GUYANA SUGAR CORPORATION INC.

ANNUAL REPORT
2010

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Financial Matters

Low productivity due to unfavourable weather conditions, challenging industrial relations, and rising costs, as well as extended crop periods in striving to achieve production targets direly impacted the Corporation's cash flows throughout the year, challenging the industry to better manage inventory levels; source more cost effective materials and services while maintaining quality; maximize on the credit terms from suppliers; negotiate better contracts with customers in terms of reduced credit periods while still being competitive; follow up on timely collection of debts; and even in some instances provide incentives to customers to pay in advance.

Monthly meetings with the Estates' Finance Managers commenced in the latter half of the year due to dual reporting lines to both the Estates and Head Office established in 2009. These meetings targeted improvements to financial controls and measures.

For 2010 the overall average rates of exchange achieved did not vary significantly from anticipated and so did not have a major impact on the revenues achieved. The EU/US$ rate was down slightly by 0.005 points from the estimated rate of US $1.410 to €1 and the average US$ / G$ rate was down only 0.981 points from the estimated rate of G$ 204 to US$ 1.

The Revenue for 2010 was G$26.2 bln, compared with G$32.0 bln, a decline of G$5.8 bln (18.125%)

Environment Matters

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

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

A special water management meeting was held at Blairmont in January in preparation for the first crop of 2010. Each Estate presented its water management strategy to mitigate the effects of the El Nino conditions. These strategies were successfully implemented during the first crop. NDIA was of great assistance to GuySuCo in providing mobile pumps for pumping water from the conservancies and from the Kamuni Creek for the Demerara Estates during the dry spell.

Agricultural Operations

The year 2010 was one with many challenges for Agriculture Services. Loss of skills during the year outnumbered the recruitment process; this made it quite difficult to readily satisfy the needs on some locations. Despite the many difficulties there was a definite improvement in providing services to the estates when compared to last year.

The Agriculture Engineering Research Department was merged with the Agriculture Services Department. With the continuous drive to mechanize the Industry, this restructuring would be very beneficial.
Although cash flow in the Industry was not as fluid as budgeted, procurement of Agriculture supplies was not compromised. There was no shortage of Fertilizers and Agrochemicals during the year. Despite the aged machinery fleet, which was used for the greater part of the year, all efforts were made to procure spares in a timely manner to maximize on availability.

Factory Operation

Sugar production for 2010 totaled 220,818 tonnes, representing 84% of the target of 264,091 tonnes. Labour shortages and unfavourable weather conditions resulting in factories being out of canes were the main reasons for the reduced production.

Blairmont factory's performance was the best, achieving 91% of its target. Skeldon continues to improve on its production surpassing 2009's actuals. Where in 2009 there was a reduction in production at LBI and Wales over the previous year, the factories were able to maintain its level of production in 2010 in spite of the difficulties faced in the year.
Time loss due to strikes reduced in all estates when compared to 2009 except for Blairmont and LBI; however time lost due to out of canes increased on all estates except for Wales.

Corporate Social Responsibilities

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

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

Markets

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

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

Table 1. Revenue by Markets for 2010

Markets	**Revenues (G$m)**
Europe	14,600
North America	3,044
Caribbean	3,804
Guyana	4,606
Other Markets	194
Total	**26,248**

National Contributions

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

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

Production figures

Ten Year Review 2001 to 2010

Operation	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
HECTARES HARVESTED	41,621	41,627	41,959	45,447	41,890	42,422	39,757	44,262	43,556	36,510
TONNES CANE MILLED ('000)	3,142	3,708	3,382	3,744	3,005	2,975	3,099	2,767	2,764	2,762
YIELDS:										
ESTATE - TONNES CANE / HECTARE	67.10	80.60	72.75	74.87	65.43	64.48	71.97	57.71	57.50	66.32
TONNES CANE /TONNE SUGAR	11.00	11.20	11.03	11.52	12.20	11.46	11.55	12.16	11.67	12.51
TONNE SUGAR / HECTARE	6.16	7.29	6.59	6.45	5.36	5.63	6.23	4.75	4.93	5.30
PRODUCTION (TONNES)										
SUGAR	284,474	331,052	302,378	325,317	246,071	259,549	266,482	226,267	233,736	220,818
MOLASSES	118,103	137,794	127,201	138,140	115,732	107,501	115,048	99,280	109,598	122,281
HOME CONSUMPTION (TONNES):										
SUGAR	24,437	23,782	24,529	23,669	22,781	23,396	23,480	23,345	23,594	22,341
MOLASSES	49,533	56,424	55,272	51,685	40,058	41,895	46,253	74,206	92,396	37,103
EXPORT (TONNES):										
SUGAR	251,798	282,425	311,846	289,016	229,697	237,681	244,865	205,268	217,707	195,745
MOLASSES	56,439	82,576	76,726	83,974	71,071	61,851	57,282	19,169	12,271	70,775
SALES:										
DOMESTIC SUGAR ($M)	1,109	1,066	1,286	1,319	1,335	1,644	1,673	1,595	1,906	2,273
AVERAGEPRICE / TONNE($)	45,380	51,556	52,428	55,723	58,601	70,245	71,252	68,328	76,857	101,757
EXPORT SUGAR ($M)	20,287	22,562	25,094	25,288	21,324	25,509	27,101	23,777	24,398	18,332
AVERAGE PRICE / TONNE ($)	80,569	79,886	80,469	87,498	92,835	107,332	110,676	115,832	112,067	93,652
AVERAGE PRICE / TONNE (US$)	426	417	418	439	465	538	545	570	552	462
MOLASSES ($M)	1,330	1,177	1,373	1,265	1,637	1,914	1,667	1,306	1,815	2,932
EMPLOYMENT COST	12,821	14,449	16,207	16,444	14,710	16,067	17,373	17,580	15,571	15,787
MATERIALS AND SERVICES	7,314	7,496	7,754	7,220	8,408	9,485	8,958	10,858	10,629	11,565
(LOSS) / PROFIT BEFORE TAX ($M)	(1,235)	(328)	(1,130)	1,220	(1,188)	2,429	2,159	(6,210)	(1,949)	(5,136)
(LOSS) / PROFIT BEFORE TAX AND LEVY	(1,235)	(328)	(4,006)	1,220	(1,188)	2,429	2,159	(6,210)	(1,949)	(5,136)
(LOSS) / PROFIT AFTER TAX($M)	(869)	(274)	(1,429)	261	(1,866)	476	630	(4,089)	(1,323)	(7,387)
(LOSS) / PROFIT AFTER TAX BEFORE LEVY	(869)	(274)	(4,305)	261	(1,866)	476	630	(4,089)	(1,323)	(7,387)
AVERAGE MID MARKET EXCHANGE RATE (G$ / US$)	189.38	191.27	192.33	199.28	199.75	199.50	202.99	203.34	202.99	202.83

D

Board of Directors

Dr. Nanda Gopaul

Chairman

Mr. Paul Bhim

Chief Executive Officer

Dr. Raj Singh

Member

Mr. Keith Burrowes

Member

Mr. J. Raghurai

Member

Mrs. Geeta Singh-Knight

Member

REPORT OF THE DIRECTORS

For the year ended 31st December, 2010

The Directors of the Guyana Sugar Corporation Inc. present their report together with the audited financial statements for the year ended 31st December, 2010.

Principal Activity

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

Results and Dividends

The financial results of the Corporation are set out on pages 6-38.

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

Directors

The names of the Directors are set out on page E. All the Directors are non-executive, except for the Chief Executive.

None of the Directors during the year had any material interest in any contract which is of significance in relation to the business of the Corporation.

Directors' remuneration is set out in note 14.2.3 to the Financial Statements.

