



building  
tomorrow  
today

annual report 2018



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# Building Tomorrow Today

**T**here is a blueprint for everything we are doing at Demerara Distillers Limited (DDL). A blueprint that captures our vision of the future and that drives our buildout to be prepared to deliver for our customers, not just today but for tomorrow.

The work on our blueprint didn't just start, it was a part of what we have been doing since yesterday, and that's why many of our projects have been completed and commissioned and many are already in the pipeline.

Historically, the best example of this thinking in DDL was our decision, more than 25 years ago, to transition from being a commodity-oriented business to a brand-focused company. The El Dorado brand, our flagship, proved to be the platform for our success since. The transformation eventually led to the re-brand of our standard range under the Diamond Reserve brand. These decisions were not only a success for DDL but remain the differentiator between DDL and other indigenous rum producers in the Caribbean.







## Project Pipeline

Demerara Distillers Limited forges ahead with an aggressive growth plan to increase its market share and presence as a leading supplier, particularly of its flagship El Dorado brand, in the local, Caribbean and international segments of the rum business. As part of its 2016 strategic review and forward planning, DDL evaluated its capacity to support an annualized 15% growth in sales volume for its premium brands over the coming decade.

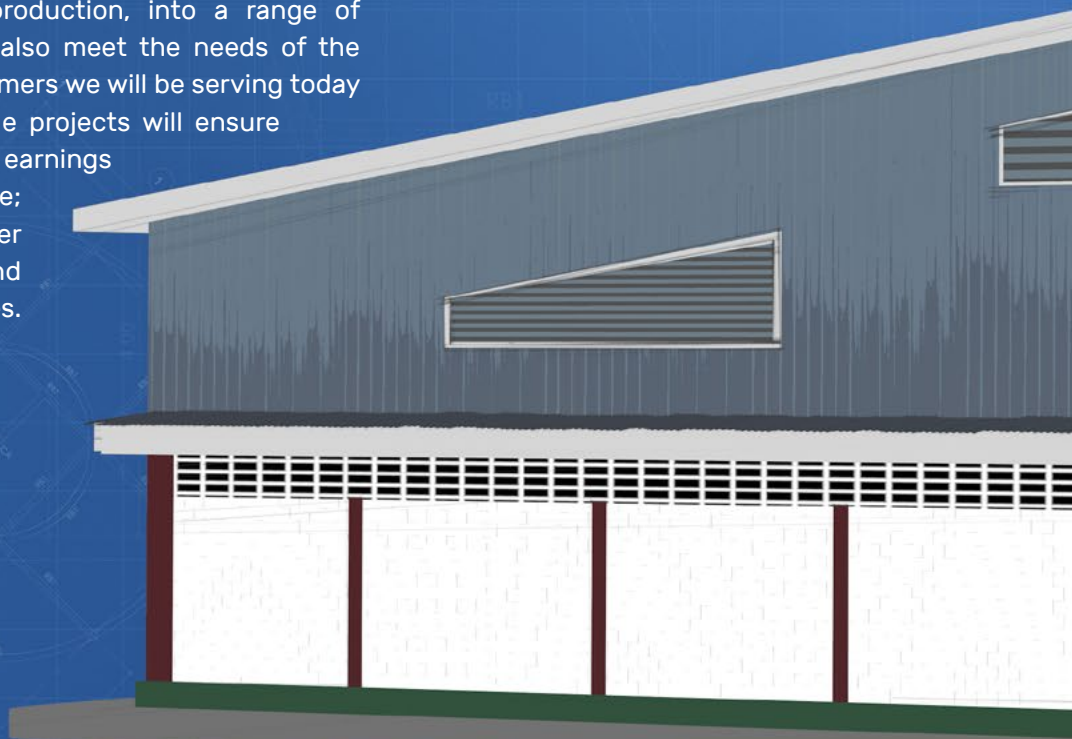


# A commitment to Tomorrow

**T**oday, Warehouse M stands as the perfect example of a continued commitment to tomorrow that was envisioned yesterday and is in use today. Warehouse M, our new Rum Ageing Warehouse in the Bottling Plant Compound at Plantation Great Diamond, represents a demonstration of our fidelity to our roots as a distiller, while simultaneously maintaining our focus on the market needs of the next generation.

This warehouse is an expansion of the existing four warehouses and extensions, which have a total capacity for storage and/or processing and handling 90,000 barrels in a given year. Its construction supports our aggressive growth plan to increase market share and presence as a leading supplier, particularly of our flagship El Dorado brand, in the local, Caribbean and international segments of the rum business.

However, the other projects in the pipeline demonstrate the commitment in our blueprint to continue to diversify and expand beyond rum production, into a range of products and services that also meet the needs of the Guyanese and regional customers we will be serving today and tomorrow. These pipeline projects will ensure that we increase our export earnings and diversify our income base; not only in alcohol, but other areas like food processing and other non-alcoholic beverages.



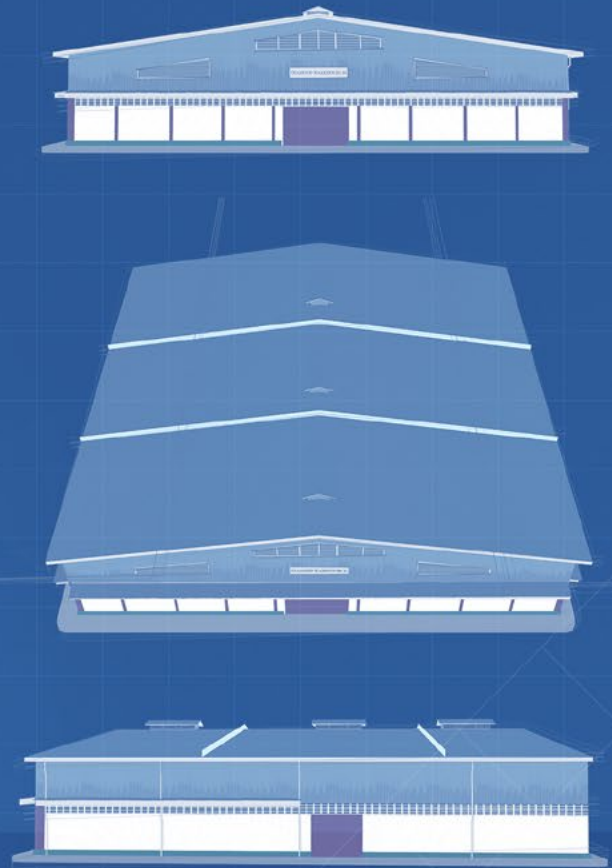




## Project **Pipeline**

The warehouse also forms part of the strategic re-alignment of the DDL production facilities east of the East Bank Demerara public road. By constructing a concrete road with suitable foundation and 20-foot width, the traffic connects the Diamond Bottle Plant, Diamond Warehouses 'K' and 'M', Distillery Operations and TOPCO Juice Plant, with a single thoroughfare for access that is better aligned with the public road, and an upgraded secondary roadway for emergency exit.

Final construction was completed in February 2018, on schedule and within its budget of \$340 million.



# Diversification & Expansion

**S**ome pipeline projects are the new blending department, the new DSL warehouse, and the new Tetra Pak packaging plant.

The new Tetra Pak plant will become the nucleus of our diversification into the production of dairy products, with the ultimate aim being to support local dairy development through the collection and processing of fresh milk from dairy farmers. The Tetra Pak plant will also boost our local juice production through the increased capacity at our TOPCO plant.







## Project **Pipeline**

In November of 2017, Distribution Services commenced work on a new state of the art 43 000 square feet warehouse.

Boasting modern storage facilities, this warehouse will also be equipped with both frozen and chilled facilities.

It is intended to cater for the growth in the Distribution arm of the business. Completion date for this warehouse is expected to be at the end of the first quarter 2019.





# Company in Perspective

**T**he core business of Demerara Distillers Limited for the three centuries has been **Demerara Rum**.

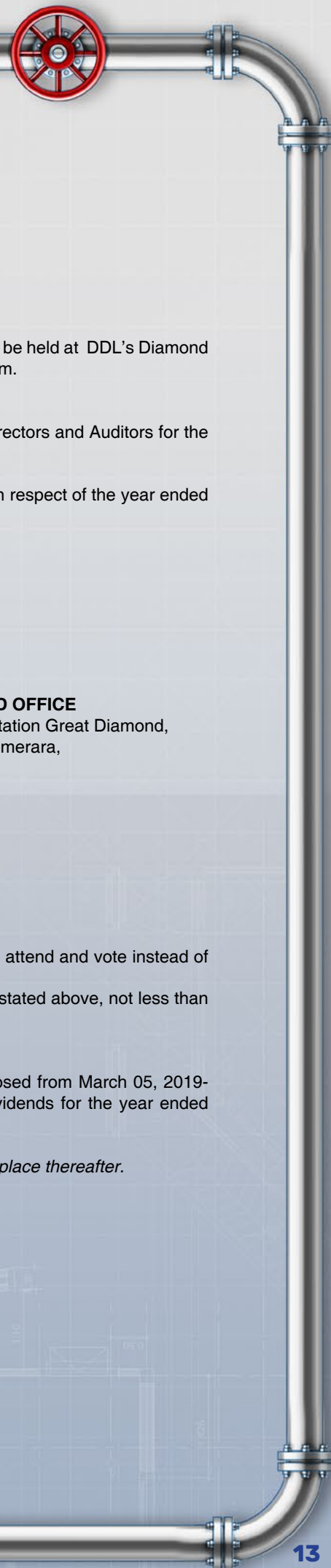
In the 17th Century, every sugar plantation had its own small distillery and these, with the passage of time, were gradually consolidated into one distillery at Diamond on the East Bank of Demerara. The Company's alcoholic products especially its rums, including its flagship brand, the El Dorado 15 Year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

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

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

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

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



# Notice of Meeting

The **SIXTY-SEVENTH ANNUAL GENERAL MEETING** of Demerara Distillers Limited (DDL) will be held at DDL's Diamond Complex, Plantation Great Diamond, East Bank Demerara on Friday, March 29, 2019 at 4:30p.m.

## AGENDA

1. To receive and consider the Company's Accounts and Reports of the Directors and Auditors for the year ended December 31, 2018
2. To declare a Final Dividend of \$0.85 per share free of Company Taxes in respect of the year ended December 31, 2018.
3. To elect Directors.
4. To fix the Emoluments of the Directors.
5. To appoint Auditors and authorise the Directors to fix their remuneration.

## REGISTERED OFFICE

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

## BY ORDER OF THE BOARD

**Allison Thorne**  
Director/Company Secretary  
February 21, 2019

- 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 March 05, 2019- March 29, 2019 – both days inclusive- for the purpose of preparing warrants of the Final Dividends for the year ended December 31, 2018.

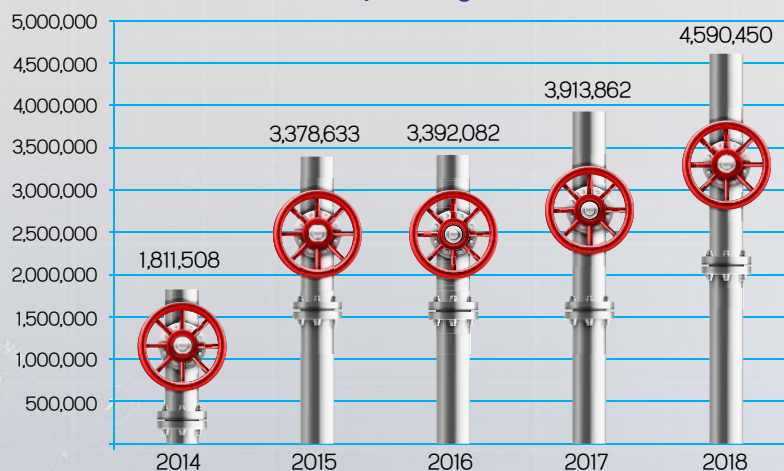
*N.B. Gifts will be distributed only to shareholders present at the Meeting and not at any time or place thereafter.*



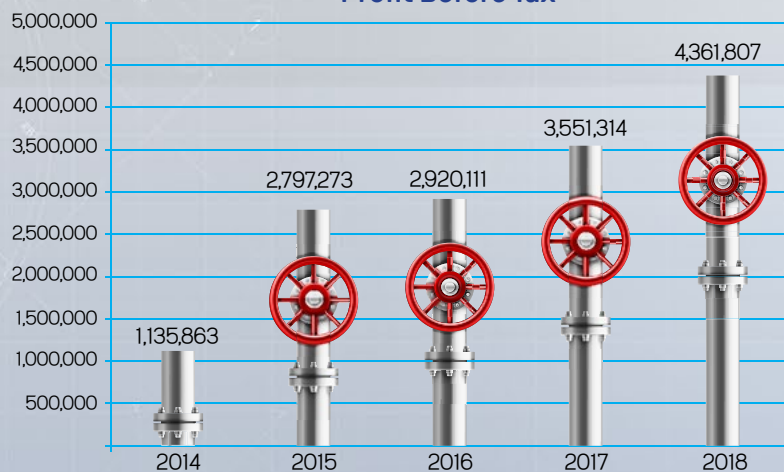


# Financial Highlights

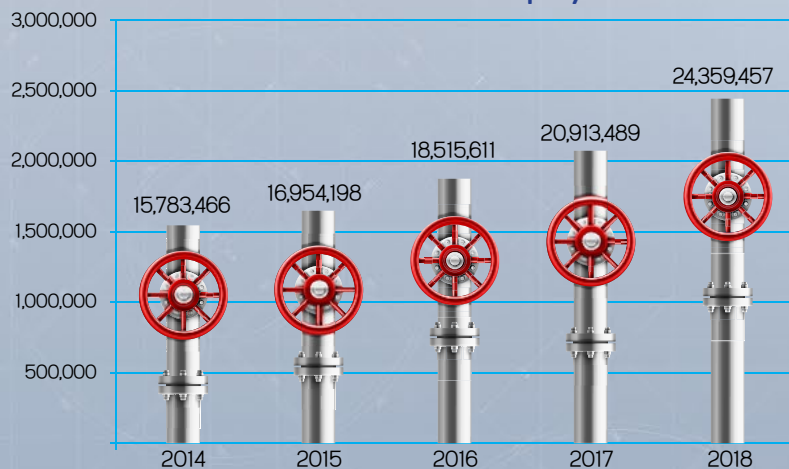
Operating Profit

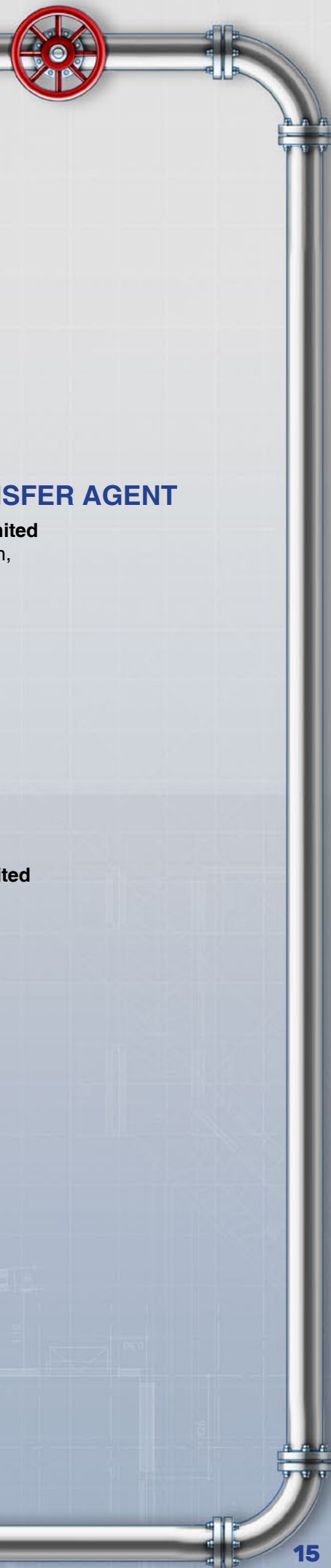


Profit Before Tax



Shareholders Equity





# Corporate Information

## AUDITORS

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

## LEGAL ADVISORS

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

## REGISTERED OFFICE

**Block A, Plantation Great Diamond,  
East Bank Demerara, Guyana.**  
Email: [ddlweb@demrum.com](mailto:ddlweb@demrum.com)  
Website: [www.theeldoradorum.com](http://www.theeldoradorum.com)

## REGISTRAR & TRANSFER AGENT

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

## BANKERS

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

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

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



# Board of Directors



*From Left to Right:*

**HARRYRAM PARMESAR**  
FCCA • Director

**SHARDA VEEREN-CHAND**  
BA • Marketing Director

**KOMAL R. SAMAROO**  
AA, FCCA, ACIS • President  
Chairman of the Board

**ALLISON THORNE**  
L.L.B. • Director • Company Secretary

**EGBERT CARTER**  
MSC. (Civil Engineering) • Director



*From Left to Right:*

**LANCELOT TYRELL**  
Director

**DR. YESU PERSAUD**  
CCH, FCCA, FRSA, CCMI • Director

**SHARON SUE-HANG**  
BSc (Chemistry) • EMBA  
Director of Technical Services

**TIMOTHY JONAS**  
L.L.B. (Hons) • Director

**RUDOLPH COLLINS**  
CCH, BSc. (Hons) • DPA Director





“

Group Profit before Tax for the year was \$4.362 billion compared to \$3.551 billion in the previous year, an increase of \$811 million, or 23%.

”

**KOMAL R. SAMAROO**

President • Chairman of the Board

# Chairman's Report

It is with great pleasure that I announce to shareholders that the 2018 financial year was another very successful year with excellent performance from our Group. Revenue, both local and international, continued to show encouraging growth while significant progress was made in key areas of diversification.

Our Group depends on international markets for a significant portion of its revenue. Hence, continued growth in the global economy is important for ongoing market expansion.

Global expansion, which has been growing in recent years, has reportedly weakened in 2018. According to The World Economic Outlook Update released by the International Monetary Fund in January 2019, in 2018, the global economic growth declined to 3.7%, slightly down from the 3.8% recorded in 2017. Further reduction has been forecasted for 2019.

In the meanwhile, the Group continues to pursue every opportunity to improve the level of international competitiveness. A study undertaken by the West Indies Rum and Spirits Producers Association has shown that the regional spirits industry faces significantly more bureaucratic red-tape, through archaic regulations, than the spirits industry in the developed world. In the course of 2018 therefore, we have made representations at the national policy-making level and we are hopeful that a process of modernization of the regulatory framework for the spirits industry would be undertaken. This is necessary for DDL, as a local spirit producer, to be placed in a position to fairly compete with our counterparts regionally and internationally.

