GUYANA SUGAR CORPORATION INC.
ANNUAL REPORT 2007

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Chairman's Statement

Sugar is not only vital to the thousands of its dependents but is the backbone of Guyana's economy. The sugar industry is the highest single contributor to Guyana's GDP (18% in 2007) and largest foreign export earner and accounts for 58% of the country's overall agriculture GDP in 2007.

In the year 2007 the Corporation saw improvements in sugar production, yielding 266,482 tonnes of sugar surpassing the previous year's production by 6,932 tonnes.

The Corporation was, however, faced with many challenges throughout the year with the most significant being the price cuts implemented by the European Union (EU). The price cuts will be from €524 to €335 and it took effect on July 1, 2006 with a 5% reduction in preferential prices. The resultant loss amounted to an estimated US$5M annually. The second cut is expected on 1st October, 2008 with an additional 9% which will estimate a loss of US$71 per tonne of sugar. In 2009 the price cuts will take full effect with an additional 22% totalling 36% over a four year period. This will coincide with the denunciation of the Sugar Protocol by the European Union to be effective from October 1, 2009.

Nevertheless, as part of the Corporation's Strategic Plan to combat the price cuts, the Skeldon Sugar Modernisation Project (SSMP) is expected to be operational by the second crop of 2008. SSMP will bring a reduction in the cost of production, improved sugar quality to VHP (99.3°Pol), and increased production in excess of 110,000 tonnes of sugar. It will also enhance sucrose recovery, produce green power, improve operational efficiencies and attract carbon credits.

The cogeneration component of this project came into reality following a concessional loan between the Government of Guyana and the Exim Bank of China. Co-generation will mean the export of a 10mw base load on an annual basis with the ability to dispatch additional peak energy according to demand. The new factory will have a total installed capacity of 40MW of which up to 25MW could be dispatched to the national grid at peak periods during crop. The Co-generation facility was commissioned on December 20th, 2007.

Field mechanisation is another strategic initiative the Corporation has undertaken, converting suitable fields to a more machine friendly layout. This is expected to be completed over the next seven years. Mechanical harvesting and husbandry on ridge and furrow and wide English beds will be complemented with semi mechanical loading on the old Dutch beds where the cane loaders will be used to reduce harvesting costs.

The Demerara White packaged sugars and single serve sachets were introduced to the local markets in December 2006 and Regional and CARICOM markets in January 2007. The Corporation has expanded its markets to include St. Croix, Suriname, Barbados, St. Kitts, Australia and New Zealand.

New Board

Three new members were appointed to the Board of Directors; Dr. Rajendra Singh, Mr. Badrie Persaud and Mr. Keith Burrowes.

Dr. Singh holds a BA in Economics, a MA in Industrial Relations and Human Resources Management. He worked with the sugar industry in 1975 as the Industrial Relations Officer and served as Acting Chief Industrial Relations Manager. He currently resides in New York, USA.

Mr. Persaud holds an MSc in Agriculture Engineering and began his career as a management trainee at AINLIM. He joined GuySuCo as a Maintenance Manager and functioned in that capacity until 2006. He is currently the Managing Director at Guyoil.

Mr. Burrowes holds a diploma in Public Management and a BSc in Management. He is currently reading for his MSc in Public Management Policy at the University of London.

In 2007, the Corporation bade farewell to two of its Directors, Messrs Rajendra Singh and Hubert Rodney, who served with diligence during their tenure on the Board of Directors. The Corporation records its appreciation for their significant contributions over the years.

Appreciation

On behalf of the Board of Directors, I would like to express my sincere appreciation to all the staff of the Guyana Sugar Corporation Inc. for their individual and collective contributions in 2007. We look forward to their contributions in the years ahead in transforming the industry in accordance with the strategic plan.

I wish to also extend our gratitude to all our customers, business partners, suppliers, agents and shareholders for their continued support during the year.

And finally, my sincere thanks to my fellow Board members for their advice, active participation and support throughout the year.

Chief Executive's Overview

The Corporation hit a major milestone in January of 2007 with the launch of an Agriculture Research Centre at Ebini in the Berbice Savannah, in conjunction with NARI.

2007 also saw the Corporation exceeding last year's sugar production by some 6,932 tonnes of sugar.

The year has been characterized once again by inclement weather and heavy showers. This has affected the land preparation and planting across the industry, slowed down the development of land at Skeldon for the expansion and hampered the harvesting operations causing around 200,000 tonnes of cane to be carried over from 2007 into 2008.

Rainfall and poor worker turn out were the major contributing factors to this year's production performance. The table below shows the overall rainfall throughout the industry for 2007 and 2006.

Individual Estate Annual Rainfall - 2007

Estate	Annual Rainfall 2007	Annual Rainfall 2006
Skeldon	2061.4	1338.1
Albion	2479.6	2022.0
Rose Hall	2478.7	2253.8
Blairmont	2242.3	1863.9
Enmore	2424.1	2332.6
LBI	2776.1	2165.1
Wales	2747.7	2759.8
Uitvlugt	3222.2	3165.7
Industry	**2554.1**	**2281.4**

The overall rainfall increased by 27.3 inches in 2007 as compared to that of 2006. The highest amount of rainfall was recorded at Uitvlugt and the lowest was recorded at Skeldon estate which is typical for Guyana.

In February, the European Union signed the Financial Agreement in support of the submission of the Guyana National Action Plan and the first instalment of €5.6M promised, has been allocated to upgrading of the Enmore factory which will be further enhanced with a packaging plant and warehouse.

During the Occupational Health and Safety month of April, GuySuCo was rewarded for being the third safest Corporation in Guyana with fewer accidents. I would like to congratulate the Occupational Health and Safety team for their efforts as well as all employees for striving to achieve this accomplishment; however we continue to strive to be number one.

A total of 3,602 of our employees received Occupational Health and Safety training in GuySuCo's safety policy, duties of workers and employer, hazard identification, fire safety, first aid and manual handling. This showed a 43% improvement compared to the 2,520 employees that were trained the previous year.

Estates, for the year 2007 have been dedicating 30 minutes of HIV/AIDS awareness at all Occupational Health and Safety sessions.

Progress in all areas of corporate social responsibility depends on the involvement and commitment of all employees and the Corporation's appreciation for their efforts is recorded here.

The month of May saw the 50th Anniversary celebration of the GuySuCo Training Centre at Port Mourant and was commemorated by a series of activities over three days. The apprentices constructed a fountain as a special landmark to record the Jubilee year.

In September, the European Union notified the African, Caribbean and Pacific (ACP) countries of its intention to denounce the Sugar Protocol. Later the EU made a unilateral decision effective from October 1, 2009 to terminate the Sugar Protocol. This was followed by intense negotiations on the Economic Partnership Agreement (EPA) between CARIFORUM and the EU. The agreement was initialled by both parties. Sugar managed to secure additional access of 30,000t for Sugar Association of the Caribbean (SAC) countries up to September 2008 and the retention of SAC shortfalls. From October 1, 2009 sugar exported to the EU will be duty free and quota free but there will be threshold limits enforced.

December saw the much anticipated commissioning of the engine generation component of the Skeldon Sugar Modernisation Project co-generation, with up to 10MW of electricity being available to the Berbice Region. The major stumbling block remains the 69KV transmission lines, which is anticipated to be installed by GPL by the middle of 2009. This is affecting the Corporation's ability to export power and reduces the potential of the co-generation facility.

I offer my sincere appreciation to the management team and staff of GuySuCo for their dedication and achievements throughout 2007.

Operations

Production for the year was 266,482 tonnes of sugar against a production of 259,549 tonnes of sugar in 2006.

Factories

The weather, lack of attendance, productivity and to a lesser extent some management labour organizational issues resulted in the average crop grinding hours per week for the industry to be 109 hours/week compared to a Latest Estimate of 132 hr/wk for Berbice and 125 hr/wk for Demerara.

This also led to an extended grinding period into the wet weather in December, causing large amounts of cane to be carried over into the following year. This was more pronounced in the Berbice region, especially at Blairmont where plant cane averaging 130tc/ha was carried over as it was unable to be burnt, despite a two day incentive paid to the GAWU category of workers involved in cane harvesting in an attempt to get as much cane into the factories as possible.

Factories have complained of excessive mud and sand from machine-loaded canes which affected the boiler operation in particular. GuySuCo's factories were not originally designed to cope with machine loaded or mechanically handled cane that will inevitably lead to an increase in extraneous matter produced.

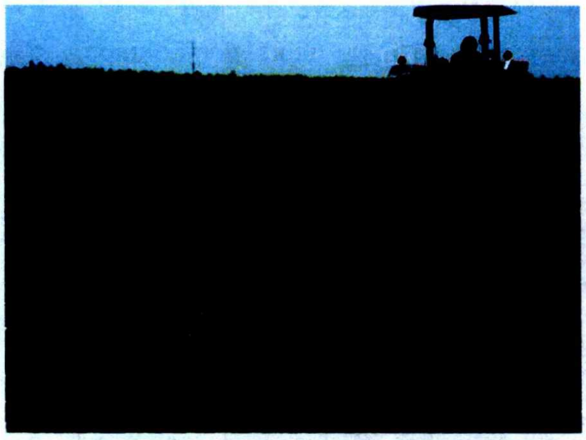
A modification to aid air flow and cleaning within the boilers has started and is a necessity, because machine cane loading is becoming a permanent feature of the Industry's harvesting operations.

The Corporation was successful at the second annual surveillance audit for the ISO quality management system. The same audit is scheduled for October/November 2008 and will be a full recertification audit once again. An excellent effort was made by the Corporation to reduce the number of non-conformities from the previous audit and the conditions were satisfied with our interpretation and application. The consequence of this action was a reduction in the amount of days that the team will return for the full certification audit.

The integration of the new Skeldon factory into GuySuCo continued with the first of two batches of trainees departing for South Africa on the 6th October. In total ten persons from the production and engineering disciplines spent two weeks undergoing training at the TSB Komati Factory.

Agriculture

The tillage programmes were restricted by both opportunity days (500 days for the year vs. 620 days in the Budget) and lower than budgeted machine utilisation and labour turn out resulting in only 61% of the proposed programme being achieved. Despite the replanting programme being extended as late as possible to ensure as much land was under cane for 2008, only 66% of the total budget was completed.



There has been a lot of focus on the development of both the private cane farmers as well as the expansion of Estate lands for the development of the new Skeldon project. However, a lack of planting at Skeldon in both farmers and estate lands, due to the constant rainfall, will negatively impact cane supply to the new Skeldon factory. The cane supply is now forecasted to reach 100% by 2011, slipping from 2010.

The industry remains vigilant to the attack of pests as was highlighted by the widespread damage to ratoon sets by Castniomera sp at Enmore Estate. Approximately 70% of harvested areas have been shown to be infested at above threshold levels. The older cycles have recorded more damage and emphasis has been placed on the recommended flood treatment as the only effective control method. This is likely to affect production in 2008, if not brought under control.

Safety

The industry turned in a mixed performance for the Key Safety Indicators; while Lost Time Accidents per 100,000 hours worked improved by 8.2 % to 5.74, the average time spent off the job due to a Lost Time accident or Lost Time/Lost Time Accident worsened by 2.8 %.

Finance

The Corporation's cash flows came under severe pressure during the year and considerable management effort was devoted to ensuring its liabilities to employees and third parties were met. In the case of the latter, payments on a number of occasions were delayed but constant communication with the suppliers ensured that they were kept fully informed on likely payment dates. Some innovative methods such as bills of exchanges and unsecured letters of credit which ensured that the Corporation obtained extended credit periods were used for paying suppliers.

An additional US$6M funding from GuySuCo's operating cash flows was required for the Skeldon Sugar Modernization Project. This amount was deposited with ING Bank as additional funding to secure the already established letter of credit. In total the Corporation contributed during the year US$13M from its own cash flows towards the Skeldon project. The total amount expended on the Skeldon project for the year amounted to US$45M which was funded by a combination of loan drawdowns and contributions from the Corporation's own operating cash flows. A further US$6M was spent on capital projects unrelated to the Skeldon project.

Short-term borrowings in 2007 amounted to US$26M, of which ING Bank of the United Kingdom advanced US$15M and a consortium of local banks advanced US$11M, all of which had to be repaid on or before the 31st December. This repayment was in keeping with the Ministry of Finance's requirement. The Euro continued its appreciation against the US dollar, and advantage was taken of the rise to sell forward a portion of the Corporation's Euro receivables for 2008.

Cash flows were further depleted by further significant increases in the costs of some of the industry's key inputs such as fuel, fertilizers, and chemicals. Additionally, freight costs for the European shipments increased by almost 100% over the previous year level and this added another US$9M to our cash outflows.

