DEMERARA DISTILLERS LIMITED

ANNUAL REPORT 2012

Liquid Gold

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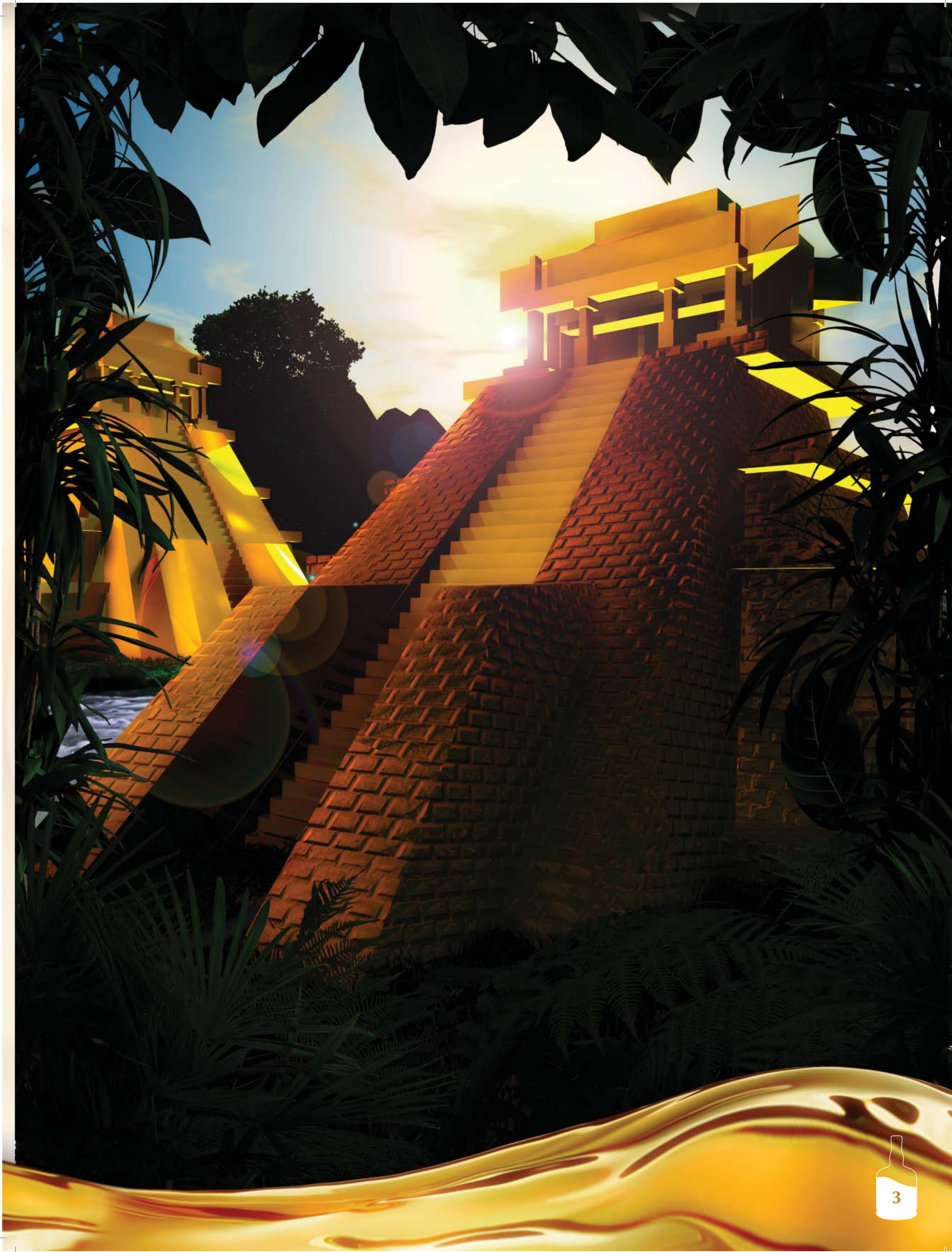
Liquid Gold

GOLD! Its story is as long as memory may serve. Mankind's relationship with this precious metal has been one of curiosity, conflict, calamity and conquest. Countless lives have been lost, numerous wars fought and eager hands have scribed treaties, blinded by the allure of its magnificent radiance. Havilah to Mesopotamia, Egypt to Nubia, Saudi Arabia to Lydia, China to Rome, and far beyond – gold has preserved itself as the substance of royalty, the resemblance of divinity, and the essence of power. In short, gold has indelibly impressed its design upon human history.

Of the countless stories men have sipped in the hope of satisfying their deepest desires, never has there been a more fervently intoxicating account, neither has any so etched itself into the annals of history as that of the Lost City of Gold, as that of El Dorado. Its origins are tightly rooted within the lush Amazon. The Spanish explorers' arrival to the shores of South America in the 16th century was greeted by news of the unusual practices of a native tribe. They were told that at the rise of a new ruler, a ceremony was conducted in which he was covered with gold dust, and where gold, along with other precious gems were thrown into a nearby lake to appease a god that lived underwater. The explorers were captivated by the possibilities that lie before them and began to call this "golden chief" El Dorado, "the gilded one." It was the beginning of a relentless pursuit of radiant reward in which the Muisca people were relegated to captivity, servitude, and at the onset of resistance, death.



The Spaniards, among other explorers, found great amounts of gold among the natives of South America's northern coastland, but they yet believed there was a place of enormous wealth somewhere in its interior. They didn't find El Dorado, but Guatavita, the lake where "the gilded one" supposedly had great wealth dedicated to his underwater god, was found. And in 1545, the water level of the lake was significantly lowered in a failed attempt to completely drain it. Though much gold was found along the lake's edge, it was incomparable to the presumed amount of fabulous treasure which was believed to lie in the deeper water that stretched beyond the explorers' reach.

However, the quest endured. A hundred years had not yet passed and Sir Walter Raleigh, an English aristocrat, courtier, and explorer, had twice journeyed to a different South American location, to present day Guyana, the place where his calculations landed him in pursuit of the illusive El Dorado gold. His expeditions, however, ended miserably with the death of his son, Watt, in a shoot-out along the Orinoco River against the Spanish. Sir Raleigh was later beheaded in his homeland for disregarding King James I's orders to not engage in battle with the Spanish.

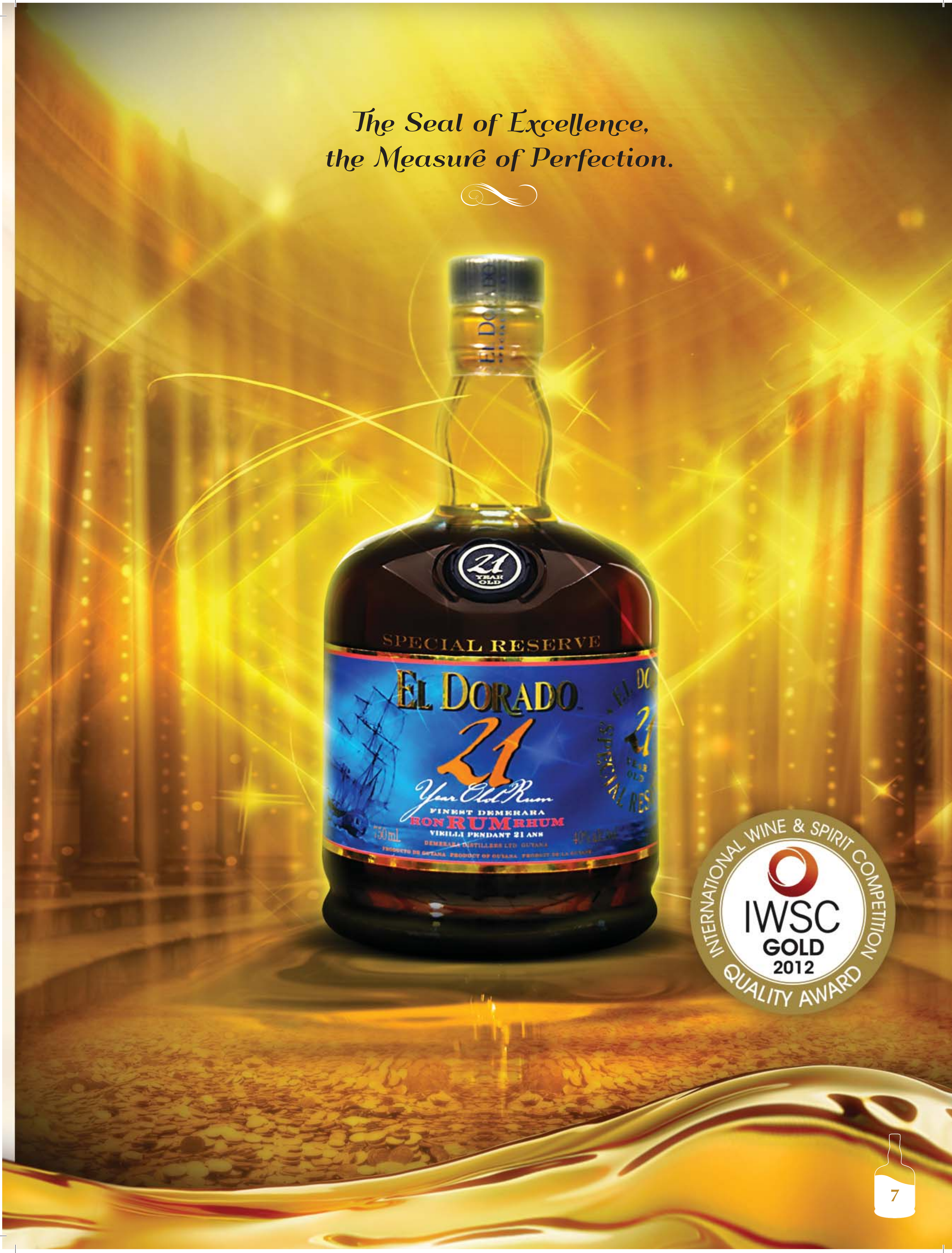
Today, the tale continues to skillfully pen itself. Gold mining has not only pierced the surface of our virgin interior lands, but it has proven the fertility of our economy to investors, both local and foreign – whether small, medium or large scaled. Our gold influences our viability on the International Market and ensures development here at home. Guyana is better off because of its gold. However, along with the commendable advancements in practice, legislation and policy within the gold mining industry, the curiosity, conflict, and calamity that has in times past amalgamated itself with the pursuit of gold, the world over, remains like a stubborn stain. Along with record breaking gold prices in recent years, Guyana has seen the proliferation of illegal mining, smuggling, and other gold related criminal activity. The good contends with the not so good as the pursuit of that radiant reward continues to flood our land of many waters.

Photo credit:
Guyana Geology & Mines Commission Library

Nevertheless, amidst the relentless tide, there has existed a quiet conquest. Its calm is like the music of our coastland breeze rustling through leaves, its texture, smoother than our muddy river waters. Its potency is as strong as the faces of our mountain ranges, and its appearance, as majestic as a ship at sea. Last, but by far not least, its taste, as beautiful as the blend of six races. "Over the Mountains of the Moon, down the Valley of the Shadow, ride, boldly ride…if you seek for El Dorado" said Edgar Allan Poe, in his 1849 poem, "El Dorado". Perhaps even he was unaware that such directions led exactly to Plantation Diamond on the East Bank of the Demerara River, to the Demerara Distillers Limited. Here, our perspective of history is quite different. El Dorado is not a fable immersed in relentless and illusive pursuit. Instead, El Dorado has become the art that we have perfected.

Guyana's tale of rum production extends over 350 years, delving back into the early 16th Century. It is a legacy that lives on today in all of the El Dorado Brand rums produced by the Demerara Distillers Limited. This rich inheritance is evident not only in our products, but in the exhibits on display at our El Dorado Heritage Center, located at Plantation Diamond. This museum further testifies to DDL's dedication to the preservation of the history and evolution of genuine Guyanese rum. The Demerara Distillers Limited stands as the only one of its kind in the Caribbean, and one of few around the world, continuing the distilling, aging and blending of its rums by use of the original Stills – the Wooden Pot and Wooden Coffey Stills.

Ever since the launch of our first range of premium rums in 1992, we have exhibited excellence and consistency worldwide, winning in excess of a hundred International Awards, inclusive of several Golden Awards. The Demerara Distillers Limited has since extended not only its influence, but presence globally, with operations across the Caribbean, North America, Asia and Europe. Our business is as good as our products, and that is how we intend to keep it. Here at the Demerara Distillers Limited, El Dorado is a reality we have preserved and refined, it's our heritage. Here, gold's best kept secret is no longer concealed, it is corked. Here, the Spirit of El Dorado is in a bottle. Here, at the Demerara Distillers Limited, we produce Liquid Gold.


The Seal of Excellence,
the Measure of Perfection.
SPECIAL RESERVE
EL DORADO
21
Year Old Rum
FINEST DEMERARA
RON RUM RHUM
VIEILLI PENDANT 21 ANS
750ml
INTERNATIONAL WINE & SPIRIT COMPETITION
IWSC
GOLD
2012
QUALITY AWARD

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, El Dorado 21 Year Old, El Dorado 12 Year Old, the El Dorado 5 Year Old, El Dorado Cask Aged 3 year, El Dorado Cask Aged 8 year, 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 a 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** and **Dry Ice**. It has been producing high grade **Fruit Jams and Jellies**, **Fruit Juices** and the well known **Tropical 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**, in addition to the co-packing **TROPICANA** and **GATORADE**. 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: 2008** International Quality Standard.

Notice of Meeting

The SIXTY FIRST ANNUAL GENERAL MEETING of Demerara Distillers Limited (DDL) will be held at DDL's Diamond Complex, Plantation Diamond, East Bank Demerara on Friday, April 26, 2013 at 4:30 p.m.

AGENDA

1. To receive and consider the Company's Accounts and Reports of the Directors and Auditors for the year ended December 31, 2012
2. To declare a Final Dividend of 40 cents per share free of Company Taxes in respect of the year ended December 31, 2012
3. To elect Directors
4. To fix the Emoluments of the Directors
5. To appoint Auditors and authorize the Directors to fix their remuneration.
6. To present long service awards to employees

BY ORDER OF THE BOARD

Allison Thorne
Company Secretary/Legal Officer
March 25, 2013

REGISTERED OFFICE
44 B High Street, Kingston,
Georgetown, Guyana.

- Every member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her and such proxy need not also be a member of the Company.
- A form for use at this meeting must be received at the registered office of the Company stated above, not less than 24 (twenty four) hours before the date of the Meeting

REGISTER OF MEMBERS
The Register of Members and Share Transfer Books of Demerara Distillers Limited will be closed from April 6, 2013- April 26, 2013 – both days inclusive- for the purpose of preparing warrants of the Final Dividends for the year ended December 31, 2012.

N.B. Gifts will be distributed only to shareholders present at the Meeting and not at any time or place thereafter.

Financial Highlights

Operating Profit | G$000

Profit Before Tax | G$000

Shareholders' Equity | G$000

Corporate Information

Auditors

TSD Lal & Co.
(An Independent Correspondent Firm of Deloitte Touche Tohmatsu)
77 Brickdam, Stabroek,
Georgetown, Guyana.

Legal Advisors

deCaries, Fitzpatrick & Karran
80 Cowan Street, Kingston,
Georgetown, Guyana.

Registered Office

44B High Street, Kingston,
Georgetown, Guyana.
Email: ddlweb@demrum.com
Website: www.demrum.com

Registrar & Transfer Agent

Trust Company (Guyana) Limited
230 Camp & South Streets,
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.