Locally, the Guyana economy was expected to grow by 3.4 percent in 2018, representing a significant improvement on the 2017 growth of 2.1 percent. Sugar production in the year was reported at 104,596 and projected to increase to 145,000 by 2021.

The downsizing of the local Sugar Industry has had negative impact on our Operations in 2018. Domestic molasses supply was inadequate to meet the Distillery's production demands, based on orders from our longstanding customers. In order to meet this shortfall, therefore, our Operations had to resort to importing 14,000 tons of molasses with an attendant high logistics costs.

During the year, we explored the option of bidding for the Enmore Sugar factory, but did not pursue this option, as the substantial costs associated with the requisite rehabilitation did not present a viable solution.

The future outlook for the newly emerging Oil and Gas sector continues to be very positive with increase in proven reserves

and projected production. We anticipate that, if managed and monitored properly, this Sector will have an exponential impact on the economy of Guyana in the next few decades.

## RESULTS FOR 2018

The Group recorded its highest revenue ever in 2018. Total revenue for the year was \$21.862 billion, an increase of \$2.293 billion, or a 12% increase on the total revenue of \$19.569 billion recorded in the previous year.

The Group Profit after Tax was \$3.279 billion compared to \$2.6 billion in 2017, an increase of \$679 million, or 26%.

Group Profit before Tax for the year was \$4.362 billion compared to \$3.551 billion in the previous year, an increase of \$811 million, or 23%.

Earnings per share were \$4.26 compared to \$3.38 the previous year.

For 2018, Shareholders Funds increased by 16%. Capital Expenditure totaling \$2.187 billion, incurred during the year, was all financed by self-generated funds. Additionally, bank borrowing, in the form of loans and overdraft, was reduced by \$1.437 billion from funds generated by the Group in the year.

The net debt to equity ratio at the end of the year improved from 0.13:1 in 2017 to 0.06:1 in 2018.

## SUBSIDIARIES

Distribution Services Ltd (DSL) increased its Profit before Tax to \$404m, from the previous year Profit before Tax of \$396m, representing an increase of 2%. As reported last year, a new central distribution warehouse for this Subsidiary was being constructed at Plantation Great Diamond, East Bank Demerara for its wholesale business. It is expected that this project will be officially commissioned in March this year. DSL is currently developing a plan to modernize its retailing business to meet the expectations of its customers.

Despite an 8% growth in its gross revenue, Demerara Shipping Co. Ltd. (DSCL) recorded a decline in profit of 8% on account of increased expenditure on the wharf facilities and equipment maintenance. DSCL's Profit before Tax for the year was \$121m compared to \$132m in the previous year. DSCL has embarked on a phased program for the rehabilitation and modernization of its Office and Port Facilities. In 2018, \$40m was expended, in this regard, and \$940m is projected for capital upgrades in 2019.



# Chairman's Report - cont'd

Tropical Orchard Products Company Ltd. (TOPCO) had a much-improved year, turning around its 2017 loss of \$53m to a profit of \$20m. TOPCO's gross revenue for the year was \$580m, an increase of 160% a significant portion of which was as a result of TOPCO's continued commitment to supplying fresh juices to the National School Feeding Program.

Overseas subsidiaries contributed Profit before tax of \$159m in the year compared to \$210m the previous year. As a result of significant consolidation of the customer base for its bulk products, we have agreed to phase out the operations of Demerara Rum Co. and service these customers directly by the parent company. The Group therefore, plans to fully liquidate Demerara Rum Co in 2019.

## DIVIDENDS

An Interim Dividend of \$0.25 a share was paid in December 2018. The Directors have recommended a Final Dividend of \$0.85 per share which, if approved by the Shareholders, at the upcoming Annual General Meeting, will result in a total dividend for the year of \$1.10 per share. In the previous year, the dividend payment totaled \$0.80 per share.

## CAPITAL EXPENDITURE

During the year, we successfully completed the construction of the new Barrel Warehouse facility in order to increase our rum aging capacity by another 30,000 barrels. The Barrel Warehouse was commissioned on March 16, 2018 by the Honorable Minister of Foreign Affairs Mr. Carl Greenidge.

In October 2018, we commenced preparatory work for the construction of a new and modern Blending Plant. This Plant will utilize the latest digital technology to improve operational efficiency, reduce costs and will also replace the existing Blending Operations. This new Blending Plant, which is estimated to cost \$465m is expected to be completed by the end of June 2019.

In pursuance of our diversification strategy, the Group will also be focusing on expanding the operations of TOPCO. The first phase of the project is to expand and automate the extraction of pulp from local fruits. This project will expand market opportunity for local fruit farmers and create new income-generating opportunities for new entrants into the agricultural sector.

The second phase of the project entails the expansion and modernization of the packaging facility for the TOPCO range of juices. The project is designed to allow for flexibility in the range of products to cater for the domestic and regional market.

## BUILDING HUMAN CAPACITY

In order to support the growth in our business in an increasingly competitive environment, the Group continues to invest in staff

development. Apart from our Cadetship and Management Trainee Programs, we have exposed several members of our Technical and Managerial staff to several relevant training programs conducted both locally and overseas.

The Group has also invested in KRONOS, an industry leading Human Capital Management System intended to help manage and provide insights for Human Resource Management (HRM) within the organisation. With the implementation of KRONOS, there has been improved accessibility to electronically stored data captured in a timely manner for HRM, Payroll, Training, Talent Management and Timekeeping all accommodated in one system. The intention of this System is to continuously improve on our operational efficiencies and provide accessible HR information for planning and management purposes.

## SYSTEMS AND STANDARDS

Our production facilities and supporting systems have been ISO certified since 1995 and we have continuously improved our quality systems over the years. In July 2018, we successfully transitioned to the ISO 9001:2015 version of the Standard.

Additionally, our Distillery Operations was successful in its annual Hazard Analysis and Critical Control Points (HACCP) audit conducted by SGS; the Liquor Bottling Plant sustained its commendable performance in the annual Good Manufacturing Practices (GMP) audit; while our non-alcoholic Beverage Operation was successful in the Annual American Institute of Bakery (AIB) Food Safety audit as well as the Global Audit conducted by Pepsi Cola International.

## FUTURE PROSPECTS

We are hopeful that domestic molasses production would increase in the next few years to fully meet our production requirements. Consistent and reliable supply of basic raw materials is vital if we are to maintain and expand our markets. We will therefore, continue to meaningfully engage our suppliers to ensure the adequacy and sustainability of such basic raw materials.

In addition, we will explore all avenues to continuously improve our operational efficiencies through the use of modern technology as we seek to maintain global competitiveness in all areas of our business.

We will maintain our focus on the sustained development of our brands in the international market, both in terms of increasing presence in existing markets as well as accessing new markets.

With the completion of our new DSL Distribution Warehouse in the first quarter of this year and with the expansion of TOPCO's production capacity, we expect that by early next year, the Group's Operations will be much more diversified.



## Chairman's Report - cont'd

There are other areas of diversification that are engaging the attention of the Group but decisions will only be made after the necessary feasibility has been completed.

The new investments being undertaken by the Group as well as the aggressive marketing activities being executed should keep the Group on a firm growth path for the coming years.

### ACKNOWLEDGEMENTS

The outstanding results of the Group this year has been due, in no small measure, to the level of commitment, dedication and outstanding work of our staff members at all levels in the organisation. I wish to take this opportunity to place on record my sincere gratitude to each and every member of our team.

The Board of Directors has provided practical recommendations, constructive leadership and unwavering support, which has been extremely useful to the Executive Team as the latter sought to implement the many projects and policies approved by the Board as well as navigate the challenges encountered during the year.

Finally, I would like to thank our numerous loyal customers, business partners and shareholders for the continued confidence they have reposed in our Group.

We look forward to the future with cautious optimism and a committed resolve to maximize value as well as to generate sustainable returns for the benefit of our shareholders.

**Komal Samaroo**  
Chairman





# Long Service Awards

## 30 Years

**Donald Murray**  
Bottling Plant

**Bridgemohan Ramdas**  
Bottling Plant

**Nabila Shaw**  
Commercial Department

**Chandrapaul Jairam**  
Distillery

**Parmanand Sookall**  
Human Resources  
Department

**Rajpattie**  
DDL-Security

## 25 Years

**Shaunett M. Kingston**  
Beverage Plant

**Muneshwar Tajeshwar**  
Beverage Sales

**Derick M. Boodhan**  
Bottling Plant

**Rohan Mangra**  
Projects/Engineering

**Rauxzane R. Meusa**  
Bottling Plant

**Vedwattie Persaud**  
Bottling Plant

**Rasheed Khan**  
Distillery

**Vijay A. Persaud**  
Distillery

**Delbert D. Sagon**

## 25 Years - cont'd

Distillery

**Haman Sooklall**  
Distillery

**Inderdeo Deonarine**  
Security

**Bhebehechen Narine**  
Rum Delivery

**Gopaul Charan**  
GT Sales/DSCL

## 20 Years

**Sewdat Miranjie**  
Beverage Plant

**Zareena Carreiro**  
Bottling Plant

**Laverne Dazzell**  
Bottling Plant

**Deodat Sooknanan**  
Bottling Plant

**Azim Gafoor**  
Distillery

**Deonan Prashad**  
Projects

**Shivnarine Singh**  
Rum Delivery

**Kedar Bharat**  
Security

**Francis B. Gordon**  
Security

**Indar Kissoon**  
Security

## 20 Years - cont'd

**Colan Bernard**  
DSL- Ruimveldt

**Gomaday Shivratan**  
DSL- Diamond

## 15 Years

**Bryan Prittupaul**  
DSL

**Teekaram Parasnauth**  
Beverage Plant

**Ray A. Richards**  
Beverage Plant

**Rohan A. Singh**  
Beverage Plant

**Suroj N. Loy**  
Engineering/Projects

**Leon Vivieros**  
Distillery

**Ananand Samaroo**  
Berbice Branch

**Mohamed E.  
Mohamed**  
Security

**Khemwattie Maiku**  
DSL-Ruimveldt

**Shaun Khemraj**  
DSL-Diamond

**Sancharie Dharamraj**  
DSL- Diamond



# Executive Team



*From Left to Right:*

**VASUDEO SINGH**  
Finance Controller

**MONEETA SINGH-BIRD**  
Human Resource Director

**SHAUN CALEB**  
Senior Process Improvement Manager



# Management Team



*From Left to Right:*

**BRYAN PRITTIPPAUL**  
General Manager - DSL

**NALINI JAMUNA**  
Administration & Operations Manager- DSCL

**FAZAL BACCHUS**  
Chief Internal Auditor

**YESHWAR BHAGWANDAT**  
Senior Business Development Manager

# Report of the Directors

The Board of Directors ("the Board") welcomes this opportunity to submit its Report together with the Audited Financial Statements of Demerara Distillers Limited & Subsidiaries ("the Group") for the year ended December 31, 2018.

## Turnover and Profitability

The Board is pleased to report that Group turnover increased by \$2.3 billion from \$19.6 billion recorded in 2017 to \$21.9 billion in 2018. Group pre-tax profits increased by \$811 million from \$3.551 billion recorded in 2017 to \$4.362 billion achieved in 2018.

## Dividends

A final dividend of \$0.85 per share has been recommended, in addition to \$0.25 per share interim dividend already paid, bringing the total dividends for the year to \$1.10 per share.

### BOARD OF DIRECTORS

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

### DESIGNATION

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

## Directors

In accordance with Article 122 of the Company's Articles of Association, **Directors Messrs. Egbert Carter, Rudolph Collins, Timothy Jonas, Harryram Parmesar, Yesu Persaud and Lancelot Tyrell** will retire by rotation at the close of the Annual General Meeting to be held on the 29th day of March 2019 and being eligible, offer themselves up for re-election.

## Directors' Emoluments as at December 31, 2018

Yesu Persaud	\$2,303,331
Rudolph Collins	\$2,303,331
Egbert Carter	\$2,303,331
Timothy Jonas	\$2,303,331
Harryram Parmesar	\$2,303,331
Lancelot Tyrell	\$2,303,331

## Directors' Interest – Demerara Distillers Limited

The interests of Directors holding office in the ordinary shares of Demerara Distillers Limited at December 31, 2018 and up to the date of this Report were as follows:



# Report of the Directors - cont'd

## DIRECTOR

## ORDINARY SHARES AT NO. PAR. VALUE

	Beneficial Interest		Associates' Interest	
	2018	2017	2018	2017
Komal Samaroo	931,646	931,646	1,137,141	1,137,141
Egbert Carter	Nil	Nil	Nil	Nil
Rudolph Collins	Nil	Nil	Nil	Nil
Timothy Jonas	50,000	50,000	Nil	Nil
Harryram Parmesar	214,463	214,463	Nil	Nil
Yesu Persaud	Nil	Nil	Nil	Nil
Lancelot Tyrell	29,750	29,750	Nil	Nil
Sharda Veeren-Chand	1,500,000	1,500,000	Nil	Nil
Sharon Sue Hang-Baksh	223,334	223,334	Nil	Nil
Allison Thorne	Nil	Nil	Nil	Nil

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

### Contracts with Directors

During the financial year there were no:

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

### Auditors

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

### Corporate Governance

The Board continues to endorse and accept collective responsibility for ensuring the Group's achievement of those sacrosanct principles which support corporate governance namely: integrity, ethical management, responsible leadership, fairness, legal compliance, transparency, and accountability. In order to ensure that the Group's ethical culture is effectively managed, monitored and maintained, the Board continuously evaluates the internal policies, guidelines and structures within the Group to guarantee effective decision making, sustainable growth of operations as well as alignment with evolving best practices.

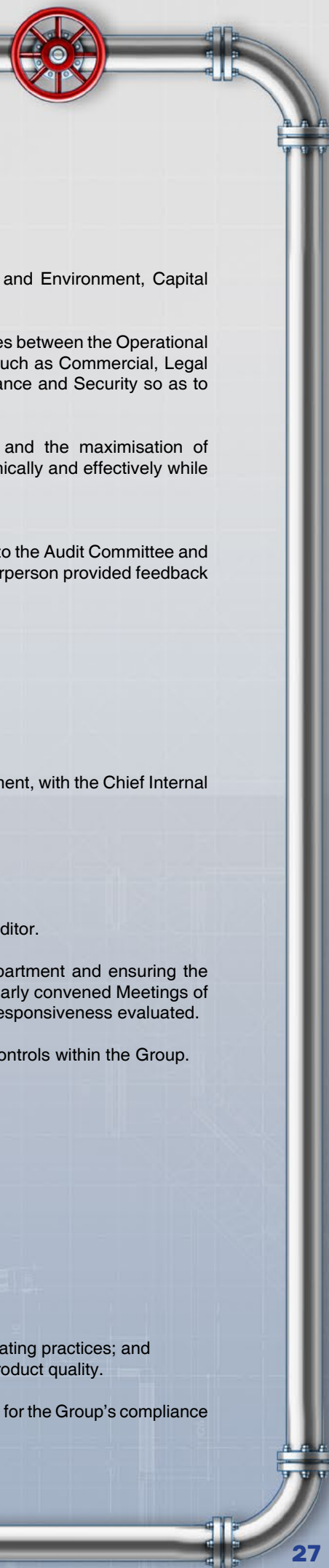
With the principal aim of providing strategic leadership and direction as well as monitoring the implementation of business plans and strategies, the Board convened twelve (12) Meetings in 2018, focused on inter alia: strategic future plans; performance of the business operations; internal controls and financial planning; dividend proposals; economic and market trends; risk mitigation and management; capital projects; and corporate acquisitions, disposals and related matters.

The Board conducts the affairs of the Group on the basis of specialist skills, diverse industry knowledge and extensive experience of its Members which contributes to robust decision making. As at December 31, 2018, the Board consisted of six Non-Executive Directors and four Executive Directors including the Executive Chairman.

All Non-Executive Directors of the Board namely: Yesu Persaud, Rudolph Collins, Egbert Carter, Timothy Jonas, Harryram Parmesar and Lancelot Tyrell were re-elected by Shareholders at the last Annual General Meeting of the Group held on March 29, 2018. During the year, Non-Executive Directors met amongst themselves as well as with Executive Directors and Management without the presence of the Executive Chairman. As the principal trustees of shareholder rights and interest on the Board, Non-Executive Directors continue to safeguard their independence by abstaining from participation in the Group's daily management, which they have instead delegated to the Executive Committee.

The Executive Committee is responsible for implementing the strategies and policies agreed by the Board; managing the business and affairs of the Group; prioritising the allocation of capital, technical and human resources and ensuring that the Group complies with best management practices.

The Executive Committee led by the Executive Chairman, consists of both Executive Directors and Senior Management. This Committee convened no less than twelve (12) Meetings in 2018 focused on: Production, Sales, Marketing, Information Technology, Quality Assurance, New Product Development, Financial Performance, Risk Management, Legal Compliance,



## Report of the Directors - cont'd

Corporate Social Responsibility, Human Resources, Training & Development, Health, Safety and Environment, Capital Projects, Security and Internal Controls.

The Management Structure of the Group facilitates the clear separation of roles and responsibilities between the Operational Divisions such as Production and Sales as distinct from those in Corporate Service Divisions such as Commercial, Legal & Compliance, Human Resources, Management Information Systems, Quality Assurance, Finance and Security so as to safeguard internal controls and minimise any risk of conflict of interest.

As the Board continues to steadfastly pursue the enhancement of shareholder's interest and the maximisation of shareholder's return on investment, it reaffirms its commitment to leading the Group's affairs ethically and effectively while creating sustainable value in the Group.

### Board Committees

Without abdicating its own responsibilities, the Board has seen it fit to delegate specific functions to the Audit Committee and Technical Committee. During the year, in the interest of prudent oversight, each Committee Chairperson provided feedback to the Board on the key matters, activities and decisions addressed by each Board Committee.

### Audit Committee

The Audit Committee operates under the delegated authority of the Board.

### The Committee comprises two Non-Executive Directors:

Mr. Harryram Parmesar	Chairman
Mr. Timothy Jonas	Member

The responsibilities of the Committee are discharged with support from the Internal Audit Department, with the Chief Internal Auditor reporting directly to the Chairman of the Committee.

The Committee is responsible for oversight of the:

- internal controls and risk management systems
- integrity of the financial statements
- internal audit process, including the scope of work, resources and performance
- appointment, independence, competence and performance of the Independent Auditor.

