GUYANA SUGAR CORPORATION INC.

ANNUAL REPORT
2012

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Financial Matters

The Corporation's financial strategies of sourcing more cost effective materials and services while maintaining quality; maximizing on the credit terms from suppliers; negotiating better contracts with customers in terms of reduced credit periods while still being competitive; following up on timely collection of debts; and monitoring costs on a weekly basis continued in 2012 to counteract the low production levels which affected the Corporation's liquidity.

Entering 2012 our local consortium of banks continued to provide working capital of $3.1bln

In 2011 the Corporation sourced US$17m in crop financing from its bankers, Citibank. However, in 2012 the Corporation did not enter into a Crop Financing contract with any foreign banks due to increased interest rates. Instead the Corporation negotiated advances from its Caricom customers and temporary increases in its local overdraft facility at Republic Bank (Guyana) Limited. The Government of Guyana also provided G$4bln. Our Caricom customers (Trinidad and Suriname), Republic Bank (Guyana) Limited and the Government of Guyana provided much needed support to the Corporation during its challenging times.

The Corporation; however, managed to negotiate payment terms in US currency with our European Customer, Tate and Lyle, who was bought over by American Sugar Refining Inc., thereby eliminating the EU/US$ foreign exchange risk.

Cash and Bank balance improved from G$1.0bln in 2011 to G$1.3bln in 2012. The Corporation was able to reduce its loss from G$13.8bln in 2011 to G$1.4bln in 2012, partly due to cost reduction.

Agricultural Operations

The very wet conditions in the first crop of 2012 combined with Industrial Relations issues and low labour turn out negatively impacted production and agricultural activities during the year. The 2012 production of 218,069 tonnes fell well short of the June 2012 budget of 236,310 tonnes.

A total of 6,309 hectares (ha) was replanted against a budgeted replanting programme of 14,361 ha, a 44% achievement. 76% of the replanting were done in the second crop of 2012. Unavailability of prepared lands, because of adverse climatic conditions, especially in the first crop, contributed to lower than budgeted achievement.

In order to supplement the replanting programme, supplying is done. Supplying is the filling of gaps with seed cane (planting material) in a ratoon field that has been harvested and allowed to go through another cycle to maturity. This operation is quite similar to planting operations and can only be done manually. It is done in the fields where gaps exceed 15%. Workers will manually take the planting material into the fields; use a hand fork to till the gaps (blank spots) before inserting the planting material into the soil.

The land preparation achievement level was 51% of the budget; 7,356 hectares completed versus 14,395 hectares budgeted. Loss of opportunity days due to persistent heavy rains contributed to the lower than budgeted achievement. 80% of this achievement were in the second crop.

Environment

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 of the country's water management system. These actions are done throughout the coastal areas on a daily basis by the Corporation's employees.

In the central analytical & environmental monitoring laboratory, fifty-four thousand and three hundred and ninety-two (54,392) analyses were conducted on ten thousand nine hundred and ninety-five (10,995) samples during the year. The majority of these analyses were required for the monitoring of routine operations and research projects carried out by the Corporation's Agriculture and Factory Departments. 2012 production was higher than 2011 production by approximately 14 %, which was due to an increase in foliar and water sampling.

In the soil and plant nutrition areas, repeated trials in soil management blocks across the industry were continued and monitored during 2012. However, the harvesting and monitoring of most of the trials across the Industry were severely affected by the unfavorable weather experienced over the period under review. There was some return to normalcy during second crop 2012 where some trials were successfully harvested.

Factory Operations

The total quantity of canes processed by the industry in 2012 amounted to 2,710,242.68t, which yielded 218,068.68t sugar and 107,617t molasses. That is a cane to sugar (TC: TS) of 12.43 and a molasses % cane of 3.77.

The industry achieved a milling rate of 125.27 tonnes per hour and a factory time efficiency of 91.03. The average grinding period for the industry was 32.61 weeks. Total volume of cane milled was 2,710,043t. Hours lost due to industrial strikes were 1,547 hours for the Industry. The average grinding time per week in 2012 was 94.78 hours, an increase of 0.94hrs from 2011. However, this is below the budget of 130 hours /week.

The production of sugar in 2012 was 218,069, a drop of 18,437 tonnes from 2011 due to adverse climatic conditions, which affected both the yield and the cane quality.

Skeldon produced 26,675.775 tonnes sugar in the second crop of 2012. This is the highest second crop production since the commissioning of the new factory in 2008.

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 employees 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 of anyone in the community
- Make 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 Markets. Molasses is aby product from the Sugar cane production and the sale of it provids some much needed income for the Corporation.

Total Revenue fell by a mere G$60m in 2012, compared to 2011.

Table 1. Revenue by Markets for 2012

Markets	Revenues (G$m)
Europe	21,057
North America	2,334
Caribbean	4,633
Guyana	4,486
Other Markets	108
Total	**32,618**

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 be the single largest employer of the Cooperative Republic of Guyana.

Production figures

Ten Year Review 2003 to 2012

Operation	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
HECTARES HARVESTED	41,959	45,447	41,890	42,422	39,757	44,262	43,556	36,510	45,411	43,616
TONNES CANE MILLED ('000)	3,382	3,744	3,005	2,975	3,099	2,767	2,764	2,762	3,196	2,710
YIELDS:										
ESTATE - TONNES CANE / HECTARE	72.75	74.87	65.43	64.48	71.97	57.71	57.50	66.32	62.58	55.31
TONNES CANE /TONNE SUGAR	11.03	11.52	12.20	11.46	11.55	12.16	11.67	12.51	13.51	12.43
TONNE SUGAR / HECTARE	6.59	6.45	5.36	5.63	6.23	4.75	4.93	5.30	4.63	4.45
PRODUCTION (TONNES)										
SUGAR	302,378	325,317	246,071	259,549	266,482	226,267	233,736	220,818	236,505	218,068
MOLASSES	127,201	138,140	115,732	107,501	115,048	99,280	109,598	122,281	132,733	107,617
HOME CONSUMPTION (TONNES):										
SUGAR	24,529	23,669	22,781	23,396	23,480	23,345	23,594	22,341	20,031	22,387
MOLASSES	55,272	51,685	40,058	41,895	46,253	74,206	92,396	37,103	38,385	28,936
EXPORT (TONNES):										
SUGAR	311,846	289,016	229,697	237,681	244,865	205,268	217,707	195,745	210,863	196,537
MOLASSES	76,726	83,974	71,071	61,851	57,282	19,169	12,271	70,775	92,432	79,552
SALES:										
DOMESTIC SUGAR ($M)	1,286	1,319	1,335	1,644	1,673	1,595	1,906	2,273	1,884	2,048
AVERAGEPRICE / TONNE($)	52,428	55,723	58,601	70,245	71,252	68,328	76,857	101,757	94,079	91,463
EXPORT SUGAR ($M)	25,094	25,288	21,324	25,509	27,101	23,777	24,398	18,332	23,954	26,211
AVERAGE PRICE / TONNE ($)	80,469	87,498	92,835	107,332	110,676	115,832	112,067	93,652	113,601	133,363
AVERAGE PRICE / TONNE (US$)	418	439	465	538	545	570	552	462	558	654
MOLASSES ($M)	1,373	1,265	1,637	1,914	1,667	1,306	1,815	1,815	3,428	3,129
EMPLOYMENT COST	16,207	16,444	14,710	16,067	17,373	17,580	15,571	15,787	18,518	19,413
MATERIALS AND SERVICES	7,754	7,220	8,408	9,485	8,958	10,858	10,629	11,565	12,626	11,271
(LOSS) / PROFIT BEFORE TAX ($M)	(1,130)	1,220	(1,188)	2,429	2,159	(6,210)	(1,949)	(5,136)	(11,232)	(1,863)
(LOSS) / PROFIT BEFORE TAX AND LEVY	(4,006)	1,220	(1,188)	2,429	2,159	(6,210)	(1,949)	(5,136)	(11,232)	(1,863)
(LOSS) / PROFIT AFTER TAX($M)	(1,429)	261	(1,866)	476	630	(4,089)	(1,323)	(7,387)	(11,232)	(1,863)
(LOSS) / PROFIT AFTER TAX BEFORE LEVY	(4,305)	261	(1,866)	476	630	(4,089)	(1,323)	(7,387)	(13,896)	(1,246)
AVERAGE MID MARKET EXCHANGE RATE (G$/US$)	192.33	199.28	199.75	199.50	202.99	203.34	202.99	202.83	203.63	203.99