Corporate Governance

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

(a) The Board:

The Board comprises of six non-executive Directors (including the Chairman) and one executive Director (the Chief Executive). The Board considers that each Director is able to bring independent judgment to the Corporation's affairs in all matters. The Board meets not less than ten times a year. It is responsible for the strategic direction of the Corporation and receives information about the progress of the Corporation and its financial position each month. This information, together with papers required for each Board meeting, is circulated in a timely manner before each meeting.

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

(b) Internal Control:

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

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

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

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

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

Employees

Staff development and training are provided at all levels and emphasis is placed on both technical and personal development.

GuySuCo is committed to equality of opportunity amongst its employees.

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

Pensions

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

Material events after year-end

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

Auditors

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

By order of the Board
Frederick Singh
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: 90/2011 17 October 2011

REPORT OF THE AUDITOR GENERAL TO THE MEMBERS OF THE GUYANA SUGAR CORPORATION INC. ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

Chartered Accountants TSD LAL & Company have audited on my behalf the financial statements of Guyana Sugar Corporation Inc. for the year ended 31 December 2010, as set out on pages 2 to 38. The audit was conducted in accordance with the Audit Act 2004.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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

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

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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and 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 the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 referred to above present fairly, in all material respects, the financial position of the Guyana Sugar Corporation Inc. as of 31 December 2010, and its financial performance and its cash flows for the year then ended in conformity with International Financial Reporting Standards and the Companies Act 1991.

Emphasis of matter

Without qualifying my opinion I wish to emphasize that with respect to the Corporation's indebtedness to the Guyana Revenue Authority for taxes amounting to $2,319,952,485, the Guyana Revenue Authority has accepted the Corporation's proposal to discharge the liability over a period of five years (2011 – 2015). However, the Corporation's request for waiver of penalties and interest will be addressed in the agreement which will be entered into. The exact terms of this agreement has not yet been determined.

AUDIT OFFICE OF GUYANA

D. SHARMA
AUDITOR GENERAL (ag.)

AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA.

REPORT OF THE CHARTERED ACCOUNTANTS

TSD LAL & CO.

TO THE AUDITOR GENERAL

ON THE CONSOLIDATED FINANCIAL STATEMENTS OF

GUYANA SUGAR CORPORATION INC.

ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31 2010

Report on the Financial Statements

We have audited the accompanying financial statements of Guyana Sugar Corporation Inc., which comprise the statement of financial position as at December 31 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 2 to 38.

Directors'/Management's Responsibility for the Financial Statements

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

Auditors' 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)...

Auditors' 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 auditors' 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 2010 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Without qualifying our opinion we wish to emphasize that with respect to the Corporation's indebtedness to the Guyana Revenue Authority for taxes amounting to G$2,319,952,485, the Guyana Revenue Authority has accepted the Corporation's proposal to discharge the liability over a period of five years (2011-2015). However, the Corporation's request for waiver of penalties and interest will be addressed in the agreement which will be entered into. The exact terms of this agreement have not yet been determined.

Report on Other Legal and Regulatory Requirements

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

TSD Lal & Co

TSD LAL & CO.
CHARTERED ACCOUNTANTS
(An Independent Correspondent Firm of Deloitte Touche Tohmatsu)

October 13, 2011

77 Brickdam,
Stabroek, Georgetown,
Guyana

GUYANA SUGAR CORPORATION INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2010

	NOTES	COMPANY 2010 $M	COMPANY 2009 $M	GROUP 2010 $M	GROUP 2009 $M
ASSETS					
Non current assets					
Property, plant and equipment	5	106,722	102,577	106,722	102,577
Deferred tax asset	6	10,585	9,182	10,612	9,202
Investments	7.1	192	134	192	134
Investment in subsidiary	7.2	22	22	-	-
Total non current assets		117,521	111,915	117,526	111,913
Current assets					
Inventories	8.1	4,278	3,641	4,278	3,641
Standing cane	8.2	10,050	6,742	10,080	6,776
Product stock	8.3	1,551	951	1,551	951
Trade receivables		1,456	1,324	1,460	1,324
Other receivables		1,223	887	1,223	887
Prepayments		1,124	818	1,124	818
Taxes recoverable		-	-	34	34
Cash on hand and at bank	9.1	1,188	3,277	1,213	3,302
Total current assets		20,870	17,640	20,963	17,733
TOTAL ASSETS		138,391	129,555	138,489	129,646
EQUITY AND LIABILITIES					
Stated capital	10	10,800	10,800	10,800	10,800
Revaluation reserve	11.1	50,849	50,856	50,849	50,856
Other reserves	11.2	212	153	212	153
Accumulated deficit		(14,472)	(7,085)	(14,481)	(7,093)
		47,389	54,724	47,380	54,716
Non controlling interest	7.3	-	-	21	26
Total equity		47,389	54,724	47,401	54,742
Non current liabilities					
Deferred tax liability	6	14,140	10,703	14,150	10,715
Deferred income	12	2,713	2,713	2,713	2,713
Borrowings	13.2	28,618	24,109	28,618	24,109
Employees retirement benefits	15	24,879	23,242	24,879	23,242
Total non-current liabilities		70,350	60,767	70,359	60,779
Current liabilities					
Trade payables		2,033	2,174	2,034	2,186
Other payables		11,047	4,463	11,047	4,466
Related parties	14.1	1,123	1,418	1,186	1,451
Taxes payable		2,827	2,612	2,840	2,625
Borrowings	13.1	1,859	1,475	1,859	1,475
Bank overdraft(secured)	9.2	1,763	1,922	1,763	1,922
Total current liabilities		20,652	14,064	20,729	14,125
TOTAL EQUITY AND LIABILITIES		138,391	129,555	138,489	129,646

The Board of Directors approved these financial statements for issue on ....

Director **Director**

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

GUYANA SUGAR CORPORATION INC.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2010

	NOTES	COMPANY		GROUP	
		2010	2009	2010	2009
		$M	$M	$M	$M
Revenue	16	26,248	32,062	26,248	32,062
Cost of sales		25,905	27,755	25,905	27,755
Gross profit		**343**	**4,307**	**343**	**4,307**
Other income		1,292	467	1,292	468
Administrative expenses		(1,780)	(1,555)	(1,780)	(1,556)
Marketing and distribution expenses		(2,876)	(3,134)	(2,876)	(3,134)
Operating profit/(loss)		**(3,021)**	**85**	**(3,020)**	**85**
Finance cost		(492)	(475)	(507)	(477)
Employees retirement benefits	15	(1,636)	(1,570)	(1,636)	(1,570)
Income from subsidiary and others		14	11	14	11
Loss before tax	17	**(5,136)**	**(1,949)**	**(5,150)**	**(1,951)**
Taxation	18	(2,251)	626	(2,243)	628
Loss for the year		**(7,387)**	**(1,323)**	**(7,393)**	**(1,323)**
Other Comprehensive Income:					
Net gain/ (loss) on revaluation of investments		59	(3)	59	(3)
Net loss on revaluation of non-current asset		(7)	(179)	(7)	(179)
Other comprehensive income net of tax		**52**	**(182)**	**52**	**(182)**
Total comprehensive loss for the year		**(7,335)**	**(1,505)**	**(7,341)**	**(1,505)**
Loss for the year					
Attributable to:-					
Equity holders of the parent		(7,387)	(1,323)	(7,388)	(1,321)
Non controlling interest		-	-	(5)	(2)
		(7,387)	**(1,323)**	**(7,393)**	**(1,323)**
Total comprehensive loss for the year					
Attributable to:					
Equity holders of the parent		(7,335)	(1,505)	(7,336)	(1,503)
Non controlling interest	7.3	-	-	(5)	(2)
Loss for the year		**(7,335)**	**(1,505)**	**(7,341)**	**(1,505)**
		-	-		-
Basic loss per share in dollars	24	(0.68)	(0.12)	(0.68)	(0.12)