Value Added Tax

The Corporation's main product, sugar, is zero-rated for VAT purposes but it does suffer input tax on purchases, so the Corporation's taxable inputs invariably exceed its taxable outputs. Successful integration of the tax into the Corporation's accounting system was achieved and constant follow up with the Guyana Revenue Authority (GRA) resulted in prompt settlement of amounts due to the Corporation and also ensured that its cash flows were not adversely affected. GuySuCo was audited on a number of occasions by the GRA and only minor discrepancies were found in its submissions.

Computerization

The software for the weekly payroll was successfully implemented on all of the estates. The software which was developed in-house has enhanced efficiency in the Finance department and speeded up the processing of the weekly payroll of 15,000 employees. The re-engineering of the Oracle Inventory, Purchasing and Financial systems got underway. The re-engineering is required to accommodate integration of further modules of the Oracle E-business suite scheduled for implementation in 2008.

Marketing & Trade

GuySuCo met all of its 2006/2007 EU Sugar Protocol Quota commitments and benefited from both permanent and temporary shortfalls.

The St. Kitts shortfall of 15,591t WSE was declared permanent and was shared among Belize (6,321t), Guyana (5,721t) and Jamaica (3,538t). Guyana also benefited from the temporary declared shortfalls of Cote d'Ivoire, Madagascar, Congo and Trinidad & Tobago.

For the calendar year 2007, a total of 137,657t protocol sugar was shipped comprising 65,117t of 2006/2007 quota and 72,540t of 2007/2008 quota.

Guyana met its full assessed 2006/2007 Complementary Quantity quota of 43,700t. This represented 3,700t in excess of the budgeted volume of 40,000t.

A total of 1,823t Demerara Gold in 50kg bags was shipped to Ragus in the UK for production of golden syrups. Ragus is very pleased with the quality of sugar and is desirous of a larger tonnage next year.

A total of 12,500t of sugar was shipped to the U.S.A in 2007 to conclude Guyana's delivery of US quota for the 2006/2007 quota year.

Caricom sales were relatively low again this year, as priority had to be given to the bulk preferential markets in the EU and US. Total bagged sugar sales to Caricom and the wider Caribbean region amounted to 30,903t, as compared to 32,022 tin 2006. As for 2006, the Corporation did not supply bagged sugar to Barbados and Jamaica.

Packaged Sugars and bagged Demerara Gold sales increased from 4,730t in 2006 to 6,500t, all production being sold.

New markets were entered in St. Croix, Suriname, Barbados, and St. Kitts and further afield in Australia and New Zealand. GuySuCo's high quality direct consumption sugars are in twenty countries to date. The strategy of expanding the market base in order to have a presence in key markets will continue even with limited production, with the ultimate aim to expand the volume in these markets over time having established premium visibility on supermarket shelves. The Corporation is confident of its ability to transit the retail bagged sugar market to the packaged form over the next few years.

Demerara White single serve sachets were introduced to the market in 2007 to complement the Demerara Gold sachets and overall sachet sales expanded by over 25%, to some 900,000 sachets.

The Marketing Department was successfully audited for the Quality Management System of ISO 9001:2000 in February and November 2007. The auditor did not find any non-conformities. This is a testament to the department's continued efforts in providing high quality service to its valued customers.

In addition, the Corporation completed reviews of local bagged sugar customers at Skeldon, Blairmont and Enmore and initiated the review for customers from Uitvlugt. The exercise aims at streamlining activities for more effective and efficient administration of local sales and improving customer satisfaction with the service offered by the Corporation.

Freight rates increased significantly in 2007 due to demand and increased fuel prices. The Corporation secured stable freight rates to Caricom countries despite rising fuelling costs during 2007. The decision to secure freight contracts early in the year provided for comparatively lower freight rates for most of the year. By the end of the year freight to Europe had increased from 40 Euros to over 75 Euros per tonne.

All overseas export vessels were loaded within the laycan period and as such dispatch premium was earned for early completion of loading.

The Corporation handled over 450 export shipments of sugar and molasses in 2007. The shipping and logistics function is not only expanding, but also becoming more complicated with the addition of new product lines and varying retail sizes.

In preparation for even more product lines and greater volume of export cargoes, the department has commenced activities aimed at full automation of the supply chain management utilising the Order Management Suite of Oracle Financials. A project team has been established to oversee the development of the system.

A Shipping and Logistics Committee comprising representatives from Head Office and the Factory Operations Department was also convened to review all procedures related to product movement from factory to customer with a view to developing a Procedures Manual with standardized operations throughout the industry.

Timely delivery of sugar to customers, whilst maintaining product quality during transit was achieved in 2007.

All coastal vessels arriving at the Demerara Shipping Terminal (DST) with bulk sugar from the factories were offloaded in a timely manner thus giving rise to a quicker turnaround time.

Human Resources

A total of 80 days tax free pay was awarded as Weekly Production Incentive, comprising 30 and 50 days for the 1st and 2nd crop respectively.

In addition, an average Annual Production Incentive of 12.03 days pay was awarded to all qualified employees.

An increase of 8.5% was awarded for the year 2007. Agreement with the Unions was reached at the level of Conciliation.

Training

The training unit facilitated development of managerial and supervisory competencies for both senior and selected junior staff. Training programmes focused on sugar cane agronomy, elements of management and factory operations.

During the year, 9 Cadets returned to the organisation after completing their diplomas and degrees. A total of 13 awards were made to staff members to attend the Guyana School of Agriculture for 2007.

During the year 2007, eight (8) staff members travelled overseas to attend training in the USA, UK and the Caribbean on executive management and technical subject areas.

A total of 48 students from educational institutions in Guyana participated in work study on various estates and head office.

CXC bursaries totalling $2M were paid to the qualified children of employees. Five students benefited from financial assistance for "A" level education.

The training unit was fully involved in the implementation of the new Performance Management System, introduced in 2007.

During the year, the unit was able to complete the training of 15 management trainees of the first cohort who were assigned substantive position in various disciplines.

The Management Trainee Programme comprises a total of thirty six (36) persons comprising fifteen (15) of Cohort 2 and twenty one (21) of Cohort 3.

GuySuCo Training Centre at Port Mourant

Fifty-eight new apprentices, including 3 from the Guyana Fire service were admitted to the GTC/PM this year. During the year the institute celebrated its 50th year of existence. Thirty five apprentices graduated during the year in all the vocational disciplines, including sugar boiling. Forty two apprentices were assigned to the various estates to complete their industrial and in-plant attachment.

Communications

The Unit developed a feedback questionnaire which assessed the viewership, readership and perceptions of the printed, television and radio programmes. The feedback questionnaire aided the unit to reposition itself and strategically align the messages being disseminated with that of the mission and vision of the Corporation.

The Unit also moved from printing newspaper publications to a bi-monthly production of a newsletter called "The GuySuCo Reader", which is distributed internally and externally to both local and overseas subscribers. The unit produced 6 newsletters for the year of 2007.

The 'GuySuCo and the Nation' programme also underwent changes from the normal reproduction of the television programme to more listener friendly version that is aired every Tuesday at 19:00 hrs on the Voice of Guyana.

The Unit also hosted a media cocktail which was aimed at fostering and maintaining a good relationship with media practitioners.

Personnel

There was considerable movement at the senior management level as the organisation strived to fill existing vacancies. As in previous years, heavy reliance was placed on internal recruitment and promotions, as the table below shows:

Appointments	-	35
Promotions	-	38
Transfers	-	24
Resignations	-	15
Pension, etc	-	7

These numbers suggest a bold attempt was made to share available experienced personnel particularly on estates and is shown by the high incidence of transfers between estates. In these circumstances, the risks of accelerated promotions and attendant consequences are features of the organization's manpower.

Pension Scheme

Difficulties in generating investment yields in excess of the rate of inflation continued to pose a formidable challenge to managers of the Pension Scheme. Approximately 70% of the scheme's assets are invested in low yielding fixed deposit saving instruments. Hence the scheme could only grant 5% increase to pensioners for 2007.

Agriculture Research

2007 was again relatively wet. The distribution of rainfall was, however, more favourable to agriculture than the preceding two years. There was relatively mild weather from January to March. The mid-year rains were, however, extended into August. Favourable weather prevailed from September into November.

The variety DB9633 was evaluated commercially on two estates and the results have so far been consistent with the promise of good cane yield and superior sugar content that preceded its release.

Five varieties were released to estates for evaluation in Stage V trials. These are D9584, D9824, D98122, D98490 and D98633. D98222 has a very rapid growth rate and is to be evaluated on it's suitability for repeated early harvest

The Agriculture Improvement Plan (AIP) was reviewed and yield potentials based on soil productivity potentials developed from the work of the Department's soil scientists. The emphasis in the plan is to highlight the importance of appropriate soil and agronomic management, effective use of crop surveillance and correct timing of inputs and interventions.

Most estates have made progress with the establishment of secondary nurseries and well grown seed fields of pure stand. There has been an evident impact on the growth and development of plant canes.

The work at Wales to develop an interest in seed nurseries by cane farmers and to expose them to newer varieties has stimulated new enthusiasm amongst the private cane growers in this important farming community.

The introduction of cocoon release stations for infield releases of *Cotesia flavipes* has produced very encouraging responses. The Cotesia rearing release programmes in the Demerara estates improved particularly at Uitvlugt where productivity is of the same order of magnitude as the Berbice insectaries.

In the second half of the year there were increased activity from soil borne insects i.e. *castniomera sp*, particularly in East Demerara and by termites in East Berbice. There are probably environmental factors associated with these outbreaks and this is being investigated by the Agriculture Research Centre (ARC), together with support in controlling the spread and impact of these pests.

Twelve previously unknown potential parasites and predator insects were identified by the Natural History Museum (UK) for the ARC. Work is in progress to determine whether any of these could be developed for a biological control programme of pests of sugarcane.

A relatively safe formulation of the acute rodenticide zinc phosphide was evaluated in rodent control programmes. These baits were shown to be effective where there is a severe outbreak to have a significant impact on the rodent population. The first draft of a rodent control manual for the industry has been completed.

A combination of Imazapyr and glyphosate (Roundup ultra) has been indicated to be effective in extended duration of tanner grass at Uitvlugt/Leonora.

The application of ethephon to heavy flowering varieties at or around the flower initiation periods was indicated to retard the development of flowering in D15841 and D93409. The potential impacts on productivity will be determined as this investigation progresses.

The Central Laboratory performance in the 2007 round of the International Plant Analytical Exchange was again very good and it indicated that the laboratory was among the more consistently performing participating laboratories.

Progress was made towards the Central Laboratory's state of readiness for the ISO17025 laboratory quality management system.

A robust method has been developed for the determination of cellulose, hemicellulose and lignin components of sugarcane fibre.

A simple but effective aeration system was designed and developed for reducing Chemical Oxygen Demand (COD) in effluent ponds. This was a collaborative effort of the Central Analytical and Environment

Monitoring Services (CAEMS) and Agriculture Engineers

Reduced or conservation tillage methods were further refined and continue to show encouraging potential as soil management options for heavy clay soils. An effective prototype combination paratill-offset harrow implement was developed and used as a single pass implement in reduced tillage trials. A larger version of this implement to cultivate two strips is under development for commercialization within estates.

GuySuCo was selected as the coordinating agency for a Vulnerability to Climate Adaptation for coastal regions of Guyana funded by the World Bank through the Caribbean Machinery for Adaptation to Climate Change. Three members of the GuySuCo technical team have received training in DSSAT agro-climatic modelling techniques including the Canegro model. This is being used in the modelling component the VCA project and for further development on cane productivity predictions in GuySuCo estates.

GuySuCo hosted the West Indies Breeding and Evaluation Network Workshop and SAC Technologists Meetings in October 2007. The Workshop focused on the new programmes for high quality cane and multipurpose cane varieties. The meetings also included a session on the progress towards a sugarcane industry in SAC member industries.

There is renewed interest by policy makers within the region on alternative or extended industrial utilisation of sugarcane. The Director was an invited presenter on the potential for ethanol and energy industries at two policy maker sessions in Guyana and Jamaica during the year

The ARC has established a 5 hectares experimental site at the Ebini research station in the Intermediate Savannahs of the Berbice River. NARI is an active participant in this project.

Initial work is to determine the most appropriate production system for sugarcane in the savannah environment including nutrition, soil management and irrigation requirement. The site is planned to develop as a quarantine and nursery for introduced sugarcane for the SAC cane breeding efforts. The WICSCBS is supportive of this initiative.

The Corporation contributed to the presentation from the SAC industries to the EU for funding strengthening of R & D capacity in ACP countries. Two projects from SAC have received approval for funding. They are (1) a project on a rapid assessment of dextrans in cane and juice and (2) the strengthening of analytical capacity for cane analyses in the SAC region's variety development programmes. In each case the ARC will be active participant.