Board of Directors

Dr. Raj Singh

Chairman

Mr. Paul Bhim

Chief Executive Officer

Mr. Badrie Persaud

Member

Mr. Keith Burrowes

Member

Dr. D. Permaul

Member

Mrs. Geeta Singh-Knight

Member

REPORT OF THE DIRECTORS

For the year ended 31st December, 2012

The Directors of the Guyana Sugar Corporation Inc. present their report together with the audited financial statements for the year ended 31st December, 2012.

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 9-40.

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 F. 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; for the financial years 2011 to 2015 Parmesar Chartered Accountants were the sub-contracted auditors.

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

AUDITED FINANCIAL STATEMENTS OF GUYANA SUGAR CORPORATION INC.

FOR THE YEAR ENDED
31 DECEMBER 2012

CONTRACTED AUDITORS: **PARMESAR CHARTERED ACCOUNTANTS**
1 DELPH ST. & DUREY LANE CAMPBELLVILLE
GEORGETOWN

AUDITORS: **AUDIT OFFICE**
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

AUDITED FINANCIAL STATEMENTS OF THE GUYANA SUGAR CORPORATION INC. FOR THE YEAR ENDED 31 DECEMBER 2012

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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

151/PC: 34/2/2014

19 August 2014

Dr. Raj Singh
Chief Executive Officer
Guyana Sugar Corporation Inc.
Ogle Estate
East Coast Demerara.

Dear Dr. Singh,

AUDIT OF THE BOOKS AND ACCOUNTS OF THE
GUYANA SUGAR CORPORATION INC.
FOR THE YEAR ENDED 31 DECEMBER 2012

Please find attached six (6) copies of the audited financial statements, together with the report of the Auditor General, thereon.

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

With best regards.

Yours sincerely,

AUDIT OFFICE OF GUYANA

J. Dillon
Audit Manager
for Auditor General

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

AG: 63/2014 19 August 2014

**REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE BOARD OF DIRECTORS
OF GUYANA SUGAR CORPORATION INC.
ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

Chartered Accountants Parmesar Chartered Accountants have audited on my behalf the consolidated financial statements of Guyana Sugar Corporation Inc. for the year ended 31 December 2012, as set out on pages 5 to 40. The audit was conducted in accordance with the Audit Act 2004.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC), and those of the International 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

As required by the Audit Act 2004, I have reviewed the audit plan and procedures, working 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 consolidated financial statements give a true and fair view, in all material respects, of the financial position of Guyana Sugar Corporation Inc. as at 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying my opinion I wish to emphasize the following:

With respect to the Corporation's indebtedness to the Guyana Revenue Authority for taxes amounting to $2,623,400,644, 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.

At 31 December 2012, the Company's total liabilities exceeded its assets by $32,420,663,571 and the issued share capital has been depleted by the losses incurred. The validity of the going concern basis on which the consolidated financial statements are prepared depends on the continued support from the Government of Guyana. Should the Company be unable to continue in operational existence, adjustments would have to be made to bring the consolidated statement of financial position values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets as current assets. My opinion is not qualified in this respect.

Report on Other Legal and Regulatory Requirements

The consolidated financial statements of the Guyana Sugar Corporation Inc. comply with the requirements of the Companies Act 1991.

AUDIT OFFICE OF GUYANA

D. SHARMA
AUDITOR GENERAL

AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA.

REPORT OF THE CHARTERED ACCOUNTANTS
PARMESAR
TO THE AUDITOR GENERAL
ON THE CONSOLIDATED FINANCIAL STATEMENTS OF
GUYANA SUGAR CORPORATION INC.
FOR THE YEAR ENDED 31 DECEMBER 2012

We have audited the accompanying consolidated financial statements of Guyana Sugar Corporation Inc. which comprise of the statement of financial position as at 31 December 2012 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 5 to 40.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated 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 about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatements of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

1 Delph Street & Durey Lane, Campbellville, Georgetown, Guyana
Tel: (592) 225-6627, 225-6629, Fax: 225-6647
Email: parmesar@ewirelessgy.com Website: www.parmesar.com

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Guyana Sugar Corporation Inc. as at 31 December 2012, and of the financial performance and the statement of cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion we wish to emphasise the following:

- with respect to the Corporation's indebtedness to the Guyana Revenue Authority for taxes amounting to G$2,623,400,644, 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.

- at December 31, 2012 the Company's total liabilities exceeded its assets by $32,420,663,571 and the issued share capital has been depleted by the losses incurred. The validity of the going concern basis on which the consolidated financial statements are prepared depends on the continued support from the Government of Guyana. Should the Company be unable to continue in operational existence, adjustments would have to be made to bring the consolidated statement of financial position values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify non-current assets as current assets. Our opinion is not qualified in this respect.

Report on Other Legal and Regulatory Requirements

The consolidated financial statements of the Guyana Sugar Corporation Inc. comply with the requirements of the Companies Act 1991.

