $11.183M. The department met with some setbacks in its attempt to increase both its customer base as well as it bookings for imports and exports due to the absence of a scheduled international carrier calling at the La Penitence Wharf.

The Corporation continued with the rental of office and bond space with this section projecting to contribute eleven percent (11%) towards the budgeted total revenue, inclusive of proceeds from the No.2 wharf. It would have slightly exceeded that expectation towards the year's actual revenue by contributing thirteen percent (13%). This was due to a few new tenants who rented space in the latter half of the year.

CAPITAL EXPENDITURE

For the year 2016 the Corporation was granted approval of a significant Capital Expenditure Budget by the Ministry of Finance of $262.874M compared to approved budget of $89.500M for the year 2015. The Corporation spent a total of $159.703M and the projects undertaken were: improvements to buildings ($34.218M), acquisition of a vehicle ($5.700M), purchase of furniture and fixtures ($1.355M), purchase of machinery and equipment ($105.702M), purchase of office equipment ($9.441M) and work in progress ($3.287M).

The most significant investments were the purchase of a Kalmar Reach Stacker and a Hauler Tractor at a cost of $96.370M and $6.280M, respectively in October, 2016, which were expected to improve our cargo handling and transportation capability by providing more efficiency leading to satisfied customers.

The Corporation also purchased thirty five (35) desktop computers with a server at a cost of $7.959M as part of the Corporation's computer upgrade and IT improvement programme, with the sole intention of ensuring management is able to provide real-time information to the Stakeholders as well as being able to provide an efficient level of service to its customers and Principals.

INDUSTRIAL RELATIONS

The Industrial relations climate existing between the Corporation and the unions representing the employees, namely the Clerical and Commercial Workers Union (CCWU) and the Guyana Labour Union (GLU) remained cordial throughout the year. The recruitment of skilled and qualified persons to fill vacant posts remained a challenge especially for the Security Department which was operating with the less than required level of staff.

HUMAN RESOURCES

The Corporation also invested heavily in training and skill development of the workforce and for the year fifty six training programmes, both internal and external, were conducted. The areas of training that were covered included; customer service care, finance for non-finance professionals, report writing, developing a positive attitude and various health and safety training programmes. These programmes were geared towards improving individual efficiency, productivity and greater service levels, through competent performance management.

The Corporation would have celebrated its fortieth anniversary in May, 2016 and various awards were given to long serving employees in order to recognize their exemplary service. The Corporation also maintains an "Employee of the Quarter" programme in order to motivate staff to increase their productivity and efficiency.

The Corporation recruited a Finance Controller with effect from June 01, 2016 in keeping with its Organisational restructuring. This position is expected to enhance the efficiency, productivity and technical capabilities of the Finance Department and the Corporation as a whole.

The Board of Directors would have approved for employees, an increase in salary of between one percent (1%) to ten percent (10%), retroactive to January 01, 2016. Also, a bonus of $25,000 per employee was paid in December, 2016.

SUMMARY

The year 2016 remained a challenge to the Corporation to re-capture customers that were lost as a result of a feeder vessel not calling at the La Penitence Wharf and the aging equipment that hampered our ability to successfully service our customers' needs. However, the acquisition of key equipment and personnel in the latter half of the year is expected to improve this situation in the New Year. We will continue to engage Hapag-Lloyd in discussions to convince them to have a feeder vessel call at our Terminal.

The Corporation continued its focus on networking with regional companies so as to improve on relations and seek new opportunities for business. Efforts to improve the relationship with the local business community as well as other governmental agencies, with the intention of increasing a foothold in the industry were ongoing throughout the year.

GNSCL
La Penitence
July, 2017

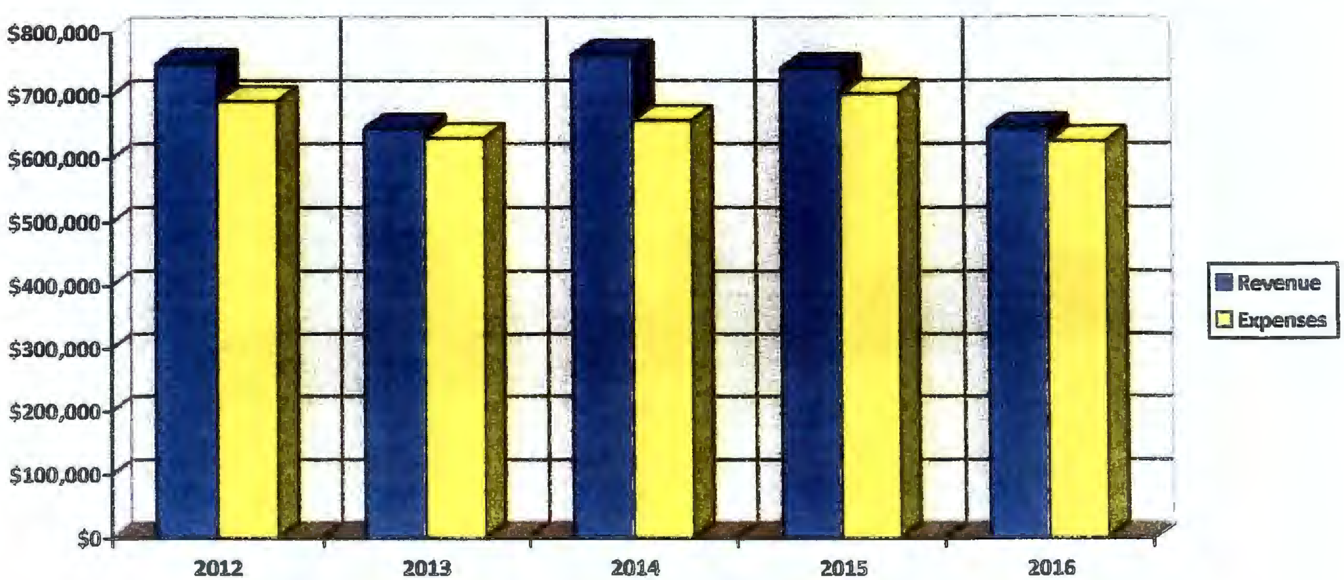
GUYANA NATIONAL SHIPPING CORPORATION LIMITED