"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, 2010

Company

	Notes	Stated Capital	Revaluation Reserve	Other Reserves	Retained Earnings	Total Equity
		$M	$M	$M	$M	$M
Balance at January 1, 2009		10,800	51,035	156	(5,762)	56,229
Other comprehensive income		-	(179)	(3)	-	(182)
Loss for the year		-	-	-	(1,323)	(1,323)
Total comprehensive income for the year		-	(179)	(3)	(1,323)	(1,505)
Balance as at December 31, 2009		10,800	50,856	153	(7,085)	54,724
Other comprehensive income		-	(7)	59	-	52
Loss for the year		-	-	-	(7,387)	(7,387)
Total comprehensive income for the year		-	(7)	59	(7,387)	(7,335)
Balance at December 31, 2010		10,800	50,849	212	(14,472)	47,389

Group

	Notes	Attributable to equity holders of the parent					
		Stated Capital	Revaluation Reserve	Other Reserves	Retained Earnings	Non Controlling Interest	Total Equity
		$M	$M	$M	$M	$M	$M
Balance at January 1, 2009		10,800	51,035	156	(5,772)	30	56,249
Other comprehensive income		-	(179)	(3)	-	-	(182)
Loss for the year		-	-	-	(1,321)	(2)	(1,323)
Dividends paid to non controlling interest	7.3	-	-	-	-	(2)	(2)
Total comprehensive income for the year		-	(179)	(3)	(1,321)	(4)	(1,507)
Balance as at December 31, 2009		10,800	50,856	153	(7,093)	26	54,742
Other comprehensive income		-	(7)	59	-	-	52
Loss for the year		-	-	-	(7,388)	(5)	(7,393)
Total comprehensive income for the year		-	(7)	59	(7,388)	(5)	(7,341)
Dividends paid to non controlling interest	7.3	-	-	-	-	-	-
Balance at December 31, 2010		10,800	50,849	212	(14,481)	21	47,401

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

GUYANA SUGAR CORPORATION INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

	COMPANY		GROUP	
OPERATING ACTIVITIES	**2010 $M**	**2009 $M**	**2010 $M**	**2009 $M**
Loss before taxation	(5,136)	(1,949)	(5,150)	(1,951)
Adjustments for:				
Depreciation and write down of assets	4,185	3,256	4,184	3,256
Loss on disposal of property, plant and equipment	220	31	220	31
Net interest	492	474	492	474
Income from subsidiary and others	(14)	(11)	(14)	(6)
Operating profit/(loss) before working capital changes	**(252)**	**1,801**	**(267)**	**1,804**
(Increase)/decrease in inventories	(637)	515	(637)	515
Increase in standing cane	(3,308)	(345)	(3,304)	(347)
Increase in product stocks	(600)	(410)	(600)	(410)
Increase in accounts receivable,prepayments	(774)	(239)	(777)	(239)
Increase in accounts payable and accruals	6,444	1,704	6,429	1,705
Decrease in amounts due to related parties	(295)	(123)	(265)	(123)
Increase in defined benefit pension liability	1,636	1,570	1,636	1,570
Cash generated from operations	**2,214**	**4,473**	**2,214**	**4,475**
Interest paid	(499)	(484)	(499)	(484)
Taxes paid	-	-	-	(1)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**1,715**	**3,989**	**1,715**	**3,990**
INVESTING ACTIVITIES				
Interest received	7	10	7	10
Purchase of property, plant and equipment	(8,560)	(8,282)	(8,560)	(8,282)
Dividends received from investments	14	11	14	4
Dividends paid to minority interest	-	-	-	(2)
NET CASH USED IN INVESTING ACTIVITIES	**(8,539)**	**(8,261)**	**(8,539)**	**(8,270)**
FINANCING ACTIVITIES				
Proceeds from borrowing	4,894	1,953	4,894	1,953
Proceeds from Government Grant	-	2,713	-	2,713
NET CASH PROVIDED BY FINANCING ACTIVITIES	**4,894**	**4,666**	**4,894**	**4,666**
Increase/(decrease) in cash and cash equivalents	(1,930)	394	(1,930)	386
Cash and cash equivalents at beginning of the period	1,355	960	1,380	994
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**(575)**	**1,355**	**(550)**	**1,380**
CASH AND CASH EQUIVALENT COMPRISED OF:-				
Cash on hand and at bank	**1,188**	**3,277**	**1,213**	**3,302**
Bank overdraft(secured)	**(1,763)**	**(1,922)**	**(1,763)**	**(1,922)**
	(575)	**1,355**	**(550)**	**1,380**

"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.

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

2 New and revised standards and interpretations

Effective for the current year end

	Effective for annual periods beginning on or after
Amended and Revised Standards	
IFRS 1 Revisions to First-Time Adoption of IFRSs	1 July 2009
IFRS 1 Additional exemptions for First-Time Adopters	1 January 2010
IFRS 2 Group Cash-settled Share-based Payments	1 January 2010
IFRS 3 (2008) Business Combinations	1 July 2009
IAS 27 (2008) Consolidated and Separate Financial Statements	1 July 2009
IAS 39 Eligible Hedged Items	1 July 2009
Various Improvements to IFRSs	1 July 2009 to 1 January 2010
New Interpretations	
IFRIC 17 Distributions of Non-cash Assets to Owners	1 July 2009
IFRIC 18 Transfers of Assets from Customers	Transfers received on or after 1 July 2009

Available for early adoption for the current year end

New Standard	
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2013
Amendments to Standards	
IFRS 1 Short term Disclosure Exemption - IFRS 7	1 July 2010
IFRS 1 Short term Exemption – IFRS 9	1 July 2010
IFRS 1 Three amendments to IFRS 1 – Changes in accounting policies, Deemed cost exemption for event-driven fair value measurements and Deemed cost (rate-regulated entities)	1 January 2011
IFRS 3 Amendments to IFRS3 (2008)	1 July 2010
IFRS 7 Amendments as part of Improvements to IFRSs 2010	1 January 2011
IFRS 7 Enhanced Derecognition Disclosure Requirements	1 July 2011
IFRS 9 Additions for Financial Liability Accounting	1 January 2013
IAS 1 Amendments as part of Improvements to IFRSs 2010	1 January 2011
IAS 24 Related Party Disclosures	1 January 2011
IAS 27(2008) Amendments as part of Improvements to IFRSs 2010	1 July 2010

2 New and revised standards and interpretations cont'd

	Effective for annual periods beginning on or after
Available for early adoption for the current year end cont'd	
Amendments to Standards cont'd	
IAS 32 Classification of Rights Issues	1 February 2010
IAS 34 Amendments as part of Improvements to IFRSs 2010	1 January 2011
New interpretations	
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Amendments to Interpretations	
IFRIC 13 Amendments as part of Improvements to IFRSs 2010	1 January 2011
IFRIC 14 Prepayments of a Minimum Funding Requirement	1 January 2011

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

Apart from the foregoing, none of the above new standards, interpretations and amendments to standards is expected to have a significant impact on the Company's accounting policies when adopted.

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.

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. Summary of significant accounting policies cont'd

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. 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 50,509 hectares of land on which it grows cane and for ancillary purposes.

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

3.5 Inventory

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

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

3.6 Standing cane

The value of standing cane is included in the financial statements as a biological asset. Standing cane is measured at fair value 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. Summary of significant accounting policies – cont'd

3.7 Research and development

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

3.8 Financial instruments

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

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

Investments

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

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

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

Trade, other receivables and prepayments

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

Trade, other payables and accruals

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

3. Summary of significant accounting policies – cont'd

3.9 Reserves

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

(ii) Other

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

3.10 Impairment of tangible assets

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

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

3.11 Taxation

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

Current tax

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

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

3. Summary of significant accounting policies – cont'd

3.11 Deferred Tax cont'd

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

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

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

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

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

Current and deferred tax for the period

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

3.12 Employee retirement benefits

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

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

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

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

3. Summary of significant accounting policies – cont'd

3.13 Translation of foreign currency

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

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

3.14 Presentation currency

The financial statements have been presented in Guyana dollars.