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PARMESAR

PARMESAR

18 August 2014

GUYANA SUGAR CORPORATION INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2012

	NOTES	COMPANY 2012 $M	COMPANY 2011 $M	GROUP 2012 $M	GROUP 2011 $M
ASSETS					
Non current assets					
Property, plant and equipment	5	102,798	105,737	102,798	105,737
Deferred tax asset	6	11,034	10,247	11,071	10,278
Investments	7.1	366	286	366	286
Investment in subsidiary	7.2	22	22	-	-
Total non current assets		114,220	116,292	114,235	116,301
Current assets					
Inventories	8.1	3,913	4,111	3,913	4,111
Standing cane	8.2	7,364	6,121	7,385	6,128
Product stock	8.3	1,179	1,665	1,179	1,665
Trade receivables		1,630	1,339	1,643	1,347
Other receivables		1,696	1,502	1,696	1,503
Prepayments		748	521	748	521
Taxes recoverable		-	-	34	34
Cash on hand and at bank	9.1	1,358	1,035	1,384	1,061
Total current assets		17,887	16,294	17,982	16,370
TOTAL ASSETS		132,107	132,586	132,218	132,671
EQUITY AND LIABILITIES					
Stated capital	10	10,800	10,800	10,800	10,800
Revaluation reserve	11.1	50,849	50,849	50,849	50,849
Other reserves	11.2	387	306	387	306
Accumulated deficit		(29,614)	(28,368)	(29,643)	(28,389)
		32,421	33,587	32,392	33,566
Non controlling interest	7.3	-	-	(7)	(4)
Total equity		32,421	33,587	32,385	33,562
Non current liabilities					
Deferred tax liability	6	16,839	16,267	16,845	16,269
Deferred income	12	2,654	2,713	2,654	2,713
Borrowings	13.2	29,549	29,200	29,549	29,200
Employees retirement benefits	15	28,719	26,533	28,719	26,533
Total non-current liabilities		77,761	74,713	77,767	74,715
Current liabilities					
Trade payables		3,114	2,855	3,116	2,855
Other payables		11,933	13,296	11,933	13,296
Related parties	14.1	1,217	1,282	1,343	1,377
Taxes payable		2,623	3,026	2,637	3,039
Borrowings	13.1	935	1,335	935	1,335
Bank overdraft(secured)	9.2	2,102	2,492	2,102	2,492
Total current liabilities		21,925	24,286	22,066	24,394
TOTAL EQUITY AND LIABILITIES		132,107	132,586	132,217	132,671

The Board of Directors approved these financial statements for issue on 15 August 2014.

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, 2012

	NOTES	COMPANY		GROUP	
		2012	2011	2012	2011
		$M	$M	$M	$M
Revenue	16	32,618	32,678	32,618	32,678
Cost of sales		33,995	37,759	33,985	37,782
Gross profit		**(1,377)**	**(5,081)**	**(1,367)**	**(5,104)**
Other income		5,619	1,544	5,620	1,544
Administrative expenses		(2,089)	(2,133)	(2,105)	(2,153)
Marketing and distribution expenses		(1,449)	(3,517)	(1,449)	(3,517)
Operating profit/(loss)		**704**	**(9,187)**	**699**	**(9,230)**
Finance cost		(391)	(400)	(399)	(405)
Employees retirement benefits	15	(2,186)	(1,654)	(2,186)	(1,654)
Income from subsidiary and others		9	9	9	9
Loss before tax	17	**(1,863)**	**(11,232)**	**(1,877)**	**(11,281)**
Taxation	18	618	(2,664)	620	(2,652)
Loss for the year		**(1,246)**	**(13,896)**	**(1,257)**	**(13,933)**
Other Comprehensive income:					
Net gain/ (loss) on revaluation of investments		81	94	81	94
Net loss on revaluation of non-current asset		-	-	-	-
Other comprehensive income net of tax		**81**	**94**	**81**	**94**
Total comprehensive loss for the year		**(1,165)**	**(13,802)**	**(1,176)**	**(13,839)**
Loss for the year					
Attributable to:-					
Equity holders of the parent		(1,246)	(13,896)	(1,254)	(13,908)
Non controlling interest		-	-	(3)	(25)
		(1,246)	**(13,896)**	**(1,257)**	**(13,933)**
Total comprehensive loss for the year					
Attributable to:					
Equity holders of the parent		(1,165)	(13,802)	(1,173)	(13,814)
Non controlling interest	7.3	-	-	(3)	(25)
Loss for the year		**(1,165)**	**(13,802)**	**(1,176)**	**(13,839)**
		-	**0**		**0**
Basic loss per share in dollars	24	**(0.12)**	**(1.29)**	**(0.12)**	**(1.29)**

"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, 2012

Company

	Notes	Stated Capital	Revaluation Reserve	Other Reserves	Retained Earnings	Total Equity
		$M	$M	$M	$M	$M
Balance at January 1, 2011		10,800	50,849	212	(14,472)	47,389
Other comprehensive income		-	-	94	-	94
Loss for the year		-	-	-	(13,896)	(13,896)
Total comprehensive income for the year		-	-	94	(13,896)	(13,802)
Balance as at December 31, 2011		10,800	50,849	306	(28,368)	33,587
Other comprehensive income		-	-	81	-	81
Loss for the year		-	-	-	(1,246)	(1,246)
Total comprehensive income for the year		-	-	81	(1,246)	(1,165)
Balance at December 31, 2012		10,800	50,849	387	(29,614)	32,422

Group

	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, 2011	10,800	50,849	212	(14,481)	21	47,401
Other comprehensive income	-	-	94	-	-	94
Loss for the year	-	-	-	(13,908)	(25)	(13,933)
Total comprehensive income for the year	-	-	94	(13,908)	(25)	(13,839)
Balance as at December 31, 2011	10,800	50,849	306	(28,389)	(4)	33,562
Other comprehensive income	-	-	81	-	-	81
Loss for the year	-	-	-	(1,254)	(3)	(1,257)
Total comprehensive income for the year	-	-	81	(1,254)	(3)	(1,176)
Balance at December 31, 2012	10,800	50,849	387	(29,643)	(7)	32,386

"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, 2012

	COMPANY		GROUP	
OPERATING ACTIVITIES	**2012 $M**	**2011 $M**	**2012 $M**	**2011 $M**
Loss before taxation	(1,863)	(11,232)	(1,877)	(11,281)
Adjustments for:				
Depreciation and write down of assets	5,057	4,854	5,057	4,854
Loss / (gain) on disposal of property, plant and equipment	84	(73)	84	(73)
Net interest	391	400	399	405
Income from investments	(9)	(9)	(9)	(9)
Operating profit/(loss) before working capital changes	**3,660**	**(6,060)**	**3,654**	**(6,104)**
Decrease in inventories	198	167	198	167
(Increase) / decrease in standing cane	(1,243)	3,929	(1,257)	3,952
Decrease / (increase) in product stocks	486	(114)	486	(114)
Decrease / (increase) in accounts receivable and prepayments	(712)	440	(717)	436
(Decrease) / increase in accounts payable and accruals	(1,104)	3,071	(1,103)	3,071
Decrease in amounts due to related parties	(65)	159	(34)	191
Increase in defined benefit pension liability	2,186	1,654	2,186	1,654
Cash generated from operations	**3,406**	**3,247**	**3,414**	**3,254**
Interest paid	(391)	(401)	(399)	(406)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**3,015**	**2,846**	**3,015**	**2,848**
INVESTING ACTIVITIES				
Interest received	-	1	-	1
Purchase of property, plant and equipment	(2,201)	(3,874)	(2,201)	(3,874)
Proceeds from sale of property, plant and equipment		78		78
Dividends received from investments	9	9	9	9
NET CASH USED IN INVESTING ACTIVITIES	**(2,193)**	**(3,786)**	**(2,193)**	**(3,786)**
FINANCING ACTIVITIES				
Proceeds from borrowing	(52)	58	(52)	58
Proceeds from Government Grant	(59)	-	(59)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	**(111)**	**58**	**(111)**	**58**
Increase/(decrease) in cash and cash equivalents	712	(882)	712	(881)
Cash and cash equivalents at beginning of the period	(1,457)	(575)	(1,431)	(550)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**(745)**	**(1,457)**	**(719)**	**(1,431)**
CASH AND CASH EQUIVALENT COMPRISED OF:-				
Cash on hand and at bank	**1,358**	**1,035**	**1,384**	**1,061**
Bank overdraft(secured)	**(2,102)**	**(2,492)**	**(2,102)**	**(2,492)**
	(745)	**(1,457)**	**(718)**	**(1,431)**

"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

Application of new and revised Standards and Interpretations

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the financial statements for the prior year except for the adoption of new standards and interpretations which became effective during the period.

