
create a s
DEMERAR
Gold
From the very land that gave sugar
world the name - "Demerara" com
grade quality of cane sugar - Dem
Enjoy the "real thing" from the orig
the lush green fields of Guyana whe
has been harvested since the mid
Quality comes down to stringent
golden crystal from every bat
manufactured by the Guyana Sugar
The result is here for you to enjoy.
unique sugar flavour is needed - D
is the ingredient that will always
THE GUYANA SUGAR CO
Ogle Estate, East Coast Demerara, Guyana • Tele: 592 22-6030-40 • email

Flag & Crest

The GUYSUCO flag is green and gold. The green on the flag represents the agricultural lands of Guyana while the gold symbolises sugar and the Corporation's involvement in cultivation and research in sugar cane.

The Crest of the Corporation shows gears, a machete, a wheel, the stalk of the sugar cane and cane arrow.

The gears speak of the Corporation's machinery and the co-operative effort of the Industry which includes every category of worker. The machete symbolises the manpower needed in order to build the country's economy while the wheel is for industrial efficiency and progress. The stalk and cane arrow stand for the source of sugar and represent progress through breeding new varieties of cane.

contents

mission statement

To be a world class sugar industry producing high quality sugar and added-value by-products, while ensuring customer satisfaction, employee development [illegible] [illegible] [illegible] [illegible] and sustained profitability [illegible] situation in order to contribute to the economic and social development of Guyana.

corporate information

Board of Directors

Vickram Oditt, A.A.
Chairman

Brian Webb
Chief Executive

Dindyal Permaul
Chairman, Central Tender Committee

Barry Newton

Ronald Alli
Chairman, Audit Committee

Rajendra Singh
Chairman, Remuneration Committee

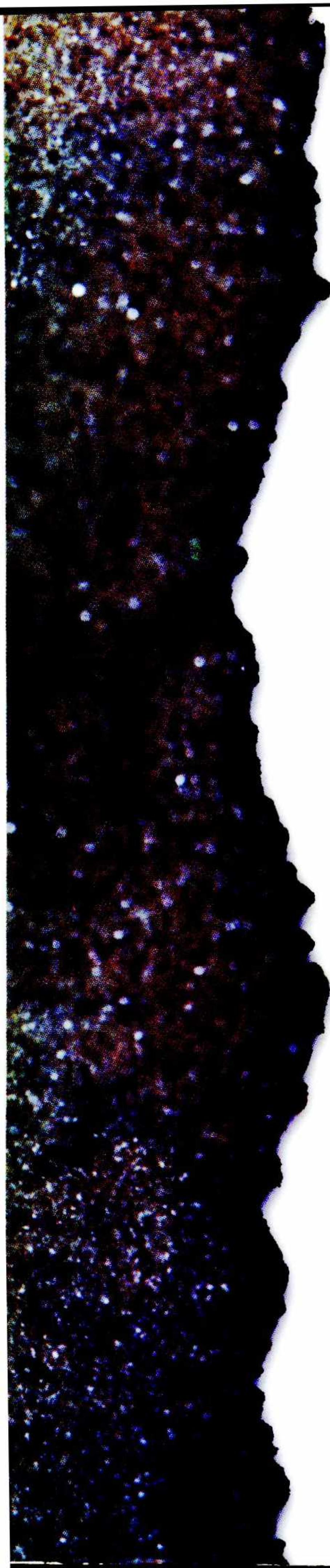
Donald Ramotar

AUDITORS:
The 2002 Accounts were audited by the Auditor General in accordance with the provisions of the Financial Administration and Audit (Amendment) Act, 1993.

COMPANY SECRETARY
A. De Souza

GUYANA SUGAR CORPORATION INC.
Ogle Estate,
East Coast Demerara, Guyana.
Telephone: (592) 222-6030
Facsimile: (592) 222-6048
E-mail: michaelk@guysuco.com

This report can also be viewed on the Corporation's website www.guysuco.com



highlights

- Record production 331,052 ts - highest production since GuySuCo formed.
- New production records at Blairmont, Wales, Uitvlugt and Skeldon.
- All estates exceeded 2002 AIP cane yield targets.
- Enmore plant and 1st ratoon yield over 100 tonnes cane per hectare.
- Over 60,000 tonnes sold into the Caribbean, an increase of 35% on 2001.
- Presence established in the Haitian market.
- GuySuCo has 75% of the brown sugar market in Trinidad.
- Organic sugar in conversion produced at Uitvlugt.
- Portuguese refiners acknowledge our sugar as one of the best in the ACP.
- On schedule for construction of the new factory at Skeldon.
- Land levelling and other infrastructural work on the factory site commenced.
- Operating profit of $ 800 million in 2002 before tax, but ...
- IAS 19 (unfunded pension liability) charge of $1.13 billion.
- $ 10.8 billion of reserves capitalised as stated capital.
- Local Area Networks established at each location.
- Virtual private network extended to estate houses.

board of directors

Vickram Oditt, A.A. *Chairman*

Brian Webb *Chief Executive*

Hubert Rodney

Dindyal Permaul

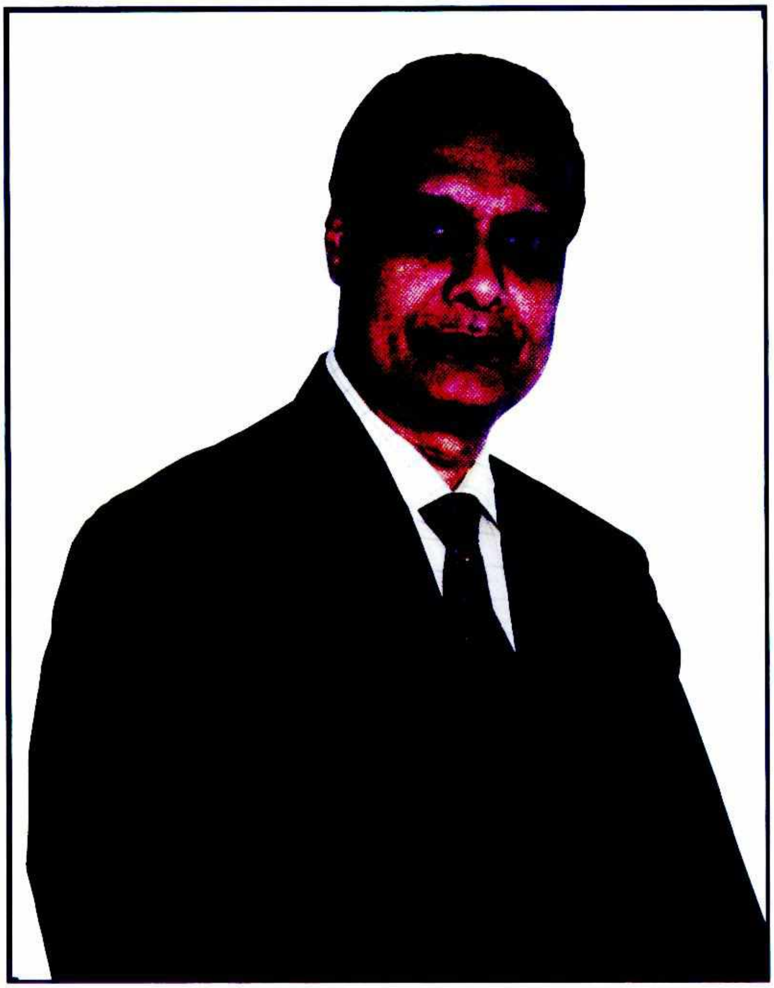
Barry Newton

Ronald Alli

Donald Ramotar

Rajendra Singh

chairman's statement



Sugar production at 331,052 tonnes was the highest since 1976.....

Introduction

The performance of the sugar industry in 2002 was most encouraging and commendable. Sugar production at 331,052 tonnes was the highest production since 1976, the year of nationalization, when 332,437 tonnes were produced. Production exceeded budget by over 8% and was well above the Agricultural Improvement Programme (AIP) target of 312,910 tonnes

The year also recorded new field and factory production records at three of our eight estates, Blairmont, Wales and Uitvlugt, while Skeldon recorded a new field production record.

As a result of the increased production, sugar workers were rewarded with 23.5 days of annual production incentive for their efforts. A further 173 days tax-free pay was awarded as weekly production incentive, compared with 112 days tax-free pay in 2001

The Corporation made an operating profit of $800 million (US$ 4.2 million) in 2002 before tax. This operating profit was a considerable improvement over the loss in 2001 and was recorded despite a low value of the Euro for the first ten months of the year, and was achieved on the back of the record sugar production.

For the first time, the Corporation was required to make adjustments to its financial statements based on the International Accounting Standard (IAS) 19. The Standard requires the Corporation to measure the financial effects of the un-funded pension scheme for junior staff. The IAS 19 adjustment was $1.13 billion (US$ 5.9 million). The final result after finance costs and a tax credit of $60 million (US$ 0.3 million) was a loss of $310 million (US$ 1.6 million).

I extend my congratulations to every member of the GuySuCo team for their individual and collective efforts in 2002 that resulted in the achievements recorded.

Marketing

A total of 306, 918 tonnes of sugar was marketed this year. Export sales increased from 251,798 tonnes in 2001 to 282,425 tonnes in 2002, an increase of 12%. Substantial growth in the Caricom market was recorded. We sold 60,313 tonnes into the region, an increase of 35% over 2001 sales of 44,681 tonnes. For the first time the Corporation achieved a major private sector sale in Trinidad and Tobago. We also established a presence in the Haitian market and we hope to continue to supply this market in 2003.

