DEMERARA DISTILLERS LIMITED

# ANNUAL REPORT 2011

## Points of Sail


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Points of Sail


In contrary winds, a captain and his crew need to master the points of sail to ensure that the ship maintains a steady course relative to those winds.

For over 500 years sailors have plied the waters of the Atlantic between Europe and the Caribbean, and then beyond, to participate in trade, investment, treasure, and to pursue the legend of El Dorado.

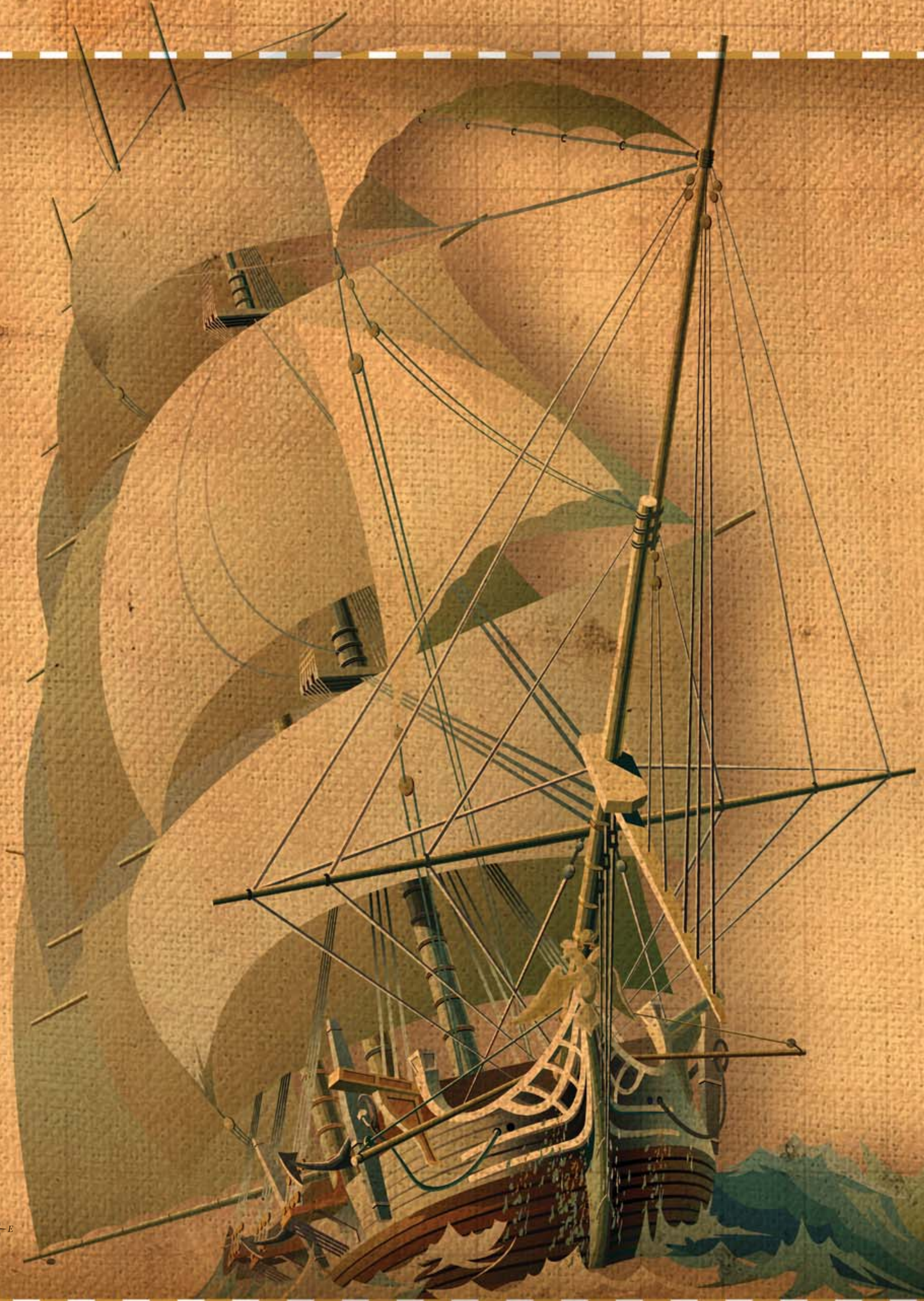
Their exploits and accomplishments are the stuff of economics and history, poetry and novel, myth and legend, and song and revelry, Yo heave ho and a bottle of rum!

