GUYANA SUGAR CORPORATION INC.
ANNUAL REPORT
2008

Table of Contents

Chairman's Statement

Sugar remains a vital contributor to the agriculture sector of Guyana and continues to play a significant role in the well being of Guyanese. It is the largest single employer, makes a significant contribution to the country's GDP and is also the country's largest foreign exchange earner. This role will continue in spite of the final phase of EU price cuts. GuySuCo continues to adapt to the significant loss of revenue from this market by increasing value added outputs and sales. This will be the strategy of the Corporation going forward.

The year 2008 was a very difficult one for the sugar industry. The mean annual rainfall was the highest in 53 years. Extensive areas on all estates were subject to near saturated soil conditions for most of the first eight months of the year. In the latter months of 2008, very heavy rainfall resulted in prolonged floods particularly in East Demerara and East Berbice. The wet weather also hampered our land expansion plans at Skeldon where very little work was possible and in addition curtailed our routine land preparation and planting activities which are crucial for the following year's production.

Significant strides were made in 2008 towards completion of the Skeldon factory. By the last quarter of the year, the factory was producing very high pol sugar under the joint supervision of the Contractor and GuySuCo. The Skeldon factory is an investment of which we can all be proud. It has the capability to grind 1.2 million tonnes of cane and will at the project completion account for over 30% of the cane and sugar produced by GuySuCo.

Cane farmers remain a key component of the Corporation's strategy. In June 2008, the National Cane Farming Committee (NCFC) was resuscitated with a committee comprised of farmers, representatives of Government agencies, GuySuCo, and the Institute of Private Enterprise Development. Since its resuscitation, the NCFC has been meeting monthly and has provided a channel and central organising body for the cane farmers.

In keeping with its focus on farmers' development, in 2008, the Corporation was able to assist farmers for the new Skeldon project to secure financing for their developmental work. The Cane Farming Management team has continued to provide technical support and has maintained close relations with farmers across the Industry. Regular visits were conducted and weekly farmers' meetings were resuscitated.

Another important milestone for the Corporation was the registering of the new Skeldon factory under the Kyoto Protocol Clean Development Mechanism to sell Certified Emission Reductions through the World Bank. This is in keeping with the Corporation's continued commitment to preserving the environment.

GuySuCo continues to strive towards quality and customer satisfaction. In 2008, the Blairmont factory and Marketing Department were re-certified as ISO 9000:2001 compliant.

The Board of Directors appreciates the efforts of the GuySuCo team in the difficult working conditions in 2008 and looks forward to improved results in the future as we develop mechanisms to cope with climate change.

Chief Executive's Overview

Production achieved for 2008 was 226,268 tonnes of sugar compared to 266,482 tonnes of sugar in 2007.

The year was a challenging one for the Corporation, with the highest level of rainfall in 53 years and following on from an already very wet 2007. The very high level of rainfall affected worker turnout, caused damage to the crop and affected completion of field programmes for 2008.

The Corporation continued to face the challenge of losses of skills and experience due to migration.

The low production coupled with steep increases in the prices of materials and services impacted heavily on the financial results and the corporation experienced an after tax loss of $4.1 billion (after tax profit of $630M in 2007).

In spite of these considerable challenges, the Corporation met its export market obligations and the construction of the new Skeldon factory was completed. The Corporation at the year end entered the testing phase of the factory.

Having taken account of the high frequency of unsettled weather, GuySuCo is developing strategies to cope effectively with the potentially negative impacts of climate change.

Agriculture Operations and Research

2008 was a very wet year with precipitation exceeding that of 2007, which was also very wet. The mean annual rainfall of 2988 mm was the highest in the last 53 years and 50% above the historical mean of 1998 mm.

All estates experienced much wetter than normal weather. The most significant rainfall events occurred in February 2008 when the mean precipitation (402 mm) was more than four times the historical mean and December 2008 (787 mm) when more than three times the historical mean (215mm) precipitation for the month was recorded.

Individual Estate Annual Rainfall - 2008

Estate	Annual Rainfall 2008	Annual Rainfall 2007	50+ year Annual Rainfall
Skeldon	2383.8	2061.1	1618.9
Albion	2752.4	2479.6	1712.6
Rose Hall	2641.3	2478.7	1918.9
Blairmont	2703.2	2242.3	1801.4
Enmore	3453.6	2424.1	1909.7
LBI	2972.1	2776.1	1971.7
Wales	3455.9	2747.7	2224.5
Uitvlugt	3541.2	3222.3	2662.3
Industry	2987.9	2554.1	1997.5

There were periods of extensive flooding across coastal Guyana in February and more particularly in December. The sugar estates that are required to drain much of the surrounding communities were also significantly affected. Enmore experienced some of the most intense rainfall in December along with Albion and Skeldon. Above normal precipitation prevailed across the Industry for the first eight months of the year. This was associated with wet subsoil and near saturated conditions for extended periods over much of the estates' cultivation. Drier weather commenced in September and lasted until November 2008. These conditions permitted some relief of waterlogged conditions and facilitated tillage and crop maintenance but the intense rainfall of December 2008, brought an abrupt end to these favourable conditions.

Field Performance

A total of 7,016 hectares were replanted. Unavailability of prepared lands because of adverse climatic conditions contributed to a 63% achievement against budgeted targets.

The land preparation achievement was 7,173 hectares. The majority of this work was done in the period September to November 2008. This was a 63% achievement against budget due to the loss of opportunity days from the heavy rains

The industry average cane yield for 2008 was 57.71 tonnes. This low performance is a cause for serious concern and a signal that major rehabilitation work will have to be done in 2009.

A programme of broad bed conversion to machine friendly lay outs is progressing steadily. East Demerara Estate has completed 2,200 hectares to-date. This programme is to be extended to other estates in the coming years. The land development at Skeldon for both private cane farmers and new estate lands will be mechanically harvested. The project has been beset by poor weather for two successive years. However 2,276 hectares of new land have been developed in either ridge and furrow or broad cambered bed configuration in the estate. Cane farmers have developed 604 hectares, most of which are in broad cambered bed layouts.

Multitask Implement

Research Highlights

Variety Development: 426 crosses were achieved in the Demerara Crossing programme. Seed material for 350 DB families will also be supplied by the West

Indies Central Sugar Cane Breeding Station (WICSCBS); these include 120 identified as superior from the Agriculture Research Centre (ARC) family selection trials. 33 Multipurpose and 23 High Quality WI varieties were imported from the WICSCBS earlier in the year.

The production results from the recent commercial releases DB 9633 and DB 9314 continued to be generally promising, notwithstanding the very stressed growth environment that prevailed for the greater part of 2008.

A 5 ha germplasm project was established in the Ebini savannahs of the Berbice River in July 2007. The plots, including a nutrient uptake evaluation were unfortunately burnt in a bush fire in April 2008, when the canes were 9 months old. Brix measurements taken before the fire, suggested that natural ripening was better in this environment than on the coast. Foliar analyses have indicated that minor nutrient may be required. The ratoon regrowth of this project has been very good. In November 2008, the project was expanded to include the assessment of this site for crossing.

Germplasm Project, Ebini Savannahs

Eight promising Stage IV varieties were identified for release to estates for evaluation in Stage V. The distinguishing properties of these canes were consistent above average cane yield and sugar content. These are DB 99269, DB99590, DB 9925, DB 9984, DB 9855, DB 99126, DB 9969 and D 99460.

All estates have recommenced the discipline of establishing Stage V trials, and have recognised the importance of well conducted trials to the identification and subsequent management of commercial varieties. There was a setback in nursery programmes, arising in part from the poor weather that restricted tillage and planting. Many estates made the error of taking nursery fields to harvest at maturity without paying attention to sequential harvesting that would ensure that the fields would be seed for subsequent seasons. This is an area in which further awareness and training is required.

DB 9855 Variety

Pests & Diseases: Infield parasitism of *Diatrea sp* by *Cotesia flavipes* was close to 30% throughout the year. The establishment and high activity of insectaries in the Demerara estates has been a positive feature of the past two years. The introduction of infield cocoon release stations has had a positive impact on infield parasitism and control of *Diatraea sp*. There was a general increase in *Castniomera sp* activity on all estates. East Demerara was worst affected. The high point of the infestation in East Demerara was found in the second crop of 2007 and continued into the first crop of 2008. The presence of the pest was reduced to manageable proportions by the second half of 2008. However, economic damage continued to be reported from LBI. Fortunately there was evidence that the activity of this pest had reduced by the end of the year. A fungus with morphological similarities to *Beauveria sp* found growing in *Castniomera* larvae is being investigated as a possible biocontrol agent for the pest. Rodent activity was under control on most estates for most of the year. Uitvlugt maintained a high state of alertness for rodents as there has been constant migration of rats into the cultivated areas from abandoned fields throughout the year. Towards the latter part of the year Wales had to deal with increased rodent activity from migration after lands adjacent were cleared for a new large scale agriculture venture. A rodent management manual was completed and published by the ARC for dissemination to estate staff.

Weeds: Flouroxypyr was re-introduced for control of vines after extensive trials in the Berbice estates. Uitvlugt/ Leonora has made significant inroads into the control of tanner with the use of a combination of glyphosate and imazapyr as a pre tillage treatment. The ARC is unfortunately without the services of a Weeds Agronomist due to migration in 2008.

Chemistry: The 2007 Report from the International Plant Analytical Exchange was generally favourable to the Central Laboratory. The lab's repeatability and accuracy on 10 elements placed it well within the group of better performing participating laboratories, although the performance had declined from that of the previous year.

The Central Laboratory has made progress with the development of its quality manual as part of its quality management system, in conformity with the ISO 17025 standard and is preparing for a preliminary audit some time during 2009

Environment: The Corporation played the lead role in a Vulnerability to Climatic Change Assessment Study for Agriculture in coastal Guyana. This study was conducted with funding from the World Bank through the Regional Mainstreaming for Adaptation to Climate Change project, based in Belize. The evidence for extreme weather and possible impacts on rice, sugar and livestock on different sectors of the coast were included. A DSSAT agro-climatic model for sugarcane was tested and shown to be promising for future development.

Plant growth regulators: The properties of Ethephon as a potential flowering inhibitor was evaluated in commercial and small scale field trials. Results have indicated that the chemical delayed but did not prevent the onset of flowering. Further work is in progress to define the actual onset of flowering and whether the stimulus can be precisely predicted.

