



VISION



DEMERARA DISTILLERS LIMITED
AND SUBSIDIARIES | ANNUAL REPORT 2020



RICHARD ISHMAEL SECONDARY SCHOOL





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HOW DO YOU DEFINE VISION?

Vision is the ability to see. Beyond what is here and now, it is having a view of the possibilities that exist down the road, around the corner or over the hill. Vision prepares us for whatever comes next. At Demerara Distillers Limited (DDL), vision is the wind beneath our sail. It's the driving force behind anything that we do and everything we aspire to become as a company.

Vision also requires understanding. The past contains lessons learnt. The future is filled with possibilities. The past informs how we approach the future; It should not dictate what the future should be. Vision requires partnership between generations and stakeholders. Experience must embrace enthusiasm. Instinct and innovation must interact in progressive and productive ways.

This is how we do business at DDL. We preserve the past while preparing for the future. This has set us apart from the very beginning. We treasure those who have walked before us while passing on skills and expertise to those who will come behind. This will ensure that we remain an industry leader for years to come. This is who we are. This is who we've always been.

The year 2020 is an excellent example of the power, purpose and necessity of vision. Ironically, 20/20 is often associated with perfect sight. Looking back, the evidence of perfection in the bold course that DDL has been charting from the very beginning is unmistakable.

With the onset of COVID-19 in Guyana, as one of the largest manufacturing companies in the country, DDL, using its equipment and expertise, quickly supported the national response by producing an antimicrobial sanitising cleaner, under the Environ brand, to help to curb the spread of the virus nationally.

Preserving legacies and developing future generations are key to the DDL promise. That's why the production of Environ was complemented with its distribution to vulnerable groups and communities, frontline workers and the nation's youth, sitting milestone national assessments.

Safeguarding our workforce is of utmost importance to us. Day in and day out, our employees give of their time, energy, and focus in faithful service. Without them, there's no us. To ensure the safety of our workforce, we strengthened safety protocols across all of DDL's facilities, implemented new health and safety policies, and distributed Environ to all employees.



LP00121
09:07HR

Environ

ANTIMICROBIAL

SANITISING -CLEANER-

KILLS GERMS

FOR SANITISING SURFACES.
APPLY TO SURFACE UNTIL COVERED
AND ALLOW TO AIR DRY.
DO NOT USE ON VARNISH FINISHES.

70% Ethyl Alcohol

Manufactured by:
DEMERARA DISTILLERS LTD.
Plantation Diamond, East Bank Demerara,
Guyana, South America.

FOR EXTERNAL USE ONLY.
KEEP AWAY FROM FLAME.
KEEP OUT OF REACH OF CHILDREN.



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Net Content: 750ml



FORESEE THE FUTURE WITH HINDSIGHT

COVID-19 undermined Guyana's education sector. It suffered one of the hardest hits of all. Scores of vibrant young minds were being forced to adapt to new learning styles and platforms — what COVID-19 also did, was that it accentuated the digital divide. The switch from in-person to virtual learning proved disadvantageous to the students without the resources to fully participate.

This was why we started the DDL Foundation in 2010 — we didn't see COVID-19 coming, but our vision is to even the playing field for those who have less resources. So, in partnership with DIGICEL Guyana, we were able to present the students in the DDL Foundation with tablets and mobile data to completely engage in their new online learning. Our commitment to developing the next generation is a true hallmark of our Company.

DDL was truly honoured to partner with, and support the efforts of, the Civil Defense Commission, the Ministry of Public Health and other notable Civil Society Organizations and Groups that lead the charge on a number of great initiatives to reach those in need at a critical time in our nation's history.

In life and in business, change is the only true constant. The ability to respond to change or the lack thereof, in our opinion, is what true vision is about. When strict COVID-19 Protocols challenged the possibility of our 2020 Annual General Meeting (AGM), we quickly set aside our decades old meeting format to implement our first hybrid AGM.

DDL has an excess of 8,000 shareholders. In the past, our AGMs were attended by thousands. It was critical that each shareholder's right to participate was protected. As such, a hybrid format was developed, presented and approved by Guyana's High Court that enabled 40% physical attendance while the remainder attended DDL's 2020 AGM virtually.

If ever anyone wished to question the course this company has been charting since it began, 2020 was the perfect benchmark. We have stood honorably in the face of COVID-19 — a virus that has claimed millions of lives globally and shook companies and continents.

Although the COVID-19 storm has not yet receded, a new year of great possibilities has begun. DDL emerges steadfast and intends to maintain the sure course that has brought us thus far — preserving the past, while preparing for the future; as we continue to be guided by our vision and underpinned by





COMPANY IN PERSPECTIVE

The core business of Demerara Distillers Limited for the three centuries has been **Demerara Rum**. In the 17th Century, every sugar plantation had its own small distillery and these, with the passage of time, were gradually consolidated into one distillery at Diamond on the East Bank of Demerara. The Company's alcoholic products especially its rums, including its flagship brand, the El Dorado 15 Year Old Special Reserve, and its other brands – the El Dorado 25 Year Old, the El Dorado 21 Year Old, the El Dorado 12 Year Old, the El Dorado Cask Aged 8 Year, the El Dorado 5 Year Old, the El Dorado Cask Aged 3 Year, the El Dorado Deluxe Silver Aged 6 Year – are well known in the Caribbean and International markets. The Company is also a leading supplier of bulk rum to bottlers in Europe and North America and its Bulk Terminal ensures the most efficient service to customers.

Over time, the Company has been diversifying its activities. It is a leading producer of carbonated beverages including **Pepsi, Seven-Up** and **Slice**, in addition to its own wide range of Soca flavours. It also produces **Diamond Mineral Water**. It produces its own **Carbon Dioxide**.

It has been producing high grade **Fruit Jams and Jellies, Fruit Juices** and the well known **Three County Fruit Mix**. The Group's **Shipping and Warehouse** services are among the most modern in Guyana. Its Fruit Juice operations range from fresh juice delivered to homes and premier restaurants and hotels to conveniently packaged juices done in a state-of-the-art Tetra Pak packaging plant under the brand name **TOPCO**. The Group also has interests in the Insurance industry.

The Company has expanded into the Distribution Business, where it is now the Distributor in Guyana for some of the most well-known consumer products such as **Johnson & Johnson** and **Nestle**. Distribution Services Limited as this part of the group is known also represents several leading local companies.

Demerara Distillers Limited has Subsidiaries and Associates in Europe, North America and the Caribbean. Demerara Distillers Limited is best known for its commitment to quality and has held continuous certification through the **ISO 9001 (2015)** International Quality Standard.

NOTICE OF MEETING

The **SIXTY-NINTH ANNUAL GENERAL MEETING (AGM) of DEMERARA DISTILLERS LIMITED (DDL)** has been scheduled for *Friday, April 23, 2021 at 4:00 p.m.* at Lot 214 Camp Street, North Cummingsburg, Georgetown, Guyana. In light of the restrictions on public gatherings imposed under the Health Ordinance as a result of the Coronavirus global pandemic (COVID-19), the AGM will be conducted in the manner directed under Order of Court dated the 3rd day of March 2021 to wit:

- (a) no more than seven individuals (whose names are set out at (i) to (vii) below) representing, personally or by proxy, no less than 40% of the shareholding of DDL shall be present, in the capacity solely as shareholders, at the AGM namely;
 - (i) Chandra Gajraj, Trust Company (Guyana) Ltd
 - (ii) Maurice John, Hand in Hand Trust Corp. Inc
 - (iii) Phillip Fernandes, JP Santos & Co. Ltd,
 - (iv) Khemraj Goberdhan, Diamond Fire & General Insurance Inc,
 - (v) Rajnarine Singh, Sannap Manufacturing Co. Ltd
 - (vi) Ede Tyrell
 - (vii) Colin Thompson
- (b) as a shareholder of DDL you are entitled to observe the AGM via electronic/virtual platform but not to be physically present at the Meeting. Please see page 98 of the Annual Report for the access code of the electronic/virtual platform;
- (c) as a shareholder of DDL you are entitled to appoint one of the seven individuals named at (a) above as your proxy with instructions as to voting on the Motions to be proposed at the AGM. These Motions are set out in the Proxy Form found on page 95 of the Annual Report;
- (d) shareholders may contact the Company Secretary's Office at telephone numbers 592-265-2089 or 592-265-6000 or email: csec@demrum.com to address any questions in relation to this Notice or the AGM



NOTICE OF MEETING

→ CONT'D

AGENDA

The following matters will be considered at the AGM:

- 1) To receive and consider the Company's Accounts and Reports of the Directors and Auditors for the year ended December 31, 2020;
- 2) To declare a Final Dividend of \$0.95 per share free of Company Taxes in respect of the year ended December 31, 2020;
- 3) To re-elect Directors (Messrs. Yesu Persaud, Rudolph Collins, Egbert Carter, Timothy Jonas, S.C., Harryram Parmesar & Lancelot Tyrell);
- 4) To fix the Emoluments of the Directors;
- 5) To re-appoint, TSD Lal & Co and authorize the Directors to fix their remuneration.

BY ORDER OF THE BOARD

Allison Thorne
Company Secretary/Legal Officer
March 12, 2021

REGISTERED OFFICE

Block A, Plantation Great Diamond,
East Bank Demerara, Guyana.

INSTRUCTIONS TO SHAREHOLDERS

1. REGISTER OF MEMBERS

The Register of Members and Share Transfer Books of Demerara Distillers Limited will be closed from March 30, 2021 to April 23, 2021 both days inclusive- for the purpose of preparing warrants of the Final Dividends for the year ended December 31, 2020.

2. PROXY FORMS

Proxy Forms must be completed, dated and received at the Registered Office of DDL, Block A, Plantation Great Diamond East Bank Demerara, no less than (48) forty-eight) hours before the date of the AGM.

3. QUESTIONS, COMMENTS OR RECOMMENDATIONS

Shareholders may also exercise their right to participate in the AGM, through the Proxy Holder, by submitting any number of questions, comments and/or recommendations with respect to the matters to be considered at the AGM, so that, the Proxy Holder may raise such questions, comments and/ or recommendations at the Meeting. Such questions, comments and/ or recommendations may be included in the space provided in the Proxy Form found on page 97 of the Annual Report.

Alternatively, such questions, comments and /or recommendations may be sent to the Company's Registered Office at the above address or emailed to csec@demrum.com no later than April 22, 2021 at 4:00 p.m. (GYT).

CORPORATE INFORMATION

AUDITORS

TSD Lal & Co.
77 Brickdam, Stabroek,
Georgetown, Guyana.

LEGAL ADVISORS

De Caries, Fitzpatrick & Karran
80 Cowan Street, Kingston,
Georgetown, Guyana.

REGISTERED OFFICE

**Block A, Plantation Great Diamond,
East Bank Demerara, Guyana.**
Email: ddlweb@demrum.com
Website: www.theeldoradorum.com

REGISTRAR & TRANSFER AGENT

Trust Company (Guyana) Limited
11 Lamaha Street, Queenstown,
Georgetown, Guyana.

BANKERS

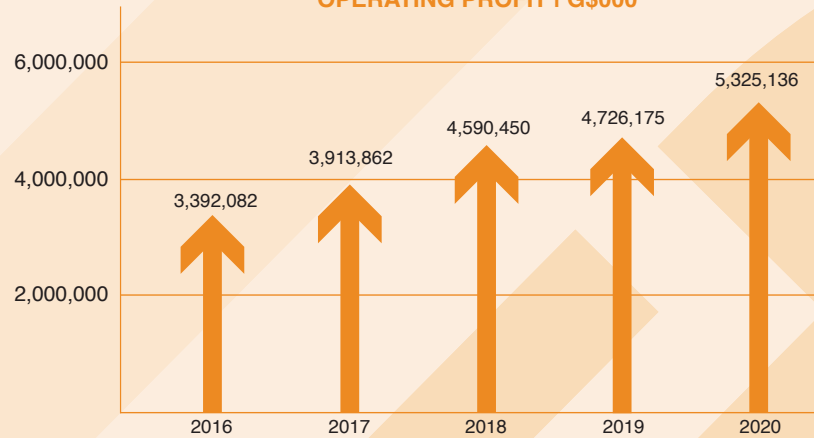
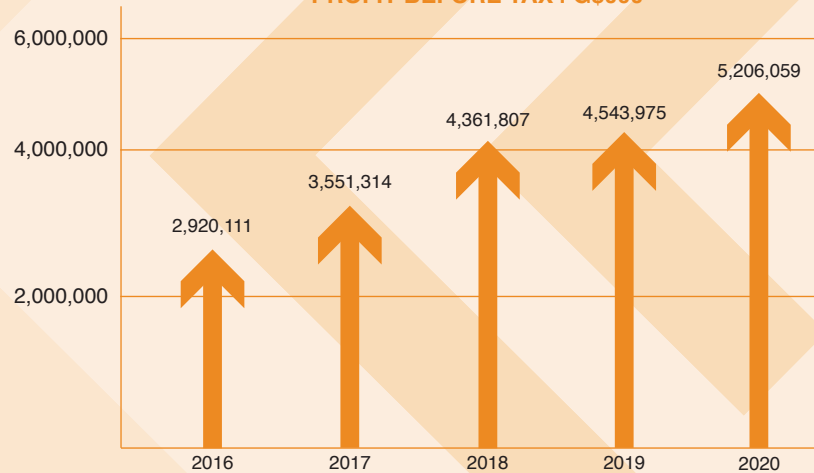
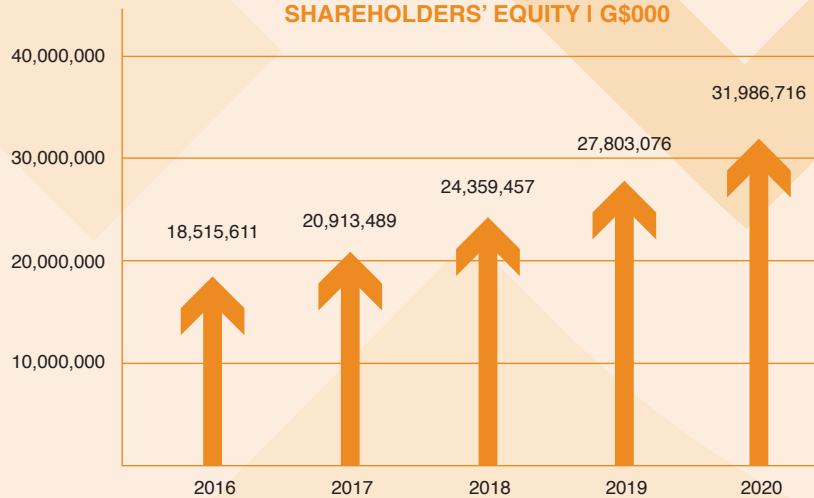
Demerara Bank Limited
230 Camp & South Streets,
Georgetown, Guyana.

The Bank of Nova Scotia
104 Carmichael Street,
Georgetown, Guyana.

Republic Bank (Guyana) Limited
Water Street,
Georgetown, Guyana.

