



**Demerara Distillers Limited
& Subsidiaries**

**INTERIM
REPORT
2020**

CHAIRMAN'S STATEMENT

I am pleased to present to Shareholders the Interim Results of the Group for the first six months of 2020. In this period, the world experienced one of its worst pandemics in recent history, corona virus (COVID -19), which has resulted in almost a million deaths worldwide, so far. Normal life, as we knew it at the beginning of the year, has been fundamentally disrupted without any indication as to when normalcy would return.

It is in this context that our results for the first half of 2020 must be viewed. The major part of our Group's business is based on a lifestyle of social interaction of people. With the closure of international travels and the tourist industry for several months, our sales through the channels that service these sectors virtually collapsed by the end of the first quarter of the year. While taking maximum advantage of other sales channels, the Group also responded innovatively by introducing new products that are intended to reduce some of the risks posed by COVID-19.

Turnover for the period was \$11.2 billion compared to \$10.6 billion in the same period of the previous year, an increase of 5.7%. Gross Profit in the period increased by 7.7%, while Profit Before Tax increased by 17.1% and Profit After Tax increased by 16.5%. Profit after tax was \$1.380 billion compared to \$1.184 billion in the preceding year.

During the period, the Group continued to pursue its modernisation and diversification agenda, incurring a total of \$830 million in capital expenditure. Despite the challenging circumstances, work continued on the expansion of the TOPCO processing and packaging operation. We expect installation to be completed by the end of the year.

As restrictions around the world began to ease in the third quarter of the year, we are cautiously optimistic that markets will slowly start returning to some degree of normalcy. In the meantime, we continue to ensure that we provide a safe environment in which our staff can continue to serve our customers in an efficient manner.

I want to take this opportunity to thank our staff for their hard work and commitment, the Board of Directors for their continued guidance and support and our loyal customers for their continued patronage.



Komal Samaroo
Chairman

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD JANUARY 1 - JUNE 30, 2020

	Group		
	Unaudited Jun-20 G\$ 000	Unaudited Jun-19 G\$ 000	Audited Dec-19 G\$ 000
Turnover	11,187,318	10,587,612	22,402,602
Cost of sales	(6,838,648)	(6,549,564)	(13,479,031)
Gross profit	4,348,670	4,038,048	8,923,571
Other income	125,026	205,149	452,608
Investment properties income	5,271	5,503	10,826
Selling and distribution expenses	(1,427,122)	(1,438,278)	(2,655,105)
Administration expenses	(1,118,138)	(1,035,345)	(2,231,171)
Profit before interest and taxation	1,933,707	1,775,077	4,500,729
Finance Cost	(70,862)	(89,656)	(182,200)
Share of profit/(loss) of associate companies	85,272	(22,187)	225,446
Profit before taxation	1,948,117	1,663,234	4,543,975
Taxation	(568,490)	(479,001)	(1,059,310)
Profit for the year	1,379,627	1,184,233	3,484,665
Other Comprehensive Income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension plans	-	-	595,192
Fair value profit on investments	24,651	224,100	246,510
	<u>24,651</u>	<u>224,100</u>	<u>841,702</u>
Items that may be subsequently reclassified to profit or loss:			
Exchange difference on consolidation	(2,336)	(16,908)	(35,747)
	<u>(2,336)</u>	<u>(16,908)</u>	<u>(35,747)</u>
Other comprehensive income for the year	22,315	207,192	805,955
Total comprehensive income for the year	1,401,942	1,391,425	4,290,620
Basic earnings per share in dollars	1.79	1.54	4.53

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD JANUARY 1 - JUNE 30, 2020

GROUP Attributable to equity holders of the parent

	Share Capital G\$ 000	Capital Reserves G\$ 000	Other Reserves G\$ 000	Exchange Difference Reserve G\$ 000	Retained Earnings G\$ 000	Total Equity G\$ 000
Balance at January 01, 2018	770,000	450,854	798,339	(49,905)	18,852,026	20,821,314
Changes in equity						
Total comprehensive income/ (loss) for the year	-	-	501,984	(52,146)	3,742,806	4,192,644
Dividends	-	-	-	-	(654,501)	(654,501)
Balance at December 31, 2018	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	-	-	-	-	(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 / (loss) for the period	-	-	24,651	(2,336)	1,379,627	1,401,942
Dividends	-	-	-	-	(693,000)	(693,000)
Balance at June 30, 2020	770,000	450,854	1,571,484	(140,134)	25,859,814	28,512,018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	GROUP		
	Unaudited Jun-20 G\$ 000	Unaudited Jun-19 G\$ 000	Audited Dec-19 G\$ 000
ASSETS			
Non current assets			
Property, plant and equipment	13,423,333	11,785,794	13,043,609
Investment properties	169,813	180,019	174,947
Investments	2,653,064	2,312,682	2,543,141
Retirement benefit asset	2,879,911	1,996,059	2,879,911
Total non-current assets	19,126,121	16,274,554	18,641,608
Current assets			
Inventories	12,896,054	11,818,817	12,875,316
Trade and other receivables	1,672,564	1,806,309	2,226,802
Prepayments	264,764	350,668	258,142
Taxes recoverable	635,455	489,615	635,455
Cash in hand and at bank	571,228	593,862	366,659
Total current assets	16,040,065	15,059,271	16,362,374
TOTAL ASSETS	35,166,186	31,333,825	35,003,982


CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

AS AT JUNE 30, 2020

	GROUP		
	Unaudited Jun-20 G\$ 000	Unaudited Jun-19 G\$ 000	Audited Dec-19 G\$ 000
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Issued capital	770,000	770,000	770,000
Capital reserve	450,854	450,854	450,854
Other reserve	1,571,484	1,524,423	1,546,833
Exchange difference reserve	(140,134)	(118,959)	(137,798)
Accumulated profits	25,859,814	22,470,064	25,173,187
TOTAL EQUITY	28,512,018	25,096,382	27,803,076
Non-current liabilities			
Loans due after one year	177,064	540,434	92,500
Deferred tax	1,420,739	1,178,109	1,420,688
Retirement benefit obligation	9,591	10,763	9,591
Total non-current liabilities	1,607,394	1,729,306	1,522,779
Current liabilities			
Trade and other payables	3,021,589	1,871,043	2,967,220
Taxes payable	478,510	268,405	361,081
Current portion of interest bearing borrowings	338,672	581,282	698,398
Bank overdraft (secured)	1,208,003	1,787,407	1,651,428
Total current liabilities	5,046,774	4,508,137	5,678,127
TOTAL LIABILITIES	6,654,168	6,237,443	7,200,906
TOTAL EQUITY AND LIABILITIES	35,166,186	31,333,825	35,003,982

The Board of Directors approved these financial statements for issue on August 26, 2020.

..... Chairman

..... Director

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED JANUARY 1 - JUNE 30, 2020

	GROUP		
	Unaudited Jun-20 G\$ 000	Unaudited Jun-19 G\$ 000	Audited Dec-19 G\$ 000
Operating activities			
Profit before taxation	1,948,117	1,663,234	4,543,975
Adjustments for:			
Depreciation on property, plant and equipment	449,816	529,438	846,576
Depreciation on investment properties	5,134	5,212	10,284
Increase in defined benefit asset	-	-	(90,742)
Decrease in defined benefit liability	-	-	(692)
(Increase)/decrease in investment in associate companies	(85,272)	22,187	(185,861)
Exchange difference on consolidation	(2,336)	(16,908)	(35,747)
Interest received	-	-	(439)
Interest paid	70,862	89,656	182,639
Operating profit before working capital changes	2,386,321	2,292,819	5,269,993
(Increase)/decrease in inventories	(20,738)	77,635	(978,864)
(Increase)/decrease in receivables and prepayments	547,616	461,010	133,043
Increase/(decrease) in payables and accruals	(638,631)	(934,113)	162,064
Cash generated from operations	2,274,568	1,897,351	4,586,236
Taxes paid/adjusted	(451,008)	(925,004)	(1,514,297)
Net cash provided by operating activities	1,823,560	972,347	3,071,939

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

FOR THE PERIOD ENDED JANUARY 1 - JUNE 30, 2020

	GROUP		
	Unaudited Jun-20 G\$ 000	Unaudited Jun-19 G\$ 000	Audited Dec-19 G\$ 000
Investing activities			
Interest received	-	-	439
Purchase/transfer of property, plant and equipment	(829,542)	(1,102,373)	(2,677,326)
Net cash used in investing activities	(829,542)	(1,102,373)	(2,676,887)
Financing activities			
Loan repayments and transfers	(275,162)	(344,576)	(675,394)
Interest paid	(70,862)	(89,656)	(182,639)
Dividends paid	-	(654,500)	(847,001)
Net cash used in financing activities	(346,024)	(1,088,732)	(1,705,034)
Net increase/(decrease) in cash and cash equivalents	647,994	(1,218,758)	(1,309,982)
Cash and cash equivalents at beginning of period	(1,284,769)	25,213	25,213
Cash and cash equivalents at end of period	(636,775)	(1,193,545)	(1,284,769)

NOTES ON THE ACCOUNTS

The financial statements included in this interim report are the un-audited financial results of the company and its subsidiaries as at June 30, 2020 and were approved on August 26, 2020.