Land and soil management: Repeated trials in Soil Management Blocks across the Industries have indicated that the rates of amendment of potash to all cycles could be reduced. Reduced tillage evaluations at Le Resouvenir (LR) and La Bonne Intention (LBI) were harvested as plant canes. This trial went through very harsh growing condition the plant cycle having been planted late and subjected to flooding and inadequate husbandry inputs in its early growth. Yields of the reduced tillage treatments were comparable to the full width tillage treatments. Soil physical parameters were also acceptable. Ratoon development has been superior to the plant cycle. Legume seed of the local strain of cowpea (Minica 4) and jack beans (*Canavalia sp*) are being multiplied for seed within the ARC and the Ebini Germplasm Project. The estates Uitvlugt, Wales and Skeldon have developed seed multiplication plots with this material. Ten lines of soybean were acquired from Embrapa – Roraima State Brazil. These are being multiplied for seed. At least four of these would appear to have good potential as a commercial rotation crop by plant height, cover and pod population and size.

Engineering: The principle of a powered axle trailer was tested under load using a friction drive from the tractor rear wheel. This unit was able to traverse wet soil with less slip than the equivalent conventional trailer. A prime mover with a ground driven PTO would be appropriate for this system. A whole- stalk mechanical planter was successfully modified for dual row planting and a prototype multifunction tillage implement was designed and fabricated. Field evaluation of this implement in strip tillage has commenced at Enmore estate. The Manager, Agriculture Engineering Research, Mr. Norman Friday passed away prematurely on Monday August 25th 2008. Mr Friday had a distinguished career within the sugar industry and has made several lasting contributions to the efficient use of machinery, design of appropriate implements and the progress of mechanisation.

Factory

Factory Operations

As a consequence of poor cane supply, the factories were under-utilized during the year. Poor cane supply was due to poor cane yields, labour shortages, strikes and weather conditions. The average weekly grinding hours for all factories was 97 hours against a budget of 130 hours. Blairmont's weekly operating hours for the second crop was the best of all the estates.

Notwithstanding the intermittent grinding pattern, several factories' efficiency parameters were surpassed. However, final molasses purity continued to be above desired levels.

Sugar boiling, crystallisers and some process equipment are areas targeted for improvement in the next campaign particularly with the increasing volumes of machine loaded cane that are delivered to the factories. These canes inevitably have higher mud and extraneous matter contents than hand loaded canes.

Mills Replacement

The mill roller replacement programme was achieved as budgeted for the year. This resulted in improved mill recoveries and lower bagasse moisture. The Enmore factory installed locally fabricated Donnelly Chute on No. 3 mills. This has resulted in increased mill extraction.

Steam Generation

Installation of new Air Heaters at Rose Hall, Blairmont and La Bonne Intention, also the retubing of old units at Rose Hall and Albion helped to improve steam generation with an almost 10% improvement in boiler efficiency. This coupled with Feed Water Controls are all measures put in place to improve operation with Bell Loader canes.

A greater volume of bagasse resulted from the above mentioned installation and led to a reduction of wood and diesel usage during the operating periods of these factories. However, cane shortages and intermittent grinding negated some of these gains and diesel engines were operated more extensively than they should.

Instrumentation

Water management controls were installed and commissioned at the Rose Hall, Wales and Uitvlugt boilers. This contributed to improved boiler efficiency and operation.

Scales continue to be monitored closely. Frequent checks for accuracy were made at DST and Rose Hall. Intermittent failures on all inline scales were reported and corrective action taken.

Training

Two Factory Managers attended the Process Development Course at the Nicolas State University in Florida and were successful.

Training in Laboratory practices and sugar declaration were done centrally for all Production Managers and Head Lab Technicians.

Others

Movement of inventory among estates was very much supported by all Managers. This has helped in accelerating maintenance activity and reduces inventory cost.

Staff shortages and lack of adequate engineering skills continue to affect operation. The Management Trainee programme has assisted in filling of some vacancies. However, factories need to retain experienced personnel if performance is to improve in the short term.

The Central Workshop continues to give excellent support to fabrication and welding jobs for all estates. This has helped to reduced maintenance period as jobs are done during the grinding operation. Also some fabrication was done at a much reduced cost compared to other Workshops.

Skeldon Sugar Modernisation Project

Agriculture

Rainfall played a significant role in the manner in which Agriculture Operations progressed during 2008. The first half of the year was very wet with resulting average monthly rainfall being significantly above the long term mean. Consequently the progress of agriculture development was negatively affected and resulted in limited gains. However, apart from December, rainfall in the second half of the year was comparable with the Long Term mean. Work progressed at a satisfactory pace during this period that resulted in the major portion of the annual achievement.

Bush Clearing and Excavation continued in Blocks 3 and 10+. Block 3A was handed over during the year, taking the total lands developed to 2079 hectares or 44.4 % of the Estate's expansion programme. The balance of 2606 hectares faced varying degrees of completion difficulties and resulted in the termination of contracts for the Bush Clearing and Excavation in Blocks 4A and 4B. Limited works were done in the conservancies as a result of high water levels.

Infrastructure development made reasonable progress in 2008. Apart from not completing the deck of one High Bridge all structures (six high bridges, one flat bridge and one aqueduct) in the contract for Manarabisi and Building Dam were completed. The Building Dam revetment is expected to be completed early in 2009. Road construction progressed slowly with 2.5 KM completed in the second half of the year.

Procurement of goods (machinery and equipment) progressed well during the year. Final delivery was made of cane punts, cane harvesters and other harvesting equipment which concluded the acquisition of all machinery programmed for purchase under the project.

Factory

The final stages of construction were completed during the first quarter of 2008 and by May the factory was ready to undertake the preliminary stages of testing.

With much of the construction work completed the Contractor's site labour force commenced demobilisation and many of the workers returned to China for a well deserved rest after a long period on site.

Skeldon factory

The steam and power plant were first commissioned with small batches of cane to test the front end equipment. These early first crop tests were inconclusive and the full tests started in August at the start of the second crop.

During the first half of the year there were discussions with the Contractor on key contractual issues which resulted in a Memorandum of Understanding regarding Mandatory Spares, Time for Completion and other current matters. The revised Time for Completion allowed the Contractor to undertake the first full Tests on Completion during August at the start of the second crop.

From August to December there were two prolonged sequences of trial operation which comprised the contractual Tests on Completion. Neither of these was deemed successful although much progress was made and the plant was brought to a condition whereby success should be achieved at the next Tests. Many of the technical and operational issues encountered during the Tests were typical for the start up of a new factory. None were major or insurmountable. The second Tests were concluded in December to allow the Contractor to undertake remedial works in advance of the first crop 2009.

Concurrent with the main factory contract, an offshore supply contract for cane receiving equipment and local works contracts for factory amenity buildings, internal roads and a water borehole were in progress. Unfortunately, the borehole contract had to be abandoned due to the unsuitability of geological formations encountered during deep drilling.

GuySuCo continued to sell electrical energy to Guyana Power and Light Inc. (GPL) which included up to 8 MW of power generated from bagasse during the testing periods. An Operations and Maintenance advisory services contract with Wartsila is in place to ensure safe and efficient operation of the diesel plant and this will reduce in scope as the Guysuco operators gain experience. GPL has committed to provide the essential 69 kV link from Skeldon to the Village 53 sub-station and has commenced the design and procurement works for this project.

TA Set and Boiler, Skeldon Factory

The Skeldon project was registered under the Kyoto Protocol Clean Development Mechanism to sell Certified Emission Reductions (CERs) and a sales agreement was made with the World Bank. These CERs will be issued when the factory moves to regular generation and export of energy from bagasse.

Finance

A very challenging year for Finance in the Corporation. The lowest recorded production for a number of years weighed heavily on the corporation's finances and a deficit cash position resulted at the end of the year.

In addition to the low production, the prices of some of the corporation's key inputs such as fuel, fertilizer and freight costs to Europe for sugar saw steep increases because of global price rises. This also contributed to the cash deficit at the end of the year.

Despite the cashflow difficulties experienced, contribution from operating cash to the Skeldon Sugar Modernization Project amounted to \$839M, and \$1,761M was expended on routine capital programs.

Working capital of \$2,257M was obtained from ING bank of the United Kingdom who continued to reflect its confidence in the Corporation by funding a portion of the working capital requirements. This is the fourth year that ING has provided short term financing for the Corporation. A consortium of local financial institutions contributed another \$3,200M in working capital which was used to fund the end of year deficit. The ING financing was repaid as agreed by the 31st December.

Fine tuning of the in-house weekly payroll software enabled consolidation to be achieved in the staffing levels on the estates. Where the same tasks were being performed both manually and electronically, performance of the tasks by electronic means was allowed to prevail and surplus personnel were deployed elsewhere if required.

The volatility and upward movement experienced in input prices made for a challenging year in the procurement department where staff were hard pressed to make decisions on the timing of purchases. Concerted efforts were made to ensure that before purchases were made, exhaustive checks were carried out to check that spares were not already in inventory in another location in the organization. The result of this was an increased amount of inter-estate transfer of materials and a decline in the inventory value.

Marketing & Trade

European Union

Sugar Protocol and the Complementary Quantity: A fifteen month period commencing July 1, 2008 and ending September 30, 2009 will account for the final era of the Sugar Protocol (SP), an agreement that commenced and was signed in 1975 in Georgetown, Guyana between the African Caribbean and Pacific (ACP) sugar producing states and the European Community affording duty free entry into Europe. Trade in sugar from October 1, 2009 will be governed by the Economic Partnership Agreement (EPA), which will transpose the benefits of the SP, namely access, price and unlimited duration, into duty free quota free (DFQF) access consistent with the Reform of the Sugar Regime and the management of imports for the period 2006-2015.

In 2008, the Corporation made its best endeavours to supply optimal volumes of Sugar Protocol into Europe ahead of September 30, 2008, taking into account the second price cut, from €496 to €448 per tonne becoming effective October 1, 2008.

By June 30, 2008, GuySuCo had fully delivered its 2007/2008 SP quota of 179,000 tonnes and with the extension of three months for the delivery of shortfalls and the Complementary Quantity, the intention was to supply the volumes of these quotas from the second crop production for arrival in Europe by September 30, 2008. Late crop start up due to inclement weather and industrial action caused a shortfall of 25,000 tonnes in timely shipping. The quotas have, however, not been lost and will be delivered in the remaining period of the Sugar Protocol.

Guyana, Belize and Jamaica benefited from the exclusivity of shortfalls of the SP quotas of Caricom (Trinidad and Tobago and Barbados) amounting to 52,913.60 tonnes white sugar equivalent (wse) in a 40:30:30 ratio split which provided additional 21,165 tonnes to Guyana.

In addition the final CQ allocation to Guyana for 2007/2008 was 31,770 tonnes wse.