Guyana Bank for Trade & Industry
47-48 Water Street,
Georgetown

FINANCIAL HIGHLIGHTS

OPERATING PROFIT | G\$000**PROFIT BEFORE TAX | G\$000****SHAREHOLDERS' EQUITY | G\$000**

LONG SERVICE AWARDS

40 YEARS

Rajendra Girdharry
Distillery

35 YEARS

Gomattie Naipaul
Bottling Plant

Satrohan Persaud
Distillery

30 YEARS

Abdool Yusuff
Security

Dev Mangroo
Bottling Plant

Jaigobin Parbhu
Admin

Monica Gulliams
Beverage Plant

Paul Bhagwandin
Projects/Facilities Maintenance

Suresh Jaikishun
Beverage Plant

25 YEARS

Sharon Sue-Hang
Quality Assurance

Sharda Veeren-Chand
Marketing

Andy Sukhram
Projects/Facilities Maintenance

Asif Gafoor
Quality Assurance

Denise Douglas
Customer Services

Deonarine Balkaran
Distillery

Dexter Waldron
Beverage Plant

25 YEARS - CONT'D

Hemwatie Narain
Finance

Mohan Tusidas
Distillery

Robert Rampersaud
Distillery

Roy Abrams
Berbice

Sasenarine Bechan
Distillery

Tillack Ram
Essequibo

20 YEARS

Bharrat Budhai
Beverage Plant

Chabelal Ramjag
Workshop

Chogeeta Ramrattan-Singh
Finance

Ishmael Mohamed
Beverage Sales

Jainarine Jaikaran
Security

Khemraj Persaud
Distillery

Roger Cumberbatch
Distillery

Roop Narain
Distillery

Safraz Ally
Beverage Sales

Sheleeza Gafoor
Finance

15 YEARS

Akila Ash
DDL - St. Kitts & Nevis

Arif Gafoor
Beverage Plant

15 YEARS - CONT'D

Bibi H. Persaud
Beverage Plant

Christopher Luke
DSCL

Ciclie A. Saunders
Bulk Terminal

Gansham Ramdhan
Beverage Plant

Gayatri Persaud-Rutherford
Customer Services

Harinauth N. Ramlall
Security

Jagdeo Dadolall
Security

Jaikarran Sewpersaud
Rum Delivery

Jerry Paul
Beverage Plant

Maria Munroe
Marketing

Neeta Manohar
Bottling Plant

Raveena Singh
DSL Berbice

Raymond Razak
TOPCO

Sabita Nauth
Human Resources

Seerajie Parbhu
INT'L Dept

Selwyn Francois
DSCL

Shelly Balkissoon
Bottling Plant

Soumwattie Nauth
Admin

Vicky A. De Barros
DSCL

Yolita Khan
DSCL

Zaheer Shakir
Beverage Plant

BOARD OF DIRECTORS

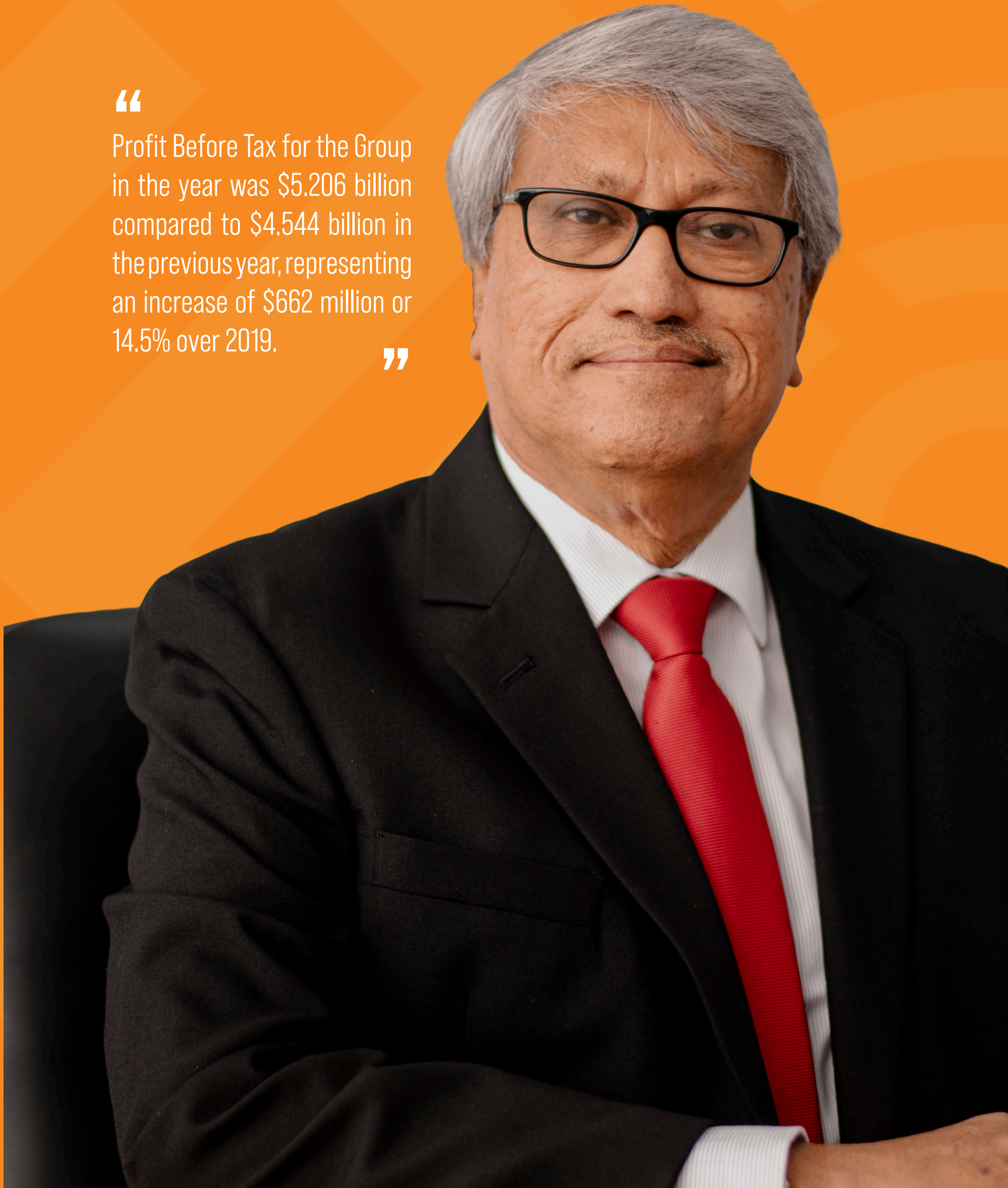




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Profit Before Tax for the Group in the year was \$5.206 billion compared to \$4.544 billion in the previous year, representing an increase of \$662 million or 14.5% over 2019.

”



CHAIRMAN'S REPORT

2020 was an extremely challenging year for our Group, as it was indeed for our country. In addition to the negative effects of the ongoing global coronavirus pandemic (COVID-19), the failure to finalise the results of the General Elections, held in Guyana on March 2, 2020, for five months added to the economic and social strain on the population.

Globally, COVID-19 raged, almost uncontrollably, with dramatic mortality rates, overburdened public health-care sectors and major disruptions to various social and economic activities, including in the hospitality, tourism and travel industries. At the time of writing this Report, it has been estimated that, worldwide, one hundred and eleven million persons have been infected with the virus and almost two and a half million persons died from same. Approval has been given for several vaccines to protect persons against the virus, and although there has been recent discovery of several new variants, latest reports suggest that progress was being made in reducing the number of daily cases reported.

Against this background, there was a decline in global output in 2020 by an estimated -3.5%, while the world trade volume of goods and services is estimated to decline by -9.6%.

In Guyana, while the overall economy grew in 2020 by 43.5% on account of the newly emerging Oil and Gas Sector, the non-oil economy declined by -7.3%.

RESULTS FOR THE YEAR

Turnover achieved by the Group for the year was \$24.686 billion compared to \$22.403 billion in the previous year, representing an increase of \$2.283 billion or 10.2% over the previous year.

COVID-19 had a severely negative impact on the export of branded products in the Caribbean, where the revenue decline was -33.5%. However, improvements in North America and Europe compensated for that shortfall, resulting in the Group ending the year with overall export of branded products at approximately the same level as the previous year. Turnover of bulk exports, in the year, exceeded that of the previous year by 10%. Compared to 2019, turnover in the domestic market increased overall by 11% in 2020.

Profit Before Tax for the Group in the year was \$5.206 billion compared to \$4.544 billion in the previous year, representing an increase of \$662 million or 14.5% over 2019.

The Group's Profit After Taxation in the year was \$3.893 billion compared to \$3.485 billion in 2019, reflecting an increase of \$408 million or 11.7% over the preceding year.

Earnings per share in 2020 was \$5.06 compared to \$4.53 the previous year. Shareholders' equity at the end of the year was \$31.987 billion reflecting an increase of \$4.183 billion or 15% over the previous year.

Net Cash generated from the activities of the Group in the year was \$4.8 billion. This facilitated the self-financing of capital expenditure of the Group totalling \$2.1 billion. In addition, at the end of 2020, bank borrowing, in the form of loans and overdraft, was reduced from the end of 2019 by just over \$1 billion.

DIVIDENDS

An Interim Dividend of \$0.30 per share was paid in December 2020. The Directors have recommended a Final Dividend of \$0.95 per share, which, if approved by the Shareholders at the next General Meeting, will result in a total Dividend for the year of \$1.25 per share. In the previous year, the Dividends payments totalled \$1.15 per share.

The payment of Dividends proposed for 2020 would result in an appropriation of \$962.5 million compared to the previous year, when Dividend payments totalled \$885.5 million, representing an increase of \$77 million or 8.7%.

CAPITAL EXPENDITURE

The TOPCO Fruit Processing and Packaging Plant Expansion was one of the main capital projects for the Group in 2020. The global implementation of measures to prevent the spread of COVID-19 resulted in substantial delays in completing the project within the targeted schedule. The TOPCO Operations had to resort to extraordinary measures in order to achieve substantial completion of the project.

In addition, the internal health and safety protocols implemented by the Group to protect employees, contractors and other third parties from the possibility of contracting COVID-19 was a major challenge for the Project Management Team to get the civil works on the buildings, roadways and other infrastructure implemented in keeping with planned schedules.

Notwithstanding the above challenges, I am pleased to report that the Juice Processing and Packaging Equipment was successfully commissioned and approved for commercial production of 1 litre juice products. The commissioning of the Fruit Processing Plant is expected to be completed by the end of the first quarter of 2021; while the Milk Processing Plant is expected to be completed by the end of the second quarter of 2021. A total of \$1.2 billion was spent on this expansion project in 2020.

The second major area of capital expenditure in 2020 was the Rehabilitation and Upgrade of the Bio-Methanisation Plant, which accounted for \$215 million in expenditures.

The remaining expenditure included: replacement and upgrades in transportation, material handling equipment, information technology infrastructure, security and other operational areas targeting improved efficiencies, as the Group continued to maintain productivity, sustainability and competitiveness.

NEW PRODUCTS

As part of our local response to COVID-19, the ENVIRON Sanitising Cleaner was produced and launched in March 2020, in order to meet an urgent and critical need in the domestic market. The Group was pleased to make significant donations of this product to various institutions in Guyana that serve the public as well as charitable interests.

For the Holiday Season, our new El Dorado Buttered Toffee Rum Cream Liqueur was introduced to the domestic market.

Additionally, in mid February 2021, we introduced the new 1 litre TOPCO juice products in four flavours.

QUALITY SYSTEM AND INTERNATIONAL CERTIFICATION

COVID-19 necessitated the introduction of several new policies and procedures throughout the Group in order to keep employees and other stakeholders safe; while managing the business to achieve desired results.

System certifications had to be maintained, despite the challenging circumstances imposed by the pandemic. Successful virtual audits were conducted by various external bodies in 2020 and the various platforms were maintained including:

- (1) The Surveillance Audit completed by SGS: ISO 9001:2015 – Quality Management – (All certified Locations)
- (2) Recertification Audits completed for the Liquor Divisions for the following:
 - (i) Hazard Analysis of Critical Control Point (HACCP) audit at the Diamond Distillery
 - (ii) Good Manufacturing Practices (GMP) Audit at the Liquor Bottling Operations
- (3) Franchise Audits were conducted by:
 - (i) American Institute of Bakery (AIB) Food Safety Audit.
 - (ii) PepsiCo International Global Audit conducted by the Pepsi Cola International.
- (4) Regulatory Audits and Inspections were completed by: Government Analyst Department - Food and Drug
- (5) Sustainability and Corporate Ethics platforms continue to be used as a tool to monitor, plan and improve performance for a sustainable future. These include:
 - (i) Carbon Disclosure Programme (CDP) – Global Environmental Disclosure

- (ii) Business Social Compliance Initiatives (BSCI)
- (iii) International Compliance Information Exchange (ICIX) - Supply Chain
- (iv) Supplier Ethical Data Exchange (SEDEX)

BUILDING HUMAN CAPACITY

In 2020, the emergence of the pandemic and the resultant need for physical and social distancing protocols necessitated greater reliance on technological resources to engage as well as manage our human resources. Our staff had to adjust to exclusive online platforms for meetings, trainings and various webinars. Incidentally, these online platforms will be the foundation of a new era for alternative training as well as engagement within the Group.

THE FUTURE OUTLOOK

In accordance with our pledge to adhere to international best practices on the sale and marketing of alcoholic products, in 2021, we intend to bring all our labels in line with these practices.

While we continue to build our branded business and aim to widen the markets we presently target, we also continue to develop sustainable supply chain relationships for our bulk products with major international companies who have been long standing customers.

In 2020, we imported 23% of molasses required for our Distillery production. We will continue to engage the sugar industry on future supplies with the hope of returning to exclusive local sourcing, at some future time, to meet our entire needs.

With the scheduled completion of TOPCO's expansion this year, we will continue to aggressively pursue our strategy of diversification. In this regard, several products and projects are under active consideration.

The 2021 National Budget anticipates substantial economic growth in the immediate future from increased oil production. In 2021, Guyana's real GDP is projected to grow by 20.9 percent, with the non-oil economy growing by 6.1 percent. It is the Group's aim to take full advantage of the opportunities that a strong national economic environment presents.

CHAIRMAN'S REPORT

→ CONT'D

We hope that the COVID-19 would be brought under control in 2021 so that further adverse effects could be averted.

ACKNOWLEDGEMENTS

I take this opportunity to thank the leadership team and staff of the Group for their outstanding commitment, initiative, and dedication to duty during the past year, as they worked collectively to adjust to the new reality brought on by the pandemic.

2020 was a year like no other, and the excellent results, in this Report, were only possible because of the people who have been an integral part of the Group's Operations. I wish to give full recognition to their efforts in the past year.

I wish to thank the Board of Directors for their invaluable advice and guidance. Their expertise continues to be a source of great strength to our Group.

I would also like to thank our customers, both locally and internationally, whose loyal support has been deeply appreciated. Their willingness to continue to work with us to meet their needs will continue to motivate us to spare no effort to meet their expectations.

We are very optimistic about the future and look forward to joining hands with all our stakeholders as we continue our journey to constantly improve, add value, diversify and expand our Group.

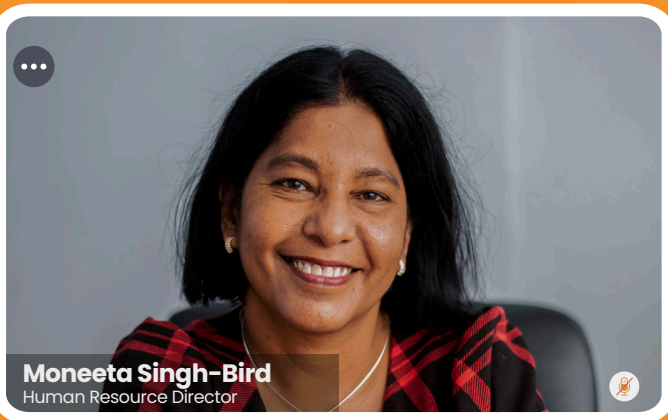


Komal R. Samaroo
Chairman

It is the Group's aim to take full advantage of the opportunities that a strong national economic environment presents.



EXECUTIVE TEAM



REPORT OF THE DIRECTORS

The Board of Directors ("the Board") welcomes this opportunity to present its Report together with the Audited Financial Statements of Demerara Distillers Limited & Subsidiaries ("the Group") for the year ended December 31, 2020.

TURNOVER AND PROFITABILITY

The Board wishes to announce that Group turnover for the year increased by \$2.3B from \$22.4B recorded in 2019 to \$24.7B recorded at the end of 2020. Group pre-tax profits increased by \$662M from \$4.5B recorded in 2019 to \$5.2B achieved in 2020.

DIVIDENDS

At a Meeting convened on February 18, 2021, the Board recommended a final dividend of \$0.95 per share in respect of the year ended December 31, 2020.

If approved at the upcoming General Meeting of the Company, this dividend in addition to the interim dividend of \$0.30 per share already paid to shareholders, would result in total dividend of \$1.25 per share paid for 2020.

BOARD OF DIRECTORS

Komal Samaroo
Yesu Persaud
Rudolph Collins
Egbert Carter
Timothy Jonas S.C.
Harryram Parmesar
Lancelot Tyrell
Sharda Veeren-Chand
Sharon Sue-Hang
Allison Thorne

DESIGNATION

Executive Chairman
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Executive Director
Executive Director
Executive Director

DIRECTORS

In accordance with Article 122 of the Company's Articles of Association, Directors Messrs. Yesu Persaud, Egbert Carter, Rudolph Collins, Timothy Jonas, S.C., Harryram Parmesar and Lancelot Tyrell will retire by rotation at the close of the Annual General Meeting to be held on the 23rd day of April 2021 and being eligible, offer themselves up for re-election.

DIRECTORS' EMOLUMENTS AS AT DECEMBER 31, 2020

Yesu Persaud	2,400,000
Rudolph Collins	2,400,000
Egbert Carter	2,400,000
Timothy Jonas S.C.	2,400,000
Harryram Parmesar	2,400,000
Lancelot Tyrell	2,400,000

DIRECTORS' INTEREST – DEMERARA DISTILLERS LIMITED

The interests of Directors holding office in the ordinary shares of Demerara Distillers Limited at December 31, 2020 and up to the date of this Report were as follows:

¹ Article 122 states "At the annual general meeting in every year all the directors, except a managing director or assistant managing director or an Executive Director in respect of whom a resolution of the Board has been passed as aforesaid, shall retire from office but shall act as directors throughout the meeting and shall be eligible for re-election."