By the yearend the final touches were completed for the new "Demerara Gold" packaged sugar, as featured in this year's report. This is our first real effort to regain association of the "Demerara Sugar" name with Guyana, its original source, and it will include promotion, advertising and trademarking activities.

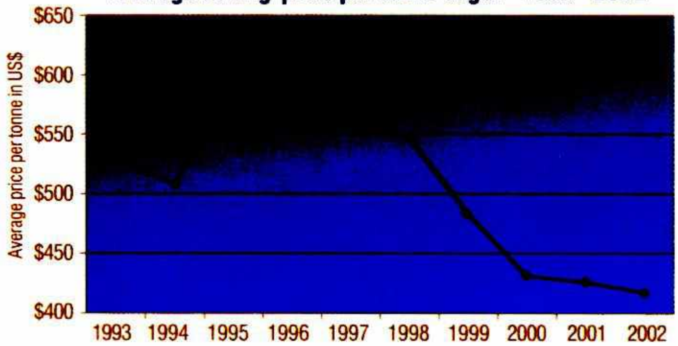
Sugar storage is now a problem, particularly in the first crop, with larger volumes of sugar and reduced SPS quota. In the medium term therefore, and until the new factory at Skeldon is completed, sales into markets outside the region will have to continue while regional markets are being further expanded and / or developed.

chairman's statement

Developments in the markets of our major trading partners.

There is immediate concern in the challenge posed to the EU sugar regime by Brazil and Australia. Brazil and Australia are challenging the EU's guaranteed intervention price for domestic sugar and its export subsidies.

Average selling price per tonne sugar - 1993 - 2002



They contend that these measures are inconsistent with the EU's WTO commitments and result in depressed world market prices and less favourable treatment for imported sugar. Guyana has been very closely involved in the negotiations. As a member of the ACP group and with the third highest quota, the challenge threatens the security of access to the EU market. The ACP has been lobbying against the challenge and arguing that the matter should be addressed in the context of the WTO negotiations in agriculture, which are due to be concluded in 2005.

We are still continuing our negotiations with the EU on the "Everything But Arms" initiative, which gave Least Developed Countries market access to the EU at the expense of existing ACP SPS suppliers such as Guyana. This was grossly unfair in that the initiative did not create new access into Europe but instead took access away from other developing countries.

In addition to the WTO challenge and EBA concerns, we are well aware that adherence to commitments on reductions in subsidies in the WTO agricultural negotiations and internal EU reforms both in the Sugar Regime and the Common Agricultural Policy will place downward pressures on prices.

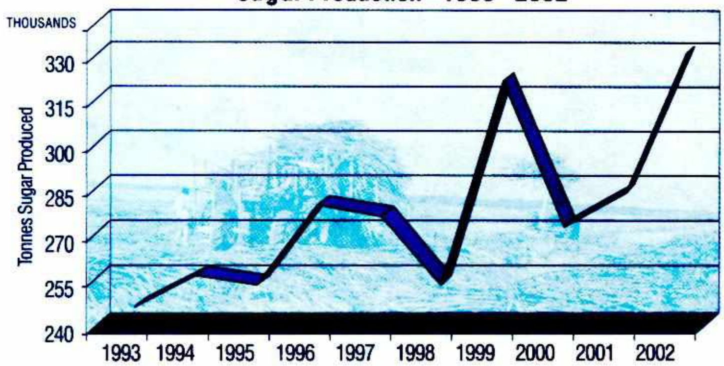
Guyana, as the main regional supplier to the EU market, must take the lead in the Region's involvement in these negotiations. It is also essential that we work assiduously with other Caricom sugar producing countries in coordinating and ensuring that there is no regional departure from the Sugar Protocol between now and 2008. The objective will be to ensure that we maintain at least the current level of regional allocation in the event that the new Economic Partnership Agreements (EPAs) being negotiated between the ACP and the EU are regionalized.

We also face difficulties with access to the USA market arising from Mexico's increased access under the NAFTA. Under this Agreement Mexico will be allowed full duty free access for their surplus sugar production commencing in 2008. Guyana will have to work closely with the Caribbean Business Initiative (CBI) Sugar Group to ensure that our US quotas are maintained.

Production

All estates exceeded the AIP 2002 cane yield targets, Enmore being particularly notable with plant and first ratoon yield both over 100 tonnes cane per hectare. However land preparation and planting were below targets owing to the above average long term mean rainfall experienced in March, April and May. The industry achieved 87% of the budgeted replanting programming and 90% of the AIP 2002 replanting projection. The wet conditions reduced the opportunity days for land preparation and as a result less land was available for replanting and flood fallow. Skeldon was affected by strikes at a time when conditions were ideal for land preparation. East Demerara Estate in particular suffered major problems due to civil unrest.

Sugar Production - 1993 - 2002



A significant number of new tractors and rotary ditchers were introduced during 2002. The benefits of the new equipment were clearly reflected in the availability figures. 621 tonnes of organic sugar in conversion were successfully produced at Uitvlugt. The 2003 crop will be certified as organic and attract a premium. Incentive farming, whereby responsibility for a certain area of land is delegated to a group of workers, now has been extended to over 1,250 hectares throughout the industry. This new concept offers promise in agricultural terms.

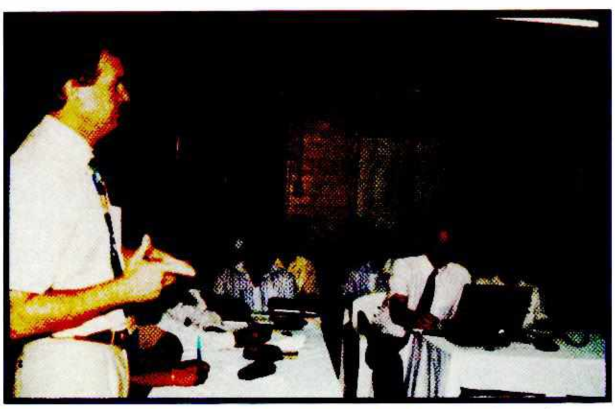
chairman's statement

Cost of production

The overall cost of production for the industry in 2002 was US¢18.2/lb which was lower than the budget of US¢18.8/lb. We still have a long way to go to reach our US¢11/lb target. However, we have recently concluded a Benchmarking and Zero-based Budgeting exercise for agriculture, which shows that with the necessary productivity improvements, equipment acquisition and the elimination of unnecessary customs and practices, the medium term target of US¢11/lb is entirely achievable.

Factories

Further improvements were made in sugar quality. Most factories are now producing sugar at 98.5 pol. The Portuguese refiners have acknowledged our sugar as among the best in the ACP. Tate & Lyle have once again commended us on our improvement. For the fourth year in succession mill extraction exceeded 92%. A good factory time efficiency of 92.86% was achieved but there is room for further improvement in reducing lost time due to out of cane and strikes. A total of 208 strikes were recorded in 2002, the lowest in ten years. However the participation rate was higher than in the past two years, therefore mandays lost increased.



In partnership with the Unions - GuySuCo and Union officials meet to discuss the state of the industry prior to wages negotiations.

Albion and Rose Hall reduced the burning to grinding interval. Substantial improvement is possible in Demerara and there are potential significant gains for the industry in this area.

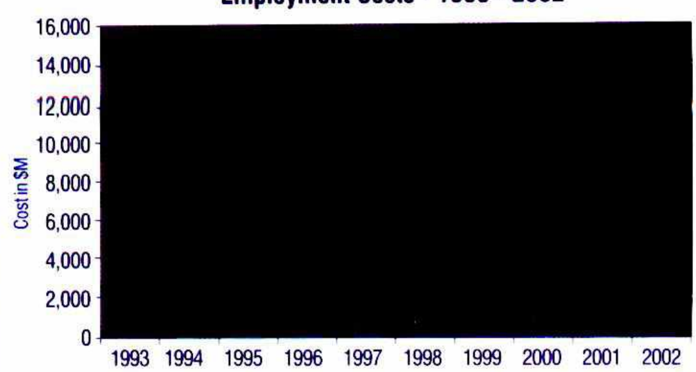
Administration

The main achievement of the Information Systems Department during the year was the roll out of Local Area Networks at each estate. Our virtual private network was also extended, with many managers from the centre and at the estates being able to dial in to the Corporation's network and have access to the worldwide web and Internet from their houses. Campus LANS using wireless bridges were installed at Rose Hall and Albion and at the Albion community centre. Criminal activity on the East Coast affected the department's ability to promptly attend to reported faults. Materials Management department achieved a 16% reduction in inventory level at the Central Stores. A bonded warehouse was established at Coldingen. Estate fire tenders responded to over fifty external incidents during the year.

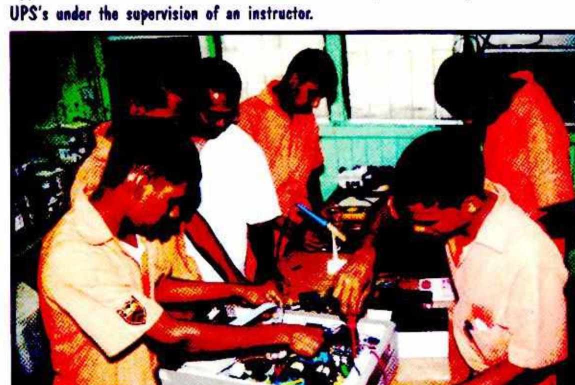
Staffing

Thirty-five senior staff and fifteen middle-level staff resigned during the year. Over 76,000 mandays were lost due to strikes, representing $137M (US$ 0.7 million) in wages. Total mandays lost for the year were 122,871, not including uncertified sick days. The days lost are equivalent to each person employed being absent from work for seven days. The factories lost a total of five weeks owing to out of cane and strikes. Strikes affecting the factories amounted to 2,918 hours, which was the highest for the last ten years. Wage negotiations with both unions broke down and the Minister of Labour decreed compulsory arbitration.