Board of Directors

Dr. Yesu Persaud
CCH, FCCA, FRSA, CCMI President,
Chairman of the Board

Sharda Veeren-Chand
BSc. | Marketing Director

Egbert Carter
MSc. (Civil Engineering)
Director

Timothy Jonas
L. L. B. (HONS) | Director

Board of Directors

Harryram Parmesar
FCCA | Director

Komal R. Samaroo
AA, FCCA, ACIS | Vice President - International Marketing

Rudy Collins
CCH, BSc. (HONS), DPA
Director

Chandradat Chintamani
FCCA
Operations Director

Chairman's Report

The year 2012 saw the turnover of the Demerara Distillers Limited (DDL) Group growing to $15.8 billion from $14.6 billion in 2011. This growth was principally driven by the continued success of our strategy to develop our brands on the international market.

This is a remarkable achievement in an environment where the world economy was still recovering from the economic crisis of 2008-2009. During 2012, Governments, particularly in Europe and the US, struggled with balancing higher national debts and stimulating their national economies. The ongoing euro crisis, and more recently the uncertainty created by the 'fiscal cliff' in the US led to an all-round weaker demand for goods and services in major global economies. Developing and 'emerging economies' have also been affected, and according to the Conference Board Global Economic outlook for 2013, growth in these economies will continue to slow down from the 5.5% achieved in 2012 to 5% in 2013.

Caribbean economies, especially those that are heavily dependent on tourism, have not been able to escape the effects of the global crises.

At the local level, in November 2012, the IMF projected that the Guyana economy would grow by around 3.7%, down from the 5.4% experienced in 2011. The 2012 growth was expected to come from the gold, agriculture and service (construction and transportation) sectors.

The DDL team committed our energies towards expanding our international brands, even in the face of the challenging market conditions, and unfair competition faced in some sectors. Our efforts have been rewarded with revenue increasing for branded products by 23% and for bulk sales by 29% in 2012.

Company Performance

The Company's turnover increased from $9.517 billion in 2011 to $10.610 billion in 2012, an increase of 11%. Profit before tax increased from $1,091 million in 2011 to $1,308 million in 2012, an increase of 12% (after deducting the one-off dividend received from BEV Processors Inc. in 2011 totaling $288 million).

Group Performance

Overall, group turnover increased by 8% from $14.6 billion in 2011 to $15.8 billion in 2012. When compared to 2011 the Group's profit before tax increased by 12% (after deducting the one-off dividend received from BEV Processors Inc. in 2011 totaling $288 million).

In the year there was a turnaround in the results from TOPCO through improvements in operational efficiencies. The Company recorded a profit of $16 million compared with a loss of $16.4 million in the preceding year.

Distribution Services Limited continued its expansion and growth with the opening of a new retail outlet at Diamond in December. This subsidiary saw profit before tax of $490 million, up 12% from the $438 million achieved the previous year.

The operations of Demerara Shipping Company Ltd were affected by the irregular sailing of one of the lines it represented. Notwithstanding this challenge, it achieved a profit before tax of $146.3 million compared to $159 million in the previous year.


EL DORADO
EL DORADO
EL DORADO
DEMERARA WHITE RUM

Our overseas subsidiaries performed creditably. The ongoing 'euro crisis' has impacted our European operations, but there is every indication that the situation will improve in the coming year. The profit before tax for our European operations was $143.7 million compared to $186 million in 2011.

Demerara Distillers (USA) Inc continues to perform well. The profits before tax increased from $31.5 million to $32.6 million.We anticipate steady growth in this segment of the market.

Our St Kitts subsidiary had a very good year. Demerara Distillers St Kitts Ltd recorded a profit before tax of $22.1 million compared to $13.7 million in 2011.

National Rums of Jamaica (NRJ) had a difficult 2012. The challenges faced with the disposal of effluent continued to significantly affect the operations during the year. However management was able to resolve the matter in the latter part of the year. The Company's share of pretax profit in 2012 was $45.6 million compared to $56.3 million recorded in 2011. The Company is positive that 2013 will be a much better year.

Awards

Our flagship Eldorado rums continue to hold their place amongst the best rums in the world. During the year 2012, the 21YO and 3YO won Gold Medal awards at the International Wines and Spirits Competition in London England.

Dividends

The Company paid an interim dividend of $0.12 per share, and the Directors recommend a final dividend of $0.40 per share making the total $0.52 for the year. In 2011, a total dividend of $ 0.48 was paid.

Taxation

The Company's tax bill amounted to $324 million when compared to $185 million in 2011. This was due mainly to a deferred tax charge of $230 million as against $65 million in 2011. The Group tax charge for 2012 was $604 million when compared to $463 million in the previous year.

Capital Expenditure and Investment

As the only producer of Demerara rum, we recognize our responsibility to maintain our unique and historic stills which are responsible for the unique taste profile of our products, while at the same time investing in modern technologies. During 2012, we continued to upgrade our Distillery Operations.

We also responded to the needs of our Customers, and opened the DSL Cash and Carry at Diamond in December of 2012, our fourth retail outlet.

For 2013, we have committed $1.4 billion toward our capital programme, which will see upgrades to our power generation facility and production equipment, our fleet, and our storage facilities. We will also be investing in the expansion of our distribution business.

New Product Development

In 2012 we responded to popular demand and re-entered the low alcoholic market with the re-introduction of Five-0, a vodka cooler we developed sometime ago, to the domestic market. Initial response has been very encouraging.

We also launched Cranberry flavoured Vodka under our Ivanoff brand and the product has been a major success.

Quality Assurance

Our commitment to continuous quality improvement has guided our strategic decisions and investments as we aim to provide only the highest quality products as demanded by our valued customers and meet the ever increasing standards in the international markets.

The ISO 9001:2008 quality system certification journey which started in 1995 has enabled us to maintain and improve our competitiveness in our business and has been the guiding force in our employees' outstanding commitment and performance. In October 2012, we completed yet another cycle of recertification under the ISO 9001:2008 Quality Management System. Our certified locations under this international certification include our Distillery, Liquor Bottling Operations, Beverage operations, TOPCO fruit juice plant, our Bulk Terminal and Quality Assurance Department.

We have continued to invest in the training of our people and updating our laboratories. It is our belief that this drive to succeed and deliver only the highest quality products and services has given us our competitive edge which is recognized internationally by our customers.

Chairman's Report - cont'd

Human Resources

The Company understands that creativity and outside-the-box thinking is required in order to attract, train and retain human resources in an increasingly competitive local labour market. In the year 2012, a number of new initiatives were taken to ensure that the company's human resources remain adequate and relevant, as the local and international environments in which we operate continue to evolve.

A major thrust that commenced during 2012, and will continue in 2013, is the re-training of Machine Operators, in all aspects of Plant Operations and Maintenance. Major emphasis was placed on identifying the 'competencies' required, and ensuring that these competencies were developed in our Operators. Renewed emphasis is also being placed on're-orienting' our employees, to our key core values of quality consciousness and customer orientation.

The Company has recognized the need to leverage information technology for increased efficiency and profitability, and has developed a plan for IT which is expected to result in significant process and human resource changes in the next few years.

One of the highlights of the year 2012 was the signing of a Long Term Collective Labour Agreement with the three Unions operating in the company. This Agreement, which will expire at the end of 2014, is significant in that the increases detailed therein take into account anticipated national inflation rates, and make provision for 'performance based increases.'

The Human Resources function has continued its comprehensive programme for training, development, and engagement of employees. In addition to the Operator re-training initiative, a wide range of training programmes was conducted at the Diamond Institute of Management and Technology (DIMATECH). In partnership with the Tourism and Hospitality Association of Guyana (THAG), a number of employees were trained as 'Tour Guides'. DIMATECH also commenced its 'Train the Trainer' for Bartender Training, which is an exciting new feature of the company's training agenda. DIMATECH sought linkages with a number of vocational training institutions in 2012, and plans are in place for closer partnerships in 2013, so that opportunities could be provided in DDL, for graduates of those vocational training institutions.

The Company's cadetship, management trainee and bursary programmes continue. Study Assistance was granted to twenty six (26) employees to pursue courses of study that would enable them to perform well in their current jobs, or make them eligible for promotion.

The Company was able to accommodate thirty five (35) students from various secondary and tertiary institutions, in its work-study programme.

Long Serving employees

At our General Meeting, we will be honoring fifty two (52) employees whose service with the Company range from 15-30 years. We take this opportunity to express our appreciation for their services and commitment to the Company and look forward to their continued contributions.

Acknowledgement

I would like to express my appreciation to the Board of Directors for their continuous commitment to the Company and direction given, through Board and Special Committee Meetings and other forms of participation.

My sincere appreciation is also extended to employees and the management team, for their commitment and loyalty which helped the Company to overcome the challenges faced during 2012.

Finally, but certainly not least, I would like to thank all our valued customers and other partners both locally and internationally for the unrelenting support throughout the year and I look forward to your continued support in 2013.

I am confident that your ongoing support, together with our aggressive marketing strategies both locally and internationally, and our plans to upgrade our installed capacity to meet future demands, leave us well poised for a successful 2013 and beyond.

Dr. Yesu Persaud
President, Chairman of the Board

Long Service Awards

NAME	DEPARTMENT	YEARS OF SERVICE
Ahmad Amzah	DSCL	30
Parbattie Bipath	Commercial	25
Jagdesh Persaud	Distillery	25
Bhoupaul Looknarain	Distillery	25
Eon Mohabir	Distillery	25
Cherry Petty	Security	25
Joel David	Distillery	20
Nandranie Lawrence	Finance	20
Latchmee Singh	Human Resources	20
George Singh	Quality Assurance	20
Nurmal Kissoonlall	Beverage Plant	20
Khelowattie Singh	Beverage Plant	20
Robert Gajidhar	Distillery	20
Mahendra Sawh	Distillery	20
Boodram Persaud	Engineering Services	20
Lance Forde	Bottling Plant	20
Terry Sukhu	Bottling Plant	20
Fizal Hussain	Berbice Branch	15
Asif Ally	Beverage Sales	15
Gopaul Singh	Beverage Dispatch	15
Suban Bacchus	Beverage Plant	15
Trevor John	Beverage Plant	15
Roy Kishun	Beverage Plant	15
Colin Harte	Beverage Plant	15
Arjune Mahadeo	DSCL	15
Chintaman Pariaug	DSCL	15
Yougnauth	DSCL	15
Premindra Gharbaran	Distillery	15
Romauld Jordan	Bulk Terminal	15
Deonarine Terebhowan	Distillery	15
Thirbani Doobay	DSL	15
Bishnu Ramnarine	DSL	15
Wayne Williams	DSL	15
Arjun Roopnarine	Essequibo Branch	15
Donny Brumell	Bottling Plant	15
Anganie Jaggernauth	Bottling Plant	15
Denis Kishun	Bottling Plant	15
Chanmattie Seemangal	Bottling Plant	15
Lalta Sookdeo	Bottling Plant	15
Parsram Mangra	Rum Delivery	15
Michael Roberts	Special Events	15
Gail Forde	Human Resources	15
Pauline Brathwaite	Marketing	15
Ashira Bacchus	Distillery	15
Khemrajie Mangal	Finance	15
Naeem Hallim	DSCL	15
Eric Alfred	DSCL	15
Harry Lookram	DSCL	15
Udjister Mahase	Beverage Plant	15
Indar Rampersaud	Essequibo Branch	15
Rudolph Vieira	DSL	15
Prakash Gopaul	MIS	15

Management Team

Sharon Sue Hang-Baksh
Quality Assurance Director

Moneeta Singh-Bird
Human Resources Director

Vasudeo Singh
Finance Controller

Allison Thorne
Company Secretary /
Legal Officer

Management Team

From left to right:
Floyd Scott Training Manager
Donald Murray Bottling Plant Manager
Natasha Ally Retail Manager - DSL
Amar Seweda Blending & Aging Manager
Asif Gafoor Beverage Plant Manager
Bryan Prittipaul Operations Manager - DSL
Shivangali James - Financial Accountant

Management Team

From left to right:
Ronald Noble Operations Manager - Topco
Tamsia Clement-Jodhan Manager - International Marketing Division
Mark Chinapen Sales & Distribution Manager
Hemwatie Narain Senior Financial Analyst
Shaun Caleb Manager - Distillery
Mahendra Ramjeawan Operations Manager - Demerara Shipping

Report of the Directors

The Board of Directors submits to you the Annual Report of the Demerara Distillers Limited & Subsidiaries together with the Audited Financial Statements for the year ended December 31, 2012

Turnover and Profitability

Group turnover increased by $1.2 billion from $14.583 billion in 2011 to $15.783 billion in 2012. Group pre-tax profits decreased by $71 million in 2012 from $2.010 billion in 2011 to $ 1.939 billion. It should be noted that "with the exclusion of the BEV transaction", the Group recorded growth of 12% compared to the previous year results as discussed more fully on page 14 of the Chairman's Report.

Dividends

A final dividend of 40 cents per share has been recommended, in addition to the 12 cents per share interim dividend already paid, bringing the total dividends for the year to 52 cents per share.

Directors

In accordance with Article 122 of the Company's Articles of Association, Directors Messrs. Egbert Carter, Rudy Collins, Harryram Parmesar and Timothy Jonas, will retire by rotation at the close of the Annual General Meeting held on the 26 day of April 2013, and being eligible, offer themselves up for re-election.

Directors' Emoluments

Mr. Egbert Carter	$1,254,000
Mr. Rudy Collins	$1,254,000
Mr. Timothy Jonas	$1,254,000
Harryram Parmesar	$1,254,000

Directors' Interest – Demerara Distillers Limited

The interests of Directors holding office at December 31, 2012 in the ordinary shares of Demerara Distillers Limited were as follows:

DIRECTOR	**ORDINARY SHARES AT NO. PAR VALUE**			
	Beneficial Interest		**Associates'Interest**	
	2012	2011	**2012**	2011
Yesu Persaud	**4,654,578**	4,677,912	**Nil**	Nil
Komal Samaroo	**908,312**	931,646	**1,137,141**	1,137,141
Chandradat Chintamani	**Nil**	Nil	**Nil**	Nil
Egbert Carter	**14,000**	14,000	**Nil**	Nil
Rudy Collins	**929**	42,000	**Nil**	Nil
Harryram Parmesar	**Nil**	Nil	**Nil**	Nil
Timothy Jonas	**50,000**	50,000	**Nil**	Nil
Sharda Veeren-Chand	**1,000,000**	1,000,000	**Nil**	Nil

Report of the Directors - cont'd

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. (an independent correspondent firm of Deloitte Touche Tohmatsu) 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 Annual General Meeting.

Corporate Governance

The Board remains committed to upholding the fundamental principles of corporate governance which ensure transparency, accountability, objectivity and integrity in the operations and affairs of the Company. In establishing the Company's strategic policies, the Board continues to be guided by the highest principles of corporate governance and employs only those policies which:

- protect and facilitate the exercise of shareholders' rights;
- ensure the equitable treatment of all shareholders;
- ensure the Board's accountability to shareholders;
- promote transparent and efficient markets;
- adhere to the rule of law;
- recognize the rights of stakeholders established by law and through mutual agreements;
- ensure that timely and accurate disclosures are made on all material matters relating to the Company; and
- ensure the strategic guidance of the Company as well as the effective monitoring of Management.

Monthly board meetings are conducted in an atmosphere of detailed critical analysis of Management's reports and proposals with the aim of the Board setting the strategic direction for the future. The wide-ranging experience and expertise among our Board Members allow for constructive debate and decision making at such board meetings.

The Company's Executive Committee and Senior Management are tasked with the day to day running of the Operations and they are supported by Middle Management.