FIVE (5) YEARS FINANCIAL STATEMENT INFORMATION AND ANALYSIS

DESCRIPTION	ACTUALS G$'000				
	2012	2013	2014	2015	2016
PROFIT BEFORE TAXATION	58,578	14,515	103,590	40,554	20,268
REVENUE	749,174	647,012	763,894	742,463	647,035
EXPENSES	690,596	632,497	660,304	701,909	626,767
TOTAL ASSETS	1,773,049	1,715,624	1,705,194	1,651,878	1,661,424
CAPITAL INVESTMENT	15,939	16,734	10,853	81,188	156,416
CAPITAL RESERVE	324,894	319,704	312,575	305,446	299,045

PROFIT GROWTH/(DECLINE) BY %		(75)	614	(61)	(50)
REVENUE GROWTH/(DECLINE) %		(14)	18	(3)	(13)
EXPENSES GROWTH/(DECLINE) %		(8)	4	6	(11)
CURRENT RATIO	1.6	2.3	3.0	4.0	3.1
PRE-TAX PROFIT MARGIN	7.8	2.2	13.6	5.5	3.1
RETURN ON EQUITY	4.5	1.0	7.1	2.7	1.4
RETURN ON ASSETS	3.3	0.8	6.1	2.5	1.2
BASIC EARNINGS PER SHARE	11	4	20	13	0

Figure 1 showing Revenue & Expenses movement - Year 2012 to 2016 Actuals (G$'000)



GNSCL
La Penitence
July, 2017

Figure 2 showing Profit movement Year 2012 to 2016 Actuals (G$'000)

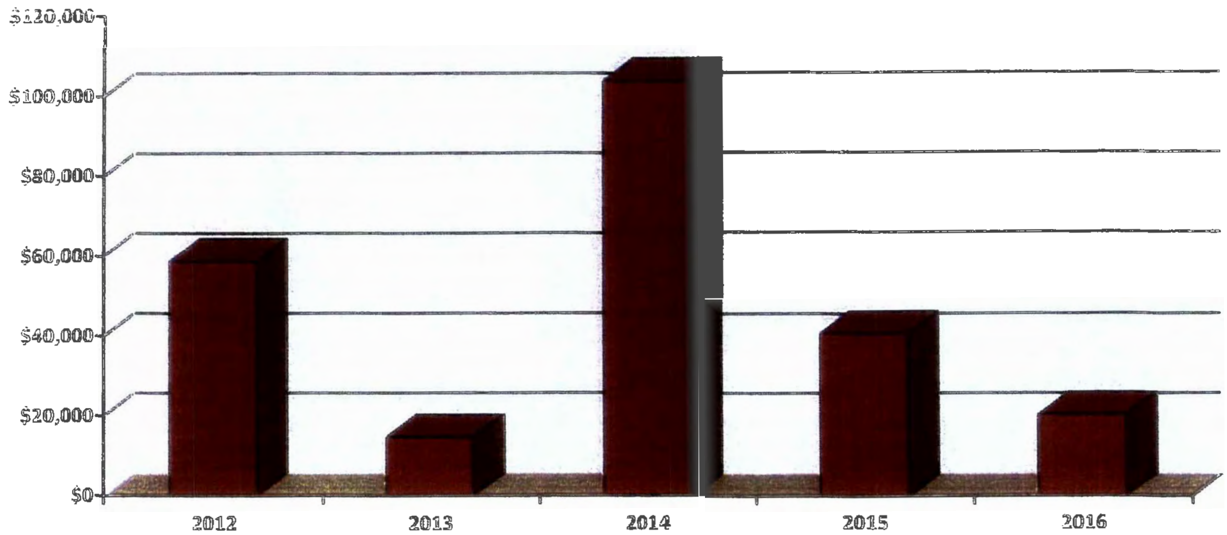
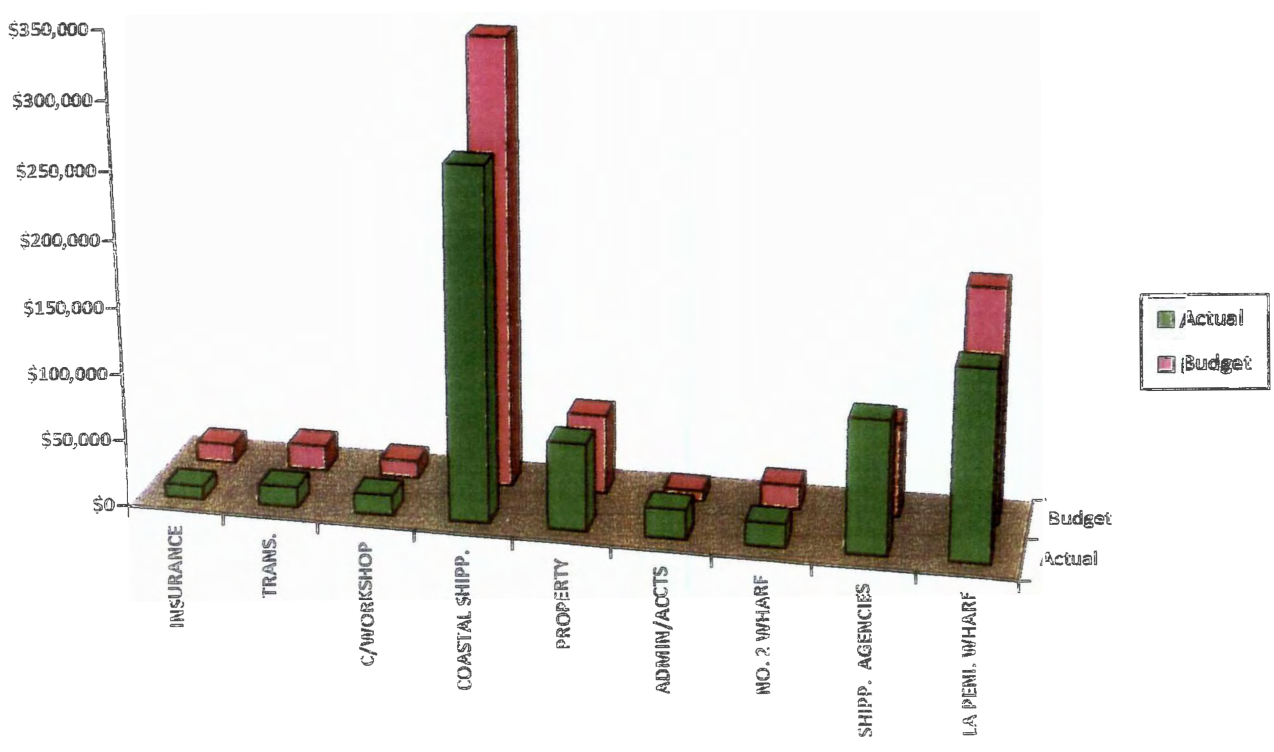