These responsibilities are fulfilled by utilizing the skills and expertise of the Internal Audit Department and ensuring the independence and objectivity of the Audit Process. Internal Audit Reports are discussed at regularly convened Meetings of the Committee, where findings and recommendations are assessed as well as Management's responsiveness evaluated.

The Audit Committee is satisfied with the actions taken by Management to strengthen internal controls within the Group.

### Technical Committee

In 2018, the Technical Committee comprised the following Members:

Lancelot Tyrell	Non-Executive Director	Chairman
Egbert Carter	Non-Executive Director	Member
Sharon Sue Hang	Technical Director	Member
Lennox Caleb	Senior Process Improvement Manager	Member
Kenneth Ragnauth	Project Manager	Member
Vasudeo Singh	Finance Controller	Member

The primary role of the Technical Committee is to assist and guide the Board in the:

- assessment of capital projects and plans;
- continuous evaluation and, if thought fit, adoption of prudent maintenance and operating practices; and
- technical complexities which significantly impact the operational performance and product quality.

The Committee is required to deliver these primary objectives while remaining cognizant of the need for the Group's compliance with health, safety and environmental laws and regulations.



# Report of the Directors - cont'd

During the year, the Committee met on a regular basis to monitor and review the following projects:

- Beverage Plant Expansion;
- Topco Plant Expansion & Process Upgrade;
- Blending Plant Relocation, Construction & Process Upgrade;
- Biomethanisation Plant Rehabilitation of Tank 2;
- Carbon-Dioxide Plant Improvements;
- DSL Diamond Warehouse Construction;
- DSCL Wharf- Phase III Upgrades;
- Staff Club Renovations;
- Power Generation Strategy taking into consideration Solar & Wind Energy Systems; and
- Improvements to the Infrastructure and Environment of the Group's Diamond Complex.

Reports on these Projects were submitted to the Board along with the recommendations of the Committee.

## Substantial Shareholders

Company	2018		2017	
	# of Shares	% Shareholding	# of Shares	% Shareholding
Trust Company (Guyana) Limited	233,667,669	30.35	233,667,669	30.34
Secure International Finance Co. Inc.	142,582,506	18.52	142,524,388	18.51
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.

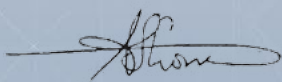
## Changes in Affairs of the Company

There were no significant changes in the affairs of the Company during the year ended December 31, 2018.

## 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.)  
Director/Company Secretary  
February 21, 2019



# Corporate Social Responsibility

**At Demerara Distillers Limited we remain focused on our responsibility to help develop the next generation of consumers and employees who will be the future of both our Company and our Country. In 2018 our emphasis continued on the development of youth through several avenues in the areas of Education and Sports, including:**

## **The DDL Foundation**

The DDL Foundation continued to be the key area of focus under our drive for education. This year, we saw five (5) awardees who successfully completed their secondary education bringing the total number of graduates to seventeen (17), since the foundation was launched in 2010. Leshanna Bindah, Gordon Isaacs, Ajay Persaud, Shanice Henry and Fayola Blair were among those that graduated this year.

These five students were all successful at their CSEC examinations.



From left to right:

- Gordon Isaacs – 4 Grade 1s, 6 Grade 2s, 3 Grade 3s
- Shanice Henry - 4 Grade 1s, 6 Grade 2s, 2 Grade 3s
- Ajay Persaud – 5 Grade 1s, 5 Grade 2s, 2 Grade 3s, 1 Grade 4
- Leshanna Bindah – 15 Grade 1s, 2 Grade 2s, Two Grade 3s
- Fayola Blair – 4 Grade 1s, 4 Grade 2s, 3 Grade 3s, 1 Grade 4

This year, the foundation welcomed an additional six students; Somira Dainty, Natalia Squires, Deevina Chan, Anasie Fredericks, Garnett Bristol and Nicholas Mohabir.

The goal of the Foundation is the advancement of education in secondary students by providing scholarships to assist with the main costs associated with attending school. This includes books, uniforms, transportation and, in some cases, meals.

All students who have excelled in the National Grade Six Examination and who have demonstrated their need for assistance as a result of their financial or social constraints can apply to the Foundation.

**Some of the foundation members with the six awardees**



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

Today the Foundation has a total of twenty-four (24) students from across the country who benefit from scholarships.

## **SPORTS – LOCAL SPONSORSHIPS**

### **Pepsi Boxing Tournaments**

In 2018, the Pepsi Caribbean School Boys & Girls Championship continued after great success in 2017. Pepsi and the Guyana Amateur Boxing Association (GABA) partnered for the seventh consecutive year to promote and support youth development in Guyana by bringing in foreign competition to expand the scope of our local young boxers. Overseas boxers represented islands such as Jamaica, Trinidad & Tobago and St. Lucia during the competition.



### **Hockey**

The 14th Annual Diamond Mineral Water International In-Door Hockey Festival was once again the highlight for hockey in Guyana during 2018. Teams from Trinidad and Tobago were invited to this prestigious and exciting hockey tournament at the National Sports Hall from November 29 to December 2, 2018. As the premier and longest running hockey tournament in Guyana, the Diamond Mineral Water International In-Door Hockey Festival has been the tournament that all hockey enthusiasts in Guyana and parts of the Caribbean look forward to in the calendar year.



# Corporate Social Responsibility - cont'd

## Horse Racing

DDL continued to support horse racing in West Berbice through our strong relationship with Kennard Memorial Turf Club (KMTC). Our commitment this year was through sponsorship of three major meets held in celebration of Phagwah, Independence and Christmas. The club has been known for its well-maintained facility and over the years attracted many families to witness some of the fastest horses and skillful jockeys in Guyana. These events are key activities on the entertainment calendar within this county. DDL has partnered with KMTC for the last 46 years and plans on maintaining our relationship for many more years to come.

## Rose Hall Town Youth and Sports Club

As a development program that has been running for more than 15 years, Demerara Distillers Limited under our Pepsi brand continued to fuel the Rose Hall Town Youth and Sports Club Pepsi U-19 team. Over the years, the team has produced a number of cricketers to represent both Guyana and West Indies and it continues to dominate awards at the Guyana Cricket Board presentation.

## Diamond Mineral Water Cycling

The 19th Annual Diamond Mineral Water Cycle Road Race was held on November 18, with categories featuring seniors, veterans, juniors and mountain bikers. This event is one of the most anticipated cycling competitions in Guyana and has a rich competitive nature. The race started at Schoonord, West Bank Demerara and proceeded to Bushy Park, East Bank Essequibo before returning to the starting point for the finish. Junior Niles lead the way as winner of the senior and veteran categories while Adealie Hodge won the junior category and Ozia McUllay took the Mountain Bike category.

## Pepsi First Division Cricket – Berbice

In October and November 2018, the first ever Pepsi First Division 50 Over cricket tournament was hosted in East Berbice. This tournament saw 11 clubs competing for top honored and bragging rights for one year in the Ancient County.

## SPONSORSHIPS

### Hero Caribbean Premier League T20 2018

Demerara Distillers' under our El Dorado brand continued to be a part of the HERO Caribbean Premier League as the 'Official Spirit' and 'Celebration Partner' of the tournament.

Guyana, home of the Amazon Warriors, hosted five (5) home matches and for the very first time, two (2) playoff matches at the Providence Stadium.



Scene from a cricket match at the Guyana National Stadium

El Dorado's partnership with CPL continued to reinforce what a strong Caribbean brand we are and at the same time celebrates the single largest event in Caribbean culture. The unity between the two brands continues to grow stronger each year as the tournament keeps attracting more fans.

El Dorado maintains its sponsorship of the teams; Guyana Amazon Warriors, Trinbago Knight Riders, St. Lucia Stars, Barbados Tridents and the Jamaica Tallawahs.

The company looks forward to the next three years as the 'Official Spirit' of the League as the brand continues to win the hearts of cricket fans not only in the Caribbean but all around the world.

## Education and Personnel Development

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

### Bursary Scheme

Twenty-two (22) children of employees, who passed the year 2018 National Grade Six Assessment of the Secondary School Entrance Examination (SSEE), were awarded bursaries in August, 2018.

Seventy-four (74) students currently receive annual bursary awards. The Bursary award programme aims to support employees within the company to provide education for their children.



Bursary Presentations 2018

### Work Attachment

Another aspect of our CSR is the facilitation of Work Study attachments for students. Over the year 2018, forty-four (44) students from the University of Guyana, Secondary Schools, the Government Technical Institute and the Kuru Kuru Training Centre benefited from work study attachments. These students were involved in on the job/ hands on activities at the plants for a fixed period. The students also participated in cultural and talent displays organised by the company.



# Corporate Social Responsibility - cont'd

## Tours

During the year 2018, the company facilitated tours from forty (40) institutions (a total of two thousand, six hundred and thirty five students and teachers), to provide the visitors with an understanding of the operations of the Topco, Beverage and Biomethanisation Plants. The tours are useful, in that they provide an insight as to the types of careers that are available, upon conclusion of study.

## Cadetship/Scholarship/Sponsorship Programme

Demerara Distillers Limited continued to maintain its cadetship/scholarship/sponsorship programmes and provides full and partial scholarships to staff.

Five (5) persons are currently at the University of Guyana full time, on cadetship, pursuing Undergraduate Degrees in the areas of Engineering and Chemistry.

In addition, currently fifty (50) staff members are beneficiaries of partial support for professional development at universities (local and foreign), and other professional institutions in accounting, information technology, business administration, distillation, human resources, marketing and related programmes.

These initiatives underscore the company's commitment to human resource development.

## GRADUATE TRAINEE PROGRAMME

In 2018, the company accepted eight (8) University Graduates from the Departments of Business, Social Sciences and Technology, into its Graduate Trainee programme.

Most of these graduates are currently involved in on and off the job training. Their training will ensure exposure to most areas of operations within the business, so as to prepare them to function effectively in their future assignments.

## Staff Self Improvement Programme (SIP)

In addition to the above, the company continued to encourage staff to pursue opportunities that aid in their growth and career development, through accredited programmes conducted by Diamond Institute of Management and Technology (DIMATECH). DIMATECH has been approved to conduct professional examinations under the Government Technical Educational Examinations (GTEE) and the Institute of Brewing and Distillation (IBD), UK.

In 2018, eighteen (18) staff members sat the Government Technical Educational Examination (GTEE) in Craft and Advance Electrics. Thirteen (13) of the staff members were successful, two (2) of them gaining distinctions.

Also during the year, two (2) staff sat the modular examination in Distillation conducted by the Institute of Brewing and Distillation (IBD), UK. These staff members were successful and are continuing on the next phase in the Distillation Programme.

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



Work Study Students Culture Day

RHTYSC Cricket Manager, Robbie Kissoolall (left) receives the sponsorship from Marketing Assistant, Sherese Leander (right)



Pepsi Brand Manager, Larry Wills (L) handing over cheque to President of BCB, Hilbert Foster (right)





# Financial Statements

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# Independent Auditor's Report

## TO THE MEMBERS OF DEMERARA DISTILLERS LIMITED AND SUBSIDIARIES ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

### Opinion

We have audited the financial statements of Demerara Distillers Limited and Subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 35 to 103.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Demerara Distillers Limited and Subsidiaries as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

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

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as at and for the year ended December 31, 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Valuation and impairment of property, plant and equipment. (Refer to note 10 in the Group financial statements)</i></p> <p>The financial statements detailed property, plant and equipment with a net book value of G\$8.4B and G\$11.2B in the Company and Group accounts respectively. No revaluation of property, plant and equipment was done during the year.</p> <p>Property, plant and equipment are considered Key Audit Matters as significant management judgment was used to select depreciation rates for items of property, plant and equipment. In addition, an annual impairment review of property, plant and equipment was done which involved significant management judgment.</p> <p>We found that the assumptions used by management in relation to the carrying value of property, plant and equipment were in line with our expectations and the disclosure in note 10 to be appropriate.</p>	<p>Our procedures in relation to management's valuation and impairment of property, plant and equipment included:</p> <ul style="list-style-type: none"> <li>• Test checking of depreciation rates for property, plant and equipment to ensure consistency with the accounting policies and industry rates;</li> <li>• Physical verification of selected assets which were acquired during the current and prior years;</li> <li>• Verification of the policy for acquisitions and disposals of property, plant and equipment.</li> <li>• Obtaining and checking written representation by management on their assessment of impairment;</li> <li>• Assessing the methodology used by management to carry out impairment review;</li> </ul>



# Independent Auditor's Report - cont'd

## Key Audit Matter

*Valuation and impairment of investment properties. (Refer to note 11 in the Group financial statements)*

The financial statements detailed investment properties with a net book value of G\$2.1B and G\$185M in the Company and Group accounts respectively. No revaluation of investment properties was done during the year.

Investment properties are considered Key Audit Matters as significant management judgment was used to select depreciation rates for items of land and building and equipment. In addition, an annual impairment review of land and building and equipment was done which involved significant management judgment.

We found that the assumptions used by management in relation to the carrying value of investment properties were in line with our expectations and the disclosure in note 11 to be appropriate.

*Valuation and impairment of investments. (Refer to note 12 in the Group financial statements)*

At December 31, 2018, investments in the Company amounted to G\$1.9B, consisting of "Fair Value through Other Comprehensive Income", "Subsidiary companies" and "Associate companies". The Group's investments were stated at G\$2.1B and consist of "Fair Value through Other Comprehensive Income" and "Associate companies".

Investments are considered a Key Audit Matter because they are material to the financial statements.

Also, there is significant measurement uncertainty involved in the valuation. As a result, the valuation of these instruments was significant to our audit.

*Valuation of Defined Benefit Asset/Liabilities. (Refer to note 13 in the Group financial statements)*

The Company and Group has recognised a defined benefit asset and liability of G\$2.0B and G\$10.8M respectively. These are considered to be Key Audit Matters since the assumptions that underpin the valuation of the defined benefit pension assets and liabilities are important and also involve subjective judgments as the surplus/deficit balance is volatile and affects the Company's distributable reserves.

## How our audit addressed the Key Audit Matter

Our procedures in relation to management's valuation and impairment of investment properties included:

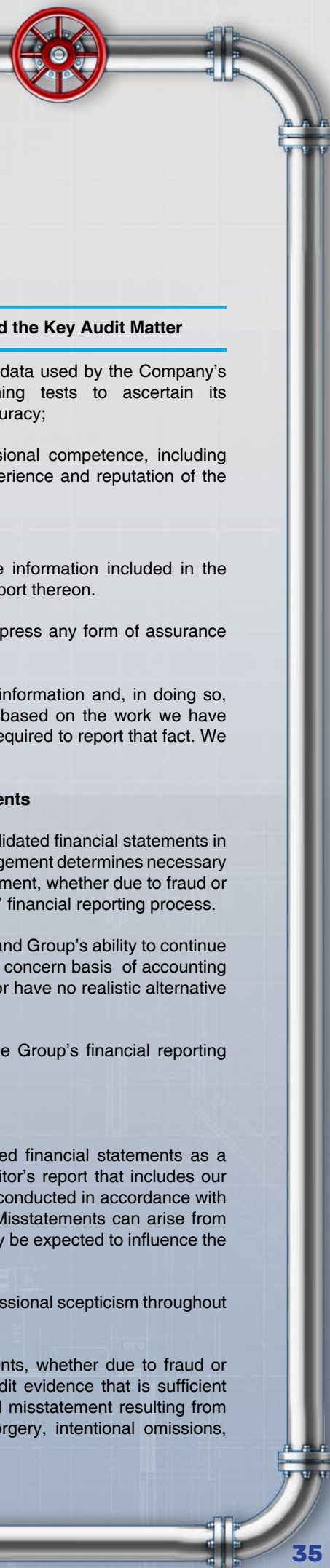
- Test checking of depreciation rates for investment properties to ensure consistency with the accounting policies and industry rates;
- Assessing the methodology used by management to carry out impairment review and also ensuring written representation was obtained and checked;
- Physical verification of selected investment properties, also verification of the policy for acquisitions and disposals;
- Ensuring owner-occupied properties were correctly eliminated in the consolidated financial statements and presented and disclosed in accordance with IAS 40.

Our procedures in relation to valuation and impairment of investments included;

- Obtaining an understanding of the valuation methods used by the Company and Group to assess whether they were consistent with prior years and our understanding of the client;
- Reviewing the source data used by the Company in the valuation method and performing tests to ascertain its completeness and accuracy;
- Reviewing of the Group's policy on accounting for the various categories of investments and ensuring compliance with relevant IFRS/IAS;
- Reviewing audited financial statements of subsidiaries and associates to ensure going concern and no impairment of investment.

Our procedures in relation to actuarial valuation included;

- Reviewing of the actuarial report for the year ended December 31, 2018 and ensuring information was presented and disclosed in accordance with IAS 19.
- Obtaining an understanding of the methodology and assumptions used by the actuary and assessing whether these were consistent with prior years and our understanding of the client;



## Independent Auditor's Report - cont'd

### Key Audit Matter

Management has employed actuarial specialists in order to calculate this balance and uncertainty arises as a result of estimates made based on the Company's expectation about long-term trends and market conditions.

### How our audit addressed the Key Audit Matter

- Reviewing the source data used by the Company's actuary and performing tests to ascertain its completeness and accuracy;
- Assessing the professional competence, including the qualifications, experience and reputation of the actuary.

### Other information in the annual report

Management is responsible for the other information. The other information comprises all the information included in the Company's 2018 annual report, but does not include the financial statements and our auditor's report thereon.

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

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

### Responsibilities of those Charged with Governance for the Consolidated Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the Group financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



## Independent Auditor's Report - cont'd

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Group financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Group financial statements, including the disclosures, and whether the Group financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

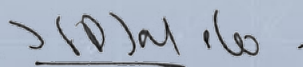
We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

### Report on Other Legal and Regulatory Requirements

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

The engagement partner responsible for the audit resulting in this independent auditor's report is Mr. Rameshwar Lal FCCA.