The Board allows the Executive Committee and Senior Managers to administer the daily operations of the Company without intervention, within specified limits. These limits are in place to ensure that the guiding principles and best practices of corporate governance are adhered to.

The Company's Management structure allows for the segregation of duties and entails various levels of authority depending on the nature of the transaction. The Production and Sales Divisions are separate and distinct from the Service Divisions such as Commercial, Human Resources, Quality Assurance, Finance and Security. There is no cross responsibility between these two aspects of the Company and the reporting hierarchy is designed to ensure that the possibility of conflict of interest is minimized.

The Internal Auditor, who is responsible for carrying out independent checks to ensure compliance with and adherence to the Company's internal controls, established systems and documented procedures, reports directly to the Chairman of the Audit Committee. The Audit Committee is an active Committee of the Board which meets monthly to review and monitor the efficacy of the Company's internal control procedures, audit systems, inspection processes as well as the performance of the Internal Auditor. The Members of this Committee include two Non-Executive Directors, one of whom, Chairs the Committee.

The Board of Directors and Management of the DDL Group of Companies reaffirm their commitment to ensuring that the affairs of the Group are conducted in a manner which preserves the principles of good corporate governance.

Report of the Directors - cont'd

Substantial Shareholders

Company/Institution	2012		2011	
	# of Shares	% Shareholding	# of Shares	% Shareholding
Trust Company (Guyana) Limited	148,978,887	19.34	148,891,942	19.34
Secure International Finance Co Ltd	140,147,192	18.20	140,147,192	18.20
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, 2012.

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 (Ms.)
Company Secretary/Legal Officer
March 23, 2013

Corporate Social Responsibility

Demerara Distillers Limited remains committed to enhancing the lives of employees, consumers and citizens at large. The corporate social initiatives undertaken in 2012 fall under the following main categories: Staff Health and Wellness, Staff Volunteerism, Support for Education, Youth Development through Sports, and Culture.

1. **STAFF HEALTH AND WELLNESS**
   A number of programmes are conducted annually to ensure the health and wellness of employees. High on this wellness agenda is training of Peer Educators, who then counsel employees on illness prevention, healthy lifestyles and HIV/AIDS prevention throughout the year. In November 2012, a Voluntary Counselling and Testing for HIV/AIDS exercise was conducted for employees, in which a large number of employees participated.

2. **EMPLOYEE VOLUNTEERISM**
   Volunteerism is fast becoming a part of the DDL culture, and the company encourages employees to participate in Clubs, groups and other activities that would benefit the community, while enhancing the leadership, organizational and technical skills of the staff who volunteer. In the year 2012, the company provided the opportunity for staff to volunteer in three main ways:

   (a) **Blood donation drive**
   Through a voluntary blood donation drive organized by the company, employees donated a total of thirty (30) units of blood to the National Blood Bank in August 2012. This activity was also tied into the company's Health and Wellness Programme.

   (b) **Financial Support to the DDL Foundation**
   DDL employees provide financial support to the DDL Foundation, through donations from their salaries, or through volunteering in various fund-raising activities which sustain the activities of the Foundation.

   (c) **Mentorship programme**
   A number of employees also volunteer as Mentors, to provide guidance to the students who benefit from Foundation Scholarships. Mentors visit their mentees at least once per month, and provide assistance and advice so as to ensure that the scholars continue to excel academically and socially. Mentors have also been instrumental in organizing fun activities where the scholars enjoy recreational activities with each other and the mentors. In 2012, at least fifteen employees were actively involved as mentors to Foundation scholars.

3. **EDUCATION**
   DDL places a premium on education, and therefore makes considerable investments in the development of its employees. The company also facilitates the educational development of non-employees through the provision of various opportunities. Among the activities in support of education were:

   (a) **Bursary Awards**
   The Bursary Scheme has been in existence since 1998 and serves to reward children of employees who attain passes in the National Grade Six Assessment exams. In 2012, nineteen (19) children received new bursaries, and sixty six (66) students received continuing bursaries.

   (b) **Work Attachments**
   DDL recognizes the need to properly transition students into the world of work, and the company provides opportunities for students from various institutions to benefit from work study attachments. In 2012, a total of thirty five (35) students from learning institutions such as GTI, the Kuru Kuru Training Center and various Secondary Schools were given the opportunity to experience the world of work through the work attachment programme.

   (c) **Cadetship/Scholarship/Management Trainee Programme**
   The company continued its support of the four (4) staff members who have been granted cadetships to pursue studies in Engineering and Chemistry at the University of Guyana, under the DDL Cadetship programme. In addition, four (4) University Graduates were accepted into the company's Management Trainee Programme, which provides classroom and on-the-job training to prepare graduates for management positions within the company.

4. YOUTH DEVELOPMENT THROUGH SPORTS

It is our belief that sports play a major role in the development of disciplined, well-rounded individuals. As such, during 2012 and over the years, we have made significant contributions to a number of sporting activities and programs for cricket, football, boxing, horse racing, hockey, chess, cycling, karate, golf, table tennis, athletics and rugby.

Sponsorship of these activities was made possible under our Pepsi, Diamond Mineral Water, Ivanoff Vodka and El Dorado brands.

Under the PEPSI Brand, DDL again lent support to the Japan Karate Association/World Federation for the annual National Karate Championships. The top performing student in each category earned the right to represent Guyana in the Pan American Karate Camp and Goodwill Tournament in Panama.

Our National Football team, the Golden Jaguars, was granted the opportunity to pursue their dream of playing in the Football World Cup 2014 through Pepsi sponsorship of the FIFA World Cup Qualifier Matches.

For over 10 years, DDL in collaboration with the National Cycling Coach, Mr. Hassan Mohamad, has been hosting the Annual Diamond Mineral Water 50 Mile Cycle Road Race. Constant support of this event is given via cash and product donations. Mr. Paul DeNobrega emerged as the champion for the 2012 edition of this event.

The annual Diamond Mineral Water International Indoor Hockey Festival was held on November 29th to December 2nd, 2012. Top teams from around the world visit Guyana to take part in this tournament. Guyana's own, Everest Hikers emerged as champions in the male category, while the Canadian team took home the prize for the female category.

The Annual Rupununi Rodeo, Kennard's Memorial Horse Race meeting and the Lusignan Golf Club Tournament were all sponsored by our El Dorado brand.

For the past seven years, DDL through its Diamond Mineral Water brand has been contributing to the Annual Diamond Mineral Water 50 Miles Cycle Road Race via cash and product donations.

In 2012, DDL, under its Pepsi Brand, continued to grant much needed assistance to the Rose Hall Town Youth & Sports Club, via sponsorship of its U-16 Cricket Team, which continues to make Berbicians proud.

The company has also been supporting the Guyana Sports Development Foundation in its quest to produce well-rounded individuals by aligning sports with academics via the Scotia Bank/PEPSI School Football Academy. This programme caters for males and females, ages 10 to 15 years from schools in Georgetown, Linden and New Amsterdam. In 2012, 24 teams participated in this programme. The Lodge Secondary School team emerged as champions in the male category, while the North Georgetown Secondary School girls' team retained their crown.

5. EVENTS & CULTURE

The company continues to support a range of cultural activities at the national level, including the Annual Lake Mainstay Regatta, Phagwah Mela & Bazaar and other IAC Melas, Sonu Nigam Concert, the 33rd Annual Nrityageet Show, Indian Arrival Day activities at the Joe Vieira Park, Essequibo Gospel Lime, Annual Diwali Motorcade and the Soca Monarch Competition.

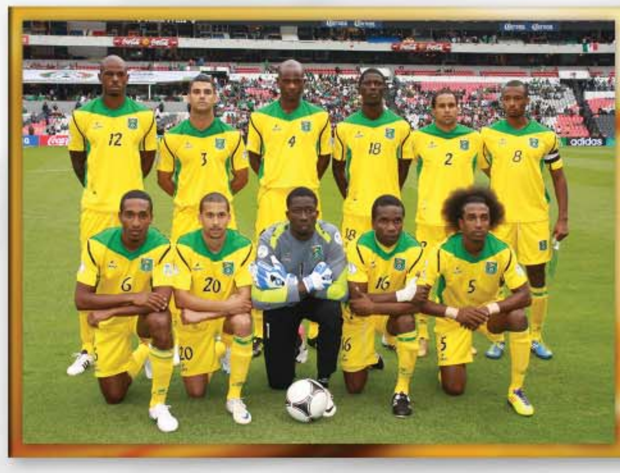
Demerara Distillers Limited

Corporate Social Responsibility - cont'd

Mr. Ewart Gibson, Senior Plant Clerk from our Beverage Operations, being monitored during the donation process

Chariman of DDL, Dr. Yesu Persaud, far left and members of the Board of Directors pose with 2012 DDL Foundation awardees

Mrs. Alexis Langhorne (Beverage Sales Manager) presents a cheque to a representative of the Japan Karate Association/World Federation.



The Golden Jaguars

Ms. Trishwantie Doodnauth (Marketing Assistant) presents the trophy to the Everest Hikers, who were the 2012 Champions in the Male Category

A Scene from the El Dorado-sponsored Annual Rupununi Rodeo

Financial Statements

Independent Auditors' Report

TO THE MEMBERS OF
DEMERARA DISTILLERS LIMITED AND SUBSIDIARIES
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

Report on the Financial Statements

We have audited the accompanying financial statements of Demerara Distillers Limited and Subsidiaries which comprise the statement of financial position as at December 31, 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 30 to 99.

Directors'/Managements' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view, in all material respects of the financial position of Demerara Distillers Limited and Subsidiaries as at December 31, 2012 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

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

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

77 Brickdam, Stabroek, Georgetown, Guyana
March 11, 2013

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2012

	NOTES	COMPANY		GROUP	
		2012 G$ 000	**2011 G$ 000**	**2012 G$ 000**	**2011 G$ 000**
Turnover		**10,610,194**	9,517,088	**15,783,081**	14,582,598
Cost of sales		**(7,597,086)**	(6,821,008)	**(10,163,616)**	(9,218,510)
Gross profit		**3,013,108**	2,696,080	**5,619,465**	5,364,088
Other income	5	**511,122**	729,699	**345,366**	589,303
Selling and distribution expenses		**(644,565)**	(535,758)	**(1,706,122)**	(1,616,211)
Administration expenses		**(950,480)**	(891,969)	**(1,711,301)**	(1,732,732)
Profit before interest and taxation		**1,929,185**	1,998,052	**2,547,408**	2,604,448
Finance cost		**(620,659)**	(618,456)	**(668,937)**	(642,957)
Share of profit of associate companies	11b(i)	-	-	**60,423**	48,661
Profit before taxation	6	**1,308,526**	1,379,596	**1,938,894**	2,010,152
Taxation	7	**(324,113)**	(185,224)	**(604,265)**	(463,342)
Profit for the year		**984,413**	1,194,372	**1,334,629**	1,546,810
Other Comprehensive Income:					
Exchange difference on consolidation		-	-	**21,419**	(43,627)
Fair value gain on investments		**58,779**	186,735	**67,480**	179,826
Adjustment on disposal of Associate Company	11(b)	-	-	-	(284,684)
Other comprehensive income for the year		**58,779**	186,735	**88,899**	(148,485)
Total comprehensive income for the year		**1,043,192**	1,381,107	**1,423,528**	1,398,325
Profit attributable to:					
Equity holders of the parent		**984,413**	1,194,372	**1,337,834**	1,550,107
Non Controlling Interest	19	-	-	**(3,205)**	(3,297)
		984,413	1,194,372	**1,334,629**	1,546,810
Total Comprehensive Income attributable to:					
Equity holders of the parent		**1,043,192**	1,381,107	**1,426,733**	1,401,622
Non Controlling Interest		-	-	**(3,205)**	(3,297)
		1,043,192	1,381,107	**1,423,528**	1,398,325
Basic earnings per share in dollars	9	**1.28**	1.55	**1.74**	2.01

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

Statement of Changes in Equity

FOR THE YEAR ENDED DECEMBER 31, 2012

		COMPANY Attributable to equity holders of the parent				
	Notes	**Share capital**	**Capital reserves**	**Other reserve**	**Retained earnings**	**Total**
		G$ 000	**G$ 000**	**G$ 000**	**G$ 000**	**G$ 000**
Balance at December 31, 2010		770,000	489,565	430,475	7,957,937	9,647,977
Profit for the year		-	-	-	1,194,372	1,194,372
Other comprehensive income for the year		-	-	186,735	-	186,735
Total comprehensive income for the year		-	-	186,735	1,194,372	1,381,107
Dividends	8	-	-	-	(346,500)	(346,500)
Balance at December 31, 2011		770,000	489,565	617,210	8,805,809	10,682,584
Profit for the year		-	-	-	984,413	984,413
Other comprehensive income for the year		-	-	58,779	-	58,779
Total comprehensive income for the year		-	-	58,779	984,413	1,043,192
Dividends	8	-	-	-	(369,600)	(369,600)
Balance at December 31, 2012		770,000	489,565	675,989	9,420,622	11,356,176

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

Statement of Changes in Equity

FOR THE YEAR ENDED DECEMBER 31, 2012

		GROUP Attributable to equity holders of the parent						Non Controlling interest	Total equity
	Notes	Share capital	Capital reserves	Other reserve	Exchange difference reserve	Retained earnings	Total		
		G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000
Balance at December 31, 2010		770,000	450,854	538,023	67,094	10,193,412	12,019,383	35,835	12,055,218
Profit for the year		-	-	-	-	1,550,107	1,550,107	(3,297)	1,546,810
Adjustment on disposal of Associate Company	11(b)	-	-	-	-	(284,684)	(284,684)	-	(284,684)
Other comprehensive income for the year		-	-	179,826	(43,627)	-	136,199	-	136,199
Total comprehensive Income for the year		-	-	179,826	(43,627)	1,265,423	1,401,622	(3,297)	1,398,325
Dividends	8	-	-	-	-	(346,500)	(346,500)	-	(346,500)
Balance at December 31, 2011		770,000	450,854	717,849	23,467	11,112,335	13,074,505	32,538	13,107,043
Profit for the year		-	-	-	-	1,337,834	1,337,834	(3,205)	1,334,629
Other comprehensive income for the year		-	-	67,480	21,419	-	88,899	-	88,899
Total comprehensive Income for the year		-	-	67,480	21,419	1,337,834	1,426,733	(3,205)	1,423,528
Dividends	8	-	-	-	-	(369,600)	(369,600)	-	(369,600)
Balance at December 31, 2012		770,000	450,854	785,329	44,886	12,080,569	14,131,638	29,333	14,160,971

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

Consolidated Statement of Financial Position

AS AT DECEMBER 31, 2012

	NOTES	COMPANY		GROUP	
		2012	2011	**2012**	2011
ASSETS		**G$ 000**	G$ 000	**G$ 000**	G$ 000
Non current assets					
Property, plant and equipment	10	**8,740,378**	8,594,329	**9,581,676**	9,474,645
Investments	11	**1,664,665**	1,557,137	**1,637,686**	1,459,925
Deferred expenditure	12	**80**	5,185	**46,438**	76,938
Retirement benefit asset	13	**386,462**	321,771	**386,462**	321,771
Total non-current assets		**10,791,585**	10,478,422	**11,652,262**	11,333,279
Current assets					
Inventories	14	**8,864,565**	8,074,730	**11,229,470**	9,913,153
Trade and other receivables	15	**999,811**	694,896	**3,197,578**	2,508,339
Prepayments		**64,655**	92,060	**201,170**	227,042
Taxes recoverable		**557,298**	410,545	**661,641**	519,609
Cash in hand and at bank		**80,470**	63,986	**186,314**	167,208
Total current assets		**10,566,799**	9,336,217	**15,476,173**	13,335,351
TOTAL ASSETS		**21,358,384**	19,814,639	**27,128,435**	24,668,630
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
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)	**675,989**	617,210	**785,329**	717,849
Exchange difference reserve	18 (c)	-	-	**44,886**	23,467
Accumulated profits		**9,420,622**	8,805,809	**12,080,569**	11,112,335
		11,356,176	10,682,584	**14,131,638**	13,074,505
Non Controlling Interest	19	-	-	**29,333**	32,538
TOTAL EQUITY		**11,356,176**	10,682,584	**14,160,971**	13,107,043

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

Consolidated Statement of Financial Position *cont'd*

AS AT DECEMBER 31, 2012

	NOTES	COMPANY		GROUP	
		2012	2011	**2012**	2011
		G$ 000	G$ 000	**G$ 000**	G$ 000
Non-current liabilities					
Loans due after one year	20	**2,127,854**	2,766,271	**2,558,377**	3,241,946
Deferred tax	7	**1,057,959**	827,035	**1,059,220**	828,292
Retirement benefit obligation	13	**65,657**	63,678	**65,657**	63,678
Total non-current liabilities		**3,251,470**	3,656,984	**3,683,254**	4,133,916
Current liabilities					
Trade and other payables	16	**4,345,410**	3,439,814	**5,749,188**	4,348,473
Taxes payable		**146,120**	-	**131,204**	33,570
Current portion of Interest bearing borrowings	20	**652,204**	834,609	**700,326**	882,548
Bank overdraft (secured)	20	**1,607,004**	1,200,648	**2,703,492**	2,163,080
Total current liabilities		**6,750,738**	5,475,071	**9,284,210**	7,427,671
TOTAL LIABILITIES		**10,002,208**	9,132,055	**12,967,464**	11,561,587
TOTAL EQUITY AND LIABILITIES		**21,358,384**	19,814,639	**27,128,435**	24,668,630

The Board of Directors approved these financial statements for issue on March 11, 2013.