Figure 3 showing Departmental Revenue against Budget for 2016 (G$'000)



GNSCL
La Penitence
July, 2017

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

83/PC: 28/2/2017 27 April 2017

Mr. A. Astwood
Managing Director
Guyana National Shipping Corporation Limited
5-9 Lombard Street
Georgetown.

Dear Mr. Astwood,

AUDIT OF THE FINANCIAL STATEMENTS
GUYANA NATIONAL SHIPPING CORPORATION LIMITED
FOR THE YEAR 2016

Please find attached nine copies of the audited financial statements, together with the report of the Auditor General, thereon.

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

With best regards.

Yours sincerely,

AUDIT OFFICE OF GUYANA

Nichette Harcourt

Nichette Harcourt
Audit Manager (ag.)
for Auditor General

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

AG: 28/2017 27 April 2017

REPORT OF THE AUDITOR GENERAL TO THE MEMBERS OF THE BOARD OF DIRECTORS OF THE GUYANA NATIONAL SHIPPING CORPORATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Opinion

Chartered Accountants HLB R. Seebarran and Company have audited on my behalf the financial statements of Guyana National Shipping Corporation Limited, which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 1 to 28.

In my opinion, the financial statements give a true and fair view, in all material respects, the financial position of the Guyana National Shipping Corporation Limited as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Financial Statements section of my report. I am independent of the Company in accordance with the ethical requirements that are relevant to my audit of the financial statements in Guyana, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

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.

Report on Legal and Regulatory Requirements

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

AUDIT OFFICE
OF GUYANA

D. SHARMA
AUDITOR GENERAL

AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

HLB R. Seebarran & Co
Chartered Accountants/Business and Financial Services
Lot 73, Canje Street & Stone Avenue, Section K, Campbellville, Georgetown

INDEPENDENT AUDITOR'S REPORT

To the Members of Guyana National Shipping Corporation Limited.

Opinion

We have audited the financial statements of Guyana National Shipping Corporation Limited. which comprise the statement of financial position as at December 31, 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 1 to 28.

In our opinion, the financial statements give a true and fair view, in all material respects, the financial position of Guyana National Shipping Corporation Limited., as at December 31, 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Guyana, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs 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 financial statements.

Partners: Ramesh Seebarran - FCCA Sham Ramnarain - ACCA
592-226-2078/2079 592-226-2547 hlbrsandco@gmail.com www.hlbrsandco.com

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

- Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 Company to cease to continue as a going concern.

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.

Report on Other Legal and Regulatory Requirements

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

HLB, R. Seebarran & Co

HLB, R. Seebarran & Co
Chartered Accountants
73 Canje Street & Stone Avenue,
Section 'K', Campbellville,
Georgetown

April 25, 2017

Guyana National Shipping Corporation Limited
(Subsidiary of National Industrial and Commercial Investments Limited)
Statement of Financial Position
As at December 31, 2016

	Notes	2016 G$000	2015 G$000
ASSETS			
Non-current assets:			
Property, plant and equipment	5	791,242	667,523
Investment property	6	333,732	338,194
		1,124,974	**1,005,717**
Current assets:			
Deferred taxation	7	19,789	21,031
Inventories	8	33,243	36,796
Trade and other receivables	9	190,733	188,910
VAT recoverable	10	10,246	-
Cash and cash equivalents	11	282,439	399,424
		536,450	**646,161**
TOTAL ASSETS		**1,661,424**	**1,651,878**
EQUITY AND LIABILITIES			
Equity			
Share capital	12	2,797	2,797
Retained earnings		1,188,538	1,182,911
Revaluation reserve	13	299,045	305,446
Total equity		**1,490,380**	**1,491,154**
Current liabilities			
Taxation payable	14	47,370	59,428
VAT payable		-	1,944
Trade and other payables	15	77,166	99,352
Bank overdrafts		46,508	-
Total current liabilities		**171,044**	**160,724**
TOTAL EQUITY AND LIABILITIES		**1,661,424**	**1,651,878**

These financial statements were approved by the Board of Directors on April 25, 2017

On behalf of the Board of Directors:

Director

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

GUYANA NATIONAL SHIPPING CORPORATION LTD.
5-9 Lombard Street, La Penitence
Phone: 226-1448, 226-3365

Guyana National Shipping Corporation Limited
(Subsidiary of National Industrial and Commercial Investments Limited)
Statement of Comprehensive Income
for the year ended December 31, 2016

	Notes	2016 G$000	2015 G$000
Revenue	16	640,882	740,652
Less:			
Operating expenses	17	(426,444)	(504,820)
Gross profit		214,438	235,832
Add:			
Other Income	18	9,392	4,483
		223,830	240,315
Less: Expenses			
Administrative	19	200,323	197,089
Financial charges		1,138	1,586
Directors' fees		2,101	1,086
		203,562	199,761
Profit before taxation	20	**20,268**	**40,554**
Taxation	21	(21,042)	(2,804)
Profit/(loss) after taxation		(774)	37,750
Other Comprehensive Income net of income tax:			
Items that will not be reclassified subsequent to the profit or loss.			
Amortization of revaluation reserve		6,401	7,129
		6,401	7,129
Total Comprehensive Income for the year		5,627	44,879
Basic earnings per share in dollars	22	(0)	13