  
TSD LAL & CO  
CHARTERED ACCOUNTANTS

February 11, 2019

77 Brickdam, Stabroek,  
Georgetown, Guyana.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2018

	NOTES	COMPANY		GROUP	
		2018 G\$ 000	2017 G\$ 000	2018 G\$ 000	2017 G\$ 000
Turnover		<b>16,999,220</b>	15,221,765	<b>21,861,762</b>	19,569,018
Cost of sales		<b>(10,292,940)</b>	(9,439,832)	<b>(13,232,594)</b>	(11,961,927)
Gross profit		<b>6,706,280</b>	5,781,933	<b>8,629,168</b>	7,607,091
Other income	5	<b>588,718</b>	1,719,014	<b>465,360</b>	437,840
Investment properties income		<b>146,254</b>	108,394	<b>13,474</b>	11,094
Selling and distribution expenses		<b>(1,942,604)</b>	(1,822,521)	<b>(2,664,562)</b>	(2,496,128)
Administration expenses		<b>(1,642,187)</b>	(1,372,084)	<b>(2,032,518)</b>	(1,737,801)
Profit before interest and taxation		<b>3,856,461</b>	4,414,736	<b>4,410,922</b>	3,822,096
Finance cost		<b>(182,026)</b>	(319,176)	<b>(228,642)</b>	(362,548)
Share of profit of associate companies	12b(i)	-	-	<b>179,527</b>	91,766
Profit before taxation	6	<b>3,674,435</b>	4,095,560	<b>4,361,807</b>	3,551,314
Taxation	7	<b>(796,479)</b>	(640,366)	<b>(1,083,208)</b>	(951,269)
Profit for the year		<b>2,877,956</b>	3,455,194	<b>3,278,599</b>	2,600,045
Other Comprehensive Income:					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit pension plans	7	<b>464,207</b>	168,000	<b>464,207</b>	168,000
Items that may be subsequently reclassified to profit or loss:					
Exchange difference on consolidation	18(c)	-	-	<b>(52,146)</b>	175,776
Fair value gain/(loss) on investments	18(b)	<b>501,984</b>	2,241	<b>501,984</b>	(30,043)
		<b>501,984</b>	2,241	<b>449,838</b>	145,733
Other comprehensive profit for the year		<b>966,191</b>	170,241	<b>914,045</b>	313,733
Total comprehensive income for the year		<b>3,844,147</b>	3,625,435	<b>4,192,644</b>	2,913,778
Basic earnings per share in dollars	9	<b>3.74</b>	4.49	<b>4.26</b>	3.38

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



# Statement of Changes in Equity

FOR THE YEAR ENDED DECEMBER 31, 2018

	Notes	COMPANY				
		Attributable to equity holders of the parent				
		Share capital	Capital reserves	Other reserve	Retained earnings	Total
		G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000
Balance at January 01, 2017		770,000	489,565	773,585	12,644,683	14,677,833
Changes in equity 2017						
Total comprehensive income for the year		-	-	2,241	3,623,194	3,625,435
Dividends	8	-	-	-	(515,900)	(515,900)
Balance at December 31, 2017		770,000	489,565	775,826	15,751,977	17,787,368
Net impact of adopting IFRS 9	29	-	-	-	(88,755)	(88,755)
Restated opening balance under IFRS 9		770,000	489,565	775,826	15,663,222	17,698,613
Changes in equity 2018						
Total comprehensive income for the year		-	-	501,984	3,342,163	3,844,147
Dividends	8	-	-	-	(654,501)	(654,501)
Balance at December 31, 2018		770,000	489,565	1,277,810	18,350,884	20,888,259

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

# Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED DECEMBER 31, 2018

		GROUP					
		Attributable to equity holders of the parent					
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
		770,000	450,854	828,382	(225,681)	16,692,056	18,515,611
		Balance at January 01, 2017					
		Changes in equity 2017					
		-	-	(30,043)	175,776	2,768,045	2,913,778
		Total comprehensive income/ (loss) for the year					
8		-	-	-	-	(515,900)	(515,900)
		770,000	450,854	798,339	(49,905)	18,944,201	20,913,489
		Balance at December 31, 2017					
29		-	-	-	-	(92,175)	(92,175)
		770,000	450,854	798,339	(49,905)	18,852,026	20,821,314
		Net impact of adopting IFRS 9 / IFRS 15					
		Restated opening balance under IFRS 9 / IFRS 15					
		Changes in equity 2018					
		-	-	501,984	(52,146)	3,742,806	4,192,644
		Total comprehensive income/ (loss) for the year					
8		-	-	-	-	(654,501)	(654,501)
		770,000	450,854	1,300,323	(102,051)	21,940,331	24,359,457
		Balance at December 31, 2018					

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



# Consolidated Statement of Financial Position

AS AT DECEMBER 31, 2018

	NOTES	COMPANY		GROUP	
		2018 G\$ 000	2017 G\$ 000	2018 G\$ 000	2017 G\$ 000
<b>ASSETS</b>					
<b>Non current assets</b>					
Property, plant and equipment	10	8,377,596	6,995,835	11,212,859	9,826,372
Investment properties	11	2,128,225	2,144,987	185,231	195,725
Investments	12	1,863,533	1,438,448	2,110,770	1,556,501
Retirement benefit asset	13	1,996,059	1,353,844	1,996,059	1,353,844
<b>Total non-current assets</b>		<b>14,365,413</b>	<b>11,933,114</b>	<b>15,504,919</b>	<b>12,932,442</b>
<b>Current assets</b>					
Inventories	14	9,785,324	10,151,292	11,896,452	11,428,684
Trade and other receivables	15	2,476,259	1,990,754	2,325,663	2,748,875
Prepayments		262,156	75,002	292,324	113,922
Taxes recoverable		235,978	215,899	496,359	323,959
Cash in hand and at bank		166,254	79,776	883,297	1,115,041
<b>Total current assets</b>		<b>12,925,971</b>	<b>12,512,723</b>	<b>15,894,095</b>	<b>15,730,481</b>
<b>TOTAL ASSETS</b>		<b>27,291,384</b>	<b>24,445,837</b>	<b>31,399,014</b>	<b>28,662,923</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
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)	1,277,810	775,826	1,300,323	798,339
Exchange difference reserve	18 (c)	-	-	(102,051)	(49,905)
Retained earnings		18,350,884	15,751,977	21,940,331	18,944,201
<b>TOTAL EQUITY</b>		<b>20,888,259</b>	<b>17,787,368</b>	<b>24,359,457</b>	<b>20,913,489</b>

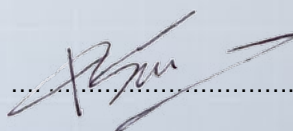
"The accompanying notes form an integral part of these financial statements"


# Consolidated Statement of Financial Position - cont'd

AS AT DECEMBER 31, 2018

	NOTES	COMPANY		GROUP	
		2018 G\$ 000	2017 G\$ 000	2018 G\$ 000	2017 G\$ 000
<b>Non-current liabilities</b>					
Loans due after one year	19	781,686	1,222,654	781,686	1,463,449
Deferred tax	7	1,234,558	1,203,774	1,177,693	1,162,453
Retirement benefit obligation	13	10,763	8,777	10,763	8,777
<b>Total non-current liabilities</b>		<b>2,027,007</b>	<b>2,435,205</b>	<b>1,970,142</b>	<b>2,634,679</b>
<b>Current liabilities</b>					
Trade and other payables	16	2,292,788	2,200,380	2,805,156	2,421,119
Taxes payable		628,351	270,129	721,569	395,378
Current portion of interest bearing borrowings	19	684,606	682,313	684,606	777,243
Bank overdraft (secured)	19	770,373	1,070,442	858,084	1,521,015
<b>Total current liabilities</b>		<b>4,376,118</b>	<b>4,223,264</b>	<b>5,069,415</b>	<b>5,114,755</b>
<b>TOTAL LIABILITIES</b>		<b>6,403,125</b>	<b>6,658,469</b>	<b>7,039,557</b>	<b>7,749,434</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>27,291,384</b>	<b>24,445,837</b>	<b>31,399,014</b>	<b>28,662,923</b>

The Board of Directors approved these financial statements for issue on February 11, 2019.

 Chairman

 Director

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



# Consolidated Statement of Cash Flow

FOR THE YEAR ENDED DECEMBER 31, 2018

	COMPANY		GROUP	
	2018 G\$ 000	2017 G\$ 000	2018 G\$ 000	2017 G\$ 000
<b>Operating activities</b>				
Profit before taxation	3,674,435	4,095,560	4,361,807	3,551,314
Adjustments for:				
Depreciation on property, plant and equipment	663,697	579,894	800,109	716,512
Depreciation on investment properties	69,402	68,495	10,494	10,875
Opening impact of IFRS 9 / IFRS 15	(88,755)	-	(92,175)	-
Increase in defined benefit asset	(61,277)	(64,117)	(61,277)	(64,117)
Increase in defined benefit liability	(832)	(811)	(832)	(811)
Provision for investment	76,899	-	76,899	-
Gain on disposal of investment	-	-	-	(66,457)
Increase in investment in associate companies	-	-	(129,184)	(63,005)
Exchange difference on consolidation	-	-	(52,146)	175,776
Interest received	(918)	(941)	(918)	(941)
Interest paid	182,944	320,117	229,560	363,489
<b>Operating profit before working capital changes</b>	<b>4,515,595</b>	<b>4,998,197</b>	<b>5,142,337</b>	<b>4,622,635</b>
(Increase) / decrease in inventories	365,968	808,738	(467,768)	847,230
(Increase) / decrease in receivables and prepayments	265,664	(1,070,908)	244,810	(1,157,770)
Increase / (decrease) in payables and accruals	219,886	(565,310)	384,037	(471,483)
Decrease in due from subsidiaries	(1,065,801)	(1,298,491)	-	-
Cash generated from operations	4,301,312	2,872,226	5,303,416	3,840,612
Taxes paid/adjusted	(541,465)	(671,110)	(1,028,090)	(743,511)
<b>Net cash provided by operating activities</b>	<b>3,759,847</b>	<b>2,201,116</b>	<b>4,275,326</b>	<b>3,097,101</b>
<b>Investing activities</b>				
Interest received	918	941	918	941
Purchase/transfer of property, plant and equipment	(2,045,458)	(638,052)	(2,186,596)	(854,634)
Purchase/transfer of investment properties	(52,640)	(24,423)	-	-
Sale of investment	-	-	-	83,125
<b>Net cash used in investing activities</b>	<b>(2,097,180)</b>	<b>(661,534)</b>	<b>(2,185,678)</b>	<b>(770,568)</b>

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

# Consolidated Statement of Cash Flow - cont'd

FOR THE YEAR ENDED DECEMBER 31, 2018

	COMPANY		GROUP	
	2018 G\$ 000	2017 G\$ 000	2018 G\$ 000	2017 G\$ 000
Financing activities				
Loan repayments and transfers	(438,675)	(909,456)	(774,400)	(1,073,203)
Interest paid	(182,944)	(320,117)	(229,560)	(363,489)
Dividends paid	(654,501)	(515,900)	(654,501)	(515,900)
Net cash used in financing activities	(1,276,120)	(1,745,473)	(1,658,461)	(1,952,592)
Net increase/(decrease) in cash and cash equivalents	386,547	(205,891)	431,187	373,941
Cash and cash equivalents at beginning of period	(990,666)	(784,775)	(405,974)	(779,915)
Cash and cash equivalents at end of period	(604,119)	(990,666)	25,213	(405,974)
Comprising:				
Cash in hand and at bank	166,254	79,776	883,297	1,115,041
Bank overdraft (secured)	(770,373)	(1,070,442)	(858,084)	(1,521,015)
Cash and cash equivalents at end of period	(604,119)	(990,666)	25,213	(405,974)

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



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 1 Incorporation and activities

### Incorporation

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

### Activities

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

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

## 2 New and amended standards and interpretations

### Amendments effective for the current year end

#### New and Amended Standards

	Effective for annual periods beginning on or after
IFRS 9 Financial instruments	1 January, 2018
IFRS 15 Revenue from contracts with customers	1 January, 2018
Annual improvements to IFRS 2014-2016	1 January, 2018
IFRS 2 Share based payment: classification and measurement of share based transactions	1 January, 2018
IAS 40 Transfers of investment property	1 January, 2018
IFRS 4 Insurance contracts: applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts"	1 January, 2018

#### New and revised interpretations

IFRIC 22 Foreign currency transactions and advance consideration	1 January 2018
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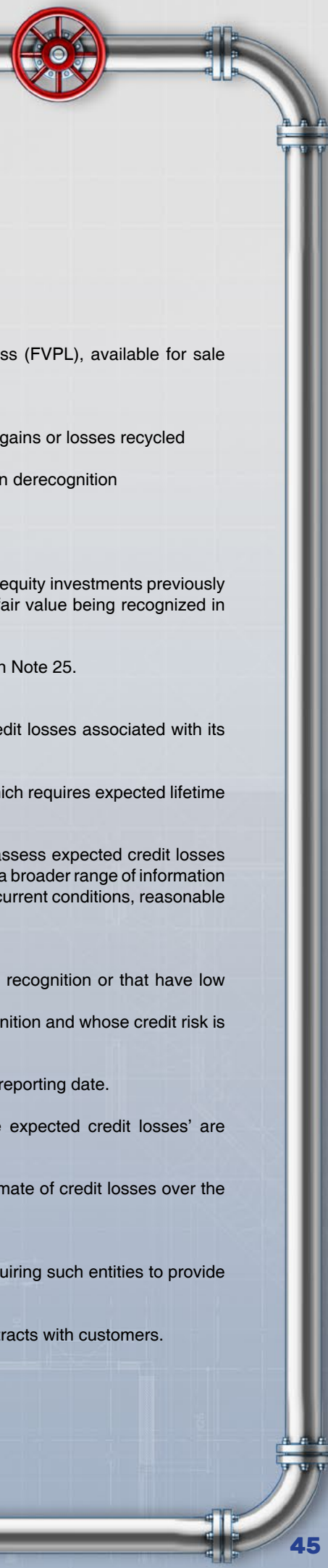
Of the above, the following are relevant to the Company and Group:

#### IFRS 9-Financial instruments

IFRS 9 replaces IAS 39 for annual periods on or after January 1, 2018. The Group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy. Please refer to note 29 for details of the impact of the transition on the Company and Group's financial statements.

#### Changes to classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 2 New and amended standards and interpretations - cont'd

The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity and amortised cost) have been replaced by:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVTOCI, with no recycling of gains or losses to profit or loss on derecognition
- Financial assets at FVPL

The accounting for financial liabilities remains largely the same as it was under IAS 39.

Management has made an irrevocable election at 1 January 2018 to classify the Group's equity investments previously treated as available for sale under IAS 39 as FVTOCI, with all subsequent changes in fair value being recognized in other comprehensive income. These investments are not held for trading.

The Company and Group's classification of its financial assets and liabilities are shown in Note 25.

### Changes to impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its financial assets measured at amortised cost.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other financial assets and receivables, the Group applies the general approach to assess expected credit losses based on whether there has been a significant increase in credit risk. The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of future cash flows.

In applying this forward-looking approach, a distinction is made between:

- financial assets that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial assets that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial asset.

### IFRS 15 Revenue from Contracts With Customers

IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures.

The standard provides a single, principles based five-step model to be applied to all contracts with customers.

- i) Identify the contract(s) with a customer
- ii) Identify the performance obligations in the contract
- iii) Determine the transaction price
- iv) Allocate the transaction price to the performance obligations in the contract
- v) Recognise revenue when (or as) the entity satisfies a performance obligation



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 2 New and amended standards and interpretations - cont'd

The Group has adopted IFRS 15 effective January 1, 2018 using the cumulative effect method; therefore, the comparative information has not been restated and continues to be reported under IAS 18 – Revenue.

The Group concluded that minimal adjustments were required to its opening retained earnings and no changes were required in the amounts of revenue recognized or in the timing of revenue recognition as a result of the adoption of IFRS 15. Results would have been the same under either IAS 18 or IFRS 15 for the periods presented in these consolidated financial statements.

Certain additional disclosures were made in Note 3 (h) as a result of the new disclosure requirements of the standard.

### Annual improvements to IFRS 2014-2016

#### Standard

#### Amendment(s)

IFRS 1 First Time Adoption of IFRS

This amendment deletes the short term exemptions covering transition provisions of IFRS 7, IAS19 and IFRS 10 available to entities for past reporting periods and therefore no longer applicable.

IAS 28 Investments in Associates and Joint Ventures

IAS 28 allows venture capital organisations, mutual funds, unit trusts and similar entities to elect measuring investments in associates or joint ventures at fair value through profit or loss (FVTPL)

### IFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation applies where an entity either pays or receives consideration in advance for foreign currency denominated contracts and considers how to determine the date of the transaction when applying IAS 21. The following conclusions were reached:

- The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.
- If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

### Pronouncements effective in future periods and available for early adoption

#### New and Amended Standards

#### Effective for annual periods beginning on or after

IFRS 16 Leases

1 January 2019

Annual improvements 2015-2017

1 January 2019

IFRS 9 Financial instruments: prepayment features with negative compensation

1 January 2019

IAS 19 Employee benefits: plan amendment, curtailment or settlement

1 January 2019

IAS 28 Investments in associates: long term interests in associates and joint ventures

1 January 2019

IFRS 17 Insurance contracts

1 January 2021

#### New and Revised Interpretations

Available for early adoption

IFRIC 23 Uncertainty over Income Tax treatments

1 January 2019

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 2 New and amended standards and interpretations - cont'd

The Company and Group have not opted for early adoption.

### IFRS 16: Leases

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

### IFRS 17 Insurance liabilities

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.

### Annual Improvements 2015-2017

#### Standard

#### Amendment(s)

IFRS 3 Business Combinations

The amendments clarify that obtaining control of a business that is a joint operation, is a business combination achieved in stages. The acquirer should re-measure its previously held interest in the joint operation at fair value at the acquisition date.

IFRS11 Joint Arrangements

The amendments clarify that the party obtaining joint control of a business that is a joint operation should not re-measure its previously held interest in the joint operation.

IAS 12 Income Taxes

The amendment clarifies that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends.

IAS 23 Borrowing Costs

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

### IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation

This amendment enables companies to measure at amortised cost, some prepayable financial assets with negative compensation. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than unpaid amounts of principal and interest.



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 2 New and amended standards and interpretations - cont'd

### **IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement**

This amendment requires an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement, and;
- to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

### **IAS 28 Investments in Associates: Long Term Interests in Associates and Joint Ventures**

The amendment clarified that long term interests in an associate or joint venture to which the equity method is not applied should be accounted for using IFRS 9, including the relevant impairment requirements.

### **IFRIC 23 Uncertainty over Income Tax Treatment**

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatment should be considered collectively;
- Assumptions for taxation authorities' examinations;
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- The effect of changes in facts and circumstances.

The foregoing amendments are not expected to have a significant impact on the financial statements of the Company and Group.