Revised standards and interpretations which became effective during the period and were adopted did not have any impact on the accounting policies, financial position or performance of the Company.

Standards and Interpretations not yet effective

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.

Additionally there are several interpretations and amendments to existing standards which are not yet effective. The Company has not early adopted any such pronouncements. The directors anticipate that the adoption of these standards and interpretations will have no material impact on the financial statements of the Company.

IAS 19 Employees Benefits (amendment) (effective January 1, 2013)

IAS 27 Separate Financial Statements (effective January 1, 2013)

IFRS 9 Financial Instruments (effective January 1, 2013)

IFRS 10 Consolidated Financial Statements (effective January 1, 2013)

IFRS 11 Joint Arrangements (effective January 1, 2013)

2 NEW AND REVISED STANDARDS (Cont'd)

IFRS 12 Disclosure of Interests in Other Entities (effective January 1, 2013)

IFRS 13 Fair Value Measurement (effective January 1, 2013)

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (effective January 1, 2013)

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 and the Companies Act 1991.

3.2 Revenue and expense recognition

Revenue represents the amounts earned from the sale of sugar and molasses during the year. Revenue is recognized in the income statement on an accrual basis when the product is shipped, or for domestic sales, when the product is collected. Expenses are recognized at the fair value of the consideration paid/payable on an accrual basis.

3.3 Property, plant and equipment

Freehold land and buildings are stated at fair values as at January 1, 1999 as determined by professional valuers. Factory, plant and equipment are stated at Directors' valuation as at December 31, 2005. Freehold land and building and factory plant acquired subsequent to these valuation dates and other property, 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

3.7 Research and development

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

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

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 collectability of the receivables.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and at bank and fixed deposits maturing three months or less.

Trade, other payables and accruals

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

3. 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 utilised.

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 taxes 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 Parent Company and Lochaber Limited (the subsidiary), a company controlled by the Parent. Control is achieved by virtue of the Company having the power to govern the financial and operating policies of the subsidiary through the Board of Directors. Details of the subsidiary are given in note 7.2 Intra group balances and transactions have been eliminated in preparing the consolidated financial statements

3.18 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 2012	44,344	11,704	2,697	2,935	67,578	9,781	139,039
Transfers	-	1,254	26	287	3,513	(5,080)	-
Additions	-		-	-	46	2,155	2,201
Disposals		-	-		(89)	-	(89)
As at December 31, 2012	**44,344**	**12,958**	**2,723**	**3,222**	**71,048**	**6,856**	**141,151**
Comprising:							
Cost	541	2,583	153	3,222	70,876	6,856	84,231
Valuation	43,803	10,375	2,570	-	172	-	56,920
	44,344	12,958	2,723	3,222	71,048	6,856	141,151
Depreciation							
As at Jan 01 2012	-	2,913	996	89	29,304	-	33,302
Charge for the period	-	255	82	101	4,620	-	5,057
Retired on disposals	-	-			(6)	-	(6)
As at December 31, 2012	**-**	**3,168**	**1,079**	**190**	**33,917**	**-**	**38,353**
Net book value							
As at December 31, 2012	**44,344**	**9,790**	**1,644**	**3,033**	**37,131**	**6,856**	**102,798**
As at December 31, 2011	**44,344**	**8,791**	**1,701**	**2,846**	**38,274**	**9,781**	**105,737**

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 2012	44,344	11,704	2,697	2,935	67,578	9,781	139,039
Transfers	-	1,254	26	287	3,513	(5,080)	0
Additions	-		-	-	46	2,155	2,201
Disposals	-	-	-	-	(89)	-	(89)
As at December 31, 2012	**44,344**	**12,958**	**2,723**	**3,222**	**71,048**	**6,856**	**141,151**
Comprising:							
Cost	541	2,582	153	3,221	70,876	6,857	84,231
Valuation	43,803	10,375	2,570	-	172	-	56,920
	44,344	12,957	2,723	3,221	71,048	6,857	141,151
Depreciation							
As at Jan 01 2012	-	2,913	996	89	29,304	-	33,302
Charge for the year	-	255	82	101	4,620	-	5,057
Retired on disposals	-	-			(6)	-	(6)
As at December 31, 2012	**-**	**3,168**	**1,079**	**190**	**33,917**	**-**	**38,353**
Net book value							
As at December 31, 2012	**44,344**	**9,790**	**1,644**	**3,033**	**37,131**	**6,856**	**102,798**
As at December 31, 2011	**44,344**	**8,791**	**1,701**	**2,846**	**38,274**	**9,781**	**105,737**

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 2011	660	53	3,767	4,480
Capitalised for the year	13	-	-	13
Balance as at December 31, 2011	674	53	3,767	4,494
Capitalised for the year	-	-	-	-
Balance as at December 31, 2012	674	53	3,767	4,494

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$13M** in 2011 represents additional capitalised interest. No further interest is to be capitalised.

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 $84,231,000,000 (2011 - $82,119,000,000).

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	
	2012 $M	2011 $M	2012 $M	2011 $M
Deferred tax liability				
Property, plant and equipment	14,628	14,429	14,641	14,443
Standing cane	2,211	1,838	2,204	1,826
	16,839	16,267	16,845	16,269
Deferred tax asset				
Tax value of losses carried forward	(2,424)	(2,293)	(2,444)	(2,307)
Property, plant and equipment	-	-	(18)	(18)
Inventories provision	7	7	7	7
Defined benefit pension liability	(8,617)	(7,961)	(8,616)	(7,962)
	(11,034)	(10,247)	(11,071)	(10,280)

Movement in temporary differences

	COMPANY		
	Balance at Jan 01,2012	Recognised in Income	Balance at Dec 31,2012
Deferred tax liability			
Property, plant and equipment	14,429	199	14,628
Standing cane	1,838	373	2,211
	16,267	572	16,839
Deferred tax asset			
Tax value of losses carried forward	(2,293)	(131)	(2,424)
Inventories provision	7	-	7
Defined benefit pension liability	(7,961)	(656)	(8,617)
	(10,247)	(787)	(11,034)