Our ship, Demerara Distillers Limited, continues to ply these waters, running the winds, whatever they may be, to maintain the centuries old tradition and to make El Dorado both legend and life.

In 2011, during economically contrary times, when the global economy remained sluggish and its contrary winds were affecting all countries and industries, DDL had to ensure that we worked to maintain a steady course relative to these challenging economic winds.

We have had to change the rigging of our sails, we have constantly adjusted the rudder as the global economic winds came from this way, and then that.

The contrary winds that affected countries of the North Atlantic and the Caribbean challenged us as well because these are our primary export markets and their economic difficulties slowed our growth there. This situation was compounded by the renewal and expansion



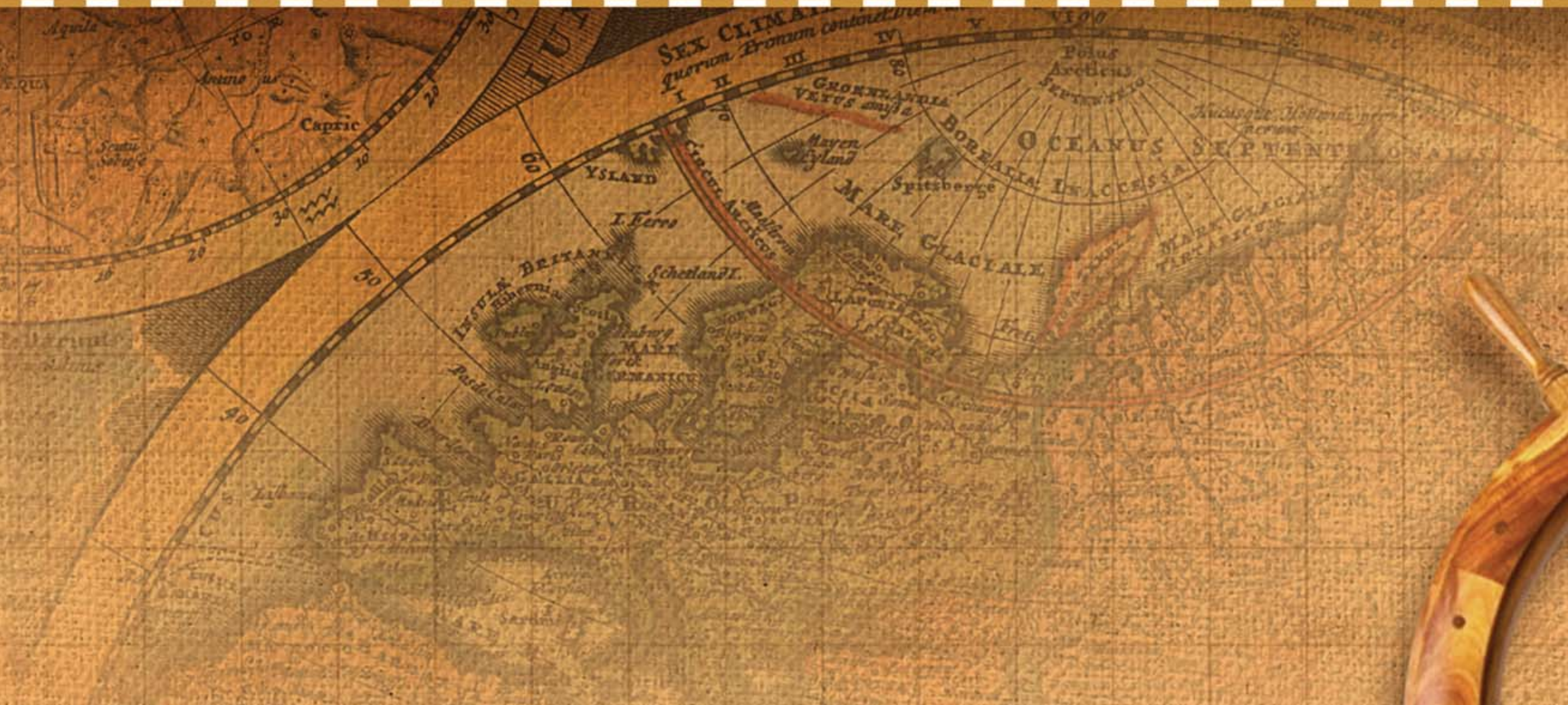
programmes we had undertaken when the outlook was slightly different.