REPORT OF THE DIRECTORS

CONT'D

DIRECTOR	ORDINARY SHARES AT NO. PAR. VALUE			
	Beneficial Interest		Associates Interest	
	2020	2019	2020	2019
Komal Samaroo	931,646	931,646	1,137,141	1,137,141
Egbert Carter	Nil	Nil	Nil	Nil
Rudolph Collins	929	929	Nil	Nil
Timothy Jonas S.C.	109,634	62,000	Nil	Nil
Harryram Parmesar	234,463	234,463	Nil	Nil
Yesu Persaud	Nil	Nil	Nil	Nil
Lancelot Tyrell	29,750	29,750	Nil	Nil
Sharda Veeren-Chand	1,500,000	1,500,000	Nil	Nil
Sharon Sue-Hang	552,334	552,334	Nil	Nil
Allison Thorne	Nil	Nil	Nil	Nil

The Associate's interest disclosed for Mr. Komal Samaroo is held beneficially.

CONTRACTS WITH DIRECTORS

During the financial year there were no:

- service contracts with any of the Directors of the Company
- significant contracts to which any of the Directors of the Company was party to or materially interested in either directly or indirectly.

AUDITORS

The Auditors, Messrs TSD Lal & Co. have retired and being eligible, offer themselves for re-appointment. Accordingly, a motion for their re-appointment will be proposed for the approval of Shareholders at the upcoming General Meeting.

CORPORATE GOVERNANCE

Despite the unique and unprecedented challenges occasioned by COVID-19, the Board remained committed to focusing on sustainable value creation and maximization as well as protection of stakeholders' interests by maintaining and, where appropriate, establishing policies and practices that would ensure fairness, ethical management, transparency, legal compliance and accountability in the decision-making process.

In pursuing its strategic leadership and direction of the Group, the Board duly convened, at least, twelve (12) Meetings during the year, including physical, virtual as well as hybrid Meetings. At these Meetings, the Board regularly evaluated:

- the Group's short-, medium- and long-term strategic objectives;
- the potential and actual impact of the local and international socio-economic circumstances as well as unforeseen circumstances, such as COVID-19, on the timely achievement of those objectives; and
- the efficacy of systems and controls, implemented by Management to assess, manage and mitigate risks, so as to ensure the achievement of such objectives.

During 2020, the Board also continued to deliberate on matters specifically reserved for Board consideration including but not limited to:

- review of corporate and operational practices and policies;
- evaluation of financial and operational performance of Divisions within the Group;
- analysis of interim and annual accounts of the Group;
- oversight of internal financial controls and financial planning;

REPORT OF THE DIRECTORS

CONT'D

- assessment of capital investment and expansion plans;
- consideration of interim and final dividend proposals;
- analysis of local and international industry trends;
- the provisions for adequate succession planning;
- corporate acquisitions, disposals and related matters;

COMPOSITION OF THE BOARD

As at December 31, 2020 the Board consisted of six Non-Executive Directors and four Executive Directors including the Executive Chairman.

The Non-Executive Directors, namely: Yesu Persaud, Rudolph Collins, Egbert Carter, Timothy Jonas S.C. and Harryram Parmesar were re-elected by Shareholders, at the Company's first hybrid General Meeting held on October 9, 2020 pursuant to Order of Court dated and entered on September 4, 2020.

In order to safeguard their independence as Shareholders' representatives on the Board, Non-Executive Directors continue to refrain from active participation in the Group's daily management. The development and implementation of the strategic plans of the Board as well as the management of the daily operations of the Group remains within the scope of responsibilities of the Executive Committee.

EXECUTIVE COMMITTEE

The Executive Committee includes the Executive Chairman, Executive Directors and Senior Management. During 2020, the Executive Committee convened regular meetings including weekly meetings of a specially convened COVID-19 Task Force.

BOARD COMMITTEES

The Board has also maintained the delegation of specific responsibilities to the following Board Committees:

- (1) Audit Committee
- (2) Technical Committee

AUDIT COMMITTEE

The Board has delegated responsibility for adequate supervision of financial controls to the Audit Committee. The specific responsibilities of the Committee include:

- evaluation of internal controls and risk management systems;
- review of the scope, quality and findings of internal audits;
- scrutiny of financial statements;
- oversight of appointment, independence, competence and performance of the Independent Auditor

The Audit Committee, in discharging its functions, is assisted by the Internal Audit Department. During the year, internal audit reports and Management's responsiveness thereto were evaluated and assessed at regularly convened meetings of the Audit Committee.

The Audit Committee regularly reports to the Board on its findings and recommendations. The Audit Committee has expressed satisfaction that its recommendations for strengthening internal controls within the Group are being adequately addressed by Management.

The Members of the Audit Committee are:

- | | | |
|-----------------------|------------------------|----------|
| • Harryram Parmesar | Non-Executive Director | Chairman |
| • Timothy Jonas, S.C. | Non-Executive Director | Member |

TECHNICAL COMMITTEE

The Technical Committee was established to provide technical guidance and oversight of capital improvement plans and projects; manufacturing practices, processes and procedures as well as health, safety and environmental protection plans.

REPORT OF THE DIRECTORS

CONT'D

During the year, the Technical Committee convened several meetings to examine and evaluate equipment designs, rehabilitation work and progress reports with regard to the following:

- Planning Phase of Beverage Plant Expansion;
- Design, Construction and Instrumentation for the Topco Plant Expansion;
- Rehabilitation of the Biomethanisation Operations
- Phase 4 of the Rehabilitation and Upgrade at the DSCL Wharf
- Collaboration with Regulatory Bodies including the EPA

In 2020, the Technical Committee comprised the following members:

Lancelot Tyrell	Non-Executive Director	Chairman
Egbert Carter	Non-Executive Director	Member
Sharon Sue-Hang	Technical Director	Member
Lennox Caleb	Chief Production Officer	Member
Vasudeo Singh	Chief Financial Officer	Member
Kenneth Ragnauth	Project Manager	Member

SUBSTANTIAL SHAREHOLDING

COMPANY	2020		2019	
	# of Shares	% Shareholding	# of Shares	% Shareholding
Trust Company (Guyana) Limited	235,351,574	30.57	235,340,672	30.36
Secure International Finance Co. Inc.	142,582,506	18.52	142,582,506	18.52
National Insurance Company	61,600,000	8.00	61,600,000	8.00

A substantial shareholder is defined as a person who is entitled to exercise or control the exercise of five percent (5%) or more of the voting power at any general meeting of the company.

CHANGES IN AFFAIRS OF THE COMPANY

There were no significant changes in the affairs of the Company during the year ended December 31, 2020.

ISSUED SHARE CAPITAL OF SUBSIDIARIES

Demerara Contractors & Engineers Limited	10,000,000 shares at no par value
Demerara Shipping Company Limited	5,000,000 shares at no par value
Distribution Services Limited	10,000,000 shares at no par value
Tropical Orchard Products Company Limited	13,300 shares at \$1,000
Breitenstein Holdings BV	22,689 shares at no par value
Demerara Distillers (St. Kitts-Nevis) Limited	10,000 shares at EC\$270
Demerara Distillers (TT) Limited	2 shares at no par value
Demerara Distillers (US) Inc.	90,000 shares at no par value
Demerara Rum Company	100 shares at no par value

BY ORDER OF THE BOARD



Allison Thorne
Director/Company Secretary
March 12, 2021

CORPORATE SOCIAL RESPONSIBILITY

In 2020, our commitment to our responsibility to develop the next generation of consumers and employees became unequivocal.

In view of the challenges and limitations provided by the COVID-19 pandemic, Demerara Distillers Limited (DDL) remained steadfast in its obligation to contribute to the development of youth through Education:

COMMITMENT TO YOUTH & EDUCATION

THE DDL FOUNDATION

The DDL Foundation continued to be the key area of focus under our drive for education. This year, we saw four awardees who successfully completed their secondary education bringing the total number of graduates to twenty-five (25), since the foundation was launched in 2010. Those graduated were: Latoya Woolford, Ratnashri Narine, Timothy Singh and Shivesh Mohamed.

In 2020, the foundation welcomed an additional five students: Ashleigh Barr, Jasmine Griffith, Rondrey Lewis, Ted Fraser and Destiny Garraway.

Today the DDL Foundation has a total of twenty-six (26) students from across the country who benefit from scholarships.

The DDL Foundation functions to support the advancement of education in secondary students by providing scholarships to assist with the main costs associated with attending school. This includes books, uniforms, transportation and, in some cases, meals. All students who have excelled in the National Grade Six Examination and who have demonstrated their need for assistance as a result of their financial or social constraints can apply to the Foundation.

The Foundation comprises mainly volunteers from the DDL staff body and includes a Mentorship Programme, where each child is paired with a mentor who monitors the performance of the child and provides the necessary moral and other support during the period of their relationship with the Foundation.

TABLETS FOR NEW ACADEMIC YEAR

The COVID-19 pandemic severely impacted the delivery of education to our nation's students. In response and as part of the Foundation's commitment to advancing educational opportunities, the DDL Foundation donated twenty-five (25) 8" Samsung Tablets and Mobile Data to all students within the programme. This venture, executed in partnership with Digicel Guyana, afforded each student free mobile data from 8am - 4pm on school days and an extra 10GB of data per month to assist with after school work.

SUPPORTING COVID-19 RELIEF EFFORTS

Our philosophy for giving back became even more evident as we took strides to provide frontline workers, and severely affected communities with critical resources and support, as the country grappled with the escalation of the COVID-19 pandemic.

LAUNCH & DISTRIBUTION OF ENVIRON SANITISING CLEANER

As the only distillery in Guyana, and building on its 300-years of craft and wisdom, DDL joined distilleries around the world in creating an alcohol-based sanitising product to respond to national efforts to curtail the spread of the COVID-19 pandemic. The antimicrobial sanitising cleaner, produced under the Environ brand, contains 70% ethyl alcohol which the WHO recommends for sanitising surfaces.

Further to the creation of this product, the Company donated approximately 15,000 litres of alcohol-based sanitising cleaner to frontline workers, hospitals, health centres, police stations, post offices and others institutions around Guyana such as senior citizen's homes, orphanages, night shelters, and prisons. Also included was the Ministry of Education, as they began preparing students and schools for the Caribbean Examinations Council's Caribbean Secondary Education Certificate (CSEC) and Caribbean Advanced Proficiency Examination (CAPE). The donation to the Ministry ensured the presence of a 5 gallon bottle of the alcohol-based sanitising cleaner at all schools facilitating these examinations.



CORPORATE SOCIAL RESPONSIBILITY

→ CONT'D

SUPPLYING TOPCO JUICES TO AFFECTED COMMUNITIES

In addition to efforts to make available a sanitary environment for all, Demerara Distillers Limited also sought to assist hard-hit communities to remain healthy by providing approximately 65,000 cases of TOPCO Juice to the Civil Defense Commission, the Ministry of Public Health and the National Commission on Disability. Additionally, donations



were also made to several orphanages across the country and the Amerindian Peoples Association for COVID-19 affected areas in the hinterland region. The entire donation is valued at about \$103,000,000. TOPCO Juices are rich in Vitamin C to boost the immune system.

EDUCATION AND PROFESSIONAL DEVELOPMENT

The Company continued to take its role as a good and responsible employer seriously. Over the past year, there were a number of initiatives taken in this regard, a few of which are highlighted below.

BURSARY AWARD PROGRAMME

Seventeen (17) children of employees and DDL pensioners, who passed the 2020 National Grade Six Assessment of the Secondary School Entrance Examination (SSEE), were awarded new bursaries. Presently, there are seventy-six (76) children benefitting from the Bursary Award Programme. The DDL Bursary Awardees are located throughout the length and breadth of Guyana. The Bursary Awards Programme aims to support employees within the company to provide education for their children.



TRAINING PROGRAMMES

Though the COVID-19 pandemic affected the delivery of training programmes, DIMATECH was still able to facilitate one in-person and a number of online trainings. In February, prior to the onset of the COVID-19 pandemic in Guyana, the Company participated in the ISO 9001:2015 Internal Auditor training, which saw twenty-nine (29) employees being trained to execute quality management system audits. Following the pandemic, trainings were executed virtually. These included the PEPSI Bottlers Training, Supervisory Management, Customer Service and Inventory Management Trainings. The Company also benefited from external online training programmes offered by WIRSPA and the International Labour Organisation (ILO).

STUDY ASSISTANCE

Sixteen (16) employees benefited from the Company's Study Assistance Programme in 2020; these employees are currently pursuing studies in CAT, ACCA, Occupational Health and Safety and Management Studies at the University of Guyana.

ENSURING THE SAFETY OF OUR WORKFORCE

DDL has amplified significantly its efforts to ensure a comprehensive approach to safeguard, at the highest level, the health and safety for its employees. The Company has activated its crisis management team and has employed strict

CORPORATE SOCIAL RESPONSIBILITY

CONT'D

protocols for mitigating the spread of the disease at all of its facilities. These efforts included control measures to minimize the risk from outside sources, enhanced facility cleaning and operating protocols, dissemination of BCC materials, the development of new policies, temperature screenings

at every facility, masks and social distancing required at all locations, as well as signage and visual cues to direct foot traffic patterns; and the provision of sanitising supplies, more than 1,000 employees received a bottle of the Environ Sanitising Cleaner.

“

Demerara Distillers Limited will continue to focus on the development of its people, resulting in strengthened human capacity, in the years ahead.

”



South Ruimsig Secondary
receiving Environ Cleaner



St Joseph's High
receiving Environ Cleaner



St Ann's Girl Orphanage
receiving Environ Cleaner



Richard Ishmael Secondary
receiving Environ Cleaner



FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DEMERARA DISTILLERS LIMITED AND SUBSIDIARIES ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Demerara Distillers Limited and Subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 35 to 92

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Demerara Distillers Limited and Subsidiaries as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and its Subsidiaries in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Guyana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as at and for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Valuation and impairment of property, plant and equipment. (Refer to note 10 in the Group financial statements)</i></p> <p>The financial statements detailed property, plant and equipment with a net book value of G\$10.4B and G\$14.2B in the Company and Group accounts respectively.</p> <p>Property, plant and equipment was considered a Key Audit Matter as significant management judgment was used to select depreciation rates for items of property, plant and equipment. In addition, an annual impairment review of property, plant and equipment was done which involved significant management judgment.</p>	<p>Our procedures in relation to management's valuation and impairment of property, plant and equipment included but were not limited to the following:</p> <ul style="list-style-type: none"> • We reviewed depreciation rates for property, plant and equipment to ensure consistency with the accounting policies and industry rates; • We obtained and reviewed the written representation by management on their assessment of impairment; • We assessed the methodology used by management to carry out impairment review; • We physically inspected selected assets which were acquired during the current and prior years; • We verified the company's policy for acquisitions and disposals of property, plant and equipment. • We tested internal controls governing the procurement and monitoring and disposal of property, plant and equipment and we also verified samples of the material assets to supporting documents.

INDEPENDENT AUDITOR'S REPORT - CONT'D

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Valuation and impairment of investment properties. (Refer to note 11 in the Group financial statements)</i></p> <p>The financial statements detailed investment properties with a net book value of G\$2.97B and G\$164M in the Company and Group accounts respectively.</p> <p>Investment properties was considered a Key Audit Matter as significant management judgment was used to select depreciation rates for items of land and building and equipment. In addition, an annual impairment review of land and building and equipment was done which involved significant management judgment.</p>	<p>Our procedures in relation to management's valuation and impairment of investment properties included but were not limited to the following:</p> <ul style="list-style-type: none"> • We reviewed depreciation rates for investment properties to ensure consistency with the accounting policies and industry rates; • We assessed the methodology used by management to carry out impairment review and also ensured written representation was obtained and reviewed; • We physically inspected a selection of investment properties, also we verified the policy for acquisitions and disposals; • We ensured that owner-occupied properties were correctly eliminated in the consolidated financial statements and presented and disclosed in accordance with IAS 40. • We tested internal controls governing the procurement and monitoring and disposal of investment properties and we also verified samples of the material assets to supporting documents.
<p><i>Valuation and impairment of investments. (Refer to note 12 in the Group financial statements)</i></p> <p>At December 31, 2020, investments in the Company amounted to G\$2.6B, consisting of "Fair Value through Other Comprehensive Income", "Subsidiary companies" and "Associate companies". The Group's investments were stated at G\$3.3B and consist of "Fair Value through Other Comprehensive Income" and "Associate companies".</p> <p>Investments was considered a Key Audit Matter because it was material to the financial statements.</p> <p>Also, there was significant measurement uncertainty involved in the valuation. As a result, the valuation of these instruments was significant to our audit.</p>	<p>Our procedures in relation to valuation and impairment of investments included but were not limited to the following:</p> <ul style="list-style-type: none"> • We obtained understanding of the valuation methods used by the Company and Group and assessed whether they were consistent with prior years and our understanding of the client; • We reviewed the source data used by the Company in the valuation method and performed tests to ascertain its completeness and accuracy; • We reviewed the Group's policy on accounting for the various categories of investments and ensured compliance with relevant IFRS/IAS; • We reviewed audited financial statements of subsidiaries and associates to ensure going concern and no impairment of investment.