Employment Costs - 1993 - 2002



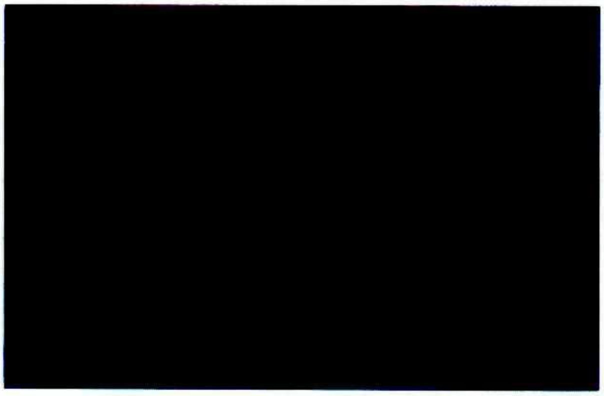
Apprentices of the Instrumentation Section of the GuySuCo Training Centre work on UPS's under the supervision of an instructor.



Some of the craftsmen and women after completing training at the GuySuCo Training Centre are equipped to make positive contributions in the engineering field.

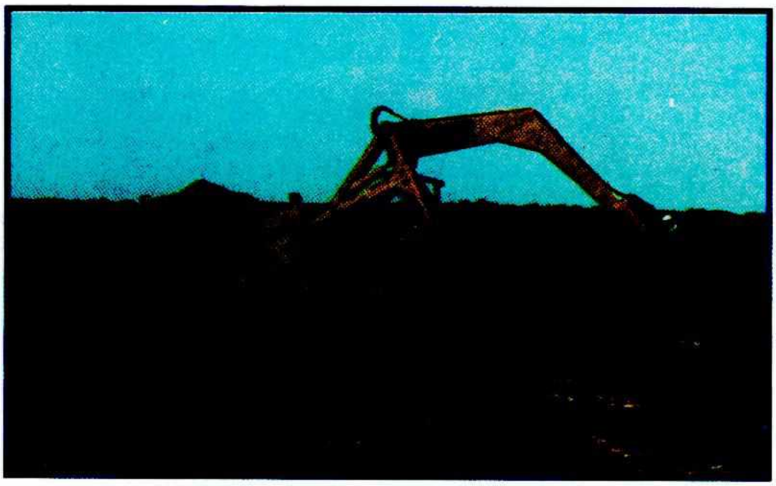
Skeldon Sugar Modernization Project

We are proceeding on schedule with the arrangements for the construction of the new factory at Skeldon. Work commenced with land leveling and other infrastructural work on the factory site. Tenders have been received for the equipment supply and construction contracts and it appears that the budget figures for these components can be achieved. We expect to award contracts for the equipment supply and construction in mid-2003. Construction should be completed by the second crop of 2005.



Aerial view of land preparation at the Skeldon Sugar Modernization Project.

Significant progress has been made on the development of estate cane areas, including the trial use of a cane harvester. Progress has also been made in arrangements with cane farmers who will provide thirty per cent of the cane for the new factory, and work is about to start on the infrastructure necessary for access to, and irrigation and drainage of, the farmers cane area. Details of the first tranche of land being sold on behalf of the Corporation by the Government Privatisation Unit can be seen on the Corporation's Website.



Saving costs and improving efficiency in the field with the introduction of mechanical operations - a Bell Loader in operation at Skeldon.

Conclusion

GuySuCo had a very satisfactory year in terms of the record production and exceeding the AIP cane yield targets. There still remain a number of key objectives to achieve particularly in terms of the reduction of costs. However I believe we have the correct strategies in place to enable us to realize our goals. For example our benchmarking and zero based budgeting exercise for agriculture identified the critical cost centres in this area and we will obtain similar guidelines when we complete the exercise for factory and administration.

The growth of the sugar industry over the last ten years is testament to the purposeful and successful execution of our mandate, and we are pleased that the industry's performance in 2002 has further demonstrated that we are well placed to realize our vision of becoming a world-class competitive and sustainable sugar industry.

I wish to thank my fellow directors and the management and all employees of GuySuCo most heartily for a very commendable year.

Preparing our aircraft for optimum performance.

guysuco & the environment

The Guyana sugar industry was established in the eighteenth century. It has undoubtedly made an impact on the environment within the so-called "sugar-belt". Fortunately, however, none of the sugar industry's by-products or operational procedures present a serious threat to the local environment.

The disposal of waste products

The main waste products emanating from a sugar development are bagasse, filter press mud, water as a factory effluent and smoke.

Bagasse is the fibre which remains after the juice has been extracted from the cane during processing. It consists mainly of cellulose and lignin and is used as a fuel in the factory boilers.

Filter press mud is the mud which settles out from the cane juice during clarification and which is filtered off. It is variable in composition and consists of sucrose, wax, fat, nitrogen, phosphate, potassium and some bagacillo (small particles of bagasse). It has value as a soil ameliorant and is used for this purpose, particularly on dam beds and during conversion of cambered beds to other field layouts when some exposure of the sub-soil occurs.

Water, in the form of effluent from the factory, contains many impurities, often varying quantities of sugar. It must be treated to minimal BOD (Biological Oxygen Demand) content prior to being discharged.

Smoke is another potential pollutant on a sugar development. It is produced by the factory boilers and from burning cane trash both before and after harvest. Prior to harvest cane fields are set on fire to remove the dead leaves and to minimise the non sugar-containing vegetative matter being taken to the factory. Fire is also found to displace snakes and some pests which are a hazard to cane cutters and agricultural workers. Guysuco is presently monitoring smoke discharge and its effect on areas around the estates. We are working with the Environmental Protection Agency towards defining a standard for smoke emission.

Effects on the indigenous life of the area

The industry's future plans relate, in the main, to the existing cane area. About 10 000 acres of new land will be developed in Berbice while some existing cane lands in Demerara may be put to alternative use. There are therefore no anticipated negative environmental effects.

Present cane husbandry practices will essentially be maintained although we intend to increase the level of mechanisation of certain operations. Thus the present weed control measures will continue. It will be a mix of chemical, manual and mechanical methods of control. The herbicides in use are manufactured and/or formulated by major manufacturers within the United States and Europe and are approved for use by the appropriate United States and European authorities. Pest control will continue as at present with minimal use of insecticides for insect control and continuing efforts to establish means of biological control for the troublesome moth borers. Some insecticides may be used to control sporadic froghopper attacks and the periodic attacks by leaf - eating caterpillars and by termites. Again in such cases, only approved insecticides will be used. Rat baiting with rodenticides of low toxicity to other mammals, such as brodifacoum, will continue to be the main means of control.

In general, the navigation canals, together with flood fallow fields and sidelines, contain good stocks of fish and other aquatic animals and plants thus demonstrating the high water quality and freedom from pollutants. The situation will continue to be monitored.

As stated earlier, some 10 000 acres of new land will be taken into cane. Currently, this area supports savannah type grassland for grazing cattle during the season, but is subject to flooding in rainy periods. There are no trees to be cleared and the proposals will result in the replacement of pasture by sugarcane.

The rehabilitation proposals for the agricultural sector of GUYSUCO are, therefore, not expected to increase dangers of environmental pollution over the levels which have existed during the past twenty or thirty years. This is testified by the fact that the Environmental Protection Agency has issued an Environmental Permit to GuySuCo to construct the new factory at Skeldon.

report of the directors

The Directors submit their report for the year ended December 31, 2002.

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

The Chairman's Statement describes the development and operation of the Corporation during the year, including the preferential markets situation, the position at the end of the year and the proposed future developments, specifically the Skeldon Sugar Modernization Project.

RESULTS AND DIVIDENDS
The results for the year are set out in the financial statements on pages 15 to 33. In accordance with the policy of the Corporation for many years, no dividends are declared or payable.

CORPORATE GOVERNANCE
The Guyana Sugar Corporation recognizes the importance and is committed to high standards of corporate governance. The principles of good governance have been applied in the following ways:-

(a) **The Board:** The Board meets not less than six times a year and has adopted a schedule of matters reserved for its decision. It is responsible for the strategic direction of the Corporation and all directors have full and timely access to information.

The Board has established four committees with defined terms of reference, namely the Audit Committee, the Central Tender Committee, the Remuneration Committee and the Lands Committee.

The Audit Committee, a formally constituted sub-committee of the Board, is composed of Non-executive Directors. The Audit Committee reviews and discusses, with the Internal Auditor and External Auditor, the Group's internal accounting controls, internal audit function, choice of accounting policies, internal and external audit programmes, statutory auditors' report, financial reporting and other related matters.

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

The Directors are responsible for the Corporation's system of internal financial control which is designed to provide reasonable (but not absolute) assurance regarding:

a) the safeguarding of assets against unauthorized use; and
b) the maintenance of proper accounting records and the reliability of financial information used within the Corporation.

Key procedures have been established which are designed to provide effective internal financial control.

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.

(b) Control Environment: The Directors have put in place an organizational structure with clearly defined lines of responsibility and delegation of authority.

(c) Information Systems: The Corporation has a comprehensive system of financial reporting. The annual budget is approved by the Board 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.