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

Guyana National Shipping Corporation Limited
(Subsidiary of National Industrial and Commercial Investments Limited)
Statement of Changes in Equity
for the year ended December 31, 2016

	Share capital G$000	Capital reserve G$000	Retained earnings G$000	Total G$000
At January 1, 2015	2,797	312,575	1,140,532	1,455,904
Profit for the year after taxation	-	-	37,750	37,750
Dividends paid to shareholder	-	-	(2,500)	(2,500)
Amortization of revaluation reserve	-	(7,129)	7,129	-
At December 31, 2015	2,797	305,446	1,182,911	1,491,154
(loss) for the year after taxation	-	-	(774)	(774)
Amortization of revaluation reserve	-	(6,401)	6,401	-
At December 31, 2016	2,797	299,045	1,188,538	1,490,380

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

Guyana National Shipping Corporation Limited
(Subsidiary of National Industrial and Commercial Investments Limited)
Statement of Cash Flows
for the year ended December 31, 2016

	2016 G$000	2015 G$000
Operating activities		
Profit before taxation	20,268	40,554
Adjustments for -		
Depreciation	35,984	38,764
Amortization	4,462	4,224
Depreciation written back	-	(49,102)
Operating profit before working capital changes:	60,714	34,440
Working capital changes		
(Increase)/decrease in inventories	3,553	1,004
(Increase)/decrease in trade and other receivables	(1,823)	204,896
(Increase)/decrease in VAT receivables	(12,190)	(858)
Increase/(decrease) in trade and other payables	(22,186)	(66,836)
Cash generated from operations	28,068	172,646
Taxes paid	(31,858)	(28,637)
Net cash provided by operating activities	(3,790)	144,009
Investing activities		
Disposal of fixed assets	-	49,140
Acquisition of property, plant and equipment	(159,703)	(81,188)
Net cash used in investing activities	(159,703)	(32,048)
Financing activities		
Dividends paid	-	(2,500)
Net cash used in financing activities	-	(2,500)
Net increase in cash and cash equivalents	(163,493)	109,461
Cash and cash equivalents at beginning of period	399,424	289,963
Cash and cash equivalents as at December 31	235,931	399,424
Cash on hand and at bank	282,439	399,424
Bank overdrafts	(46,508)	-
	235,931	399,424

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

1 Incorporation and business activities

The Corporation is a state-owned enterprise incorporated under the Companies Act, Chapter 89:01and continued under the Companies Act 1991. The principal activities of the Corporation are the provision of shipping services, berthing, storage facilities and rental of wharf and office space.

2 New and revised standards and interpretations

(a) Adoption of new and revised International Financial Reporting Standards (IFRSs)

The following amendments and interpretations to published standards are effective for the current financial statements period but it has been determined that they have an immaterial impact on the financial statements or are not relevant to the Corporation's operations:

New standards, interpretations and amendments adopted

IFRS 5	Amended to add specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued (effective from January 1, 2016)
IFRS 7	Amended to add guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements (effective from January 1, 2016)
IFRS 9	Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective January 1, 2015).
IFRS 10	Amendments regarding applying the Consolidation Exception and sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments effective January 1, 2016)
IFRS 11	Amendments relating to accounting for Acquisitions of Interests in Joint Operations (effective January 1, 2016)
IFRS 12	Amendments regarding the application of the consolidation exception (effective January 1, 2016)
IFRS 14	Regulatory Deferral Accounts (effective January 1, 2016)
IAS 1	Disclosure Initiative (Amendments to IAS 1) (Amendments effective January 1, 2016)
IAS 9	Amended to clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (effective from January 1, 2016)
IAS 16	Clarification of Acceptable Methods of Depreciation (effective January 1, 2016)
IAS 27	Equity Method in Separate Financial Statements (Amendments to IAS 27) effective January 1, 2016)
IAS 28	Amendments regarding to the application of the consolidation exception (effective January 1, 2016)
IAS 34	Amended to clarify the meaning of 'elsewhere in the interim report' and require a cross-reference (effective from January 1, 2016)
IAS 38	Clarification of Amortisation method (effective January 1, 2016)

(c) **Standards and amendments issued but not yet effective**

IFRS 9	Financial Instruments: Classification and Measurement/complete version - (effective January 1, 2018)
IFRS 12	Disclosure of Interests in Other Entities (effective January 1, 2017)
IFRS 15	Revenue from contracts with customers (effective January 1, 2018)
IFRS 16	Accounting for leases (effective from January 1, 2019)
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses (effective January 1, 2017)
IAS 7	Disclosure Initiative (effective January 1, 2017)
IFRS 2	Classification and Measurement of Share-based Payment Transactions (effective January 1, 2018)

Explanation of adoption of new and revised International Financial Reporting Standards (IFRSs)

IFRS 10 : Consolidated Financial Statements

This IFRS requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose Entities. The Standard identifies the principles of control and introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee.

IFRS 12: Disclosure of Interests in Other Entities

This standard requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 7: Financial Instruments: Disclosures

Amends the disclosure requirements in IFRS 7 Financial Instruments: Disclosures, to require information about all recognised financial instruments that are set off.

The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements.

The application of these amendments in IAS 32 and IFRS 7 have resulted in more disclosures being made with regard to offsetting financial assets and financial liabilities.

IAS 19: Employees Benefits

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach'. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

IAS 38: Intangible Assets

In May 2014, the IASB clarified when the use of a revenue-based amortisation method is appropriate. It introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated

Explanation of Standards and amendments issued but not yet effective

IFRS 9: Financial Instruments

The IASB proposed to issue this IFRS in three phases: Phase 1 (Classification and measurement of financial assets and liabilities), Phase 2 (Impairment methodology), and Phase 3 (Hedge Accounting). The first phase was issued in November 2009 and was initially required to be applied from 1 January 2013. However, new requirements were added in October 2010 and the effective dates was deferred and then removed. This standard specifies how an entity should classify and measure its financial assets and liabilities.