A total of 186,302 tonnes was shipped to the EU this year, comprising 152,229 tonnes SP, 33,420 tonnes CQ and 653 tonnes Direct Consumption sugars.

Long Term Agreement with Tate and Lyle: After a year and a half of negotiations with five prospective buyers for bulk sugar into Europe, the Corporation made the decision to continue its relationship with Tate and Lyle for the 2008-2015 period. The period extends to the end of the New Sugar Regime. A minimum quantity of 185,000 tonnes per year has been agreed and new terms and conditions consistent with a partnership agreement rather than the standard buyer/seller agreement of the past have been negotiated.

United States

US Quota: A total of just 188 tonnes was shipped against our 2007/2008 US quota in 2008, which comprised only packaged and bagged sugar.

Production decline caused the Corporation to make a decision in March 2008 against delivering to the US and the USDA was accordingly advised. Guyana will not be penalized in any way for the delivery shortfall and a quota of 12,636 tonnes was announced for Guyana in September for the 2008/2009 quota year.

Direct Consumption Sugars

50 kg Bagged Sugar: The supply of sugar to Caricom was drastically reduced from 31,160 tonnes in 2007 to 14,421 tonnes in 2008.

In assessing our commitment to the EU, the Corporation was left with no other option but to reduce sales to Caricom and during the year waivers of the CET were granted to St. Lucia, Suriname, Antigua, Barbados, Jamaica and Grenada for the importation of sugar. Member States were advised in a timely manner allowing for smooth transitions.

By year end, given the production revision, a decision was taken to cease sales of bagged sugar to most of the remaining Caricom countries in 2009. In addition to the countries listed above, Trinidad and Tobago, St. Vincent and Dominica would therefore import from extra-regional sources in 2009. We shall maintain supplies in St. Kitts and Nevis in 2009 as market is relatively small (under 200 tonnes) and we shall resume sales to Antigua for the same reason.

In November 2008, the Council of Trade and Economic Development (COTED) of Caricom was advised of Guyana's inability to supply sugar to Caricom in 2009. Member States expressed their willingness to resume purchasing as soon as GuySuCo was in a position to supply.

Packaged Sugars: Sales of packaged Demerara Gold, Demerara Brown and bagged Demerara Gold increased from 6,083 tonnes in 2007 to 7,044 tonnes in 2008, all production being sold. The effort to grow the Caricom market was successful with increased sales to this market of 39%.

Customer satisfaction level with our packaged sugars is very high and the demand far exceeds the supply. The Enmore Packaging Plant is eagerly awaited to increase the volumes of value added sugars.

Comparative Sales by Market - 2006, 2007 and 2008

	2008	2007	2006
	Tonnes)	(Tonnes)	(Tonnes)
Production	226,267	266,482	259,491
Export Sales			
EU Protocol	152,229	153,389	173,554
CQ	33,420	43,700	0
SPS			6,885
US - bulk	0	12,500	22,400
US - bagged	89		
US - packaged	99		
Caricom and Regional (bagged)	14,421	31,160	32,022
Caricom Packaged	4,126	2,979	1,954
Bagged Demerara Gold (EU, Australia, New Zealand)	946	2,070	1,778
Total Export	**205,330**	**245,798**	**238,593**
Local Bagged	21,560	22,446	22,545
Local Packaged	1,785	1,034	972
Total Local Sales	**23,345**	**23,480**	**23,517**
Total Sales	**228,675**	**269,278**	**262,210**

Improving Quality Control Standards

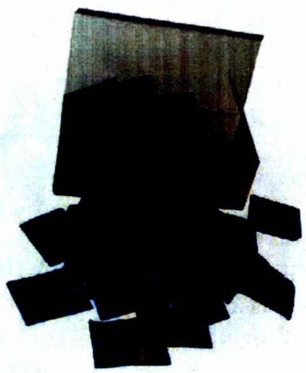
A series of activities were held this year in an effort to continue to upgrade our customer services and to promote our direct consumption sugars to extra-regional markets.

We have also commenced direct discussions with Tate and Lyle for the marketing of direct consumption sugar in Europe. In acknowledging that customers are not only seeking quality foods but are demanding ethical foods produced under environmentally friendly conditions, quality, social and environmental audits were undertaken. The effort will continue in 2009 aimed at ensuring that our products will meet interested food safety quality standards.

ISO Certification: The Marketing Department was audited in October 2008 by SGS as part of GuySuCo's recertification audit for the Blairmont Sugar Factory under ISO 9000:2001. We are pleased to once again meet requirements of the Quality Management System pertaining to customer satisfaction. As per previous certification and assessment audits, no Observations or Non-Conformances were recorded for the Department.

Brand Protection - Demerara Sugar

The Corporation sustained and advanced its efforts in trade mark and brand protection for its retail sugars as well as moved closer to having the name Demerara protected internationally. Thus far, we have registered or are awaiting final registration of our trade marks in the main Caribbean territories, the US and the EU. Further, we have ensured that Demerara Sugar was entered for protection under Geographical Indicators in the Economic Partnership Agreement between the EU and Cariforum.



Human Resources

Personnel

During the year, the results of the HAY Job Evaluation were implemented for senior management jobs. There was a marked increased in the number of STEPS members who opted for Early Retirement benefit as a consequence of having to migrate.

The Corporation collaborated with NIS to implement electronic transfer of employees' contributions to eliminate the growing problems of incorrect recording of contributions in NIS records.

Estates' Champion Workers for 2007 proceeded to Essequibo Lake Mainstay Resort in January for their holiday tour.

Training

The Training Unit balances training delivery with department needs, industry priorities and individual's responsiveness through the comprehensive collection of data from all estates. This collection of information is undertaken as part of the development of the Training Plan, which provides the framework through which the unit consults on staff development issues and the information is evaluated and analyzed to inform the training priorities and strategies for the industry.

The Unit was able to assist in the development of managerial and supervisory competencies for both senior and selected junior staff. The Unit was able to achieve only 68% of its projected training. However, the Unit also executed a number of initially unscheduled training programmes during the year, which is equivalent to 15% of the planned courses.

Nine Cadets returned to the organization 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. This brings the overall total of Cadets to twenty seven.

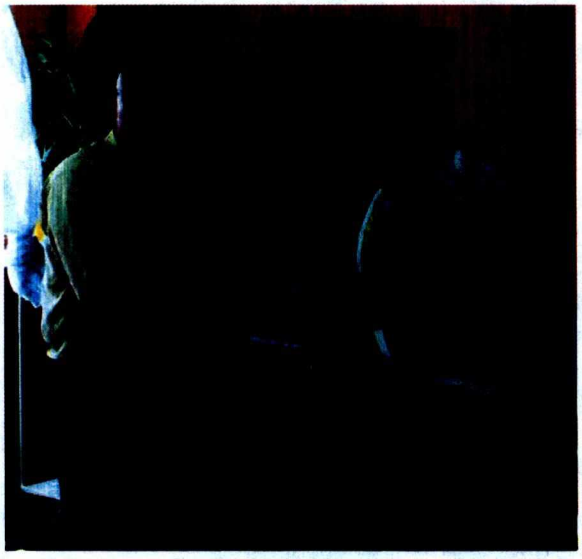
Four staff members benefited from overseas training in the USA and the Caribbean.

A total of 44 students from educational institutions in Guyana participated in work study on various estates and head office. CXC bursaries valued at $2,759,970 dollars were paid to the qualified children of employees. 3 students attending sixth form secondary schools were granted financial assistance for the two-year 'A' level programme.

The Unit was able to complete the training of management trainees of the 2nd cohort and had most of them placed in positions prior their substantive appointments. A 4th cohort of 24 joined the programme in October 2008. Members of the 3rd cohort completed their formal class room training in agriculture and factory and were assigned to estates for in plant activities. The Management

Trainee Programme comprised 36 persons.

A total of 33 apprentices graduated from Guysuco Training Centre, Port Mourant (GTC/PM) in instrument repair mechanic (4), electrician (9), fitting and machining (15), auto electrician (3) and agriculture mechanic (2); and newly admitted apprentices were 59.



Production incentives

A total of 58 days tax free pay were awarded as Weekly Production Incentive, comprising 30 and 28 days for the 1st and 2nd crop respectively.

In addition, an average Annual Production Incentive of 8.79 days' pay was awarded i.e. 8 days' pay to all qualified employees, while the GAWU and NAACIE categories will also each receive 0.79 day's pay per employee to assist the Unions with educational programmes.

Wages and Salaries

An increase of 6% was awarded for the year 2008 by the Dr Gobind Arbitration Tribunal, after the Corporation and the GAWU failed to reach an agreement at the level of conciliation. NAACIE has agreed to accept a 6% increase pending the outcome of the Job Evaluation Exercise.

Information Systems

The outputs of the projects and initiatives started in 2007 under the Information Systems Strategy 2006-2010 began to materialise in 2008. Despite the multifaceted challenges experienced, the foundation is now laid for GuySuCo to employ information technology to better manage its operation and support its strategic plans.

Computerisation of business processes advanced with the implementation of three new modules from the Oracle E-Business Suite. Two of the added modules allow for management, tracking and reporting of transactions relating to the produce of Guysuco (starting with sugar) at each factory. This includes production quantity, types of sugar, internal movement of those products, sales of the products, invoicing, revenue recognition and collection, and automated accounting for same in the general ledger. Both of these modules were set up and tested in 2008 with the intention of commencing usage of them from first crop 2009.

The third module setup is a basic Human Resource Management System that will cover many aspects of our employee life cycle, ranging from recruitment to separation. This will aid tremendously with issues such as Human Resource policy consolidation and enforcement, records keeping, and the efficiency of Human Resources' processes.

Necessary changes and other forms of improvements to the previously existing modules were also completed in the 2008. One of the key improvements is the addition of more granular information in our inventory system pertaining to the usage of materials. Details of the usage of key commodities, including fuel, chemicals and fertiliser will now be tracked with this improvement. The guiding principles for all changes are improvements in: efficiency, accountability and records keeping.

Intensified user training, and follow-up sessions complemented the technical changes and additions. These were aimed generally at improving operations and planning. Specific attention was given to factory and agriculture staff for two reasons mainly:

1. to encourage usage of available systems for faster and easier access to information relevant to their operations,
2. to introduce such systems as a precursor to future systems for agriculture and factory so as to develop the level of facility with computers they would need to derive benefits from the planned systems.

Development of one such system, a consolidated Agriculture Management System, commenced in 2008. This system, when completed, will replace the numerous disparate systems currently employed for agriculture data management. The system is being developed in-house in a modular manner over two years. The first usable module is planned for implementation in the second quarter of 2009.