(d) Control Procedures: There are clearly defined policies for capital expenditure including appropriate authorization levels.

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

Guysuco is committed to equality of opportunity amongst its employees. Recruitment, terms of service and career development are based solely on ability and performance.

PENSIONS
The senior staff pension scheme of the Corporation 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.

DIRECTORS:
Cabinet approved the appointment of the following persons as members of the Board of Directors of the Guyana Sugar Corporation Inc. as of 30th October, 2001:

Chairman – Vickram Oditt
Director – Ronald Alli
Director – David Carter[1]
Director – Barry Newton
Director – Donald Ramotar
Director – Hubert Rodney
Director – Rajendra Singh
Director – Joseph Vieira[2]
Director – Brian Webb
Representative, Ministry of Agriculture

The Honourable Minister of Agriculture, Mr. Navin Chandarpal nominated Dr. Dindyal Permaul, Permanent Secretary Ministry of Agriculture as their representative.

No director has any significant interest in any contract concluded by the Corporation. Non-significant interests are reported to the Board and recorded in minutes of Board meetings.

DIRECTORS' EMOLUMENTS:
Directors' fees and expenses are reported in Note 12 (b) to the Financial Statements.

DONATIONS:
The aggregate amount of money given by the Corporation to charitable or public causes in 2002 was $1,917,360.

AUDITORS:
The Auditor General has contracted the accounting firm of Ram and McRae to audit the Financial Statements of the Corporation who have indicated their willingness to continue in office and have offered themselves for reappointment.

By Order of the Board

A. De Souza
Company Secretary

Registered Office
Ogle Estate
East Coast Demerara

June 24, 2003

[1] Resigned in July 2002, [2] Resigned in February 2002

report of the auditors

Report of the Chartered Accountants Ram & McRae
To the Auditor General
On the Consolidated Financial Statements of the
GUYANA SUGAR
CORPORATION INC.
For the year ended 31st December 2002

We have audited the consolidated balance sheet of Guyana Sugar Corporation Inc. as at December 31, 2002, the consolidated profit and loss account and the statements of changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing and the Office of the Auditor General's auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Consolidated financial statements on pages 15 to 33 present fairly, in all material respects, the state of the Company's affairs at December 31, 2002 and its loss and cash flows for the year then ended in conformity with International Accounting Standards, and comply with the Companies Act 1991.

Without qualifying our opinion we draw attention to the following matters:

International Accounting Standard 17 - Leases requires that leases be accounted for as finance or operating leases under defined circumstances. The Company in the preparation of these financial statements has accounted for all leases with the Government of Guyana as operating leases as stated in note 1 (d) to the financial statements. These leases represent a substantial portion of the operating assets of the Company.

Preliminary data was used by the Independent Actuaries, Bacon Woodrow and de Souza in calculating the IAS 19 - employee benefits amounts for the Junior Staff Pension Scheme. The Actuaries cautioned that the IAS 19 figures may be subject to change after a more complete assessment is carried out of the Scheme. The defined benefit obligation on the Junior Staff Pension Scheme included in the financial statements at December 31, 2002 amounted to $14.8 billion.

Ram & McRae

RAM & McRAE
CHARTERED ACCOUNTANTS
PROFESSIONAL SERVICES FIRM
157 'C' Waterloo Street,
North Cummingsburg, Georgetown,
Guyana

June 27, 2003

OFFICE OF THE AUDITOR GENERAL OF GUYANA
63, HIGH STREET,
KINGSTON, GEORGETOWN,
GUYANA

REPORT OF THE AUDITOR GENERAL TO THE MEMBERS OF GUYANA SUGAR CORPORATION INC. ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

Chartered Accountants, Ram & McRae, have audited on my behalf the financial statements of Guyana Sugar Corporation Inc. for the year ended 31 December 2002, as set out on pages 15 to 33. The audit was conducted in accordance with the Financial Administration and Audit (Amendment) Act 1993.

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

As required by the Financial Administration and Audit (Amendment) Act 1993, I have reviewed the audit plan and procedures, work papers, report and opinion of the Chartered Accountants. I have also had detailed discussions with the Chartered Accountants on all matters of significance to the audit. I concur with the opinion, as set out on page 13, of Chartered Accountants, Ram & McRae.

B. BALRAM
Auditor General (Ag.)

June 27, 2003

consolidated balance sheet

as at 31st December 2002

	Notes	COMPANY 2002 $M	COMPANY Restated 2001 $M	GROUP 2002 $M	GROUP Restated 2001 $M
Stated capital	3	**10,800**	499	**10,800**	499
Revaluation reserve	4(c)	**54,099**	53,821	**54,099**	53,821
Other reserves	4(a), (b)	**41**	10,295	**41**	10,295
Accumulated earnings		**(4,900)**	(5,115)	**(4,875)**	(5,090)
Total Shareholders Equity		**60,040**	59,500	**60,065**	59,525
Deferred tax	1(k), 5	**1,232**	1,550	**1,221**	1,550
Loan	11	**21**	–	**21**	–
Minority interest	14	**–**	–	**65**	68
Defined benefit pension liability	16(a)	**14,922**	13,791	**14,922**	13,791
		76,215	**74,841**	**76,294**	**74,934**
Represented by:					
Fixed Assets	1(c), 1 (d), 7	**73,599**	72,481	**73,608**	72,493
Investments	14	**1**	1	**–**	–
Current Assets					
Inventories	1(e), 8(a)	**3,451**	3,250	**3,451**	3,250
Product stock	1(e), 8(b)	**3,315**	1,554	**3,365**	1,592
Trade and other receivables		**1,939**	2,700	**1,939**	2,688
Related parties	8(c), 19	**41**	–	**–**	–
Tax recoverable		**–**	–	**10**	10
Cash and cash equivalents	9	**1,814**	2,831	**1,882**	2,887
Total Current Assets		**10,560**	10,335	**10,647**	10,427
Current Liabilities					
Trade and other payables		**3,758**	3,348	**3,773**	3,367
Related parties	8(d),19	**662**	569	**662**	520
Debenture	6	**144**	144	**144**	144
Dividends payable		**–**	–	**–**	22
Obligations under finance lease (within one year)	8(f)	**70**	–	**70**	–
Taxation		**435**	1,039	**436**	1,057
Export sugar levy	8(e), 10	**2,876**	2,876	**2,876**	2,876
Total Current Liabilities		**7,945**	7,976	**7,961**	7,986
Net Current Assets		**2,615**	2,360	**2,686**	2,441
Total Assets less Current Liabilities		**76,215**	**74,841**	**76,294**	**74,934**

These financial statements were approved for issue by the Board of Directors on 26th June, 2003.

Vickram Oditt
Director

Rajendra Singh
Director

The accompanying notes on pages 20 to 33 form an integral part of these financial statements

consolidated profit and loss account

for the year ended 31st December 2002

	Notes	COMPANY		GROUP	
		2002	2001	**2002**	2001
		$M	$M	**$M**	$M
Sales	10	**25,389**	22,950	**25,389**	22,950
Cost of sales		**20,604**	19,936	**20,601**	19,905
Gross profit		**4,785**	3,014	**4,788**	3,045
Other operating income		**401**	244	**390**	247
Administrative expense		**2,116**	2,453	**2,117**	2,454
Selling and marketing expense		**2,266**	1,994	**2,266**	1,994
Net profit/(loss) from operations	12	**804**	(1,189)	**795**	(1,156)
Finance costs		**37**	46	**35**	46
Net profit/(loss) before tax and defined benefit pension liability		**767**	(1,235)	**760**	(1,202)
Provision for defined benefit pension liability	16	**1,131**	–	**1,131**	–
Net loss before tax		**(364)**	(1,235)	**(371)**	(1,202)
Taxation credit	13	**54**	366	**61**	349
Net loss after tax		**(310)**	(869)	**(310)**	(853)
Minority Interest	14	**–**	–	**–**	(28)
Retained loss for the year		**(310)**	**(869)**	**(310)**	**(881)**

The accompanying notes on pages 20 to 33 form an integral part of these financial statements

consolidated statement of changes in equity

for the year ended 31st December 2002

COMPANY
Statement of changes in equity for 2002

	Notes	Stated Capital	Revaluation Reserve	Other Reserves	Accumulated Earnings	Total
Balances at 1st January, 2002		**499**	**53,821**	**10,295**	**(5,115)**	**59,500**
Capitalisation of reserves as equity		10,301	(47)	(10,254)	–	–
Effect of review of valuation of factory plant & machinery	4(c)	–	1,025	–	–	1,025
Release of revaluation reserve for excess depreciation		–	(525)	–	525	–
Deferred tax recognised in equity	5	–	(175)	–	–	(175)
Retained loss for the year		–	–	–	(310)	(310)
Balances at 31st December, 2002		**10,800**	**54,099**	**41**	**(4,900)**	**60,040**

COMPANY
Statement of changes in equity for 2001

	Notes	Stated Capital	Revaluation Reserve	Other Reserves	Accumulated Earnings	Total
Balances at 1st January, 2001		**499**	**54,234**	**10,295**	**4,083**	**69,111**
Release of revaluation reserve for disposal of revalued assets		–	(62)	–	62	–
Release of revaluation reserve for excess depreciation		–	(573)	–	573	–
Deferred tax recognised in equity		–	222	–	–	222
Retained loss for the year		–	–	–	(869)	(869)
Balances at 31st December, 2001		**499**	**53,821**	**10,295**	**3,849**	**68,464**
Adjustment to opening reserves:	15					
Deferred tax on recognition of defined benefit pension liability		–	–	–	4,827	4,827
Recognition of defined benefit pension liability	16	–	–	–	(13,791)	(13,791)
Restated balances as at 31st December 2001		**499**	**53,821**	**10,295**	**(5,115)**	**59,500**