INDEPENDENT AUDITOR'S REPORT - CONT'D

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Valuation of Defined Benefit Asset/Liabilities. (Refer to note 13 in the Group financial statements)</i></p> <p>The Company and Group had recognised a defined benefit asset and liability of G\$3.7B and G\$9.1M respectively. These were considered to be Key Audit Matters since the assumptions that underpin the valuation of the defined benefit pension assets and liabilities were important and also involve subjective judgments as the surplus/deficit balance was volatile and affects the Company's distributable reserves. Management has employed actuarial specialists in order to calculate this balance and uncertainty arises as a result of estimates made based on the Company's expectation about long-term trends and market conditions.</p>	<p>Our procedures in relation to actuarial valuation included but were not limited to the following:</p> <ul style="list-style-type: none"> • We reviewed the actuarial report for the year ended December 31, 2020 and ensured information was presented and disclosed in accordance with IAS 19. • We obtained an understanding of the methodology and assumptions used by the actuary and assessed whether these were consistent with prior years and our understanding of the client; • We reviewed the source data used by the Company's actuary and performed tests to ascertain its completeness and accuracy; • We assessed the professional competence, including the qualifications, experience and reputation of the actuary.

Other information in the annual report

Management is responsible for the other information. The other information comprises all the information included in the Group's 2020 annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements based on the work we have performed, we conclude that if there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of those Charged with Governance for the Consolidated Financial Statements

The Directors/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 necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Directors/Management is responsible for overseeing the Company and its Subsidiaries' financial reporting process.

In preparing these financial statements, the directors are responsible for assessing the Company and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or the Group or to cease operations, or have no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT - CONT'D

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Group financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Group financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Group financial statements, including the disclosures, and whether the Group financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

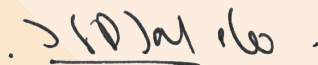
We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the Group financial statements of the current period and are therefore the Key Audit Matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

The engagement partner responsible for the audit resulting in this independent auditor's report is Rajiv Nandalal ACCA.



TSD LAL & CO
CHARTERED ACCOUNTANTS

February 18, 2021

77 Brickdam, Stabroek, Georgetown, Guyana.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2020

	NOTES	COMPANY		GROUP	
		2020 G\$ 000	2019 G\$ 000	2020 G\$ 000	2019 G\$ 000
Turnover		18,868,142	17,297,004	24,686,097	22,402,602
Cost of sales		(11,286,671)	(10,564,480)	(14,725,410)	(13,479,031)
Gross profit		7,581,471	6,732,524	9,960,687	8,923,571
Other income	5	1,071,122	422,656	332,564	452,608
Investment properties income		181,216	159,117	12,210	10,826
Selling and distribution expenses		(1,856,982)	(1,838,624)	(2,694,928)	(2,655,105)
Administration expenses		(1,716,503)	(1,547,655)	(2,533,728)	(2,231,171)
Profit before interest and taxation		5,260,324	3,928,018	5,076,805	4,500,729
Finance cost		(117,907)	(180,273)	(119,077)	(182,200)
Share of profit of associate companies	12b(i)	-	-	248,331	225,446
Profit before taxation	6	5,142,417	3,747,745	5,206,059	4,543,975
Taxation	7	(982,022)	(822,802)	(1,313,460)	(1,059,310)
Profit for the year		4,160,395	2,924,943	3,892,599	3,484,665
Other Comprehensive Income:					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit pension plans	7	513,121	595,192	513,121	595,192
Adjustment on disposal of subsidiary	12(b)	-	-	68,732	-
Fair value gain on investments	18(b)	493,020	246,510	501,187	246,510
		1,006,141	841,702	1,083,040	841,702
Items that may be subsequently reclassified to profit or loss:					
Exchange difference on consolidation	18(c)	-	-	132,001	(35,747)
Other comprehensive income for the year		1,006,141	841,702	1,215,041	805,955
Total comprehensive income for the year		5,166,536	3,766,645	5,107,640	4,290,620
Basic earnings per share in dollars	9	5.40	3.80	5.06	4.53

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

STATEMENT OF
CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	COMPANY				Total
		Share capital	Capital reserves	Other reserve	Retained earnings	
		G\$ 000	G\$ 000	G\$ 000	G\$ 000	
Balance at January 01, 2019		770,000	489,565	1,277,810	18,350,884	20,888,259
Changes in equity 2019						
Total comprehensive income for the year		-	-	246,510	3,520,135	3,766,645
Dividends	8	-	-	-	(847,001)	(847,001)
Balance at December 31, 2019		770,000	489,565	1,524,320	21,024,018	23,807,903
Changes in equity 2020						
Total comprehensive income for the year		-	-	493,020	4,673,516	5,166,536
Dividends	8	-	-	-	(924,000)	(924,000)
Balance at December 31, 2020		770,000	489,565	2,017,340	24,773,534	28,050,439

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

GROUP						
Note	Share capital	Capital reserves	Other reserve	Exchange difference reserve	Retained earnings	Total
	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000
Balance at January 01, 2019	770,000	450,854	1,300,323	(102,051)	21,940,331	24,359,457
Changes in equity 2019						
Total comprehensive income/(loss) for the year	-	-	246,510	(35,747)	4,079,857	4,290,620
Dividends 8	-	-	-	-	(847,001)	(847,001)
Balance at December 31, 2019	770,000	450,854	1,546,833	(137,798)	25,173,187	27,803,076
Changes in equity 2020						
Total comprehensive income for the year	-	-	501,187	132,001	4,474,452	5,107,640
Dividends 8	-	-	-	-	(924,000)	(924,000)
Balance at December 31, 2020	770,000	450,854	2,048,020	(5,797)	28,723,639	31,986,716

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 2020

	NOTES	COMPANY		GROUP	
		2020 G\$ 000	2019 G\$ 000	2020 G\$ 000	2019 G\$ 000
ASSETS					
Non current assets					
Property, plant and equipment	10	10,434,310	9,292,318	14,236,284	13,043,609
Investment properties	11	2,968,641	2,972,979	163,698	174,947
Investments	12	2,603,064	2,110,043	3,289,201	2,543,141
Retirement benefit asset	13	3,698,765	2,879,911	3,698,765	2,879,911
Total non-current assets		19,704,780	17,255,251	21,387,948	18,641,608
Current assets					
Inventories	14	10,541,762	10,581,608	12,533,512	12,875,316
Trade and other receivables	15	2,396,288	1,528,849	2,527,774	2,226,802
Prepayments		218,043	203,227	265,715	258,142
Taxes recoverable		351,603	351,603	625,700	635,455
Cash in hand and at bank		253,259	145,118	457,297	366,659
Total current assets		13,760,955	12,810,405	16,409,998	16,362,374
TOTAL ASSETS		33,465,735	30,065,656	37,797,946	35,003,982
EQUITY AND LIABILITIES					
Equity					
Issued capital	17	770,000	770,000	770,000	770,000
Capital reserves	18 (a)	489,565	489,565	450,854	450,854
Other reserve	18 (b)	2,017,340	1,524,320	2,048,020	1,546,833
Exchange difference reserve	18 (c)	-	-	(5,797)	(137,798)
Retained earnings		24,773,534	21,024,018	28,723,639	25,173,187
TOTAL EQUITY		28,050,439	23,807,903	31,986,716	27,803,076

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONT'D

FOR THE YEAR ENDED DECEMBER 31, 2020

	NOTES	COMPANY		GROUP	
		2020 G\$ 000	2019 G\$ 000	2020 G\$ 000	2019 G\$ 000
Non-current liabilities					
Loans due after one year	19	134,707	92,500	134,707	92,500
Deferred tax	7	1,643,719	1,471,540	1,588,011	1,420,688
Retirement benefit obligation	13	9,134	9,591	9,134	9,591
Total non-current liabilities		1,787,560	1,573,631	1,731,852	1,522,779
Current liabilities					
Trade and other payables	16	2,469,873	2,303,690	2,645,643	2,967,220
Taxes payable		476,489	269,973	684,035	361,081
Current portion of interest bearing borrowings	19	140,672	698,398	140,672	698,398
Bank overdraft (secured)	19	540,702	1,412,061	609,028	1,651,428
Total current liabilities		3,627,736	4,684,122	4,079,378	5,678,127
TOTAL LIABILITIES		5,415,296	6,257,753	5,811,230	7,200,906
TOTAL EQUITY AND LIABILITIES		33,465,735	30,065,656	37,797,946	35,003,982

The Board of Directors approved these financial statements for issue on February 18, 2021.

 Chairman

 Director

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

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED DECEMBER 31, 2020

	COMPANY		GROUP	
	2020 G\$ 000	2019 G\$ 000	2020 G\$ 000	2019 G\$ 000
Operating activities				
Profit before taxation	5,142,417	3,747,745	5,206,059	4,543,975
Adjustments for:				
Depreciation on property, plant and equipment	729,561	696,752	907,955	846,576
Depreciation on investment properties	87,494	83,072	11,249	10,284
Remeasurement in defined benefit asset	(134,467)	(90,742)	(134,467)	(90,742)
Remeasurement in defined benefit liability	(683)	(692)	(683)	(692)
Increase in investment in associate companies	-	-	(176,141)	(185,861)
Exchange difference on consolidation	-	-	132,001	(35,747)
Interest received	(587)	(439)	(587)	(439)
Interest paid	118,494	180,712	119,664	182,639
Operating profit before working capital changes	5,942,229	4,616,408	6,065,050	5,269,993
(Increase) / decrease in inventories	39,846	(796,284)	341,804	(978,864)
(Increase) / decrease in receivables and prepayments	(358,134)	172,651	(308,545)	133,043
Increase / (decrease) in payables and accruals	166,183	10,902	(321,577)	162,064
(Increase) / decrease in due from subsidiaries	(524,121)	833,688	-	-
Cash generated from operations	5,266,003	4,837,365	5,776,732	4,586,236
Taxes paid/adjusted	(774,368)	(1,258,221)	(984,468)	(1,514,297)
Net cash provided by operating activities	4,491,635	3,579,144	4,792,264	3,071,939
Investing activities				
Interest received	587	439	587	439
Purchase/transfer of property, plant and equipment	(1,871,553)	(1,611,474)	(2,100,630)	(2,677,326)
Purchase/transfer of investment properties	(83,156)	(927,826)	-	-
Net cash used in investing activities	(1,954,122)	(2,538,861)	(2,100,043)	(2,676,887)

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

CONSOLIDATED STATEMENT OF CASH FLOW - CONT'D

FOR THE YEAR ENDED DECEMBER 31, 2020

	COMPANY		GROUP	
	2020 G\$ 000	2019 G\$ 000	2020 G\$ 000	2019 G\$ 000
Financing activities				
Loan repayments and transfers	(515,519)	(675,394)	(515,519)	(675,394)
Interest paid	(118,494)	(180,712)	(119,664)	(182,639)
Dividends paid	(924,000)	(847,001)	(924,000)	(847,001)
Net cash used in financing activities	(1,558,013)	(1,703,107)	(1,559,183)	(1,705,034)
Net increase/(decrease) in cash and cash equivalents	979,500	(662,824)	1,133,038	(1,309,982)
Cash and cash equivalents at beginning of period	(1,266,943)	(604,119)	(1,284,769)	25,213
Cash and cash equivalents at end of period	(287,443)	(1,266,943)	(151,731)	(1,284,769)
Comprising:				
Cash in hand and at bank	253,259	145,118	457,297	366,659
Bank overdraft (secured)	(540,702)	(1,412,061)	(609,028)	(1,651,428)
Cash and cash equivalents at end of period	(287,443)	(1,266,943)	(151,731)	(1,284,769)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

1 Incorporation and activities

Incorporation

The Company was incorporated on November 17, 1952 under the name Guyana Distilleries Limited. In 1983, the Company's name was changed to Demerara Distillers Limited.

Activities

The principal activities of the Company, its subsidiaries and associate companies are as follows:

- (a) Manufacturing - the distilling, blending and sale of bulk spirits and alcoholic products, manufacturing and sale of non-alcoholic beverages, Co2 gas and fruit juices.
- (b) Trading - distributors of branded products.
- (c) Services - shipping, contracting services, insurance, sales and logistics.

2 New and amended standards and interpretations

Amendments effective for the current year end

Effective for annual periods beginning on or after

New and Amended Standards

Amendments to IFRS 3, 'Business combinations'

– Definition of a business

January 1, 2020

Amendments to IAS 1 and IAS 8 – Definition of material

January 1, 2020

Amendments to IFRS 9, IAS 39 and IFRS 7

– Interest rate benchmark reform

January 1, 2020

Amendments to the Conceptual framework

January 1, 2020

Amendments to IFRS 3, 'Business combinations' – Definition of a business

To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organized workforce.

Amendments to IAS 1 and IAS 8 – Definition of material

The amendment to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies', changes in accounting estimates and errors', and other consequential amendments to other IFRSs:

- (i) Use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
- (ii) Clarify the explanation of the definition of material; and
- (iii) Incorporate some of the guidance in IAS 1 about immaterial information.

The amended definition is: 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendment clarifies that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information. It also states that an entity assesses materiality in the context of the financial statements as a whole.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

2 New and amended standards and interpretations - cont'd

The amendment also clarifies the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

Amendments to the Conceptual framework

The IASB has revised its Conceptual Framework. The Framework is not an IFRS standard and does not override any standard. The revision will not result in any immediate change to IFRS however the revised Framework will be used in future standard-setting decisions. Preparers may also use the framework to develop accounting policy where an issue is not addressed by an IFRS.

None of the above new and amended standards and interpretations had a significant effect on the financial statements of the Company and Group.

Pronouncements effective in future periods available for early adoption

New and Amended Standards

Amendments to IFRS 16 – Covid-19-related Rent Concessions
 Amendments to IAS 16 – Proceeds before intended use
 Amendments to IFRS 3 – Reference to the Conceptual Framework
 Amendments to IAS 37 – Onerous Contracts: Cost of Fulfilling a Contract
 Annual Improvements to IFRS Standards 2018–2020
 Amendments to IAS 1 – 'Presentation of financial statements'
 on classification of liabilities
 IFRS 17, 'Insurance contracts'
 Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets
 between an investor and its associate or joint venture

Effective for annual periods beginning on or after

June 1, 2020
 January 1, 2022
 January 1, 2022
 January 1, 2022
 January 1, 2022

January 1, 2023
 January 1, 2023

Deferred indefinitely

The Company and Group has not opted for early adoption.

None of the foregoing standards and amendments is expected to have a material impact on the Company's and Group's accounting policies when adopted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

3 Summary of significant accounting policies

(a) Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investments and conform with International Financial Reporting Standards.

(b) Property, plant and equipment and depreciation

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the statement of financial position at cost.

Equipment, fixtures and vehicles are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of assets, other than land and construction work in progress, over their estimated useful lives using the straight-line method as follows:

	2020/2019
Buildings	- 2.00%
Plant and Machinery	- 6.25%
Office Equipment	- 12.50%
Furniture, Fixtures & Fittings	- 10.00%
Sundry equipment	- 20.00%
Computer equipment	- 20.00%
Vehicles	- 25.00%

(c) Inventories

Stocks are valued at the lower of cost and net realisable value using the weighted average cost method. Work-in-progress and finished goods cost comprise cost of production and attributable overheads appropriate to the location and condition. Net realisable value is the selling price in the normal course of business less costs of completion and selling expenses.

Bottles/Crates in circulation

These represent returnable bottles and crates amortized over a period of three years.

(d) Foreign Currencies

Transactions in currencies other than Guyana dollars are recorded at the rates of exchange prevailing on the date of the transactions. At each reporting date, 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 fair value that are denominated in foreign currency are translated at the rates prevailing when the fair value was determined. Gains and losses arising on retranslation are included in the statement of profit or loss and other comprehensive income for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised in the statement of changes in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Guyana dollars using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and recognised in the Group's exchange difference reserve. Such exchange differences are recognised in the profit or loss in the period in which the foreign operation is disposed of.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

3 Summary of significant accounting policies - cont'd

(e) Pension Funding

The Group participates in two defined benefit pension plans for its employees. The contributions are held in trustee administered funds, which are separate from the Company's resources. The plans cover all permanent employees.

The last actuarial valuation was done as at December 31, 2017 and was used as the basis for information presented in Note 13 in accordance with International Accounting Standards No. 19 – Employee Benefits (Revised).

The valuation was done using the Projected Unit Credit Method, as required by IAS 19 – Employee Benefits (Revised).

(f) Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved through share ownership. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-Group transactions, income and expenses are eliminated in full on consolidation.

Non-controlling interest in the net assets (excluding goodwill) of consolidated subsidiaries is identified separately from the Group's equity therein. Non-controlling interest consists of the amount of those interests at the date of the original business combination and non-controlling interest's share of changes in equity since the date of the combination.

Losses applicable to the non-controlling interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover the losses.