The well established computerised weekly payroll system was also enhanced resulting in a reduction of the number of persons required for payroll preparation.

The technology infrastructure of Guysuco also benefited from major upgrades in 2008 to improve it to the level necessary to support the growing use of information technology in the corporation. As planned, consolidation of IT system unto a central, more powerful server commenced. This server offers much more built-in redundancies (hence less downtime due to hardware failure), the ability to increase its capacity as needed, and improved administration.

Parts of the telecommunication network were also among the upgraded infrastructure completed in 2008. These improvements together with the centralised server facilitated the introduction of "Thin Client" computing (this is a form of computing in which end-users workstation have limited resources and depend on a central server). The transition to the technology supporting the thin clients is expected to increase the useful live of computers from its current level of 3.5 years on average to around 6 years. It also aids in management of computers and accounting for staff usage of computers (i.e. what staff are using the computers to do).

The department's internal operations underwent significant transformation aimed at improving the quality of service offered to Guysuco, particularly improved system availability. Among the major areas targeted were:

- Preparation and testing of detailed disaster recovery procedures; the department is now confident of its ability to recover any service provided by ISD with minimal data loss and service interruption.

- Introduction of a "Change Management" procedure; this encourages and reinforces proper planning, testing and communication of intended changes to systems thereby reducing the risk of unplanned service disruptions and system errors.

Occupational Health and Safety

Workplace accidents are the most visible manifestation of the hazards of work and it is most gratifying to report that at the end of the 2008 fiscal year, injury and positive Occupational Health and Safety (OHS). Performance statistics demonstrated improvements across most indicators. The Lost Time Accidents per 100,000 worked man-hours (LTAs/100 km-hrs) came was 4.87. This performance figure was the best recorded since 1994, whilst the average time spent off the job as a result of Lost Time Accident (LT/LTA) was 15 or 11 % better than in the previous year. The year will also be remembered for the regrettable fatalities at Uitvlugt and Albion.

There were 7,331 illness cases reported across the Industry, down from 7,943 an improvement of 7.7 %. The number of Man Days Lost due to illness reduced by 4.6 % to 82,669 from 86,695 in 2007. As in previous years, a substantial amount of the sick days were issued by Private Medical Practitioners, just about 65 %, Albion and Skeldon were the most affected estates. The most frequent complaints were hypertension and influenza.

Despite the "no show" of employees at the clinics, the overall medical surveillance activities achieved 65% compliance. In terms of attendance at the various clinics, the results were biennial - 87%, followed by bi-annual 82% and annual with 55%.

GuySuCo has seen a measurable increase in the number of vehicle accidents and costs resulting from the damages, following a relatively good year in 2007. Vehicle damages increased by 54% to 54 and the cost to G$6.7 million or a 110 % rise. There was one road fatality at Albion.

During the reporting period, the OHS Team contributed to the various training courses which were held for the various groups covering such topics as Accident Investigation, Safe Working Practices, Induction for New Staff, GuySuCo's Safety Policy, Duties of Workers and Employer, Hazard Identification and sessions in tool box talk. All together a total of 3,444 employees attended the sessions; the attendance was down slightly from the previous year.

There were 292 Health and Safety committees meetings convened compared to 294 in 2007. The contributions varied from 60 at Albion to 12 at Albion. There was one meeting of the Central Health & Safety Committee.

The various Fire Units responded to over 35 calls for service from both internal and external parties in 2008, a reduction of 10 % from the previous year. There were 3 responses on the estates compared to 10 in 2007, whilst calls from outside parties increased from 29 to 33. The most serious of these were fires in Berbice that caused destruction of dwelling houses.

There were three staff changes in the Occupational Health and Safety Unit, all were at the estate level.

HIV/AIDS

GuySuCo has benefited from Guyana HIV & AIDS Prevention & Control Project/Health Sector Development Unit (HSDU) through the provision of technical and financial assistance over the past seven months to support prevention, training and capacity building, outreach programmes, and care and counselling. G$25 million were disbursed at the end of project.

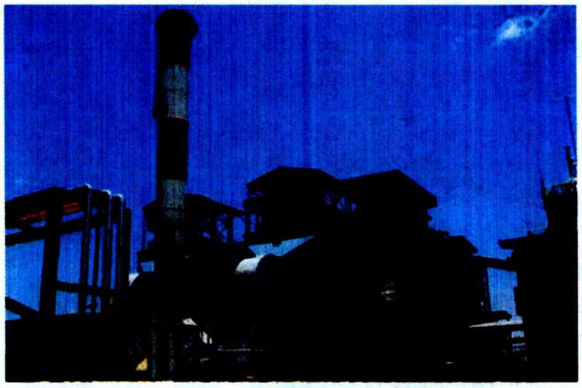
Between October 20 and December 1, a total of 993 HIV tests were carried out at Skeldon, Blairmont, LBI, Head Office (Ogle), Wales and Uitvlugt. This surpassed the 450 projected. However, the major group - Field Employees, represents only a small percentage of those tested; an area to be addressed in future exercises. The voluntary counselling and testing exercises were done in collaboration with ILO, NAPS, Youth Challenge and HSDU.

This Corporation will soon launch an Alcohol Workplace Programme with the primary objective to reduce alcohol abuse and promote responsible drinking habits among employees. So far questionnaires to determine alcohol consumption were completed by approximately 5% of the employees, whilst various awareness activities are to follow in the new year.

Achievement Award

In 2007, the OHS Unit introduced the Outstanding Individual Achievement Award to recognise significant contribution to OHS. The award was peer-nominated from amongst the estates and Head Office. The inaugural winner in 2008 was Raymond Haniff, EHSO of Albion. Raymond's contributions to OHS included seeing his estate retain the best LTA/100 km hrs spot for the third year and organising and running a number of OHS training program.

Our Commitment to the Environment



The GuySuCo Environmental Policy
To implement an Environmental Management System for the cultivation of sugar-cane and the manufacture of sugar and its by-products for the prevention of pollution, both within the Corporation's boundaries and in proximal communities. The system will involve all employees. It will be compliant with national legislation and defined internationally acceptable standards, and will be subject to continual review and improvement by management to ensure that environmental goals are achieved. The system will be developed in conformity with ISO 14001.

GuySuCo recognises that the preservation of the environment is essential for the long term sustenance of our business. Environmentally friendly practices are adopted in our daily operations. These include:

- 100% utilisation of bagasse (the fibre remaining after the cane juice has been extracted) for power generation for use in the factories.
- Installation of two ash bins at the new Skeldon factory to reduce pollution by preventing displacement of ash into the air
- 100% utilisation of Filter Press mud (the sediment remaining after the cane juice has been clarified) as a soil conditioner or ameliorant. The mud has high contents of nutrients (especially phosphate, essential for rapid germination of cane) and organic matter.
- The use of Flood Fallowing on most of the clay soils of the sugar industry. This is the practice of submerging the land under fresh water for between 6 and 12 months after tillage but before planting. This is a unique practice only made possible by the very flat topography, very heavy clay soils and abundant fresh water. The main effects of Flood Fallowing are to:
    - kill all weeds and weed seeds so that when the land is drained the weed pressure is very low, thus reducing subsequent weed control operations including the use of herbicides;
    - regenerate the soil structure by the reduction and subsequent oxidation of iron within the soil. The oxidised iron coating on the soil particles prevents the particles from running together and gives a long lasting soil structure;
    - improve the fertility of the soil thus reducing subsequent fertiliser requirements;
    - leach out salts from some soils. The build-up of salts in can be a problem in some areas especially in dry years or when

there has been seawater flooding.

- Legumes are being introduced into fallow management of sugarcane fields. These crops will add significant quantities of the important nutrient Nitrogen to the soil that become plant available during the duration of the crop. Organic matter is also available from the legume crop residues.

- The use of Vetiver grass to help prevent soil erosion by stabilising soil and absorbing and preventing the movement of contaminants (e.g. close to land-fill sites and waste disposal ponds).

- There is a strict policy of non use of herbicides and agro-chemicals in water ways. We maintain the highest standards in application of all agro chemicals.

- When herbicides are used, the Corporation stresses low dose targets and specific and readily degradable herbicides

- The phasing out of all sprayed pesticides on the estates. All insect pest control is by natural predation and parasitism (aided by releases of bio-control agents reared in estate insectaries) and cultural methods (e.g. flooding fields to control the Castnia borer).

- GuySuCo equips all persons using agro chemicals with protective clothing and equipment and these persons are regularly screened.

- The Skeldon project was registered under the Kyoto Protocol Clean Development Mechanism to sell Certified Emission Reductions (CERs) and a sales agreement was made with the World Bank. These CERs will be issued when the factory starts to regular generation and export of energy from bagasse.

- Close cooperation with the Environmental Protection Agency (EPA) to ensure that GuySuCo's environmental controls and mitigation measures keep pace with the introduction of new regulations for the control of emissions from its factories.

REPORT OF THE DIRECTORS

For the year ended 31st December, 2008

The Directors of the Guyana Sugar Corporation Inc. present their report together with the audited financial statements for the year ended 31st December, 2008.

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 2-37.

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

There were no material events that were material to the financial affairs of the Corporation or the group, which 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 2008 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: 52/2009 12 June 2009

REPORT OF THE AUDITOR GENERAL TO THE MEMBERS OF GUYANA SUGAR CORPORATION INC. ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

I have audited the accompanying financial statements of Guyana Sugar Corporation Inc. which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 2 to 37. The audit was conducted in accordance with the Audit Act of 2004.

Management's responsibility for the financial statements

The Directors/Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing 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. I conducted my audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC), and those of the International Organization of Supreme Audit Institutions (INTOSAI). 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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amount 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 controls 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 appropriateness of accounting policies used and the reasonableness made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements give a true and fair view, in all material respects of the financial position of the Guyana Sugar Corporation Inc. as at 31 December 2008 and of its financial performance and its cash flows for the year then ended in conformity with International Financial Reporting Standards and the Companies Act 1991.