We were busy with the expansion at the distillery, including the installation of the new still, while at the same time keeping all of our commitments to our customers who met us at the points-of-sale in Guyana, the Caribbean, and around the world.

Crew transformation was also taking place at this time as we battened down the hatches for the rough seas. We needed new and additional skills, for the new technology we have aboard and the new highly competitive conditions under which we now sail.

By and large, the combined experience of our directors who know the ropes, the commitment and determination of our management team to succeed, and the ability of our staff to rise up and meet the demands of the job brought us successfully through a tough 2011, not just to make it through but to be positioned for smooth sailing as the seas grow relatively calm.

The strategic planning of earlier years enabled us to minimise the impact of the economic situation, so that, although our sales were lower than we expected, we still grew by about 7%. We worked these winds, beating, reaching and running as required and by the end of the year we also achieved market expansion, line extension, improved market positioning and increased marketing activities to get us through.



Of course, the impact of the strategic decisions of earlier years was felt throughout the 2011 journey. These include the focus on development of our brands internationally, intense cost reduction efforts, and increased production to support the export drive. All of these were as a result of the investments in the new bottling plant and the new distillery, and the early offset of the increased costs of energy by the bio-methanisation plant.

Taken together, these resulted in very significant improvements in our efficiency and in the quality of the bulk spirits we produce. We are in ship-shape.

And now, with our sails trimmed we head into the more favourable winds of 2012 still with an advantage over our competitors to deliver more value for our customers at the points-of-sale and greater rewards for our shareholders because of our mastery of the points of sail.

As in El Dorado, the stuff we do here is legend!

*Drink up me hearties!*

# Company in Perspective

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

Over time, the Company has been diversifying its activities. It is a leading producer of carbonated beverages including **Pepsi, Seven-Up, Slice** and **Mountain Dew**, in addition to its own wide range of **Soca** flavours. It also produces **Diamond Mineral Water**. It produces its own **Carbon Dioxide** and **Dry Ice**. It has been producing high grade **Fruit Jams and Jellies**, **Fruit Juices** and the well known **Tropical Fruit Mix**. The Group's **Shipping** and **Warehouse** services are among the most modern in Guyana. Its Fruit Juice operations range from fresh juice delivered to homes and premier restaurants and hotels to conveniently packaged juices done in a state-of-the-art Tetra Pak packaging plant under the brand name **TOPCO,** in addition to the co-packing **TROPICANA** and **GATORADE**. The Group also has interests in the **Insurance** industry.

The Company has expanded into the **Distribution** Business, where it is now the Distributor in Guyana for some of the most well-known consumer products such as **Johnson & Johnson and Nestle. Distribution Services Limited** as this part of the group is known also represents several leading local companies.
Demerara Distillers Limited has Subsidiaries and Associates in Europe, North America and the Caribbean. Demerara Distillers Limited is best known for its commitment to quality and has held continuous certification through the **ISO 9000 (2008)** International Quality Standard.

# Notice of Meeting

**The SIXTIETH ANNUAL GENERAL MEETING** of Demerara Distillers Limited (DDL) will be held at DDL's Diamond Complex, Plantation Diamond, East Bank Demerara on Friday, April 27, 2012 at 4:30 p.m.

**AGENDA**

1. To receive and consider the Company's Accounts and Reports of the Directors and Auditors for the year ended December 31, 2011
2. To declare a Final Dividend of 36 cents per share free of Company Taxes in respect of the year ended December 31, 2011
3. To elect Directors
4. To fix the Emoluments of the Directors
5. To appoint Auditors and authorize the Directors to fix their remuneration.
6. To present long service awards to employees