The consolidated accounts incorporate the accounts as at December 31, 2020 of the following:

Name of Company	Country of Registration	% Shareholding	Main Business
Tropical Orchard Products Company Limited	Guyana	100.00	Manufacturing
Distillers Gas Company	Guyana	100.00	Dormant
Distribution Services Limited	Guyana	100.00	Distribution
Demerara Distillers (TT) Limited	Trinidad	100.00	Dormant
Demerara Distillers (US) Inc.	USA	100.00	Distribution
Demerara Distillers (St. Kitts-Nevis) Limited	St. Kitts	100.00	Manufacturing & Distribution
Demerara Contractors and Engineers Limited	Guyana	100.00	Contracting Services
Demerara Shipping Company Limited	Guyana	100.00	Shipping
Breitenstein Holdings BV. (i)	Netherlands	100.00	Distribution
Demerara Rum Company Inc.	Canada	100.00	Sales & Logistics

(i) Breitenstein Holdings BV includes the accounts of:

Name of Company	Country of Registration	% Shareholding	Main Business
Demerara Distillers (Europe) BV	Netherlands	100	Distribution
Breitenstein Trading BV	Netherlands	100	Distribution

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

3 Summary of significant accounting policies – cont'd

(f) Consolidation – cont'd

(ii) Associate Companies

The Company's associate companies are National Rums of Jamaica Limited and Diamond Fire and General Insurance Inc. The Company owns 33.33% of the share capital of National Rums of Jamaica Limited and 19.5% of the shares of Diamond Fire and General Insurance Inc. Although the Group owns 19.5% of the equity shares of Diamond Fire and General Insurance Inc. and it has less than 20% of the voting power in shareholder meetings the Group exercises significant influence by virtue of its directorship.

(g) Taxation

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

Current tax

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Group's liability for current tax is calculated using tax rates that have been enacted in Guyana or substantively enacted by the end of the reporting period.

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 recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited to the statement of profit or loss and other comprehensive income except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. 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 end of the reporting period, to recover or settle the carrying amounts 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 Company intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

3 Summary of significant accounting policies – cont'd

(h) Revenue and expense recognition

The Group follows a 5-step process to determine whether to recognize revenue:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business to third parties, net of discounts, and sales related taxes. The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Sales of goods are recognised when goods are delivered and control of the asset has been transferred. The Group considers whether there are other promises in contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. customer loyalty points). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Management's judgment is involved in estimating the allocation of transaction price to performance obligations and variable consideration. Management has determined that these estimates are not constrained based on its historical experience, business forecast and the current economic conditions and any uncertainty with respect to variable consideration will be resolved within a short time frame.

Disaggregation of revenue

The Group's revenue is derived from manufacturing, trading and services and is organised according to the location of its customers. An analysis of the Group's revenue segments is detailed in Note 20.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Expenses are recognized on an accrual basis.

(i) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured at cost less accumulated depreciation and any recognised impairment loss.

All of the Company's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the cost value model.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

3 Summary of significant accounting policies – cont'd

(i) Investment properties - cont'd

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal.

Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognised.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives using the straight line method as follows:

	2020/2019
Buildings	- 2.00%
Plant and Machinery	- 6.25%

(j) Financial instruments

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

The Group classifies its financial assets into the following measurement categories:

- those to be measured subsequently at FVTOCI and
- those to be measured at amortised cost.

Trade and other receivables

Trade and other receivables are measured at amortised cost.

Impairment policy

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group applies the IFRS 9 general approach for measuring expected credit losses for other receivables in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

All of the Group's other receivables are considered to have low credit risk and the loss allowance is limited to 12 months expected losses. The identified impairment loss was therefore considered immaterial. Other receivables are considered to be low credit risk when they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

3 Summary of significant accounting policies – cont'd

(j) Financial instruments – cont'd

Trade and other payables

Trade and other payables are measured at amortised cost.

Deposit on empties represents advances from customers for the usage of returnable bottles and crates.

Investments

The Group's investments have been classified as follows:

Investments at FVTOCI

The Group subsequently measures all equity investments not held for trading at FVTOCI. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of these investments. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Investments in subsidiaries and associate companies are carried at cost in the Company's financial statements.

Investment in associate companies in the Group is stated using the equity method.

Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than investment or other purposes. These are readily convertible to a known amount of cash, with maturity dates of three (3) months or less.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

(k) Capital reserves

This comprises the share premium account and revaluation surplus which arose from the revaluation of land and buildings. These reserves are not distributable.

(l) Other reserve

Fair value adjustments of investments at FVTOCI are credited to this account. This reserve is not distributable.

(m) Impairment of tangible assets

At the end of each reporting period, the Company 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 the 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.

NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

3 Summary of significant accounting policies – cont'd**(n) Provisions**

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that the Company and 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.

De-recognition of Provisions

Provisions are de-recognized when it is no longer probable that an outflow of economic resources will be required to settle the obligation.

(o) Dividends

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

(p) Segment reporting

A business segment is a component of an entity that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is a Group of assets and operations engaged in providing similar products and service that are subject to risks and returns that are different from those of other business segments.

The Company analyses its operations by both business and geographic segments. The primary format is business reflecting manufacturing, trading and services, its secondary format is that of geographic segments reflecting the primary economic environment in which the Company has exposure.

(q) Leases

The Company leases some of its property to subsidiaries; these transactions were recorded in the subsidiaries accounts as right of use assets and lease liabilities. These were initially measured on a present value basis. The lease payments are discounted using the lessee's incremental borrowing rates of 5% and 8%.

Rental contracts cover a fixed period of five years, however the option exist for same to be renewed for an additional five years. Rental payments are fixed.

Lease payments are allocated between principal and finance cost by the subsidiaries, and recorded as other income by the Parent. The finance cost is charged to profit or loss over the lease period. Depreciation is charged on a straight line basis over the lease period.

All inter-company leases were eliminated upon consolidation.

(r) Earnings per share

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

4 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's and Group's accounting policies, which are described in note 3, the directors are required to make judgments, 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) 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.

(ii) Property, plant and equipment and investment properties

Management reviews the estimated useful lives of property, plant and equipment and investment properties at the end of each year to determine whether their useful lives should remain the same and the assets not impaired.

(iii) Impairment of financial assets

Expected credit losses for financial assets are based on assumptions about risk of default and expected loss rates. Management uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(iv) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

5 Other income

	COMPANY		GROUP	
	2020 G\$ 000	2019 G\$ 000	2020 G\$ 000	2019 G\$ 000
Investment income (a)	838,875	138,929	38,875	138,929
Rent and Miscellaneous income	228,822	281,777	290,264	311,729
Sale of asset	3,425	1,950	3,425	1,950
	1,071,122	422,656	332,564	452,608

(a) This represents dividends received from FVTOCI investments (which are quoted) of G\$38.88M (2019 - G\$71.71M) and G\$800M (2019 - G\$67.22M) from subsidiaries and associated companies (which are not quoted).

6 Profit before taxation

	COMPANY		GROUP	
	2020 G\$ 000	2019 G\$ 000	2020 G\$ 000	2019 G\$ 000
Profit before taxation	5,142,417	3,747,745	5,206,059	4,543,975
After charging:				
Property tax	264,080	229,347	272,699	242,082
Interest and other finance charges	118,494	180,712	119,664	182,639
Depreciation on property, plant and equipment	729,561	696,752	907,955	846,576
Depreciation on investment properties	87,494	83,072	11,249	10,284
Exchange difference	102,212	8,032	102,212	8,032
Directors' emoluments (a)	14,400	14,400	14,400	14,400
Staff costs:				
Salaries and wages	2,031,482	1,883,400	2,578,485	2,417,030
Other staff costs	512,857	524,329	687,773	689,020
Pension	54,129	89,067	108,169	138,898
Auditor's remuneration	9,435	9,250	30,400	27,836
Inventory provision	217,386	77,959	217,386	77,959
Provision for bad debts / expected credit loss	-	(37,180)	6,078	(42,647)
And after crediting				
Dividends from Subsidiaries and associate companies	800,000	67,217	-	35,166
Interest	587	439	587	439

(a) At the end of the period there were six (2019 - six) non-executive Directors who received equal emoluments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

7 Taxation

Reconciliation of tax expense and accounting profit

	COMPANY		GROUP	
	2020 G\$ 000	2019 G\$ 000	2020 G\$ 000	2019 G\$ 000
Accounting profit	5,142,417	3,747,745	5,206,059	4,543,975
Corporation tax at 25% / 40%	1,285,604	936,936	1,538,267	1,135,994
Add:				
Tax effect of expenses not deductible in determining taxable profits:				
Depreciation for accounting purposes	281,165	255,127	310,661	292,840
Property tax	66,020	57,337	75,138	69,066
Adjustment for tax changes	17,563	13,479	17,563	13,479
Others	(29,946)	(19,407)	14,556	(33,334)
	1,620,406	1,243,472	1,956,185	1,478,045
Deduct:				
Tax effect of depreciation and other allowances for tax purposes	384,299	246,784	383,784	250,862
Export allowance	255,224	212,470	255,224	212,470
Corporation tax charge	980,883	784,218	1,317,177	1,014,713
Deferred tax	1,139	38,584	(3,717)	44,597
	982,022	822,802	1,313,460	1,059,310
Taxation - current	980,883	784,218	1,244,987	975,128
associate companies	-	-	72,190	39,585
	980,883	784,218	1,317,177	1,014,713
deferred	1,139	38,584	(3,717)	44,597
	982,022	822,802	1,313,460	1,059,310

Components of deferred tax

	COMPANY		GROUP	
	2020 G\$ 000	2019 G\$ 000	2020 G\$ 000	2019 G\$ 000
Deferred tax liability	1,643,719	1,471,540	1,588,011	1,420,688
Fixed assets	721,311	753,960	665,603	703,108
Defined benefit asset	924,693	719,979	924,693	719,979
Defined benefit liability	(2,285)	(2,399)	(2,285)	(2,399)
	1,643,719	1,471,540	1,588,011	1,420,688

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

7 Taxation - cont'd

Movement in temporary differences

	COMPANY			
	Fixed Assets	Defined Benefit Asset	Defined Benefit Liability	Total
	G\$ 000	G\$ 000	G\$ 000	G\$ 000
At January 01, 2019	738,235	499,015	(2,692)	1,234,558
Movement during the year:				
Statement of P&L	15,725	22,686	173	38,584
Statement of OCI	-	198,278	120	198,398
At December 31, 2019	753,960	719,979	(2,399)	1,471,540
Movement during the year:				
Statement of P&L	(32,649)	33,617	171	1,139
Statement of OCI	-	171,097	(57)	171,040
At December 31, 2020	721,311	924,693	(2,285)	1,643,719

Components of deferred tax

	GROUP			
	Fixed Assets	Defined Benefit Asset	Defined Benefit Liability	Total
	G\$ 000	G\$ 000	G\$ 000	G\$ 000
At January 01, 2019	681,370	499,015	(2,692)	1,177,693
Movement during the year:				
Statement of P&L	21,738	22,686	173	44,597
Statement of OCI	-	198,278	120	198,398
At December 31, 2019	703,108	719,979	(2,399)	1,420,688
Movement during the year:				
Statement of P&L	(37,505)	33,617	171	(3,717)
Statement of OCI	-	171,097	(57)	171,040
At December 31, 2020	665,603	924,693	(2,285)	1,588,011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

7 Taxation - cont'd

Tax effect of IAS 19 actuarial valuation, exchange differences on translating foreign operations and Gain / (loss) arising on revaluation of FVTOCI financial assets:

	COMPANY					
	2020			2019		
	Before tax amount	Tax (expense)	Net of tax amount	Before tax amount	Tax (expense)	Net of tax amount
	G\$000	G\$000	G\$000	G\$000	G\$000	G\$000
Remeasurement of defined benefit pension plan	684,161	(171,040)	513,121	793,590	(198,398)	595,192
Gain arising on revaluation of FVTOCI financial assets	493,020	-	493,020	246,510	-	246,510
	1,177,181	(171,040)	1,006,141	1,040,100	(198,398)	841,702

	GROUP					
	2020			2019		
	Before tax amount	Tax benefit	Net of tax amount	Before tax amount	Tax (expense)	Net of tax amount
	G\$000	G\$000	G\$000	G\$000	G\$000	G\$000
Remeasurement of defined benefit pension plan	684,161	(171,040)	513,121	793,590	(198,398)	595,192
Exchange differences on translating foreign operations	132,001	-	132,001	(35,747)	-	(35,747)
Gain arising on revaluation of FVTOCI financial assets	501,187	-	501,187	246,510	-	246,510
	1,317,349	(171,040)	1,146,309	1,004,353	(198,398)	805,955

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

8 Dividends

COMPANY AND GROUP

2020 G\$ 000	2019 G\$ 000
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Amount recognised as distributions to equity holders in the period:

Interim dividend for the year ended December 31, 2020 - G\$0.30 (G\$0.25 - 2019)	231,000	192,500
Final dividend for the year ended December 31, 2019 - G\$0.90 (G\$0.85 - 2018)	693,000	654,501
	924,000	847,001

The Directors recommended a final dividend of G\$0.95 per share (2019 - G\$0.90).

9 Basic earnings per share

COMPANY

GROUP

2020 G\$ 000	2019 G\$ 000
-----------------	-----------------

2020 G\$ 000	2019 G\$ 000
-----------------	-----------------

Calculated as follows:-

Profit attributable to equity holders of the parent	4,160,395	2,924,943	3,892,599	3,484,665
Ordinary shares issued and fully paid	770,000,000	770,000,000	770,000,000	770,000,000
Basic earnings per share in dollars	5.40	3.80	5.06	4.53

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

10 Property, plant and equipment

COMPANY

	Land and buildings	Equipment	Construction work-in - progress	Total
	G\$ 000	G\$ 000	G\$ 000	G\$ 000
Cost/valuation				
At January 01, 2019	3,680,401	11,150,806	1,391,661	16,222,868
Additions	328,952	857,598	1,578,394	2,764,944
Intergroup transfers	-	(3,123)	-	(3,123)
Transfers	-	-	(1,150,347)	(1,150,347)
At December 31, 2019	4,009,353	12,005,281	1,819,708	17,834,342
Additions	52,764	626,312	1,456,757	2,135,833
Disposals	-	(13,997)	-	(13,997)
Intergroup transfers	-	(1,719)	-	(1,719)
Transfers	-	122	(248,686)	(248,564)
At December 31, 2020	4,062,117	12,615,999	3,027,779	19,705,895
Comprising:				
Valuation	6,662	68	-	6,730
Cost	4,055,455	12,615,931	3,027,779	19,699,165
Accumulated depreciation				
At January 01, 2019	807,259	7,038,013	-	7,845,272
Charge for the year	61,488	635,264	-	696,752
At December 31, 2019	868,747	7,673,277	-	8,542,024
Charge for the year	63,009	680,531	-	743,540
Written back on Disposal	-	(13,979)	-	(13,979)
At December 31, 2020	931,756	8,339,829	-	9,271,585
Net book values:				
At December 31, 2020	3,130,361	4,276,170	3,027,779	10,434,310
At December 31, 2019	3,140,606	4,332,004	1,819,708	9,292,318

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

10 Property, plant and equipment cont'd

	GROUP			
	Land and buildings	Equipment	Construction work-in - progress	Total
	G\$ 000	G\$ 000	G\$ 000	G\$ 000
Cost/valuation				
At January 01, 2019	6,634,461	13,119,146	1,408,527	21,162,134
Additions	1,360,237	592,638	1,914,738	3,867,613
Disposals	(41,363)	(53,102)	-	(94,465)
Transfers	-	-	(1,153,210)	(1,153,210)
At December 31, 2019	7,953,335	13,658,682	2,170,055	23,782,072
Additions	162,344	957,419	1,231,253	2,351,016
Disposals	-	(29,660)	-	(29,660)
Transfers	-	-	(220,759)	(220,759)
At December 31, 2020	8,115,679	14,586,441	3,180,549	25,882,669
Comprising:				
Valuation	6,662	68	-	6,730
Cost	8,109,017	14,586,373	3,180,549	25,875,939
	8,115,679	14,586,441	3,180,549	25,882,669
Accumulated depreciation				
At January 01, 2019	1,534,592	8,414,683	-	9,949,275
Charge for the year	115,268	731,308	-	846,576
Written back on disposals	(8,127)	(49,261)	-	(57,388)
At December 31, 2019	1,641,733	9,096,730	-	10,738,463
Charge for the year	125,355	782,600	-	907,955
Written back on disposals	-	(33)	-	(33)
At December 31, 2020	1,767,088	9,879,297	-	11,646,385
Net book values:				
At December 31, 2020	6,348,591	4,707,144	3,180,549	14,236,284
At December 31, 2019	6,311,602	4,561,952	2,170,055	13,043,609

Certain freehold land and buildings were revalued on December 09, 1974 while others were revalued at December 31, 1977 based on professional advice. The surplus arising from the revaluations was credited to capital reserves. These were minor adjustments as such the cost method was adopted.