Information Systems

The objectives for 2007 were met and in some cases exceeded. However, cash constraints caused some lprocurement delays and subsequently forced the extension of the deadline for some projects.

Among the significant achievements that affected all of Information Systems Department (ISD) was the implementation of the proposed Human Resources (HR) structure to meet the department's current and future requirements.

With regard to user support, all the groups met their helpdesk service delivery time schedule over 95% of the time for urgent and critical requests/reports and over 80% for routine requests/reports. System availability uptime plans were achieved for all critical systems with the key systems, Oracle Applications and SugayPay, having over 98% uptime.

Application Maintenance and Development

After five years of development, testing and parallel runs, SugarPay was successfully put into live operation on all estates. The application has since been paying weekly-paid employees without fail. It has already proven itself to be an indispensable tool for the processing of the payrolls, providing management information and cost reduction. For example, HR costs relating to payroll processing have been reduced by at least 50%, and its introduction has directly led to millions of dollars in cost savings due to standardisation (and in some cases correcting the application) of many business rules across the industry.

Phases I and II of the Oracle E-Business Suite were successfully completed during 2007. These two phases confirmed the compatibility of the chosen suite of applications with GuySuCo's business processes and environment and their suitability for use in GuySuCo (through a "fitness test in phase I) and produced a system design (phase II) that is currently being implemented in phase III.

Introduction of new technologies and operational changes allowed for freeing up of resources to concentrate on newer Information Technology systems being introduced. Two of the main areas that benefited from this were:

- With the introduction of Oracle Discoverer – a power query tool for end users – it finally became possible to discontinue support for the legacy STRATIS/MCSII system as the information therein is now available by an alternative means.
- Changing the operating system used for SugarPay to Linux along with operational and technical changes resulted in higher system availability and reduced number of system errors.

Electronic creation and processing of Low Value Purchase Orders (LVPO) were implemented on all locations as part of Oracle Purchasing. This electronic LVPO provides greater efficiency and accountability in the processing and management of these purchases. Simultaneously, a functionality that provides automatic calculation of VAT for all purchase orders was also added; this immediately eliminated errors in VAT calculations which were a regular occurrence with manual calculation.

PC/LAN

Hewlett Packard's Blade Centre Solution was selected and ordered for centralisation of the Corporation's servers. This key component of the infrastructure development under the ISIP is now well advanced and scheduled for completion in the first quarter of 2008.

A pilot of Citrix Presentation Server, a system which will allow for the introduction of thin client computing, was being developed and successfully tested. During the testing the selected users of SugarPay application reported faster access to SugarPay *via* the presentation server.

In collaboration with the two other groups in ISD a significant reduction in the amount of SPAM (estimated at around 95% reduction) reaching users' mailboxes was achieved.

Blackberry Enterprise Service was implemented thus allowing senior managers to whom Blackberry phones were assigned, the ability to receive and access their GuySuCo emails and related features from their Blackberry phone wherever the phone service was available.

Most Xerox copiers were replaced with multifunctional machines and this has facilitated consolidation of printing, faxing and copying facilities. Accordingly, operational costs related to these three facilities have been reduced.

Voice and Data Communication

Significant progress was made towards upgrading the network infrastructure as required under the ISIP. All necessary equipment and software were selected and ordered; some items are already delivered and the remainder is due for delivery in January 2008.

Every user identified as requiring network access at the time of 2007's budget preparation was provided with access to the network during 2007.

Technical Services

Average weekly grinding hours for all factories was 109 hours against a budget of 132 hours. Cane supplies due to labour shortages, strike and weather were the main reasons for the under utilisation of factories.

The three (3) Wartsila Engines with a rated capacity of 10MW were commissioned on the 20th December, 2007 at the Skeldon II Factory. For the first time in the history of GuySuCo's operations, power was made available to the 'National Grid' at a time when most needed.

Shortages of skills at all levels within the factories continued to impact negatively on all areas of operation. Poor work standards due to lack of experienced staff resulted in several factory failures and subsequent losses in production.

The Distribution Control System (DCS) was installed and commissioned at the Blairmont Factory. This system allowed for a fully automated process in the sugar house contributing towards improved sugar quality.

The ISO 9001 Surveillance Audit Certification was successfully achieved at Blairmont Factory, the only unit within GuySuCo to acquire such an achievement.

The installation of locally fabricated air heaters on the boiler plants at LBI, Wales and Skeldon improved the boiler efficiencies by 10%. This coupled with Feed Water Controls were all measures that were put in place to improve the operations to allow more canes to be brought to the factories by mechanical cane loaders.

All Factories are now fully equipped with computers including the Planned Maintenance and Engineering Department.

Agriculture Services

In 2008, the department focused on assisting the Estates with their agricultural programmes and helped in coordinating the repairs to the New Holland TM135 tractors that came with the wrong front axle. They were all replaced in time with assistance from Geddes Grant who initially supplied the machines.

Land preparation was coordinated at Enmore where narrow English beds were converted to wide English beds to allow for fully mechanised harvesting and to improve on the semi mechanised operations of planting. Other activities such as tillage, fertilising and weed control will also benefit from the new bed layout.

Considerable effort was placed on the development of private farmers throughout the year and the success was seen with new farmers looking to come into the industry at Skeldon.

Most agricultural activities fell behind during the year with the increased rainfall of which the most important was land preparation, which only achieved 60% of its budget. It was a credit to the Estates that the rodent populations were controlled throughout this long period with weather conditions conducive to rats entering the cultivations.

Many of the larger agricultural civil projects such as building bridges, aqueducts and roads, as well as the upgrading of staff houses were completed. A budget of G$200M was set aside for the improvement of the Corporation's housing stock. Over 40 contracts were awarded for the year to repair staff houses that were in various stages of disrepair.

The efforts of the Statistics section within Agriculture Services are highlighted for the hard work of the team to ensure timely availability of up to date and accurate statistics for the industry.

Estate Focus

Planting and Land Preparation were seriously challenged with high rainfall and reduced opportunity days. However, focus remained on seed material establishment and estates continued to establish primary and secondary nurseries. This contributed to good plant cane establishment and the emphasis will continue to be on varietal development and establishment to maximise on sugar recoveries.

Plant nursery

The challenge of higher rainfall also brings with it the difficulties of getting cane to the factories. Estates are turning back to the use of tugs to pull cane in periods of extremely wet weather. Agriculture Research is also looking to develop a new and improved tug that may ultimately permanently replace the cane haulage tractor in the longer term.

Cane movement by tug

The estates continue to invest in the factories with the installation and commissioning of a Distributed Control System (DCS) in the factory process house at Blairmont. This system covers the main processes responsible for maintaining consistency in sugar quality required for direct consumption sugar.

DCS System in Operation

As well as the push towards better seed cane and planting material the push towards more mechanised operations is gaining momentum. Shown below is an example of the semi mechanical planter that enables consistently good planting with better productivity and reduced planting time.

Semi Mechanical Planter

The estates continue their drive towards field mechanisation in the most challenging area of cane harvesting. At Skeldon, five mechanised chopper harvesters have been bought along with the associated equipment that will enable cutting of up to 40-50 tonnes of cane per hour per machine.

Mechanical Harvester with cane haulage unit

Many of the Estates have commenced computer training; for example, training at Albion estate commenced in 2002 and to-date 193 persons in the community have been trained in various subject areas in Information Technology. The Corporation also continued to support the children of its employees with Bursary awards.

Bursary Award Presentation Ceremony

Skeldon Sugar Modernisation Project

Agriculture

All agriculture operations were restricted by rainfall. Rainfall in the expansion areas was the highest since the Project began in 2000 including seven months where monthly rainfall was the highest recorded since 2000.

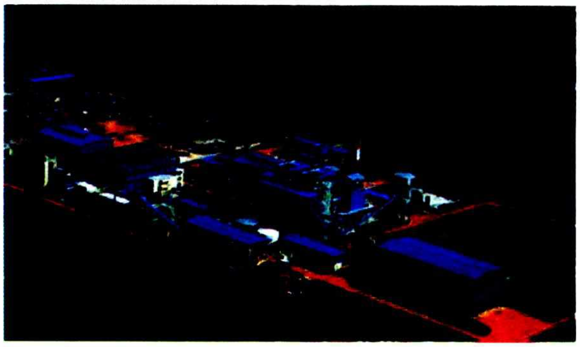
Bush clearing and excavation continued throughout the year in Blocks 3, 10+ Cane, and the Guysuco Conservancy but only 85 ha in Block 3A could be taken over. Out of the 4 685 ha estate expansion, 1 700 ha had been taken over by year end. The remaining 2 985 ha was 56 percent completed. Of the 1 700 ha, 1 463 ha had been planted; 595 ha in 2007. The Guysuco Conservancy was taken from 31 to 42% completion. The Link Canal to Moleson Creek was completed during the 2nd crop and the western dam of the Skeldon Crabwood Creek Conservancy is in progress.

The contract for heavy duty revetment on Building Dam was completed. Contracts for bridges at Blocks 1 - 4 and Block 10+ Cane were awarded and by year end were 13% completed. The contract for Block 10+ Pump Station was awarded. All structures contracts suffered delays in obtaining Greenheart timber piles. Contracts for the supply of road materials progressed slowly due to suppliers being unable to source adequate numbers of suitable lorries. As a result, only 600 metres of surfaced road was completed.

250HP Tractor with laser land levelling scraper

Procurement of cane harvesting equipment progressed during the year with contracts awarded for mechanical harvesters, tractors, trailers, punt loading elevators and punts. Delivery is expected in the first half of 2008 and when completed, all machinery will have been purchased.

Factory



The start of the year saw the final stages of extensive pile driving to support the factory equipment foundations. By this time mechanical construction work was in progress on all fronts within the factory. Progress was slower than expected in the first two months of 2007 but the pace of work accelerated after the contractor overcame constraints to the timely arrival of manpower and equipment. Skeldon had now become home to a Chinese workforce that would peak in excess of 450 during the year.

Quality control became a daily priority during the construction phase and the contractor was under the constant watch of the resident engineers. As to be expected, quality problems arose but they were resolved in the appropriate manner and the factory was constructed to rigorous quality and safety standards.

From mid-year onwards, against the background of the overall factory construction, intense efforts were made to ensure that the 10 MW diesel power station was commissioned as soon as possible. This task was not without difficulty as technical changes were necessary to put this section of the factory into early operation. Hard work by the contractor, Guyana Power and Light Inc. (GPL) and GuySuCo culminated in the power plant being put into operation on 20th December. Since then it has been operating continuously and supplying up to 6 MW of power to the national grid. This made a great difference to the consumers in Berbice who were able to enjoy a more stable supply of electricity.

Throughout 2007 GuySuCo progressively seconded key operational managers to positions with the project team so that they would be familiar with the factory and ready to take over operational responsibility at the appropriate time. These staff played a major role in ensuring good quality control during construction and would eventually understand every detail of factory construction. At the end of the year this group of Managers was sent overseas to a large modern sugar factory to gain valuable hands on operating experience in an environment similar to the new Skeldon factory.

By the end of 2007 the factory was nearing its completed state and was within a few months of the first commissioning tests for the steam and power plant.

Occupational Health & Safety

The key safety performance indicator used within GuySuCo is the Lost Time Accidents per 100,000 worked man-hours (LTAs/100km-h). In 2007, the Corporation turned in its best performance ever since modern records began in 1994 in terms of LTAs/100km-h of 5.46, or an improvement of 1.08 % on the previous year.

The final results were affected by the labour lorry accidents at Enmore and Albion, as well as the chemical contamination incidents at Skeldon and Albion. Despite those huge set backs, Albion maintained the top position with a LTA/100k-m hrs of 3.8, followed by Wales (4.06) and Uitvlugt (ICBU) (4.48), while the most improved was Wales (37.4 %) and next was BCF (31.3 %) and a distant third, Rose Hall with 9.4 %.

There was little to celebrate in Lost Time/Lost Time Accident (LT/LTA) or in real terms, absenteeism due to Lost Time Accidents. The average LT/LTA has increased by 22% to 132.2 hours (approximately 3.4 weeks) and is a source of great anxiety for management. The problem of inappropriate medical cover by doctors, where personnel who are medically fit to return to work stay off the job due to the lengthy recovery time granted by the doctors, is still a major contributor to absenteeism.

A total of 3,602 employees received safety specific training. Thanks to the efforts of all the estates, including Head Office locations, the end result was a 43% improvement on 2006. The training sessions covered both general and specific safety topics such as GuySuCo's Safety Policy, Duties of Workers and Employer, Hazard Identification, Fire Safety, First Aider and Manual Handling. In keeping with its social responsibilities, the Corporation has been dedicating 30 minutes for HIV/AIDS awareness at all OHS training sessions.