In December 2011, the IASB deferred the mandatory effective date of IFRS 9 which is available for application if the relevant date of initial application is before February 1, 2015. In November 2013, the IASB reissue to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9.

In July 2014, the IASB issued the completed version of IFRS 9, incorporating requirements for classification and measurement, impairment, general hedge accounting and de-recognition. The effective date is now January 1, 2018.

The application of IFRS 9 may have significant impact on amounts reported in respect of the Corporation's financial assets and financial liabilities when adopted and will be disclosed.

When adopted, the standard will be applied retrospectively in accordance with IAS 8.

IFRS 11: Joint Arrangements

Amendments to IFRS 11 Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to: (a) apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11 and (b)disclose the information required by IFRS 3 and other IFRSs for business combinations.

IFRS 14

IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

IFRS 15: Revenues from Contracts with Customers

In May 2014, IFRS 15- Revenue from Contracts with Customers, was issued to replace IAS 11 and 18, IFRIC 13,15, and 18 and SIC-31. IFRS 15 provides a comprehensive framework for recognising revenue from contracts with customers. It provides a single, principles based five-steps model to be applied to all contracts with customers. The five steps are (1) Identify the contract with the customer (2) Identify the performance obligations in the contract (3) Determine the transaction price (4) Allocate the transaction price to the performance obligations in the contract and (5) Recognise revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

IFRS 15 was suppose to be effective from January 1, 2017, however in September 2015, the IASB passed an amendment to defer the effective date to January 1, 2018.

IFRS 16: Leases

This new standard replaces IAS 17 and provides guidance on recognition, measurement, and disclosures of leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

3 Summary of significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards. These standards were issued by the International Accounting Standard Board.

(b) Basis of preparation

These financial statements have been prepared under the historical cost convention and modified for the revaluation of certain non current assets. The principal accounting policies are set out below:

(c) Revenue and expenditure recognition

Revenue is measured at fair value of the consideration received or receivable net of sales taxes and returns. Expenses are recognised on an accrual basis.

(d) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated deprecation and any accumulated impairment losses. Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight line method.

3 Summary of significant accounting policies-continued

Property, plant and equipment (continued)

The depreciation rates are as follows:

Land and buildings	2%-4%
Motor vehicles	25%
Plant and machinery	7.5%- 20%
Office equipment	10%- 12.5%
Computer & accessories	20%-25%

Assets are reviewed for impairment whenever there is objective evidence to indicate that the carrying amount of an asset is greater than its estimated recoverable amount. The excess of the carrying amount above the recoverable amount is written off to the statement of income.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

(e) Foreign Currencies

Foreign currency transactions during the year are translated at the exchange rates prevailing at the date of the transaction. At the end of the reporting period, assets and liabilities denominated in foreign currencies are translated into Guyana dollars at the exchange rates ruling at that date. Gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the change in fair value are recognised in the statement of comprehensive income.

(f) 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 Corporation's liability for current tax is calculated using tax rates that have been enacted in Guyana at the end of each reporting period.

Deferred tax

Deferred tax is recognized on temporary 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. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

3 Summary of significant accounting policies- (continued)

Taxation (continued)

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the assets realized based on tax rates (tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited to profit and loss, except when it relates to items charged or credited to the statement of comprehensive income, in which case the deferred tax is also dealt with in the statement of comprehensive income.

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

(g) Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments. These are readily convertible to known amounts of cash, with maturity dates of three (3) months or less.

(h) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method: interest expense is recognised on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

The Corporation derecognizes financial liabilities when its obligations are discharged, cancelled or expire.

3 Summary of significant accounting policies- (continued)

(i) Impairment of tangible assets

At each reporting date, the Corporation 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 Corporation estimates the carrying 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 recoverable amount of an asset is estimated to be less than its recoverable amount, an impairment loss is recognized immediately in the profit and loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

(j) Inventories

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

(k) Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or administrative decisions.

(l) Derecognition of financial assets

The Corporation derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Corporation recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Corporation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Corporation continues to recognize the financial asset and also recognizes a collateralised borrowing for the proceeds received.

(m) Pension Scheme

The Corporation participates in a defined pension scheme for its employees. The contributions are held in a Trustee administered fund which is separate from the Corporation's assets.

An actuarial valuation as at 31 December 2015 revealed a past service surplus of G$278m. However if the outstanding contributions owed by GUYSUCO is not paid the Scheme would have a deficit of $588m. The proportion of surplus relating to the corporation has not yet been ascertained.

The Actuaries recommended that participating companies continue to contribute at the current rate of 7% of the members' salaries up to $2,880 per annum and 13% of the members' salaries in excess of $2,880 per annum.

Pension Scheme (continued)

During the year the Corporation's contribution to the Scheme was G$7.778M (2015-G$6.647M).

With regards to the corporation's compliance with International Accounting Standards 19 Employee Benefits, management estimates that there would be insignificant (if any) net benefit obligations after taking into account the fair value of the plan's assets. Also, the current service cost is a fair reflection of the cost to the Corporation.

(n) Trade and other receivables

Trade and other receivables are recognised initially at fair value. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts is not recoverable. If so, an impairment loss is recognised immediately in the statement of comprehensive income. A provision for impairment of trade and other receivables is established when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms of the receivables.

(o) Trade and other payables

Trade payables are obligations to pay for goods or services that have been purchased in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less . If not, they are classified as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method.

(p) Provisions

Provisions are recognised when the Corporation has a present obligation (legal or constructive) as a result of a past event, if it is probable that the Corporation 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 end of each reporting period, taking into account the risks and uncertainties surrounding the obligation.

4 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Corporation's accounting policies, which are described in note 3, the directors are required to make judgments, 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.

11 Cash and cash equivalents

This balance is comprised as follows:

		2016 G$000	2015 G$000
Savings	(a)	182,794	178,475
Foreign exchange account	(b)	91,267	189,423
Business Cash Management account	(b)	8,117	8,103
Other - CSAV		261	263
Chequing account		-	23,160
		282,439	399,424
Bank overdraft	(c)	46,508	-

(a) Interest is earned at an average of .13% per annum.
(b) Interest is earned at a rate of 0.05%- .6% per annum
(c) This balance resulted from cheques written in December but not issued to suppliers.