Some of these assets are held as securities for loans drawdown and overdraft. Refer to note 19.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

11 Investment properties

	COMPANY		
	Land and buildings	Equipment	Total
	G\$ 000	G\$ 000	G\$ 000
Cost/valuation			
At January 01, 2019	2,382,166	575,090	2,957,256
Additions	961,508	-	961,508
Disposals	(41,363)	(17,137)	(58,500)
At December 31, 2019	3,302,311	557,953	3,860,264
Additions	83,156	-	83,156
At December 31, 2020	3,385,467	557,953	3,943,420
Comprising:			
Cost	3,385,467	557,953	3,943,420
Accumulated depreciation			
At January 01, 2019	380,976	448,055	829,031
Charge for the year	47,486	35,586	83,072
Written back on Transfers / Disposals	(8,127)	(16,691)	(24,818)
At December 31, 2019	420,335	466,950	887,285
Charge for the year	53,679	33,815	87,494
At December 31, 2020	474,014	500,765	974,779
Net book values:			
At December 31, 2020	2,911,453	57,188	2,968,641
At December 31, 2019	2,881,976	91,003	2,972,979

The investment properties are rented mainly to subsidiary companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

11 Investment properties - cont'd

	GROUP	
	Land and buildings	Total
	G\$ 000	G\$ 000
Cost		
At January 01 and December 31, 2019	357,844	357,844
At December 31, 2020	357,844	357,844
Accumulated depreciation		
At January 01, 2019	172,613	172,613
Charge for the year	10,284	10,284
At December 31, 2019	182,897	182,897
Charge for the year	11,249	11,249
At December 31, 2020	194,146	194,146
Net book values:		
At December 31, 2020	163,698	163,698
At December 31, 2019	174,947	174,947

The investment properties are rented to third parties. Demerara Distillers Limited has granted a guarantee to Breitenstein Trading BV for the investment properties amounting to G\$169M (2019:G\$169M).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

12 Investments

	COMPANY		GROUP	
	2020 G\$ 000	2019 G\$ 000	2020 G\$ 000	2019 G\$ 000
FVTOCI	2,097,060	1,604,040	2,092,060	1,522,141
Provision for Impairment	(57,750)	(57,750)	(57,750)	(57,750)
FVTOCI	2,039,310	1,546,290	2,034,310	1,464,391
Others:				
Subsidiary companies (a)	104,555	181,453	-	-
Provision for Impairment	-	(76,899)	-	-
Associate companies (b)	459,199	459,199	1,254,891	1,078,750
	563,754	563,753	1,254,891	1,078,750
	2,603,064	2,110,043	3,289,201	2,543,141

	COMPANY	
	2020 G\$ 000	2019 G\$ 000
(a) Subsidiary companies at cost At January 01 and December 31	104,555	181,453

- (b) Subsidiary Demerara Rum Company Inc. was dissolved on February 25, 2020. Gain on dissolution of \$68.73M was recognised through other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

12 Investments - cont'd

	COMPANY		GROUP	
	2020 G\$ 000	2019 G\$ 000	2020 G\$ 000	2019 G\$ 000
(b) Associate companies				
At January 01	459,199	459,199	1,078,750	892,889
Share of reserves of associate companies (i)	-	-	176,141	185,861
At December 31	459,199	459,199	1,254,891	1,078,750

	GROUP	
	2020 G\$ 000	2019 G\$ 000
(i) Share of reserves of associate companies		
At January 01	1,078,750	892,889
Group's share of associate companies profits/reserves	248,331	225,446
Group's share of associate companies taxes	(72,190)	(39,585)
At December 31	1,254,891	1,078,750

The financial statement of Diamond Fire and General Insurance Inc. in summary form at December 31 (the financial reporting date) and National Rums of Jamaica Limited in summary form at September 30 (the financial reporting date) are presented below:

	Diamond Fire & General Insurance Inc.		National Rums of Jamaica Ltd.	
	2020 G\$ 000	2019 G\$ 000	2020 G\$ 000	Restated 2019 G\$ 000
Income statement				
Revenue	534,314	481,295	5,051,897	3,875,021
Profit after taxation	110,454	120,503	541,154	416,798
Statement of Financial Position				
Total assets	2,540,276	2,185,743	3,841,555	2,697,012
Shareholders funds	2,155,504	1,835,512	2,219,485	2,235,754
Long term liabilities	14,428	12,556	975,686	144,104
Current liabilities	370,344	337,674	646,385	684,132
Total equity and liabilities	2,540,276	2,185,742	3,841,556	3,063,990

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

13 Defined benefit (asset)/liability - company and group

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out as at December 31, 2017 by Bacon Woodrow & De Souza. The present value of the defined benefit obligation and the related current service cost to comply with IAS 19 were measured by the actuaries as at December 31, 2020 using the Projected Unit Actuarial Method.

	PENSION PLAN 1	
	2020 G\$ 000	2019 G\$ 000
Amounts recognised in the statement of financial position		
Present value of obligations	5,283,645	4,847,551
Fair value of plan assets	(8,982,410)	(7,727,462)
Net defined benefit asset	(3,698,765)	(2,879,911)
Reconciliation of amounts recognised In the balance sheet		
Opening defined benefit asset	(2,879,911)	(1,996,059)
Net pension cost	74,372	107,592
Re-measurements recognised in Other Comprehensive Income	(684,387)	(793,110)
Contributions paid	(208,839)	(198,334)
Closing defined benefit asset	(3,698,765)	(2,879,911)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

13 Defined benefit (asset)/liability - company and group cont'd

	PENSION PLAN 1	
	2020 G\$ 000	2019 G\$ 000
Amounts recognised in the statement of profit or loss and other comprehensive income		
Current service cost	225,421	214,093
Net interest on defined benefit asset	(151,049)	(106,501)
Net pension cost included in administrative expenses	74,372	107,592
Actual return on plan liability	1,138,898	1,122,565
Unfunded ex-gratia arrangement		
Defined benefit obligation	9,134	9,591
Reconciliation of opening and closing retirement benefit obligation in the statement of financial position		
Opening defined benefit liability	9,591	10,763
Plus: net pension cost	452	509
Less: company contributions paid	(1,135)	(1,201)
Re-measurements recognised in Other Comprehensive Income	226	(480)
Closing defined benefit liability	9,134	9,591
Interest on defined benefit obligation	452	509

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

13 Defined benefit (asset)/liability - company and group - cont'd

PENSION PLAN 1

	2020 G\$ 000	2019 G\$ 000	2018 G\$ 000	2017 G\$ 000	2016 G\$ 000
Experience history					
Defined benefit obligation	5,283,645	4,847,551	4,496,529	3,899,624	3,330,466
Fair value of plan assets	(8,982,410)	(7,727,462)	(6,492,588)	(5,253,468)	(4,441,769)
Surplus	(3,698,765)	(2,879,911)	(1,996,059)	(1,353,844)	(1,111,303)

Unfunded Ex Gratia

	2020 G\$ 000	2019 G\$ 000	2018 G\$ 000
Experience History			
Defined benefit obligation	9,134	9,591	10,763
Deficit	9,134	9,591	10,763
Experience adjustment on plan liabilities	226	(480)	375

PENSION PLAN 1

	2020 G\$000	2019 G\$000
Summary of main assumptions	%	%
Discount rate	5.0	5.0
Salary increases	5.0	5.0
Pension increases	2.0	2.0
	2020 G\$ 000	2019 G\$ 000
Retirement benefit obligations		
Unfunded exgratia	9,134	9,591
Retirement benefit asset Pension plan 1	3,698,765	2,879,911

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

14 Inventories

	COMPANY		GROUP	
	2020 G\$ 000	2019 G\$ 000	2020 G\$ 000	2019 G\$ 000
Finished stocks (a)	6,880,823	6,944,200	8,470,988	8,859,356
Raw materials, containers & goods-in-transit	3,032,119	3,067,882	3,411,874	3,291,994
Spares	886,517	759,244	932,349	932,532
Provision for stock impairment (b)	(257,697)	(189,718)	(281,699)	(208,566)
	10,541,762	10,581,608	12,533,512	12,875,316
Cost of inventory recognised as expense during the period	6,518,422	6,255,537	6,966,165	6,832,689
Inventories expected to be recovered after more than twelve months	4,981,877	4,903,639	4,981,877	4,903,639
Raw material damaged written off	31,234	23,398	31,260	23,445

(a) Finished goods include maturing rums that are available for sale during various points of the ageing process.

(b) Provision for impairment

	COMPANY		GROUP	
	2020 G\$ 000	2019 G\$ 000	2020 G\$ 000	2019 G\$ 000
Balance as at January 01	(189,718)	(220,136)	(208,566)	(240,782)
Net movement during the year	(67,979)	30,418	(73,133)	32,216
Balance as at December 31	(257,697)	(189,718)	(281,699)	(208,566)

The above provision was individually assessed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

15 Trade and other receivables

	COMPANY		GROUP	
	2020 G\$ 000	2019 G\$ 000	2020 G\$ 000	2019 G\$ 000
Trade receivables	1,520,310	1,202,397	2,140,036	1,873,643
Provision for impairment (a)	(69,629)	(69,629)	(76,060)	(69,982)
	1,450,681	1,132,768	2,063,976	1,803,661
Other receivables	316,851	291,446	463,798	423,141
Due from subsidiary companies	628,756	104,635	-	-
	2,396,288	1,528,849	2,527,774	2,226,802
(a) Provision for impairment				
Balance as at January 01	69,629	106,809	69,982	112,629
Expected credit loss movement during the year	-	(37,180)	6,078	(42,647)
Balance as at December 31	69,629	69,629	76,060	69,982

The above provision for impairment consists of individually assessed provision of \$13M (2019: \$13M) and provision of \$63M (2019: \$57M) in accordance with IFRS 9.

16 Trade and other payables

	COMPANY		GROUP	
	2020 G\$ 000	2019 G\$ 000	2020 G\$ 000	2019 G\$ 000
Trade payables	730,274	880,911	760,297	1,359,238
Accruals	697,000	641,847	843,652	740,773
Other payables	1,042,599	780,932	1,041,694	867,209
	2,469,873	2,303,690	2,645,643	2,967,220

17 Share capital

	COMPANY AND GROUP	
	2020	2019
Authorised Number of ordinary shares	1,000,000,000	1,000,000,000
	G\$ 000	G\$ 000
Issued and fully paid At January 01 and December 31 770,000,000 ordinary shares	770,000	770,000

All fully paid ordinary shares with no par value carry equal voting and dividend rights

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

18 (a) Capital reserves

	COMPANY		GROUP	
	2020 G\$ 000	2019 G\$ 000	2020 G\$ 000	2019 G\$ 000
Share premium account	489,565	489,565	450,854	450,854

This reserve is not distributable.

(b) Other reserves

	COMPANY		GROUP	
	2020 G\$ 000	2019 G\$ 000	2020 G\$ 000	2019 G\$ 000
Balance as at January 01	1,524,320	1,277,810	1,546,833	1,300,323
Fair value adjustment on FVTOCI	493,020	246,510	501,187	246,510
Balance as at December 31	2,017,340	1,524,320	2,048,020	1,546,833

This represents fair value adjustments of investments held and is not distributable.
There was no tax effect on gains or losses.

18 (c) Exchange difference reserve

	GROUP	
	2020 G\$ 000	2019 G\$ 000
At January 01	(137,798)	(102,051)
For the year	132,001	(35,747)
At December 31	(5,797)	(137,798)

This arose as a result of translating foreign subsidiaries financial statements to Guyana dollars.
There was no tax effect on gains or losses.

19 Loans and bank overdraft

	COMPANY		GROUP	
	2020 G\$ 000	2019 G\$ 000	2020 G\$ 000	2019 G\$ 000
Bank overdraft (secured)	540,702	1,412,061	609,028	1,651,428
Loans	275,379	790,898	275,379	790,898
	816,081	2,202,959	884,407	2,442,326

Overdrafts are repayable on demand and attract interest at 8% (2019: 8%)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

19 Loans and bank overdraft - cont'd

	COMPANY		GROUP	
	2020 G\$ 000	2019 G\$ 000	2020 G\$ 000	2019 G\$ 000
Loans are repayable as follows:				
(i) Repayable - 2015 - 2020 rate of interest of 4.19% per annum (Demerara Distillers Ltd)	-	10,461	-	10,461
(ii) Repayable - 2013 - 2022 rate of interest of 8% per annum (Demerara Distillers Ltd)	182,879	278,551	182,879	278,551
(iii) Repayable - 2019 - 2023 rate of interest of 8% per annum (Demerara Distillers Ltd)	92,500	137,500	92,500	137,500
(iv) Repayable - 2013 - 2020 rate of interest of 8% per annum (Demerara Distillers Ltd)	-	340,000	-	340,000
(v) Repayable - 2013 - 2020 rate of interest of 8% per annum (Demerara Distillers Ltd)	-	15,199	-	15,199
(vi) Repayable - 2018 - 2020 rate of interest of 8% per annum (Demerara Distillers Ltd)	-	9,187	-	9,187
	275,379	790,898	275,379	790,898
Maturity profile of loan	COMPANY		GROUP	
	2020 G\$ 000	2019 G\$ 000	2020 G\$ 000	2019 G\$ 000
Repayments due in one year and included in current liabilities	140,672	698,398	140,672	698,398
Repayments due in the second year	132,207	45,000	132,207	45,000
Repayments due in the third year	2,500	47,500	2,500	47,500
	134,707	92,500	134,707	92,500
	275,379	790,898	275,379	790,898

The foregoing loans and overdraft for the company and group are secured by floating and fixed charges on the assets of the company valued at G\$6.394B (2019: G\$8.142B).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

20 Segment reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the company and group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance.

For management purposes, the group is currently organised into three operating divisions - manufacturing, trading and services. These divisions are the basis on which the group reports its primary segment information.

Principal activities are as follows:

Manufacturing:

The distilling, blending and sale of bulk spirits and alcoholic products, manufacturing and sale of non-alcoholic beverages, Co2 gas and fruit juices.

Trading:

Distributors of branded products.

Services:

Shipping, contracting services, insurance, sales and logistics.

INDUSTRY	2020				Total
	Manufacturing	Trading	Services	Eliminations	
	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000
Revenue					
External sales	17,449,691	6,311,300	925,106	-	24,686,097
Inter-segment sales	3,011,451	-	-	(3,011,451)	-
Total revenue	20,461,142	6,311,300	925,106	(3,011,451)	24,686,097
Results					
Segment result	5,057,428	565,708	134,592	(800,000)	4,957,728
Operating profit					4,957,728
Share of profit from associates					248,331
Profit before tax					5,206,059
Income tax					(1,313,460)
Profit for the year attributable to equity shareholders of the company					3,892,599
Other Information					
Capital additions	2,018,519	157,629	70,320	(116,211)	2,130,257
Depreciation and amortisation	873,442	88,014	126,652	(168,904)	919,204
Balance sheet					
Assets					
Segment assets	34,090,875	2,365,182	-	86,998	36,543,055
Interest in associates	-	-	-	-	1,254,891
Consolidated assets					37,797,946
Liabilities					
Segment liabilities	6,122,937	772,223	802,474	(1,886,404)	5,811,230
Consolidated liabilities					5,811,230

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

20 Segment reporting - cont'd

INDUSTRY	2019				
	Manufacturing	Trading	Services	Eliminations	Total
	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000
Revenue					
External sales	16,150,282	5,392,072	860,248	-	22,402,602
Inter-segment sales	2,931,309	-	-	(2,931,309)	-
Total revenue	19,081,591	5,392,072	860,248	(2,931,309)	22,402,602
Results					
Segment result	3,869,721	369,814	114,946	(35,952)	4,318,529
Operating profit					4,318,529
Share of profit from associates					225,446
Profit before tax					4,543,975
Income tax					(1,059,310)
Profit for the year attributable to equity shareholders of the company					3,484,665
Other Information					
Capital additions	2,721,283	336,587	542,245	(885,712)	2,714,403
Depreciation and amortisation	819,143	60,643	121,873	(144,799)	856,860
Statement of Financial Position					
Assets					
Segment assets	31,265,512	2,915,046	1,931	(257,257)	33,925,232
Interest in associates	-	-	-	-	1,078,750
Consolidated assets					35,003,982
Liabilities					
Segment liabilities	6,765,509	1,111,116	802,492	(1,478,211)	7,200,906
Consolidated liabilities					7,200,906

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

20 Segment reporting - cont'd

The Group's operations are located in Guyana, Europe, United States of America, St. Kitts, Jamaica and Trinidad. Its manufacturing operations are located in Guyana, St. Kitts and Jamaica. Its trading and services operations are located in Guyana, Europe, U.S.A, Canada and Trinidad. The geographical segment is defined by the location of the operation from which the sale is made and does not consider the location of the customer.