In May, twelve employees representing the Occupational Health and Safety, Medical, Training, Human Resources and Communication Units were exposed to Behaviour Change Communication (BCC) training as part of GuySuCo's HIV/AIDS workplace programme. The programme was sponsored by ILO/USDOL.

During October, the Corporation provided training to twenty Senior Managerial staff drawn from across the Estates. The training included the Occupational Health and Safety

(OHS) officers in Risk Management, Safety, Health and Environment Auditing Techniques. The programme was jointly facilitated by Daan Erasmus, Risk Management Consultant, TSB and Bill Nelson, Occupational Health & Safety Consultant, Booker Tate. Following the training, the employees, under supervision from the consultants, carried out audits in the Albion and LBI factories, and within the Blairmont and Uitvlugt agriculture departments.

There were 294 Health and Safety Committee meetings convened in 2007, an increase by 39.3 % and a vast improvement on the previous year, when it was 211. This must be seen as a genuine effort to involve management and workers in safety and health issues in the workplace. Leading the field was Albion with 75, Blairmont 58, Rose Hall 40, Skeldon 31, Head Office 23 and LBI 22. These meetings are held on a frequency of 6 weeks, except for quarterly gatherings at Head Office locations.

An additional six members of the OHS Team were certified in Occupation Health & Safety as a result of training provided by the Institute of Distance and Continuing Education, at the University of Guyana.

Of the seven Booker Tate International Project Safety awards annually, Enmore factory received two; the Best and the Most Improved Factory awards for 2006. It has been the second time in six years the factory has received The Most Improved Factory award, and fourth time around for a GuySuCo's project. At the National level, the Corporation, along with individual employees, received awards from the Ministry of Labour Human Services and Social Security for their contributions to Occupational Health & Safety and HIV & AIDS awareness on the job. The awards received were:

- Excellence in Workplace Safety – 3rd Uitvlugt Estate, & 4th Albion Estate
- Excellence in the workplace HIV/AIDS by enterprises – 2nd
- Most outstanding HIV/AIDS workplace focal person - 2nd Earl Morris
- Most outstanding peer educators in HIV/AIDS - 1st & 2nd Rookmin Singh (East Demerara Estates) & Vijay Ramjeet (Blairmont Estate)

The Corporation offers its congratulations to the Occupational Health and Safety team for the achievement of the aforesaid awards.

REPORT OF THE DIRECTORS

For the year ended 31st December, 2007

The Directors of the Guyana Sugar Corporation Inc. present their report together with the audited financial statements for the year ended 31st December, 2007.

Principal Activity

The principal activity of the Corporation is the growing of sugar cane and the manufacture and sale of sugar and molasses from that cane.

The Chairman's Statement describes *inter alia* the development and operation of the Corporation during the year, including the preferential markets situation, the position at the end of the year and the proposed future developments.

Results and Dividends

The financial results of the Corporation are set out on pages 2-38.

In accordance with the policy of the Corporation for many years, no dividends are declared or payable.

Directors

The names of the Directors are set out on ***page 21.*** All the Directors are non-executive, except for Mr. N.Jackson.

Messrs R.Speddy and Mr. E. Hanoman are both senior executives of Booker Tate Limited, which manages the Corporation under a Corporate Management Agreement. Fixed and results-related fees are payable under the Agreement. Mr. N.Jackson is an executive of Booker Tate, seconded to the Corporation. Apart from this, none of the Directors during the year had any material interest in any contract which is of significance in relation to the business of the Corporation.

Directors' remuneration is set out in ***note 13.2.3*** to the Financial Statements.

Corporate Governance

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

(a) **The Board:** The Board comprises eight 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 four Committees with defined terms of reference, namely the Audit Committee, the Central Tender Committee, the

Remuneration Committee and the Lands Committee.

The Audit Committee comprises three non-executive directors. Representatives of the corporation's senior management attend meetings. The role of the Committee is to assist the Board in fulfilling its obligations in relation to the integrity of financial statements, risk management and internal control. The Audit Committee reviews and discusses, with the Internal Auditor and External Auditor, the Group's internal accounting controls, internal audit function, choice of accounting policies, internal and external audit programmes, statutory auditors' report, financial reporting and other related matters.

The Central Tender Committee evaluates all tenders for the supply of materials and services above predetermined levels. The Remuneration Committee approves remuneration of senior staff and sets the policies for remuneration of other staff. The Lands Committee approves all land disposals and establishes policy issues concerning the Corporation's land.

(b) **Internal Control:** The Board is responsible for the Corporation's system of internal control and for reviewing its effectiveness which is designed to provide reasonable (but not absolute) assurance regarding the safeguarding of assets against unauthorised use, the maintenance of proper accounting records and the reliability of the financial information used within the Corporation.

The Board has delegated this responsibility to the Audit Committee. The said Committee conducts an annual assessment of the effectiveness of the system of internal control during the year. Key procedures have been established which are designed to provide an effective system of internal control.

The framework of the Corporation's system of internal control includes:

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

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

The Directors are of the opinion, based on information and explanations given by management and the internal auditors, and on 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

Performance appraisals, staff development and training are provided at all levels and emphasis is placed on both technical and personal development.

Guysuco is committed to equality of opportunity amongst its employees.

Recruitment, terms of service and career development are based solely on ability and performance.

Pensions

The Corporation's senior staff Pension Scheme is established under an irrevocable trust. The Pension Scheme Management Committee includes employee representatives. The Scheme is managed by Professionals. Both the Committee and the Managers are required to act at all times in accordance with the rules of the Scheme and to have regard to the best interests of the members of the Scheme. The Management Committee controls the investment funds, which are managed by external fund managers. Guysuco is committed to ensuring that the Scheme is administered in accordance with the highest standards. In addition to the senior staff pension scheme the Corporation pays an ex-gratia pension to those unionized workers who satisfy the qualification criteria for a pension. This scheme is unfunded.

Material events after year-end

No material events which were material to the financial affairs of the Corporation or the group occurred between the date of the Balance Sheet and the date of approval of the Financial Statements.

Auditors

The Auditor General has audited the Financial Statements. For the financial years 1995 to 1998, inclusive, this activity was sub-contracted to Deloitte and Touche; for the financial years 1999 to 2003 this activity was sub-contracted to Ram and McRae; for the financial years 2004 to 2007 this activity was sub - contracted to Deloitte and Touche.

By order of the Board

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

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: 86/2008 24 November 2008

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF
GUYANA SUGAR CORPORATION INC.
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

Chartered Accountants, Deloitte & Touche, have audited on my behalf the financial statements of Guyana Sugar Corporation Inc. for the year ended 31 December 2007, as set out on pages 2 to 38. The audit was conducted in accordance with the Audit Act 2004.

Respective Responsibilities of Management and Auditors

The preparation of the financial statements, including assertions relating to their completeness, accuracy and validity, and compliance with applicable laws, regulations and contractual obligations, is the responsibility of Management. My responsibility is to express an independent opinion on the statements based on these assertions and to report my opinion to you.

Basis of Opinion

The audit was conducted in accordance with generally accepted auditing standards, including those of INTOSAI. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As required by the Audit Act 2004, I have reviewed the audit plan and procedures, work papers, report and opinion of the Chartered Accountants. I have also had detailed discussions with the Chartered Accountants on all matters of significance to the audit and had carried out additional examinations, as necessary, in arriving at my opinion.

Opinion

In my opinion, the consolidated financial statements on pages 2 to 38 present fairly, in all material respects, the financial position of the Guyana Sugar Corporation Inc. as at 31 December 2007, and of its financial performance and cash flows for the year then ended in conformity with International Financial Reporting Standards and the Companies Act 1991.

AUDIT OFFICE

D. SHARMA
AUDITOR GENERAL (ag.)

AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

REPORT OF THE CHARTERED ACCOUNTANTS

DELOITTE & TOUCHE

TO THE AUDITOR GENERAL

ON THE CONSOLIDATED FINANCIAL STATEMENTS OF

GUYANA SUGAR CORPORATION INC.

ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

Report on the Financial Statements

We have audited the accompanying financial statements of Guyana Sugar Corporation Inc., which comprise the balance sheet as at 31 December 2007 and the income statement, statements of changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 2 to 38.

Directors'/Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

/1(a)...

Auditor's Responsibility – Cont'd

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

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

Opinion

In our opinion, the financial statements give a true and fair view, in all material respects of the financial position of Guyana Sugar Corporation Inc. as at 31 December 2007 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

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

Deloitte & Touche

DELOITTE & TOUCHE
CHARTERED ACCOUNTANTS

October 3, 2008

77 Brickdam,
Stabroek, Georgetown,
Guyana

GUYANA SUGAR CORPORATION INC.
CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2007

		COMPANY		GROUP	
					Restated
	NOTES	2007 $M	2006 $M	2007 $M	2006 $M
ASSETS					
Non current assets					
Property, plant and equipment	5	94,044	89,078	94,044	89,078
Deferred tax asset	6	7,072	6,909	7,074	6,911
Investments	7.1	132	66	132	66
Investment in subsidiary	7.2	43	35	-	-
Total non current assets		101,291	96,088	101,250	96,055
Current assets					
Inventories	8.1	4,309	3,502	4,309	3,502
Standing cane	8.2	7,452	6,179	7,500	6,251
Product stock	8.3	1,454	1,413	1,454	1,413
Trade receivables		1,029	728	1,048	719
Other receivables		261	609	246	609
Prepayments		501	333	501	333
Taxes recoverable		-	-	27	27
Cash and cash equivalents	9	4,484	6,797	4,517	6,833
Total current assets		19,490	19,561	19,602	19,687
TOTAL ASSETS		120,781	115,649	120,852	115,742
EQUITY AND LIABILITIES					
Shareholder's equity					
Stated capital	10	10,800	10,800	10,800	10,800
Revaluation reserve	11.1	51,035	51,206	51,035	51,206
Other reserves	11.2	172	106	172	106
Accumulated deficit		(1,212)	(1,842)	(1,213)	(1,829)
		60,795	60,270	60,794	60,283
Minority interest	7.3	-	-	68	83
Total equity		60,795	60,270	60,862	60,366
Non current liabilities					
Deferred tax liability	6	11,558	10,689	11,575	10,714
Borrowings	12.2	19,936	18,505	19,936	18,505
Employees retirement benefits	14	20,202	18,847	20,202	18,847
Total non-current liabilities		51,696	48,041	51,713	48,066
Current liabilities					
Trade payables		3,522	2,932	3,505	2,947
Other payables		720	512	720	512
Related parties	13.1	1,260	1,604	1,249	1,539
Taxes payable		2,594	2,096	2,610	2,118
Borrowings	12.1	194	194	194	194
Total current liabilities		8,290	7,338	8,278	7,310
TOTAL EQUITY AND LIABILITIES		120,781	115,649	120,852	115,742

The Board of Directors approved these financial statements for issue on 03rd October, 2008

Director

Director

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

GUYANA SUGAR CORPORATION INC.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2007

	NOTES	COMPANY		GROUP	
		2007 $M	2006 $M	2007 $M	Restated 2006 $M
Revenue	15	35,121	32,495	35,121	32,495
Cost of sales		24,794	23,122	24,770	23,038
Gross profit		**10,327**	**9,373**	**10,351**	**9,457**
Other income		914	869	927	872
Administrative expenses		(3,227)	(3,168)	(3,244)	(3,184)
Marketing and distribution expenses		(4,278)	(3,071)	(4,278)	(3,071)
Operating profit		**3,736**	**4,003**	**3,756**	**4,074**
Finance cost		(247)	(183)	(247)	(183)
Employees retirement benefits	14.2	(1,355)	(1,399)	(1,355)	(1,399)
Income from subsidiary and others		25	8	-	-
Profit before tax	16	**2,159**	**2,429**	**2,154**	**2,492**
Taxation	17	(1,529)	(1,953)	(1,525)	(1,978)
Profit for the year		**630**	**476**	**629**	**514**
Attributable to:					
Equity holders of the parent		630	476	616	485
Minority interest	7.3	-	-	13	29
Profit for the year		**630**	**476**	**629**	**514**
Earnings per share	23	**0.06**	**0.04**	**0.06**	**0.04**

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

GUYANA SUGAR CORPORATION INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2007