The accompanying notes on pages 20 to 33 form an integral part of these financial statements

consolidated statement of changes in equity

GROUP
Statement of changes in equity for 2002

	Notes	Stated Capital	Revaluation Reserve	Other Reserves	Accumulated Earnings	Total
Balances at 1st January, 2002		**499**	**53,821**	**10,295**	**(5,090)**	**59,525**
Capitalisation of reserves as equity		10,301	(47)	(10,254)	–	–
Effect of review of valuation of factory plant & machinery	4(c)	–	1,025	–	–	1,025
Release of revaluation reserves for excess depreciation		–	(525)	–	525	–
Deferred tax recognised in equity	5	–	(175)	–	–	(175)
Retained loss for the year		–	–	–	(310)	(310)
Balances at 31st December 2002		**10,800**	**54,099**	**41**	**(4,875)**	**60,065**

GROUP
Statement of changes in equity for 2001

	Notes	Stated Capital	Revaluation Reserve	Other Reserves	Accumulated Earnings	Total
Balances at 1st January, 2001		**499**	**54,234**	**10,295**	**4,120**	**69,148**
Release of revaluation reserves for disposal of revalued assets		–	(62)	–	62	–
Release of revaluation reserves for excess depreciation		–	(573)	–	573	–
Deferred tax recognised in equity		–	222	–	–	222
Retained loss for the year		–	–	–	(881)	(881)
Balances at 31st December 2001		**499**	**53,821**	**10,295**	**3,874**	**68,489**
Adjustment to opening reserves:	15					
Deferred tax on recognition of defined benefit pension liability		–	–	–	4,827	4,827
Recognition of Defined Benefit Pension liability	16	–	–	–	(13,791)	(13,791)
Restated balances as at 31st December 2001		**499**	**53,821**	**10,295**	**(5,090)**	**59,525**

The accompanying notes on pages 20 to 33 form an integral part of these financial statements

consolidated cash flow statement

for the year ended 31st December 2002

	Notes	COMPANY 2002 $M	COMPANY 2001 $M	GROUP 2002 $M	GROUP 2001 $M
Cash generated from operations	(a)	**1,998**	2,876	**2,057**	2,978
Interest paid		**(73)**	(24)	**(73)**	(24)
Net cash flows from operating activities		**1,925**	**2,852**	**1,984**	**2,954**
Taxation					
Taxation paid		**(1,044)**	(35)	**(1,070)**	(80)
Tax refunds received		–	–	**9**	12
Cash flows from investing activities					
Interest received		**36**	70	**35**	70
Purchase of fixed assets		**(2,026)**	(1,824)	**(2,026)**	(1,826)
Sale of fixed assets		–	8	–	8
Payment to minority interest		–	–	**(28)**	(11)
Net cash used in investing activities		**(1,990)**	**(1,746)**	**(2,019)**	**(1,759)**
Cash flows from financing activities					
Short term lease financing		**70**	–	**70**	–
Proceeds from long - term borrowing		**21**	–	**21**	–
Net (decrease)/increase in cash and cash equivalents		**(1,017)**	**1,071**	**(1,005)**	**1,127**
Cash and cash equivalents at beginning of period		**2,831**	**1,760**	**2,887**	**1,760**
Cash and cash equivalents at end of period	(9)	**1,814**	**2,831**	**1,882**	**2,887**

a. **Reconciliation of net profit before taxation to net cash inflows from operations:**

	COMPANY 2002 $M	COMPANY Restated 2001 $M	GROUP 2002 $M	GROUP Restated 2001 $M
Net (loss) before taxation	**(364)**	(1,235)	**(371)**	(1,202)
Adjustments for:				
Depreciation	**1,933**	2,184	**1,936**	2,186
Net adjustments for impairment of asset values	–	133	–	132
Interest (net)	**37**	(46)	**38**	(46)
Operating profit before working capital changes	**1,606**	1,036	**1,603**	1,070
(Increase)/decrease in inventories	**(201)**	631	**(201)**	631
(Increase) in product stocks	**(1,761)**	(640)	**(1,773)**	(641)
Decrease in trade and other receivables	**761**	173	**749**	181
Increase in trade and other payables	**410**	1,511	**406**	1,517
Increase in amounts owing to related parties	**93**	125	**142**	180
(Increase)/decrease in amounts due from related parties	**(41)**	40	–	40
Increase in defined benefit pension liability	**1,131**	–	**1,131**	–
Cash generated from operations	**1,998**	**2,876**	**2,057**	**2,978**

The accompanying notes on pages 20 to 33 form an integral part of these financial statements

notes to the consolidated financial statements

for the year ended 31st December 2002

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting convention

The financial statements of the Group have been prepared under the historical cost convention as modified for the revaluation of certain fixed assets. The financial statements have been prepared in accordance with International Financial Reporting Standards, which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee ("IASC")that remain in effect, all of which have been adopted by The Institute of Chartered Accountants of Guyana ("ICAG"). These financial statements also comply with the Companies Act 1991.

(b) Basis of Consolidation

The consolidated financial statements incorporate the financial statements made up to 31st December each year of the Corporation and Lochaber Limited, a company controlled by the Corporation (its subsidiary). Control is achieved by virtue of the Corporation 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 14.

(c) Fixed assets and depreciation

Freehold Land and Buildings are stated at professional valuation as at 1/1/99. Factory Plant is stated at Directors' valuation as at 31/12/02 as further explained in note 4 (c). Other fixed assets and additions to freehold land, buildings and factory plant subsequent to 1/1/99 are stated at cost. All assets with the exception of freehold land and work-in-progress are depreciated on the straight line method calculated to write off each asset over its estimated useful life as follows:-

	Before 1/1/2000	**After 1/1/2000**
Freehold Buildings - Wooden	Over 20 years	Over 20 years
Freehold Buildings - Others	Over 33 years	Over 33 years
Land expansion costs	From 5 to 10 years	According to tenure
Plant, machinery and equipment	From 5 to 16 years	From 5 to 17 years
Motor Vehicles	Over 4 and 10 years	Over 4 and 10 years
Aircraft	Over 3 years	Over 5 and 10 years

Depreciation is provided from the month following acquisition and a full year's charge is taken in the year of disposal.

(d) Freehold and Leasehold Land

In addition to 53,289 acres of freehold land, the Group leases from the Government of Guyana 135,963 acres of land on which it grows cane and for ancillary purposes. These are subject to several types of lease agreements, the status of which is as follows:

	Acres
Unexpired leases	22,880
Expired leases	18,684
Expired permissions	2,333
During the President's Pleasure Licences	66,621
During the President's Pleasure Permissions	845
Unexpired provisional leases (Skeldon expansion)	24,600
	135,963

The Group has received written confirmation that the Government is committed to renewing all leases for lands beneficially occupied by GuySuCo. The tenure of the leases is likely to be fifty (50) years. Lease rentals will be reviewed from time to time by the Commissioner of Lands & Surveys and approved by the Government of Guyana. The Directors have decided to treat these leases as operating leases in the light of the uncertainties relating to future lease payments.

notes to the consolidated financial statements

for the year ended 31st December 2002

(d) Freehold and Leasehold Land *(cont'd)*

The Government of Guyana has approved 1039.1 acres of land owned by the Corporation for disposal.

Lease payment per acre per annum has been as follows:

Prior to 1985	$4
1.1.85 to 31.5.98	$7.5
From 1.6.98	$1,000

A valuation prepared by professional valuers placed a value on these lands of $600,000 per acre at 1st January, 1999.

(e) Inventories

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

Product stocks are valued at the lower of cost of production and estimated realisable 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 realisable value is used if it is lower than the cost of production.

The Corporation does not value standing cane. The value of standing cane will be included in financial statements with effect from financial year 2003, the year from which IAS 41 (Agriculture) becomes mandatory.

The value of standing cane is incorporated in the financial statements of Lochaber Limited.

(f) Research and development

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

(g) Foreign currency transactions

Foreign currency transactions are recorded in Guyana Dollars at the rates of exchange ruling at the date of such transactions. At the balance sheet date, foreign currency assets and liabilities are translated at the rates of exchange ruling at that date and resulting gains and losses are recognised in the profit and loss account.

(h) Sales

Sales represent the amounts earned from the sale of sugar and molasses during the year.

(i) Revenue recognition

Revenue is recognised when the product is shipped, or for domestic sales when the product is collected.

(j) Pension Scheme

The Corporation participates in a contributory multi-employer pension scheme, and operates a non contributory scheme for its senior and junior staff respectively. The multi-employer pension scheme, Guyana Sugar and Trading Enterprises Pension Scheme, is a defined benefit scheme, for its qualifying employees. The contributions are held in trustee administered funds which are separate from the Corporation's finances.

A preliminary valuation carried out at 31st December 2001 for the Pension Scheme revealed a deficit of $322M. The actuaries have not quantified the extent of the deficits of the individual participating members, of which the Corporation is the largest member. The Corporation's share is estimated to be $235M. This deficit was calculated on a going concern basis and thus allows, inter alia, for the effect of future salary increases on the Scheme's liabilities. The actuaries advised that, had the Scheme been terminated as at the date of the valuation, the available assets would have been sufficient to secure accrued benefits based on completed service and current salary levels.

notes to the consolidated financial statements
for the year ended 31st December 2002

(j) Pension Scheme *(cont'd)*

During the year the Corporation's contribution to the Scheme was $199M (2001 $193M) which does not include any contribution towards the deficit on the Scheme.