AUDIT OFFICE ★ OF GUYANA

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 DECEMBER 31 2008

Report on the Financial Statements

We have audited the accompanying financial statements of Guyana Sugar Corporation Inc., which comprise the balance sheet as at December 31 2008 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 37

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 December 31 2008 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

May 7, 2009

77 Brickdam,
Stabroek, Georgetown,
Guyana

GUYANA SUGAR CORPORATION INC.
CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2008

	NOTES	COMPANY 2008 $M	COMPANY 2007 $M	GROUP 2008 $M	GROUP 2007 $M
ASSETS					
Non current assets					
Property, plant and equipment	5	97,761	94,044	97,761	94,044
Deferred tax asset	6	8,756	7,072	8,758	7,074
Investments	7.1	137	132	137	132
Investment in subsidiary	7.2	22	43	-	-
Total non current assets		106,676	101,291	106,656	101,250
Current assets					
Inventories	8.1	4,156	4,309	4,156	4,309
Standing cane	8.2	6,397	7,452	6,462	7,500
Product stock	8.3	892	1,454	892	1,454
Trade receivables		572	1,029	572	1,048
Other receivables		627	261	627	246
Prepayments		1,591	501	1,591	501
Taxes recoverable		-		27	27
Cash and cash equivalents	9	960	4,484	994	4,517
Total current assets		15,195	19,490	15,321	19,602
TOTAL ASSETS		121,871	120,781	121,977	120,852
EQUITY AND LIABILITIES					
Shareholder's equity					
Stated capital	10	10,800	10,800	10,800	10,800
Revaluation reserve	11.1	51,035	51,035	51,035	51,035
Other reserves	11.2	156	172	176	172
Accumulated deficit		(5,301)	(1,212)	(5,318)	(1,213)
		56,690	60,795	56,693	60,794
Minority interest	7.3	-	-	38	68
Total equity		56,690	60,795	56,731	60,862
Non current liabilities					
Deferred tax liability	6	11,063	11,558	11,086	11,575
Borrowings	12.2	22,162	19,936	22,162	19,936
Employees retirement benefits	14	21,672	20,202	21,672	20,202
Total non-current liabilities		54,897	51,696	54,920	51,713
Current liabilities					
Trade payables		2,548	3,522	2,548	3,505
Other payables		2,583	720	2,583	720
Related parties	13.1	1,232	1,260	1,271	1,249
Taxes payable		2,452	2,594	2,455	2,610
Borrowings	12.1	1,469	194	1,469	194
Total current liabilities		10,284	8,290	10,326	8,278
TOTAL EQUITY AND LIABILITIES		121,871	120,781	121,977	120,852

The Board of Directors approved these financial statements for issue on 7 May 2009

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, 2008

	NOTES	COMPANY		GROUP	
		2008 $M	2007 $M	2008 $M	2007 $M
Revenue	15	32,148	35,121	32,148	35,121
Cost of sales		29,861	24,794	29,869	24,770
Gross profit		**2,287**	**10,327**	**2,279**	**10,351**
Other income		781	914	779	927
Administrative expenses		(2,775)	(3,227)	(2,790)	(3,244)
Marketing and distribution expenses		(4,779)	(4,278)	(4,779)	(4,278)
Operating profit/(loss)		**(4,486)**	**3,736**	**(4,511)**	**3,756**
Finance cost		(268)	(247)	(268)	(247)
Employees retirement benefits	14.2	(1,470)	(1,355)	(1,470)	(1,355)
Income from subsidiary and others		14	25	7	-
Profit/(loss) before tax	16	**(6,210)**	**2,159**	**(6,242)**	**2,154**
Taxation	17	2,121	(1,529)	2,119	(1,525)
Profit/(loss) for the year		**(4,089)**	**630**	**(4,123)**	**629**
Attributable to:					
Equity holders of the parent		(4,089)	630	(4,105)	616
Minority interest	7.3	-	-	(18)	13
Profit/(loss) for the year		**(4,089)**	**630**	**(4,123)**	**629**
Earnings/(loss) per share	23	**(0.38)**	**0.06**	**(0.38)**	**0.06**

"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, 2008

Company

	Notes	Stated Capital	Revaluation Reserve	Other Reserves	Retained Earnings	Total Equity
		$M	$M	$M	$M	$M
Balance at January 1, 2007		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 expense recognised directly in equity		-	(171)	66	-	(105)
Profit after taxation		-	-	-	630	630
Total recognised income and expenses		-	(171)	66	630	525
Balance as at Decemeber 31, 2007		10,800	51,035	172	(1,212)	60,795
Total income and expenses recognised directly in equity						
Adjustment for fair market values		-	-	(16)	-	(16)
Net income/(expense) recognised directly in equity			-	(16)	-	(16)
Loss after taxation		-	-	-	(4,089)	(4,089)
Total recognised income and expenses		-	-	(16)	(4,089)	(4,105)
Balance at December 31, 2008		10,800	51,035	156	(5,301)	56,690

Group

	Notes	Stated Capital	Revaluation Reserve	Other Reserves	Retained Earnings	Minority Interest	Total Equity
		$M	$M	$M	$M	$M	$M
Balance at January 1, 2007		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 expense recognised directly in equity		-	(171)	66	-	-	(105)
Profit after taxation		-	-	-	616	13	629
Dividends paid to minority interest	7.3	-	-	-	-	(28)	(28)
Total recognised income and expenses		-	(171)	66	616	(15)	496
Balance at December 31, 2007		10,800	51,035	172	(1,213)	68	60,862
Total income and expenses recognised directly in equity							
Adjustment for fair market values		-	-	4	-	-	4
Net income recognised directly in equity		-	-	4	-	-	4
Loss after taxation		-	-	-	(4,105)	(18)	(4,123)
Total recognised income and expenses		-	-	4	(4,105)	(18)	(4,119)
Dividends paid to minority interest	7.3	-	-	-	-	(12)	(12)
Balance at December 31, 2008		10,800	51,035	176	(5,318)	38	56,731

"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, 2008

	COMPANY		GROUP	
	2008	2007	2008	2007
	$M	$M	$M	$M
OPERATING ACTIVITIES				
Profit before taxation	(6,210)	2,159	(6,242)	2,154
Adjustments for:				
Depreciation	2,263	2,664	2,263	2,664
Loss on disposal of property, plant and equipment	-	169	-	169
Net interest	2	(163)	2	(163)
Income from subsidiary and others	(14)	(25)	(7)	-
Operating profit/(loss) before working capital changes	(3,959)	4,804	(3,984)	4,824
(Increase)/decrease in inventories	153	(806)	153	(806)
(Increase)/decrease in standing cane	1,055	(1,273)	1,038	(1,249)
(Increase)/decrease in product stocks	562	(41)	562	(41)
Increase in accounts receivable and prepayments	(999)	(121)	(995)	(149)
Increase in accounts payable and accruals	888	798	908	766
Increase/(decrease) in amounts due to related parties	(28)	(344)	22	(291)
Increase in defined benefit pension liability	1,470	1,355	1,470	1,355
Cash generated from/(used in) operations	(858)	4,372	(826)	4,409
Interest paid	(286)	(284)	(286)	(284)
Taxes paid	(199)	(325)	(209)	(325)
NET CASH PROVIDED BY/USED IN OPERATING ACTIVITIES	(1,343)	3,763	(1,321)	3,800
INVESTING ACTIVITIES				
Interest received	284	447	284	447
Purchase of property, plant and equipment	(5,980)	(7,971)	(5,980)	(7,971)
Dividends received from investments	14	17	5	5
Dividends paid to minority interest	-	-	(12)	(28)
NET CASH USED IN INVESTING ACTIVITIES	(5,682)	(7,507)	(5,703)	(7,547)
FINANCING ACTIVITIES				
Proceeds from borrowing	3,501	1,431	3,501	1,431
NET CASH PROVIDED BY FINANCING ACTIVITIES	3,501	1,431	3,501	1,431
Decrease in cash and cash equivalents	(3,524)	(2,313)	(3,523)	(2,316)
Cash and cash equivalents at beginning of the period	4,484	6,797	4,517	6,833
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	960	4,484	994	4,517

"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 Interpretations		**Effective for annual periods beginning on or after**
IFRIC 11	IFRS 2 – Group and Treasury Share Transactions	1 March 2007
IFRIC 12	Service Concession Arrangements	1 January 2008
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008

Available for early adoption for the current period

New Standards	**Effective for annual periods beginning on or after**
IFRS 8 Operating Segments	1 January 2009
Amendments to Standards	
IAS 23 Borrowing Costs	1 January 2009
IAS 1 Presentation of Financial Statements	1 January 2009
IFRS 3 Business Combinations	1 July 2009
IAS 27 Consolidated and Separate Financial Statements	1 July 2009
IFRS 2 Vesting Conditions and Cancellations	1 January 2009
IAS 32 & IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
IFRS 1 & IAS 27 Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
Various Improvements to IFRSs	Varies (mostly January 2009)
IAS 39 Eligible Hedged Items	1 July 2009

2 New and revised standards and interpretations – cont'd

Available for early adoption in current year end – cont'd

Amendment to standard – Cont'd

IAS 39 & IFRS 7 Reclassification of Financial Assets	1 July 2008
IFRS 1 First-time Adoption of Financial Reporting Standards	1 July 2009

New interpretations

IFRIC 13 Customer Loyalty Programmes	1 July 2008
IFRIC 15 Agreements for the Construction of Real Estate	1 January 2009
IFRIC 16 Hedges of a Net Investment in a Foreign Operation	1 October 2008
IFRIC 17 Distributions of Non-cash Assets to Owners	1 July 2009

None of the above new standards, interpretations and amendments to standards is expected to have a significant impact to the Corporation's accounting policies.

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 Standards.

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

Gains or losses on "available-for-sale financial assets" are recognized through the statement of changes in equity until the asset is sold or otherwise disposed, at which time previously recognized gains or losses are transferred to the statement of income for that period.

Trade, other receivables and prepayments

Trade, other receivables and prepayments are measured at amortised cost. Appropriate allowances for estimated unrecoverable amounts are recognized in 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 maturing within three months.

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) 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 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.

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 2009.

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

3.18 Dividends

Dividends that are proposed and declared are recorded as an appropriation of retained earnings in the statement of changes in equity in the period in which they have been approved. Dividends that are proposed and declared after the balance sheet date are disclosed as a note to the financial statements.

3. Summary of significant accounting policies – cont'd

3.19 Segment reporting

A business segment is a component of an entity that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or a service within a particular economic environment that are subject to risks and returns that are different from those segments operating in other economic environments.

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 impairment of debts.

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

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

iv) Impairment of financial assets
Management makes judgement at each 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.

Vi) Standing cane
In determining fair value of standing cane in the absence of a market, the directors estimate is based on the age of the cane and its polarizartion content along with the annual cane farmer prices as determined by the National Cane Farming Committee Act.