**BY ORDER OF THE BOARD**

Allison Thorne
Company Secretary/Legal Officer
April 02, 2012

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

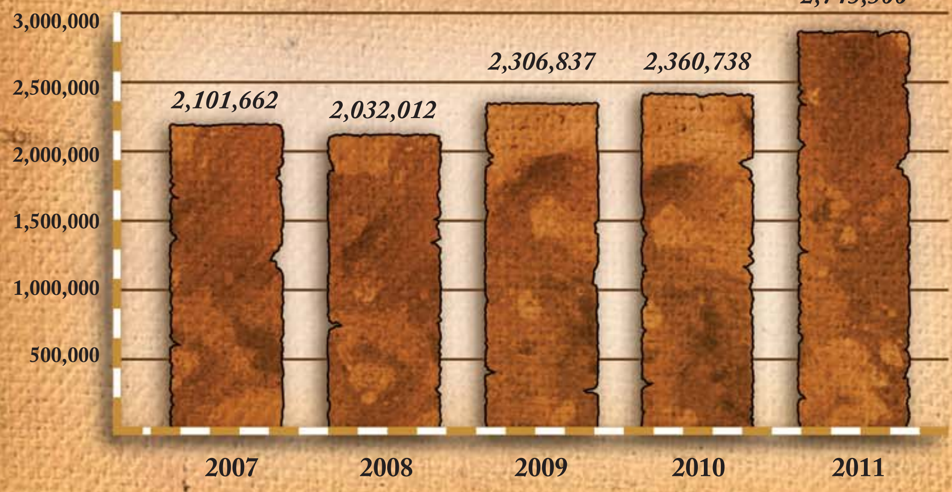
- Every member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her and such proxy need not also be a member of the Company.
- A form for use at this meeting must be received at the registered office of the Company stated above, not less than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

**REGISTER OF MEMBERS**
The Register of Members and Share Transfer Books of Demerara Distillers Limited will be closed from April 04, 2012 – April 27, 2012 – both days inclusive- for the purpose of preparing warrants of the Final Dividends for the year ended December 31, 2011.

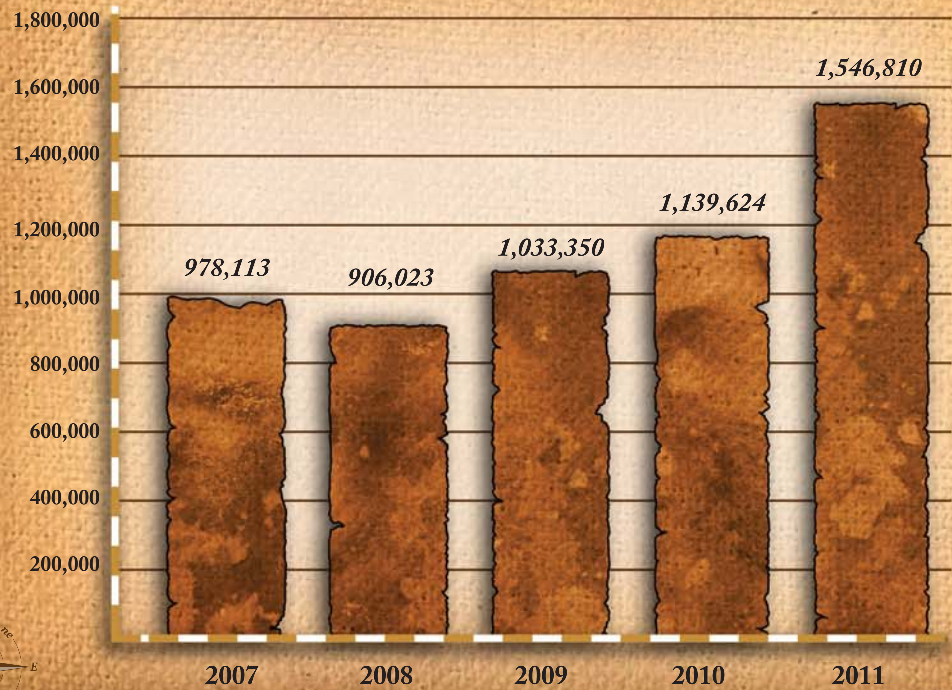
***N.B. Gifts will be distributed only to shareholders present at the Meeting and not at any time or place thereafter.***