3.15 Provisions

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

3.16 Skeldon Sugar Modernisation Project (SSMP)

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

3.17 Basis of consolidation

The consolidated financial statements incorporate the financial statements made to December 31 each year of the 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 Basic earnings per share

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

3.19 Borrowing costs

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

4 Critical accounting judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

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

i) Trade, other receivables and prepayments

On a regular basis, management reviews trade and other receivables to assess impairment. Based on information available as to the likely impairment in cash flows, decisions are taken in determining appropriate provisions to be made for impairment of debts.

ii) Other financial assets

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

iii) Useful lives of property, plant and equipment

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

iv) Impairment of financial assets

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

v) Retirement benefit asset/obligation

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

5. PROPERTY, PLANT & EQUIPMENT

5.1 COMPANY

Cost/valuation	Land	Buildings others	Buildings wooden	Land expansion cost	Plant, machinery and equipment	Work in progress	Total
	$M	$M	$M	$M	$M	$M	$M
As at Jan 01 2010	44,282	10,587	3,754	310	57,351	11,394	127,678
Reclassification	62	-	15	1,220	1,433	(2,730)	-
Additions	-	-	23	1,252	4,670	2,615	8,560
Disposals	-	(14)	(22)	-	(698)	-	(733)
As at December 31, 2010	44,344	10,573	3,770	2,782	62,756	11,280	135,505
Comprising:							
Cost	541	1,263	135	2,782	62,585	11,280	78,586
Valuation	43,803	9,310	3,635	-	172	-	56,920
	44,344	10,573	3,770	2,782	62,757	11,280	135,506
Depreciation							
As at Jan 01 2010	-	2,485	909	58	21,649	-	25,101
Charge for the period	-	233	80	12	3,870	-	4,195
Retired on disposals	-	(3)	(7)	-	(503)	-	(513)
As at December 31, 2010	-	2,715	982	70	25,016	-	28,782
Net book value							
As at December 31, 2010	44,344	7,858	2,788	2,712	37,740	11,280	106,722
As at December 31, 2009	44,282	8,102	2,845	252	35,702	11,394	102,577

5.2 GROUP

Cost or valuation	Land	Buildings others	Buildings wooden	Land expansion cost	Plant, machinery and equipment	Work in progress	Total
	$M	$M	$M	$M	$M	$M	$M
As at Jan 01 2010	44,282	10,599	3,754	310	57,351	11,394	127,690
Reclassification	62	-	15	1,220	1,433	(2,730)	-
Additions	-	-	23	1,252	4,670	2,615	8,560
Disposals	-	(14)	(22)	-	(698)	-	(733)
As at December 31, 2010	44,344	10,585	3,770	2,781	62,756	11,279	135,517
Comprising:							
Cost	541	1,275	135	2,781	62,584	11,279	78,595
Valuation	43,803	9,310	3,635	-	172	-	56,920
	44,344	10,585	3,770	2,781	62,756	11,279	135,515
Depreciation							
As at Jan 01 2010	7	2,479	909	58	21,660	-	25,113
Charge for the year	-	233	80	12	3,870	-	4,195
Retired on disposals	-	(3)	(7)		(503)	-	(513)
As at December 31, 2010	7	2,709	982	70	25,027	-	28,794
Net book value							
As at December 31, 2010	44,337	7,876	2,788	2,711	37,729	11,279	106,722
As at December 31, 2009	44,275	8,120	2,845	252	35,691	11,394	102,577

GUYANA SUGAR CORPORATION INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

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

5.3 Skeldon Modernisation Project

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

Interest capitalised is as follows:

	CDB SSMP $M	CDB D&I $M	GOG SSMP $M	TOTAL $M
Balance as at January 1 2009	300	53	469	1,898
Capitalised for the year	171	-	905	1,076
Balance as at December 31, 2009	471	53	1,374	1,898
Capitalised for the year	189	-	2,393	2,582
Balance as at December 31, 2010	660	53	3,767	4,480

Skeldon Modernisation Project was transferred out of capital work in progress in 2009 when the project was deemed completed. Interest capitalised up to 2009 was also included in the cost of the project. The amount of G$2,582M capitalised in 2010 represents additional accrued interest up to 2009 on the Ministry if Finance loan which has now been accounted.

5.4 If no revaluation of land, buildings and equipment was done, the net book value of property, plant and equipment would have been approximately $78,585,000,000 (2009 - $70,618,000,000).

5.5 LEASEHOLD LANDS

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

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

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

Lease payment per hectare per annum has been as follows:

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

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

6. DEFERRED TAX

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

	COMPANY		GROUP	
	2010 $M	2009 $M	2010 $M	2009 $M
Deferred tax liability				
Property, plant and equipment	10,621	8,342	10,635	8,343
Standing cane	3,519	2,361	3,516	2,372
	14,140	10,703	14,150	10,715
Deferred tax asset				
Tax value of losses carried forward	(1,882)	(1,045)	(1,892)	(1,063)
Property, plant and equipment	-	-	(18)	(2)
Inventories provision	7	(1)	7	(1)
Defined benefit pension liability	(8,710)	(8,136)	(8,709)	(8,136)
	(10,585)	(9,182)	(10,612)	(9,202)

Movement in temporary differences

	COMPANY		
	Balance at Jan 01,2010	Recognised in Income	Balance at Dec 31,2010
Deferred tax liability			
Property, plant and equipment	8,342	2,279	10,621
Standing cane	2,361	1,158	3,519
	10,703	3,437	14,140
Deferred tax asset			
Tax value of losses carried forward	(1,045)	(837)	(1,882)
Inventories provision	(1)	8	7
Defined benefit pension liability	(8,136)	(574)	(8,710)
	(9,182)	(1,403)	(10,585)

Movement in temporary differences

	GROUP		
	Balance at Jan 01,2010	Recognised in Income	Balance at Dec 31,2010
Deferred tax liability			
Property, plant and equipment	8,356	2,279	10,635
Standing cane	2,359	1,157	3,516
	10,715	3,435	14,150
Deferred tax asset			
Tax value of losses carried forward	(1,047)	(845)	(1,892)
Property, plant and equipment	(18)	-	(18)
Inventories provision	(1)	8	7
Defined benefit pension liability	(8,136)	(573)	(8,709)
	(9,202)	(1,410)	(10,612)

7. INVESTMENTS

7.1 Investments

Available for sale:	COMPANY 2010 $M	COMPANY 2009 $M	GROUP 2010 $M	GROUP 2009 $M
Livestock Development Co.	-	-	-	-
Republic Bank Limited	192	134	192	134
	192	134	192	134

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

7.2 INVESTMENT IN SUBSIDIARY

	COMPANY 2010 $M	COMPANY 2009 $M
Lochaber Limited	22	22

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

7.3 Non controlling interest

	GROUP 2010 $M	GROUP 2009 $M
		-
At January 1	26	30
Share of loss	(5)	(2)
Dividend paid	-	(2)
At December 31	21	26

8. CURRENT ASSETS

8.1 Inventory categories

	COMPANY 2010 $M	COMPANY 2009 $M	GROUP 2010 $M	GROUP 2009 $M
Fuel	80	88	80	88
Spares	1,807	1802	1,807	1,802
Fertilizers and chemicals	1,018	435	1,018	435
Other	1,719	1640	1,719	1,640
Gross Inventories	4,624	3,965	4,624	3,965
Less collectively assessed provision for slow moving and obsolete items	(346)	(324)	(346)	(324)
Net Inventories	4,278	3,641	4,278	3,641

Provision for slow moving and obsolete items increased by $22M.