## 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) Property, plant and equipment and depreciation**

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

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

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 3 Summary of significant accounting policies - cont'd

### (b) Property, plant and equipment and depreciation - cont'd

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:

	2018/2017
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	- 20.00%
Vehicles	- 25.00%

### (c) Inventories

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

Bottles/Crates in circulation

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

### (d) Foreign Currencies

Transactions in currencies other than Guyana dollars are recorded at the rates of exchange prevailing on the date of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date.

Non monetary assets and liabilities carried at fair value that are denominated in foreign currency are translated at the rates prevailing when the fair value was determined. Gains and losses arising on retranslation are included in the statement of profit or loss and other comprehensive income for the period, except for exchange differences arising on non monetary assets and liabilities where the changes in fair value are recognised in the statement of changes in equity.

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

### (e) Pension Funding

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

The last actuarial valuation was done as at 31 December 2014 and was used as the basis for information presented in Note 13 in accordance with International Accounting Standards No. 19 – Employee Benefits (Revised). The valuation was done using the Projected Unit Credit Method, as required by IAS19 - Employee Benefits (Revised)



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 3 Summary of significant accounting policies - cont'd

### (f) Consolidation

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

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

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

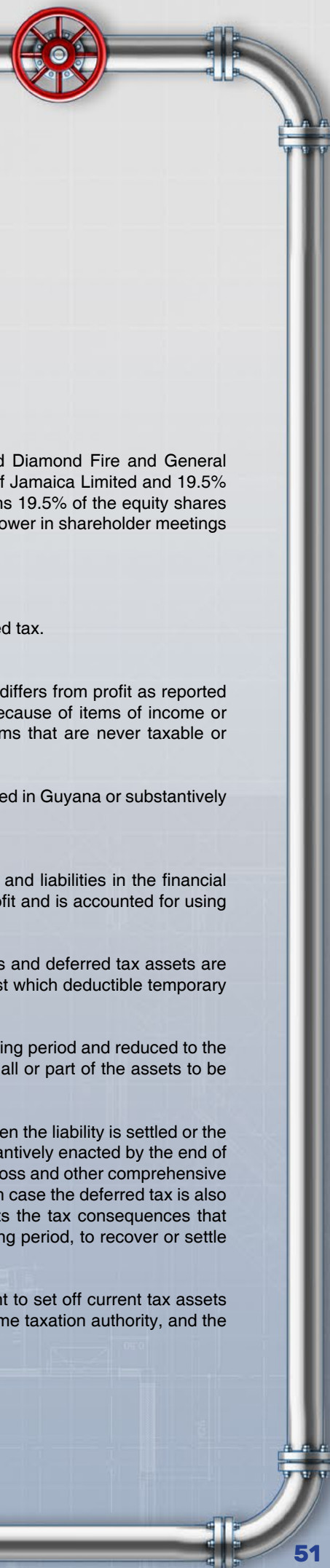
Losses applicable to the non controlling interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the non controlling interest has a binding obligation and is able to make an additional investment to cover the losses.

The consolidated accounts incorporate the accounts as at December 31, 2018 of the following:

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

### (i) Breitenstein Holdings BV includes the accounts of:

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



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 3 Summary of significant accounting policies – cont'd

### (f) Consolidation – cont'd

#### (ii) Associate Companies

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

### (g) Taxation

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

#### Current tax

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

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

#### Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited to the statement of profit or loss and other comprehensive income except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority, and the Company intends to settle its current tax assets and liabilities on a net basis.



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 3 Summary of significant accounting policies - cont'd

### (h) Revenue and expense recognition

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

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

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

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

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

#### Disaggregation of revenue

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

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

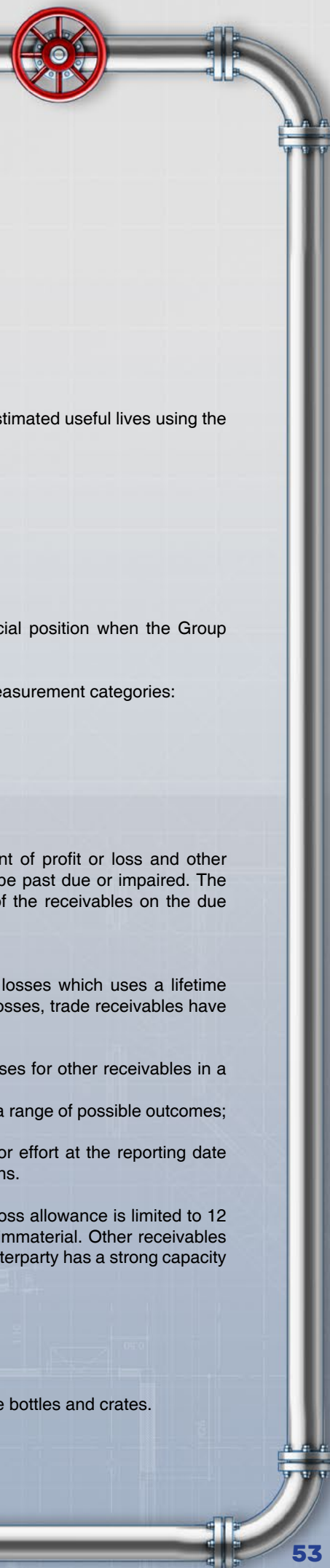
### (i) Investment properties

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

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

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

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



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 3 Summary of significant accounting policies - cont'd

### (i) Investment properties - cont'd

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

	2018/2017
Buildings	- 2.00%
Plant and Machinery	- 7.25%

### (j) Financial instruments

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

From January 1, 2018, the Group classifies its financial assets into the following measurement categories:

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

#### Trade and other receivables

Trade and other receivables are measured at amortised cost.

#### **Impairment policy applicable before January 1, 2018**

Appropriate allowances for expected credit losses are recognized in the statement of profit or loss and other comprehensive income when there is objective evidence that the sums will either be past due or impaired. The allowance recognized is based on management's evaluation of the collectability of the receivables on the due dates.

#### **Impairment policy applicable after January 1, 2018**

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

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

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

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

#### Trade and other payables

Trade and other payables are measured at amortised cost.

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



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 3 Summary of significant accounting policies – cont'd

### (j) Financial instruments cont'd

#### Investments

The Group's investments have been classified as follows:

#### Available for sale investments

Policy applicable before January 1, 2018

"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 profit or loss and other comprehensive income until the asset is sold or otherwise disposed, at which time previously recognized gains or losses are transferred to the statement of profit or loss and other comprehensive income for that period.

#### Investments at FVTOCI

Policy applicable after January 1, 2018

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

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

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

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

#### Cash and cash equivalents

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

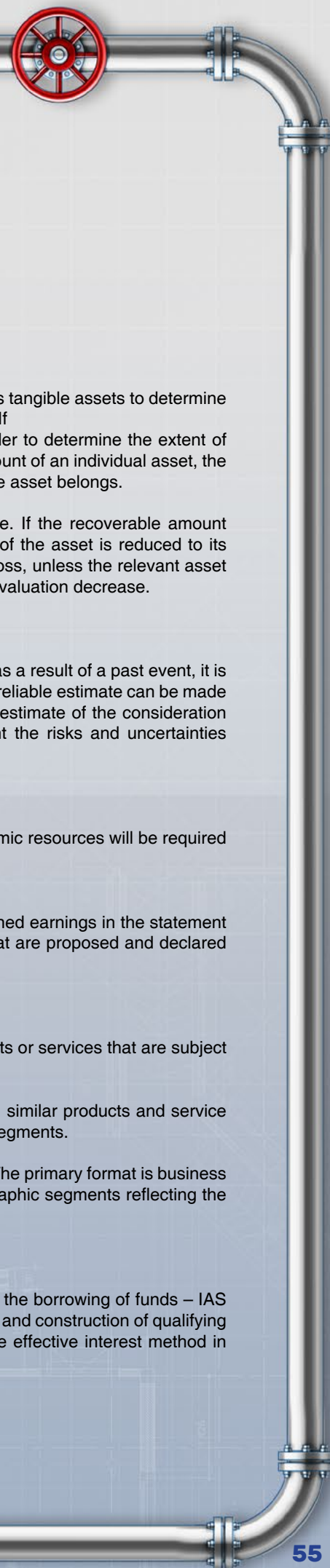
While cash and cash equivalents are also subject to the impairment requirements of IFRS 9 as of January 1, 2018, the identified impairment loss was immaterial.

### (k) Capital reserves

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

### (l) Other reserve

Fair value adjustments of available for sale investments prior to January 1, 2018 and those at FVTOCI after January 1, 2018 are credited to this account. This reserve is not distributable.



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 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. Borrowing costs were computed using the effective interest method in accordance with IAS 39 – Financial Instruments: Recognition and measurement.



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 4 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's and Group's accounting policies, which are described in note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### **Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the financial statements:

#### **i) Other financial assets**

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

#### **ii) Property, plant and equipment and investment properties**

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

#### **iii) Impairment of financial assets**

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

#### **iv) Revenue recognition**

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

#### **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.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 5 Other income

	COMPANY		GROUP	
	2018 G\$ 000	2017 G\$ 000	2018 G\$ 000	2017 G\$ 000
Investment income (a)	220,340	1,440,507	220,340	40,507
Rent and miscellaneous income	366,271	275,338	242,913	394,164
Sale of asset	2,107	3,169	2,107	3,169
	<b>588,718</b>	<b>1,719,014</b>	<b>465,360</b>	<b>437,840</b>

(a) This represents dividends received from FVTOCI investments of G\$7.84M (2017 - G\$22.410M) and G\$212M (2017 - G\$1.418B ) from subsidiaries and associated companies.

Investment income consists of G\$7.84M (2017 - G\$22.410M) from quoted investments and G\$195M (2017 - G\$1.418B) from unquoted investments.

## 6 Profit before taxation

	COMPANY		GROUP	
	2018 G\$ 000	2017 G\$ 000	2018 G\$ 000	2017 G\$ 000
Profit before taxation	<b>3,674,435</b>	<b>4,095,560</b>	<b>4,361,807</b>	<b>3,551,314</b>
After charging:				
Property tax	209,324	185,018	214,495	193,958
Interest and other finance charges	182,944	320,117	229,560	363,489
Depreciation on property, plant and equipment	663,697	579,894	800,109	716,512
Investment properties expense	69,402	68,495	10,494	10,875
Exchange difference	2,055	(17,777)	2,055	(31,345)
Directors' emoluments (a)	13,820	11,680	13,820	11,680
Staff costs:				
Salaries and wages	1,787,296	1,686,430	2,275,938	2,098,008
Other staff costs	482,565	448,367	638,792	588,269
Pension	107,084	115,668	149,999	147,945
Auditor's remuneration	9,084	8,907	30,361	26,615
Inventory provision	143,215	69,918	143,215	87,670
Provision for bad debts / expected credit loss	4,656	12,779	(9,648)	11,538
And after crediting				
Dividends from Subsidiaries and associate companies	195,099	1,418,097	35,048	18,097
Interest	918	941	918	941

(a) At the end of the period there were six (2017 - six) non-executive Directors who received equal emoluments.



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 7 Taxation

### Reconciliation of tax expense and accounting profit

	COMPANY		GROUP	
	2018 G\$ 000	2017 G\$ 000	2018 G\$ 000	2017 G\$ 000
Accounting profit	3,674,435	4,095,560	4,361,807	3,551,314
Corporation tax at 27.5% / 40%	1,010,470	1,126,279	1,301,044	1,431,644
Add:				
Tax effect of expenses not deductible in determining taxable profits:				
Depreciation for accounting purposes	267,430	178,307	267,430	200,031
Property tax	57,564	50,880	69,263	56,377
Adjustment for tax changes	1,988	6,747	1,988	6,747
Others	73,448	224	73,448	224
	1,410,900	1,362,437	1,713,173	1,695,023
Deduct:				
Tax effect of depreciation and other allowances for tax purposes	237,712	561,865	237,712	583,589
Export allowance	293,580	267,355	293,580	267,355
Corporation tax charge	879,608	533,217	1,181,881	844,079
Deferred tax	(83,129)	107,149	(98,673)	107,190
	796,479	640,366	1,083,208	951,269
Taxation - current	879,608	533,217	1,131,538	815,318
associate companies	-	-	50,343	28,761
deferred	879,608	533,217	1,181,881	844,079
	(83,129)	107,149	(98,673)	107,190
	796,479	640,366	1,083,208	951,269
Tax charge at 2% of commercial income	20,079	-	20,079	-
Taxes recoverable	(20,079)	-	(20,079)	-
	-	-	-	-

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 7 Taxation - cont'd

### Components of deferred tax

	COMPANY		GROUP	
	2018 G\$ 000	2017 G\$ 000	2018 G\$ 000	2017 G\$ 000
Deferred tax liability	1,234,558	1,203,774	1,177,693	1,162,453
Fixed assets	738,235	833,881	681,370	792,560
Defined benefit asset	499,015	372,307	499,015	372,307
Defined benefit liability	(2,692)	(2,414)	(2,692)	(2,414)
	1,234,558	1,203,774	1,177,693	1,162,453

### Movement in temporary differences

	COMPANY			
	Fixed Assets	Defined Benefit Asset	Defined Benefit Liability	Total
	G\$ 000	G\$ 000	G\$ 000	G\$ 000
At January 01, 2017	756,318	333,391	(3,320)	1,086,389
Statement of P&L	77,563	28,628	958	107,149
Statement of OCI	-	10,288	(52)	10,236
At December 31, 2017	833,881	372,307	(2,414)	1,203,774
Movement during the year				
Statement of P&L	(95,646)	12,090	427	(83,129)
Statement of OCI	-	114,618	(705)	113,913
At December 31, 2018	738,235	499,015	(2,692)	1,234,558



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 7 Taxation - cont'd

### Movement in temporary differences - cont'd

movement in temporary differences - cont'd

	GROUP			
	Fixed Assets	Defined Benefit Asset	Defined Benefit Liability	Total
	G\$ 000	G\$ 000	G\$ 000	G\$ 000
At January 01, 2017	714,956	333,391	(3,320)	1,045,027
Movement during the year				
Statement of P&L	77,604	28,628	958	107,190
Statement of OCI	-	10,288	(52)	10,236
At December 31, 2017	792,560	372,307	(2,414)	1,162,453
Movement during the year				
Statement of P&L	(111,190)	12,090	427	(98,673)
Statement of OCI	-	114,618	(705)	113,913
At December 31, 2018	681,370	499,015	(2,692)	1,177,693

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 7 Taxation - cont'd

### Tax effect of IAS 19 actuarial valuation:

	COMPANY					
	2018			2017		
	Before tax amount	Tax (expense)	Net of tax amount	Before tax amount	Tax (expense)	Net of tax amount
	G\$000	G\$000	G\$000	G\$000	G\$000	G\$000
Remeasurement of defined benefit pension plan	578,120	(113,913)	464,207	178,236	(10,236)	168,000
Gain arising on revaluation of FVTOCI financial assets	501,984	-	501,984	2,241	-	2,241
	<b>1,080,104</b>	<b>(113,913)</b>	<b>966,191</b>	<b>180,477</b>	<b>(10,236)</b>	<b>170,241</b>

	GROUP					
	2018			2017		
	Before tax amount	Tax benefit	Net of tax amount	Before tax amount	Tax (expense)	Net of tax amount
	G\$000	G\$000	G\$000	G\$000	G\$000	G\$000
Remeasurement of defined benefit pension plan	578,120	(113,913)	464,207	178,236	(10,236)	168,000
Exchange differences on translating foreign operations	(52,146)	-	(52,146)	175,776	-	175,776
Gain / (loss) arising on revaluation of FVTOCI financial assets	501,984	-	501,984	(30,043)	-	(30,043)
	<b>1,027,958</b>	<b>(113,913)</b>	<b>914,045</b>	<b>323,969</b>	<b>(10,236)</b>	<b>313,733</b>

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 8 Dividends

### COMPANY AND GROUP

Amount recognised as distributions to equity holders in the period:

Interim dividend for the year ended December 31, 2018 G\$0.25 (G\$0.20 2017)

Final dividend for the year ended December 31, 2017 G\$0.60 (G\$0.47 2016)

2018 G\$ 000	2017 G\$ 000
-----------------	-----------------

192,501	154,000
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462,000	361,900
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654,501	515,900
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The Directors recommended a final dividend of G\$0.85 per share (2017 - G\$0.60).

## 9 Basic earnings per share

### COMPANY

### GROUP

2018 G\$ 000	2017 G\$ 000
-----------------	-----------------

2018 G\$ 000	2017 G\$ 000
-----------------	-----------------

Calculated as follows:-

Profit attributable to equity holders of the parent

2,877,956	3,455,194
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3,278,599	2,600,045
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Ordinary shares issued and fully paid

770,000,000	770,000,000
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770,000,000	770,000,000
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Basic earnings per share in dollars

3.74	4.49
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4.26	3.38
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# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 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, 2017	2,963,306	10,162,084	413,968	13,539,358
Additions	25,350	218,364	406,074	649,788
Disposals	(4,463)	-	-	(4,463)
Intergroup transfers	-	(7,273)	-	(7,273)
Transfers	-	475,635	(475,635)	-
At December 31, 2017	2,984,193	10,848,810	344,407	14,177,410
Additions	699,317	302,967	1,388,735	2,391,019
Disposals	(3,109)	-	-	(3,109)
Intergroup transfers	-	-	(341,481)	(341,481)
Transfers	-	(971)	-	(971)
At December 31, 2018	3,680,401	11,150,806	1,391,661	16,222,868
Comprising:				
Valuation	6,662	68	-	6,730
Cost	3,673,739	11,150,738	1,391,661	16,216,138
	3,680,401	11,150,806	1,391,661	16,222,868
Accumulated depreciation				
At January 01, 2017	698,644	5,903,037	-	6,601,681
Charge for the year	52,463	527,431	-	579,894
At December 31, 2017	751,107	6,430,468	-	7,181,575
Charge for the year	56,152	607,545	-	663,697
At December 31, 2018	807,259	7,038,013	-	7,845,272
Net book values:				
At December 31, 2018	2,873,142	4,112,793	1,391,661	8,377,596
At December 31, 2017	2,233,086	4,418,342	344,407	6,995,835

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 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, 2017	5,786,025	11,920,911	413,968	18,120,904
Additions	49,773	403,250	406,074	859,097
Disposals	(4,463)	-	-	(4,463)
Transfers	-	475,635	(475,635)	-
At December 31, 2017	5,831,335	12,799,796	344,407	18,975,538
Additions	806,235	319,618	1,406,646	2,532,499
Disposals	(3,109)	(268)	-	(3,377)
Transfers	-	-	(342,526)	(342,526)
At December 31, 2018	6,634,461	13,119,146	1,408,527	21,162,134
Comprising:				
Valuation	6,662	68	-	6,730
Cost	6,627,799	13,119,078	1,408,527	21,155,404
	6,634,461	13,119,146	1,408,527	21,162,134
Accumulated depreciation				
At January 01, 2017	1,277,775	7,154,879	-	8,432,654
Charge for the year	91,547	624,965	-	716,512
At December 31, 2017	1,369,322	7,779,844	-	9,149,166
Charge for the year	165,270	634,839	-	800,109
At December 31, 2018	1,534,592	8,414,683	-	9,949,275
Net book values:				
At December 31, 2018	5,099,869	4,704,463	1,408,527	11,212,859
At December 31, 2017	4,462,013	5,019,952	344,407	9,826,372

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

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 drawdown and overdraft. Refer to note 19.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 11 Investment properties

	COMPANY		
	Land and buildings	Equipment	Total
	G\$ 000	G\$ 000	G\$ 000
Cost/valuation			
At January 01, 2017	2,305,103	575,090	2,880,193
Additions	24,423	-	24,423
At December 31, 2017	2,329,526	575,090	2,904,616
Additions	52,640	-	52,640
At December 31, 2018	2,382,166	575,090	2,957,256
Comprising:			
Cost	2,382,166	575,090	2,957,256
	2,382,166	575,090	2,957,256
Accumulated depreciation			
At January 01, 2017	314,965	376,169	691,134
Charge for the year	32,552	35,943	68,495
At December 31, 2017	347,517	412,112	759,629
Charge for the year	33,459	35,943	69,402
At December 31, 2018	380,976	448,055	829,031
Net book values:			
At December 31, 2018	2,001,190	127,035	2,128,225
At December 31, 2017	1,982,009	162,978	2,144,987

The investment properties are rented mainly to subsidiary companies.