Junior staff who have retired and are not members of the multi-employer Pension Scheme are paid ex-gratia pensions, which are partially recoverable from the Sugar Industry Price Stabilisation Fund. Under IAS 19 the total liability to the employees governed by this arrangement has been computed. The liability as at December 31, 2001 has been taken to revenue reserve and the current year liability has been taken to the Profit and Loss Account.

(k) Deferred Tax

Deferred tax liabilities are recognised in respect of corporation taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are recognised in respect of deductible temporary differences, unused tax losses and unused tax credits but only to the extent that it is anticipated that taxable profit will be available in future years.

(l) Skeldon Sugar Modernisation Project

All expenditure relating to the Modernisation Project has been charged to work in progress.

Expenditure incurred to date on the Project comprises Project Management Costs ($609M) and the development of new cane areas ($1,041M). The Corporation has received written confirmation from the Government of Guyana that loans from the World Bank (IDA) and the Caribbean Development Bank have been pledged and the Government of Guyana has guaranteed all payment obligations under contracts awarded for project implementation.

(m) Comparatives

Certain changes have been made to the presentation of the financial statements and where necessary the comparative figures for the previous year have been restated accordingly.

2. INCORPORATION AND PRINCIPAL ACTIVITIES

Guyana Sugar Corporation Limited was incorporated on 21st May 1976 and is primarily involved in the cultivation of sugar cane and the manufacture and sale of sugar and molasses. On 28th February 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.

3. STATED CAPITAL

The Corporation has an authorised stated capital of 10,800,000,000 and issued stated capital of 10,799,571,775 ordinary shares at a minimum issue price of $1 each. During the year the Corporation capitalised $9,362,950,000 from the Rehabilitation and Development Fund and $938,085,000 from the General Capital Reserves as stated capital.
The authorised stated capital was increased to $10,800,000,000 on 24th October 2001.

	COMPANY		GROUP	
4. CAPITAL RESERVES	**2002 $M**	2001 $M	**2002 $M**	2001 $M
(a) Rehabilitation & Development Fund	–	9,363	–	9,363
(b) General	**41**	932	**41**	932
Total other reserves	**41**	10,295	**41**	10,295
(c) Revaluation Reserve	**54,099**	53,821	**54,099**	53,821
	54,140	**64,116**	**54,140**	**64,116**

notes to the consolidated financial statements

for the year ended 31st December 2002

4. CAPITAL RESERVES *(cont'd)*

(a) Rehabilitation & Development Fund

An agreement was reached between the Ministry of Finance and the Corporation to set up a Rehabilitation and Development Fund from levies payable. This fund represents additional equity contributions by the Government of Guyana. No balances were transferred to the fund since 1996. The full amount was capitalised as stated capital during 2002.

	COMPANY		GROUP	
(b) General	**2002 $M**	2001 $M	**2002 $M**	2001 $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 Demerara Sugar Terminals Limited, which ceased trading in 1991 but continued as a department of the Corporation. During 2002 the full amount was capitalised as stated capital.	–	38	–	38
4. The value of loans and accrued interest assumed by the Government of Guyana. During 2002 the full amount was capitalised as stated capital.	–	839	–	839
5. 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 the assets transferred to the Corporation. During the year $14M was capitalised as stated capital.	**1**	15	**1**	15
	41	**932**	**41**	**932**

(c) Revaluation Reserve				
This amount represents:	**$M**	$M	**$M**	$M
1. The surplus of the net book values over the consideration paid for the acquisition of the Corporation's assets on nationalisation in 1976, less disposals. During the year the full amount was capitalised as stated capital.	–	47	–	47
2. Revaluation of Fixed Assets	**60,330**	60,330	**60,330**	60,330
Effect of review of valuation of factory plant & machinery	**1,025**	–	**1,025**	–
Less: Provision for Deferred Tax	**(7,256)**	(6,556)	**(7,256)**	(6,556)
	54,099	**53,821**	**54,099**	**53,821**

The Corporation revalued its Freehold Land and Buildings and Factory Plant and Machinery as at 1st January 1999. The valuation of the land and buildings was undertaken by an independent valuer. The original valuation as at 1/1/99 of plant and machinery was based on a value in use calculation. The valuation is reviewed each year in the light of changes in markets, production levels and exchange rate movements. The value was revised upwards by the directors at the balance sheet date by $1,025M.

5. DEFERRED TAX

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

	COMPANY Assets		GROUP Liabilities	
	2002 $M	2001 $M	**2002 $M**	2001 $M
Property, plant and equipment	**6,634**	6,574	**6,634**	6,574
Inventories provision	**(179)**	(87)	**(179)**	(87)
Tax value of loss carry-forward utilised	–	(110)	**(11)**	(110)
Defined benefit pension liability	**(5,223)**	(4,827)	**(5,223)**	(4,827)
	1,232	**1,550**	**1,221**	**1,550**

Movement in temporary differences during 2002

COMPANY	Balance 1st Jan 2002	Recognised in income	Recognised in equity	Balance 31st Dec 2002
Property, plant and equipment	**6,574**	(115)	175	**6,634**
Inventories provision	**(87)**	(92)	–	**(179)**
Tax value of loss carry-forward utilised	**(110)**	110	–	–
Defined benefit pension liability	**(4,827)**	(396)	–	**(5,223)**
	1,550	**(493)**	**175**	**1,232**

Movement in temporary differences during 2002

GROUP	Balance 1st Jan 2002	Recognised in income	Recognised in equity	Balance 31st Dec 2002
Property, plant and equipment	6.574	(115)	175	6,634
Inventories provision	(87)	(92)	–	(179)
Tax value of loss carry-forward utilised	(110)	99	–	(11)
Balance at 31st December 2002	6,377	(108)	175	6,444
Adjustment to opening balance				
Defined benefit pension liability	(4,827)	(396)	–	(5,223)
Restated balance	**1,550**	**(504)**	**175**	**1,221**

notes to the consolidated financial statements
for the year ended 31st December 2002

6. DEBENTURE	COMPANY		GROUP	
	2002	2001	**2002**	2001
	$M	$M	**$M**	$M
2% Government of Guyana debenture	**144**	144	**144**	144

The debenture from the Government of Guyana is scheduled to be repaid in 2003.

7. FIXED ASSETS-COMPANY

	Freehold			State Land and Land Expansion Cost	Factory Plant Machinery & Equipment	Equipment under Finance Lease < 1 year	Work in Progress	Totals
	Land	Buildings						
		Others	Wooden					
	$M	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Cost or valuation								
At 1st January 2002	43,811	10,947	3,146	76	21,200	–	2,742	**81,922**
Effect of review of valuation of factory plant & machinery					1,025	–	–	**1,025**
Recategorisation	–	(528)	544	–	(16)	–	–	–
Additions	–	–	–	–	–	–	2,026	**2,026**
Disposals	–	–	–	–	(59)	–	–	**(59)**
Transfers	–	54	–	–	1,502	174	(1,730)	–
At 31st December 2002	**43,811**	**10,473**	**3,690**	**76**	**23,652**	**174**	**3,038**	**84,914**
Depreciation								
At 1st January 2002	–	695	223	4	8,519	–	–	**9,441**
Charge for the year	7	232	80	–	1,593	21	–	**1,933**
Retired on disposals	–	–	–	–	(59)	–	–	**(59)**
At 31st December 2002	7	927	303	4	10,053	21	–	**11,315**
Net book value at 31st December 2002	**43,804**	**9,546**	**3,387**	**72**	**13,599**	**153**	**3,038**	**73,599**
Net book value as at 31st December 2001	**43,811**	**10,252**	**2,923**	**72**	**12,681**	**–**	**2,742**	**72,481**

notes to the consolidated financial statements

for the year ended 31st December 2002

FIXED ASSETS-GROUP

	Freehold Land	Freehold Buildings Others	Freehold Buildings Wooden	State Land and Land Expansion Cost	Factory Plant Machinery & Equipment	Equipment under Finance Lease < 1 year	Work in Progress	Totals
	$M	$M	$M	$M	$M	$M	$M	$M
Cost or valuation								
At 1st January 2002	43,811	10,947	3,146	76	21,223	–	2,742	**81,945**
Effect of review of valuation of factory plant & machinery	–	–	–	–	1,025	–	–	**1,025**
Recategorisation	–	(528)	544	–	(16)	–	–	–
Additions	–	–	–	–	–	–	2,026	**2,026**
Disposals	–	–	–	–	(59)	–	–	**(59)**
Transfers	–	54	–	–	1,502	174	(1,730)	–
At 31st December 2002	43,811	10,473	3,690	76	23,675	174	3,038	**84,937**
Depreciation								
At 1st January 2002	–	695	223	4	8,530	–	–	**9,452**
Charge for the year	7	232	80	–	1,596	21	–	**1,936**
Retired on disposals	–	–	–	–	(59)	–	–	**(59)**
At 31st December 2002	7	927	303	4	10,067	21	–	**11,329**
Net book value at 31st December 2002	**43,804**	**9,546**	**3,387**	**72**	**13,608**	**153**	**3,038**	**73,608**
Net book value as at 31st December 2001	**43,811**	**10,252**	**2,923**	**72**	**12,693**	–	**2,742**	**72,493**

8. NET CURRENT ASSETS

	COMPANY 2002 $M	COMPANY 2001 $M	GROUP 2002 $M	GROUP 2001 $M
(a) Inventories				
Gross (Note (i) below)	**3,963**	3,952	**3,963**	3,952
Less provision for slow moving and obsolete items	**(512)**	(702)	**(512)**	(702)
Net	**3,451**	**3,250**	**3,451**	**3,250**

$22M (2001 $23M)of obsolete stocks were identified and charged against the provision. Additionally the provision has been (decreased)/increased by ($190M) (2001 $54M).