It is estimated that fuel,fertilizers and chemicals and other inventories will be realised within one year

Spares expected to be recovered more than one year $632M (2009 - $623M)

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 2010 $M	COMPANY 2009 $M	GROUP 2010 $M	GROUP 2009 $M
Balance as at January 01	6,742	6,397	6,776	6,462
Adjustment to cost of sales	3,308	345	3,304	314
Estimated point of sale costs	-	-	-	-
Balance as at December 31	10,050	6,742	10,080	6,776

Standing Cane by Age

Age of Cane	COMPANY 2010 Hectares	COMPANY 2009 Hectares	GROUP 2010 Hectares	GROUP 2009 Hectares	COMPANY 2010 $M	COMPANY 2009 $M	GROUP 2010 $M	GROUP 2009 $M
1-5 Months	22,133.80	28,434.70	22,297.80	28,597.70	-	-	-	-
6 Months	1,043.60	1,140.30	1,043.60	1,160.90	38.12	46.10	51.08	46.10
7 Months	133.10	-	133.10	-	10.80	-	10.80	-
8 Months	1,383.60	1,559.40	1,383.60	1,559.40	194.38	242.50	194.38	242.50
9 Months	2,841.70	4,214.00	2,867.70	4,250.00	830.40	1,323.70	832.45	1,335.70
10 Months	4,738.00	5,890.50	4,846.00	5,970.90	2,062.06	2,835.90	2,074.59	2,843.90
11 Months	4,963.20	3,245.30	4,963.20	3,271.40	2,472.16	1,860.30	2,472.16	1,874.30
12 Months	8,335.80	785.90	8,364.80	785.90	4,442.56	433.90	4,444.85	433.90
Estimated point of sale costs	-	-	-	-	-	-	-	-
	45,572.80	45,270.10	45,899.80	45,596.20	10,050	6,742	10,080	6,776

	COMPANY $	COMPANY $	GROUP $	GROUP $
Farmers' price per tonne of sugar	73,054	80,229	73,054	80,229

8.3 Product stock categories

	COMPANY 2010 $M	COMPANY 2009 $M	GROUP 2010 $M	GROUP 2009 $M
Sugar	942	734	942	734
Molasses	598	206	598	206
Livestock	10	11	10	11
	1,551	951	1,551	951

9. CASH AND CASH EQUIVALENTS

9.1 CASH ON HAND AND AT BANK

	COMPANY 2010	COMPANY 2009	GROUP 2010	GROUP 2009
US Dollar (Escrow)	744	3,263	770	3,288
US Dollar (Current a/c)	349	2	349	2
GBP	13	11	13	11
Euro	82	1	82	1
	1,188	3,277	1,213	3,302

9. CASH AND CASH EQUIVALENTS CONTINUED

9.2 BANK OVERDRAFT(SECURED)

	COMPANY		GROUP	
	2010	2009	2010	2009
	$M	$M	$M	$M
Guyana Dollar(a)	1,763	1,922	1,763	1,922
(a) These comprised of:-				
(i) Guyana Bank for Trade and Industry Limited	1,184	996	1,184	996
(ii) Republic Bank Guyana Limited	266	370	266	370
(iii) Demerara Bank Limited	44	25	44	25
(iv) Bank of Nova Scotia	269	531	269	531
	1,763	1,922	1,763	1,922

Securities held consist of

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

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

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

(b) Interest rates are as follows:-

	GROUP	
	2010	2009
Guyana Bank for Trade and Industry Limited	9%	9%
Republic Bank Guyana Limited	8%	8%
Demerara Bank Limited	8.5%	8.5%
Bank of Nova Scotia	8.5%	8.5%

10. STATED CAPITAL

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

11. RESERVES

	COMPANY		GROUP	
	2010	2009	2010	2009
11.1 **Revaluation reserve**	$M	$M	$M	$M
Revaluation of fixed assets	50,849	50,856	50,849	50,856

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 revised in 2009.

11.2 **Other reserves**

	COMPANY		GROUP	
	2010	2009	2010	2009
	$M	$M	$M	$M
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.	2	1	2	1
4. Adjustment of investments to reflect fair value	170	112	170	112
	212	153	212	153

12. DEFERRED INCOME

	COMPANY 2010 $M	COMPANY 2009 $M	GROUP 2010 $M	GROUP 2009 $M
Income from European Union	2,713	2,713	2,713	2,713

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

Construction works commenced on the US$12M facility in 2009 and is expected to be completed in April 15, 2011. Following completion, deferred income will be transferred to the Statement of Comprehensive Income on an annual basis over the plant's useful economic life.

13. BORROWINGS

	COMPANY 2010 $M	COMPANY 2009 $M	GROUP 2010 $M	GROUP 2009 $M
13.1 Current				
a) Government of Guyana Drainage and Irrigation financed by CDB	141	141	141	141
b) Consortium of local banks and ING	1,574	1,190	1,574	1,190
c) Government of Guyana Debenture	144	144	144	144
Total current loans	1,859	1,475	1,859	1,475
13.2 Non Current				
a) Government of Guyana Drainage and Irrigation financed by CDB	646	790	646	790
b) Government of Guyana SSMP	15,249	12,856	15,249	12,856
c) Government of Guyana SSMP financed by CDB	4,588	4,262	4,588	4,262
d) Government of Guyana SSMP financed by EXIM Bank	8,135	6,201	8,135	6,201
Total non- current loans	28,818	24,109	28,618	24,109
Repayments due in one year and included in current liabilities	1,859	1,475	1,859	1,475
Repayment due within 2-5 years	5,981	546	5,981	546
Repayment due after five years	22,637	23,563	22,637	23,563
	28,618	24,109	28,818	24,109

a) Government of Guyana Drainage and Irrigation financed by CDB

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

The repayment of the loan started 5 years after the date of the first disbursement and will be paid in 34 equal semi - annual installments. The first disbursement was received in July 2002. The maturity date of th loan is June 2024.

b) Government of Guyana SSMP

This is an on - lending facility from the Government of Guyana for US$56M to finance the new Skeldon factory. The full amount was deposited in an Escrow account with ING Bank. Interest is charged at a rate of 5% per annum on the principal and is to be paid on a semi-annual basis.

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

c) Government of Guyana SSMP financed by CDB

This is an on - lending facility from the Government of Guyana for US$24.8M financed by CDB. This facility is divided into two sections Ordinary Capital Resources (ORC) for US$ 11.8M and Special Funds Resources (SFR) for $13.0M. These funds are to be used for the agricultural component of the new Skeldon factory. Drawdowns are made based on submission of contractors' certificates. To date a drawdown of US$21.488M was made.

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

d) Government of Guyana SSMP financed by EXIM Bank

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

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

e) Consortium of local banks

This is a short term line of credit as part of a consortium lending arrangement by participating Licensed Financial Institutions of Guyana totaling G$1,574M.

f) Government of Guyana debenture

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

GUYANA SUGAR CORPORATION INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

14. RELATED PARTIES

14.1 AMOUNTS DUE TO RELATED PARTIES

	COMPANY 2010 $M	COMPANY 2009 $M	GROUP 2010 $M	GROUP 2009 $M
Lochaber	(68)	(33)	-	-
Booker Tate	11	167	11	167
Government of Guyana - Lease rentals	299	362	299	362
Sugar Industry Labour Welfare Fund	880	922	875	922
	1,123	1,418	1,186	1,451

Total rent payable for the lease lands to the Government of Guyana was $299.4M (2009 - $382.3M) whilst the amount paid was $167.8M (2009 - $87.3M).

Total levies payable to Sugar Industry Welfare Fund was $1,201M whilst claims made by Guysuco for work done on behalf of the welfare was $313M. Payments made during the year was $118.8M.