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 11 Investment properties - cont'd

	GROUP	
	Land and buildings	Total
	G\$ 000	G\$ 000
Cost		
At January 01 and December 31, 2017	357,844	357,844
At December 31, 2018	357,844	357,844
Accumulated depreciation		
At January 01, 2017	151,244	151,244
Charge for the year	10,875	10,875
At December 31, 2017	162,119	162,119
Charge for the year	10,494	10,494
At December 31, 2018	172,613	172,613
Net book values:		
At December 31, 2018	185,231	185,231
At December 31, 2017	195,725	195,725

The investment properties are rented to third parties. Demerara Distillers Limited has granted a guarantee to Breitenstein Trading BV for the investment properties amounting to G\$169M (2017:G\$169M).

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 12 Investments

	COMPANY		GROUP	
	2018 G\$ 000	2017 G\$ 000	2018 G\$ 000	2017 G\$ 000
FVTOCI/available for sale investments	1,299,780	797,796	1,217,881	792,796
Others:				
Subsidiary companies (a)	181,453	181,453	-	-
Provision for Impairment	(76,899)	-	-	-
Associate companies (b)	459,199	459,199	892,889	763,705
	563,753	640,652	892,889	763,705
	1,863,533	1,438,448	2,110,770	1,556,501

	COMPANY	
	2018 G\$ 000	2017 G\$ 000
(a) Subsidiary companies at cost		
At January 01 and December 31	181,453	181,453

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 12 Investments - cont'd

	COMPANY		GROUP	
	2018 G\$ 000	2017 G\$ 000	2018 G\$ 000	2017 G\$ 000
<b>(b) Associate companies</b>				
At January 01	459,199	459,199	763,705	700,700
Share of reserves of associate companies (i)	-	-	129,184	63,005
At December 31	459,199	459,199	892,889	763,705
			<b>GROUP</b>	
			2018 G\$ 000	2017 G\$ 000
(i) Share of reserves of associate companies				
At January 01			763,705	700,700
Group's share of associate companies profits/reserves			179,527	91,766
Group's share of associate companies taxes			(50,343)	(28,761)
At December 31			892,889	763,705

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

	Diamond Fire & General Insurance Inc.		National Rums of Jamaica Ltd.	
	2018 G\$ 000	2017 G\$ 000	2018 G\$ 000	2017 G\$ 000
Income statement				
Revenue	414,165	380,009	3,974,844	2,721,804
Profit after taxation	97,562	86,649	388,612	176,407
Statement of Financial Position				
Total assets	1,862,699	1,382,867	3,635,443	3,130,847
Shareholders funds	1,618,713	1,221,367	2,628,670	2,319,366
Long term liabilities	1,546	14,352	267,373	291,806
Current liabilities	242,440	147,148	739,400	519,675
Total equity and liabilities	1,862,699	1,382,867	3,635,443	3,130,847



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

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

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out as at December 31, 2014 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, 2018 using the Projected Unit Credit Method.

	PENSION PLAN 1	
	2018 G\$ 000	2017 G\$ 000
Amounts recognised in the statement of financial position		
Present value of obligations	4,496,529	3,899,624
Fair value of plan assets	(6,492,588)	(5,253,468)
	<b>(1,996,059)</b>	<b>(1,353,844)</b>
Net defined benefit asset	<b>(1,996,059)</b>	<b>(1,353,844)</b>
Reconciliation of amounts recognised In the balance sheet		
Opening defined benefit asset	<b>(1,353,844)</b>	(1,111,303)
Net pension cost	116,382	102,991
Re-measurements recognised in Other Comprehensive Income	<b>(580,938)</b>	(178,424)
Contributions paid	<b>(177,659)</b>	(167,108)
Closing defined benefit asset	<b>(1,996,059)</b>	<b>(1,353,844)</b>

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

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

	<b>PENSION PLAN 1</b>	
	<b>2018</b>	<b>2017</b>
	<b>G\$ 000</b>	<b>G\$ 000</b>
Amounts recognised in the statement of profit or loss and other comprehensive income		
Current service cost	<b>190,111</b>	164,200
Net interest on defined benefit (asset)/obligation	<b>(73,729)</b>	(61,209)
Net pension cost included in administrative expenses	<b>116,382</b>	102,991
Actual return on plan (assets)/liability	<b>1,140,403</b>	748,563
Unfunded ex-gratia arrangement		
Defined benefit obligation	<b>10,763</b>	8,777
	<b>10,763</b>	8,777
Reconciliation of opening and closing retirement benefit obligation in the statement of financial position		
Opening defined benefit liability	<b>8,777</b>	9,400
Plus net pension cost	<b>408</b>	439
Less: company contributions paid	<b>(1,240)</b>	(1,250)
Re-measurements recognised in Other Comprehensive Income	<b>2,818</b>	188
Closing defined benefit liability	<b>10,763</b>	8,777
Interest on defined benefit obligation	<b>408</b>	439

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

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

### PENSION PLAN 1

	2018	2017	2016	2015	2014 Restated
	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000
<b>Experience history</b>					
Defined benefit obligation	<b>4,496,529</b>	3,899,624	3,330,466	2,989,140	2,708,541
Fair value of plan assets	<b>(6,492,588)</b>	(5,253,468)	(4,441,769)	(4,196,082)	(3,993,426)
Surplus	<b>(1,996,059)</b>	(1,353,844)	(1,111,303)	(1,206,942)	(1,284,885)

### UNFUNDED EX GRATIA

	2018	2017	2016
	G\$ 000	G\$ 000	G\$ 000
<b>Experience history</b>			
Defined benefit obligation	<b>10,763</b>	8,777	9,400
Deficit	<b>10,763</b>	8,777	9,400
Experience adjustment on plan liabilities	<b>375</b>	188	(1,297)



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

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

		Pension Plan 1	
		2018 G\$000	2017 G\$000
Summary of main assumptions		%	%
Discount rate		5.0	5.0
Salary increases		5.0	5.0
Pension increases		2.0	2.0
		2018 G\$ 000	2017 G\$ 000
Retirement benefit obligations			
Unfunded exgratia		10,763	8,777
		10,763	8,777
Retirement benefit asset			
Pension plan 1		1,996,059	1,353,844

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 14 Inventories

	COMPANY		GROUP	
	2018 G\$ 000	2017 G\$ 000	2018 G\$ 000	2017 G\$ 000
Finished stocks (a)	6,763,841	7,073,075	8,343,264	8,080,551
Raw materials, containers & goods-in-transit	2,600,643	2,535,017	2,988,885	2,634,458
Spares	640,976	630,498	805,085	811,360
Provision for stock impairment (b)	(220,136)	(87,298)	(240,782)	(97,685)
	<b>9,785,324</b>	<b>10,151,292</b>	<b>11,896,452</b>	<b>11,428,684</b>
	-	-	-	-
Cost of inventory recognised as expense during the period	<b>5,679,363</b>	<b>4,747,275</b>	<b>6,207,047</b>	<b>5,010,511</b>
Inventories expected to be recovered after more than twelve months	<b>4,675,494</b>	<b>4,993,753</b>	<b>4,675,494</b>	<b>4,993,753</b>
Raw material damaged written off	<b>36,219</b>	<b>71,958</b>	<b>36,272</b>	<b>75,154</b>

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

(b) Provision for impairment

	COMPANY		GROUP	
	2018 G\$ 000	2017 G\$ 000	2018 G\$ 000	2017 G\$ 000
Balance as at January 01	(87,298)	(235,742)	(97,685)	(242,665)
Net movement during the year	(132,838)	148,444	(143,097)	144,980
Balance as at December 31	<b>(220,136)</b>	<b>(87,298)</b>	<b>(240,782)</b>	<b>(97,685)</b>

In the current year, included in the provision for impairment of \$220M is an amount of \$100M for provision collectively assessed.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 15 Trade and other receivables

	COMPANY		GROUP	
	2018 G\$ 000	2017 G\$ 000	2018 G\$ 000	2017 G\$ 000
Trade receivables	1,506,055	1,899,119	2,155,593	2,496,349
Provision for impairment (a)	(106,809)	(13,398)	(112,629)	(31,005)
	<b>1,399,246</b>	<b>1,885,721</b>	<b>2,042,964</b>	<b>2,465,344</b>
Other receivables	138,690	105,033	282,699	283,531
Due from subsidiary companies	938,323	-	-	-
	<b>2,476,259</b>	<b>1,990,754</b>	<b>2,325,663</b>	<b>2,748,875</b>

### (a) Provision for impairment

Balance as at January 01	13,398	619	31,005	19,467
Expected credit loss remeasurement as at January 01	88,755	-	91,272	-
Expected credit loss movement during the year	4,656	12,779	(9,648)	11,538
Balance as at December 31	<b>106,809</b>	<b>13,398</b>	<b>112,629</b>	<b>31,005</b>

The above provision for impairment consists of individually assessed provision of \$13M and provision of \$94M in accordance with IFRS 9.

## 16 Trade and other payables

	COMPANY		GROUP	
	2018 G\$ 000	2017 G\$ 000	2018 G\$ 000	2017 G\$ 000
Trade payables	678,767	814,322	1,102,156	1,066,532
Accruals	799,709	554,736	887,865	628,361
Other payables	814,312	703,844	815,135	726,226
Due to subsidiary companies	-	127,478	-	-
	<b>2,292,788</b>	<b>2,200,380</b>	<b>2,805,156</b>	<b>2,421,119</b>

## 17 Share capital

	COMPANY AND GROUP	
	2018	2017
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 31 770,000,000 ordinary shares	770,000	770,000

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



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 18 (a) Capital reserves

	COMPANY		GROUP	
	2018 G\$ 000	2017 G\$ 000	2018 G\$ 000	2017 G\$ 000
Share premium account	489,565	489,565	450,854	450,854

This reserve is not distributable.

## (b) Other reserves

	COMPANY		GROUP	
	2018 G\$ 000	2017 G\$ 000	2018 G\$ 000	2017 G\$ 000
Balance as at January 01	775,826	773,585	798,339	828,382
Fair value adjustment on FVTOCI/ Available for sale investments	501,984	2,241	501,984	(30,043)
Balance as at December 31	1,277,810	775,826	1,300,323	798,339

This represents fair value adjustments of investments held and is not distributable.

There was no tax effect on gains or losses.

## (c) Exchange difference reserve

	GROUP	
	2018 G\$ 000	2017 G\$ 000
At January 01	(49,905)	(225,681)
For the year	(52,146)	175,776
At December 31	(102,051)	(49,905)

This arose as a result of translating foreign subsidiaries financial statements to Guyana dollars.

There was no tax effect on gains or losses.

## 19 Loans and bank overdraft

	COMPANY		GROUP	
	2018 G\$ 000	2017 G\$ 000	2018 G\$ 000	2017 G\$ 000
Bank overdraft (secured)	770,373	1,070,442	858,084	1,521,015
Loans	1,466,292	1,904,967	1,466,292	2,240,692
	2,236,665	2,975,409	2,324,376	3,761,707

Overdrafts are repayable on demand and attract interest at 8% (2017: 8%)

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

19	Loans and bank overdraft - cont'd	COMPANY		GROUP	
		2018 G\$ 000	2017 G\$ 000	2018 G\$ 000	2017 G\$ 000
	Loans are repayable as follows:				
	(i) Repayable - 2009 - 2018 rate of interest of 3.88% per annum (Demerara Distillers Ltd)	-	77,704	-	77,704
	(ii) Repayable - 2015 - 2020 rate of interest of 4.19% per annum (Demerara Distillers Ltd)	52,304	93,244	52,304	93,244
	(iii) Repayable - 2013 - 2020 rate of interest of 8% per annum (Demerara Distillers Ltd)	16,400	65,360	16,400	65,360
	(iv) Repayable - 2013 - 2020 rate of interest of 8% per annum (Demerara Distillers Ltd)	374,222	469,894	374,222	469,894
	(v) Repayable - 2019 - 2022 rate of interest of 8% per annum (Demerara Distillers Ltd)	182,500	-	182,500	-
	(vi) Repayable - 2013 - 2020 rate of interest of 8% per annum (Demerara Distillers Ltd)	680,000	1,020,000	680,000	1,020,000
	(vii) Repayable - 2013 - 2020 rate of interest of 8% per annum (Demerara Distillers Ltd)	100,187	178,765	100,187	178,764
	(viii) Repayable - 2018 - 2019 rate of interest of 8% per annum (Demerara Distillers Ltd)	60,679	-	60,679	-
	(ix) Repayable - 2013 - 2020 rate of interest of 8% per annum (Distribution Services Ltd)	-	-	-	227,500
	(x) Repayable - 2013 - 2020 rate of interest of 8% per annum (Demerara Shipping Company Ltd)	-	-	-	108,226
		<b>1,466,292</b>	<b>1,904,967</b>	<b>1,466,292</b>	<b>2,240,692</b>

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 19 Loans and bank overdraft - cont'd

### Maturity profile of loan

	COMPANY		GROUP	
	2018 G\$ 000	2017 G\$ 000	2018 G\$ 000	2017 G\$ 000
Repayments due in one year and included in current liabilities	684,606	682,313	684,606	777,243
Repayments due in the second year	689,186	-	689,186	681,818
Repayments due in the third year	45,000	578,523	45,000	781,631
Repayments due in the fourth and fifth year	47,500	644,131	47,500	-
	781,686	1,222,654	781,686	1,463,449
	1,466,292	1,904,967	1,466,292	2,240,692

The foregoing loans and overdraft for the company are secured by floating and fixed charges on the assets of the company valued at G\$8.142B (2017: G\$8.142B).

The loans for the group are secured by floating and fixed charges on the assets of the Group valued at G\$8.142B (2017 - G\$8.142B).



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 20 Segment reporting

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

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

Principal activities are as follows:

### Manufacturing:

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

### Trading:

Distributors of branded products.

### Services:

Shipping, contracting services, insurance, sales and logistics.

INDUSTRY	2018				
	Manufacturing	Trading	Services	Eliminations	Total
	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000
Revenue					
External sales	15,788,975	5,113,182	959,605	-	21,861,762
Inter-segment sales	2,815,261	-	-	(2,815,261)	-
Total revenue	18,604,236	5,113,182	959,605	(2,815,261)	21,861,762
Results					
Segment result	3,779,431	420,597	187,684	(205,432)	4,182,280
Operating profit					4,182,280
Share of profit from associates					179,527
Profit before tax					4,361,807
Income tax					(1,083,208)
Profit for the year attributable to equity shareholders of the company					3,278,599
Other Information					
Capital additions	2,116,197	19,272	51,127	-	2,186,596
Depreciation and amortisation	745,452	34,729	30,422	-	810,603
Balance sheet					
Assets					
Segment assets	30,322,491	2,410,924	26,905	(2,254,195)	30,506,125
Interest in associates	-	-	-	-	892,889
Consolidated assets					31,399,014
Liabilities					
Segment liabilities	6,943,172	1,078,899	593,583	(1,576,097)	7,039,557
Consolidated liabilities					7,039,557

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 20 Segment reporting - cont'd

INDUSTRY	2017				
	Manufacturing	Trading	Services	Eliminations	Total
	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000
Revenue					
External sales	13,883,024	4,757,638	928,356	-	19,569,018
Inter-segment sales	2,755,758	-	-	(2,755,758)	-
Total revenue	16,638,782	4,757,638	928,356	(2,755,758)	19,569,018
Results					
Segment result	4,158,419	432,927	268,202	(1,400,000)	3,459,548
Operating profit					3,459,548
Share of profit from associates					91,766
Profit before tax					3,551,314
Income tax					(951,269)
Profit for the year attributable to equity shareholders of the company					2,600,045
Other Information					
Capital additions	675,145	17,477	162,012	-	854,634
Depreciation and amortisation	662,193	39,330	25,864	-	727,387
Statement of Financial Position					
Assets					
Segment assets	29,152,886	2,163,027	212,910	(3,629,605)	27,899,218
Interest in associates	-	-	-	-	763,705
Consolidated assets					28,662,923
Liabilities					
Segment liabilities	7,111,948	1,066,558	1,072,415	(1,501,487)	7,749,434
Consolidated liabilities					7,749,434

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 20 Segment reporting - cont'd

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

GEOGRAPHICAL	REVENUE		PROFIT BEFORE TAX	
	2018 G\$ 000	2017 G\$ 000	2018 G\$ 000	2017 G\$ 000
Guyana	19,807,755	17,351,115	4,202,670	3,341,389
Europe	928,517	1,089,476	47,830	92,707
North America	1,028,715	1,024,233	73,745	94,174
St. Kitts	96,775	104,194	37,562	23,044
	<b>21,861,762</b>	<b>19,569,018</b>	<b>4,361,807</b>	<b>3,551,314</b>

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

	Carrying amount of segment assets		Additions to property, plant and equipment & intangible assets	
	2018 G\$ 000	2017 G\$ 000	2018 G\$ 000	2017 G\$ 000
Guyana	28,965,159	26,100,438	2,523,241	847,667
Europe	1,650,440	1,639,790	-	-
North America	550,950	726,140	393	728
St. Kitts	232,465	196,555	5,488	6,239
	<b>31,399,014</b>	<b>28,662,923</b>	<b>2,529,122</b>	<b>854,634</b>

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	
	2018	2017	2018 G\$ 000	2017 G\$ 000
Guyana and United States	North America	North America	3,261,689	3,356,887
Guyana, Europe and Caribbean	Europe	Europe	3,478,726	2,907,409
Guyana and Caribbean	Caribbean	Caribbean	1,366,231	1,259,670
Guyana	Guyana	Guyana	13,677,921	11,803,376
Others			77,195	241,676
Total			<b>21,861,762</b>	<b>19,569,018</b>

There was one customer which represented 5% or more of group revenue generated from a single external customer for the current year (previous year there was none)



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 20 Segment reporting - cont'd

	Revenue Generating Segment	Revenue Generated
	2018	2018 G\$ 000
Customer # 1	Guyana	1,866,360

## 21 Contingent liabilities

	COMPANY AND GROUP	
	2018	2017
	G\$ 000	G\$ 000
Bonds in respect of duty on spirits warehoused and exportation of goods	90,394	94,393
Bonds in favour of the State of Guyana	53,100	53,100

## 22 Capital commitments

	COMPANY		GROUP	
	2018 G\$ 000	2017 G\$ 000	2018 G\$ 000	2017 G\$ 000
Contracted for but not received	881,864	477,648	881,864	477,648

These comprise of acquisition of non current assets.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 23 Related party transactions and other disclosures

### (a) Related party transactions

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

Listed below are transactions and balances with related parties.