(i) Inventory Categories	**$M**	$M	**$M**	$M
Fuel	**88**	84	**88**	84
Spares	**2,535**	1,926	**2,535**	1,926
Fertilisers and Chemicals	**777**	868	**777**	868
Other	**563**	1,074	**563**	1,074
	3,963	**3,952**	**3,963**	**3,952**

notes to the consolidated financial statements
for the year ended 31st December 2002

	COMPANY		GROUP	
8. NET CURRENT ASSETS *(cont'd)*	**2002 $M**	2001 $M	**2002 $M**	2001 $M
(b) Product Stock Categories				
Sugar	**3,122**	1,549	**3,172**	1,587
Molasses	**193**	5	**193**	5
	3,315	**1,554**	**3,365**	**1,592**

(c) Amounts due from Related Parties	**$M**	$M	**$M**	$M
Lochaber Limited	**41**	–	–	–
	41	–	–	–

(d) Amounts due to Related Parties	**$M**	$M	**$M**	$M
Booker Tate (Note 19)	**177**	71	**177**	71
Lease Rentals (Government of Guyana)	**485**	449	**485**	449
Lochaber Limited	–	49	–	–
	662	**569**	**662**	**520**

(e) Export sugar levy

There was unpaid export sugar levy totalling $2,876M at the balance sheet date. Subsequent to the balance sheet date the Government of Guyana relinquished its right to claim payment of the unpaid sugar levy. The directors are of the opinion that this is a non adjusting event in accordance with International Accounting Standard #10 and as such there has been no adjustment to the Financial Statements.

(f) Obligation under finance lease

The Corporation leases equipment from Machinery Corporation of Guyana Inc. Interest is charged at a rate of 2.46%. The lease expires in September 2003.

9. CASH AND CASH EQUIVALENTS

	2002 000s	**2001 000s**	**G$M**	**G$M**	**G$M**	**G$M**
US $	**1,111**	9,193	212	1,741	212	1,741
Sterling	**253**	649	77	178	77	178
Euro	**5,142**	870	983	146	983	146
			1,272	2,065	1,272	2,065
G$			542	766	610	822
			1,814	2,831	1,882	2,887

Rate of conversion

G$/US$	191.27	189.38	191.27	189.38
G$/Sterling	308.19	274.58	308.19	274.58
G$/Euro	200.57	167.51	200.57	167.51

notes to the consolidated financial statements

for the year ended 31st December 2002

10. SALES AND EXPORT LEVY	COMPANY 2002 $M	COMPANY 2001 $M	GROUP 2002 $M	GROUP 2001 $M
Sales (Note (a) below)				
Sugar	**24,212**	21,614	**24,212**	21,614
Molasses	**1,177**	1,336	**1,177**	1,336
Total Sales	**25,389**	22,950	**25,389**	22,950
Export sales levy				
Amount payable	**11,958**	10,571	**11,958**	10,571
Remitted by Government	**(11,958)**	(10,571)	**(11,958)**	(10,571)
	–	–	**–**	–
Sales after remission of levy	**25,389**	**22,950**	**25,389**	**22,950**

The amount of export sales levy payable is calculated under the Sugar Levy Act of 1974 (as amended). Under Section 6(1) of the Financial Administration and Audit Act, the Government of Guyana has agreed to remit $11,958M (2001 $10,571M) of the Sugar Levy payable.

	COMPANY 2002 $M	COMPANY 2001 $M	GROUP 2002 $M	GROUP 2001 $M
(a) Sales by geographic area				
Europe	**18,350**	16,998	**18,350**	16,998
USA	**942**	905	**942**	905
Caribbean	**4,219**	3,220	**4,219**	3,220
Guyana	**1,878**	1,827	**1,878**	1,827
	25,389	**22,950**	**25,389**	**22,950**

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

The Directors consider therefore that segmentation of net profit and net assets by geographic area would not be meaningful.

11. Loans	COMPANY 2002 $M	COMPANY 2001 $M	GROUP 2002 $M	GROUP 2001 $M
Government of Guyana	**21**	–	**21**	–

The loan from the Government of Guyana represents an on - lending of a loan from the Caribbean Development Bank for US$5,050,000 to finance various Drainage and Irrigation projects. Total funds received at 31st December 2002 amounted to US$ 109,798. Interest is charged at the rate of 2% per annum on the principal and accrued quarterly. The loan is to be repaid starting 10 years after the date of first disbursement in 120 equal quarterly installments. The date of the first disbursement was July 2002.

notes to the consolidated financial statements

for the year ended 31st December 2002

	COMPANY		GROUP	
	2002 $M	2001 $M	**2002 $M**	2001 $M
12. NET (LOSS) BEFORE TAXATION	**(364)**	(1,235)	**(371)**	(1,202)
(a) After charging -				
Staff Costs				
Wages and salaries	**12,164**	12,051	**12,164**	12,051
Social security contributions	**634**	577	**634**	577
Defined benefit pension liability (Note 16(c)	**1,651**	193	**1,651**	193
Materials and services purchased	**7,629**	7,242	**7,717**	7,330
Lease obligations	**230**	136	**230**	136
Research and development expense	**38**	43	**38**	43
Directors' fees & expenses (Note (b) below)	**30**	15	**30**	16
Provision for slow moving and obsolete items	**(190)**	54	**(190)**	54
Depreciation	**1,933**	2,184	**1,936**	2,186
Auditors' remuneration	**6**	6	**6**	6
Interest expense	**73**	24	**73**	24
Management fees and expenses (Note 19)	**453**	394	**453**	394
Impairment adjustment to fixed assets	**–**	133	**–**	132
After crediting				
Net gain on exchange	**67**	20	**67**	20
Interest income	**36**	70	**39**	70
Write back of Camp Street Property (Note (c) below)	**–**	(49)	**–**	(49)

	COMPANY		GROUP	
(b) Directors' fees & expenses	**2002 $000**	2001 $000	**2002 $000**	**2001 $000**
Chairman - Vickram Oditt	**10,419**	3,943	**10,419**	3,943
Director - Ronald Alli	**1,680**	1,584	**1,680**	1,584
Director - Donald Ramotar	**84**	84	**84**	84
Director - Edgar Heyligar (resigned in May 2001)	**–**	35	**–**	35
Director - Dindyal Permaul	**84**	7	**84**	7
Director - Joseph Vieira (resigned in February 2002)	**–**	7	**–**	7
Director - Rajendra Singh	**732**	57	**732**	57
Director - Hubert Rodney	**1,947**	57	**1,947**	57
Director - Brian Webb	**389**	624	**389**	624
Director - David Carter (resigned in July 2002)	**6,929**	6,840	**6,929**	6,840
Director - Barry Newton	**7,844**	2,204	**7,844**	2,204
Director- Patrick Falconer	**–**	–	**169**	160
Director- Joseph King	**–**	–	**169**	160
	30,108	**15,442**	**30,446**	**15,762**

All directors expenses have been incurred on the Group's business.

(c) Write back of Camp Street Property

The cost of $161M incurred on the construction of this property was written off in 1999 at which time the recoverable amount was assessed to be nil. The directors are confident that an amount of $112.5M representing the estimated value of the land can be recovered from the disposal of this property and accordingly this amount was reinstated on the Corporation's books in 2001.

notes to the consolidated financial statements

for the year ended 31st December 2002

13. TAXATION

	COMPANY		GROUP	
	2002 $M	2001 $M	**2002 $M**	2001 $M
Current year				
Corporation Tax	**245**	–	**245**	17
Deferred Tax	**(493)**	(421)	**(503)**	(421)
	(248)	(421)	**(258)**	(404)
Withholding Tax	**4**	35	**5**	35
Property Tax	**188**	166	**189**	166
Prior year under/(over) provision				
Property Tax	**2**	(146)	**4**	(146)
	(54)	**(366)**	**(60)**	**(349)**

	COMPANY		GROUP	
Reconciliation of corporation tax expense and accounting profit:	**2002 $M**	2001 $M	**2002 $M**	2001 $M
Accounting (loss)	**(364)**	(1,235)	**(371)**	(1,202)
Corporation tax @35%	**(127)**	(432)	**(130)**	(421)
Add:				
Tax effect of expenses not deductible in determining taxable profits				
Depreciation for accounting purposes	**664**	765	**665**	765
Defined benefit cost	**396**	11	**396**	11
Others	**–**	47	**1**	46
	933	391	**932**	401
Deduct:				
Tax effect of depreciation for tax purposes	**(410)**	(483)	**(410)**	(483)
Interest and dividend	**(11)**	(18)	**(10)**	(15)
Tax loss utilised during the year	**(267)**	–	**(267)**	–
Tax/ (effect of loss)	**245**	**(110)**	**245**	**(97)**

The Corporation has a tax liability/(tax effect of loss) of $245M (2001 ($110M)).
The effect of tax losses utilised/(available) during the year were $267 M (2001 ($110M)

14. INVESTMENTS

The Corporation holds 36.8% of the share capital of Lochaber Limited which is deemed to be a controlling interest. The investment is valued at original cost.