14.2 RELATED PARTIES TRANSACTIONS

14.2.1 Booker Tate Limited

Booker Tate Limited, a company incorporated in the United Kingdom, managed the Corporation under an agreement dated March 28, 1998 up to March 31 2009. Under this agreement Booker Tate received a fixed fee, a production incentive fee and reimbursement of certain expenses.From April 01 2009 this agreement was replaced with a Technical Services Agreement. The amounts payable to Booker Tate under the agreements were as follows:

	COMPANY 2010 $M	COMPANY 2009 $M	GROUP 2010 $M	GROUP 2009 $M
Fixed fee (£350,000 per annum)	-	54	-	54
Technical Services(£85,000 per annum)	-	29	-	29
Production incentive fee	-	-	-	0
Salaries, benefits and other expenses	18	88	18	88
Total	18	171	18	171

14.2.2 Key Management Personnel (excluding Booker Tate)

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

	COMPANY 2010 $M	COMPANY 2009 $M	GROUP 2010 $M	GROUP 2009 $M
Short term employee benefit	228	182	228	182

14.2.3 Directors' fees and expenses

	COMPANY				GROUP			
	2010		2009		2010		2009	
	Fees	Expenses	Fees	Expenses	Fees	Expenses	Fees	Expenses
	$000	$000	$000	$000	$000	$000	$000	$000
Directors								
Ronald Alli (Chairman)*	-	-	-	58	-	-	-	58
Dr Nanda K. Gopaul	-	-	-	-	-	-	-	-
Donald Ramotar	52	1,896	70	1,881	52	1,896	70	1,881
Mrs. Geeta Singh -Knight	52	-	70	-	52	-	70	-
Dr. Rajendra Singh	52	749	70	2,038	52	749	70	2,038
Keith Burrowes	52	-	70	-	52	-	70	-
Mr. J.B. Raghurai	52	-	70	-	52	-	70	-
Roger Speddy *	-	-	-	1,720	-	-	-	1,720
Errol Hanoman **	-	-	-	2,016	-	-	-	2,016
	262	2,645	350	7,713	262	2,645	350	7,713

* Indicate Directors retired in 2008
** Indicate Directors retired in 2010

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.

15. EMPLOYEES RETIREMENT BENEFITS

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31 December 2010 by Bacon Woodrow & De Souza. The present valuation of the defined benefit obligation and the related current service cost were measured by the actuaries at 31 December 2010 using the Projected Unit Credit Method.

	2010				2009			
	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
15.1 The amounts recognized in the Statement of Financial Position are as follows:								
Defined benefit obligation	574	9,083	21,227	30,883	574	8,200	21,899	30,673
Fair value of assets	-	(8,402)	-	(8,402)	-	(7,776)	-	(7,776)
Present value of unfunded contributions	574	681	21,227	22,481	574	424	21,899	22,897
Unrecognized gain/(loss)	-	(333)	2,730	2,397	-	(131)	475	344
Defined benefit liability	574	348	23,957	24,878	574	293	22,375	23,243
15.2 Reconciliation of opening and closing defined benefit liability								
Defined benefit liability at the beginning of the year	574	294	22,374	23,243	574	252	20,846	21,672
Add net pension cost	-	297	2,122	2,419	-	285	2,051	2,336
Less company contribution/benefits paid	-	(243)	(540)	(783)	-	(243)	(523)	(766)
Net pension cost	-	54	1,582	1,636	-	42	1,528	1,570
Defined benefit liability at the end of the year	574	348	23,956	24,879	574	294	22,374	23,242
15.3 The amounts recognized as staff costs in the Statement Of Income are as follows:								
Current service cost	-	320	824	1,144	-	310	809	1,119
Interest on defined benefit obligation	-	480	1,298	1,778	-	466	1,242	1,708
Expected return on Plan Assets	-	(503)	-	(503)	-	(492)	-	(492)
Total included in staff costs	-	297	2,122	2,419	-	284	2,051	2,335
15.4 Actual return on Plan Assets								
Expected return on Plan assets	-	503	-	503	-	492	-	492
Actuarial loss on Plan Assets	-	196	-	196	-	(227)	-	(227)
Actual return on Plan Assets	-	899	-	699	-	265	-	265

15.5 Actuarial assumptions	2011	2010
(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.

	Ex Gratia Scheme					Steps Scheme				
	2010	2009	2008	2007	2006	2010	2009	2008	2007	2006
	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000
Experience History										
Defined benefit obligation	21,227.00	21,899.30	20,950.00	19,456.90	17,154.90	9,082.60	8,200.20	7,985.60	7,516.30	6,746.50
Fair Value Plan Assets	-	-	-	-		(8,401.7)	(7,776.4)	(7,611.5)	(7,373.3)	(6,964.60)
(Surplus)/Deficit	21,227.00	21,899.30	20,950.0	19,456.9	17,154.9	680.9	423.8	374.1	143.0	(218.10)
Experience Adjustment on Plan Liabilities	2,254.90	(578.60)	52.90	948.80	-2,003.20	398.9	(219.7)	45.7	307.8	153.8
Experience Adjustment on Plan Assets	-	-	-	-		196.1	(227.3)	(156.2)	(51.9)	39.2
Expected Company Contributions in 2010	567.0					263.1				

Data given to the actuaries included the Corporation's best possible estimations of details where precision was not possible. This was required for them to calculate liabilities according to IAS 19. The actuaries have cautioned that the figures are subject to change after a more complete assessment is carried out of the scheme in 2011

15. EMPLOYEES RETIREMENT BENEFITS (cont'd)

15.6 Asset Allocation

	2010	2009
Equity Securities	18.20%	14.70%
Debt Securities	24.20%	41.20%
Property	7.20%	7.70%
Other	50.40%	36.40%
Total	100.00%	100.00%

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

16. REVENUE

	COMPANY		GROUP	
	2010 $M	2009 $M	2010 $M	2009 $M
Revenue by products				
Sugar	22,857	29,431	22,857	29,431
Molasses	2,933	2,433	2,933	2,433
Co-generation Electricity	458	198	458	198
Total Sales	26,248	32,062	26,248	32,062
Revenue by major markets				
Europe	14,600	24,632	14,600	24,632
North America	3,044	1,529	3,044	1,529
Caribbean	3,804	2,152	3,804	2,152
Guyana	4,606	3,727	4,606	3,727
Other Markets	194	22	194	22
	26,248	32,062	26,248	32,062

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

GUYANA SUGAR CORPORATION INC.

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FOR THE YEAR ENDED DECEMBER 31, 2010

	COMPANY		GROUP	
	2010 $M	2009 $M	2010 $M	2009 $M
17. LOSS BEFORE TAXATION	**-5,136**	**-1,949**	**-5,150**	**-1,951**
After charging -				
Employment Costs				
Wages and salaries	14,969	15,443	14,969	15,443
Social security contributions	828	818	828	818
Employees retirement benefits	1,636	1,570	1,636	1,570
Materials and services purchased	10,564	8,320	10,564	8,320
Research and development expenses	207	154	207	154
Directors' fees & expenses	3	8	3	8
Provision for slow moving and obsolete items	22	3	22	3
Depreciation	4,195	3,416	4,195	3,416
Auditors' remuneration-audit services	11	8	11	8
Interest expense	499	484	499	484
Management fees and expenses	18	171	18	171
Loss on revaluation of non-current assets	31	160	31	160
After crediting			0	
Net gain on exchange	79	81	79	81
Interest income	7	10	7	10
Loss relief set off	0	190	-	190
Available for sale income	14	11	14	11

18. TAXATION

Reconciliation of corporation tax expense and accounting loss:

	COMPANY 2010	COMPANY 2009	GROUP 2010	GROUP 2009
Accounting loss	-5,136	-1,949	-5,150	-1,951
Corporation tax @35%	-1,798	-682	-1,802	-683
Add: Tax effect of expenses not deductible in determining taxable profits				
Depreciation for accounting purposes	1,592	1,140	1,592	1,140
Defined benefit pension cost	573	550	573	550
Others	-	509	-	1,265
	367	1,517	362	2,272
Deduct:				
Depreciation for tax purposes	-1,597	-886	-1,597	-1,679
Standing Cane	-1,011	-155	-1,011	-120
	-2,241	476	-2,245	473
Corporation Tax	-	476	-	473
Deferred Tax	2,034	116	2,026	113
	2,034	592	2,026	586
Property Tax	217	34	217	42
	2,251	626	2,243	628
Taxation - current	217	510	217	515
- deferred	2,034	116	2,026	113
	2,251	626	2,243	628

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.