Company

	Stated Capital $M	Revaluation Reserve $M	Other Reserves $M	Retained Earnings $M	Total Equity $M
Balance at January 1, 2006	10,800	51,206	118	(2,318)	59,806
Total income and expenses recognised directly in equity					
Adjustment for fair market values	-	-	(12)	-	(12)
Net expense recognised directly in equity			(12)		(12)
Profit after taxation	-	-	-	476	476
Total recognised income and expenses	-	-	(12)	476	464
Balance as at Decemeber 31, 2006	10,800	51,206	106	(1,842)	60,270
Total income and expenses recognised directly in equity					
Adjustment for fair market values	-	-	66	-	66
Fixed asset revaluation	-	(171)	-	-	(171)
Net income/(expense) recognised directly in equity		(171)	66	-	(105)
Profit after taxation	-	-	-	630	630
Total recognised income and expenses	-	(171)	66	630	525
Balances at December 31, 2007	10,800	51,035	172	(1,212)	60,795

Group

	Stated Capital $M	Revaluation Reserve $M	Other Reserves $M	Retained Earnings $M	Minority Interest $M	Total Equity $M
Balance at January 1, 2006	10,800	51,206	118	(2,318)	47	59,853
Prior period Adjustment	-	-	-	4	7	11
Balance at January 1, 2006 as restated	10,800	51,206	118	(2,314)	54	59,864
Total income and expenses recognised directly in equity						
Adjustment for fair market values	-	-	(12)	-	-	(12)
Net expense recognised directly in equity	-	-	(12)	-	-	(12)
Profit after taxation as restated	-	-	-	485	29	514
Total recognised income and expenses	-	-	(12)	485	29	502
Balances at December 31, 2006 as restated	10,800	51,206	106	(1,829)	83	60,366
Total income and expenses recognised directly in equity						
Adjustment for fair market values	-	-	66	-	-	66
Fixed asset revaluation	-	(171)	-	-	-	(171)
Net income/(expense) recognised directly in equity	-	(171)	66	-	-	(105)
Profit after taxation	-	-	-	616	13	629
Total recognised income and expenses	-	(171)	66	616	13	524
Dividends paid to minority interest	-	-	-	-	(28)	(28)
Balances at December 31, 2007	10,800	51,035	172	(1,213)	68	60,862

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

GUYANA SUGAR CORPORATION INC.
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2007

	COMPANY		GROUP	
	2007 $M	2006 $M	2007 $M	2006 $M
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	2,159	2,429	2,154	2,492
Adjustments for:				
Depreciation	2,664	2,044	2,664	2,044
Loss on disposal of property, plant and equipment	169	26	169	26
Net interest	(163)	(213)	(163)	(213)
Income from subsidiary and others	(25)	(8)	-	-
Operating profit before working capital changes	**4,804**	**4,278**	**4,824**	**4,349**
Increase in inventories	(806)	(709)	(806)	(709)
Increase in standing cane	(1,273)	(1,424)	(1,249)	(1,467)
(Increase)/decrease in product stocks	(41)	4	(41)	4
(Increase)/decrease in accounts receivable and prepayments	(121)	741	(149)	750
Increase in accounts payable and accruals	798	393	766	393
Increase/(decrease) in amounts due to related parties	(344)	129	(291)	95
Increase in defined benefit pension liability	1,355	1,399	1,355	1,399
Cash generated from operations	**4,372**	**4,811**	**4,409**	**4,814**
Interest paid	(284)	(313)	(284)	(313)
Taxes paid	(325)	(275)	(325)	(275)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	**3,763**	**4,223**	**3,800**	**4,226**
INVESTING ACTIVITIES				
Interest received	447	526	447	529
Purchase of property, plant and equipment	(7,971)	(12,450)	(7,971)	(12,405)
Dividends received from investments	17	-	5	-
Dividends paid to minority interest	-	-	(28)	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(7,507)**	**(11,924)**	**(7,547)**	**(11,876)**
FINANCING ACTIVITIES				
Proceeds from borrowing	1,431	2,970	1,431	2,920
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	**1,431**	**2,970**	**1,431**	**2,920**
Decrease in cash and cash equivalents	(2,313)	(4,731)	(2,316)	(4,730)
Cash and cash equivalents at beginning of the period	6,797	11,528	6,833	11,563
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**4,484**	**6,797**	**4,517**	**6,833**

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

1. Incorporation and activities

Guyana Sugar Corporation Limited was incorporated on May 21, 1976 and is involved in the cultivation of sugar cane and the manufacture and sale of sugar and molasses. On February 28, 1996 the Corporation was continued under the Companies Act 1991 and its name changed to Guyana Sugar Corporation Inc. The Corporation is wholly owned by the Government of Guyana.

2. New and revised standards and interpretations

Effective for current year end

New standard –IFRS 7

In the current year, the Company adopted IFRS 7 Financial Instruments: Disclosures which is effective for annual reporting periods beginning on or after 1 January 2007. The impact of the adoption of IFRS 7 has been to expand the disclosures provided in these financial statements regarding the Company's financial instruments.

Amendments to relevant standard

IAS 1 – Capital Disclosures

Amendment to IAS 1 has been to expand the disclosures provided in these financial statements regarding the Company's capital.

Interpretations effective in the current period

The following interpretations to published standards are effective from the current financial period but they are not relevant to the Company's operations:

IFRIC 7 – Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies
IFRIC 8 – Scope of IFRS 2
IFRIC 9 – Re- assessment of embedded derivatives
IFRIC 10 – Interim Financial Reporting and Impairment.

Available for early adoption in current year end

New standard

• IFRS 8 – Operating Segments

This becomes effective for periods beginning on or after 1 January 2009. IFRS 8 replaces IAS 14 Segment Reporting. IFRS 8 requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments that meet specified criteria.

2 New and revised standards and interpretations – cont'd

Available for early adoption in current year end – con't

New standard – con't

Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by chief operating decision makers in deciding how to allocate resources and in assessing performance. Management is reviewing the provisions of this standard to determine the impact, if any, against current practices and disclosures.

When this standard is adopted it is not expected to have a material impact on the Company's financial statements.

Amendments to standards

- IAS 23 – (Revised) Borrowing Costs
- IAS 1 – (Revised) Presentation of Financial Statements.

IAS 23 – (Revised) Borrowing Costs
This becomes effective for periods beginning on and after 1 January 2009. The revisions to IAS 23 have had no impact on the Company's accounting policies.

IAS 1 – (Revised) Presentation of Financial Statements

This becomes effective for periods beginning on or after 1 January 2009. Many textual changes have been made to IAS 1 (revised), including changes to the titles of individual financial statements (e.g a 'balance sheet' will in future be referred to as a 'statement of financial position'). The majority of the changes made are not substantive.

New Interpretations

- IFRIC 11 – IFRS 2: Group and Treasury Share Transactions (effective 1 March 2007)
- IFRIC 12 – Service Concession Arrangements (effective 1 January 2008)
- IFRIC 13 – Customer Loyalty Programmes (effective 1 July 2008)
- IFRIC 14 – IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective 1 January 2008)

3 Summary of significant accounting policies

3.1 Accounting convention

The financial statements have been prepared under the historical cost convention as modified for the revaluation of investments and fixed assets and conform with International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Guyana.

3. Summary of significant accounting policies – cont'd

3.2 Revenue and expense recognition

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

3.3 Fixed assets and depreciation

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 as further explained in note 11. Freehold land and building and factory plant acquired subsequent to these valuation dates and other property, plant and equipment are stated at cost.

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

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

All assets are tested for possible impairment based on income generated and net realizable value. Depreciation is calculated from the month following acquisition until the month of disposal. Capital work in progress is not depreciated until the relevant assets are brought into use.

3.4 Freehold and leasehold land

In addition to 21,565 acres of land, the Group leases from the Government of Guyana 55,173 hectares of land on which it grows cane and for ancillary purposes.

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

3.5 Inventory

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

Product stock 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. Summary of significant accounting policies – cont'd

3.6 Standing cane

The value of standing cane is included in the financial statements as a biological asset. Standing cane is measured at fair value 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 achieved in the various markets for which sugar is supplied.

3.7 Research and development

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

3.8 Financial instruments

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

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

Investments

Investments are recognized in the financial statements to comply with International Accounting Standard No. 39 – Financial Instruments: Recognition and measurement and International Financial Reporting Standard No. 7 – Financial Instruments: Disclosures.

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 profit or loss when there is objective evidence that the asset is impaired. The allowance recognized is based on management's evaluation of the collectibility of the receivables.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and at bank and fixed deposits.

3. Summary of significant accounting policies – cont'd

Financial instruments– cont'd

Trade, other payables and accruals

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

3.9 Reserves

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

(ii) Other

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

3.10 Impairment of tangible assets

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

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

3.11 Taxation

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

Current tax

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

3. Summary of significant accounting policies – cont'd

3.11 Taxation – cont'd

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 balance sheet 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 utilized.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests 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 balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
Deferred tax 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 balance sheet 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 tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

3.12 Employee retirement benefits

The company 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.

3. Summary of significant accounting policies – cont'd

3.12 Employee retirement benefits– cont'd

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 income statement 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.

3.13 Translation of foreign currencies

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

At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet 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 net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognized directly in equity.

3.14 Presentation currencies

The financial statements have been presented in Guyana dollars.

3.15 Provisions

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

3.16 Skeldon Sugar Modernisation Project (SSMP)

All expenses including borrowing costs to the modernization project had been charged as work- in- progress. This will be capitalized on the commissioning of the factory in 2008.

3.17 Basis of consolidation

The consolidated financial statements incorporate the financial statements made to December 31 each year of the company and Lochaber Limited (the subsidiary), a company controlled by the company. 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

4 Critical accounting judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet 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 bad and doubtful 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 balance sheet date 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.

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 PROPERTY, PLANT & EQUIPMENT - COMPANY

Cost/valuation	Land	Buildings others	Buildings wooden	Land expansion cost	Plant, machinery and equipment	Work in progress	Total
	$M	$M	$M	$M	$M	$M	$M
As at Jan 01 2007	43,803	10,779	3,685	79	27,099	21,465	106,910
Reclassification	-	8	10	-	713	(731)	-
Additions	-	31	-	-	1,993	5,947	7,971
Disposals	-	(263)	(60)	-	(616)	-	(939)
As at Dec 31 2007	**43,803**	**10,555**	**3,635**	**79**	**29,189**	**26,681**	**113,942**
Comprising:							
Cost	-	1,245	-	79	29,017	26,681	57,022
Valuation	43,803	9,310	3,635	-	172	-	56,920
	43,803	10,555	3,635	79	29,189	26,681	113,942
Depreciation							
As at Jan 01 2007	-	1,799	678	35	15,320	-	17,832
Charge for the year	-	236	76	7	2,345	-	2,664
Retired on disposals	-	(15)	(14)	-	(569)	-	(598)
As at Dec 31 2007	**-**	**2,020**	**740**	**42**	**17,096**	**-**	**19,898**
Net book value							
As at Dec 31 2007	**43,803**	**8,535**	**2,895**	**37**	**12,093**	**26,681**	**94,044**
As at Dec 31 2006	**43,803**	**8,980**	**3,007**	**44**	**11,779**	**21,465**	**89,078**

5.2 PROPERTY, PLANT & EQUIPMENT - GROUP

	Land	Buildings others	Buildings wooden	Land expansion cost	Plant, machinery and equipment	Work in progress	Total
Cost or valuation							
As at Jan 01 2007	43,803	10,791	3,685	79	27,098	21,465	106,921
Reclassification	-	8	10	-	713	(731)	-
Additions	-	31	-	-	1,993	5,947	7,971
Disposals	-	(263)	(60)	-	(616)	-	(939)
As at Dec 31 2007	**43,803**	**10,567**	**3,635**	**79**	**29,188**	**26,681**	**113,953**
Comprising:							
Cost	-	1,245	-	79	29,016	26,681	57,021
Valuation	43,803	9,322	3,635	-	172	-	56,932
	43,803	**10,567**	**3,635**	**79**	**29,188**	**26,681**	**113,953**
Depreciation							
As at Jan 01 2007	7	1,793	678	35	15,330	-	17,843
Charge for the year	-	236	76	7	2,345	-	2,664
Retired on disposals	-	(15)	(14)	-	(569)	-	(598)
As at Dec 31 2007	**7**	**2,014**	**740**	**42**	**17,106**	**-**	**19,909**
Net book value							
As at Dec 31 2007	**43,796**	**8,553**	**2,895**	**37**	**12,082**	**26,681**	**94,044**
As at Dec 31 2006	**43,796**	**8,999**	**3,007**	**44**	**11,768**	**21,465**	**89,078**

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

5 (a) Skeldon Modernisation Project

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

Interest capitalised are as follows:

	CDB SSMP $M	CDB D&I $M
Balance as at 1st Janurary 2006	39	-
Capitalised for the year	50	-
Balance as at 31st December 2006	89	10
Capitalised for the year	92	29
Balance as at 31st December 2007	181	39

5 (b) If no revaluation of land, buildings and equipment was done, the net book value of property, plant and equipment would have been approximately G$57,022,000,000 (2006 - G$49,223,000,000).