12 Share capital

	2016 G$000	2015 G$000
Authorized		
Ordinary shares of 4,000,000 @ $1.00 each	4,000	4,000
Issued and fully paid		
2,796,644 Ordinary shares @ $1.00 each	2,797	2,797

Par value of ordinary shares G$ 1.00 each
Fully paid ordinary shares carrying one vote per share and a right to dividends.

13 Revaluation reserve

	2016 G$000	2015 G$000
As at January 01	305,446	312,575
Amortization of reserve	(6,401)	(7,129)
As at December 31	299,045	305,446

This represents the difference between compensation price and the valuation of fixed assets at 26 May, 1976 and the surplus on revaluation of land and building at January 1, 2011.

This reserve is non-distributable.

14 Tax payable

This balance represents corporation and property taxes payable at year end to the Guyana Revenue Authority.

15 Trade and other payables

The amount shown as trade and other payables represents monies owed to suppliers and advance payments received from customers. The details are as follow:

This balance is comprised as follows:

			2016 G$000	2015 G$000
	Trade payables	(a)	46,930	56,485
	Other payables	(b)	30,236	42,867
			77,166	99,352
(a)	Trade payables		28,061	46,858
	Due to Government Entities		18,869	9,627
			46,930	56,485
(b)	**Other payables**			
	Accruals		21,929	17,424
	Trade receivables with credit balances		8,307	25,443
			30,236	42,867

The average credit period on purchases of certain goods ranges from 30 to 90 days. No interest is charged on trade payables

The Corporation has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

16 Revenue

Revenue represents the value of goods and services sold to third parties and related companies as shown below:

Handling/stevedoring	111,043	139,498
Rental of premises	85,168	83,418
Freight	258,291	339,782
Agencies	44,123	49,220
Hire-cargo handling equipment	30,965	29,989
Others	89,907	86,431
Storage	20,910	11,577
Rental of equipment	475	737
	640,882	740,652

17 Operating expenses

	2016 G$000	2015 G$000
Employment costs	109,877	107,623
Hire of vessels	194,847	260,271
Repairs & maintenance	36,639	42,194
Mechanical handling equipment	18,153	18,455
Hire of equipment	5,084	4,559
Custom fee	18,647	17,229
Fuel	3,741	5,851
Generator cost	533	407
Tools	93	266
Dredging	-	6,350
Other operational expense	906	972
Depreciation	33,462	36,419
Impairment of assets	4,462	4,224
	426,444	504,820

18 Other Income

This balance includes bank interest received net of withholding tax and gain on disposal of fixed assets.

19 Administrative

	2016 G$000	2015 G$000
Employment costs	103,327	97,696
Electricity	12,172	14,466
Rates & taxes	12,801	13,260
Other administrative expense	9,101	6,125
Insurance	5,911	6,081
Stationery & office expense	7,675	7,919
Pension & gratuity	7,902	7,586
Advertising	6,271	3,227
Motor vehicle expense	4,984	5,022
Legal & professional fee	3,633	8,102
Entertainment and social	2,498	3,934
Telephone & internet	2,062	2,426
Training expense	709	1,008
Subscription	1,030	1,398
Audit fee	1,651	1,032
Travelling overseas	2,337	1,943
Water charges	720	423
R&M Furniture & equipment	317	461
Security	3,955	4,860
Donation	762	1,068
License fee	478	507
Bad debts	5,083	3,194
Loss on Devaluation	1	109
Inventories write off	2,421	2,897
Depreciation	2,522	2,345
	200,323	197,089

	2016 G$000	2015 G$000
20 Profit before taxation	20,268	40,554
After crediting:		
Interest received	4,562	4,483
After charging:		
Depreciation	35,984	38,764
Amortization	4,462	4,224
Directors' emoluments	2,101	1,086
Auditors' remuneration	1,619	1,622

21 Taxation

Reconciliation of tax expense and accounting profit

	2016 G$000	2015 G$000
Accounting profit	20,268	40,554
Corporation tax at 30%	6,080	12,166
Add:		
Tax effect of expenses not deductible in determining taxable profits		
Depreciation for accounting purposes	10,795	11,629
Amortization of investment property	1,339	1,267
	18,214	25,062
Deduct:		
Other income tax @ 20%	(1,369)	(1,345)
Tax effect of depreciation and other allowances for tax purposes	(8,735)	(8,478)
Corporation tax	8,110	15,239
Property tax	11,690	11,885
Deferred tax	1,242	(24,320)
Tax expense	21,042	2,804
Recognised in the profit or loss:		
Current	19,800	27,124
Deferred	1,242	(24,320)
	21,042	2,804

6 Investment property

The property (includes land and building) located at area "X", area "E", portion of block "G" and area "F" all being portions of Plantation La Penitence, Georgetown is held solely for rental. The property is stated at fair value based on its last valuation done by a professional effective from January 1, 2011. It is amortized based on the Corporation's depreciation policy for building.

	2016 G$000	2015 G$000
Costs/valuation	360,000	360,000
Opening balance as at January 1	21,806	17,582
Amortization for the year	4,462	4,224
Closing balance as at December 31	26,268	21,806
Net Book Value as at December 31	333,732	338,194

Income earned from this investment is recognised in the statement of comprehensive income as follows:

	2016 G$000	2015 G$000
Rental of premises	85,168	83,418

7 Deferred taxation

Components of deferred tax asset:

	2016		2015
	Fixed assets G$000	Total G$000	G$000
As at January 1	(21,031)	(21,031)	3,289
Movement charge to statement of comprehensive income	1,242	1,242	(24,320)
At December 31	(19,789)	(19,789)	(21,031)

8 Inventories

	2016	2015
Stores	36,073	39,693
Impairment allowance (i)	(2,830)	(2,897)
	33,243	36,796

(i) represents provision made for obsolete items.