Movement in temporary differences

	GROUP		
	Balance at Jan 01,2012	Recognised in Income	Balance at Dec 31,2012
Deferred tax liability			
Property, plant and equipment	14,442	199	14,641
Standing cane	1,827	377	2,204
	16,269	576	16,845
Deferred tax asset			
Tax value of losses carried forward	(2,307)	(137)	(2,444)
Property, plant and equipment	(18)		(18)
Inventories provision	7		7
Defined benefit pension liability	(7,960)	(656)	(8,616)
	(10,278)	(793)	(11,071)

7. INVESTMENTS

7.1 Investments

	COMPANY		GROUP	
Available for sale:	**2012 $M**	**2011 $M**	**2012 $M**	**2011 $M**
Republic Bank Limited	366	286	366	286
	366	286	366	286

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	
	2012 $M	**2011 $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	
	2012 $M	**2011 $M**
At January 1	(4)	21
Share of loss	(3)	(25)
At December 31	(7)	(4)

8. CURRENT ASSETS

8.1 Inventory categories

	COMPANY		GROUP	
	2012 $M	2011 $M	2012 $M	2011 $M
Fuel	96	90	96	90
Spares	1,585	1,833	1,585	1,833
Fertilizers and chemicals	831	827	831	827
Other	1,747	1,706	1,747	1,706
Gross Inventories	4,259	4,457	4,259	4,457
Less collectively assessed provision for slow moving and obsolete items	(346)	(346)	(346)	(346)
Net Inventories	3,913	4,111	3,913	4,111

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 $546M (2011 - $632M).

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		GROUP	
	2012 $M	2011 $M	2012 $M	2011 $M
Balance as at January 01	6,121	10,050	6,128	10,080
Adjustment to cost of sales	1,243	(3,929)	1,257	(3,951)
Balance as at December 31	7,364	6,121	7,385	6,129

Standing Cane by Age

	COMPANY		GROUP		COMPANY		GROUP	
Age of Cane	2012 Hectares	2011 Hectares	2012 Hectares	2011 Hectares	2012 $M	2011 $M	2012 $M	2011 $M
1-5 Months	28,988	26,914	29,254	28,914	-	-	-	-
6 Months	2,292	1,156	2,292	1,156	111	50	111	58
7 Months	932	2,153	932	2,153	100	206	100	208
8 Months	1,815	3,728	1,815	3,728	338	617	338	817
9 Months	3,845	4,243	3,883	4,243	1,490	1,461	1,511	1,461
10 Months	4,246	3,136	4,246	3,136	2,451	1,609	2,451	1,809
11 Months	1,830	2,331	1,830	2,331	1,209	1,369	1,209	1,369
12 Months	2,355	1,288	2,355	1,288	1,664	809	1,864	809
	46,302	44,948	46,606	44,948	7,364	6,121	7,385	6,129
					$	$	$	$
Farmers' price per tonne of sugar					98,882	88,116	96,882	86,116

8.3 Product stock categories

	COMPANY		GROUP	
	2012 $M	2011 $M	2012 $M	2011 $M
Sugar	805	1,030	805	1,030
Molasses	362	625	362	825
Livestock	13	10	13	10
	1,179	1,665	1,179	1,665

9. CASH AND CASH EQUIVALENTS

9.1 Cash on hand and at bank

	COMPANY 2012 $M	COMPANY 2011 $M	GROUP 2012 $M	GROUP 2011 $M
GYD Dollar	118	155	144	181
US Dollar (Current a/c)	1,184	188	1,184	188
GBP	1	4	1	4
Euro	58	888	56	688
	1,358	1,035	1,384	1,061

9. CASH AND CASH EQUIVALENTS (cont'd)

9.2 Bank overdraft (secured)

	COMPANY		GROUP	
	2012 $M	2011 $M	2012 $M	2011 $M
Guyana Dollar(a)	2,102	2,492	2,102	2,492
(a) These comprised of:-				
(i) Guyana Bank for Trade and Industry Limited	1,292	1,293	1,292	1,293
(ii) Republic Bank Guyana Limited	-	325	-	325
(iii) Demerara Bank Limited	532	487	532	487
(iv) Bank of Nova Scotia	279	387	279	387
	2,102	2,492	2,102	2,492

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	
	2012	2011
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

11.1 **Revaluation reserve**	COMPANY 2012 $M	COMPANY 2011 $M	GROUP 2012 $M	GROUP 2011 $M
Revaluation of fixed assets	50,849	50,849	50,849	50,849

The Corporation revalued its freehold land and buildings and factory plant and machinery as at January 01, 1999. The valuation of the land and buildings was undertaken by an independent valuer. The original valuation as at January 01, 1999 of plant and machinery was used as a basis for value in use calculation from 2001 to date. The valuation is reviewed 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	
	2012 $M	2011 $M	2012 $M	2011 $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	2	2	2
4. Adjustment of investments to reflect fair value	345	264	345	264
	387	306	387	306

12. DEFERRED INCOME

	COMPANY		GROUP	
	2012	2011	2012	2011
	$M	$M	$M	$M
Income from European Union	2,654	2,713	2,654	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 signed on February 2012. 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		GROUP	
	2012	2011	2012	2011
	$M	$M	$M	$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	650	1,050	650	1,050
c) Government of Guyana Debenture	144	144	144	144
Total current loans	935	1,335	935	1,335
13.2 Non Current				
a) Government of Guyana Drainage and Irrigation financed by CDB	680	677	680	677
b) Government of Guyana SSMP	15,339	15,283	15,339	15,283
c) Government of Guyana SSMP financed by CDB	5,347	5,087	5,347	5,087
d) Government of Guyana SSMP financed by EXIM Bank	8,183	8,153	8,183	8,153
Total non- current loans	29,549	29,200	29,549	29,200
Repayments due in one year and included in current liabilities	935	1,335	935	1,335
Repayment due within 2-5 years	5,981	5,981	5,981	5,981
Repayment due after five years	23,568	23,219	23,568	23,219
	29,549	29,200	29,549	29,200

a) Government of Guyana Drainage and Irrigation financed by CDB

The loan from the Government of Guyana represents an on-lending of a loan from the Caribbean Development Bank for US$5,050,000 to finance various drainage and irrigation projects. Total funds received amounted to US$5,026,395. Interest is charged at the rate of 3% per annum on the principal and is paid on semi annual basis.

The repayment of the loan 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 6.5% 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.

c) Government of Guyana SSMP financed by CDB

This is an on - lending facility from the Government of Guyana for US$24.8M financed by CDB. This facility is divided into two sections Ordinary Capital Resources (OCR) for US$ 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$23.560M 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 6.5% on the OCR portion and 3% on the SFR portion per annum on the principal amount.

d) Government of Guyana SSMP financed by EXIM Bank

This is an on - lending facility from the Government of Guyana for US$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$1,050M.

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.

14. RELATED PARTIES

14 Amounts due to related parties	COMPANY 2012 $M	COMPANY 2011 $M	GROUP 2012 $M	GROUP 2011 $M
Lochaber	(126)	(95)	-	-
Booker Tate	-	11	-	11
Government of Guyana - Lease rentals	281	370	281	370
Sugar Industry Labour Welfare Fund	1,062	996	1,062	996
	1,217	1,282	1,343	1,377

Total rent payable for the lease lands to the Government of Guyana was $410.5M (2011 - $370.4M) whilst the amount paid was $58.9M (2011 - $33.1M).