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	19,364
Expired leases	7,561
Expired permissions	944
During the President's pleasure licenses	26,962
During the President's pleasure permissions	342
	55,173

The Group has received written confirmation that the Government of Guyana is committed to renewing all leases for lands beneficially occupied by Guyana Sugar Corporation Inc. Lease rentals will be reviewed from time to time by the Commissioner of Lands and Surveys and must be approved by the Government Lease payment per hectare per annum has been as follows:

	$
Prior to 1985	10.0
From January 01, 1985 to May 31, 1998	18.5
From June 01, 1998	2,471

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

6. DEFERRED TAX

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

	COMPANY 2007 $M	COMPANY 2006 $M	GROUP 2007 $M	GROUP 2006 $M
Deferred tax liability				
Property, plant and equipment	8,950	8,527	8,975	8,552
Standing cane	2,608	2,162	2,600	2,162
	11,558	**10,689**	**11,575**	**10,714**
Deferred tax assets				
Tax value of losses carried forward	-	(311)	-	(311)
Property, plant and equipment	-	-	(2)	(2)
Inventories provision	(1)	(1)	(1)	(1)
Defined benefit pension liability	(7,071)	(6,597)	(7,071)	(6,597)
	(7,072)	**(6,909)**	**(7,074)**	**(6,911)**

Movement in temporary differences

	COMPANY Balance at Jan 01,2007	COMPANY Recognised in Income	COMPANY Balance at Dec 31,2007
Deferred tax liability			
Property, plant and equipment	8,527	423	8,950
Standing cane	2,162	446	2,608
	10,689	**869**	**11,558**
Deferred tax assets			
Tax value of losses carried forward	(311)	311	-
Inventories provision	(1)	-	(1)
Defined benefit pension liability	(6,597)	(474)	(7,071)
	(6,909)	**(163)**	**(7,072)**

Movement in temporary differences

	GROUP Balance at Jan 01,2007	GROUP Recognised in Income	GROUP Balance at Dec 31,2007
Deferred tax liability			
Property, plant and equipment	8,552	423	8,975
Standing cane	2,162	438	2,600
	10,714	**861**	**11,575**
Deferred tax asset			
Tax value of losses carried forward	(311)	311	-
Property, plant and equipment	(2)	-	(2)
Inventories provision	(1)	-	(1)
Defined benefit pension liability	(6,597)	(474)	(7,071)
	(6,911)	**(163)**	**(7,074)**

7. INVESTMENTS

7.1 Investments

	COMPANY		GROUP	
Available for sale:	**2007 $M**	**2006 $M**	**2007 $M**	**2006 $M**
Livestock Development Co.	0.05	0.05	0.05	0.05
Republic Bank Limited	132	66	132	66
	132	66	132	66

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

7.2 INVESTMENT IN SUBSIDIARY

	COMPANY	
	2007 $M	**2006 $M**
Lochaber Ltd.	43	35

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

7.3 Minority Interest

	GROUP	
		Restated
	2007 $M	**2006 $M**
At 1 January	83	47
Restatement 2006	-	7
Share of profit	13	29
Dividend paid	(28)	-
At 31 December	68	83

8. CURRENT ASSETS

8.1 Inventory categories

	COMPANY 2007 $M	COMPANY 2006 $M	GROUP 2007 $M	GROUP 2006 $M
Fuel	159	313	159	313
Spares	1965	2,199	1965	2,199
Fertilizers and chemicals	1173	566	1173	566
Other	1396	847	1396	847
Gross inventories	**4,693**	**3,925**	**4,693**	**3,925**
Less general provision for slow moving and obsolete items	(384)	(423)	(384)	(423)
Net Inventories	**4,309**	**3,502**	**4,309**	**3,502**

Provision for slow moving and obsolete items decreased by G$ 39M which was due to obsolete items being written off during the year. It is estimated that all inventory will be realised within one year

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 2007 $M	COMPANY 2006 $M	GROUP 2007 $M	GROUP 2006 $M
Balance as at January 01	6,179	4,755	6,251	4,784
Adjustment to cost of sales	1,273	1,424	1,249	1,467
Balance as at December 31	**7,452**	**6,179**	**7,500**	**6,251**

Standing Cane by Age

Age of Cane	COMPANY 2007 Hectares	COMPANY 2006 Hectares	GROUP 2007 Hectares	GROUP 2006 Hectares	COMPANY 2007 $M	COMPANY 2006 $M	GROUP 2007 $M	GROUP 2006 $M
1-5 Months	25,611.80	27,120.30	25,772.10	27,312.20	-	-	-	1
6 Months	1,304.80	742.20	1,304.80	742.20	51	28	51	28
7 Months	426.90	1,015.20	426.90	1,015.20	37	86	37	86
8 Months	2,368.60	2,014.50	2,368.60	2,014.50	355	294	355	294
9 Months	5,063.70	5,175.60	5,124.10	5,260.20	1,512	1,504	1,532	1,530
10 Months	4,802.50	5,786.70	4,823.10	5,832.00	2,244	2,600	2,253	2,620
11 Months	3,582.90	2,741.10	3,582.90	2,785.80	2,019	1,418	2,019	1,440
12 Months	2,221.50	458.00	2,255.50	464.20	1,234	250	1,253	253
	45,382.70	**45,053.60**	**45,658.00**	**45,426.30**	**7,452**	**6,179**	**7,500**	**6,251**

	COMPANY 2007 $	COMPANY 2006 $	GROUP 2007 $	GROUP 2006 $
Farmers' price per tonne of sugar	78,000	75,816	78,000	75,816

8.3 Product stock categories

	COMPANY 2007 $M	COMPANY 2006 $M	GROUP 2007 $M	GROUP 2006 $M
Sugar	830	925	830	925
Molasses	613	477	613	477
Livestock	11	11	11	11
	1,454	**1,413**	**1,454**	**1,413**

8.4 Amounts due from related parties

	COMPANY 2007 $M	COMPANY 2006 $M	GROUP 2007 $M	GROUP 2006 $M
Lochaber Limited	**17**	**6**	**17**	**6**

9. CASH AND CASH EQUIVALENTS

	2007	2006	COMPANY		GROUP	
	000s	000s	2007 $M	2006 $M	2007 $M	2006 $M
US Dollar (Escrow)	19,529	33,204	3,964	6,624	3,964	6,624
US Dollar (Current a/c)	1,799	197	365	39	365	39
GBP	(7)	10	(3)	4	(3)	4
Euro	5	(1)	1	(0)	1	(0)
			4,327	6,667	4,327	6,667
Guyana Dollar			157	130	190	166
			4,484	6,797	4,517	6,833

Rate of conversion

G$/US$	202.99	199.50	202.99	199.50
G$/GBP	406.57	393.00	406.57	393.00
G$/EUR	298.58	268.08	298.58	268.08

10. STATED CAPITAL

The Corporation has an authorised stated capital of 10,800,000,000 at a minimum issue price of $1 each and an issued stated capital of 10,799,571,775 ordinary shares. Fully paid ordinary shares, with no par value carrying one vote per share and a right to dividends.

11. RESERVES

	COMPANY		GROUP	
11.1 Revaluation reserve	2007 $M	2006 $M	2007 $M	2006 $M
Revaluation of fixed assets	51,035	51,206	51,035	51,206
11.2 Other reserves				
1. Amounts received by the Corporation from the Sugar Industry Special Funds for rehabilitation work carried out on the Corporation's factories.	25	25	25	25
2. Monies received from the Government of Guyana for the purpose of financing projects in the Corporation's diversification programme.	15	15	15	15
3. The value of the net assets of Guyana Agricultural Products Corporation and Demerara Sugar Company Limited which were acquired by the Government of Guyana and transferred to the Corporation. During 2002 $14M was capitalised as equity.	1	1	1	1
4. Adjustment of investments to reflect fair value	131	65	131	65
	172	106	172	106

11.3 Revaluation

The Corporation revalued its freehold land and buildings and factory plant and machinery as at January 01, 1999. The valuation of the land and buildings was undertaken by an independent valuer. The original valuation as at January 01, 1999 of plant and machinery was used as a basis for value in use calculation from 2001 to date. The valuation is reviewed each year in light of changes in markets, production levels and exchange rate movements. The value was not revised for 2007 since there was no impairment.

12. BORROWINGS

	COMPANY		GROUP	
	2007 $M	2006 $M	2007 $M	2006 $M
12.1 Current				
a) Government of Guyana Drainage and Irrigation financed by CDB	50	50	50	50
b) 2% Government of Guyana Debenture	144	144	144	144
	194	194	194	194
12.2 Non Current				
a) Government of Guyana Drainage and Irrigation financed by CDB	912	907	912	907
b) Government of Guyana SSMP	11,503	11,357	11,503	11,357
c) Government of Guyana SSMP financed by CDB	2,509	2,064	2,509	2,064
d) Government of Guyana SSMP financed by EXIM Bank	5,012	4,177	5,012	4,177
Total loans	19,936	18,505	19,936	18,505
Repayments due in one year and included in current liabilities	194	194	194	194
Repayment due within 2-5 years	636	780	636	780
Repayment due after five years	19,300	17,725	19,300	17,725
	19,936	18,505	19,936	18,505

a) Government of Guyana Drainage and Irrigation financed by CDB

The loan from the Government of Guyana represents an on-lending of a loan from the Caribbean Development Bank for US$5,050,000 to finance various drainage and irrigation projects. Total funds received at December 31, 2007 amounted to US$5,026,395 (2006 US$4,930,687). Interest is charged at the rate of 3% per annum on the principal and is paid quarterly.

The repayment of the loan starts 10 years after the date of the first disbursement and will be paid in 34 equal semi - annual installments. The first disbursement was received in July 2002.

b) Government of Guyana SSMP

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

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

c) Government of Guyana SSMP financed by CDB

This is an on - lending facility from the Government of Guyana for US$25M financed by CDB. These funds are to be used for the agricultural component of the new Skeldon factory. Drawdowns are made based on submission of contractors' certificates. To date a drawdown of US$12.219M was made.

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

d) Government of Guyana SSMP financed by EXIM Bank

This is an on - lending facility from the Government of Guyana for US$35M financed by the Export and Import Bank of China (EXIM). These funds are to be used for the Co-generation Facility of the new Skeldon factory. Drawdowns are made based on submission of contractors' certificates. To date a drawdown of US$24.32M was made.

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

13. RELATED PARTIES

13.1 AMOUNTS DUE TO RELATED PARTIES

	COMPANY		GROUP	
	2007 $M	2006 $M	2007 $M	2006 $M
Lochaber	41	47	28	(18)
Booker Tate	424	251	426	251
Government of Guyana - Lease rentals	450	450	450	450
Sugar Industry Labour Welfare Fund	345	856	345	856
	1,260	1,604	1,249	1,539

Total rent payable for the lease lands to the Government of Guyana was G$369M (2006 $110M) whilst the amount paid was G$170M (2006 $127M).

Total levies payable to Sugar Industry Welfare Fund was G$123M whilst claims made by Guysuco for work done on behalf of the welfare was G$5M. No payment was made during the year.

13.2 RELATED PARTIES TRANSACTIONS

13.2.1 Booker Tate Limited

Booker Tate Limited, a company incorporated in the United Kingdom, manages the Corporation under an agreement dated March 26, 1996. Under this agreement Booker Tate receives a fixed fee, a production incentive fee and reimbursement of certain expenses. The agreement was renewed on March 04, 2004 and will continue to the later of December 31, 2005 or six months after the commissioning and integration of the Skeldon Factory. The amounts paid to Booker Tate under the agreement were as follows:

	COMPANY		GROUP	
	2007 $M	2006 $M	2007 $M	2006 $M
Fixed fee (£350,000 per annum)	156	136	156	136
Production incentive fee	81	65	81	65
Salaries, benefits and other expenses	201	174	201	174
Total	438	375	438	375

13.2.2 Key Management Personnel (excluding Booker Tate)

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

Short term employee benefit	267	245	267	245

13.2.3 Directors' fees and expenses

	COMPANY				GROUP			
	2007		2006		2007		2006	
	$000 Fees	$000 Expenses	$000 Fees	$000 Expenses	$000 Fees	$000 Expenses	$000 Fees	$000 Expenses
Directors								
Ronald Alli (Chairman)	90	5,300	90	4,247	90	5,300	90	4,247
Donald Ramotar	70	431	84	203	70	431	84	203
Dindyal Permaul	70	-	84	759	70	-	84	759
Rajendra Singh	41	1,456	84	1,784	41	1,456	84	1,784
Hubert Rodney	41	3,314	84	2,702	41	3,314	84	2,702
Dr. Rajendra Singh	23	597	-	-	23	597	-	-
Keith Burrowes	23	-	-	-	23	-	-	-
Nick Jackson	-	-	-	884	-	-	-	884
Badrie Persaud	23	-			23	-		
Roger Speddy	-	3,844	-	4,740	-	3,844	-	4,740
Errol Hanoman	-	12,612	-	8,702	-	12,612	-	8,702
	381	27,554	426	24,021	381	27,554	426	24,021

All directors' expenses have been incurred on corporate business. Directors' fees comprise those amounts paid to or on behalf of directors in respect of services as directors.