GEOGRAPHICAL

	Revenue		Profit before tax	
	2020 G\$ 000	2019 G\$ 000	2020 G\$ 000	2019 G\$ 000
Guyana	22,390,765	20,280,636	5,050,753	4,451,004
Europe	1,111,120	1,025,505	52,671	31,095
North America	1,088,262	981,060	71,075	33,911
St. Kitts	95,950	115,401	31,560	27,965
	24,686,097	22,402,602	5,206,059	4,543,975

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the assets are located.

	Carrying amount of segment assets		Additions to property, plant and equipment & intangible assets	
	2020 G\$ 000	2019 G\$ 000	2020 G\$ 000	2019 G\$ 000
Guyana	35,117,731	32,633,333	2,121,028	2,705,103
Europe	1,830,770	1,649,084	-	-
North America	572,388	472,282	-	109
St. Kitts	277,057	249,283	9,229	9,191
	37,797,946	35,003,982	2,130,257	2,714,403

The following represents 5% or more of group revenue generated from a single geographical region of an external customer:

Revenue Generating Segment (s)	Revenue Generating Region		Revenue Generated	
	2020	2019	2020 G\$ 000	2019 G\$ 000
Guyana and United States	North America	North America	3,824,188	2,948,085
Guyana, Europe and Caribbean	Europe	Europe	2,939,050	3,168,275
Guyana and Caribbean	Caribbean	Caribbean	1,048,703	1,345,478
Guyana	Guyana	Guyana	16,761,725	14,848,187
Others			112,431	92,577
Total			24,686,097	22,402,602

There was one customer (2019 - one) which represented 5% or more of group revenue generated from a single external customer for the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

21 Contingent liabilities

Bonds in respect of duty on spirits warehoused and exportation of goods

Bonds in favour of the State of Guyana

COMPANY AND GROUP

2020 G\$ 000	2019 G\$ 000
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217,394	180,394
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53,100	53,100
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22 Capital commitments

Contracted for but not received

These comprise of acquisition of non current assets.

COMPANY

2020 G\$ 000	2019 G\$ 000
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485,898	857,686
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GROUP

2020 G\$ 000	2019 G\$ 000
-----------------	-----------------

485,898	857,686
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

23 Related party transactions and other disclosures

(a) Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Listed below are transactions and balances with related parties.

(i) Subsidiary companies

	COMPANY	
	2020 G\$ 000	2019 G\$ 000
Sales	2,543,876	2,405,871
Commission paid	1,807	6,051
Purchases	408,933	467,991
Management fees received	164,316	163,424
Rent received	181,216	159,117
Dividends received	800,000	35,952
Human resource charges	338,219	344,476
Interest paid	82,249	52,559
Balances at end of year	628,756	104,635
Guarantee provided by the parent company on behalf of:		
Subsidiaries	755,000	755,000

	COMPANY		GROUP	
	2020 G\$ 000	2019 G\$ 000	2020 G\$ 000	2019 G\$ 000
Balances at end of year	459,199	459,199	459,199	459,199
Dividends received	-	35,166	-	35,166
Insurance premiums paid	52,582	59,497	-	-

(ii) Short Term Loans

During the year 2020, the company took one short term loan from Demerara Distillers Limited (DDL) Distillers and Associates Co-op Credit Union Limited for \$100M at 4.5% interest which was fully repaid in December 2020.

- (iii) DDL loaned National Rums of Jamaica (NRJ) US\$1.5M in 2020. At the reporting date US\$0.5M remains unpaid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

23 Related party transactions and other disclosures - cont'd

(a) Related party transactions - cont'd

(iii) Key management personnel

Compensation

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

	2020 G\$ 000	2019 G\$ 000
Short-term employee benefits	272,664	241,887
Post-employment benefits	42,134	44,214
Directors emoluments	14,400	14,400

No provision was made for balances receivable from related parties.

(b) Other disclosures

The following are transactions with companies that share directors of the company:

	COMPANY		GROUP	
	2020 G\$ 000	2019 G\$ 000	2020 G\$ 000	2019 G\$ 000
Demerara Bank Limited				
Overdraft interest (8%)	52,070	55,323	52,894	62,825
Balance at end of the year:				
Cash	147,437	72,347	266,843	128,688
Overdraft	420,841	881,246	1,144,828	1,038,801
Trust Company (Guyana) Limited also provides registrar and pension management services for the company				
Pension management and registrar's service fees	34,117	22,433	34,117	22,433

24 Pending Litigations

There are several pending litigations against the company and group, the outcome of which cannot be determined at this date.

Judgment was given in favor of Demerara Distillers Limited, with reference to Guyana Revenue Authority's challenge against Demerara Distillers Limited for corporation tax assessment raised in 2017. The Guyana Revenue Authority has since appealed the decision.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

25 (a) Analysis of financial assets and liabilities by measurement basis

2020	COMPANY		
	Financial assets and liabilities at fair value through OCI	Financial assets and liabilities at amortised cost	Total
	G\$000	G\$000	G\$000
ASSETS			
Investments	2,039,310	-	2,039,310
Trade receivables	-	1,450,681	1,450,681
Other receivables	-	945,607	945,607
Prepayments	-	218,043	218,043
Taxes recoverable	-	351,603	351,603
Cash on hand and at bank	-	253,259	253,259
Total assets	2,039,310	3,219,193	5,258,503
LIABILITIES			
Trade payables	-	730,274	730,274
Other payables and accruals	-	1,739,599	1,739,599
Bank overdraft (secured)	-	540,702	540,702
Taxation	-	476,489	476,489
Loans	-	275,379	275,379
Total liabilities	-	3,762,443	3,762,443

2019	COMPANY		
	Financial assets and liabilities at fair value through OCI	Financial assets and liabilities at amortised cost	Total
	G\$000	G\$000	G\$000
ASSETS			
Investments	1,546,290	-	1,546,290
Trade receivables	-	1,132,768	1,132,768
Other receivables	-	396,081	396,081
Prepayments	-	203,227	203,227
Taxes recoverable	-	351,603	351,603
Cash on hand and at bank	-	145,118	145,118
Total assets	1,546,290	2,228,797	3,775,087
LIABILITIES			
Trade payables	-	880,911	880,911
Other payables and accruals	-	1,422,779	1,422,779
Bank overdraft (secured)	-	1,412,061	1,412,061
Taxation	-	269,973	269,973
Loans	-	790,898	790,898
Total liabilities	-	4,776,622	4,776,622

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

25 (a) Analysis of financial assets and liabilities by measurement basis - cont'd

2020	GROUP		
	Financial assets and liabilities at fair value through OCI	Financial assets and liabilities at amortised cost	Total
ASSETS	G\$000	G\$000	G\$000
Investments	2,034,310	-	2,034,310
Trade receivables	-	2,063,976	2,063,976
Other receivables	-	463,798	463,798
Prepayments	-	265,715	265,715
Taxes recoverable	-	625,700	625,700
Cash on hand and at bank	-	457,297	457,297
Total assets	2,034,310	3,876,486	5,910,796
LIABILITIES			
Trade payables	-	760,297	760,297
Other payables and accruals	-	1,885,346	1,885,346
Bank overdraft (secured)	-	609,028	609,028
Loans	-	275,379	275,379
Taxation	-	684,035	684,035
Total liabilities	-	4,214,085	4,214,085

2019	GROUP		
	Financial assets and liabilities at fair value through OCI	Financial assets and liabilities at amortised cost	Total
ASSETS	G\$000	G\$000	G\$000
Investments	1,464,391	-	1,464,391
Trade receivables	-	1,803,661	1,803,661
Other receivables	-	423,141	423,141
Prepayments	-	258,142	258,142
Taxes recoverable	-	635,455	635,455
Cash on hand and at bank	-	366,659	366,659
Total assets	1,464,391	3,487,058	4,951,449
LIABILITIES			
Trade payables	-	1,359,238	1,359,238
Other payables and accruals	-	1,607,982	1,607,982
Bank overdraft (secured)	-	1,651,428	1,651,428
Loans	-	790,898	790,898
Taxation	-	361,081	361,081
Total liabilities	-	5,770,627	5,770,627

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

26 Fair value estimation

Fair value measurement recognised in the statement of financial position

Level 1 - Fair value determination is with reference to quoted prices in active markets for identical assets and liabilities. Quotation from recognised stock exchange was used to value investments under this ranking.

Level 2 - Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

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

COMPANY						
2020				2019		
		Carrying Value	Fair Value		Carrying Value	Fair Value
	IFRS 13 Level	G\$ 000	G\$ 000		G\$ 000	G\$ 000
Assets						
Property, plant and equipment	2	10,434,310	10,434,310	2	9,292,318	9,292,318
Investment properties	2	2,968,641	2,968,641	2	2,972,979	2,972,979
Trade and other receivables	2	2,396,288	2,396,288	2	1,528,849	1,528,849
Prepayments	2	218,043	218,043	2	203,227	203,227
Taxes recoverable	2	351,603	351,603	2	351,603	351,603
Cash on hand and at bank	1	253,259	253,259	1	145,118	145,118
		16,622,144	16,622,144		14,494,094	14,494,094
Liabilities						
Trade payables and other payables	2	2,469,873	2,469,873	2	2,303,690	2,303,690
Current portion of interest bearing debts	2	140,672	140,672	2	698,398	698,398
Loans due after one year	2	134,707	134,707	2	92,500	92,500
Taxation	2	476,489	476,489	2	269,973	269,973
Bank overdraft (secured)	1	540,702	540,702	1	1,412,061	1,412,061
		3,762,443	3,762,443		4,776,622	4,776,622

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

26 Fair value estimation - cont'd

GROUP

	2020			2019		
	IFRS 13 Level	Carrying Value	Fair Value	IFRS 13 Level	Carrying Value	Fair Value
		G\$ 000	G\$ 000		G\$ 000	G\$ 000
Assets						
Property, plant and equipment	2	14,236,284	14,236,284	2	13,043,609	13,043,609
Investment properties	2	163,698	163,698	2	174,947	174,947
Trade and other receivables	2	2,527,774	2,527,774	2	2,226,802	2,226,802
Prepayments	2	265,715	265,715	2	258,142	258,142
Taxes recoverable	2	625,700	625,700	2	635,455	635,455
Cash on hand and at bank	1	457,297	457,297	1	366,659	366,659
		18,276,468	18,276,468		16,705,614	16,705,614
Liabilities						
Trade payables and other payables	2	2,645,643	2,645,643	2	2,967,220	2,967,220
Current portion of interest bearing debts	2	140,672	140,672	2	698,398	698,398
Loans due after one year	2	134,707	134,707	2	92,500	92,500
Taxation	2	684,035	684,035	2	361,081	361,081
Bank overdraft (secured)	1	609,028	609,028	1	1,651,428	1,651,428
		4,214,085	4,214,085		5,770,627	5,770,627

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

26 Fair value estimation - cont'd

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

The fair values of assets and liabilities were determined as follows:

- Property, plant, equipment and investment properties fair values were measured primarily at cost less accumulated depreciation. Management's judgement was used to determine that fair value approximates the carrying value.
- For FVTOCI assets, the fair values were determined with reference to quoted market prices and level 2 fair value measurements.
- Trade receivables and other receivables are net of expected credit loss. The fair value of trade receivables and other receivables was based on expected realisation of outstanding balances taking into account the company's history with respect to delinquencies.
- Financial instruments where the carrying amounts were equal to fair value:- Due to their short term maturity, the carrying values of certain financial instruments approximate their fair values. These include cash and cash equivalents, trade and other payables, tax liability/recoverable, prepayments and bank overdraft. Long term loans are fixed by contract.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the value is observable.

	COMPANY			COMPANY		
	2020			2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000
FVTOCI	-	2,039,310	-	-	1,546,290	-
	-	2,039,310	-	-	1,546,290	-
	GROUP			GROUP		
	2020			2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000
FVTOCI	-	2,034,310	-	-	1,464,391	-
	-	2,034,310	-	-	1,464,391	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

27 Financial risk management

Objectives

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

The company and group seek 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.

The company's and group's management reports monthly to the board of directors on matters relating to risk and management of risk

(a) Market risk

The company's and group's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates. The company uses interest rate sensitivity and exposure limits to financial instruments to manage its exposure to interest rate and foreign currency risk. There has been no change in the company and group's exposure to market risks or the manner in which it manages these risks.

(i) Foreign currency risk

The financial statements at December 31, include the following assets and liabilities denominated in foreign currencies stated in the Guyana Dollar equivalent

	COMPANY		GROUP	
	2020 G\$ 000	2019 G\$ 000	2020 G\$ 000	2019 G\$ 000
Assets				
US Dollar	1,653,202	1,293,479	2,225,590	1,763,830
GBP	43,003	18,159	43,003	18,159
Euro	4,160,457	4,089,453	5,145,765	5,294,262
Others	158,305	163,777	366,670	352,913
	6,014,967	5,564,868	7,781,028	7,429,164
Liabilities				
US Dollar	463,356	543,043	497,232	577,062
GBP	4,454	15,586	4,454	15,586
Euro	5,016,546	4,516,884	5,092,495	4,587,005
Others	48,489	28,709	54,181	32,982
	5,532,845	5,104,222	5,648,362	5,212,635
Net assets	482,122	460,646	2,132,666	2,216,529

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

27 Financial risk management - cont'd

(a) Market risk - cont'd

(i) Foreign currency risk - cont'd

Foreign currency sensitivity analysis

The following table details the company's and group's sensitivity to a 2.5% increase and decrease in the Guyana dollar against balances denominated in foreign currencies.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2.5% change in foreign currency rates. A positive number indicates an increase in profit where foreign currencies strengthen 2.5% against the G\$. For a 2.5% weakening of the foreign currencies against G\$ there would be an equal and opposite impact on the profit, and the balances below would be negative.

	COMPANY		GROUP	
	2020 G\$000	2019 G\$000	2020 G\$000	2019 G\$000
Profit	12,053	11,516	53,317	55,413

(ii) Interest sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate at the end of the reporting period.

The sensitivity analysis includes only outstanding balances at the end of the reporting period. A 50 basis point increase or decrease is used when reporting interest rate internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates.

A positive number indicates an increase in profits where the interest rate appreciated by 50 basis points. For a decrease of 50 basis points in the interest rate, this would have an equal and opposite impact on profit and the balances below would be negative. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the impact on the company's and group's profit would have been:

	Increase / Decrease in Basis Point	Impact on profit for the year			
		COMPANY		GROUP	
		2020 G\$000	2019 G\$000	2020 G\$000	2019 G\$000
Cash and cash equivalent					
Foreign currency	+/-50	1,156	361	1,281	577
Overdrafts					
Local currency	+/-50	5,235	(7,060)	4,981	(8,246)

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 profit or equity as other factors such as credit risks, market risks, political and disaster risks can affect the value of assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

27 Financial risk management - cont'd

(a) Market risk - cont'd

(iii) 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 company and group are exposed to various risks that are associated with the effects of variations in interest rates. This impacts directly on its cash flows.

The company's and 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					
Maturing 2020					
	Interest rate Range %	Within 1 year G\$000	2 to 5 years G\$000	Non-interest bearing G\$000	Total G\$000
Assets					
Investments	-	-	-	2,039,310	2,039,310
Trade and other receivables	-	-	-	2,396,288	2,396,288
Prepayments	-	-	-	218,043	218,043
Taxes recoverable	-	-	-	351,603	351,603
Cash at bank	0.03% - 1.5%	253,259	-	-	253,259
		253,259	-	5,005,244	5,258,503
Liabilities					
Trade payable and accruals	-	-	-	2,469,873	2,469,873
Bank overdraft (secured)	8%	540,702	-	-	540,702
Loans	8%	140,672	134,707	-	275,379
Taxation	-	-	-	476,489	476,489
		681,374	134,707	2,946,362	3,762,443
Interest sensitivity gap		(428,115)	(134,707)		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

27 Financial risk management - cont'd

(a) Market risk - cont'd

(iii) Interest rate risk - cont'd

		COMPANY			
		Maturing 2019			
	Interest rate Range %	Within 1 year G\$000	2 to 5 years G\$000	Non-interest bearing G\$000	Total G\$000
Assets					
Investments	-	-	-	1,546,290	1,546,290
Trade and other receivables	-	-	-	1,528,849	1,528,849
Prepayments	-	-	-	203,227	203,227
Taxes recoverable	-	-	-	351,603	351,603
Cash at bank	0.03% - 1.5%	145,118	-	-	145,118
		145,118	-	3,629,969	3,775,087
Liabilities					
Trade payable and accruals	-	-	-	2,303,690	2,303,690
Bank overdraft (secured)	8%	1,412,061	-	-	1,412,061
Loans	3.88% - 8%	698,398	92,500	-	790,898
Taxation	-	-	-	269,973	269,973
		2,110,459	92,500	2,573,663	4,776,622
Interest sensitivity gap		(1,965,341)	(92,500)		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

27 Financial risk management - cont'd

(a) Market risk - cont'd

(iii) Interest rate risk - cont'd

		GROUP			
		Maturing 2020			
	Interest rate Range %	Within 1 year G\$000	2 to 5 years G\$000	Non-interest bearing G\$000	Total G\$000
Assets					
Investments	-	-	-	3,289,201	3,289,201
Trade and other receivables	-	-	-	2,527,774	2,527,774
Prepayments	-	-	-	265,715	265,715
Taxes recoverable	-	-	-	625,700	625,700
Cash on hand and at bank	0.03% - 1.5%	457,297	-	-	457,297
		457,297	-	6,708,390	7,165,687
Liabilities					
Trade payable and accruals	-	-	-	2,645,643	2,645,643
Bank overdraft (secured)	8%	609,028	-	-	609,028
Loans	8%	140,672	134,707	-	275,379
Taxation	-	-	-	684,035	684,035
		749,700	134,707	3,329,678	4,214,085
Interest sensitivity gap		(292,403)	(134,707)		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

27 Financial risk management - cont'd

(a) Market risk - cont'd

(iii) Interest rate risk - cont'd

GROUP					
Maturing 2019					
	Interest rate Range %	Within 1 year G\$000	2 to 5 years G\$000	Non-interest bearing G\$000	Total G\$000
Assets					
Investments	-	-	-	2,543,141	2,543,141
Trade and other receivables	-	-	-	2,226,802	2,226,802
Prepayments	-	-	-	258,142	258,142
Taxes recoverable	-	-	-	635,455	635,455
Cash on hand and at bank	0.03% - 1.5%	366,659	-	-	366,659
		366,659	-	5,663,540	6,030,199
Liabilities					
Trade payable and accruals	-	-	-	2,967,220	2,967,220
Bank overdraft (secured)	8%	1,651,428	-	-	1,651,428
Loans	3.25% - 8%	698,398	92,500	-	790,898
Taxation	-	-	-	361,081	361,081
		2,349,826	92,500	3,328,301	5,770,627
Interest sensitivity gap		(1,983,167)	(92,500)		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

27 Financial risk management - cont'd

(a) Market risk - cont'd

(iv) Price risk

Price 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. Management continually identifies, underwrites and diversifies risk in order to minimize the total cost of carrying such risk.