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 2008	43,803	10,555	3,635	79	29,189	26,681	113,942
Reclassification	-	32	82	182	998	(1,294)	-
Additions	-	-	-	-	-	5,980	5,980
As at Dec 31 2008	**43,803**	**10,587**	**3,717**	**261**	**30,187**	**31,367**	**119,922**
Comprising:							
Cost	-	1,277	82	261	30,015	31,367	63,002
Valuation	43,803	9,310	3,635	-	172		56,920
	43,803	10,587	3,717	261	30,187	31,367	119,922
Depreciation							
As at Jan 01 2008	-	2,020	740	42	17,096	-	19,898
Charge for the year	-	233	90	7	1,933	-	2,263
As at Dec 31 2008	-	**2,253**	**830**	**49**	**19,029**	-	**22,161**
Net book value							
As at Dec 31 2008	**43,803**	**8,334**	**2,887**	**212**	**11,158**	**31,367**	**97,761**
As at Dec 31 2007	**43,803**	**8,535**	**2,895**	**37**	**12,093**	**26,681**	**94,044**

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 2008	43,803	10,567	3,635	79	29,189	26,681	113,954
Reclassification	-	32	82	182	998	(1,294)	-
Additions	-	-	-	-	-	5,980	5,980
As at Dec 31 2008	**43,803**	**10,599**	**3,717**	**261**	**30,187**	**31,367**	**119,934**
Comprising:							
Cost	-	1,277	82	261	30,015	31,367	63,002
Valuation	43,803	9,322	3,635	-	172	-	56,932
	43,803	10,599	3,717	261	30,187	31,367	119,934
Depreciation							
As at Jan 01 2008	7	2,014	740	42	17,107	-	19,910
Charge for the year	-	233	90	7	1,933	-	2,263
As at Dec 31 2008	**7**	**2,247**	**830**	**49**	**19,040**	-	**22,173**
Net book value							
As at Dec 31 2008	**43,796**	**8,352**	**2,887**	**212**	**11,147**	**31,367**	**97,761**
As at Dec 31 2007	**43,796**	**8,553**	**2,895**	**37**	**12,082**	**26,681**	**94,044**

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	GOG SSMP $M	TOTAL $M
Balance as at January 1 2007	89	10	-	99
Capitalised for the year	92	29	-	121
Balance as at December 31 2007	181	39	-	220
Capitalised for the year	119	14	469	602
Balance as at December 31 2008	300	53	469	822

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$62,567,000,000 (2007 - G$57,022,000,000).

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

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

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

Lease payment per hectare per annum has been as follows:

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

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

6. DEFERRED TAX

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

	COMPANY		GROUP	
	2008 $M	2007 $M	2008 $M	2007 $M
Deferred tax liability				
Property, plant and equipment	8,825	8,950	8,850	8,975
Standing cane	2,238	2,608	2,236	2,600
	11,063	**11,558**	**11,086**	**11,575**
Deferred tax assets				
Tax value of losses carried forward	(1,169)	-	(1,169)	-
Property, plant and equipment	-	-	(2)	(2)
Inventories provision	(1)	(1)	(1)	(1)
Defined benefit pension liability	(7,586)	(7,071)	(7,586)	(7,071)
	(8,756)	**(7,072)**	**(8,758)**	**(7,074)**

Movement in temporary differences

	COMPANY		
	Balance at Jan 01,2008	Recognised in Income	Balance at Dec 31,2008
Deferred tax liability			
Property, plant and equipment	8,950	(125)	8,825
Standing cane	2,608	(370)	2,238
	11,558	**(495)**	**11,063**
Deferred tax assets			
Tax value of losses carried forward	-	(1,169)	(1,169)
Inventories provision	(1)	-	(1)
Defined benefit pension liability	(7,071)	(515)	(7,586)
	(7,072)	**(1,684)**	**(8,756)**

Movement in temporary differences

	GROUP		
	Balance at Jan 01,2008	Recognised in Income	Balance at Dec 31,2008
Deferred tax liability			
Property, plant and equipment	8,975	(125)	8,850
Standing cane	2,600	(364)	2,236
	11,575	**(489)**	**11,086**
Deferred tax asset			
Tax value of losses carried forward	-	(1,169)	(1,169)
Property, plant and equipment	(2)	-	(2)
Inventories provision	(1)	-	(1)
Defined benefit pension liability	(7,071)	(515)	(7,586)
	(7,074)	**(1,684)**	**(8,758)**

7. INVESTMENTS

7.1 Investments

	COMPANY		GROUP	
Available for sale:	**2008 $M**	**2007 $M**	**2008 $M**	**2007 $M**
Livestock Development Co.	0.05	0.05	0.05	0.05
Republic Bank Limited	137	132	137	132
	137	132	137	132

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

7.2 INVESTMENT IN SUBSIDIARY

	COMPANY	
	2008 $M	**2007 $M**
Lochaber Ltd.	22	43

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	
	2008 $M	**2007 $M**
At January 1	68	83
Share of profit/(loss)	(18)	13
Dividend paid	(12)	(28)
At December 31	38	68

8. CURRENT ASSETS

8.1 Inventory categories

	COMPANY 2008 $M	COMPANY 2007 $M	GROUP 2008 $M	GROUP 2007 $M
Fuel	90	159	90	159
Spares	1829	1965	1829	1,965
Fertilizers and chemicals	475	1173	475	1,173
Other	2089	1396	2089	1,396
Gross inventories	**4,483**	**4,693**	**4,483**	**4,693**
Less collectively assesed provision for slow moving and obsolete items	(327)	(384)	(327)	(384)
Net Inventories	**4,156**	**4,309**	**4,156**	**4,309**

Provision for slow moving and obsolete items decreased by G$ 57M 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 2008 $M	COMPANY 2007 $M	GROUP 2008 $M	GROUP 2007 $M
Balance as at January 01	7,452	6,179	7,500	6,251
Adjustment to cost of sales	(1,055)	1,273	(1,038)	1,249
Balance as at December 31	**6,397**	**7,452**	**6,462**	**7,500**

Standing Cane by Age

Age of Cane	COMPANY 2008 Hectares	COMPANY 2007 Hectares	GROUP 2008 Hectares	GROUP 2007 Hectares	COMPANY 2008 $M	COMPANY 2007 $M	GROUP 2008 $M	GROUP 2007 $M
1-5 Months	28,308.90	25,611.80	28,417.00	25,772.10	-	-	-	-
6 Months	1,236.70	1,304.80	1,343.60	1,304.80	50	51	54	51
7 Months	1,424.60	426.90	1,424.60	426.90	128	37	128	37
8 Months	3,186.00	2,368.60	3,216.10	2,368.60	495	355	495	355
9 Months	4,416.70	5,063.70	4,461.40	5,124.10	1,367	1,512	1,372	1,532
10 Months	4,538.70	4,802.50	4,578.50	4,823.10	2,202	2,244	2,216	2,253
11 Months	2,829.90	3,582.90	2,873.00	3,582.90	1,588	2,019	1,607	2,019
12 Months	1,039.20	2,221.50	1,039.20	2,255.50	567	1,234	590	1,253
	46,980.70	**45,382.70**	**47,353.40**	**45,658.00**	**6,397**	**7,452**	**6,462**	**7,500**

	COMPANY 2008 $	COMPANY 2007 $	GROUP 2008 $	GROUP 2007 $
Farmers' price per tonne of sugar	80,825	78,000	80,825	78,000

8.3 Product stock categories

	COMPANY 2008 $M	COMPANY 2007 $M	GROUP 2008 $M	GROUP 2007 $M
Sugar	760	830	760	830
Molasses	121	613	121	613
Livestock	11	11	11	11
	892	**1,454**	**892**	**1,454**

8.4 Amounts due from related parties

	COMPANY 2008	COMPANY 2007	GROUP 2008	GROUP 2007
Lochaber Limited	39	17	39	17

9. CASH AND CASH EQUIVALENTS

	COMPANY		GROUP	
	2008 $M	2007 $M	2008 $M	2007 $M
US Dollar (Escrow)	2,635	3,964	2,635	3,964
US Dollar (Current a/c)	92	365	92	365
GBP	25	(3)	25	(3)
Euro	103	1	103	1
	2,855	4,327	2,855	4,327
Guyana Dollar	(1,895)	157	(1,861)	190
	960	4,484	994	4,517

Rate of conversion

G$/US$	204.74	202.99	204.74	202.99
G$/GBP	298.36	406.57	298.36	406.57
G$/EUR	286.12	298.58	286.12	298.58

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	2008 $M	2007 $M	2008 $M	2007 $M
Revaluation of fixed assets	51,035	51,035	51,035	51,035

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 2008 since there was no impairment.

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	115	131	115	131
5. Revaluation of investment in Lochaber Limited.	-	-	20	-
	156	172	176	172

12. BORROWINGS

	COMPANY		GROUP	
	2008 $M	2007 $M	2008 $M	2007 $M
12.1 Current				
a) Government of Guyana Drainage and Irrigation financed by CDB	50	50	50	50
e) Consortium of local banks	1,275	-	1,275	-
f) Government of Guyana Debenture	144	144	144	144
	1,469	194	1,469	194
12.2 Non Current				
a) Government of Guyana Drainage and Irrigation financed by CDB	890	912	890	912
b) Government of Guyana SSMP	12,071	11,503	12,071	11,503
c) Government of Guyana SSMP financed by CDB	3,871	2,509	3,871	2,509
d) Government of Guyana SSMP financed by EXIM Bank	5,330	5,012	5,330	5,012
Total loans	22,162	19,936	22,162	19,936
Repayments due in one year and included in current liabilities	1,469	194	1,469	194
Repayment due within 2-5 years	636	636	636	636
Repayment due after five years	21,526	19,300	21,526	19,300
	22,162	19,936	22,162	19,936

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, 2008 amounted to US$5,026,395 (2007 US$5,026,395). Interest is charged at the rate of 5% 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 5% per annum on the principal and is to be paid on a semi-annual basis.

The repayment of the loan starts 5 years after the date of the first disbursement and will be paid in 34 equal 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$18.685M 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$25.723M 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.

e) Consortium of local banks

This is a short term line of credit as part of a consortium lending arrangement by participating Licensed Financial Institutions totaling G$1,740M. To date a drawdown of G$1,275M was made.

f) Government of Guyana debenture

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

13. RELATED PARTIES

13.1 AMOUNTS DUE TO RELATED PARTIES	COMPANY 2008 $M	COMPANY 2007 $M	GROUP 2008 $M	GROUP 2007 $M
Lochaber	(39)	41	-	28
Booker Tate	55	424	55	426
Government of Guyana - Lease rentals	346	450	346	450
Sugar Industry Labour Welfare Fund	870	345	870	345
	1,232	1,260	1,271	1,249

Total rent payable for the lease lands to the Government of Guyana was G$346M (2007 - G$369) whilst the amount paid was G$127.5M (2007 - G$170M).