Defined Benefit asset/liability

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31 December 2007 by Becon Woodrow & De Souza. The present valuation of the defined benefit obligation and the related current service cost were measured by the actuaries at 31 December 2006 using the Projected Unit Credit Method.

14. EMPLOYEES RETIREMENT BENEFITS

	2007				2006			
	Post Retirement Medical	STEPS Scheme	Ex Gratia Scheme	Total	Post Retirement Medical	STEPS Scheme	Ex Gratia Scheme	Total
	$M	$M	$M	$M	$M	$M	$M	$M
14.1 The amounts recognized in the Balance Sheet are as follows:								
Defined benefit obligation	573	7,516	19,457	27,546	573	6,747	17,155	24,475
Fair value of assets	-	(7,373)	-	(7,373)	-	(6,965)	-	(6,965)
Present value of unfunded contributions	**573**	**143**	**19,457**	**20,173**	**573**	**(218)**	**17,155**	**17,510**
Unrecognized loss	-	79	(50)	29	-	438	899	1,337
Defined benefit liability	**573**	**222**	**19,407**	**20,202**	**573**	**220**	**18,054**	**18,847**
14.2 Reconciliation of opening and closing defined benefit liability								
Defined benefit liability at the beginning of the year	573	220	18,054	18,847	573	217	16,658	17,448
Add net pension cost	-	233	1,804	2,037	-	216	1,780	1,995
Less company contribution/benefits paid	-	(232)	(450)	(682)	-	(213)	(384)	(597)
Net pension cost	-	1	1,354	1,355	-	3	1,396	1,399
Defined benefit liability at the end of the year	**573**	**221**	**19,408**	**20,202**	**573**	**220**	**18,054**	**18,847**
14.3 The amounts recognized as staff costs in the Income Statement are as follows:								
Current service cost	-	291	788	1,079	-	259	726	985
Interest on defined benefit obligation	-	396	1,016	1,412	-	381	1,054	1,435
Expected return on Plan Assets	-	(453)	-	(453)	-	(424)		(424)
Amortized net (gain)/loss	-	-	-	-	-	-	-	-
Total included in staff costs	**-**	**234**	**1,804**	**2,038**	**-**	**216**	**1,780**	**1,996**
14.4 Actual return on Plan Assets								
Expected return on Plan assets	-	453	-	453	-	424	-	424
Actuarial gain on Plan Assets	-	(52)	-	(52)	-	39	-	39
Actual return on Plan Assets	**-**	**401**	**-**	**401**	**-**	**463**	**-**	**463**

14.5 Actuarial assumptions	**2007**	**2006**
(i) Funded Scheme		
Discount rate	6%	6%
Salary increases	6%	6%
Pension increases	5%	2%
Rate of return on Pension Plan assets	6.5%	6.5%
(ii) Unfunded Scheme		
Discount rate	6%	6%
Salary increases	6%	6%
Pension increases	5%	5%
Rate of return on Pension Plan assets	N/A	N/A

There is no Pension Scheme for the subsidiary company.

14. EMPLOYEES RETIREMENT BENEFITS (cont'd)

14.5 Actuarial assumptions (cont'd)

	Ex Gratia Scheme			Steps Scheme		
	2007	2006	2005	2007	2006	2005
	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000
Experience History						
Defined benefit obligation	19,456.90	17,154.90	17,762.00	7,516.30	6,746.50	6,516.80
Fair Value Plan Assets	-	-	-	(7,373.3)	(6,964.6)	(6,544.8)
(Surplus)/Deficit	19,456.90	17,154.90	17762.00	143.0	(218.1)	(28.0)
Experience Adjustment on Plan Liabilities	948.80	(2,003.20)	(115.10)	307.6	153.8	(283.6)
Experience Adjustment on Plan Assets	-	-	-	-51.9	39.2	474.1
Expected Company Contributions in 2008	472.8					

Data given to the actuaries included the Corporation's best possible estimations of details where precision was not possible. This was required for them to calculate liabilities according to IAS 19. The actuaries have cautioned that the figures are subject to change after a more complete assessment is carried out of the scheme.

15. REVENUE

	COMPANY		GROUP	
	2007	2006	2007	2006
	$M	$M	$M	$M
Revenue by products				
Sugar	33,209	30,404	33,209	30,404
Molasses	1,912	2,091	1,912	2,091
Total Sales	35,121	32,495	35,121	32,495

	$M	$M	$M	$M
Revenue by major markets				
Europe	27,198	23,939	27,198	23,939
North America	1,086	1,899	1,086	1,899
Caribbean	3,576	3,504	3,576	3,504
Guyana	3,242	3,154	3,242	3,154
Other Markets	19	-	19	-
	35,121	32,495	35,121	32,495

All expenditure is incurred in Guyana, with the exception of marketing expenses and part of the management fee. All assets and liabilities are based in Guyana, with the exception of foreign cash balances and some trade receivables and payables. The Directors therefore consider that segmentation of net profit and assets of geographic area would not be meaningful.

	COMPANY		GROUP	
	2007 $M	2006 $M	2007 $M	2006 $M
16. PROFIT/(LOSS) BEFORE TAXATION	**2,159**	**2,429**	**2,154**	**2,492**
After charging -				
Employment Costs				
Wages and salaries	15,210	13,906	15,210	13,906
Social security contributions	808	762	808	762
Employees retirement benefits	1,355	1,399	1,355	1,399
Materials and services purchased	9,728	6,415	9,728	6,415
Research and development expense	201	242	201	242
Directors' fees & expenses	28	24	28	24
Provision for slow moving and obsolete items	384	423	384	423
Depreciation	2,664	2,044	2,664	2,044
Auditors' remuneration-audit services	7	7	7	7
Interest expense	284	282	284	282
Management fees and expenses	438	375	438	375
After crediting				
Net gain on exchange	37	31	37	31
Interest income	447	68	447	68
Gain/(loss) on disposal of property, plant and equipment	169	26	169	26

17. **TAXATION**	COMPANY		GROUP	
	2007 $M	2006 $M	2007 $M	2006 $M
Current year				
Corporation Tax	640	487	644	496
Deferred Tax	706	1,324	698	1,339
	1,346	1,811	1,342	1,835
Property Tax	183	142	183	143
	1,529	**1,953**	**1,525**	**1,978**

Reconciliation of corporation tax expense and accounting profit:

	COMPANY				GROUP			
	2007		2006		2007		2006	
	$M	%	$M	%	$M	%	$M	%
Accounting profit	2,159	100.0	2,429	100.0	2,154	100.0	2,492	100.0
Corporation tax @35%	756	35.0	850	35.0	753	35.0	872	35.0
Add: Tax effect of expenses not deductible in determining taxable profits								
Depreciation for accounting purposes	958	44.4	715	29.4	964	44.8	715	28.7
Defined benefit pension cost	474	22.0	490	20.2	474	22.0	490	19.7
Others	-	-	8	0.3	-	0.0	11	0.4
	2,188	101.3	2,063	84.9	2,191	101.8	2,088	83.8
Deduct:								
Depreciation for tax purposes	(791)	(36.6)	(767)	(31.6)	(790)	(36.7)	(767)	(30.8)
Standing Cane	(446)	(20.7)	(498)	(20.5)	(446)	(20.7)	(514)	(20.6)
	951	**44.0**	**798**	**32.9**	**955**	**44.4**	**807**	**32.4**
Loss relief	**(311)**	(14.4)	**(311)**	**(12.8)**	**(311)**	**(14.4)**	**(311)**	**(12.5)**
	640	**29.6**	**487**	**20.1**	**644**	**29.9**	**496**	**19.9**

No deferred tax liability has been recognised in relation to capital gains taxes which would become payable on factory plant, machinery and equipment should the revaluation surplus be realised upon disposal of the revalued assets. This is because the Corporation does not intend to dispose of these assets other than in the normal course of business.

18 Analysis of financial assets and liabilities by measurement basis

Company
2007

ASSETS	Available for sale $M	Loan and Receivables $M	Financial Assets and Liabilities at Amortised cost $M	Total $M
Investments	167	-	-	167
Trade receivables	-	1,029	-	1,029
Other receivables and prepayments	-	762	-	762
Cash on hand and at bank	-	-	4,484	4,484
Total assets	167	1,791	4,484	6,442
LIABILITIES				
Trade payables	-	-	3,522	3,522
Other payables and accruals	-	-	720	720
Related parties	-	-	1,260	1,260
Borrowings	-	-	20,130	20,130
Taxation	-	-	2,594	2,594
Total liabilities	-	-	28,226	28,226

Company
2006

ASSETS	Available for sale $M	Loan and Receivables $M	Financial Assets and Liabilities at Amortised cost $M	Total $M
Investments	101	-	-	101
Trade receivables	-	728	-	728
Other receivables and prepayments	-	942	-	942
Cash on hand and at bank	-	-	6,797	6,797
Total assets	101	1,670	6,797	8,568
LIABILITIES				
		-		
Trade payables	-	-	2,932	2,932
Other payables and accruals	-	-	512	512
Related parties	-	-	1,604	1,604
Borrowings	-	-	18,699	18,699
Taxation	-	-	2,096	2,096
Total liabilities	-	-	25,843	25,843

18 Analysis of financial assets and liabilities by measurement basis

Group
2007

	Available for sale	Loan and Receivables	Financial Assets and Liabilities at Amortised cost	Total
ASSETS	$M	$M	$M	$M
Investments	167	-	-	167
Trade receivables	-	1,048	-	1,048
Other receivables and prepayments	-	747	-	747
Taxes recoverable	-	27	-	27
Cash on hand and at bank	-	-	4,517	4,517
Total assets	167	1,822	4,517	6,506
LIABILITIES				
Trade payables	-	-	3,505	3,505
Other payables and accruals	-	-	720	720
Related parties	-	-	1,249	1,249
Borrowings	-	-	20,130	20,130
Taxation	-	-	2,610	2,610
Total liabilities	-	-	28,214	28,214

Group
2006

	Available for sale	Loan and Receivables	Financial Assets and Liabilities at Amortised cost	Total
ASSETS	$M	$M	$M	$M
Investments	66	-	-	66
Trade receivables	-	719	-	719
Other receivables and prepayments	-	942	-	942
Taxes recoverable	-	27	-	27
Cash on hand and at bank	-	-	6,833	6,833
Total assets	66	1,688	6,833	8,587
LIABILITIES				
Trade payables	-	-	2,947	2,947
Other payables and accruals	-	-	512	512
Related parties	-	-	1,539	1,539
Borrowings		-	18,699	18,699
Taxation	-	-	2,118	2,118
Total liabilities	-	-	25,815	25,815

19 Fair values

Fair values have been determined as follows:

Available for sale investments and held to maturity:
As recorded in note 7(7.1).

Other financial assets and liabilities:
The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

Loan and receivables and financial assets and liabilities:
The directors consider that the carring amounts of loans and receivables and financial assets and liabilities are recorded at amortised cost in the financial statement approximate to their fair value.

20. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	COMPANY		GROUP	
	2007	2006	2007	2006
	$M	$M	$M	$M
Expenditure authorised by the Directors but not committed				
Routine expenditure	2,250	2,407	2,250	2,407
Skeldon Sugar Modernisation Project	7,022	11,100	7,022	11,100
Drainage & Irrigation project	175	175	175	175

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

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

21. PENDING LITIGATION

There are several actions for which the liability of the Corporation, if any, has not been determined. The maximum potential liability at the end of the year is estimated at $133M (2006 $133M).

22. FINANCIAL RISK MANAGEMENT

Financial risk management objectives

The group management monitors and manages the financial risk relating to the operations of 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 specfic to the individual security or its issuer or factors affecting all securities traded in the market.

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

Management continually identify, evaluate, underwrite and diversify risk in order to minimise the total cost of carrying such risk.

(i) **Foreign currency risk**

The Company's exposure to the effects of fluctuations in foreign currency exchange rates arise mainly from bank balances held in United States Dollars.