# Financial Highlights

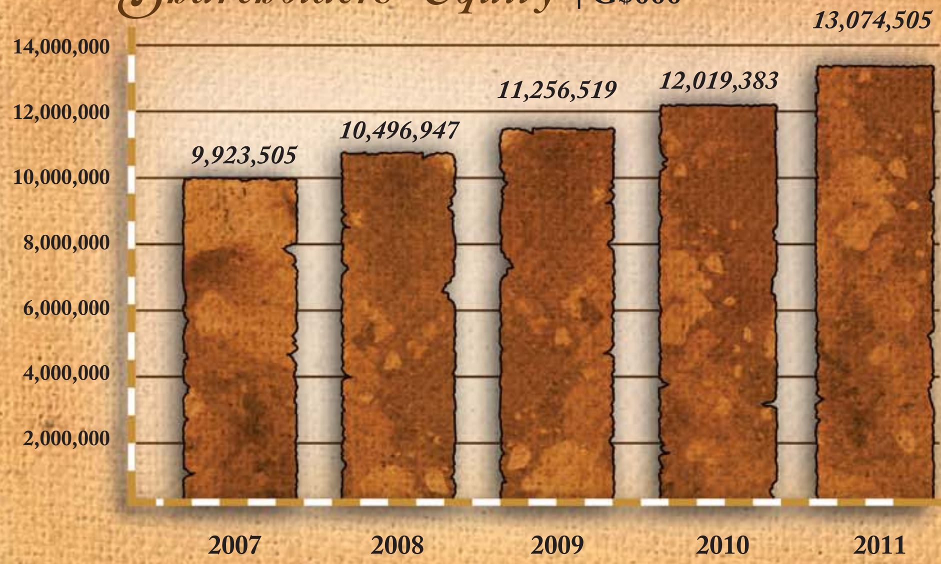
## Operating Profit | G$000




## Profit After Tax | G$000




## Shareholders' Equity | G$000




## Profit Before Tax | G$000


# Corporate Information

## AUDITORS

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

## LEGAL ADVISORS

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

## REGISTERED OFFICE

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

## REGISTRAR & TRANSFER AGENT

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

## BANKERS

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

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

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

# Board of Directors

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

**Chandradat Chintamani**
*FCCA • Operations Director*

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

**Komal R. Samaroo**
*AA, FCCA, ACIS • Vice President – International Marketing*

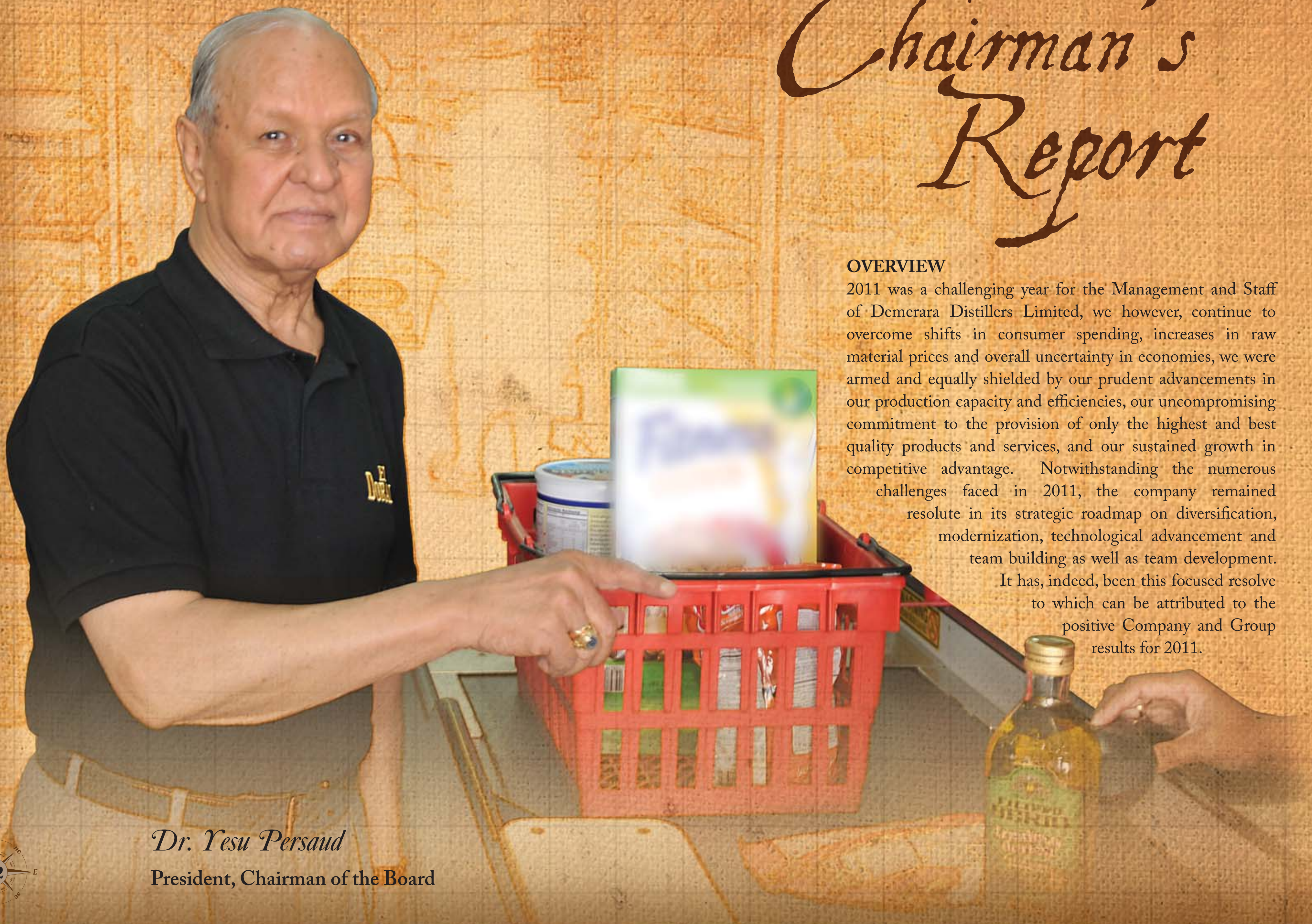
**Timothy Jonas**
*L. L. B. (HONS) • Director*