9 Trade and other receivables

The balance shown as trade and other receivables represents monies owed by customers, advance payments made to suppliers, and security deposits. The composition is as follows:

		2016 G$000	2015 G$000
Trade receivables	(a)	184,855	184,558
Other receivables	(b)	16,539	10,240
		201,394	194,798
Less: provision for impairment (a)	(c)	(10,661)	(5,888)
		190,733	188,910

(a) *Trade receivables are comprised as follow:*

	2016	2015
Due from customers other than government entities	86,906	105,220
Due from Government entities	97,949	79,338
	184,855	184,558

(b) Other receivables are comprised as follow:

	2016	2015
Bail bonds	8,825	8,782
Security deposits	186	54
Advance payments to suppliers	-	92
Prepayments	7,528	1,312
	16,539	10,240

(c) Provision for impairment-Individually assessed

	2016	2015
Balance at January 1	4,835	2,619
Impairment allowance for the year	5,826	3,269
Balance at December 31	10,661	5,888

10 VAT recoverable

This balance concern the excess of input against output VAT at December 31, 2016 that was utilized against VAT payable for January 2017.

Critical accounting judgments and key sources of estimation uncertainty (continued)

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) **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 should remain the same.

ii) **Impairment of financial assets**

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

5 Property, plant and equipment

	2016						
	Land & Building (Bond) G$000	Machinery & equipment G$000	Motor Vehicles G$000	Furniture & fixtures G$000	Office equipment G$000	Work-in-progress equipment G$000	Total G$000
Costs/valuation							
At January 01, 2016	647,847	437,476	28,205	20,908	21,466	-	1,155,902
Additions	34,218	105,702	5,700	1,355	9,441	-	156,416
Work-in-progress	-	-	-	-	-	3,287	3,287
At December 31, 2016	682,065	543,178	33,905	22,263	30,907	3,287	1,315,605
Accumulated Depreciation							
At January 01, 2016	56,322	377,009	22,105	13,203	19,740	-	488,379
Charged for the year	12,654	18,183	2,625	1,337	1,185		35,984
At December 31, 2016	68,976	395,192	24,730	14,540	20,925	-	524,363
Net Book Value							
At December 31, 2015	591,525	60,467	6,100	7,705	1,726	-	667,523
At December 31, 2016	613,089	147,986	9,175	7,723	9,982	3,287	791,242

Land and Building were revalued by the directors on 26th May, 1976 to bring them in line with the value in the books of the previous owners. Subsequently, the land and buildings were revalued at 1st January, 1982 based on independent professional advice and on January 1, 2011.

	2015						
	Land & Building (Bond) G$000	Machinery & equipment G$000	Motor Vehicles G$000	Furniture & fixtures G$000	Office equipment G$000	Work-in-progress equipment G$000	Total G$000
Costs/valuation							
At January 01, 2015	593,212	444,820	35,923	18,649	21,334	9,916	1,123,854
Additions	32,281	29,870	3,600	2,379	619	12,438	81,187
Transfer of work-in-progress	22,354	-	-	-	-	(22,354)	-
Disposal	-	(37,214)	(11,318)	(121)	(487)	-	(49,140)
At December 31, 2015	647,847	437,476	28,205	20,908	21,466	-	1,155,902
Accumulated Depreciation							
At January 01, 2015	44,512	392,177	30,822	12,055	19,151	-	498,717
Charged for the year	11,810	22,008	2,601	1,269	1,076	-	38,764
Write back on disposals	-	(37,176)	(11,318)	(121)	(487)	-	(49,102)
At December 31, 2015	56,322	377,009	22,105	13,203	19,740	-	488,379
Net Book Value							
At December 31, 2014	548,700	52,643	5,101	6,594	2,183	9,916	625,137
At December 31, 2015	591,525	60,467	6,100	7,705	1,726	-	667,523

	2016 G$000	2015 G$000
22 Basic earnings/(loss) per share		
Calculated as follows:		
Profit/(loss) after taxation	(774)	37,750
Ordinary shares issued and fully paid	2,797	2,797
Basic earnings per share in dollars	(0)	13

23 Pending litigations

There are no legal and pending matters up to time of approving these financial statements as confirmed by management.

24 Related party transactions and balances

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions.

Listed below are transactions with related parties.

	2016 G$000	2015 G$000
(i) Related Government entities		
Amounts due from	97,949	79,338
Amounts due to	18,869	9,627

No interest is charged on balances with related parties.

	2016 G$000	2015 G$000
(ii) Guarantees in favour of related companies		
Bail bonds in favour of High Court of Supreme Court of Judicature Admiralty	1,900	1,900

(iii) Key Management personnel

(a) Compensation paid

The Corporation's key management personnel includes its managing director and managers.

The remuneration paid to key management personnel for the year was as follows:

	2016 G$000	2015 G$000
Short term employee benefits	33,405	28,972
(b) Directors fees	2,101	1,086

24 Related party transactions and balances	2016 G$000	2015 G$000
(iv) Dividends		
Dividend declared	-	2,500
Dividend Paid	-	2,500

Dividends was paid to parents company (National Industrial and Commercial Investments Limited) in 2015. None was paid in 2016.

25 Analysis of financial assets and liabilities by measurement basis

	Loans & receivable G$000	Other Financial assets and liabilities at amortized cost G$000	Total G$000
31.12.2016			
Assets			
VAT recoverable		10,246	10,246
Trade and other receivables	190,733	-	190,733
Cash and cash equivalents	-	282,439	282,439
	190,733	292,685	483,418
Liabilities			
Taxation payable	-	47,370	47,370
Trade and other payables	-	77,166	77,166
Bank overdraft		46,508	46,508
	-	171,044	171,044
31.12.2015			
Assets			
Trade and other receivables	188,910	-	188,910
Cash and cash equivalents	-	399,424	399,424
	188,910	399,424	588,334
Liabilities			
Trade and other payables	-	99,352	99,352
VAT payable	-	1,944	1,944
Taxation payable		59,428	59,428
	-	160,724	160,724

25 Financial risk management

Financial risk management objectives

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

The management seeks to minimize the effects of these risks by the use of techniques that are governed by their policies on foreign exchange risk and credit risk which are approved by the board of directors.