Total levies payable to Sugar Industry Welfare Fund was $1,375M whilst claims made by Guysuco for work done on behalf of the welfare was $313M. No payments were made during the year.

14 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 26, 1996 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 2012 $M	COMPANY 2011 $M	GROUP 2012 $M	GROUP 2011 $M
Salaries, benefits and other expenses	-	-	-	-

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 2012	COMPANY 2011	GROUP 2012	GROUP 2011
Short term employee benefit	-	230	-	230

14.2.3 Directors' fees and expenses

	COMPANY				GROUP			
	2012		2011		2012		2011	
	Fees	Expenses	Fees	Expenses	Fees	Expenses	Fees	Expenses
	$000	$000	$000	$000	$000	$000	$000	$000
Directors								
Dr Nanda K. Gopaul **	-	-	-	-	-	-	-	-
Donald Ramotar **	-	2,405	70	2,726	-	2,405	70	2,726
Mrs. Geeta Singh -Knight	52	-	87	-	52	-	87	-
Dr. Rajendra Singh	57	2,603	87	1,164	57	2,603	87	1,164
Keith Burrowes	54	-	87	-	54	-	87	-
Mr. J.B. Raghurai*	35	-	87	-	35	-	87	-
Dr. Dindyal Permaul	17	-	-	-	17			
Mr. Badrie Persaud	17	-			17			
	234	5,008	420	3,890	234	5,008	420	3,890

** indicate Directors retired in 2011
* indicate Directors retired in 2012

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 2012 by Becon Woodrow & De Souza. The present valuation of the defined benefit obligation and the related current service cost were measured by the actuaries at 31 December 2012 using the Projected Unit Credit Method.

	2012				2011			
	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 The amounts recognized in the Statement of Financial Position are as follows:								
Defined benefit obligation		10,899	27,331	38,230	-	10,707	26,117	36,825
Fair value of assets		(9,890)	-	(9,890)	-	(8,892)	-	(8,892)
Present value of unfunded contributions	-	1,009	27,331	28,340	-	1,815	26,117	27,932
Unrecognized gain/(loss)		(444)	249	(195)	-	(1,405)	(570)	(1,974)
Defined benefit liability	-	565	27,580	28,145	-	411	25,548	25,958
15 Reconciliation of opening and closing defined benefit liability								
Defined benefit liability at the beginning of the year	574	411	25,548	26,532	575	348	23,957	24,879
Add net pension cost		429	2,675	3,104		293	2,206	2,499
Less company contribution/benefits paid		(275)	(643)	(916)		(230)	(615)	(845)
Net pension cost	-	154	2,032	2,186	-	63	1,591	1,654
Defined benefit liability at the end of the year	574	565	27,580	28,718	575	411	25,548	26,533
15 The amounts recognized as staff costs in the Statement Of Income are as follows:								
Current service cost		354	1,127	1,480	-	303	991	1,294
Interest on defined benefit obligation		629	1,548	2,177	-	530	1,255	1,785
Expected return on Plan Assets		(576)	-	(576)	-	(541)	(41)	(581)
Amortised Net (Gain)/Loss		22		22				
Total included in staff costs	-	430	2,675	3,104	-	293	2,206	2,499
15 Actual return on Plan Assets								
Expected return on Plan assets		576	-	576	-	541	-	541
Actuarial (Gain)/loss on Plan Assets		491	-	491	-	125	-	125
Actual return on Plan Assets	-	1,067	-	1,067	-	665	-	665

16 Actuarial assumptions	2012	2011
(i) Funded Scheme		
Discount rate	6%	6%
Salary increases	6%	6%
Pension increases	2%	2%
Rate of return on Pension Plan assets	n/a	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				
	2012	2011	2010	2009	2008	2012	2011	2010	2009	2008
	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	27,331	26,117	21,227	21,899	20,950	10,899	10,707	9,083	8,200	7,985
Fair Value Plan Assets	-	-	-	-		(9,890)	(8,892)	(7,776)	(7,612)	(7,373)
(Surplus)/Deficit	27,331	26,117	21,227	21,899	20,950	1,009	1,815	1,306	589	612
Experience Adjustment on Plan Liabilities	(618)	(3,259)	2,255	(579)	53	(448)	1,196	399	(220)	46
Experience Adjustment on Plan Assets	-	-	-	-		491	125	196	(227)	(156)
Expected Company Contributions in 2012	675					292				

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 2012

15. EMPLOYEES RETIREMENT BENEFITS (cont'd)

15.6 Asset Allocation

	2012	2011
Equity Securities	18.20%	18.20%
Debt Securities	24.20%	24.20%
Property	7.20%	7.20%
Other	50.40%	50.40%
Total	100.00%	100.00%

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

16. REVENUE

	COMPANY		GROUP	
	2012 $M	2011 $M	2012 $M	2011 $M
Revenue by products				
Sugar	29,333	28,958	29,333	29,087
Molasses	3,122	3,477	3,122	3,477
Co-generation Electricity	163	243	163	243
Total Sales	32,618	32,678	32,616	32,807
Revenue by major markets			-	
Europe	21,057	19,569	21,057	19,569
North America	2,334	1,997	2,334	1,997
Caribbean	4,633	6,462	4,633	6,462
Guyana	4,487	4,291	4,487	4,291
Other Markets	108	358	108	487
	32,618	32,678	32,616	32,807
	-			

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.

	COMPANY		GROUP	
	2012 $M	2011 $M	2012 $M	2011 $M
17. LOSS BEFORE TAXATION	(1,863)	(11,232)	(1,877)	(11,281)
After charging -				
Employment Costs				
Wages and salaries	18,971	17,423	18,971	17,423
Social security contributions	1,027	957	1,027	957
Employees retirement benefits	2,186	1,500	2,186	1,500
Materials and services purchased	10,880	11,744	10,880	11,744
Research and development expenses	264	214	264	214
Directors' fees & expenses	6	4	6	4
Provision for slow moving and obsolete items	-	(66)	-	(66)
Depreciation	5,058	4,854	5,058	4,854
Auditors' remuneration-audit services - check dawn provision	10	11	10	11
Interest expense -	399	400	407	405
After crediting				
Interest income	-	1	-	1
Available for sale income (republic dividends - must be the same under income from subsidaries and	9	9	9	9

18. TAXATION

Reconciliation of corporation tax expense and accounting loss:

	COMPANY 2012 $M	COMPANY 2011 $M	GROUP 2012 $M	GROUP 2011 $M
Accounting loss	(1,863)	(11,232)	(1,877)	(11,281)
Corporation tax @30%	(559)	(3,370)	(563)	(3,384)
Add: Tax effect of expenses not deductible in determining taxable profits				
Depreciation for accounting purposes	1,517	1,427	1,517	1,427
Defined benefit pension cost	2,186	496	2,186	496
	3,144	(1,447)	3,140	(1,461)
Deduct:				
Depreciation for tax purposes	(1,678)	(1,332)	(1,678)	(1,332)
Standing Cane	373	1,179	377	1,179
Corporation Tax	1,839	(1,600)	1,839	(1,615)
Deferred Tax	-	-	-	-
	(215)	2,465	(217)	2,453
Property Tax - current year	(215)	2,465	(217)	2,453
- prior year	-	199	-	199
	(403)	-	(403)	-
	(618)	2,664	(620)	2,652
Taxation - current	-	199	-	199
- prior year	(403)	-	(403)	-
- deferred	(215)	2,465	(217)	2,453
	(618)	2,664	(620)	2,652

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.