### (i) Subsidiary companies

	COMPANY	
	2018 G\$ 000	2017 G\$ 000
Sales	2,208,175	2,158,695
Commission paid	10,987	5,926
Purchases	486,629	451,136
Management fees received	163,584	151,931
Rent received	146,254	108,394
Dividends received	205,432	1,400,000
Human resource charges	301,191	277,776
Marketing fees paid	-	10,819
Interest paid	82,810	75,704
Balances at end of year	938,323	(127,478)
Guarantee provided by the parent company on behalf of:		
Subsidiaries	755,000	755,000

### Associate companies

	COMPANY		GROUP	
	2018 G\$ 000	2017 G\$ 000	2018 G\$ 000	2017 G\$ 000
Balances at end of year	459,199	459,199	892,889	763,705
Dividends received	35,048	3,510	35,048	3,510
Insurance premiums paid	48,549	41,194	-	-

### (ii) Short Term Loans

During the year 2018, the company took two short term loans from Demerara Distillers Limited (DDL) Foundation \$28M at 4% interest, and Distillers and Associates Co-op Credit Union Limited \$60M at 4.5%. Both loans were fully repaid in December 2018.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 23 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:

	2018 G\$ 000	2017 G\$ 000
Short-term employee benefits	238,200	217,008
Post-employment benefits	39,223	39,193
Directors emoluments	13,820	11,680

No provision was made for balances receivable from related parties.

### (b) Other disclosures

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

	COMPANY		GROUP	
	2018 G\$ 000	2017 G\$ 000	2018 G\$ 000	2017 G\$ 000
Demerara Bank Limited				
Overdraft interest (8%)	13,213	41,254	28,486	86,595
Balance at end of the year:				
Cash	53,533	49,122	95,137	353,881
Overdraft	532,013	695,636	521,275	1,205,512
Trust Company (Guyana) Limited also provides registrar and pension management services for the company				
Pension management and registrar's service fees	17,495	26,554	17,495	26,554

## 24 Pending Litigations

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



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

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

2018	COMPANY		
	Financial assets and liabilities at fair value through OCI	Financial assets and liabilities at amortised cost	Total
ASSETS	G\$000	G\$000	G\$000
Investments	1,863,533	-	1,863,533
Trade receivables	-	1,399,246	1,399,246
Other receivables	-	1,077,013	1,077,013
Prepayments	-	262,156	262,156
Taxes recoverable	-	235,978	235,978
Cash on hand and at bank	-	166,254	166,254
Total assets	1,863,533	3,140,647	5,004,180
LIABILITIES			
Trade payables	-	678,767	678,767
Other payables and accruals	-	1,614,021	1,614,021
Bank overdraft (secured)	-	770,373	770,373
Taxation	-	628,351	628,351
Loans	-	1,466,292	1,466,292
Total liabilities	-	5,157,804	5,157,804

2017	COMPANY			
	Available for sale	Loans and receivables	Financial assets and liabilities at amortised cost	Total
ASSETS	G\$000	G\$000	G\$000	G\$000
Investments	797,796	-	-	797,796
Trade receivables	-	1,885,721	-	1,885,721
Other receivables	-	105,033	-	105,033
Prepayments	-	75,002	-	75,002
Taxes recoverable	-	-	215,899	215,899
Cash on hand and at bank	-	-	79,776	79,776
Total assets	797,796	2,065,756	295,675	3,159,227
LIABILITIES				
Trade payables	-	-	814,322	814,322
Other payables and accruals	-	-	1,258,580	1,258,580
Due to subsidiaries	-	-	127,478	127,478
Bank overdraft (secured)	-	-	1,070,442	1,070,442
Taxation	-	-	270,129	270,129
Loans	-	-	1,904,967	1,904,967
Total liabilities	-	-	5,445,918	5,445,918

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

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

2018	GROUP		
	Financial assets and liabilities at fair value through OCI	Financial assets and liabilities at amortised cost	Total
ASSETS	G\$000	G\$000	G\$000
Investments	1,217,881	-	1,217,881
Trade receivables	-	2,042,964	2,042,964
Other receivables	-	282,699	282,699
Prepayments	-	292,324	292,324
Taxes recoverable	-	496,359	496,359
Cash on hand and at bank	-	883,297	883,297
Total assets	1,217,881	3,997,643	5,215,524
LIABILITIES			
Trade payables	-	1,102,156	1,102,156
Other payables and accruals	-	1,703,000	1,703,000
Bank overdraft (secured)	-	858,084	858,084
Loans	-	1,466,292	1,466,292
Taxation	-	721,569	721,569
Total liabilities	-	5,851,101	5,851,101

2017	GROUP			
	Available for sale	Loans and receivables	Financial assets and liabilities at amortised cost	Total
ASSETS	G\$000	G\$000	G\$000	G\$000
Investments	792,796	-	-	792,796
Trade receivables	-	2,465,344	-	2,465,344
Other receivables	-	283,531	-	283,531
Prepayments	-	113,922	-	113,922
Taxes recoverable	-	-	323,959	323,959
Cash on hand and at bank	-	-	1,115,041	1,115,041
Total assets	792,796	2,862,797	1,439,000	5,094,593
LIABILITIES				
Trade payables	-	-	1,066,532	1,066,532
Other payables and accruals	-	-	1,354,587	1,354,587
Bank overdraft (secured)	-	-	1,521,015	1,521,015
Loans	-	-	2,240,692	2,240,692
Taxation	-	-	395,378	395,378
Total liabilities	-	-	6,578,204	6,578,204

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 26 Fair value estimation

Fair value measurement recognised in the statement of financial position

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

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

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

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

		COMPANY					
		2018			2017		
		Carrying Value	Fair Value		Carrying Value	Fair Value	
		IFRS 13 Level	G\$ 000	G\$ 000	IFRS 13 Level	G\$ 000	G\$ 000
<b>Assets</b>							
Property, plant and equipment	2	8,377,596	8,377,596	2	6,995,835	6,995,835	
Investment properties	2	2,128,225	2,128,225	2	2,144,987	2,144,987	
Retirement benefit asset	3	1,996,059	1,996,059	3	1,353,844	1,353,844	
Trade and other receivables	2	2,476,259	2,476,259	2	1,990,754	1,990,754	
Prepayments	2	262,156	262,156	2	75,002	75,002	
Taxes recoverable	2	235,978	235,978	2	215,899	215,899	
Cash on hand and at bank	1	166,254	166,254	1	79,776	79,776	
		15,642,527	15,642,527		12,856,097	12,856,097	
<b>Liabilities</b>							
Trade payables and other payables	2	2,292,788	2,292,788	2	2,200,380	2,200,380	
Current portion of interest bearing debts	2	684,606	684,606	2	682,313	682,313	
Loans due after one year	2	781,686	781,686	2	1,222,654	1,222,654	
Retirement benefit obligation	3	10,763	10,763	3	8,777	8,777	
Taxation	2	628,351	628,351	2	270,129	270,129	
Bank overdraft (secured)	1	770,373	770,373	1	1,070,442	1,070,442	
		5,168,567	5,168,567		5,454,695	5,454,695	



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 26 Fair value estimation - cont'd

		GROUP			
		2018		2017	
		Carrying Value	Fair Value	Carrying Value	Fair Value
		G\$ 000	G\$ 000	G\$ 000	G\$ 000
		IFRS 13 Level			
<b>Assets</b>					
Property, plant and equipment	2	11,212,859	11,212,859	2	9,826,372
Investment properties	2	185,231	185,231	2	195,725
Retirement benefit asset	3	1,996,059	1,996,059	3	1,353,844
Trade and other receivables	2	2,325,663	2,325,663	2	2,748,875
Prepayments	2	292,324	292,324	2	113,922
Taxes recoverable	2	496,359	496,359	2	323,959
Cash on hand and at bank	1	883,297	883,297	1	1,115,041
		17,391,792	17,391,792	15,677,738	15,677,738
<b>Liabilities</b>					
Trade payables and other payables	2	2,805,156	2,805,156	2	2,421,119
Current portion of interest bearing debts	2	684,606	684,606	2	777,243
Loans due after one year	2	781,686	781,686	2	1,463,449
Retirement benefit obligation	3	10,763	10,763	3	8,777
Taxation	2	721,569	721,569	2	395,378
Bank overdraft (secured)	1	858,084	858,084	1	1,521,015
		5,861,864	5,861,864	6,586,981	6,586,981

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 26 Fair value estimation - cont ' d

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

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

- (a) Property, plant, equipment and investment properties fair values were measured primarily at cost less accumulated depreciation. Management's judgement was used to determine that fair value approximates the carrying value.
- (b) For FVTOCI assets, the fair values were determined with reference to quoted market prices and level 2 fair value measurements.
- (c) Retirement benefit assets and liabilities were measured by management on the advice from the actuaries.
- (d) Trade receivables and other receivables are net of expected credit loss (2017 provision for impairment). The fair value of trade receivables and other receivables was based on expected realisation of outstanding balances taking into account the company's history with respect to delinquencies.
- (e) Financial instruments where the carrying amounts were equal to fair value:- Due to their short term maturity, the carrying values of certain financial instruments approximate their fair values. These include cash and cash equivalents, trade and other payables, tax liability/recoverable, prepayments and bank overdraft. Long term loans are fixed by contract.

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

	COMPANY			COMPANY		
	2018			2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000
Available for sale / FVTOCI	-	1,299,780	-	-	797,796	-
	GROUP			GROUP		
	2018			2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000
Available for sale / FVTOCI	-	1,217,881	-	-	792,796	-

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 27 Financial risk management

### Objectives

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

The company and group seek to minimise the effects of these risks by the use of techniques that are governed by management's policies on foreign exchange risk, interest rate risk and credit risk which are approved by the board of directors.

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

### (a) Market risk

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

### (i) Foreign currency risk

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

	COMPANY		GROUP	
	2018 G\$ 000	2017 G\$ 000	2018 G\$ 000	2017 G\$ 000
<b>Assets</b>				
US Dollar	1,839,070	1,374,511	2,363,115	1,882,199
GBP	18,877	29,420	18,877	29,420
Euro	4,233,124	35	5,660,365	1,060,559
Others	184,026	163,902	434,615	784,044
	<b>6,275,097</b>	<b>1,567,868</b>	<b>8,476,972</b>	<b>3,756,222</b>
<b>Liabilities</b>				
US Dollar	570,453	556,278	595,935	592,753
GBP	3,074	10,246	3,074	10,246
Euro	4,432,873	35,844	4,493,705	66,712
Others	-	674	5,834	43,655
	<b>5,006,400</b>	<b>603,042</b>	<b>5,098,548</b>	<b>713,366</b>
<b>Net assets</b>	<b>1,268,697</b>	<b>964,826</b>	<b>3,378,424</b>	<b>3,042,856</b>



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 27 Financial risk management - cont'd

### (a) Market Risk - cont'd

#### (ii) Foreign currency sensitivity analysis

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

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

	COMPANY		GROUP	
	2018 G\$000	2017 G\$000	2018 G\$000	2017 G\$000
Profit/(loss)	31,717	24,121	84,461	76,071

#### (iii) Interest sensitivity analysis

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

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

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

		Impact on profit for the year			
	Increase / Decrease in Basis Point	COMPANY		GROUP	
		2018 G\$000	2017 G\$000	2018 G\$000	2017 G\$000
Cash and cash equivalent					
Foreign currency	+/-50	267	245	431	245
Overdrafts					
Local currency	+/-50	(3,852)	(5,352)	(4,279)	(7,594)

Apart from the foregoing with respect to the other financial assets and liabilities, it was not possible to determine the expected impact of a reasonable possible change in interest rates on profit or equity as other factors such as credit risks, market risks, political and disaster risks can affect the value of assets and liabilities.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 27 Financial risk management - cont'd

### (a) Market risk - cont'd

#### (iv) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates.

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

The company's and group's management continually monitors and manages these risks through the use of appropriate tools and implements relevant strategies to hedge against any adverse effects.

		COMPANY			
		Maturing 2018			
	Interest rate Range %	Within 1 year	2 to 5 years	Non-interest bearing	Total
		G\$000	G\$000	G\$000	G\$000
<b>Assets</b>					
Investments	-	-	-	1,863,533	1,863,533
Trade and other receivables	-	-	-	2,476,259	2,476,259
Prepayments	-	-	-	262,156	262,156
Taxes recoverable	-	-	-	235,978	235,978
Cash at bank	0.03% - 1.5%	166,254	-	-	166,254
		166,254	-	4,837,926	5,004,180
<b>Liabilities</b>					
Trade payable and accruals	-	-	-	2,292,788	2,292,788
Bank overdraft (secured)	8%	770,373	-	-	770,373
Loans	3.88% - 8%	684,606	781,686	-	1,466,292
Taxation	-	-	-	628,351	628,351
		1,454,979	781,686	2,921,139	5,157,804
<b>Interest sensitivity gap</b>		(1,288,725)	(781,686)		

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 27 Financial risk management - cont'd

### (a) Market risk - cont'd

#### (iv) Interest rate risk - cont'd

		COMPANY			
		Maturing 2017			
	Interest rate Range %	Within 1 year G\$000	2 to 5 years G\$000	Non-interest bearing G\$000	Total G\$000
<b>Assets</b>					
Investments	-	-	-	1,438,448	1,438,448
Trade and other receivables	-	-	-	1,990,754	1,990,754
Prepayments	-	-	-	75,002	75,002
Taxes recoverable	-	-	-	215,899	215,899
Cash at bank	0.03% - 1.5%	48,960	-	30,816	79,776
		48,960	-	3,750,919	3,799,879
<b>Liabilities</b>					
Trade payable and accruals	-	-	-	2,200,380	2,200,380
Bank overdraft (secured)	3.88% - 8%	1,070,442	-	-	1,070,442
Loans	8%	682,313	1,222,654	-	1,904,967
Taxation	-	-	-	270,129	270,129
		1,752,755	1,222,654	2,470,509	5,445,918
Interest sensitivity gap		(1,703,795)	(1,222,654)		



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 27 Financial risk management - cont'd

### (a) Market risk - cont'd

#### (iv) Interest rate risk - cont'd

		GROUP			
		Maturing 2018			
	Interest rate Range %	Within 1 year	2 to 5 years	Non-interest bearing	Total
		G\$000	G\$000	G\$000	G\$000
<b>Assets</b>					
Investments	-	-	-	2,110,770	2,110,770
Trade and other receivables	-	-	-	2,325,663	2,325,663
Prepayments	-	-	-	292,324	292,324
Taxes recoverable	-	-	-	496,359	496,359
Cash on hand and at bank	0.03% - 1.5%	883,297	-	-	883,297
		883,297	-	5,225,116	6,108,413
<b>Liabilities</b>					
Trade payable and accruals	-	-	-	2,805,156	2,805,156
Bank overdraft (secured)	8%	858,084	-	-	858,084
Loans	3.25% - 8%	684,606	781,686	-	1,466,292
Taxation	-	-	-	721,569	721,569
		1,542,690	781,686	3,526,725	5,851,101
Interest sensitivity gap		(659,393)	(781,686)		

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 27 Financial risk management - cont'd

### (a) Market risk - cont'd

#### (iv) Interest rate risk - cont'd

		GROUP			
		Maturing 2017			
	Interest rate Range %	Within 1 year	2 to 5 years	Non-interest bearing	Total
		G\$000	G\$000	G\$000	G\$000
<b>Assets</b>					
Investments	-	-	-	1,556,501	1,556,501
Trade and other receivables	-	-	-	2,748,875	2,748,875
Prepayments	-	-	-	113,922	113,922
Taxes recoverable	-	-	-	323,959	323,959
Cash on hand and at bank	0.03% - 1.5%	48,960	-	1,066,081	1,115,041
		48,960	-	5,809,338	5,858,298
<b>Liabilities</b>					
Trade payable and accruals	-	-	-	2,421,119	2,421,119
Bank overdraft (secured)	8%	1,521,015	-	-	1,521,015
Loans	3.25% - 8%	777,243	1,463,449	-	2,240,692
Taxation	-	-	-	395,378	395,378
		2,298,258	1,463,449	2,816,497	6,578,204
Interest sensitivity gap		(2,249,298)	(1,463,449)		

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 27 Financial risk management - cont'd

### (a) Market risk - cont'd

#### (v) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Management continually identifies, underwrites and diversifies risk in order to minimize the total cost of carrying such risk.