19. Analysis of financial assets and liabilities by measurement basis

Company

2010

ASSETS	Available for sale $M	Loans and Receivables $M	Financial Assets and Liabilities at Amortised cost $M	Total $M
Investments	192	-	-	192
Trade receivables	-	1,456	-	1,456
Other receivables and prepayments	-	2,347	-	2,347
Cash on hand and at bank	-	-	1,188	1,188
Total assets	192	3,803	1,188	5,183
LIABILITIES				
Employees retirement benefit	-	-	24,879	24,879
Trade payables	-	-	2,033	2,033
Other payables and accruals	-	-	11,047	11,047
Related parties	-	-	1,123	1,123
Borrowings	-	-	30,478	30,478
Taxation	-	-	2,827	2,827
Bank overdraft(secured)	-	-	1,763	1,763
Total liabilities	-	-	74,151	74,151

2009

ASSETS	Available for sale $M	Loans and Receivables $M	Financial Assets and Liabilities at Amortised cost $M	Total $M
Investments	134	-	-	134
Trade receivables	-	1,324	-	1,324
Other receivables and prepayments	-	1,705	-	1,705
Cash on hand and at bank	-	-	3,277	3,277
Total assets	134	3,029	3,277	6,440
LIABILITIES				
Employees retirement benefit	-	-	23,242	23,242
Trade payables	-	-	2,174	2,174
Other payables and accruals	-	-	4,463	4,463
Related parties	-	-	1,418	1,418
Borrowings	-	-	25,584	25,584
Taxation	-	-	2,612	2,612
Bank overdraft(secured)	-	-	1,922	1,922
Total liabilities	-	-	61,415	61,415

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19. Analysis of financial assets and liabilities by measurement basis

Group

2010

	Available for sale	Loans and Receivables	Financial Assets and Liabilities at Amortised cost	Total
ASSETS	$M	$M	$M	$M
Investments	192	-	-	192
Trade receivables	-	1,460	-	1,460
Other receivables and prepayments	-	2,347	-	2,347
Taxes recoverable	-	34	-	34
Cash on hand and at bank	-	-	1,213	1,213
Total assets	192	3,841	1,213	5,246
LIABILITIES				
Employees retirement benefit	-	-	24,879	24,879
Trade payables	-	-	2,034	2,034
Other payables and accruals	-	-	11,047	11,047
Related parties	-	-	1,186	1,186
Borrowings	-	-	30,477	30,477
Taxation	-	-	2,840	2,840
Bank overdraft(secured)	-	-	1,763	1,763
Total liabilities	-	-	74,226	74,226

2009

	Available for sale	Loans and Receivables	Financial Assets and Liabilities at Amortised cost	Total
ASSETS	$M	$M	$M	$M
Investments	134	-	-	134
Trade receivables	-	1,324	-	1,324
Other receivables and prepayments	-	1,705	-	1,705
Taxes recoverable	-	34	-	34
Cash on hand and at bank	-	-	3,302	3,302
Total assets	134	3,063	3,302	6,499
LIABILITIES				
Employees retirement benefit	-	-	23,242	23,242
Trade payables	-	-	2,186	2,186
Other payables and accruals	-	-	4,466	4,466
Related parties	-	-	1,451	1,451
Borrowings	-	-	25,584	25,584
Taxation	-	-	2,625	2,625
Bank overdraft(secured)	-	-	1,922	1,922
Total liabilities	-	-	61,476	61,476

20. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	COMPANY		GROUP	
	2010 $M	2009 $M	2010 $M	2009 $M
Expenditure authorised by the Directors but not committed				
Routine expenditure	4,325	5,820	4,325	5,820
Skeldon Sugar Modernisation Project	-	4,098	-	4,098
Drainage & Irrigation project	-	5	-	5

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

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

21. PENDING LITIGATION

There are several actions for which the liability of the Group, if any, has not been determined. The maximum potential liability at the end of the year is estimated at $987M (2009 $987M).

22. FINANCIAL RISK MANAGEMENT

Financial risk management objectives

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

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

(a) **Market Risk**

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors 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 identifies, evaluates, underwrites and diversifies risks in order to minimise the total cost of carrying such risk.

(i) **Foreign currency risk**

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

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

	Group 2010			
	US Dollar	GBP	Euro	Total
	$M	$M	$M	$M
Assets	5,238	68	1,862	7,167
Liabilities	(3,841)	(828)	-	(4,669)
Net Asset/(liability)	1,397	(760)	1,862	2,498
	Group 2009			
Assets	3,688	-	-	3,688
Liabilities	(132)	(4)	-	(137)
Net Asset/(liability)	3,556	(4)	-	3,551

22. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market Risk (cont'd)

(i) Foreign currency risk (cont'd)

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the Guyana dollar (GYD) against the relevant 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 currency strengthens 5% against the GYD. For a 5% weakening of the currency against GYD there would be an equal and opposite impact on the profit and the balances below would be reversed.

	US$ Impact		Sterling Impact		Euro Impact	
	2010	2009	2010	2009	2010	2009
	$M	$M	$M	$M	$M	$M
Profit/(loss)	69.84	177.78	(38.02)	(0.21)	93.09	-

22. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market Risk (cont'd)

(ii) Interest rate risk

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

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

Company	effective average interest rate	2010 Maturing Within 1Year $M	1 to 5 years $M	Over 5 years $M	Non - interest bearing $M	Total $M
Assets						
Investments		-	-	-	192	192
Trade receivables and prepayment		-	-	-	3,803	3,803
Cash and cash equivalents	3.75	1,188	-	-	-	1,188
		1,188	-	-	3,995	5,183
Liabilities						
Employees retirement benefits		-	-	-	24,879	24,879
Trade & other payables		-	-	-	13,081	13,081
Related parties		-	-	-	1,123	1,123
Borrowings	8.50	1,859	5,981	22,637	-	30,478
Taxation		-	-	-	2,827	2,827
Bank overdraft(secured)	7.25	1,763	-	-	-	1,763
		3,622	5,981	22,637	41,910	74,151
Interest sensitivity gap		(2,434)	(5,981)	(22,637)		

		2009 Maturing Within 1 Year $M	1 to 5 years $M	Over 5 years $M	Non- interest bearing $M	Total $M
Assets						
Investments		-	-	-	134	134
Trade receivables & prepayments		-	-	-	3,029	3,029
Cash and cash equivalents	3.75	3,277	-	-	-	3,277
		3,277	-	-	3,163	6,440
Liabilities						
Employees retirement benefits		-	-	-	23,242	23,242
Trade & other payables		-	-	-	6,637	6,637
Related parties		-	-	-	1,418	1,418
Borrowings	6.77	1,475	546	23,563	-	25,584
Taxation		-	-	-	2,612	2,612
Bank overdraft(secured)	7.25	1,922	-	-	-	1,922
		3,397	546	23,563	33,909	61,415
Interest sensitivity gap		(120)	(546)	(23,563)		

22. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market Risk (cont'd)

(ii) Interest rate risk

Group 2010

	effective average interest rate	Maturing Within 1Year $M	1 to 5 years $M	Over 5 years $M	Non - interest bearing $M	Total $M
Assets						
Investments		-	-	-	192	192
Trade receivables & prepayments		-	-	-	3,806	3,806
Tax recoverable		-	-	-	34	34
Cash and cash equivalents	3.75	1,213	-	-	-	1,213
		1,213	-	-	4,032	5,245
Liabilities						
Employees retirement benefits		-	-	-	24,879	24,879
Trade & other payables		-	-	-	13,081	13,081
Related parties		-	-	-	1,186	1,186
Borrowings	8.50	1,859	5,981	22,637	-	30,478
Taxation		-	-	-	2,840	2,840
Bank overdraft(secured)	7.25	1,763	-	-	-	1,763
		3,622	5,981	22,637	41,986	74,226
Interest sensitivity gap		(2,409)	(5,981)	(22,637)		