GUYANA SUGAR CORPORATION INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

19. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

COMPANY

	2012			
	Available for sale	Loans and Receivables	Financial Assets and Liabilities at Amortised cost	Total
ASSETS	$M	$M	$M	$M
Investments	366	-	-	366
Trade receivables	-	1,630	-	1,630
Other receivables and prepayments	-	2,444	-	2,444
Cash on hand and at bank	-	-	1,358	1,358
Total assets	366	4,074	1,358	5,798
LIABILITIES				
Employees retirement benefit	-	-	28,719	28,719
Trade payables	-	-	3,114	3,114
Other payables and accruals	-	-	11,933	11,933
Related parties	-	-	1,217	1,217
Borrowings	-	-	30,484	30,484
Taxation	-	-	2,623	2,623
Bank overdraft(secured)	-	-	2,102	2,102
Total liabilities	-	-	80,193	80,193

	2011			
	Available for sale	Loans and Receivables	Financial Assets and Liabilities at Amortised cost	Total
ASSETS	$M	$M	$M	$M
Investments	286	-	-	286
Trade receivables	-	1,339	-	1,339
Other receivables and prepayments	-	2,023	-	2,023
Cash on hand and at bank	-	-	1,035	1,035
Total assets	286	3,362	1,035	4,683
LIABILITIES				
Employees retirement benefit	-	-	26,533	26,533
Trade payables	-	-	2,855	2,855
Other payables and accruals	-	-	13,296	13,296
Related parties	-	-	1,282	1,282
Borrowings	-	-	30,535	30,535
Taxation	-	-	3,026	3,026
Bank overdraft(secured)	-	-	2,492	2,492
Total liabilities	-	-	80,019	80,019

GUYANA SUGAR CORPORATION INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

19. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

GROUP
2012

	Available for sale	Loans and Receivables	Financial Assets and Liabilities at Amortised cost	Total
ASSETS	$M	$M	$M	$M
Investments	366	-	-	366
Trade receivables	-	1,643	-	1,643
Other receivables and prepayments	-	2,444	-	2,444
Taxes recoverable	-	34	-	34
Cash on hand and at bank	-	-	1,384	1,384
Total assets	366	4,122	1,384	5,872
LIABILITIES				
Employees retirement benefit	-	-	28,719	28,719
Trade payables	-	-	3,116	3,116
Other payables and accruals	-	-	11,933	11,933
Related parties	-	-	1,343	1,343
Borrowings	-	-	30,484	30,484
Taxation	-	-	2,637	2,637
Bank overdraft(secured)	-	-	2,102	2,102
Total liabilities	-	-	80,334	80,334

2011

	Available for sale	Loans and Receivables	Financial Assets and Liabilities at Amortised cost	Total
ASSETS	$M	$M	$M	$M
Investments	286	-	-	286
Trade receivables	-	1,347	-	1,347
Other receivables and prepayments		2,024	-	2,024
Taxes recoverable	-	34	-	34
Cash on hand and at bank	-	-	1,061	1,061
Total assets	286	3,405	1,061	4,752
LIABILITIES				
Employees retirement benefit	-	-	26,533	26,533
Trade payables	-	-	2,855	2,855
Other payables and accruals #	-	-	13,296	13,296
Related parties	-	-	1,377	1,377
Borrowings	-	-	30,535	30,535
Taxation	-	-	3,039	3,039
Bank overdraft(secured)	-	-	2,492	2,492
Total liabilities	-	-	80,127	80,127

20. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	COMPANY		GROUP	
	2012 $M	2011 $M	2012 $M	2011 $M
Expenditure authorised by the Directors but not committed				
Routine expenditure	4,037	4,325	4,037	4,325

The capital expenditure for 2012 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 $1,196M (2011 $406M).

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 specific to the individual security or its issuer or factors affecting all securities traded in the market.

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

Management continually identifies, evaluates, underwrites and diversifies risks in order to minimise the total cost of carrying such risk.

(i) Foreign currency risk

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

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

	Group 2012			
	US Dollar	**GBP**	**Euro**	**Total**
	$M	**$M**	**$M**	**$M**
Assets	1,419	654	88	2,162
Liabilities	(463)	(216)	-	(679)
Net Asset/(liability)	**956**	**439**	**88**	**1,483**
	Group 2011			
Assets	425	12	762	1,199
Liabilities	(831)	(312)	-	(1,143)
Net Asset/(liability)	**(406)**	**(300)**	**762**	**56**

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 currencies, 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.
A positive number indicates an increase in profit where the currency strengthens 5% against the 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	
	2012	2011	2012	2011	2012	2011
	$M	$M	$M	$M	$M	$M
Profit/(loss)	47.81	(20.00)	21.93	(15.00)	4.42	38.00

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	2012 Maturing Within 1Year $M	1 to 5 years $M	Over 5 years $M	Non - interest bearing $M	Total $M
Assets						
Investments		-	-	-	366	366
Trade receivables and prepayment		-	-	-	4,074	4,074
Cash and cash equivalents	3.75	1,358	-	-	-	1,358
		1,358	-	-	4,440	5,798
Liabilities						
Employees retirement benefits		-	-	-	28,719	28,719
Trade & other payables		-	-	-	15,047	15,047
Related parties		-	-	-	1,217	1,217
Borrowings	8.50	935	5,981	23,568	-	30,484
Taxation		-	-	-	2,623	2,623
Bank overdraft(secured)	8.50	2,102	-	-	-	2,102
		3,037	5,981	23,568	47,606	80,193
Interest sensitivity gap		(1,680)	(5,981)	(23,568)		

COMPANY		2011 Maturing Within 1 Year $M	1 to 5 years $M	Over 5 years $M	Non-interest bearing $M	Total $M
Assets						
Investments		-	-	-	286	286
Trade receivables & prepayments		-	-	-	3,363	3,363
Cash and cash equivalents	3.75	1,035	-	-	-	1,035
		1,035	-	-	3,649	4,684
Liabilities						
Employees retirement benefits		-	-	-	26,533	26,533
Trade & other payables		-	-	-	16,151	16,151
Related parties		-	-	-	1,282	1,282
Borrowings	8.50	1,335	5981	23,219	-	30,535
Taxation		-	-	-	3,026	3,026
Bank overdraft(secured)	8.50	2,492	-	-	-	2,492
		3,827	5,981	23,219	46,992	80,019
Interest sensitivity gap		(2,792)	(5,981)	(23,219)		

22. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market Risk (cont'd)