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

#### COMPANY AND GROUP

	2018 G\$000	2017 G\$000
Net impact	64,989	39,890

### (b) Credit risk

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

	COMPANY		GROUP	
	Maximum Exposure		Maximum Exposure	
	2018 G\$000	2017 G\$000	2018 G\$000	2017 G\$000
Cash on hand and at bank	166,254	79,776	883,297	1,115,041
Investments				
Available for Sale / FVTOCI	1,299,780	797,796	1,217,881	792,796
Trade and other receivables	2,476,259	1,990,754	2,325,663	2,748,875
Taxes recoverable	235,978	215,899	496,359	323,959
Total credit risk exposure	4,178,271	3,084,225	4,923,200	4,980,671

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

The company and group faces credit risk in respect of its cash and cash equivalents, investments and receivables. However, this risk is controlled by close monitoring of these assets by the company and group. The maximum credit risk faced by the company and group is the balance reflected in the financial statements.

Cash and cash equivalents are held by commercial banks. These banks have been assessed by the Directors as being credit worthy, with very strong capacity to meet their obligations as they fall due. The related risk is therefore considered very low.

Investments reflected in the company's and group's financial statement are assets for which the likelihood of default are considered minimal by the Directors.

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



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 27 Financial risk management - cont'd

### (b) Credit risk - cont'd

	COMPANY		GROUP	
	2018 G\$000	2017 G\$000	2018 G\$000	2017 G\$000
<b>Trade and other receivables</b>				
Trade receivables	1,399,246	1,885,721	2,042,964	2,496,349
Other receivables	138,690	105,033	282,699	283,531
Taxes Recoverable	235,978	215,899	496,359	323,959
Due from subsidiaries	938,323	-	-	-
	<b>2,712,237</b>	<b>2,206,653</b>	<b>2,822,022</b>	<b>3,103,839</b>

The above balances are classified as follows:

	COMPANY		GROUP	
	2018 G\$000	2017 G\$000	2018 G\$000	2017 G\$000
Current	2,401,871	1,675,026	2,074,537	2,003,439
Past due but not impaired	417,189	544,951	859,832	1,082,719
Impaired	(106,823)	(13,324)	(112,347)	17,681
	<b>2,712,237</b>	<b>2,206,653</b>	<b>2,822,022</b>	<b>3,103,839</b>

	COMPANY		GROUP	
	2018 G\$000	2017 G\$000	2018 G\$000	2017 G\$000
Ageing of past due but not impaired				
01-30 days	4,398	-	83,250	-
31-60 days	162,331	88,308	234,121	288,545
61-90 days	27,391	203,518	153,184	312,669
91-120 days	5,144	35,844	(91,057)	107,470
over 120 days	217,925	217,281	480,334	374,035
Total	<b>417,189</b>	<b>544,951</b>	<b>859,832</b>	<b>1,082,719</b>

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

#### Ageing of impaired trade receivables

01-30 days	-	-	-	-
31-60 days	-	-	-	-
61-90 days	-	-	-	-
91-120 day	-	-	-	-
over 120 days	(106,823)	(13,324)	(112,347)	17,681
Total	<b>(106,823)</b>	<b>(13,324)</b>	<b>(112,347)</b>	<b>17,681</b>
Provision for impairment	<b>106,809</b>	<b>13,398</b>	<b>112,629</b>	<b>31,005</b>

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 27 Financial risk management - cont'd

### (b) Credit risk - cont'd

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

		COMPANY			
		2018		2017	
Details	Location	Credit Limit	Carrying Amount	Credit Limit	Carrying Amount
	2018 2017	G\$ 000	G\$ 000	G\$ 000	G\$ 000
Counterparty # 1	U.K. U.K.	580,000	575,036	467,500	467,449
Counterparty # 2	Guyana Canada	13,200	9,352	87,500	-
Counterparty # 3	Netherlands Netherlands	130,000	126,350	63,500	63,212
Counterparty # 4	Canada United States	90,000	88,324	349,500	349,152
Counterparty # 5	Guyana Canada	5,715	5,611	78,500	78,107
		818,915	804,673	1,046,500	957,920

		GROUP			
		2018		2017	
Details	Location	Credit Limit	Carrying Amount	Credit Limit	Carrying Amount
	2018 2017	G\$ 000	G\$ 000	G\$ 000	G\$ 000
Counterparty # 1	U.K. U.K.	580,000	575,036	467,500	467,449
Counterparty # 2	Guyana Canada	13,200	9,352	87,500	-
Counterparty # 3	Netherlands Netherlands	130,000	126,350	63,500	63,212
Counterparty # 4	Canada United States	90,000	88,324	349,500	349,152
Counterparty # 5	Guyana Canada	5,715	5,611	78,500	78,107
		818,915	804,673	1,046,500	957,920

There was one customer who represented more than 5% of the total balance of trade receivables (2017: 2). The average age of total receivables was 56 days (2017:46 days).

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

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 27 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 2018		
	Within 1 year	2 to 5 years	Total
	G\$000	G\$000	G\$000
<b>Assets</b>			
Investments	1,863,533	-	1,863,533
Trade and other receivables	2,476,259	-	2,476,259
Prepayments	262,156	-	262,156
Taxes recoverable	235,978	-	235,978
Cash on hand and at bank	166,254	-	166,254
	5,004,180	-	5,004,180
<b>Liabilities</b>			
Trade payables and other payables	(2,292,788)	-	(2,292,788)
Current portion of interest bearing debts	(684,606)	-	(684,606)
Loans	-	(781,686)	(781,686)
Bank overdraft (secured)	(770,373)	-	(770,373)
Taxation	(628,351)	-	(628,351)
	(4,376,118)	(781,686)	(5,157,804)
Net assets/liabilities	628,062	(781,686)	(153,624)



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 27 Financial risk management - cont'd

### (c) Liquidity risk - cont'd

	COMPANY		
	Maturing 2017		
	Within 1 year	2 to 5 years	Total
	G\$000	G\$000	G\$000
<b>Assets</b>			
Investments	-	797,796	797,796
Trade and other receivables	1,990,754	-	1,990,754
Prepayments	75,002	-	75,002
Taxes recoverable	215,899	-	215,899
Cash on hand and at bank	79,776	-	79,776
	2,361,431	797,796	3,159,227
<b>Liabilities</b>			
Trade payables and other payables	(2,200,380)	-	(2,200,380)
Current portion of interest bearing debts	(682,313)	-	(682,313)
Loans	-	(1,222,654)	(1,222,654)
Bank overdraft (secured)	(1,070,442)	-	(1,070,442)
Taxation	(270,129)	-	(270,129)
	(4,223,264)	(1,222,654)	(5,445,918)
<b>Net liabilities</b>	<b>(1,861,833)</b>	<b>(424,858)</b>	<b>(2,286,691)</b>

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 27 Financial risk management - cont'd

### (c) Liquidity risk - cont'd

#### Assets

Investments  
Trade and other receivables  
Prepayments  
Taxes recoverable  
Cash on hand and at bank

#### Liabilities

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

Net assets/liabilities

GROUP		
Maturing 2018		
Within 1 year	2 to 5 years	Total
G\$000	G\$000	G\$000
-	1,217,881	1,217,881
2,325,663	-	2,325,663
292,324	-	292,324
496,359	-	496,359
883,297	-	883,297
3,997,643	1,217,881	5,215,524
(2,805,156)	-	(2,805,156)
(684,606)	-	(684,606)
-	(781,686)	(781,686)
(858,084)	-	(858,084)
(721,569)	-	(721,569)
(5,069,415)	(781,686)	(5,851,101)
(1,071,772)	436,195	(635,577)

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 27 Financial risk management - cont'd

### (c) Liquidity risk - cont'd

	GROUP		
	Maturing 2017		
	Within 1 year	2 to 5 years	Total
	G\$000	G\$000	G\$000
<b>Assets</b>			
Investments	-	792,796	792,796
Trade and other receivables	2,748,875	-	2,748,875
Prepayment	113,922	-	113,922
Taxes recoverable	323,959	-	323,959
Cash on hand and at bank	1,115,041	-	1,115,041
	4,301,797	792,796	5,094,593
<b>Liabilities</b>			
Trade payables and other payables	(2,421,119)	-	(2,421,119)
Current portion of interest bearing debts	(777,243)	-	(777,243)
Loans	-	(1,463,449)	(1,463,449)
Bank overdraft (secured)	(1,521,015)	-	(1,521,015)
Taxation	(395,378)	-	(395,378)
	(5,114,755)	(1,463,449)	(6,578,204)
Net liabilities	(812,958)	(670,653)	(1,483,611)



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

## 28 Capital risk management

The company and group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The overall strategy remains unchanged from 2017.

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

### Gearing ratio

The company's and group's management reviews the capital structure on an on-going basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. The company and group have not set a target gearing ratio .

The gearing ratio at the year end was as follows:

	COMPANY		GROUP	
	2018 G\$000	2017 G\$000	2018 G\$000	2017 G\$000
Debt (i)	2,236,665	2,975,409	2,324,376	3,761,707
Cash and cash equivalents	(166,254)	(79,776)	(883,297)	(1,115,041)
Net debt	2,070,411	2,895,633	1,441,079	2,646,666
Equity (ii)	20,888,259	17,787,368	24,359,457	20,913,489
Net debt to equity ratio	0.10:1	0.16:1	0.06:1	0.13:1

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

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

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

- 29 (a) The following sets out the impact of adopting IFRS 9 on the statement of financial position and retained earnings including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's ECL as at 01 January, 2018.

	COMPANY						
	IAS 39 Measurement			Reclassification	Remeasurement	IFRS 9 Measurement	
	Loans and receivables	Amortised cost	Available for sale			Amortised cost	Available for sale through OCI
	G\$000	G\$000	G\$000	G\$000	G\$000	G\$000	G\$000
Financial Assets Available for sale investments	-	-	797,796	(797,796)	-	-	-
FVTOCI	-	-	-	797,796	-	-	797,796
Trade receivables	1,885,721	-	-	-	(88,755)	1,796,966	-
Other receivables	105,033	-	-	-	-	105,033	-
Prepayments	75,002	-	-	-	-	75,002	-
Taxes recoverable	-	215,899	-	-	-	215,899	-
Cash on hand and at bank	-	79,776	-	-	-	79,776	-
<b>Total assets</b>	<b>2,065,756</b>	<b>295,675</b>	<b>797,796</b>	<b>-</b>	<b>(88,755)</b>	<b>2,272,676</b>	<b>797,796</b>
Financial Liabilities							
Trade payables	-	814,322	-	-	-	814,322	-
Other payables and accruals	-	1,258,580	-	-	-	1,258,580	-
Due to subsidiaries	-	127,478	-	-	-	127,478	-
Bank overdraft (secured)	-	1,070,442	-	-	-	1,070,442	-
Taxation	-	270,129	-	-	-	270,129	-
Loans	-	1,904,967	-	-	-	1,904,967	-
<b>Total liabilities</b>	<b>-</b>	<b>5,445,918</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,445,918</b>	<b>-</b>
	GROUP						
	IAS 39 Measurement			Reclassification	Remeasurement	IFRS 9 Measurement	
	Loans and receivables	Amortised cost	Available for sale			Amortised cost	Available for sale through OCI
	G\$000	G\$000	G\$000	G\$000	G\$000	G\$000	G\$000
Financial Assets Available for sale investments	-	-	792,796	(792,796)	-	-	-
FVTOCI	-	-	-	792,796	-	-	792,796
Trade receivables	2,465,344	-	-	-	(91,272)	2,374,012	-
Other receivables	283,531	-	-	-	-	283,531	-
Prepayments	113,922	-	-	-	-	113,922	-
Taxes recoverable	-	323,959	-	-	-	323,959	-
Cash on hand and at bank	-	1,115,041	-	-	-	1,115,041	-
<b>Total assets</b>	<b>2,862,797</b>	<b>1,439,000</b>	<b>792,796</b>	<b>-</b>	<b>(91,272)</b>	<b>4,210,525</b>	<b>792,796</b>
Financial Liabilities							
Trade payables	-	1,066,532	-	-	-	1,066,532	-
Other payables and accruals	-	1,354,587	-	-	-	1,354,587	-
Bank overdraft (secured)	-	1,521,015	-	-	-	1,521,015	-
Loans	-	2,240,692	-	-	-	2,240,692	-
Taxation	-	395,378	-	-	-	395,378	-
<b>Total liabilities</b>	<b>-</b>	<b>6,578,204</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,578,204</b>	<b>-</b>

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

29 (b) The impact of transition to IFRS 9 on the reserves and retained earnings is, as follows:

	COMPANY				
	Share capital	Capital reserves	Other reserve	Retained earnings	Total
	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000
Closing balance under IAS 39 (December 31, 2017)	770,000	489,565	775,826	15,751,977	17,787,368
Initial recognition of IFRS 9 ECL	-	-	-	(88,755)	(88,755)
Opening balance under IFRS 9 (January 01, 2018)	770,000	489,565	775,826	15,663,222	17,698,613

	GROUP					
	Share capital	Capital reserves	Other reserve	Exchange difference reserve	Retained earnings	Total
	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000	
Closing balance under IAS 39 (December 31, 2017)	770,000	450,854	798,339	(49,905)	18,944,201	20,913,489
Initial recognition of IFRS 9 / IFRS 15	-	-	-	-	(92,175)	(92,175)
Opening balance under IFRS 9 (January 01, 2018)	770,000	450,854	798,339	(49,905)	18,852,026	20,821,314

29 (c) The following table reconciles the aggregate opening financial asset impairments under IAS 39 to the ECL allowances for financial assets under IFRS 9. Further details are provided in Note 15.

Impairment allowance for trade receivables

	COMPANY	GROUP
	G\$000	G\$000
Impairment allowance as at December 31, 2017	13,398	31,005
Remesurement	88,755	91,272
Impairment allowance as at January 01, 2018	102,153	122,277



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2018

- 30** Included in taxes recoverable is an amount reclassified from taxes payable for year of assessment 2017.

## COMPANY & GROUP

2017  
G\$000

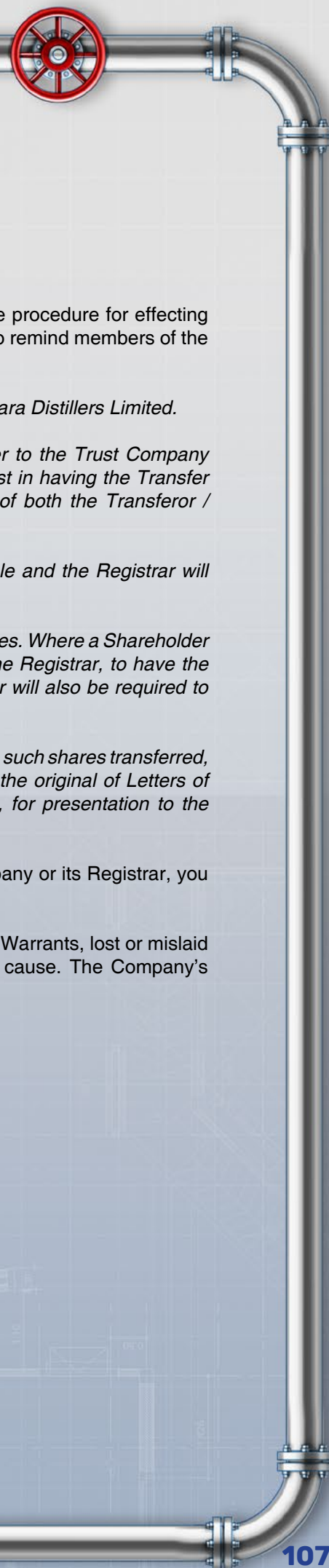
Taxes recoverable	167,049
Taxes payable	(167,049)

- 31** **Approval of financial statements**

The financial statements were approved for issue by the Directors on February 11, 2019.

# Ten Year Review

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Turnover	<b>21,861,762</b>	19,569,018	18,109,126	18,020,518	18,112,393	17,529,199	15,783,081	14,582,598	13,673,267	12,363,533
Operating Profit	<b>4,590,450</b>	3,913,861	3,392,082	3,378,633	1,811,508	2,794,305	2,581,005	2,653,109	2,360,738	2,306,837
Interest Paid/ Received	<b>228,642</b>	362,548	471,971	581,359	675,645	589,069	668,937	642,957	606,509	653,898
Profit Before Tax	<b>4,361,807</b>	3,551,313	2,920,111	2,797,273	1,135,863	2,205,236	1,912,068	2,010,152	1,754,229	1,652,939
Taxation	<b>1,083,208</b>	951,269	728,683	901,418	721,579	635,815	597,849	463,342	614,605	619,589
Profit after Tax	<b>3,278,599</b>	2,600,044	2,191,428	1,895,856	414,284	1,569,421	1,314,219	1,546,810	1,139,624	1,033,350
Gross Assets Employed	<b>31,231,964</b>	28,495,874	27,033,095	27,953,739	28,386,324	28,726,954	27,843,241	24,668,630	23,602,480	22,968,411
Capital Employed	<b>26,329,600</b>	23,548,168	21,869,744	21,484,490	21,114,315	21,084,368	18,562,940	17,201,510	15,819,174	15,905,774
Shareholder's Equity	<b>24,359,457</b>	20,913,489	18,515,611	16,954,198	15,783,466	16,058,647	14,655,669	13,176,203	12,019,383	11,256,519
Operating profit as % of sales	<b>21.00%</b>	20.00%	18.73%	18.75%	10.00%	15.94%	16.35%	18.19%	17.27%	18.66%
Operating profit as % of Capital Employed	<b>17.43%</b>	16.62%	15.51%	15.73%	8.58%	13.25%	13.90%	15.42%	14.92%	14.50%
Return on Gross assets	<b>14.70%</b>	13.73%	12.55%	12.09%	6.38%	9.73%	9.27%	10.75%	10.00%	10.04%
Return on Shareholders' Funds	<b>17.91%</b>	16.98%	15.77%	16.50%	7.20%	13.73%	13.05%	15.26%	14.55%	14.68%
Basic Earnings per share in Dollars	<b>4.26</b>	3.38	2.85	2.46	0.54	2.04	1.71	2.01	1.49	1.29
Equity per share	<b>31.64</b>	27.16	24.05	22.02	20.50	20.86	19.03	17.11	15.61	14.62
Dividend Cover	<b>5.01</b>	5.04	4.59	4.10	0.91	3.71	3.56	4.46	3.47	3.16



## 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.



[illegible]



## Form of Proxy

### DEMERARA DISTILLERS LIMITED • ANNUAL GENERAL MEETING

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 March 29, 2019 and at every adjournment thereof.

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2019

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.*





## DEMERARA DISTILLERS LTD.

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