The Corporation's share of accumulated earnings of Lochaber Ltd. as at 31st December, 2002 amounted to $25M (2001 $40M).

notes to the consolidated financial statements

for the year ended 31st December 2002

15. ADJUSTMENT TO OPENING RESERVES

	COMPANY 2002 $M	COMPANY 2001 $M	GROUP 2002 $M	GROUP 2001 $M
Recognition of defined benefit pension liability	–	13,791	–	13,791
Deferred tax on recognition of defined benefit pension liability	–	(4,827)	–	(4,827)
	–	**8,964**	–	**8,964**

16. DEFINED BENEFIT PENSION LIABILITY

There is no Pension Scheme for Subsidiary Company.

	2002 Senior Staff Scheme $M	2002 Junior Staff Scheme $M	2002 Total $M	2001 Senior Staff Scheme $M	2001 Junior Staff Scheme $M	2001 Total $M
(a) The amounts recognised in the balance sheet are as follows:						
Defined benefit obligation	5,327	18,502	23,829	4,295	13,699	17,994
Fair value of assets	(4,648)	–	(4,648)	(4,203)	–	(4,203)
Present value of unfunded contributions	679	18,502	19,181	92	13,699	13,791
Unrecognised loss	(585)	(3,674)	(4,259)	–	–	
Defined benefit liability	94	14,828	14,922	92	13,699	13,791
(b) Reconciliation of opening and closing defined benefit liability						
Defined benefit liability at beginning of year	92	13,699	13,791			
Add net pension cost	195	1,456	1,651			
Less company contribution/benefits paid	(193)	(327)	(520)			
Net pension cost	2	1,129	1,131			
Defined benefit liability at end of year	94	14,828	14,922			
(c) The amounts recognised as staff costs in the profit and loss account are as follows:						
Current service cost	198	507	705			
Interest on defined benefit obligation	295	949	1,244			
Expected return on Plan Assets	(298)		(298)			
Total included in staff costs	195	1,456	1,651			
(d) Actual return on Plan Assets						
Expected return on Plan assets	298		298			
Actuarial gain on Plan Assets	43		43			
Actual return on Plan Assets	341		341			

notes to the consolidated financial statements

for the year ended 31st December 2002

	2002	2001
16. DEFINED BENEFIT LIABILITY *(cont'd)*	**$M**	$M
(e) Actuarial Assumptions		
(i) Funded Scheme		
Discount rate	**6 %**	7 %
Salary increases	**6 %**	7 %
Pension increases	**2 %**	2 %
Rate of return on Pension Plan assets	**6.5 %**	7 %
(ii) Unfunded Scheme		
Discount rate	**6 %**	7 %
Salary increases	**6 %**	6 %
Pension increases	**5 %**	5 %
Rate of return on Pension Plan assets	**N/A**	N/A

	COMPANY		GROUP	
17. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES	**2002 $M**	2001 $M	**2002 $M**	2001 $M
Expenditure authorised by the Directors but not committed	**2,577**	1,722	**2,577**	1,722

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 as the Corporation has been advised that they would be incorrect.

18. CREDIT, INTEREST RATE AND CURRENCY EXPOSURE

Exposure to credit, interest rate and currency risk arises in the normal course of the Corporation's business.

Credit risk

The Corporation has exposure to credit buyers of sugar. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit. All buyers have consistently paid on time.

Investments are only allowed in liquid securities and only with counterparties which have a credit rating of AA or better. Given these high credit ratings management does not expect any counterparty to fail to meet its obligations.

At the Balance Sheet date there were no significant concentrations of credit risk.

Interest rate risk

The Corporation has no interest-bearing liabilities except for a government debenture.The rate of interest on the debenture is fixed and there is therefore no interest rate risk. The Corporation obtains competitive quotations before investing funds.

notes to the consolidated financial statements

for the year ended 31st December 2002

18. CREDIT, INTEREST RATE AND CURRENCY EXPOSURE *(cont'd)*

Currency risk

The Corporation incurs currency risk on sales and purchases which are denominated in a currency other than the Guyana dollar.The Corporation seeks to minimise exposure to currency risk by entering into forward contracts and other hedge instruments . The currencies giving rise to this risk are primarily the Euro, US dollar and pound sterling. At the reporting date the Corporation had assets in foreign currency consisting of cash and trade accounts receivable and liabilities consisting of trade accounts payable.The foreign currency assets considerably exceeded the foreign currency liabilities, as is normal throughout the year.

Foreign trade accounts receivable and payable at balance sheet date are as follows:

	COMPANY		GROUP	
	2002 $000'	2001 $000'	**2002 $000'**	2001 $000'
(i) Trade accounts receivable				
US $	**5,070**	1,479	**5,070**	1,479
Euro	**951**	6,316	**951**	6,316
(ii) Trade accounts payable				
US $	**14**	236	**14**	236
Sterling	**34**	80	**34**	80

As at the balance sheet date the Corporation had entered into forward contracts to sell 88M Euros relating to 2003 sales at an average rate of US$/Euro = .9763 . Subsequent to the balance sheet date 53M Euros relating to 2004 sales were sold forward at an average rate of US$/Euro = 1.07. This represents 100% and 60% of sales contracted into Europe in 2003 and 2004 respectively denominated in Euros.

19. RELATED PARTIES

Booker Tate a company incorporated in the United Kingdom manages the Corporation under an agreement dated March 26, 1996. Under this agreement Booker Tate receives a fixed fee, a production incentive fee and reimbursement of certain expenses. The amounts paid to Booker Tate under the agreement were as follows:

	COMPANY		GROUP	
	2002 $M	2001 $M	**2002 $M**	2001 $M
Fixed fee (£350,000)	**96**	94	**96**	94
Production incentive fee	**163**	89	**163**	89
Expenses	**194**	211	**194**	211
Total	**453**	**394**	**453**	**394**

20. PENDING LITIGATION

There are several actions for which the liability of the Corporation, if any, has not been determined.The maximum potential liability at the end of the year is estimated at $205M. An amount of $83M was provided for in the financial statements.

ten year review

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
HECTARES HARVESTED	41,701	44,474	44,863	41,042	46,349	39,908	43,656	44,259	41,621	**41,627**
TONNES CANE MILLED ('000)	3,223	3,199	2,956	3,222	3,074	2,966	3,596	2,984	3,142	**3,708**
YIELDS										
ESTATE - TONNES CANE/HECTARE	71.50	66.31	60.33	71.30	65.75	67.00	72.50	62.20	67.10	**80.60**
TONNES CANE/TONNE SUGAR	13.07	12.47	11.64	11.51	11.12	11.68	11.03	10.88	11.00	**11.20**
ESTATE - TONNE SUGAR/HECTARE	5.91	5.25	5.14	6.72	5.90	6.36	6.58	5.67	6.16	**7.29**
PRODUCTIONS (TONNES)										
SUGAR	246,522	256,657	253,837	280,116	276,392	253,871	321,438	273,318	284,441	**331,052**
MOLASSES	124,853	117,618	122,183	131,422	123,881	117,939	129,934	108,703	118,103	**137,794**
HOME CONSUMPTION										
SUGAR	23,664	21,800	22,993	23,599	24,616	23,996	23,682	23,667	24,437	**23,782**
MOLASSES	116,241	111,709	109,653	112,446	108,379	59,140	51,777	45,061	49,533	**56,424**
EXPORT										
SUGAR	222,598	239,424	225,420	255,527	247,058	236,773	270,248	277,267	251,798	**282,425**
MOLASSES	8,573	5,909	12,530	18,976	15,543	61,320	78,473	63,642	56,439	**82,576**
SALES										
LOCAL SUGAR ($M)	1,143	1,053	1,111	1,142	1,189	1,157	1,098	1,094	1,109	**1,066**
AVERAGEPRICE/ TONNE($)	48,301	48,303	48,319	48,392	48,302	48,216	48,181	46,337	45,380	**51,556**
EXPORT SUGAR($M)	14,971	16,812	18,310	21,920	19,284	19,818	23,657	22,106	20,287	**22,562**
AVERAGE PRICE/ TONNE ($)	67,256	70,219	81,226	85,783	78,055	83,700	87,537	79,727	80,569	**79,886**
AVERAGE PRICE/ TONNE (US$)	531	508	595	611	557	547	484	431	426	**417**
MOLASSES ($M)	398	607	732	818	453	580	448	669	1,330	**1,177**
AVERAGE PRICE/ TONNE ($)	3,188	5,161	5,991	6,224	3,656	4,815	3,440	6,154	12,515	**8,469**
EXPENDITURE ($M)										
EMPLOYMENT COST	6,041	7,092	7,892	8,764	9,230	9,718	12,384	12,430	12,821	**15,635**
MATERIAL AND OTHER SERVICES	6,415	6,732	8,504	9,676	8,484	8,266	9,279	7,978	7,314	**7,496**
(LOSS)/PROFIT BEFORE TAX ($M)	761	1,101	702	674	680	860	2,073	60	(1,235)	**(198)**
(LOSS)/PROFIT BEFORE TAX AND LEVY	4,120	4,129	3,602	5,315	2,680	2,680	3,873	1,060	(1,235)	**(198)**
(LOSS)/PROFIT AFTER TAX($M)	529	691	320	224	228	271	1,258	(504)	(869)	**(155)**
(LOSS)/PROFIT AFTER TAX BEFORE LEVY	3,888	3,719	3,220	4,865	2,228	2,271	3,058	496	(869)	**(155)**
AVG MID MARKET EXCHANGE RATE (G$ / US$)	126.66	138.20	136.50	140.50	140.13	152.94	181.00	185.00	189.38	**191.27**

notes

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