.... Chairman .... Director

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

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2012

	COMPANY		GROUP	
	2012	2011	**2012**	2011
	G$ 000	G$ 000	**G$ 000**	G$ 000
Operating activities				
Profit before taxation	**1,308,526**	1,379,596	**1,938,894**	2,010,152
Adjustments for:				
Depreciation	**543,674**	406,557	**656,633**	512,628
Decrease in deferred expenditure	**5,105**	6,369	**30,500**	36,628
Increase in defined benefit asset	**(64,691)**	(50,457)	**(64,691)**	(50,457)
Increase in defined benefit liability	**1,979**	1,993	**1,979**	1,993
Increase in investment in associate companies	-	-	**(61,531)**	(35,959)
Fair value adjustment on investment	-	-	-	(4,483)
Exchange difference on consolidation	-	-	**21,419**	(43,627)
Interest received	**(9)**	(66)	**(60,200)**	(59,294)
Interest paid	**620,668**	618,522	**729,137**	702,251
Gain on disposal of investment	-	(3,692)	-	(3,692)
Operating profit before working capital changes	**2,415,252**	2,358,822	**3,192,140**	3,066,140
Increase in inventories	**(789,835)**	(559,462)	**(1,316,317)**	(536,704)
(Increase) / decrease in receivables and prepayments	**(277,510)**	100,127	**(663,367)**	347,425
Increase / (decrease) in payables and accruals	**871,114**	(362,496)	**1,400,715**	(415,127)
Decrease in due from subsidiaries	**34,482**	694,650	-	-
Cash generated from operations	**2,253,503**	2,231,641	**2,613,171**	2,461,734
Taxes paid	**(93,823)**	(433,866)	**(417,736)**	(701,852)
Net cash provided by operating activities	**2,159,680**	1,797,775	**2,195,435**	1,759,882
Investing activities				
Interest received	**9**	66	**60,200**	59,294
Purchase/transfer of property, plant and equipment	**(691,063)**	(1,321,855)	**(781,073)**	(1,380,614)
Disposal of investment	-	17,856	-	17,856
Purchase of investment	**(48,750)**	-	**(48,750)**	-
Sale of property, plant and equipment	**1,342**	312,122	**17,410**	19,444
Net cash used in investing activities	**(738,462)**	(991,811)	**(752,213)**	(1,284,020)

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

Consolidated Statement of Cash Flows *cont'd*

FOR THE YEAR ENDED DECEMBER 31, 2012

	COMPANY		GROUP	
	2012 G$ 000	2011 G$ 000	**2012 G$ 000**	2011 G$ 000
Financing activities				
Loans drawn down	**-**	800,000	**-**	1,200,000
Loan repayments and transfers	**(820,822)**	(816,882)	**(865,791)**	(842,913)
Interest paid	**(620,668)**	(618,522)	**(729,137)**	(702,251)
Dividends paid	**(369,600)**	(346,500)	**(369,600)**	(346,500)
Net cash used in financing activities	**(1,811,090)**	(981,904)	**(1,964,528)**	(691,664)
Net decrease in cash and cash equivalents	**(389,872)**	(175,940)	**(521,306)**	(215,802)
Cash and cash equivalents at beginning of period	**(1,136,662)**	(960,722)	**(1,995,872)**	(1,780,070)
Cash and cash equivalents at end of period	**(1,526,534)**	(1,136,662)	**(2,517,178)**	(1,995,872)
Comprising:				
Cash and bank	**80,470**	63,986	**186,314**	167,208
Bank overdraft (secured)	**(1,607,004)**	(1,200,648)	**(2,703,492)**	(2,163,080)
Cash and cash equivalents at end of period	**(1,526,534)**	(1,136,662)	**(2,517,178)**	(1,995,872)

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, logistics and debt collection.

2 New and revised standards and interpretations

Effective for the current year end

New and Amended Standards	Effective for annual periods beginning on or after
IFRS 1 Removal of Fixed Dates for First-time Adopters	1 July 2011
IFRS 1 Severe Hyperinflation	1 July 2011
IFRS 7 Enhanced Derecognition Disclosure Requirements	1 July 2011
IAS 12 Amendments to IAS 12 – Income Taxes	1 January 2012

Available for early adoption for the current year end

New and Amended Standards	
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2015
IFRS 9 Additions for Financial Liability Accounting	1 January 2015

2 New and revised standards and interpretations – cont'd

Available for early adoption for the current year end – cont'd

New and Amended Standards – cont'd	Effective for annual periods beginning on or after
IFRS 10 Consolidated Financial Statements	1 January 2013
IFRS 11 Joint Arrangements	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities	1 January 2013
IAS 27(2011) Separate Financial Statements	1 January 2013
IAS 28(2011) Investments in Associates and Joint Ventures	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013
IAS 1(2011) Amendments to IAS 1 – Presentation of Other Comprehensive Income	1 July 2012
IAS 19 Amendments to IAS 19 – Employee Benefits	1 January 2013
IFRS 7 Financial Instruments - Offsetting Financial Assets and Financial Liabilities	1 January 2013
IAS 32 Financial Instruments - Offsetting Financial Assets and Financial Liabilities	1 January 2014
IFRS 1 First-time Adoption of International Financial Reporting Standards (Government loans)	1 January 2013
IFRS 1 Amendments as part of improvements to IFRSs 2011	1 January 2013
IAS 1 Amendments as part of improvements to IFRSs 2011	1 January 2013
IAS 16 Amendments as part of improvements to IFRSs 2011	1 January 2013
IAS 32 Amendments as part of improvements to IFRSs 2011	1 January 2013
IAS 34 Amendments as part of improvements to IFRSs 2011	1 January 2013
IFRS 10 Consolidated Financial Statements (Transitional arrangements)	1 January 2013
IFRS 11 Joint Arrangements (Transitional arrangements)	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities (Transitional arrangements)	1 January 2013
IFRS 10 Consolidated Financial Statements (Exemptions)	1 January 2014
IFRS 12 Disclosure of Interests in Other Entities (Exemptions)	1 January 2014
IAS 27 Separate Financial Statements (Exemptions)	1 January 2014
New interpretation	
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

The Group has not opted for early adoption.

The standards and amendments that are expected to have a material impact on the Group's accounting policies when adopted are explained below.

2 New and revised standards and interpretations – cont'd

IFRS 9

IFRS 9 was issued in November 2009 and was initially required to be applied from January 01, 2013. However, new requirements were added in November 2010 and the revised date for adoption is now January 01, 2015. This standard specifies how an entity should classify and measure its financial assets.

The application of IFRS 9 may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

When adopted, the standard will be applied retrospectively in accordance with IAS 8.

IFRS 10,11,12, IAS 27(2011), IAS 28(2011)

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued. Key requirements of these Standards are described below.

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. Under IFRS 10, there is only one basis for consolidation, and that is control. In addition, IFRS 10 includes a new definition of control.

IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. The standard sets out three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

The application of these standards together with the amendments, may have significant impact on amounts reported in the consolidated financial statements. However, the directors have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

IFRS 13

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements.

When adopted, the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

2 New and revised standards and interpretations – cont'd

IAS 1

The amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories.
The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

IAS 19

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach'. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.
The application of the amendments to IAS 19 may have impact on amounts reported in respect of the Group's defined benefit plans. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

IAS 32

Amends the disclosure requirements in IFRS 7 Financial Instruments, to require information about all recognised financial instruments that are set off.
The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements.
The directors anticipate that the application of these amendments to IAS 32 and IFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

Amendments as part of Annual improvements to IFRSs

IFRS 1 — Permit the repeated application of IFRS 1, borrowing costs on certain qualifying assets
IAS 1 — Clarification of the requirements for comparative information
IAS 16 — Classification of servicing equipment
IAS 32 — Clarify that tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12 Income Taxes
IAS 34 — Clarify interim reporting of segment information for total assets in order to enhance consistency with the requirements in IFRS 8 Operating Segments.
The directors do not anticipate that the amendments will have a significant effect on the Group's consolidated financial statements.

IFRIC 20

The directors anticipate that IFRIC 20 will have no effect on the Group's financial statements as the Group does not engage in such activities.

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, property and equipment and conform with International Financial Reporting Standards.

(b) Fixed Assets 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 or revalued amounts. Revalued amounts are taken as the fair value at the date of revaluation determined from market-based evidence by appraisal undertaken by professional valuers.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the revaluation reserve. Depreciation on revalued assets is charged to the statement of comprehensive income.

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 or valuation of assets, other than land and construction work in progress, over their estimated useful lives using the straight line method as follows:

		2012/2011
Buildings	-	2.00%
Plant and Machinery-Distillery	-	6.25%
Plant and Machinery-Others	-	7.25%
Office Equipment	-	12.50%
Furniture, Fixtures & Fittings	-	10.00%
Sundry equipment	-	20.00%
Computer equipment	-	10.00%
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.

3 Summary of significant accounting policies – cont'd

(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 statement of 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.

(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.

Actuarial gains and losses that exceed 10 per cent of the greater of the present value of the group's defined benefit obligation and the fair value of the plan assets are amortised over the expected remaining working lives of the participating employees. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight line basis over the average period until the benefits become vested.

(f) Consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of 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 polices 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.

3 Summary of significant accounting policies – cont'd

(f) Consolidation – cont'd

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, 2012 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	Distribution
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	Logistics & Debt Collection Agency
Demerara Distillers Limited-Hyderabad (ii)	India	50.00	Manufacturing & Distribution

(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
Mc Murdo Distillers Ltd.	United Kingdom	100	Distribution
Demerara Distillers (UK) Ltd	United Kingdom	100	Distribution
Caribbean Distillers Ltd	United Kingdom	100	Distribution
Mc Cloud Distillers Ltd	United Kingdom	100	Distribution

3 Summary of significant accounting policies – cont'd

(f) Consolidation – cont'd

(ii) Demerara Distillers Limited – Hyderabad

In the financial statements, the Demerara Distillers Limited - Hyderabad business combination has been accounted for using the proportionate consolidation in accordance with IAS 31 - Interest in Joint Ventures.

Where a group entity undertakes its activities under joint venture arrangements directly, the group's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognized in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognized when it is possible that the economic benefits associated with the transactions will flow to/from the group and their amounts can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non Current Assets held for sale and Discontinued Operations. The group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

(iii) 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.

Interest in BEV Processors Inc. was disposed of in March 2011.

(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 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 deductable.

3 Summary of significant accounting policies – cont'd

(g) Taxation – cont'd

Current tax – cont'd

The group's liability for current tax is calculated using tax rates that have been enacted in Guyana or substantially 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 recognized 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 substantially enacted by the end of the reporting period. Deferred tax is charged or credited to the statement of 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.

(h) Revenue and expense recognition

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. Sales of goods are recognised when goods are delivered and title has passed. 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) Deferred expenditure

Deferred expenditure is measured at amortised cost and tested annually for impairment.

3 Summary of significant accounting policies – cont'd

(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.

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

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

Investments

The group's investments have been classified as follows:

"Available for sale" investments are initially recognized at cost and adjusted to fair value at subsequent periods.

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

"Investments held to maturity" are carried at amortised cost. Any gain or loss on these investments is recognized in the statement of comprehensive income when the asset is de-recognized or impaired.

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.

(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 available-for-sale investments are credited to this account. This reserve is not distributable.

3 Summary of significant accounting policies – cont'd

(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.

(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) Borrowing Costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds – IAS 23 – Borrowing Costs. Borrowing costs that are directly attributable to the acquisition and construction of qualifying assets are capitalized during the period. The amounts capitalized during the year were $ 6,253,802 (2011: $55,498,087) for interest charges. Borrowing costs were computed using the effective interest method in accordance with IAS 39 – Financial Instruments: Recognition and measurement.

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) Trade and other receivables

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

(ii) Other financial assets

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

(iii) Useful lives of property, plant and equipment

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

(iv) Impairment of financial assets

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

(v) Retirement benefit asset/obligation

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

(vi) Deferred expenditure

At the end of each year management reviews the performance of its products in the relevant territories to determine whether the deferred expenditure is impaired.

5 Other income

	COMPANY		GROUP	
	2012	2011	**2012**	2011
	G$ 000	G$ 000	**G$ 000**	G$ 000
Investment income (a)	**279,041**	511,595	**279,041**	311,595
Rent and Miscellaneous income	**232,081**	218,104	**66,325**	277,708
	511,122	729,699	**345,366**	589,303

(a) This represents dividends received from available for sale investments of G$1.750M (2011 - G$23.595M) and G$277.291M (2011 - G$ 488M) from subsidiaries and associate company.

Investment income consists of G$1.75M (2011 - G$21.645M) from quoted investments and G$ 277.291M (2011 - G$489.95M) from unquoted investments.

6 Profit before taxation

	COMPANY		GROUP	
	2012	2011	**2012**	2011
	G$ 000	G$ 000	**G$ 000**	G$ 000
Profit before taxation	**1,308,526**	1,379,596	**1,938,894**	2,010,152
After charging:				
Interest and other finance charges	**620,668**	618,522	**729,137**	702,251
Depreciation	**543,674**	406,557	**656,633**	512,628
Exchange loss	**439,386**	379,253	**439,386**	379,253
Directors' emoluments	**5,016**	4,499	**5,016**	4,499
Staff costs:				
Salaries and wages	**1,118,225**	1,065,068	**1,636,558**	1,702,964
Other staff costs	**252,174**	255,833	**518,684**	459,574
Pension	**91,251**	76,950	**145,823**	132,061
Auditors' remuneration	**6,655**	6,050	**25,009**	29,856
Increase / (decrease) in provision for Impairment:				
Inventory	**94,950**	(188,699)	**94,950**	(188,699)
Receivables (15b)	**(413,284)**	(110,848)	**(448,155)**	(44,656)
Impaired Investment written off	-	124,221	-	-
And after crediting				
Gain on disposal of associate company	-	3,692	-	3,692
Exchange gain	**208,172**	244,388	**212,671**	247,470
Interest	**9**	66	**60,200**	59,294

(a) At the end of the period there were four (2011 - four) non-executive Directors who received equal emoluments.

Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2012

7 Taxation

Reconciliation of tax expense and accounting profit	COMPANY		GROUP	
	2012	2011	**2012**	2011
	G$ 000	G$ 000	**G$ 000**	G$ 000
Accounting profit	**1,308,526**	1,379,596	**1,938,894**	2,010,152
Corporation tax at 30% / 40%	**392,558**	413,879	**678,613**	703,553
Add:				
Tax effect of expenses not deductible in determining taxable profits:				
Depreciation for accounting purposes	**218,558**	121,967	**240,128**	137,573
Property tax	**28,171**	25,039	**38,232**	32,337
	639,287	560,885	**956,973**	873,463
Deduct:				
Tax effect of depreciation and other allowances for tax purposes	**495,854**	408,251	**533,392**	442,478
Export allowance	**50,244**	33,072	**50,244**	33,072
Corporation tax charge	**93,189**	119,562	**373,337**	397,913
Deferred tax	**230,924**	65,662	**230,928**	65,429
	324,113	185,224	**604,265**	463,342

	COMPANY		GROUP	
	2012	2011	**2012**	2011
	G$ 000	G$ 000	**G$ 000**	G$ 000
Taxation - current	**93,189**	119,562	**374,445**	385,211
associate companies	-	-	**(1,108)**	12,702
	93,189	119,562	**373,337**	397,913
deferred	**230,924**	65,662	**230,928**	65,429
	324,113	185,224	**604,265**	463,342

7 **Taxation - cont'd**

Components of deferred tax

	COMPANY		GROUP	
	2012 G$ 000	2011 G$ 000	**2012 G$ 000**	2011 G$ 000
Deferred tax liability	**1,057,959**	827,035	**1,059,220**	828,292
Fixed Assets	**963,350**	751,239	**964,611**	752,496
Defined benefit asset	**100,681**	81,274	**100,681**	81,274
Defined benefit liability	**(6,072)**	(5,478)	**(6,072)**	(5,478)
	1,057,959	827,035	**1,059,220**	828,292

Movement in temporary differences

COMPANY	Fixed Assets	Defined Benefit Asset	Defined Benefit Liability	Total
	G$ 000	**G$ 000**	**G$ 000**	**G$ 000**
At December 31, 2010	700,116	66,137	(4,880)	761,373
Movement during the year	51,123	15,137	(598)	65,662
At December 31, 2011	751,239	81,274	(5,478)	827,035
Movement during the year	212,111	19,407	(594)	230,924
At December 31, 2012	963,350	100,681	(6,072)	1,057,959

GROUP	Fixed Assets	Defined Benefit Asset	Defined Benefit Liability	Total
	G$ 000	**G$ 000**	**G$ 000**	**G$ 000**
At December 31, 2010	701,606	66,137	(4,880)	762,863
Movement during the year	50,890	15,137	(598)	65,429
At December 31, 2011	752,496	81,274	(5,478)	828,292
Movement during the year	212,115	19,407	(594)	230,928
At December 31, 2012	964,611	100,681	(6,072)	1,059,220

8 Dividends

	COMPANY AND GROUP	
	2012 G$ 000	2011 G$ 000
Amount recognised as distributions to equity holders in the period:		
Interim dividend for the year ended December 31, 2012 of 12 cents (12 cents 2011)	**92,400**	92,400
Final dividend for the year ended December 31, 2011 of 36 cents (33 cents 2010)	**277,200**	254,100
	369,600	346,500

The Directors recommended a final dividend of $0.40 per share (2011 - $0.36).

9 Basic earnings per share

	COMPANY		GROUP	
	2012 G$ 000	2011 G$ 000	**2012 G$ 000**	2011 G$ 000
Calculated as follows:-				
Profit attributable to equity holders of the parent	**984,413**	1,194,372	**1,337,834**	1,550,107
Ordinary shares issued and fully paid	**770,000,000**	770,000,000	**770,000,000**	770,000,000
Basic earnings per share in dollars	**1.28**	1.55	**1.74**	2.01

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, 2012	4,084,464	8,581,897	426,179	13,092,540
Additions	36,726	93,952	560,385	691,063
Disposals	(1,100)	(4,474)	-	(5,574)
Transfers	176,151	-	(176,151)	-
At December 31, 2012	4,296,241	8,671,375	810,413	13,778,029
Comprising:				
Valuation	6,662	68	-	6,730
Cost	4,289,579	8,671,307	810,413	13,771,299
	4,296,241	8,671,375	810,413	13,778,029
Accumulated depreciation				
At January 01, 2012	627,052	3,871,159	-	4,498,211
Charge for the year	71,000	472,674	-	543,674
Written back on disposals	(102)	(4,132)	-	(4,234)
At December 31, 2012	697,950	4,339,701	-	5,037,651
Net book values:				
At December 31, 2012	3,598,291	4,331,674	810,413	8,740,378
At December 31, 2011	3,457,412	4,710,738	426,179	8,594,329

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, 2012	4,838,844	9,494,088	426,179	14,759,111
Additions	47,825	172,863	560,385	781,073
Disposals	(1,100)	(56,568)	-	(57,668)
Transfers	176,151	-	(176,151)	-
At December 31, 2012	5,061,720	9,610,383	810,413	15,482,516
Comprising:				
Valuation	6,662	68	-	6,730
Cost	5,055,058	9,610,315	810,413	15,475,786
	5,061,720	9,610,383	810,413	15,482,516
Accumulated depreciation				
At January 01, 2012	886,033	4,398,433	-	5,284,466
Charge for the year	77,353	579,280	-	656,633
Written back on disposals	(102)	(40,157)	-	(40,259)
At December 31, 2012	963,284	4,937,556	-	5,900,840
Net book values:				
At December 31, 2012	4,098,436	4,672,827	810,413	9,581,676
At December 31, 2011	3,952,811	5,095,655	426,179	9,474,645

Certain freehold land and buildings were revalued on December 09, 1974 while some others were revalued at December 31, 1977 based on professional advice. The surplus arising from the revaluations was credited to capital reserves.

Because of the number of years since the revaluation was done and the small revaluation surplus, the net book value of the land and buildings if no revaluation was done, approximated to the values stated in the Financial Statements.

Some of these assets are held as securities for loans drawndown and overdraft. Refer to note 20.

11 Investments

	COMPANY		GROUP	
	Fair Value		Fair Value	
	2012 G$ 000	2011 G$ 000	**2012 G$ 000**	2011 G$ 000
Held to Maturity	-	-	**39,725**	39,725
Available for Sale	**756,189**	697,411	**797,447**	729,967
	756,189	697,411	**837,172**	769,692
Others:				
Subsidiary companies (a)	**181,453**	181,453	-	-
Joint venture	**267,824**	267,824	-	-
Associate companies (b)	**459,199**	410,449	**800,514**	690,233
	908,476	859,726	**800,514**	690,233
	1,664,665	1,557,137	**1,637,686**	1,459,925

	COMPANY		GROUP	
Others	**2012**	2011	**2012**	2011
(a) Subsidiary companies at cost	**G$ 000**	G$ 000	**G$ 000**	G$ 000
At January 01 and December 31	**181,453**	181,453	-	-

	COMPANY		GROUP	
	2012	2011	**2012**	2011
(b) Joint venture	**G$ 000**	G$ 000	**G$ 000**	G$ 000
At January 01 and December 31	**267,824**	267,824	-	-

11 Investments - cont'd

	COMPANY		GROUP	
(b) Associate companies	**2012**	2011	**2012**	2011
	G$ 000	G$ 000	**G$ 000**	G$ 000
At January 01	**410,449**	424,613	**410,449**	424,613
Increase in investment	**48,750**	-	**48,750**	-
Disposal of interest (ii)	-	(14,164)	-	(14,164)
	459,199	410,449	**459,199**	410,449
Share of reserves of associate companies (i)	-	-	**341,315**	279,784
At December 31	**459,199**	410,449	**800,514**	690,233

	GROUP	
(i) Share of reserves of associate companies	**2012**	2011
	G$ 000	G$ 000
At January 01	**279,784**	528,509
Group's share of associate companies profits*	**60,423**	48,661
Group's share of associate companies taxes**	**1,108**	(12,702)
Reversal of Associate company reserve - BEV	-	(284,684)
At December 31	**341,315**	279,784

2011
* BEV represents G$23.44M (loss)
** BEV represents G$1.04M (taxes)

11 Investments - cont'd

The financial statements of BEV Processors Inc. and National Rums of Jamaica Limited in summary form at February 28 and September 30 (the financial reporting date) respectively are presented below:

	Discontinued Operation BEV Processors Inc		**National Rums of Jamaica Ltd.**	
Income statement	**2012 G$ 000**	Oct 2010 to Feb 2011 G$ 000	**2012 G$ 000**	2011 G$ 000
Income	-	1,051,262	**6,270,723**	5,993,643
Profit after taxation	-	(81,587)	**159,870**	163,180
Balance sheet				
Total assets	-	1,520,930	**4,208,367**	4,433,880
Shareholders funds	-	945,686	**1,777,308**	1,729,807
Long term liabilities	-	298,088	**968,451**	1,137,094
Current liabilities	-	277,156	**1,462,609**	1,566,979
Total equity and liabilities	-	1,520,930	**4,208,368**	4,433,880

The financial statement of Diamond Fire and General Insurance Inc. in summary form at December 31 (the financial reporting date) is presented below:

	Diamond Fire & General Insurance Inc.	
Income statement	**2012 G$ 000**	2011 G$ 000
Income	**234,998**	161,101
Profit after taxation	**75,958**	78,956
Balance sheet		
Total assets	**950,476**	527,376
Shareholders funds	**838,063**	474,244
Current liabilities	**112,413**	53,132
Total equity and liabilities	**950,476**	527,376

11 Investments - cont'd

(b) Associate companies - cont'd

(ii) Disposal of Associate Company

Interest in BEV Processors Inc. was disposed of in March 2011.
Disposal proceeds amounted to G$17.8M which resulted in a gain of G$3.6M

Prior to the sale of this interest, a dividend of G$288M was received from BEV Processors Inc.

12 Deferred expenditure

	COMPANY		GROUP	
	2012 G$ 000	2011 G$ 000	**2012 G$ 000**	2011 G$ 000
El Dorado trademark				
At January 01	**5,185**	11,554	**76,938**	113,566
Adjustment for impairment	**(5,105)**	(6,369)	**(30,500)**	(36,628)
At December 31	**80**	5,185	**46,438**	76,938

The balance represents expenses incurred in acquiring the El Dorado Trade Mark in the United States of America and Europe.

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 were carried out as at December 31, 2008 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, 2012 using the Projected Unit Credit Method.

	Pension Plan 1		Pension Plan 2	
	2012 G$ 000	2011 G$ 000	**2012 G$ 000**	2011 G$ 000
Amounts recognised in the statement of financial position				
Present value of obligations	**1,899,092**	1,761,427	**445,333**	439,244
Fair value of plan assets	**(3,058,110)**	(2,269,044)	**(374,204)**	(352,592)
	(1,159,018)	(507,617)	**71,129**	86,652
Unrecognised gain/(loss)	**772,556**	185,846	**(25,849)**	(44,592)
Net defined benefit (asset)/liability	**(386,462)**	(321,771)	**45,280**	42,060
Reconciliation of amounts recognised In the balance sheet				
Opening defined benefit (asset)/liability	**(321,771)**	(271,314)	**42,060**	38,779
Net pension cost	**58,117**	61,889	**6,233**	6,478
Contributions paid	**(122,808)**	(112,346)	**(3,013)**	(3,197)
Closing defined benefit (asset)/liability	**(386,462)**	(321,771)	**45,280**	42,060

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

	Pension Plan 1		Pension Plan 2	
	2012 G$ 000	2011 G$ 000	**2012 G$ 000**	2011 G$ 000
Amounts recognised in the statement of comprehensive income				
Current service cost	**110,928**	106,787	**5,395**	5,832
Interest on defined benefit obligation	**86,928**	77,281	**21,404**	21,036
Expected return on plan assets	**(139,739)**	(122,179)	**(20,611)**	(20,409)
Amortised net loss/(gain)	-	-	**45**	19
Net pension cost included in administrative expenses	**58,117**	61,889	**6,233**	6,478
Actual return on plan assets				
Expected return on plan assets	**139,739**	122,179	**20,611**	20,409
Actuarial gain / (loss) on plan assets	**527,682**	56,373	**19,434**	6,795
Actual return on plan assets	**667,421**	178,552	**40,045**	27,204
Unfunded ex-gratia arrangement				
Defined benefit obligation	**16,137**	17,589		
Unrecognised gain	**4,240**	4,029		
	20,377	21,618		
Reconciliation of opening and closing statement of financial position				
Opening defined benefit liability	**21,618**			
Plus net pension cost	**681**			
Less: company contributions paid	**(1,922)**			
Closing defined benefit liability	**20,377**			
Interest on defined benefit obligation	**681**			

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

	Pension Plan 1				
	2012	2011	2010	2009	2008
	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000
Experience history					
Defined benefit obligation	**1,899,092**	1,761,427	1,568,763	1,411,695	1,226,301
Fair value of plan assets	**(3,058,110)**	(2,269,044)	(1,983,705)	(1,766,000)	(1,603,654)
Surplus	**(1,159,018)**	(507,617)	(414,942)	(354,305)	(377,353)
Experience adjustment on plan liabilities	**(59,028)**	14,155	9,308	44,063	59,674
Experience adjustment on plan assets	**527,682**	56,373	26,022	(21,959)	(118,122)

	Pension Plan 2				
	2012	2011	2010	2009	2008
	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000
Experience history					
Defined benefit obligation	**445,333**	439,244	437,290	507,561	461,029
Fair value of plan assets	**(374,204)**	(352,592)	(354,503)	(399,834)	(395,142)
Deficit	**71,129**	86,652	82,787	107,727	65,887
Experience adjustment on plan liabilities	**736**	7,398	(57,701)	29,143	15,073
Experience adjustment on plan assets	**19,434**	6,795	(28,243)	(10,062)	(6,301)

	Unfunded Ex Gratia		
	2012	2011	2010
	G$ 000	G$ 000	G$ 000
Experience History			
Defined benefit obligation	**16,137**	17,589	19,779
Fair value of plan assets	-	-	-
Deficit	**16,137**	17,589	19,779
Experience adjustment on plan liabilities	**(362)**	(979)	(451)
Experience adjustment on plan assets	-	-	-

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

	Pension Plan 1		Pension Plan 2		Unfunded Ex Gratia	
	2012 G$000	2011 G$000	**2012 G$000**	2011 G$000	**2012 G$000**	2011 G$000
Expected company contributions in 2012	**128,509**	119,427	**3,158**	3,216	**2,034**	2,161
Summary of main assumptions	**%**	%	**%**	%	**%**	%
Discount rate	**5.0**	5.0	**5.0**	5.0	**5.0**	5.0
Salary increases	**5.0**	5.0	**5.0**	5.0	-	-
Pension increases	**2.0**	2.0	**2.0**	2.0	**2.0**	2.0
Expected return on assets	-	6.0	-	6.0	-	-
Asset Allocation						
Equity securities	**50.6**	48.9	**29.0**	22.0		
Debt securities	**35.6**	34.0	**20.9**	23.1		
Property	-	-	**6.1**	6.8		
Other	**13.8**	17.1	**44.0**	48.1		
	100.0	100.0	**100.0**	100.0		

The schemes held approximately 2.6% - Pension Plan 1 (2011: 3%) and 1% - Pension Plan 2 (2011: 1%) of their assets in the equities of the company.