Group 2009

		Maturing Within 1 Year $M	1 to 5 years $M	Over 5 years $M	Non-interest bearing $M	Total $M
Assets						
Investments		-	-	-	134	134
Trade receivables & prepayments		-	-	-	3,029	3,029
Tax recoverable		-	-	-	34	34
Cash and cash equivalents	3.75	3,302	-	-	-	3,302
		3,302	-	-	3,197	6,499
Liabilities						
Employees retirement benefits		-	-	-	23,242	23,242
Trade & other payables		-	-	-	6,652	6,652
Related parties		-	-	-	1,451	1,451
Borrowings	6.77	1,475	546	23,563	-	25,584
Taxation		-	-	-	2,625	2,625
Bank overdraft(secured)	7.25	1,922	-	-	-	1,922
		3,397	546	23,563	33,970	61,476
Interest sensitivity gap		(95)	(546)	(23,563)		

22. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market Risk (cont'd)

(ii) Interest rate risk cont'd

(ii) Interest rate sensitivity analysis

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

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

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

This impact is illustrated on the following table:

		Impact on loss for the year			
		Company 2010	Group 2009	Company 2010	Group 2009
	Increase/ decrease in basis point	G$M	G$M	G$M	G$M
Cash & cash equivelent	+ /-50	12	75	12	76
Borrowings	+ /-50	322	1,279	322	1,279

(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 (cont'd)

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

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

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

	Group 2010					
	Maturing					
	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	-	-	-	-	192	192
Trade receivables	708	578	100	75	-	1,461
Other receivables	377	846			-	1,223
Prepayments	1,124	-	-	-	-	1,124
Taxes recoverable	-	-	34	-	-	34
Cash on hand and at bank	1,213	-	-	-	-	1,213
Total assets	3,422	1,424	134	75	192	5,247
Liabilities						
Employees retirement benefits	-	-	-	-	24,879	24,879
Trade payables	2,034	-	-	-	-	2,034
Other payables	11,047	-	-	-	-	11,047
Related parties	-	-	1,186	-	-	1,186
Borrowings	-	-	1,859	5,981	22,637	30,478
Taxation	-	-	2,840	-	-	2,840
Bank overdraft(secured)	1,763	-	-	-	-	1,763
Total liabilities	14,844	-	5,885	5,981	47,516	74,226
Net asset/(liabilities)	(11,422)	1,424	(5,751)	(5,906)	(47,324)	(68,979)

22. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Liquidity risk (cont'd)

	Group 2009					
	Maturing					
	Within 1 year					
Assets	on demand $M	due in 3 months $M	due 3 - 12 months $M	2 to 5 years $M	Over 5 years $M	Total $M
Investments	-	-	-	-	134	134
Trade receivables	416	908	-	-	-	1,324
Other receivables	887		-	-	-	887
Prepayments	818	-	-	-	-	818
Taxes recoverable	-	-	34	-	-	34
Cash on hand and at bank	3,302	-	-	-	-	3,302
Total assets	5,423	908	34	-	134	6,499
Liabilities						
Employees retirement benefits	-	-	-	-	23,242	23,242
Trade payables	2,186	-	-	-	-	2,186
Other payables	4,466	-	-	-	-	4,466
Related parties	-	-	1,451	-	-	1,451
Borrowings	-	-	1,475	546	23,563	25,584
Taxation	-	-	2,625	-	-	2,625
Bank overdraft(secured)	1,922	-	-	-	-	1,922
Total liabilities	8,574	-	5,551	546	46,805	61,476
Net asset/(liabilities)	(3,151)	908	(5,517)	(546)	(46,671)	(54,977)

22. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Credit risk

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

	Company		Group	
	Maximum exposure		Maximum exposure	
	2010	2009	2010	2009
	$M	$M	$M	$M
Cash on hand and at bank	1,188	3,277	1,213	3,302
Investments	192	134	192	134
Investment in subsidiary	22	22	-	-
Trade,other receivables and prepayments	3,803	3,029	3,806	3,029
Tax recoverable	-	-	34	34

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

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

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

The related risk is therefore considered very low.

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

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

	Company		Group	
	2010	2009	2010	2009
	$M	$M	$M	$M
Trade and other receivables (excluding prepayments)	2,680	2,211	2,683	2,211

The above balances are classified as follows:

	Company 2010	Company 2009	Group 2010	Group 2009
Current	1,080	909	1,084	909
Past due but not impaired	1,600	1,302	1,600	1,302
	2,680	2,211	2,684	2,211

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

	Company 2010	Company 2009	Group 2010	Group 2009
Past Due up to 29 days	1,311	1,126	1,311	1,126
Past Due 30 - 59 days	113	89	113	89
Past Due 60 - 89 days	58	13	58	13
Past Due 90 - 179 days	36	26	36	26
Past Due over 180 days but less than 1 year	6	9	6	9
Past Due more than 1 year	84	47	84	47
	1,608	1,310	1,608	1310
Collectively assessed provision for bad debts	(8)	(8)	(8)	(8)
	1,600	1,302	1,600	1,302

23. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2009.

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

Gearing ratio

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

The gearing ratio at the year end was as follows:

	Company		Group	
	2010	2009	2010	2009
	$M	$M	$M	$M
Debt (i)	32,240	27,506	32,240	27,506
Cash in hand and at bank	(1,188)	(3,277)	(1,213)	(3,302)
Net debt	31,052	24,229	31,027	24,204
Equity (ii)	47,389	54,724	47,401	54,742
Net debt to equity ratio	0.66:1	0.44:1	0.65:1	0.44:1

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

24. Basic loss per share

	COMPANY	
	2010	2009
	$	$
Loss for the year	-7,387,000,000	-1,323,000,000
	Units	Units
Ordinary share issued and fully paid	10,799,571,775	10,799,571,775
Basic loss per share	(0.68)	(0.12)

	GROUP	
	2010	2009
Loss attributable to equity holders of the parent	-7,393,000,000	-1,323,000,000
Ordinary share issued and fully paid	10,799,571,775	10,799,571,775
Basic loss per share	(0.68)	(0.12)

25. European Union Sugar Protocol

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

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

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

26. Fair value of financial instruments

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

	GROUP 2010		GROUP 2009	
	Carrying Value $M	Fair Value $M	Carrying Value $M	Fair Value $M
Financial assets				
Cash and cash equivalents	1,213	1,213	3,302	3,302
Available for sale investments	192	192	134	137
Trade, other receivables & prepayments	3,806	3,806	3,029	3,029
Taxes Recoverable	34	34	34	34
Financial liabilities				
Borrowings	30,477	30,477	25,584	25,584
Trade and other payables	17,107	17,107	10,728	10,728
Employee retirement benefits	24,879	24,879	23,242	23,242
Bank overdraft(secured)	1,763	1,763	1,922	1,922
Taxation	2,840	2,840	2,625	2,625
Related Parties	1,186	1,186	1,451	1,451

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

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

(a) For available for sale financial assets,the fair values were determined with reference to quoted market prices. Quoted market prices are obtained from independent market valuators using level 1 fair value measurements.

(b) Financial instruments where the carrying amounts is equal to fair value:-Due to their short-term maturity, the carrying amounts of certain financial instruments is assumed to approximate their fair values. These include cash and cash equivalent,trade & other receivables and prepayments,borrowings and trade and other payables,employee retirement benefits and bank overdraft.

27 Subsequent event

Effective 1 January 2011 the Corporation Tax rate for commercial companies(including the Company) was reduced from 45% to 40%.The effect of this change cannot be quantified at this stage.