The consolidated results incorporate the accounts of Demerara Contractors and Engineers Limited, Distribution Services Limited, Demerara Shipping Company Limited, Tropical Orchard Products Company Limited, Demerara Distillers (St. Kitts-Nevis) Limited, Demerara Distillers (US) Inc, Demerara Rum Company Inc and Breitenstein Holdings BV all of which are wholly owned subsidiaries. Also, consolidated, in accordance with IAS 28-Investment in Associates, were the accounts of National Rums of Jamaica Limited, Diamond Fire and General Insurance Inc.

Basis of Preparation

The interim statements were prepared in accordance with International Accounting Standard 34, Interim Financial Reporting and the provisions of the Securities Industry Act (1998).

The accounting policies are consistent with those in the financials for the year ended December 31, 2019.

Taxation

A provision for taxation has been made using applicable tax rates, allowances and provisions and includes property and deferred taxation.

Directors' Interest

The interests of directors holding office at June 30, 2020 in the ordinary shares of Demerara Distillers Limited were as follows:

Demerara Distillers Limited ordinary shares at No par value

	Beneficial Interest	Associates' Interest
Komal Samaroo	931,646	1,137,141
Egbert Carter	Nil	Nil
Rudy Collins	929	Nil
Timothy Jonas	109,634	Nil
Harryram Parmesar	234,463	Nil
Yesu Persaud	Nil	Nil
Sharda Veeren-Chand	1,500,000	Nil
Sharon Sue Hang	552,334	Nil
Lancelot Tyrell	29,750	Nil
Allison Thorne	Nil	Nil

NOTES ON THE ACCOUNTS (cont'd)

December 31, 2019

	Beneficial Interest	Associates' Interest
Komal Samaroo	931,646	1,137,141
Egbert Carter	Nil	Nil
Rudy Collins	929	Nil
Timothy Jonas	62,000	Nil
Harryram Parmesar	234,463	Nil
Yesu Persaud	Nil	Nil
Sharda Veeren-Chand	1,500,000	Nil
Sharon Sue Hang	552,334	Nil
Lancelot Tyrell	29,750	Nil
Allison Thorne	Nil	Nil

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

Substantial Shareholders

June 30, 2020

Demerara Distillers Limited	Number of Shares	% Shareholding
Trust Company (Guyana) Limited	235,340,672	30.56
Secure International Finance Co Ltd	142,582,506	18.52
National Insurance Company	61,600,000	8.00

December 31, 2019

Demerara Distillers Limited	Number of Shares	% Shareholding
Trust Company (Guyana) Limited	235,340,672	30.56
Secure International Finance Co Ltd	142,582,506	18.52
National Insurance Company	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.

NOTES ON THE ACCOUNTS (cont'd)

Segment Information

INDUSTRY

	External Sales			Profit Before Tax		
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
	Jun-20	Jun-19	Dec-19	Jun-20	Jun-19	Dec-19
	G\$000	G\$000	G\$000	G\$000	G\$000	G\$000
Manufacturing	8,897,915	8,846,816	19,081,591	1,541,664	1,482,186	3,869,721
Trading	3,111,147	2,621,673	5,392,072	265,042	158,910	369,814
Services	438,361	416,918	860,248	56,139	44,326	114,946
Eliminations	(1,260,105)	(1,297,795)	(2,931,309)	-	-	(35,952)
Share of profit/(loss) in Associates	-	-	-	85,272	(22,188)	225,446
Consolidated	11,187,318	10,587,612	22,402,602	1,948,117	1,663,234	4,543,975

	Unaudited	Unaudited	Audited
	Jun-20	Jun-19	Dec-19
	G\$000	G\$000	G\$000
Segment Assets			
Manufacturing	31,029,919	27,882,678	31,008,255
Trading	2,021,480	1,805,498	2,915,046
Services	950,765	774,947	1,931
	34,002,164	30,463,123	33,925,232
Investment in Associates	1,164,022	870,702	1,078,750
Total Consolidated Assets	35,166,186	31,333,825	35,003,982
Segment Liabilities			
Manufacturing	5,669,123	5,259,326	5,287,298
Trading	392,949	499,255	1,111,116
Services	592,096	478,862	802,492
Total Consolidated Liabilities	6,654,168	6,237,443	7,200,906

NOTES ON THE ACCOUNTS (cont'd)