	2012 G$ 000	2011 G$ 000
Retirement benefit obligations		
Pension plan 2	**45,280**	42,060
Unfunded exgratia	**20,377**	21,618
	65,657	63,678
Retirement benefit asset		
Pension plan 1	**386,462**	321,771

14 Inventories

	COMPANY		GROUP	
	2012	2011	**2012**	2011
	G$ 000	G$ 000	**G$ 000**	G$ 000
Finished stocks (a)	**5,720,709**	5,316,583	**6,953,352**	6,775,708
Work-in-progress	**5,385**	-	**5,385**	-
Raw materials	**2,338,708**	1,942,776	**2,527,034**	2,142,926
Spares, containers, goods-in-transit and miscellaneous stocks	**1,244,713**	1,165,371	**2,188,649**	1,344,519
Provision for stock impairment (b)	**(444,950)**	(350,000)	**(444,950)**	(350,000)
	8,864,565	8,074,730	**11,229,470**	9,913,153
Cost of inventory recognised as expense during the period	**5,244,458**	5,928,549	**8,304,524**	8,424,530
Inventories expected to be recovered after more than twelve months	**4,896,351**	3,170,914	**4,978,908**	3,247,015
Raw material damaged written off	**24,603**	26,402	**29,644**	26,402

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

(b) Provision for impairment

	COMPANY		GROUP	
	2012	2011	**2012**	2011
	G$ 000	G$ 000	**G$ 000**	G$ 000
Balance as at January 01	**(350,000)**	(538,699)	**(350,000)**	(538,699)
(Increase) / decrease during the year	**(94,950)**	188,699	**(94,950)**	188,699
Balance as at December 31	**(444,950)**	(350,000)	**(444,950)**	(350,000)

Provisions were individually assessed.

Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2012

15 (a) Trade and other receivables

	COMPANY		GROUP	
	2012	2011	**2012**	2011
	G$ 000	G$ 000	**G$ 000**	G$ 000
Trade receivables	**599,205**	806,113	**1,999,725**	2,259,456
Provision for impairment (b)	**(21,875)**	(435,159)	**(116,313)**	(564,468)
	577,330	370,954	**1,883,412**	1,694,988
Other receivables	**422,481**	323,942	**1,314,166**	813,351
	999,811	694,896	**3,197,578**	2,508,339

15 (b) Provision for impairment

	COMPANY		GROUP	
Balance as at January 01	**435,159**	546,007	**564,468**	609,124
Decrease during the year	**(413,284)**	(110,848)	**(448,155)**	(44,656)
Balance as at December 31	**21,875**	435,159	**116,313**	564,468
Individually assessed	**21,875**	420,052	**116,313**	549,361
Collectively assessed	-	15,107	-	15,107
Total	**21,875**	435,159	**116,313**	564,468

(i)

	COMPANY			
	Individually assessed		Collectively assessed	
	2012	2011	**2012**	2011
	G$ 000	G$ 000	**G$ 000**	G$ 000
Balance as at January 01	**420,052**	502,385	**15,107**	43,622
Increase /(decrease) during the year	**(398,177)**	(82,333)	**(15,107)**	(28,515)
Balance as at December 31	**21,875**	420,052	-	15,107

Decrease in current year provision was as a result of the provisions being utilised to write off irrecoverable and doubtful debts.

16 Trade and other payables

	COMPANY		GROUP	
	2012	2011	**2012**	2011
	G$ 000	G$ 000	**G$ 000**	G$ 000
Trade payables	**1,278,319**	885,254	**2,411,603**	1,897,671
Accruals	**625,112**	162,573	**1,220,168**	403,626
Other payables (i)	**1,990,511**	1,975,001	**2,117,417**	2,047,176
Due from subsidiary companies	**451,468**	416,986	-	-
	4,345,410	3,439,814	**5,749,188**	4,348,473

(i) Other payables
Included in other payables are advances totalling G$1,751M (2011: G$1,745M)
Interest charged on these advances varies from 8% to 12% (2011: 8% to 12%). The advances are secured. See note 20. No advances were in default at the end of the reporting period 2012 or 2011.

17 Share capital

	COMPANY AND GROUP	
	2012	2011
Authorised		
No. 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**	770,000
770,000,000 ordinary shares		

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

18 (a) Capital reserves

	COMPANY		GROUP	
	2012	2011	**2012**	2011
	G$ 000	G$ 000	**G$ 000**	G$ 000
Share premium account	**488,863**	488,863	**450,152**	450,152
Revaluation surplus	**702**	702	**702**	702
	489,565	489,565	**450,854**	450,854

This reserve is not distributable.

18 (b) Other reserves

	COMPANY		GROUP	
	2012 G$ 000	2011 G$ 000	**2012 G$ 000**	2011 G$ 000
Balance as at January 01	**617,210**	430,475	**717,849**	538,023
Fair value adjustment on available for sale investments	**58,779**	186,735	**67,480**	179,826
Balance as at December 31	**675,989**	617,210	**785,329**	717,849

This represents the 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	
	2012 G$ 000	2011 G$ 000
At January 01	**23,467**	67,094
For the year	**21,419**	(43,627)
At December 31	**44,886**	23,467

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

19 Non controlling interest

	GROUP	
	2012 G$ 000	2011 G$ 000
At January 01	**32,538**	35,835
For the year	**(3,205)**	(3,297)
At December 31	**29,333**	32,538

This represents non controlling interest in the joint venture with Demerara Distillers Limited-Hyderabad.

20 Loans and bank overdraft

	COMPANY		GROUP	
	2012 G$ 000	2011 G$ 000	**2012 G$ 000**	2011 G$ 000
Bank overdraft (secured)	**1,607,004**	1,200,648	**2,703,492**	2,163,080
Loans	**2,780,058**	3,600,880	**3,258,703**	4,124,494
	4,387,062	4,801,528	**5,962,195**	6,287,574

Overdrafts are repayable on demand and attract interest rates between 4.81% and 11.5% (2011: 4.81% and 11.5%)

20	Loans and bank overdraft - cont'd	COMPANY		GROUP	
	Loans are repayable as follows:	**2012 G$ 000**	2011 G$ 000	**2012 G$ 000**	2011 G$ 000
(i)	Repayable - 2004 to 2029 rate of interest 3.25% per annum (Breitenstein Holdings BV)	-	-	**131,978**	136,947
(ii)	Repayable - 2005-2014 rate of interest is 1% above Government of Guyana treasury bills interest rate (Demerara Distillers Ltd)	**100,000**	150,000	**100,000**	150,000
(iii)	Repayable - 2003 - 2012 rate of interest is 2% above Government of Guyana treasury bills interest rate (Demerara Distillers Ltd)	-	100,000	-	100,000
(iv)	Repayable - 2006 - 2012 rate of interest of 10% per annum (Demerara Distillers Ltd)	-	37,749	-	37,749
(v)	Repayable - 2006 - 2012 rate of interest of 10% per annum (Demerara Distillers Ltd)	-	18,871	-	18,871
(vi)	Repayable - 2006 - 2012 rate of interest of 10% per annum (Demerara Distillers Ltd)	-	15,125	-	15,125
(vii)	Repayable - 2007 - 2014 rate of interest of 8.25% per annum (Demerara Distillers Ltd)	**141,262**	218,168	**141,262**	218,168
(viii)	Repayable - 2007 - 2014 rate of interest of 8.25% per annum (Demerara Distillers Ltd)	**182,820**	257,021	**182,820**	257,021
(ix)	Repayable - 2009 - 2018 rate of interest of 3.88% per annum (Demerara Distillers Ltd)	**1,615,973**	1,916,723	**1,615,973**	1,916,723
(x)	Repayable - 2009 - 2012 rate of interest of 4.81% per annum (Demerara Distillers Ltd)	-	25,556	-	25,556
(xi)	Repayable - 2009 - 2014 rate of interest of 10.5% per annum (Demerara Distillers Ltd)	**100,000**	115,000	**100,000**	115,000
(xii)	Repayable - 2011 - 2016 rate of interest of 10.5% per annum (Demerara Distillers Ltd)	**323,333**	363,333	**323,333**	363,333
(xiii)	Repayable - 2011 - 2014 rate of interest of 10.5% per annum (Demerara Distillers Ltd)	**316,670**	383,334	**316,670**	383,334
(xiv)	Repayable - 2011 - 2014 rate of interest of 10.5% per annum (Demerara Distillers Ltd)	-	-	**346,667**	386,667
		2,780,058	3,600,880	**3,258,703**	4,124,494

Loan (i) is Guranteed by the Parent Company Demerara Distillers Limited.

20 Loans and bank overdraft - cont'd

Maturity profile of loan	COMPANY		GROUP	
	2012 G$ 000	2011 G$ 000	**2012 G$ 000**	2011 G$ 000
Repayments due in one year and included in current liabilities	**652,204**	834,609	**700,326**	882,548
Repayments due in the second year	**700,814**	651,053	**748,936**	698,993
Repayments due in the third year	**414,468**	690,597	**462,590**	738,536
Repayments due the fourth and fifth year	**577,802**	826,680	**585,924**	922,558
Repayments due after five years	**434,770**	597,941	**760,927**	881,859
	2,127,854	2,766,271	**2,558,377**	3,241,946
	2,780,058	3,600,880	**3,258,703**	4,124,494

The foregoing loans, overdraft and the advances in note 16 for the company are secured by floating and fixed charges on the assets of the company valued at G$9,115M (2011: G$9,115M).

The loans for the group are secured by floating and fixed charges on the assets of the Group valued at G$9,306M (2011 - G$9,306M).

21 Demerara Distillers Limited - Hyderabad

Interest In Joint Venture	**2012 G$ 000**	2011 G$ 000
Current assets	**601,552**	572,258
Non - current assets	**72,549**	147,593
Current liabilities	**535,559**	550,918
Income	**4,330**	4,454
Expenses	**29,179**	30,015
Loss for the year	**(24,849)**	(25,561)

22 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, processing, packaging and marketing of seafood.

Trading:
Distributors of branded products.

Services:
Shipping, insurance, contracting services and logistics and debt collection.

22 Segment reporting - cont'd

	2012				
INDUSTRY	**Manufacturing**	**Trading**	**Services**	**Eliminations**	**Total**
	G$ 000	**G$ 000**	**G$ 000**	**G$ 000**	**G$ 000**
Revenue					
External sales	5,669,895	9,279,143	834,043	-	15,783,081
Inter-segment sales	8,532,857	-	-	(8,532,857)	-
Total revenue	14,202,752	9,279,143	834,043	(8,532,857)	15,783,081
Results					
Segment result	1,459,289	522,271	174,202	(277,291)	1,878,471
Operating profit					1,878,471
Share of profit from associates					60,423
Profit before tax					1,938,894
Income tax					(604,265)
Profit for the year attributable to equity shareholders of the company					1,334,629
Other Information					
Capital additions	711,316	54,080	15,677	-	781,073
Depreciation and amortisation	639,010	22,266	25,857	-	687,133
Balance sheet					
Assets					
Segment assets	27,581,255	2,069,259	172,646	(3,495,239)	26,327,921
Interest in associates	-	-	-	-	800,514
Consolidated assets					27,128,435
Liabilities					
Segment liabilities	12,294,659	1,224,183	1,394,935	(1,946,313)	12,967,464
Consolidated liabilities					12,967,464

22 Segment reporting - cont'd

			2011		
INDUSTRY	**Manufacturing**	**Trading**	**Services**	**Eliminations**	**Total**
	G$ 000	**G$ 000**	**G$ 000**	**G$ 000**	**G$ 000**
Revenue					
External sales	4,854,073	8,869,795	858,730	-	14,582,598
Inter-segment sales	7,654,072	-	-	(7,654,072)	-
Total revenue	12,508,145	8,869,795	858,730	(7,654,072)	14,582,598
Results					
Segment result	1,522,015	469,211	170,265	(200,000)	1,961,491
Operating profit					1,961,491
Share of profit from associates					48,661
Profit before tax					2,010,152
Income tax					(463,342)
Profit for the year attributable to equity shareholders of the company					1,546,810
Other Information					
Capital additions	1,334,880	10,615	346,142	(311,023)	1,380,614
Depreciation and amortisation	510,731	21,680	16,845	-	549,256
Statement of Financial Position					
Assets					
Segment assets	22,042,528	2,497,358	148,544	(710,033)	23,978,397
Interest in associates	-	-	-	-	690,233
Consolidated assets					24,668,630
Liabilities					
Segment liabilities	11,019,567	1,873,383	1,095,687	(2,427,050)	11,561,587
Consolidated liabilities					11,561,587

22 Segment reporting - cont'd

The Group's operations are located in Guyana, Europe, United States of America, India, St. Kitts, Jamaica and Trinidad. Its manufacturing operations are located in Guyana, Europe, India, St. Kitts and Jamaica. Its trading and services operations are located in Guyana, Europe, U.S.A, Canada, India 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	
	2012 G$ 000	2011 G$ 000	**2012 G$ 000**	2011 G$ 000
Guyana	**12,258,745**	11,663,325	**1,752,551**	1,798,449
Europe	**2,951,706**	2,440,603	**143,756**	186,075
United States of America	**422,510**	358,691	**32,623**	31,557
Canada	**48,977**	45,919	**19,033**	12,450
India	**16,242**	16,707	**(31,162)**	(32,056)
St. Kitts	**84,901**	57,353	**22,126**	13,715
Trinidad	**-**	-	**(33)**	(38)
	15,783,081	14,582,598	**1,938,894**	2,010,152

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 & equipment & intangible assets	
	2012 G$ 000	2011 G$ 000	**2012 G$ 000**	2011 G$ 000
Guyana	**23,192,067**	21,197,393	**774,589**	1,377,176
Europe	**2,524,066**	1,999,605	**-**	-
United States of America	**361,382**	421,247	**-**	-
Canada	**172,646**	148,544	**-**	-
India	**674,101**	719,851	**-**	40
St. Kitts	**189,863**	168,299	**6,484**	3,398
Trinidad	**14,310**	13,691	**-**	-
	27,128,435	24,668,630	**781,073**	1,380,614

22 Segment reporting - cont'd

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	
	2012	2011	**2012** **G$ 000**	2011 G$ 000
Guyana and United States	**North America**	North America	**2,069,321**	1,498,996
Guyana and Europe	**Europe**	Europe	**2,796,511**	2,833,097
Guyana and Caribbean	**Caribbean**	Caribbean	**889,511**	689,249
Guyana	**Guyana**	Guyana	**9,988,407**	9,532,198
Others			**39,331**	29,058
Total			**15,783,081**	14,582,598

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

	Revenue Generating Segment		Revenue Generated	
	2012	2011	**2012** **G$ 000**	2011 G$ 000
Customer # 1	**Europe**	Europe	**1,168,761**	1,263,254

23 Contingent liabilities

	COMPANY AND GROUP	
	Due After 12 Months	
	2012 **G$ 000**	2011 G$ 000
Bonds in respect of duty on spirits warehoused and exportation of goods	**132,746**	132,746
Bonds in favour of the State of Guyana	**53,100**	53,100

24 Capital commitments

	COMPANY		GROUP	
	2012	2011	**2012**	2011
	G$ 000	G$ 000	**G$ 000**	G$ 000
Authorised by the directors but not contracted for	**212,742**	530,331	**395,079**	816,468
Contracted for but not received	-	2,914	-	2,914

These comprise of acquisition of non current assets.