The Corporation's management reports monthly to the board of directors on matters relating to risk and management of risk.

(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 Corporation's exposure to market risk arises from its financial assets and liabilities. Management continually identify, evaluate, and diversify risk in order to minimize the total cost of carrying such risk.

(i) 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 Corporation is exposed to various risks that are associated with the effects in interest rates. This impacts directly on its cash flows. The Corporation is exposed to interest rate risk which is immaterial as its financial instruments are substantially at fixed rates. The Corporation's exposure to interest rate risk on financial assets and liabilities are listed below:

Financial risk management - (continued)

Interest rate risk (continued)

Interest risk tables

	Maturing 31.12.2016			
	Average interest rate %	1 year G$000	Non-interest bearing G$000	Total G$000
Assets				
VAT recoverable			10,246	10,246
Trade and other receivables		-	190,733	190,733
Cash and cash equivalents	0.05 to 0.60	282,439	-	282,439
		282,439	200,979	483,418
Liabilities				
Trade and other payables		-	77,166	77,166
Taxation payable		-	47,370	47,370
Bank overdraft		-	46,508	46,508
		-	171,044	171,044
Interest sensitivity gap		282,439		

	Maturing 31.12.2015			
	Average interest rate %	Within 1 year G$000	Non-interest bearing G$000	Total G$000
Assets				
Trade and other receivables		-	188,910	188,910
Cash and cash equivalents	0.15 to 0.60	399,424	-	399,424
		399,424	188,910	588,334
Liabilities				
Trade and other payables		-	99,352	99,352
VAT payable		-	1,944	1,944
Taxation payable		-	59,428	59,428
		-	160,724	160,724
Interest sensitivity gap		399,424		

Financial risk management - (continued)

(ii) Currency risk

The Corporation's exposure to the effects of fluctuations in foreign currency exchange rates arise mainly from foreign payables and foreign currency bank balance. The currency which the Corporation is mainly exposed to is United States Dollar.

The aggregate amount of assets and liabilities denominated in currency other than Guyana dollars are as follow:

	2016 G$000	2015 G$000
Assets	116,982	197,124
Liabilities	3,736	17,729
Net exposure	113,244	179,394

Foreign currency sensitivity analysis

The following table details the Corporation's sensitivity to a 2.5% increase and decrease in the Guyana dollar (GYD) against the United States dollar (US$).

Potential impact	2,831	4,485

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2.5% change in foreign currency rates. A positive number indicates an increase in profit where the US$ strengthens 2.5% against the GY$ For a 2.5% weakening of the US$ against G$ there would be an equal and opposite impact on the profit, and the balances below would be negative.

(iii) Price risk

Price 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 of its issuer or factors affecting all securities traded in the market. Management continually identifies the risk and diversifies the portfolio in order to minimize the risk.

The Corporation is not significantly exposed to other price risks.

(b) Liquidity risk

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

Financial risk management - (continued)

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

	Maturing 31.12.2016 Within 1 year		Total
	On Demand	Due 3 - 12 mths	
	G$000	G$000	G$000
Assets			
VAT recoverable		10,246	10,246
Trade and other receivables	-	190,733	190,733
Cash and cash equivalents	282,439	-	282,439
	282,439	200,979	483,418
Liabilities			
Trade and other payables	-	77,166	77,166
Taxation payable	-	47,370	47,370
Bank overdraft	-	46,508	46,508
	-	171,044	171,044
Net assets	282,439	29,935	312,374

	Maturing 31.12.2015 Within 1 year		Total
	On Demand	Due 3 - 12 mths	
	G$000	G$000	G$000
Assets			
Trade and other receivables	-	188,910	188,910
Cash and cash equivalents	399,424	-	399,424
	399,424	188,910	588,334
Liabilities			
Trade and other payables	-	99,352	99,352
VAT payable	-	1,944	1,944
Taxation payable	-	59,428	59,428
	-	160,724	160,724
Net assets	399,424	28,186	427,610

Financial risk management - (continued)

(c) Credit risk

Credit risk is the risk that financial loss arises from the failure of a customer to meet its obligations under a contract, it arises in the case of the Corporation, principally from cash resources and receivables.

Cash and bank includes balances held at financial institutions. These banks have been assessed by the Directors as being credit worthy, with very strong capacity to meet their obligations as they fall due. The related risk is therefore considered very low.

For receivables, the Corporation has adopted a policy of only dealing with reputable customers as a means of mitigating the risk of financial loss from defaults.

The Corporation's exposure to credit risk is continuously monitored to ensure that amounts are recovered. Management implicitly monitors the analysis of credit risk portfolio. The Corporation does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements.

The table below shows the Corporation's maximum exposure to credit risk.

		2016 G$000	2015 G$000
Gross maximum exposure:			
Receivables	(a)	184,855	184,558
Bail bonds		8,825	8,782
Security deposits		186	54
Cash and cash equivalents		282,439	399,424
Total credit risk exposure		476,305	592,818

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

Concentration of risk is managed by geographical region as detailed in the following:

Geographical sectors

The Corporation's maximum credit exposure, after taking account of credit loss provisions established but before taking into account any collateral held and other credit enhancements, can be analyzed by the following geographical sectors based on the Country of domicile of counterparties:

Guyana	159,140	176,857
International	25,715	7,701
	184,855	184,558

26 Capital risk management

The Corporation 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 Corporation's overall strategy remains unchanged from 2015. The capital structure of the Corporation consists of cash equivalents and equity comprising issued capital, reserves and retained earnings.

Gearing ratio

The Corporation'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 has not set a target gearing ratio.

The gearing ratio at the year end was as follows:

	2016 G$000	2015 G$000
Debt (i)	46,508	-
Cash and cash equivalents	(282,439)	(399,424)
Net balance	(235,931)	(399,424)
Equity (ii)	1,490,380	1,491,154

The Corporation has a negative debt structure due to higher level of cash and cash equivalents than borrowings.

(i) Debt is defined as interest bearing debts
(ii) Equity includes all capital and reserves of the Corporation.