Total levies payable to Sugar Industry Welfare Fund was G$1,190M whilst claims made by Guysuco for work done on behalf of the welfare was G$320M. 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 six months after the commissioning and integration of the Skeldon Factory. The amounts paid to Booker Tate under the agreement were as follows:

	COMPANY 2008 $M	COMPANY 2007 $M	GROUP 2008 $M	GROUP 2007 $M
Fixed fee (£350,000 per annum)	105	156	105	156
Production incentive fee	40	81	40	81
Salaries, benefits and other expenses	232	201	232	201
Total	377	438	377	438

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	270	267	270	267

13.2.3 Directors' fees and expenses

	COMPANY				GROUP			
	2008		2007		2008		2007	
	$000 Fees	$000 Expenses	$000 Fees	$000 Expenses	$000 Fees	$000 Expenses	$000 Fees	$000 Expenses
Directors								
Ronald Alli (Chairman)	90	3,387	90	5,300	90	3,387	90	5,300
Donald Ramotar	70	414	70	431	70	414	70	431
Dindyal Permaul	70	-	70	-	70	-	70	-
Rajendra Singh	-	52	41	1,456	-	52	41	1,456
Hubert Rodney	-	-	41	3,314	-	-	41	3,314
Dr. Rajendra Singh	70	2,020	23	597	70	2,020	23	597
Keith Burrowes	70	-	23	-	70	-	23	-
Nick Jackson	-	-	-	-	-	-	-	-
Badrie Persaud	70	-	23	-	70	-	23	-
Roger Speddy	-	2,675	-	3,844	-	2,675	-	3,844
Errol Hanoman	-	13,335	-	12,612	-	13,335	-	12,612
	440	21,883	381	27,554	440	21,883	381	27,554

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 2008 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 2008 using the Projected Unit Credit Method.

14. EMPLOYEES RETIREMENT BENEFITS

	2008				2007			
	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	7,986	20,950	29,509	573	7,516	19,457	27,546
Fair value of assets	-	(7,904)	-	(7,904)	-	(7,373)	-	(7,373)
Present value of unfunded contributions	573	82	20,950	21,605	573	143	19,457	20,173
Unrecognized loss	-	170	(103)	67	-	79	(50)	29
Defined benefit liability	573	252	20,847	21,672	573	222	19,407	20,202
14.2 Reconciliation of opening and closing defined benefit liability								
Defined benefit liability at the beginning of the year	573	220	19,408	20,201	573	220	18,054	18,847
Add net pension cost	-	270	1,948	2,218	-	233	1,804	2,036
Less company contribution/benefits paid	-	(240)	(507)	(747)	-	(232)	(450)	(682)
Net pension cost	-	30	1,440	1,470	-	1	1,354	1,355
Defined benefit liability at the end of the year	573	250	20,847	21,672	573	221	19,408	20,202
14.3 The amounts recognized as staff costs in the Income Statement are as follows:								
Current service cost	-	307	795	1,102	-	291	788	1,079
Interest on defined benefit obligation	-	439	1,152	1,591	-	396	1,016	1,412
Expected return on Plan Assets	-	(477)	-	(477)	-	(453)	-	(453)
Total included in staff costs	-	269	1,947	2,216	-	234	1,804	2,038
14.4 Actual return on Plan Assets								
Expected return on Plan assets	-	477	-	477	-	453	-	453
Actuarial gain on Plan Assets	-	136	-	136	-	(52)	-	(52)
Actual return on Plan Assets	-	613	-	613	-	401	-	401

14.5 Actuarial assumptions	2008	2007
(i) Funded Scheme		
Discount rate	6%	6%
Salary increases	6%	6%
Pension increases	2%	2%
Rate of return on Pension Plan assets	6.5%	6.5%
(ii) Unfunded Scheme		
Discount rate	6%	6%
Salary increases	6%	6%
Pension increases	5%	5%
Rate of return on Pension Plan assets	N/A	N/A

There is no Pension Scheme for the subsidiary company.

14. EMPLOYEES RETIREMENT BENEFITS (cont'd)

14.5 Actuarial assumptions (cont'd)

	Ex Gratia Scheme				Steps Scheme			
	2008	2007	2006	2005	2008	2007	2006	2005
	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000
Experience History								
Defined benefit obligation	20,950.00	19,456.90	17,154.90	17,762.00	7,985.60	7,516.30	6,746.50	6,516.80
Fair Value Plan Assets	-	-	-	-	(7,904.0)	(7,373.3)	(6,964.6)	(6,544.8)
(Surplus)/Deficit	20,950.00	19,456.90	17,154.9	17,762.0	81.6	143.0	(218.1)	(28.0)
Experience Adjustment on Plan Liabilities	52.90	948.80	(2,003.20)	(115.10)	45.7	307.6	153.8	283.6
Experience Adjustment on Plan Assets	-	-	-	-	136.3	-51.9	39.2	474.1
Expected Company Contributions in 2009	531.9				254.7			

Data given to the actuaries included the Corporation's best possible estimations of details where precision was not possible. This was required for them to calculate liabilities according to IAS 19. The actuaries have cautioned that the figures are subject to change after a more complete assessment is carried out of the scheme in 2009.

15. REVENUE

	COMPANY		GROUP	
	2008	2007	2008	2007
	$M	$M	$M	$M
Revenue by products				
Sugar	30,322	33,209	30,322	33,209
Molasses	1,519	1,912	1,519	1,912
Co-generation Electricity	307	-	307	-
Total Sales	32,148	35,121	32,148	35,121

	$M	$M	$M	$M
Revenue by major markets				
Europe	26,488	27,198	26,488	27,198
North America	23	1,086	23	1,086
Caribbean	2,007	3,576	2,007	3,576
Guyana	3,455	3,242	3,455	3,242
Other Markets	175	19	175	19
	32,148	35,121	32,148	35,121

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	
	2008 $M	2007 $M	2008 $M	2007 $M
16. PROFIT/(LOSS) BEFORE TAXATION	**(6,210)**	**2,159**	**(6,242)**	**2,154**
After charging -				
Employment Costs				
Wages and salaries	15,260	15,210	15,260	15,210
Social security contributions	850	808	850	808
Employees retirement benefits	1,470	1,355	1,470	1,355
Materials and services purchased	9,574	9,728	9,574	9,728
Research and development expense	186	201	186	201
Directors' fees & expenses	22	28	22	28
Provision for slow moving and obsolete items	327	384	327	384
Depreciation	2,263	2,664	2,263	2,664
Auditors' remuneration-audit services	8	7	8	7
Interest expense	285	284	285	284
Management fees and expenses	377	438	377	438
After crediting				
Net gain on exchange	18	37	18	37
Interest income	284	447	284	447
Gain on disposal of property, plant and equipment	-	169	-	169

17. TAXATION	COMPANY		GROUP	
	2008 $M	2007 $M	2008 $M	2007 $M
Current year				
Corporation Tax	-	640	2	644
Deferred Tax	(2,179)	706	(2,179)	698
	(2,179)	1,346	(2,177)	1,342
Property Tax	58	183	58	183
	(2,121)	**1,529**	**(2,119)**	**1,525**

Reconciliation of corporation tax expense and accounting profit:

	COMPANY		GROUP	
	2008	2007	2008	
	$M	$M	$M	$M
Accounting profit	(6,210)	2,159	(6,242)	2,154
Corporation tax @35%	(2,173)	756	(2,185)	753
Add: Tax effect of expenses not deductible in determining taxable profits				
Depreciation for accounting purposes	792	958	792	964
Defined benefit pension cost	515	474	515	474
Others	-	0	-	-
	(866)	2,188	(878)	2,191
Deduct:				
Depreciation for tax purposes	(886)	(791)	(874)	(790)
Standing Cane	(369)	(446)	(367)	(446)
	(2,121)	**951**	**(2,119)**	**955**
Loss relief	-	(311)	-	(311)
	(2,121)	**640**	**(2,119)**	**644**

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
2008

ASSETS	Available for sale $M	Loans and Receivables $M	Financial Assets and Liabilities at Amortised cost $M	Total $M
Investments	159	-	-	159
Trade receivables	-	572	-	572
Other receivables and prepayments	-	2,218	-	2,218
Cash on hand and at bank	-	-	960	960
Total assets	159	2,790	960	3,909
LIABILITIES				
Employees retirement benefit	-	-	21,672	21,672
Trade payables	-	-	2,548	2,548
Other payables and accruals	-	-	2,583	2,583
Related parties	-	-	1,232	1,232
Borrowings	-	-	23,631	23,631
Taxation	-	-	2,452	2,452
Total liabilities	-	-	54,118	54,118

Company
2007

ASSETS	Available for sale $M	Loans and Receivables $M	Financial Assets and Liabilities at Amortised cost $M	Total $M
Investments	175	-	-	175
Trade receivables	-	1,029	-	1,029
Other receivables and prepayments	-	762	-	762
Cash on hand and at bank	-	-	4,484	4,484
Total assets	175	1,791	4,484	6,450
LIABILITIES				
Employees retirement benefit	-	-	20,202	20,202
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	-	-	48,428	48,428

18 Analysis of financial assets and liabilities by measurement basis

Group
2008

	Available for sale	Loans and Receivables	Financial Assets and Liabilities at Amortised cost	Total
ASSETS	$M	$M	$M	$M
Investments	137	-	-	137
Trade receivables	-	572	-	572
Other receivables and prepayments	-	2,218	-	2,218
Taxes recoverable	-	27	-	27
Cash on hand and at bank	-	-	994	994
Total assets	137	2,817	994	3,948
LIABILITIES				
Employees retirement benefit	-	-	21,672	21,672
Trade payables	-	-	2,548	2,548
Other payables and accruals	-	-	2,583	2,583
Related parties	-	-	1,271	1,271
Borrowings	-	-	23,631	23,631
Taxation	-	-	2,455	2,455
Total liabilities	-	-	54,160	54,160

Group
2007

	Available for sale	Loans and Receivables	Financial Assets and Liabilities at Amortised cost	Total
ASSETS	$M	$M	$M	$M
Investments	132	-	-	132
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	132	1,822	4,517	6,471
LIABILITIES				
Employees retirement benefit	-	-	20,202	20,202
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	-	-	48,416	48,416

19 Fair values

Fair values have been determined as follows:

Available for sale investments
As recorded in note 7.1

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

20. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	COMPANY		GROUP	
	2008	2007	2008	2007
	$M	$M	$M	$M
Expenditure authorised by the Directors but not committed				
Routine expenditure	1,494	2,250	1,494	2,250
Skeldon Sugar Modernisation Project	585	7,022	585	7,022
Drainage & Irrigation project	-	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 (2007 $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 Group'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 Group'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 December 31 include the following assets and liabilities denominated in foreign currency stated in the Guyana dollar equivalent.