25 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		GROUP	
	2012	2011	**2012**	2011
	G$ 000	G$ 000	G$ 000	G$ 000
Sales	**7,937,469**	7,175,811	-	-
Commission paid	**107,368**	271,103	-	-
Purchases	**245,234**	230,236	-	-
Management fees received	**309,772**	291,368	-	-
Rent received	**162,055**	170,247	-	-
Dividends received (subsidiary and associate)	**277,291**	488,000	-	-
Human resource charges	**574,692**	555,050	-	-
Royalties charged	**1,488,657**	1,437,204	-	-
Marketing fees paid	**737,835**	751,227	-	-
Interest paid	**105,539**	100,311	-	-
Balances at end of year	**(451,468)**	(416,986)	-	-

25 Related party transactions and other disclosures - cont'd

(a) Related party transactions - cont'd

(i) Subsidiary companies - cont'd

Guarantee provided by the parent company on behalf of:

	COMPANY		GROUP	
	2012 G$ 000	2011 G$ 000	**2012 G$ 000**	2011 G$ 000
Subsidiaries	**655,000**	356,947	-	-
Employees	**1,651**	-	-	-
Associate companies				
Balances at end of year	**800,514**	690,233	**800,514**	690,233
Rent received	**3,911**	3,911	**3,911**	3,911
Dividends received	-	1,950	-	1,950
Insurance premiums paid	**29,545**	32,632	-	-
Joint venture				
Loan for capital expenditure	**162,320**	162,320	**162,320**	162,320
Balances at end of year	**5,548**	5,708	**5,548**	6,765

No interest was charged on loans given to associated company and joint venture.

25 Related party transactions and other disclosures - cont'd

(a) Related party transactions - cont'd

(ii) 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:

	2012 G$ 000	2011 G$ 000
Short-term employee benefits	**156,943**	139,001
Post-employment benefits	**11,755**	6,490
Directors emoluments	**5,016**	4,499

No provision was made for balances receivable from related parties.

(b) Other disclosures

The following are transactions with companies that share a common chairmanship with the company:

	COMPANY		**GROUP**	
	2012 G$ 000	2011 G$ 000	**2012 G$ 000**	2011 G$ 000
Demerara Bank Limited				
Overdraft interest (11%-13.50%)	**71,851**	73,858	**96,509**	90,695
Balance at end of the year:				
Cash	**23,917**	44,829	**45,270**	71,769
Overdraft	**1,053,706**	624,181	**1,726,060**	1,089,834
Trust Company (Guyana) Limited				
Interest charged (12%)	**1,781**	12,792	**1,781**	12,792
Trust Company (Guyana) Limited also provides registrar and pension management services for the company				
Pension management and registrar's service fees	**7,059**	5,056	**7,059**	5,056

26 Pending Litigations

There are several pending litigations against the company and group, the outcome of which cannot be determined at this date. Also the company raised a legal challenge against the Guyana Revenue Authority (GRA) on the basis used for the assessment of certain taxes. In February 2005 the courts found in favour of DDL. The Guyana Revenue Authority had appealed the decision.

On July 31, 2008, the Guyana Court of Appeal unanimously dismissed GRA's Appeal. Following the dismissal of the appeal, the GRA commenced a new assessment in August 2008 and on January 16, 2009 issued a new claim in the amount of G$5,392M. On the application of DDL, the High Court issued an Order Nisi pending the hearing of the matter.

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

	COMPANY			
2012	**Available for sale**	**Loans and receivables**	**Financial assets and liabilities at amortised cost**	**Total**
ASSETS	**G$000**	**G$000**	**G$000**	**G$000**
Investments	756,189	-	-	756,189
Trade receivables	-	577,330	-	577,330
Other receivables	-	422,481	-	422,481
Prepayments	-	64,655	-	64,655
Taxes recoverable	-	-	557,298	557,298
Cash on hand and at bank	-	-	80,470	80,470
Total assets	756,189	1,064,466	637,768	2,458,423
LIABILITIES				
Trade payables	-	-	1,278,319	1,278,319
Other payables and accruals	-	-	2,615,623	2,615,623
Due from subsidiaries	-	-	451,468	451,468
Bank overdraft (secured)	-	-	1,607,004	1,607,004
Taxation	-	-	146,120	146,120
Loans	-	-	2,780,058	2,780,058
Total liabilities	-	-	8,878,592	8,878,592

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

	COMPANY			
2011	**Available for sale**	**Loans and receivables**	**Financial assets and liabilities at amortised cost**	**Total**
ASSETS	**G$000**	**G$000**	**G$000**	**G$000**
Investments	697,411	-	-	697,411
Trade receivables	-	370,954	-	370,954
Other receivables	-	323,942	-	323,942
Prepayments	-	92,060	-	92,060
Taxes recoverable	-	-	410,545	410,545
Cash on hand and at bank	-	-	63,986	63,986
Total assets	697,411	786,956	474,531	1,958,898
LIABILITIES				
Trade payables	-	-	885,254	885,254
Other payables and accruals	-	-	2,137,574	2,137,574
Due from subsidiaries	-	-	416,986	416,986
Bank overdraft (secured)	-	-	1,200,648	1,200,648
Loans	-	-	3,600,880	3,600,880
Total liabilities	-	-	8,241,342	8,241,342

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

	GROUP				
2012	**Available for sale**	**Held to maturity**	**Loans and receivables**	**Financial assets and liabilities at amortised cost**	**Total**
ASSETS	**G$000**	**G$000**	**G$000**	**G$000**	**G$000**
Investments	797,447	39,725	-	-	837,172
Trade receivables	-	-	1,883,412	-	1,883,412
Other receivables	-	-	1,314,166	-	1,314,166
Prepayments	-	-	201,170	-	201,170
Taxes recoverable	-	-	-	661,641	661,641
Cash on hand and at bank	-	-	-	186,314	186,314
Total assets	797,447	39,725	3,398,748	847,955	5,083,875
LIABILITIES					
Trade payables	-	-	-	2,411,603	2,411,603
Other payables and accruals	-	-	-	3,337,585	3,337,585
Bank overdraft (secured)	-	-	-	2,703,492	2,703,492
Loans	-	-	-	3,258,703	3,258,703
Taxation	-	-	-	131,204	131,204
Total liabilities	-	-	-	11,842,587	11,842,587

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

GROUP

2011	Available for sale	Held to maturity	Loans and receivables	Financial assets and liabilities at amortised cost	Total
ASSETS	**G$000**	**G$000**	**G$000**	**G$000**	**G$000**
Investments	729,967	39,725	-	-	769,692
Trade receivables	-	-	1,694,988	-	1,694,988
Other receivables	-	-	813,351	-	813,351
Prepayments	-	-	227,042	-	227,042
Taxes recoverable	-	-	-	519,609	519,609
Cash on hand and at bank	-	-	-	167,209	167,209
Total assets	729,967	39,725	2,735,381	686,818	4,191,891
LIABILITIES					
Trade payables	-	-	-	1,897,671	1,897,671
Other payables and accruals	-	-	-	2,450,802	2,450,802
Bank overdraft (secured)	-	-	-	2,163,080	2,163,080
Loans	-	-	-	4,124,494	4,124,494
Taxation	-	-	-	33,570	33,570
Total liabilities	-	-	-	10,669,617	10,669,617

28 Fair value of financial instruments

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

	COMPANY			
	2012		2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets	**G$ 000**	**G$ 000**	G$ 000	G$ 000
Investments				
Available for Sale	**756,189**	**756,189**	697,411	697,411
Trade and other receivables	**999,811**	**999,811**	694,896	694,896
Prepayments	**64,655**	**64,655**	92,060	92,060
Taxes recoverable	**557,298**	**557,298**	410,545	410,545
Cash on hand and at bank	**80,470**	**80,470**	63,986	63,986
	2,458,423	**2,458,423**	1,958,898	1,958,898
Financial liabilities				
Trade and other payables	**4,345,410**	**4,345,410**	3,439,814	3,439,814
Current portion of interest bearing debts	**652,204**	**652,204**	834,609	834,609
Loans due after one year	**2,127,854**	**2,127,854**	2,766,271	2,766,271
Taxation	**146,120**	**146,120**	-	-
Bank overdraft (secured)	**1,607,004**	**1,607,004**	1,200,648	1,200,648
	8,878,592	**8,878,592**	8,241,342	8,241,342

28 Fair value of financial instruments - cont'd

	GROUP			
	2012		2011	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial assets	**G$ 000**	**G$ 000**	G$ 000	G$ 000
Investments				
Held to Maturity	**39,725**	**39,725**	39,725	39,725
Available for Sale	**797,447**	**797,447**	729,967	729,967
Trade and other receivables	**3,197,578**	**3,197,578**	2,508,339	2,508,339
Prepayments	**201,170**	**201,170**	227,042	227,042
Taxes recoverable	**661,641**	**661,641**	519,609	519,609
Cash on hand and at bank	**186,314**	**186,314**	167,209	167,209
	5,083,875	**5,083,875**	4,191,891	4,191,891
Financial liabilities				
Trade and other payables	**5,749,188**	**5,749,188**	4,348,473	4,348,473
Current portion of interest bearing debts	**700,326**	**700,326**	882,548	882,548
Loans due after one year	**2,558,377**	**2,558,377**	3,241,946	3,241,946
Taxation	**131,204**	**131,204**	33,570	33,570
Bank overdraft (secured)	**2,703,492**	**2,703,492**	2,163,080	2,163,080
	11,842,587	**11,842,587**	10,669,617	10,669,617

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

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

(a) For available for sale financial assets, the fair values were determined with reference to quoted market prices and level 2 fair value measurements.

Fair value for held to maturity investment was obtained using level 2 fair value measurements.

(b) Trade receivables and other receivables are net of specific provision for impairment. The fair value of trade receivables and other receivables is based on expected realisation of outstanding balances taking into account the company's history with respect to delinquencies.

(c) Financial instruments where the carrying amounts are 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.

28 Fair value of financial instruments - cont ‘ d

Fair value measurment recognised in the statement of financial position

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.

Level 1 - Fair value determination is with reference to quoted prices in active markets for identical assets and liabilites. 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 liabilty that are not based on observable market data (unobservable inputs).

	COMPANY			COMPANY		
	2012			2011		
	Level 1 G$ 000	**Level 2 G$ 000**	**Level 3 G$ 000**	Level 1 G$ 000	Level 2 G$ 000	Level 3 G$ 000
Available for Sale	**698,439**	**57,750**	**-**	639,660	57,750	-
	698,439	**57,750**	**-**	639,660	57,750	-

	GROUP			GROUP		
	2012			2011		
	Level 1 G$ 000	**Level 2 G$ 000**	**Level 3 G$ 000**	Level 1 G$ 000	Level 2 G$ 000	Level 3 G$ 000
Held to Maturity	**-**	**39,725**	**-**	-	39,725	-
Available for Sale	**698,439**	**57,750**	**41,258**	639,660	57,750	32,557
	698,439	**97,475**	**41,258**	639,660	97,475	32,557

29 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	
Assets	**2012 G$ 000**	2011 G$ 000	**2012 G$ 000**	2011 G$ 000
US Dollar	**326,786**	377,511	**761,240**	858,759
GBP	**96,574**	45,393	**96,906**	45,709
Euro	**135**	84,314	**2,274,310**	1,822,002
Rupee	**-**	-	**601,552**	572,258
Others	**204,803**	172,698	**564,402**	488,348
	628,298	679,916	**4,298,410**	3,787,076
Liabilities				
US Dollar	**5,199,224**	5,845,122	**5,466,998**	6,298,216
GBP	**32,136**	6,732	**32,136**	6,732
Euro	**5,109**	3,661	**1,108,409**	716,667
Rupee	**-**	-	**535,559**	550,918
Others	**14,541**	7,454	**422,640**	323,487
	5,251,010	5,862,969	**7,565,742**	7,896,020
Net liabilities	**(4,622,712)**	(5,183,053)	**(3,267,332)**	(4,108,944)

29 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 or 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	
	2012 G$000	2011 G$000	**2012 G$000**	2011 G$000
Profit/(loss)	**(115,568)**	(129,576)	**(81,683)**	(102,724)

(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 profit would have been:

29 Financial risk management - cont'd

(a) Market risk - cont'd

(ii) Interest sensitivity analysis - cont'd

	Increase / Decrease in Basis Point	Impact on profit for the year			
		COMPANY		GROUP	
		2012 **G$000**	2011 G$000	**2012** **G$000**	2011 G$000
Cash and cash equivalent					
Local currency	+/-50	**(7,794)**	(5,478)	**-**	125
Foreign currency	+/-50	**122**	226	**223**	232
Overdrafts					
Local currency	+/-50	**(7,794)**	(5,478)	**(11,867)**	(8,655)
Foreign currency	+/-50	**-**	(32)	**(1,399)**	(1,656)

Apart from the foregoing with respect to the other financial assets and liabilites, 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.

(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.