The below shows the sensitivity analysis of a 5% increase / decrease in FVTOCI traded on the local and regional stock exchange.

	COMPANY AND GROUP	
	2020 G\$000	2019 G\$000
Net impact	101,966	77,315

(b) Credit risk

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

	COMPANY		GROUP	
	Maximum Exposure		Maximum Exposure	
	2020 G\$000	2019 G\$000	2020 G\$000	2019 G\$000
Cash on hand and at bank	253,259	145,118	457,297	366,659
Investments				
FVTOCI	2,039,310	1,546,290	2,034,310	1,464,391
Trade and other receivables	2,396,288	1,528,849	2,527,774	2,226,802
Taxes recoverable	351,603	351,603	625,700	635,455
Total Credit risk exposure	5,040,460	3,571,860	5,645,081	4,693,307

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the company and group.

The company and group faces credit risk in respect of its cash and cash equivalents, investments and receivables. However, this risk is controlled by close monitoring of these assets by the company and group. The maximum credit risk faced by the company and 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 obligations as they fall due. The related risk is therefore considered very low.

Investments reflected in the company's and group's financial statement are assets for which the likelihood of default are 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 receivable on a regular basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

27 Financial risk management - cont'd

(b) Credit risk - cont'd

	COMPANY		GROUP	
	2020 G\$000	2019 G\$000	2020 G\$000	2019 G\$000
Trade and other receivables				
Trade receivables	1,450,681	1,132,768	2,063,976	1,803,661
Other receivables	316,851	291,446	463,798	423,141
Taxes recoverable	351,603	351,603	625,700	635,455
Due from subsidiaries	628,756	104,635	-	-
	2,747,891	1,880,452	3,153,474	2,862,257

The above balances are classified as follows:

	COMPANY		GROUP	
	2020 G\$000	2019 G\$000	2020 G\$000	2019 G\$000
Current	2,202,035	1,438,201	1,858,771	1,719,995
Past due but not impaired	613,976	512,062	1,369,254	1,212,426
Impaired	1,509	(182)	1,509	(182)
Provision for impairment	(69,629)	(69,629)	(76,060)	(69,982)
	2,747,891	1,880,452	3,153,474	2,862,257

	COMPANY		GROUP	
	2020 G\$000	2019 G\$000	2020 G\$000	2019 G\$000
Ageing of past due but not impaired				
01-30 days	2,539	33,103	207,717	97,150
31-60 days	69,342	116,013	265,398	374,166
61-90 days	153,708	10,164	197,124	64,225
91-120 days	43,402	6,132	80,737	42,523
over 120 days	344,985	346,650	618,278	634,362
Total	613,976	512,062	1,369,254	1,212,426

While the foregoing is past due they are still considered to be collectible in full.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

27 Financial risk management - cont'd

(b) Credit risk - cont'd

	COMPANY		GROUP	
	2020 G\$000	2019 G\$000	2020 G\$000	2019 G\$000
Ageing of impaired trade receivables				
over 120 days	1,509	(182)	1,509	(182)
Provision for impairment	69,629	69,629	76,060	69,982

The table below shows the credit limit and balance of five major counterparties at the balance sheet date.

		COMPANY			
		2020		2019	
Details	Location	Credit Limit	Carrying Amount	Credit Limit	Carrying Amount
	2020	2019	G\$ 000	G\$ 000	G\$ 000
Counterparty # 1	U.K.	U.K.	580,000	388,548	580,000
Counterparty # 2	Guyana	Guyana	11,955	8,882	11,955
Counterparty # 3	Canada	Netherlands	110,000	102,778	18,360
Counterparty # 4	Guyana	Canada	25,517	22,448	87,500
Counterparty # 5	U.S.	Guyana	349,500	137,243	78,500
			1,076,972	659,899	776,315
					318,525

		GROUP			
		2020		2019	
Details	Location	Credit Limit	Carrying Amount	Credit Limit	Carrying Amount
	2020	2019	G\$ 000	G\$ 000	G\$ 000
Counterparty # 1	U.K.	U.K.	580,000	388,548	580,000
Counterparty # 2	Guyana	Guyana	11,955	8,882	11,955
Counterparty # 3	Canada	Netherlands	110,000	102,778	18,360
Counterparty # 4	Guyana	Canada	25,517	22,448	87,500
Counterparty # 5	U.S.	Guyana	349,500	137,243	78,500
			1,076,972	659,899	776,315
					318,525

There was one customer who represented more than 5% of the total balance of trade receivables (2019: 1). The average age of total receivables was 37 days (2019: 49 days).

The foregoing best represent the maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancement (for which none exists).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

27 Financial risk management - cont'd

(c) Liquidity risk

Liquidity risk is the risk that the company and group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The company and group manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form.

The table below shows the contractual undiscounted cash flows arising on financial liabilities.

	COMPANY		
	Maturing 2020		
	Within 1 year	2 to 5 years	Total
	G\$000	G\$000	G\$000
Trade payables and other payables	(2,469,873)	-	(2,469,873)
Current portion of interest bearing debts	(140,672)	-	(140,672)
Loans	-	(134,707)	(134,707)
Bank overdraft (secured)	(540,702)	-	(540,702)
Taxes payable	(476,489)	-	(476,489)
	(3,627,736)	(134,707)	(3,762,443)

	COMPANY		
	Maturing 2019		
	Within 1 year	2 to 5 years	Total
	G\$000	G\$000	G\$000
Trade payables and other payables	(2,303,690)	-	(2,303,690)
Current portion of interest bearing debts	(698,398)	-	(698,398)
Loans	-	(92,500)	(92,500)
Bank overdraft (secured)	(1,412,061)	-	(1,412,061)
Taxes payable	(269,973)	-	(269,973)
	(4,684,122)	(92,500)	(4,776,622)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

27 Financial risk management - cont'd

(c) Liquidity risk - cont'd

Trade payables and other payables
Current portion of interest bearing debts
Taxes payable
Loans
Bank overdraft (secured)

GROUP

Maturing 2020

Within 1 year	2 to 5 years	Total
G\$000	G\$000	G\$000
(2,645,643)	-	(2,645,643)
(140,672)	-	(140,672)
(684,035)	-	(684,035)
-	(134,707)	(134,707)
(609,028)	-	(609,028)
(4,079,378)	(134,707)	(4,214,085)

GROUP

Maturing 2019

Trade payables and other payables
Current portion of interest bearing debts
Taxes payable
Loans
Bank overdraft (secured)

Within 1 year	2 to 5 years	Total
G\$000	G\$000	G\$000
(2,967,220)	-	(2,967,220)
(698,398)	-	(698,398)
(361,081)	-	(361,081)
-	(92,500)	(92,500)
(1,651,428)	-	(1,651,428)
(5,678,127)	(92,500)	(5,770,627)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

28 Capital risk management

The company and 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 overall strategy remains unchanged from 2019.

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

Gearing ratio

The company's and 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 company and group have not set a target gearing ratio.

The gearing ratio at the year end was as follows:

	COMPANY		GROUP	
	2020 G\$000	2019 G\$000	2020 G\$000	2019 G\$000
Debt (i)	816,081	2,202,959	884,407	2,442,326
Cash and cash equivalents	(253,259)	(145,118)	(457,297)	(366,659)
Net debt	562,822	2,057,841	427,110	2,075,667
Equity (ii)	28,050,439	23,807,903	31,986,716	27,803,076
Net debt to equity ratio	0.02:1	0.09:1	0.01:1	0.07:1

(i) Debt is defined as advances long- and short-term borrowings as detailed in note 19.

(ii) Equity includes all capital and reserves of the company and group.

29 Approval of financial statements

The financial statements were approved for issue by the Directors on February 18, 2021.

TEN YEAR REVIEW

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Turnover	24,686,097	22,402,602	21,861,762	19,569,018	18,109,126	18,020,518	18,112,393	17,529,199	15,783,081	14,582,598
Operating Profit	5,325,136	4,726,175	4,590,450	3,913,861	3,392,082	3,378,633	1,811,508	2,794,305	2,581,005	2,653,109
Interest Paid/Received	119,077	182,200	228,642	362,548	471,971	581,359	675,645	589,069	668,937	642,957
Profit Before Tax	5,206,059	4,543,976	4,361,807	3,551,313	2,920,111	2,797,273	1,135,863	2,205,236	1,912,068	2,010,152
Taxation	1,313,459	1,059,310	1,083,208	951,269	728,683	901,418	721,579	635,815	597,849	463,342
Profit after Tax	3,892,600	3,484,665	3,278,599	2,600,044	2,191,428	1,895,856	414,284	1,569,421	1,314,219	1,546,810
Gross Assets Employed	37,797,945	35,003,982	31,231,964	28,495,874	27,033,095	27,953,739	28,386,324	28,726,954	27,843,241	24,668,630
Capital Employed	33,718,568	29,325,855	26,329,600	23,548,168	21,869,744	21,484,490	21,114,315	21,084,368	18,562,940	17,201,510
Shareholder's Equity	31,986,717	27,803,076	24,359,457	20,913,489	18,515,611	16,954,198	15,783,466	16,058,647	14,655,669	13,176,203
Operating profit as % of sales	21.57%	21.10%	21.00%	20.00%	18.73%	18.75%	10.00%	15.94%	16.35%	18.19%
Operating profit as % of Capital Employed	15.79%	16.12%	17.43%	16.62%	15.51%	15.73%	8.58%	13.25%	13.90%	15.42%
Return on Gross assets	14.09%	13.50%	14.70%	13.73%	12.55%	12.09%	6.38%	9.73%	9.27%	10.75%
Return on Shareholders' Funds	16.28%	16.34%	17.91%	16.98%	15.77%	16.50%	7.20%	13.73%	13.05%	15.26%
Basic Earnings per share in Dollars	5.06	4.53	4.26	3.38	2.85	2.46	0.54	2.04	1.71	2.01
Equity per share	41.54	36.11	31.64	27.16	24.05	22.02	20.50	20.86	19.03	17.11
Dividend Cover	4.21	4.11	5.01	5.04	4.59	4.10	0.91	3.71	3.56	4.46

PROCEDURES FOR TRANSFER OF SHARES

From time to time, Management has been approached by Shareholders concerning the procedure for effecting the Transfer of Shares. For the future benefit of Shareholders, we take this opportunity to remind members of the procedure as stated hereunder.

Trust Company (Guyana) Limited is the Registrar and Transfer Agent of Demerara Distillers Limited.

A Shareholder who wishes to transfer his/her shares should take with him/her to the Trust Company (Guyana) Limited, the relevant share certificate (s), and officials there will assist in having the Transfer instrument completed as well as the Certificates of non-alienship in respect of both the Transferor / Transferee.

Stamp duty and the cost of the stamp for the new share certificate are payable and the Registrar will advise the Shareholders on this at the time of execution of the Transfer.

Without a Share Certificate, it would not be possible to execute a Transfer of Shares. Where a Shareholder has not his/her share certificate, it would be necessary, after conferring with the Registrar, to have the loss advertised in the Press at the Shareholder's expense and the Shareholder will also be required to sign a form of indemnity and pay stamp duty.

Where the legal personal representatives of deceased Shareholders seek to have such shares transferred, they should, in addition to the relevant share certificate, take along with them the original of Letters of Administration/Probate of the Court with the Will attached (where applicable), for presentation to the Registrar.

If at any time you change your address or wish to revoke instructions given to the company or its Registrar, you should inform us promptly.

Under the provisions of the Company's Articles of Association, replacement of Dividend Warrants, lost or mislaid from any cause whatsoever, will be for the account of the Shareholder reporting the cause. The Company's Registrar will apprise you of the charges payable at the time of the report.

FORM OF PROXY

DEMERARA DISTILLERS LIMITED • ANNUAL GENERAL MEETING

I/We _____ of _____

a MEMBER OF Demerara Distillers Limited hereby appoint _____

_____ (being any of the seven individuals named at sub-paragraph (a) of the AGM Notice)

OR IN HIS/HER ABSENCE _____

_____ (being any of the seven individuals named at sub-paragraph (a) of the AGM Notice)

To act as my/our proxy at the Annual General Meeting on _____ and at every adjournment thereof.

I/We request such proxy to vote on the following Resolutions as indicated below:

RESOLUTIONS	FOR	AGAINST	ABSTAIN
To receive and consider the Financial Statements of the Company for the year ended December 31, 2020 and the Report of the Directors and Auditors thereon			
To declare a final dividend of \$0.95 per share, free of Company Taxes, in respect of the year ended December 31, 2020			
To re-elect Yesu Persaud, as a Non-Executive Director, until the conclusion of the next Annual General Meeting of the Company			
To re-elect Egbert Carter, as a Non-Executive Director, until the conclusion of the next Annual General Meeting of the Company			
To re-elect Rudolph Collins, as a Non-Executive Director, until the conclusion of the next Annual General Meeting of the Company			
To re-elect Timothy Jonas - S.C., as a Non-Executive Director, until the conclusion of the next Annual General Meeting of the Company			
To re-elect Harryram Parmesar, as a Non-Executive Director, until the conclusion of the next Annual General Meeting of the Company			
To re-elect Lancelot Tyrell, as a Non-Executive Director, until the conclusion of the next Annual General Meeting of the Company			
To fix the Remuneration of the Non-Executive Directors, Messrs Yesu Persaud, Egbert Carter, Rudolph Collins, Timothy Jonas, Harryram Parmesar and Lancelot Tyrell, at \$2,400,000 each per annum as approved at the last General Meeting of the Company and paid in 2020 until the conclusion of the next Annual General Meeting of the Company			
To: (i) Reappoint Messrs TSD Lal & Company, as Auditors of the Company, until the conclusion of the next Annual General Meeting; (ii) increase their remuneration of such Auditors from \$9,250,000 paid in 2019 to \$9,435,000 confirmed for year ended December 31, 2020 and authorise the Directors of the Company to fix the remuneration of such Auditors for the current financial year			

As Witness my hand this _____ day of _____ 2021

Signed by _____

For Corporate Shareholder Affix Stamp/Seal:

UNLESS INSTRUCTED BY INSTRUMENT OF POWER OF ATTORNEY OR BY COMPLETION OF THE AFORESAID RESOLUTIONS, THE APPOINTED PROXY HOLDER WILL VOTE AS HE/SHE THINKS FIT.

Shareholders may raise any questions, seek clarification or make any comments or recommendations via proxy in the space provided below:



DEMERARA DISTILLERS LIMITED
69TH ANNUAL GENERAL MEETING
LIVE WEBCAST

Shareholders desirous of viewing DDL's AGM Proceedings scheduled for **April 23, 2021 at 4:00 p.m.** may do so on any internet connected device by:

- (i) Visiting our website at: **<https://www.demeraradistillers.com/>**
- (ii) Clicking on the **AGM** link provided
- (iii) Entering Password: **DDLAGM2021**

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[illegible]



DEMERARA DISTILLERS LIMITED

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