Segment information - cont'd

	Unaudited Jun-20 G\$000	Unaudited Jun-19 G\$000	Audited Dec-19 G\$000
Other Segment Information			
Capital Additions			
Manufacturing	796,678	1,064,496	1,835,571
Trading	7,208	12,940	336,587
Services	25,656	24,937	542,245
	829,542	1,102,373	2,714,403
Depreciation			
Manufacturing	424,638	507,951	674,344
Trading	11,666	10,375	60,643
Services	18,646	16,324	121,873
	454,950	534,650	856,860

The Group's operations are located in Guyana, Europe, United States of America, Canada, Jamaica and St. Kitts. Its manufacturing operations are located in Guyana, Europe, St. Kitts and Jamaica. Its trading and service operations are located in Guyana, Europe, U.S.A and Canada. 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		
	Unaudited Jun-20 G\$ 000	Unaudited Jun-19 G\$ 000	Audited Dec-19 G\$ 000	Unaudited Jun-20 G\$ 000	Unaudited Jun-19 G\$ 000	Audited Dec-19 G\$ 000
	Guyana	10,315,227	9,498,426	20,280,636	1,907,615	1,553,633
Europe	362,990	542,856	1,025,505	12,826	81,238	31,095
North America	458,400	485,386	981,060	16,903	9,046	33,911
Caribbean	50,701	60,944	115,401	10,773	19,317	27,965
	11,187,318	10,587,612	22,402,602	1,948,117	1,663,234	4,543,975

The following segment information is analysed based on the geographical location of the customer.

	Revenue		
	Unaudited Jun-20 G\$ 000	Unaudited Jun-19 G\$ 000	Audited Dec-19 G\$ 000
	Domestic (country of parent company)	7,835,244	6,730,705
Foreign	3,352,074	3,856,907	7,564,955
	11,187,318	10,587,612	22,402,602

NOTES ON THE ACCOUNTS (cont'd)

Segment information - cont'd

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/transfers to property, plant and equipment & intangible assets		
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
	Jun-20	Jun-19	Dec-19	Jun-20	Jun-19	Dec-19
	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000
Guyana	32,782,867	28,867,898	32,633,333	821,773	1,093,761	2,705,103
Europe	1,682,717	1,699,868	1,649,084	-	-	-
North America	447,986	525,366	472,282	-	-	109
Caribbean	252,616	240,693	249,283	7,769	8,612	9,191
	35,166,186	31,333,825	35,003,982	829,542	1,102,373	2,714,403

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

Unaudited Jun-20		
Revenue Generating Segment (s)	Revenue Generating Region	Amount of Revenue Generated (G\$000)
Guyana and United States	North America	1,438,395
Guyana, Europe and St. Kitts	Europe	1,392,638
Guyana	Guyana	7,834,615
Others		521,670
Total		11,187,318

Unaudited Jun-19		
Revenue Generating Segment (s)	Revenue Generating Region	Amount of Revenue Generated (G\$000)
Guyana and United States	North America	1,640,293
Guyana, Europe and St. Kitts	Europe	1,599,858
Guyana and St. Kitts	Caribbean	603,911
Guyana	Guyana	6,729,825
Others		13,725
Total		10,587,612

NOTES ON THE ACCOUNTS (cont'd)

	Audited Dec-19	
Revenue Generating Segment (s)	Revenue Generating Region	Amount of Revenue Generated (G\$000)
Guyana and United States	North America	2,948,085
Guyana, Europe and Caribbean	Europe	3,168,275
Guyana and Caribbean	Caribbean	1,345,478
Guyana	Guyana	14,848,187
Others		92,577
Total		<u>22,402,602</u>

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

	Unaudited Jun-20	
Revenue Generating Segment (s)	Revenue Generating Region	Amount of Revenue Generated (G\$000)
Customer#1	Guyana	750,044
Others		10,437,274
Total		<u>11,187,318</u>

	Unaudited Jun-19	
Revenue Generating Segment (s)	Revenue Generating Region	Amount of Revenue Generated (G\$000)
Customer#1	Guyana	765,751
Others		9,821,861
Total		<u>10,587,612</u>

	Audited Dec-19	
Revenue Generating Segment (s)	Revenue Generating Region	Amount of Revenue Generated (G\$000)
Customer#1	Guyana	1,785,534
Others		20,617,068
Total		<u>22,402,602</u>

Dividends

The final dividend for year 2019 of \$693M has been fully provided for and included in other payables; this amount has not been paid over as at the end of the reporting period.



**DEMERARA DISTILLERS LIMITED
& SUBSIDIARIES**

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