	Group 2008			
	US Dollar	GBP	Euro	Total
	$M	$M	$M	$M
Assets	5,708	0.083	0.36	5,708
Liabilities	(4,907)	(1,231)	-	(6,138)
Net Asset/(liability)	10,615	1,231	0	11,847
	Group 2007			
Assets	4,329	-	1	4,330
Liabilities	19,936	3	-	19,939
Net Asset/(liability)	(15,607)	(3)	1	(15,609)

22. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market Risk (cont'd)

(i) Foreign currency risk (cont'd)

Foreign currency sensitivity analysis

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

The following table details the Group'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	
	2008	2007	2008	2007	2008	2007
	$M	$M	$M	$M	$M	$M
Profit/(loss)	530.76	(780.35)	61.56	(0.15)	0.02	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 2008				
		Within 1Year	1 to 5 years	Over 5 years	Non - interest bearing	Total
Assets		$M	$M	$M	$M	$M
Investments		-	-	-	159	159
Accounts receivable		-	-	-	2,790	2,790
Cash and cash equivalents	3.75	960	-	-	-	960
		960	-	-	2,949	3,909
Liabilities						
Employees retirement benefits		-	-	-	21,672	21,672
Accounts payable		-	-	-	5,131	5,131
Related parties		-	-	-	1,232	1,232
Loans	6.77	1469	636	21,526	-	23,631
Taxation		-	-	-	2,452	2,452
		1,469	636	21,526	30,487	54,118
Interest sensitivity gap		(509)	(636)	(21,526)		

		Maturing 2007				
		Within 1 Year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Assets		$M	$M	$M	$M	$M
Investments		-	-	-	175	175
Accounts receivable		-	-	-	1,791	1,791
Cash and cash equivalents	3.75	4,484	-	-	-	4,484
		4,484	-	-	1,966	6,450
Liabilities						
Employees retirement benefits		-	-	-	20,202	20,202
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	28,298	48,428
Interest sensitivity gap		4,290	(636)	(19,300)		

22. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market Risk (cont'd)

(ii) Interest rate risk

Group	effective average interest rate	Maturing 2008 Within 1Year	1 to 5 years	Over 5 years	Non - interest bearing	Total
Assets		$M	$M	$M	$M	$M
Investments		-	-	-	137	137
Accounts receivable		-	-	-	2,790	2,790
Tax recoverable		-	-	-	27	27
Cash and cash equivalents	3.75	994	-	-	-	994
		994	-	-	2,954	3,948
Liabilities						
Employees retirement benefits		-	-	-	21,672	21,672
Accounts payable		-	-	-	5,131	5,131
Related parties		-	-	-	1,271	1,271
Loans	6.77	1469	636	21,526	-	23,631
Taxation		-	-	-	2,455	2,455
		1,469	636	21,526	30,529	54,160
Interest sensitivity gap		(475)	(636)	(21,526)		

		Maturing 2007 Within 1 Year	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						
Employees retirement benefits		-	-	-	20,202	20,202
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	28,286	48,416
Interest sensitivity gap		4,323	(636)	(19,300)		

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

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

	Group					
	Maturing 2008					
		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	-	-	-	-	137	137
Trade receivables	472	77	23	-	-	572
Other receivables	375	48	116	88	-	627
Prepayments	1,529	-	62	-	-	1,591
Taxes recoverable	-	-	27	-	-	27
Cash on hand and at bank	994	-	-	-	-	994
Total assets	3,370	125	228	88	137	3,948
Liabilities						
Employees retirement benefits	-	-	-	-	21,672	21,672
Trade payables	1,089	1,459	-	-	-	2,548
Other payables	-	2,583	-	-	-	2,583
Related parties	-	-	1,271		-	1,271
Borrowings	-	-	1,469	636	21,526	23,631
Taxation	-	-	2,455	-	-	2,455
Total liabilities	1,089	4,042	5,195	636	43,198	54,160
Net asset/(liabilities)	2,281	(3,917)	(4,967)	(548)	(43,061)	(50,212)

GUYANA SUGAR CORPORATION INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008

22. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Liquidity risk (cont'd)

	Group					
	Maturing 2007					
		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	-	-	-	-	132	132
Trade receivables	361	687	-	-	-	1,048
Other receivables and prepayments	747	-	-	-	-	747
Taxes recoverable	-	-	27	-	-	27
Cash on hand and at bank	4,517	-	-	-	-	4,517
Total assets	5,625	687	27	-	132	6,471
Liabilities						
Employees retirement benefits	-	-	-	-	20,202	20,202
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	-	-	2,576
Total liabilities	4,247	1,803	2,194	912	39,226	48,382
Net asset / (liabilities)	**1,378**	**(1,116)**	**(2,167)**	**(912)**	**(39,094)**	**(41,911)**

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.

	2008 $M	2007 $M
Trade and other receivables (excluding prepayments)	1,199	1,294

The above balances are classified as follows:

Current	847	757
Past due but not impaired	352	537
	1,199	1,294

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

	2008 $M	2007 $M
Past Due up to 29 days	174	188
Past Due 30 - 59 days	89	243
Past Due 60 - 89 days	15	16
Past Due 90 - 179 days	26	23
Past Due over 180 days but less than 1 year	9	28
Past Due more than 1 year	39	39
Total	352	537
Collectively assessed provision for bad debts	8	8

22. FINANCIAL RISK MANAGEMENT (cont'd)

(d) Capital risk management

The corporation manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The corporation's overall strategy remains unchanged from 2007.

The capital structure of the corporation consists of cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

Gearing ratio

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

The gearing ratio at the year end was as follows:

	2008 $M	2007 $M
Debt (i)	23,631	20,130
Cash and cash equivalents	(960)	(4,484)
Net debt	22,671	15,646
Equity (ii)	56,690	60,795
Net debt to equity ratio	0.40:1	0.26:1

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

23. Earnings Per Share

	COMPANY	
	2008	2007
Profit/(loss) for the year	(4,089,000,000)	630,000,000
Ordinary share issued and fully paid	10,799,571,775	10,799,571,775
Earnings/(loss) per share	(0.38)	0.06

	GROUP	
	2008	2007
Profit/(loss) attributable to equity holders of the parent	(4,105,000,000)	616,000,000
Ordinary share issued and fully paid	10,799,571,775	10,799,571,775
Earnings/(loss) per share	(0.38)	0.06

24 European Union Sugar Protocol

The European Union has renounce the Sugar Protocol in its market access offer and has implemented the Economic Partnership Agreement (EPA) effective from October 1 2008.

The result is that what was once a straight forward all ACP Agreement for the sale of raw sugar has 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.

GUYANA SUGAR CORPORATION INC.

TEN YEAR REVIEW

1999 to 2008

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
HECTARES HARVESTED	43,656	44,259	41,621	41,627	41,959	45,447	41,890	42,422	39,757	44,262
TONNES CANE MILLED ('000)	3,596	2,984	3,142	3,708	3,382	3,744	3,005	2,975	3,099	2,767
YIELDS:										
ESTATE - TONNES CANE / HECTARE	72.50	62.20	67.10	80.60	72.75	74.87	65.43	64.48	71.97	57.71
TONNES CANE /TONNE SUGAR	11.03	10.88	11.00	11.20	11.03	11.52	12.20	11.46	11.55	12.16
TONNE SUGAR / HECTARE	6.58	5.67	6.16	7.29	6.59	6.45	5.36	5.63	6.23	4.75
PRODUCTION (TONNES)										
SUGAR	321,438	273,318	284,474	331,052	302,378	325,317	246,071	259,549	266,482	226,267
MOLASSES	129,934	108,703	118,103	137,794	127,201	138,140	115,732	107,501	115,048	99,280
HOME CONSUMPTION (TONNES):										
SUGAR	23,682	23,667	24,437	23,782	24,529	23,669	22,781	23,396	23,480	23,345
MOLASSES	51,777	45,061	49,533	56,424	55,272	51,685	40,058	41,895	46,253	74,206
EXPORT (TONNES):										
SUGAR	270,248	277,267	251,798	282,425	311,846	289,016	229,697	237,681	244,865	205,268
MOLASSES	78,473	63,642	56,439	82,576	76,726	83,974	71,071	61,851	57,282	19,169
SALES:										
DOMESTIC SUGAR ($M)	1,098	1,094	1,109	1,066	1,286	1,319	1,335	1,644	1,673	1,595
AVERAGEPRICE / TONNE($)	48,181	46,337	45,380	51,556	52,428	55,723	58,601	70,245	71,252	68,328
EXPORT SUGAR ($M)	23,657	22,106	20,287	22,562	25,094	25,288	21,324	25,509	27,101	23,777
AVERAGE PRICE / TONNE ($)	87,537	79,727	80,569	79,886	80,469	87,498	92,835	107,332	110,676	115,832
AVERAGE PRICE / TONNE (US$)	484	431	426	417	418	439	465	538	545	570
MOLASSES ($M)	448	669	1,330	1,177	1,373	1,265	1,637	1,914	1,667	1,306
AVERAGE PRICE / TONNE ($)	3,440	6,154	12,515	8,469	10,402	9,193	14,731	18,449	17,254	13,984
EXPENDITURE ($M)										
EMPLOYMENT COST	12,384	12,430	12,821	14,449	16,207	16,444	14,710	16,067	17,373	17,580
MATERIALS AND SERVICES	9,279	7,978	7,314	7,496	7,754	7,220	8,408	9,485	8,958	10,858
(LOSS) / PROFIT BEFORE TAX ($M)	2,073	61	(1,235)	(328)	(1,130)	1,220	(1,188)	2,429	2,159	(6,210)
(LOSS) / PROFIT BEFORE TAX AND LEVY	3,873	1,061	(1,235)	(328)	(4,006)	1,220	(1,188)	2,429	2,159	(6,210)
(LOSS) / PROFIT AFTER TAX($M)	1,258	(481)	(869)	(274)	(1,429)	261	(1,866)	476	630	(4,089)
(LOSS) / PROFIT AFTER TAX BEFORE LEVY	3,058	519	(869)	(274)	(4,305)	261	(1,866)	476	630	(4,089)
AVERAGE MID MARKET EXCHANGE RATE (G$ / US$)	181.00	185.00	189.38	191.27	192.33	199.28	199.75	199.50	202.99	203.34