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

	Group 2007			
	US Dollar	GBP	Euro	Total
	$M	$M	$M	$M
Assets	4,329	-	1	4,330
Liabilities	19,936	3	-	19,939
Net Asset/(liability)	(15,607)	(3)	1	(15,609)
	Group 2006			
Assets	6,663	4	-	6,667
Liabilities	18,505	-	-	18,505
Net Asset/(liability)	(11,842)	4	-	(11,838)

22. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market Risk (cont'd)

(i) Foreign currency risk (cont'd)

Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 5% increase and decrease in the Guyana dollar (GYD) against the United States dollar (US$).

The following table details the Company's sensitivity to a 5% increase and decrease in the Guyana dollar (GYD) against the relevant curriencies, 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's asessment 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 US$ strengthens 5% against the GY$ for a 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.

	US$ Impact		Sterling Impact		Euro Impact	
	2007	2006	2007	2006	2007	2006
	$M	$M	$M	$M	$M	$M
Profit/(loss)	(780.35)	(592.10)	(0.15)	0.20	0.05	-

22. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market Risk (cont'd)

(ii) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The group is exposed to various risks that are associated with the effects of variations in interest rates. This impacts directly on its cash flows.

The group 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	Maturing 2007 Within 1Year	1 to 5 years	Over 5 years	Non - interest bearing	Total
Assets		$M	$M	$M	$M	$M
Investments		-	-	-	167	167
Accounts receivable		-	-	-	1,791	1,791
Cash and cash equivalents	3.75	4,484	-	-	-	4,484
		4,484	-	-	1,958	6,442
Liabilities						
Accounts payable		-	-	-	4,242	4,242
Related parties		-	-	-	1,260	1,260
Loans	5.53	194	636	19,300	-	20,130
Taxation		-	-	-	2,594	2,594
		194	636	19,300	8,096	28,226
Interest sensitivity gap		4,290	(636)	(19,300)		

		Maturing 2006 Within 1 Year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Assets		$M	$M	$M	$M	$M
Investments		-	-	-	101	101
Accounts receivable		-	-	-	1,670	1,670
Cash and cash equivalents	3.75	6,797	-	-	-	6,797
		6,797	-	-	1,771	8,568
Liabilities						
Accounts payable		-	-	-	3,444	3,444
Related parties		-	-	-	1,604	1,604
Loans	5.53	194	780	17,725	-	18,699
Taxation		-	-	-	2,096	2,096
		194	780	17,725	7,144	25,843
Interest sensitivity gap		6,603	(780)	(17,725)		

22. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market Risk (cont'd)

(ii) Interest rate risk

Group	effective average interest rate	Maturing 2007 Within 1Year	1 to 5 years	Over 5 years	Non - interest bearing	Total
Assets		$M	$M	$M	$M	$M
Investments		-	-	-	132	132
Accounts receivable		-	-	-	1,795	1,795
Tax recoverable		-	-	-	27	27
Cash and cash equivalents	3.75	4,517	-	-	-	4,517
		4,517	-	-	1,954	6,471
Liabilities						
Accounts payable		-	-	-	4,225	4,225
Related parties		-	-	-	1,249	1,249
Loans	5.53	194	636	19,300	-	20,130
Taxation		-	-	-	2,610	2,610
		194	636	19,300	8,084	28,214
Interest sensitivity gap		4,323	(636)	(19,300)		

		Maturing 2006 Within 1 Year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Assets		$M	$M	$M	$M	$M
Investments		-	-	-	66	66
Accounts receivable		-	-	-	1,661	1,661
Tax recoverable		-	-	-	27	27
Cash and cash equivalents	3.75	6,833	-	-	-	6,833
		6,833	-	-	1,754	8,587
Liabilities						
Accounts payable		-	-	-	3,459	3,459
Related parties		-	-	-	1,539	1,539
Loans	5.53	194	780	17,725	-	18,699
Taxation		-	-	-	2,118	2,118
		194	780	17,725	7,116	25,815
Interest sensitivity gap		6,639	(780)	(17,725)		

22. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market Risk (cont'd)

(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.

22. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Liquidity risk

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

The Company'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 maturity dates.

	Group					
	Maturing 2007					
		Within 1 year				
	on demand	due in 3 months	due 3 - 12 months	2 to 5 years	Over 5 years	Total
Assets	$M	$M	$M	$M	$M	$M
Investments	-	-	-	-	132	132
Inventory	171	1,173	2,558	407	-	4,309
Standing Cane	-	5,494	2,006	-	-	7,500
Product stocks	1,454	-	-	-	-	1,454
Trade receivables	361	687	-	-	-	1,048
Other receivables and Prepa	747	-	-	-	-	747
Taxes recoverable	-	-	27	-	-	27
Cash on hand and at bank	4,517	-	-	-	-	4,517
Total assets	7,250	7,354	4,591	407	132	19,734
Liabilities						
Trade payables	2,464	1,041	-	-	-	3,505
Other payables	-	720	-	-	-	720
Related parties	-	-	1,249	-	-	1,249
Borrowings	-	42	152	912	19,024	20,130
Taxation	1,783	-	793	-	-	2,610
Total liabilities	4,247	1,803	2,194	912	19,024	28,214
Net asset/(liabilities)	**3,003**	**5,551**	**2,397**	**(505)**	**(18,892)**	**(8,480)**

22. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Liquidity risk (cont'd)

	Group					
	Maturing 2006					
		Within 1 year				
	on demand	due in 3 months	due 3 - 12 months	1 to 5 years	Over 5 years	Total
Assets	$M	$M	$M	$M	$M	$M
Investments	-	-	-	-	66	66
Inventory	140	566	2,459	337	-	3,502
Standing Cane	-	4,267	1,984	-	-	6,251
Product stocks	1,413	-	-	-	-	1,413
Trade receivables	267	452	-	-	-	719
Other receivables and prepa	942	-	-	-	-	942
Taxes recoverable	-	-	27	-	-	27
Cash on hand and at bank	6,833	-	-	-	-	6,833
Total assets	9,595	5,285	4,470	337	66	19,753
Liabilities						
Trade payables	2,063	884	-	-	-	2,947
Other payables	-	512	-	-	-	512
Related parties	-	-	1,539	-	-	1,539
Borrowings	-	42	152	912	17,593	18,699
Taxation	1,479	-	639	-	-	2,118
Total liabilities	3,542	1,438	2,330	912	17,593	25,815
Net asset / (liabilities)	**6,053**	**3,847**	**2,140**	**(575)**	**(17,527)**	**(6,062)**

22. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Credit risk

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

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

	2007 $M	2006 $M
Trade and other receivables (excluding prepayments)	1,294	1,328

The above balances are classified as follows:

	2007 $M	2006 $M
Current	757	782
Past due but not impaired	537	546
	1,294	1,328

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

	2007 $M	2006 $M
Past Due up to 29 days	188	134
Past Due 30 - 59 days	243	219
Past Due 60 - 89 days	16	21
Past Due 90 - 179 days	23	25
Past Due over 180 days but less than 1 year	28	32
Past Due more than 1 year	39	115
Total	**537**	**546**
General provision for bad debts	8	8

22. FINANCIAL RISK MANAGEMENT (cont'd)

(d) Capital risk management

The Company 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 Company's overall strategy remains unchanged from 2006.

The capital structure of the Company consists of cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 10.

Gearing ratio

The Company'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 with each class of capital. The Company have not set a target gearing ratio .

The gearing ratio at the year end was as follows:

	2007 $M	2006 $M	
Debt (i)	40,332	37,546	
Cash and cash equivalents	(4,484)	(6,797)	
Net debt	35,848	30,749	
Equity (ii)	60,787	60,270	
Net debt to equity ratio	58.97	51.02	%

(i) Debt is defined as long- and short-term borrowings, as detailed in note 6,12, 13 and 14
(ii) Equity includes all capital and reserves of the Company.

23. Earnings Per Share

	COMPANY	
	2007	**2006**
Profit for the year	630,000,000	476,000,000
Ordinary share issued and fully paid	10,799,571,775	10,799,571,775
Earnings per share	0.06	0.04

	GROUP	
	2007	**2006**
Profit attributable to equity holders of the parent	616,000,000	485,000,000
Ordinary share issued and fully paid	10,799,571,775	10,799,571,775
Earnings per share	0.06	0.04

24. POST BALANCE SHEET EVENT

European Union Sugar Protocol

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

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

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

25 Prior period adjustment

Adjustments were made to the group prior period comparatives to correct differences between the amounts reported as taxes payable and recoverable in the financial statements of the subsidary and that confirmed by the Guyana Revenue Authority. The effect on net assets of the subsidary was as follows:

	2006
	G$M
Net assets as previously reported	96
Understatement of taxes recoverable	18
Understatement of taxes payable	(7)
Net assets as restated	107

Effects of Restatement on Earning per share

Earnings Per Share before restatement

	$M
Company	0.04
Group	0.05

Earnings Per Share after restatement

	$M
Company	0.04
Group	0.04

Effects on restatement of group accumulated deficit	2006
	G$M
Group accumulated deficit as previously reported	(1,817)
Understatement of taxes recoverable	18
Understatement of taxes payable	(7)
Understatement of profit attributable to minority interest based on restated profits of subsidiary	(7)
Overstatement of profits attributable to parent in previous year	(16)
Restated group accumulated deficit as at 31 December	(1,829)

GUYANA SUGAR CORPORATION INC.

TEN YEAR REVIEW

1998 to 2007

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
HECTARES HARVESTED	39,908	43,656	44,259	41,621	41,627	41,959	45,447	41,890	42,422	39,757
TONNES CANE MILLED ('000)	2,966	3,596	2,984	3,142	3,708	3,382	3,744	3,005	2,975	3,099
YIELDS:										
ESTATE - TONNES CANE / HECTARE	67.00	72.50	62.20	67.10	80.60	72.75	74.87	65.43	64.48	71.97
TONNES CANE /TONNE SUGAR	11.68	11.03	10.88	11.00	11.20	11.03	11.52	12.20	11.46	11.55
TONNE SUGAR / HECTARE	6.36	6.58	5.67	6.16	7.29	6.59	6.45	5.36	5.63	6.23
PRODUCTION (TONNES)										
SUGAR	253,871	321,438	273,318	284,474	331,052	302,378	325,317	246,071	259,549	266,482
MOLASSES	117,939	129,934	108,703	118,103	137,794	127,201	138,140	115,732	107,501	115,048
HOME CONSUMPTION (TONNES):										
SUGAR	23,996	23,682	23,667	24,437	23,782	24,529	23,669	22,781	23,396	23,480
MOLASSES	59,140	51,777	45,061	49,533	56,424	55,272	51,685	40,058	41,895	46,253
EXPORT (TONNES):										
SUGAR	236,773	270,248	277,267	251,798	282,425	311,846	289,016	229,697	237,681	244,865
MOLASSES	61,320	78,473	63,642	56,439	82,576	76,726	83,974	71,071	61,851	57,282
SALES:										
DOMESTIC SUGAR ($M)	1,157	1,098	1,094	1,109	1,066	1,286	1,319	1,335	1,644	1,673
AVERAGEPRICE / TONNE($)	48,216	48,181	46,337	45,380	51,556	52,428	55,723	58,601	70,245	71,252
EXPORT SUGAR ($M)	19,818	23,657	22,106	20,287	22,562	25,094	25,288	21,324	25,509	27,101
AVERAGE PRICE / TONNE ($)	83,700	87,537	79,727	80,569	79,886	80,469	87,498	92,835	107,332	110,676
AVERAGE PRICE / TONNE (US$)	547	484	431	426	417	418	439	465	538	545
MOLASSES ($M)	580	448	669	1,330	1,177	1,373	1,265	1,637	1,914	1,667
AVERAGE PRICE / TONNE ($)	4,815	3,440	6,154	12,515	8,469	10,402	9,193	14,731	18,449	17,254
EXPENDITURE ($M)										
EMPLOYMENT COST	9,718	12,384	12,430	12,821	14,449	16,207	16,444	14,710	16,067	17,373
MATERIALS AND SERVICES	8,266	9,279	7,978	7,314	7,496	7,754	7,220	8,408	9,485	8,958
(LOSS) / PROFIT BEFORE TAX ($M)	860	2,073	61	(1,235)	(328)	(1,130)	1,220	(1,188)	2,429	2,159
(LOSS) / PROFIT BEFORE TAX AND LEVY	2,680	3,873	1,061	(1,235)	(328)	(4,006)	1,220	(1,188)	2,429	2,159
(LOSS) / PROFIT AFTER TAX($M)	271	1,258	(481)	(869)	(274)	(1,429)	261	(1,866)	476	630
(LOSS) / PROFIT AFTER TAX BEFORE LEVY	2,271	3,058	519	(869)	(274)	(4,305)	261	(1,866)	476	630
AVERAGE MID MARKET EXCHANGE RATE (G$ / US$)	152.94	181.00	185.00	189.38	191.27	192.33	199.28	199.75	199.50	202.99