29 Financial risk management - cont'd

(a) Market risk - cont'd

(iii) Interest rate risk - cont'd

	Interest rate Range %	COMPANY Maturing 2012 Within 1 year G$000	2 to 5 years G$000	Over 5 years G$000	Non-interest bearing G$000	Total G$000
Assets						
Investments	-	-	-	-	756,189	756,189
Trade and other receivables	-	-	-	-	999,811	999,811
Prepayments	-	-	-	-	64,655	64,655
Taxes recoverable	-	-	-	-	557,298	557,298
Cash on hand	-	-	-	-	2,128	2,128
Cash at bank	0.03% - 1.5%	78,342	-	-	-	78,342
		78,342	-	-	2,380,081	2,458,423
Liabilities						
Accounts payable and accruals	7.25% - 10%	1,750,759	-	-	2,594,651	4,345,410
Bank overdraft	10% -13.5%	1,607,004	-	-	-	1,607,004
Loans	4.81% - 10.50%	652,204	1,693,084	434,770	-	2,780,058
Taxation	-	-	-	-	146,120	146,120
		4,009,967	1,693,084	434,770	2,740,771	8,878,592
Interest sensitivity gap		(3,931,625)	(1,693,084)	(434,770)		

29 Financial risk management - cont'd

(a) Market risk - cont'd

(iii) Interest rate risk - cont'd

	Interest rate Range %	Within 1 year G$000	2 to 5 years G$000	Over 5 years G$000	Non-interest bearing G$000	Total G$000
		COMPANY				
		Maturing 2011				
Assets						
Investments	-	-	-	-	697,411	697,411
Trade and other receivables	-	-	-	-	694,896	694,896
Prepayments	-	-	-	-	92,060	92,060
Taxes recoverable	-	-	-	-	410,545	410,545
Cash on hand	-	-	-	-	1,356	1,356
Cash at bank	0.03% - 1.5%	62,630	-	-	-	62,630
		62,630	-	-	1,896,268	1,958,898
Liabilities						
Accounts payable and accruals	7.25% - 10%	1,744,969	-	-	1,694,845	3,439,814
Bank overdraft	10% -13.5%	1,200,648	-	-	-	1,200,648
Loans	4.81% - 10.50%	834,609	2,168,330	597,941	-	3,600,880
		3,780,226	2,168,330	597,941	1,694,845	8,241,342
Interest sensitivity gap		(3,717,596)	(2,168,330)	(597,941)		

29 Financial risk management - cont'd

(a) Market risk - cont'd

(iii) Interest rate risk - cont'd

	GROUP					
		Maturing 2012				
	Interest rate Range %	**Within 1 year G$000**	**2 to 5 years G$000**	**Over 5 years G$000**	**Non-interest bearing G$000**	**Total G$000**
Assets						
Investments	-	-	-	-	837,172	837,172
Trade and other receivables	-	-	-	-	3,197,578	3,197,578
Prepayments	-	-	-	-	201,170	201,170
Taxes recoverable	-	-	-	-	661,641	661,641
Cash on hand	-	-	-	-	2,128	2,128
Cash at bank	0.03% - 1.5%	184,186	-	-	-	184,186
		184,186	-	-	4,899,689	5,083,875
Liabilities						
Accounts payable and accruals	7.25% - 10%	1,750,759	-	-	3,998,429	5,749,188
Bank overdraft	10% -13.5%	2,703,492	-	-	-	2,703,492
Loans	4.81% - 10.50%	700,326	1,797,450	760,927	-	3,258,703
Taxation	-	-	-	-	131,204	131,204
		5,154,577	1,797,450	760,927	4,129,633	11,842,587
Interest sensitivity gap		(4,970,391)	(1,797,450)	(760,927)		

29 Financial risk management - cont'd

(a) Market risk - cont'd

(iii) Interest rate risk - cont'd

	Interest rate Range %	Within 1 year G$000	2 to 5 years G$000	Over 5 years G$000	Non-interest bearing G$000	Total G$000
		GROUP				
		Maturing 2011				
Assets						
Investments	-	-	-	-	769,692	769,692
Trade and other receivables	-	-	-	-	2,508,339	2,508,339
Prepayments	-	-	-	-	227,042	227,042
Taxes recoverable	-	-	-	-	519,609	519,609
Cash on hand	-	-	-	-	1,357	1,357
Cash at bank	0.03% - 1.5%	165,852	-	-	-	165,852
		165,852	-	-	4,026,039	4,191,891
Liabilities						
Accounts payable and accruals	7.25% - 10%	1,744,969	-	-	2,603,504	4,348,473
Bank overdraft	10% -13.5%	2,163,080	-	-	-	2,163,080
Loans	4.81% - 10.50%	882,548	2,360,087	881,859	-	4,124,494
Taxation	-	-	-	-	33,570	33,570
		4,790,597	2,360,087	881,859	2,637,074	10,669,617
Interest sensitivity gap		(4,624,745)	(2,360,087)	(881,859)		

(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.

29 Financial risk management - cont'd

(b) Credit risk

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

	COMPANY		GROUP	
	Maximum Exposure		Maximum Exposure	
	2012 G$000	2011 G$000	**2012 G$000**	2011 G$000
Cash on hand and at bank	**80,470**	63,986	**186,314**	167,208
Investments				
Held to Maturity	**-**	-	**39,725**	39,725
Available for Sale	**756,189**	697,411	**797,447**	729,967
Trade and other receivables	**999,811**	694,896	**3,197,578**	2,508,339
Taxes recoverable	**557,298**	410,545	**661,641**	519,609
Total Credit risk exposure	**2,393,768**	1,866,838	**4,882,705**	3,964,848

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 and group 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.

29 Financial risk management - cont'd

(b) Credit risk - cont'd

Trade and other receivables	COMPANY **2012** **G$000**	COMPANY 2011 G$000	GROUP **2012** **G$000**	GROUP 2011 G$000
Trade receivables	**599,205**	806,113	**1,999,725**	2,259,456
Other receivables	**422,481**	323,942	**1,314,166**	813,351
Taxes Recoverable	**557,298**	410,545	**661,641**	519,609
	1,578,984	1,540,600	**3,975,532**	3,592,416

The above balances are classified as follows:

	COMPANY **2012** **G$000**	COMPANY 2011 G$000	GROUP **2012** **G$000**	GROUP 2011 G$000
Current	**896,682**	584,557	**2,408,794**	1,674,059
Past due but not impaired	**660,427**	520,884	**1,398,947**	1,333,485
Impaired	**21,875**	435,159	**167,791**	584,872
	1,578,984	1,540,600	**3,975,532**	3,592,416

	COMPANY **2012** **G$000**	COMPANY 2011 G$000	GROUP **2012** **G$000**	GROUP 2011 G$000
Ageing of past due but not impaired				
31-60 days	**3,307**	2,193	**417,579**	228,133
61-90 days	**68,883**	28,836	**170,620**	222,393
91-120 days	**4,449**	6,514	**112,539**	121,715
over 120 days	**583,788**	483,341	**698,209**	761,244
Total	**660,427**	520,884	**1,398,947**	1,333,485

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

29 Financial risk management - cont'd

(b) Credit risk - cont'd

	COMPANY		GROUP	
	2012 G$000	2011 G$000	**2012 G$000**	2011 G$000
Ageing of impaired trade receivables				
31-60 days	-	-	-	-
61-90 days	-	-	-	-
91-120 days	-	-	-	-
over 120 days	**21,875**	435,159	**167,791**	584,872
Total	**21,875**	435,159	**167,791**	584,872
Provision for impairment	**21,875**	435,159	**116,313**	564,468

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

			COMPANY			
			2012		**2011**	
Details	**Location**		**Credit Limit**	**Carrying Amount**	**Credit Limit**	**Carrying Amount**
	2012	**2011**	**G$ 000**	**G$ 000**	**G$ 000**	**G$ 000**
Counterparty # 1	U.K.	Canada	**70,000**	**66,639**	40,000	40,622
Counterparty # 2	Canada	Canada	**60,000**	**40,338**	130,000	34,902
Counterparty # 3	Canada	Canada	**130,000**	**35,015**	30,000	14,054
Counterparty # 4	Canada	Jamacia	**90,000**	**25,546**	20,000	25,519
Counterparty # 5	Canada	Trinidad	**45,000**	**18,239**	31,000	9,229
			395,000	**185,777**	251,000	124,326

29 Financial risk management - cont'd

(b) Credit risk - cont'd

			GROUP			
			2012		2011	
Details	**Location**		**Credit Limit**	**Carrying Amount**	**Credit Limit**	**Carrying Amount**
	2012	**2011**	**G$ 000**	**G$ 000**	**G$ 000**	**G$ 000**
Counterparty # 1	Netherlands	Netherlands	**108,290**	**135,608**	153,597	141,131
Counterparty # 2	U.K.	Germany	**70,000**	**66,639**	79,198	53,553
Counterparty # 3	Guyana	Guyana	**10,000**	**57,454**	36,000	53,521
Counterparty # 4	Germany	Guyana	**81,217**	**51,650**	30,000	48,325
Counterparty # 5	Guyana	Canada	**55,700**	**41,878**	40,000	40,622
			325,207	**353,229**	338,795	337,152

There was one (1) customer who represented more than 5% of the total balance of trade receivables (2011: 1 customer). The average age of total receivables was 45 days (2011:44 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).

29 Financial risk management - cont'd

(c) Liquidity risk

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

The following table shows the distribution of assets and liabilities by maturity:

	COMPANY Maturing 2012			
	Within 1 year	**2 to 5 years**	**Over 5 years**	**Total**
	G$000	**G$000**	**G$000**	**G$000**
Assets				
Investments	756,189	-	-	756,189
Trade and other receivables	999,811	-	-	999,811
Prepayments	64,655	-	-	64,655
Taxes recoverable	557,298	-	-	557,298
Cash on hand and at bank	80,470	-	-	80,470
	2,458,423	-	-	2,458,423
Liabilities				
Trade and other payables	(4,345,410)	-	-	(4,345,410)
Current portion of interest bearing debts	(652,204)	-	-	(652,204)
Loans	-	(1,693,084)	(434,770)	(2,127,854)
Bank overdraft (secured)	(1,607,004)	-	-	(1,607,004)
Taxation	(146,120)	-	-	(146,120)
	(6,750,738)	(1,693,084)	(434,770)	(8,878,592)
Net liabilities	(4,292,315)	(1,693,084)	(434,770)	(6,420,169)

29 Financial risk management - cont'd

(c) Liquidity risk - cont'd

	COMPANY Maturing 2011			
	Within 1 year	**2 to 5 years**	**Over 5 years**	**Total**
	G$000	**G$000**	**G$000**	**G$000**
Assets				
Investments	697,411	-	-	697,411
Trade and other receivables	694,896	-	-	694,896
Prepayments	92,060	-	-	92,060
Taxes recoverable	410,545	-	-	410,545
Cash on hand and at bank	63,986	-	-	63,986
	1,958,898	-	-	1,958,898
Liabilities				
Trade and other payables	(3,439,814)	-	-	(3,439,814)
Current portion of interest bearing debts	(834,609)	-	-	(834,609)
Loans	-	(2,168,330)	(597,941)	(2,766,271)
Bank overdraft (secured)	(1,200,648)	-	-	(1,200,648)
	(5,475,071)	(2,168,330)	(597,941)	(8,241,342)
Net liabilities	(3,516,173)	(2,168,330)	(597,941)	(6,282,444)

29 Financial risk management - cont'd

(c) Liquidity risk

	GROUP Maturing 2012			
	Within 1 year	**2 to 5 years**	**Over 5 years**	**Total**
	G$000	**G$000**	**G$000**	**G$000**
Assets				
Investments	-	837,172	-	837,172
Trade and other receivables	3,197,578	-	-	3,197,578
Prepayments	201,170	-	-	201,170
Taxes recoverable	661,641	-	-	661,641
Cash on hand and at bank	186,314	-	-	186,314
	4,246,703	837,172	-	5,083,875
Liabilities				
Trade and other payables	(5,749,188)	-	-	(5,749,188)
Current portion of interest bearing debts	(700,326)	-	-	(700,326)
Loans	-	(1,797,450)	(760,927)	(2,558,377)
Bank overdraft (secured)	(2,703,492)	-	-	(2,703,492)
Taxation	(131,204)	-	-	(131,204)
	(9,284,210)	(1,797,450)	(760,927)	(11,842,587)
Net liabilities	(5,037,507)	(960,278)	(760,927)	(6,758,712)

29 Financial risk management - cont'd

(c) Liquidity risk - cont'd

	Within 1 year	2 to 5 years	Over 5 years	Total
	GROUP Maturing 2011			
	G$000	**G$000**	**G$000**	**G$000**
Assets				
Investments	-	769,692	-	769,692
Trade and other receivables	2,508,339	-	-	2,508,339
Prepayment	227,042	-	-	227,042
Taxes recoverable	519,609	-	-	519,609
Cash on hand and at bank	167,209	-	-	167,209
	3,422,199	769,692	-	4,191,891
Liabilities				
Trade and other payables	(4,348,473)	-	-	(4,348,473)
Current portion of interest bearing debts	(882,548)	-	-	(882,548)
Loans	-	(2,360,087)	(881,859)	(3,241,946)
Bank overdraft (secured)	(2,163,080)	-	-	(2,163,080)
Taxation	(33,570)	-	-	(33,570)
	(7,427,671)	(2,360,087)	(881,859)	(10,669,617)
Net liabilities	(4,005,472)	(1,590,395)	(881,859)	(6,477,726)

30 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 2011

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.

30 Capital risk management - cont'd

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	
	2012 G$000	**2011 G$000**	**2012 G$000**	**2011 G$000**
Debt (i)	**4,387,062**	4,801,528	**5,962,195**	6,287,574
Advances (note 16)	**1,750,759**	1,744,969	**1,750,759**	1,744,969
Cash and cash equivalents	**(80,470)**	(63,987)	**(186,314)**	(167,208)
Net debt	**6,057,351**	6,482,510	**7,526,640**	7,865,335
Equity (ii)	**11,356,176**	10,682,584	**14,131,638**	13,074,505
Net debt to equity ratio	**0.53 : 1**	0.61 : 1	**0.53 : 1**	0.60 : 1

(i) Debt is defined as advances in note 16 and long and short-term borrowings as detailed in note 20.
(ii) Equity includes all capital and reserves of the company and group.

31 Reclassification

During the current period, certain balances in the prior year were reclassified to conform with 2012 presentation.

The effect of this reclassification is shown below:

	Company	Group
	2011 G$	**2011 G$**
Statement of income		
Administrative expenses increased by:	83,465	92,391
Provision for taxation decreased by:	83,465	92,391
Statement of Financial Position		
Trade and other payables increased by:	133,604	133,604
Trade and other receivables increased by:	114,356	114,356
Taxes payable decreased by:	19,248	19,248

Ten Year Review

DEMERARA DISTILLERS LIMITED AND SUBSIDARIES

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Turnover	**15,783,081**	14,582,598	13,673,267	12,363,533	12,063,533	11,788,636	11,693,495	10,929,809	9,869,961	10,653,764
Operating Profit	**2,607,831**	2,653,109	2,360,738	2,306,837	2,032,012	2,101,662	1,984,027	1,712,424	1,627,877	1,485,592
Interest Paid/Received	**668,937**	642,957	606,509	653,898	592,296	522,769	500,802	457,799	412,873	328,781
Profit Before Tax	**1,938,894**	2,010,152	1,754,229	1,652,939	1,439,716	1,578,893	1,483,225	1,254,625	1,215,004	1,156,811
Taxation	**604,265**	463,342	614,605	619,589	533,693	600,780	544,720	491,419	411,411	380,079
Profit after Tax	**1,334,629**	1,546,810	1,139,624	1,033,350	906,023	978,113	938,505	763,205	803,593	776,732
Gross Assets Employed	**27,128,435**	24,668,630	23,602,480	22,968,411	21,518,395	17,621,678	15,384,695	14,390,186	13,719,460	12,923,653
Capital Employed	**17,790,385**	17,201,510	15,819,174	15,905,774	12,889,270	12,710,181	11,180,125	10,476,194	9,985,006	8,990,034
Shareholder's Equity	**14,131,638**	13,074,505	12,019,383	11,256,519	10,496,948	9,923,505	8,857,377	8,213,965	7,691,159	7,065,711
Operating profit as % of sales	**17%**	18%	17.27%	18.66%	16.84%	17.83%	16.97%	15.67%	16.49%	13.94%
Operating profit as % of Capital Employed	**15%**	15%	14.92%	14.50%	15.77%	16.54%	17.75%	16.35%	16.30%	16.52%
Return on Gross assets	**10%**	11%	10.00%	10.04%	9.44%	11.93%	12.90%	11.90%	11.87%	11.50%
Return on Shareholders' Funds	**14%**	15%	14.55%	14.68%	13.72%	15.91%	16.80%	15.27%	15.80%	16.37%
Basic Earnings per share in Dollars	**1.74**	2.01	1.49	1.29	1.18	1.28	1.22	0.99	1.04	1.01
Equity per share	**18.35**	16.98	15.61	14.62	13.63	12.89	11.47	10.67	9.99	9.18
Dividend Cover	**3.61**	4.46	3.47	3.16	3.26	3.26	3.34	2.72	3.35	3.49

Notes

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.

I, ____

of ____

A MEMBER OF Demerara Distillers Limited hereby appoint

____

OR IN HIS/HER ABSENCE ______________________________

To act as my proxy at the Annual General Meeting on April 26, 2013 and at every adjournment thereof.

As witness my hand this ____________ day of ______________________ 2013

Signed ____

____

Unless otherwise instructed the proxy will vote as he/she thinks fit.

The date of the AGM is as per Notice published in the Press and as it appears in the Annual Report & Accounts, relevant to the particular year under review.