(ii) Interest rate risk

GROUP — 2012

	effective average interest rate	Maturing: Within 1Year $M	Maturing: 1 to 5 years $M	Maturing: Over 5 years $M	Non - Interest bearing $M	Total $M
Assets						
Investments		-	-	-	366	366
Trade receivables & prepayments		-	-	-	4,088	4,088
Tax recoverable		-	-	-	34	34
Cash and cash equivalents	3.75	1,384	-	-	-	1,384
		1,384	-	-	4,487	5,871
Liabilities						
Employees retirement benefits		-	-	-	28,719	28,719
Trade & other payables		-	-	-	15,048	15,048
Related parties		-	-	-	1,343	1,343
Borrowings	8.50	935	5,981	23,568	-	30,484
Taxation		-	-	-	2,637	2,637
Bank overdraft(secured)	8.50	2,102	-	-	-	2,102
		3,037	5,981	23,568	47,747	80,334
Interest sensitivity gap		(1,653)	(5,981)	(23,568)		

GROUP — 2011

		Maturing: Within 1 Year $M	Maturing: 1 to 5 years $M	Maturing: Over 5 years $M	Non-interest bearing $M	Total $M
Assets						
Investments		-	-	-	286	286
Trade receivables & prepayments		-	-	-	3,371	3,371
Tax recoverable		-	-	-	34	34
Cash and cash equivalents	3.75	1,061	-	-	-	1,061
		1,061	-	-	3,691	4,752
Liabilities						
Employees retirement benefits		-	-	-	26,533	26,533
Trade & other payables		-	-	-	16,151	16,151
Related parties		-	-	-	1,377	1,377
Borrowings	8.50	1,335	5,981	23,219	-	30,535
Taxation		-	-	-	3,039	3,039
Bank overdraft(secured)	8.50	2,492	-	-	-	2,492
		3,827	5,981	23,219	47,100	80,127
Interest sensitivity gap		(2,766)	(5,981)	(23,219)		

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 2012	Group 2011	Company 2012	Group 2011
	Increase/ decrease in basis point	G$M	G$M	G$M	G$M
Cash & cash equivalent	+ /-50	14	10	14	10
Borrowings	+ /-50	326	330	326	330

(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 2012					
	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	-	-	-	-	366	366
Trade receivables	806	602	160	75	-	1,643
Other receivables	240	794	469		-	1,503
Prepayments	748	-	-	-	-	748
Taxes recoverable	-	-	34	-	-	34
Cash on hand and at bank	1,384	-	-	-	-	1,384
Total assets	3,179	1,396	663	75	366	5,679
Liabilities						
Employees retirement benefits	-	-	-	-	28,719	28,719
Trade payables	3,116	-	-	-	-	3,116
Other payables	11,933	-	-	-	-	11,933
Related parties	-	-	1,343	-	-	1,343
Borrowings	-	-	935	5,981	23,568	30,484
Taxation	-	-	2,637	-	-	2,637
Bank overdraft(secured)	2,102	-	-	-	-	2,102
Total liabilities	17,151	-	4,915	5,981	52,287	80,334
Net asset/(liabilities)	(13,972)	1,396	(4,252)	(5,906)	(51,921)	(74,655)

22. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Liquidity risk (cont'd)

	GROUP 2011					
	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	-	-	-	-	286	286
Trade receivables	708	464	100	75	-	1,347
Other receivables	377	846	280	-	-	1,503
Prepayments	521	-	-	-	-	521
Taxes recoverable	-	-	34	-	-	34
Cash on hand and at bank	1,061	-	-	-	-	1,061
Total assets	2,667	1,310	414	75	286	4,752
Liabilities						
Employees retirement benefits	-	-	-	-	26,533	26,533
Trade payables	2,855	-	-	-	-	2,855
Other payables	13,296	-	-	-	-	13,296
Related parties	-	-	1,377	-	-	1,377
Borrowings	-	-	1,335	5,981	23,219	30,535
Taxation	-	-	3,039	-	-	3,039
Bank overdraft(secured)	2,492	-	-	-	-	2,492
Total liabilities	18,643	-	5,751	5,981	49,752	80,127
Net asset/(liabilities)	(15,976)	1,310	(5,337)	(5,906)	(49,466)	(75,375)

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	
	2012	2011	2012	2011
	$M	$M	$M	$M
Cash on hand and at bank	1,358	1,035	1,384	1,061
Investments	366	192	366	286
Investment in subsidiary	22	22	-	-
Trade, other receivables and prepayments	4,074	3,362	4,088	3,371
Tax recoverable	-	-	34	34

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

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

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

The related risk is therefore considered very low.

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

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

	Company		Group	
	2012	2011	2012	2011
	$M	$M	$M	$M
Trade and other receivables (excluding prepayments)	3,326	2,841	3,339	2,850
The above balances are classified as follows:				
Current	737	711	750	711
Past due but not impaired	2,589	2,130	2,589	2,138
	3,326	2,841	3,339	2,849
Aging of trade and other receivables which was pass due but not impaired				
Past Due up to 29 days	1,767	1,323	1,767	1,331
Past Due 30 - 59 days	(6)	75	(6)	75
Past Due 60 - 89 days	111	78	111	78
Past Due 90 - 179 days	29	217	29	217
Past Due over 180 days but less than 1 year	12	14	12	14
Past Due more than 1 year	684	433	684	433
	2,597	2,140	2,597	2,148
Collectively assessed provision for bad debts	(8)	(10)	(8)	(10)
	2,589	2,130	2,589	2,138

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 2011.

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 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	
	2012	2011	2012	2011
	$M	$M	$M	$M
Debt (i)	32,587	33,028	32,587	33,028
Cash in hand and at bank	(1,358)	(1,035)	(1,384)	(1,061)
Net debt	31,229	31,992	31,203	31,967
Equity (ii)	32,421	33,587	32,385	33,560
Net debt to equity ratio	0.97:1	0.95:1	0.97:1	0.95:1

(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	
	2012	2011
	$	$
Loss for the year	(1,245,507,311)	(13,896,248,263)
	Units	Units
Ordinary share issued and fully paid	10,799,571,775	10,799,571,775
Basic loss per share	-	(1.29)

	GROUP	
	2012	2011
Loss attributable to equity holders of the parent	-	(13,933,000,000)
Ordinary share issued and fully paid	10,799,571,775	10,799,571,775
Basic loss per share	-	(1.29)

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 avalble 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 2012		GROUP 2011	
	Carrying Value $M	Fair Value $M	Carrying Value $M	Fair Value $M
Financial assets				
Cash and cash equivalents	1,384	1,384	1,061	1,061
Available for sale investments	366	366	286	286
Trade, other receivables & prepayment	4,088	4,088	3,371	3,371
Taxes Recoverable	34	34	34	34
Financial liabilities				
Borrowings	30,484	30,484	30,535	30,535
Trade and other payables	15,048	15,048	16,151	16,151
Employee retirement benefits	28,719	28,719	26,533	26,533
Bank overdraft(secured)	2,102	2,102	2,492	2,492
Taxation	2,637	2,637	3,039	3,039
Related Parties	1,343	1,343	1,377	1,377

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.