**Harryram Parmesar**
*FCCA • Director*

**Sharda Veeren-Chand**
*BSc. • Marketing Director*

**Egbert Carter**
*MSc. (Civil Engineering) • Director*

# Chairman's Report



**OVERVIEW**

2011 was a challenging year for the Management and Staff of Demerara Distillers Limited, we however, continue to overcome shifts in consumer spending, increases in raw material prices and overall uncertainty in economies, we were armed and equally shielded by our prudent advancements in our production capacity and efficiencies, our uncompromising commitment to the provision of only the highest and best quality products and services, and our sustained growth in competitive advantage. Notwithstanding the numerous challenges faced in 2011, the company remained resolute in its strategic roadmap on diversification, modernization, technological advancement and team building as well as team development. It has, indeed, been this focused resolve to which can be attributed to the positive Company and Group results for 2011.

*Dr. Yesu Persaud*

**President, Chairman of the Board**

## INTERNATIONAL

In 2011, international growth fell from 4.7 % in 2010 to 4.2 %. The European financial crisis which significantly affected the economies of Greece, Portugal, Spain, Ireland and Italy was undoubtedly a contributing factor to this decline. On the other hand the developing and emerging economies, led by China, India and Brazil, had estimated growth rates of 9.5%, 7.9% and 6.9% respectively.

## THE CARIBBEAN

Caribbean economies, similarly, continued to struggle to achieve their pre–recession levels of economic growth. Industries such as tourism, bauxite and agriculture were faced with persistent challenges and this contributed to the slow pace of their recovery.

## LOCAL ECONOMY

Guyana however continued to withstand the effects of the Global economic downturn and recorded an estimated growth of 4.2 % in 2011 against 3.6 % in 2010.

The continued growth in the local economy was propelled by increased activities in sectors such as Mining and Quarrying, Agriculture, Manufacturing and Services, High commodity prices, increased investment, as well as spending were the major factors responsible for this improved performance. On the other hand, the Forestry, Fishing and Diamond industries contracted during this period. The exchange rate with the US dollar remained very stable throughout the year.

## GROUP PERFORMANCE

Group turnover increased by 6% from $13.7 billion in 2010 to $14.6 billion in 2011. When compared to 2010 the total comprehensive income for the year increased by $272 million or 24%.

The Group's performance when viewed against the numerous challenges faced during 2011 both locally and internationally, was further affected by continued increase in prices for raw materials and other inputs. The Group managed to absorb the cost increases by obtaining better efficiency with the retooling of some key assets coupled with the significant increase in the sales of export branded bottled products in most markets.

## COMPANY PERFORMANCE OVERVIEW

Turnover for the Company increased from $9.315 billion in 2010 to $9.517 billion in 2011, an increase of 2%. However total comprehensive income increased from $731 million in 2010 to $1.3 billion in 2011 or 88%. The growth was primarily achieved through higher efficiencies from the Operations. In addition the Company received dividends of $288 million from its investment in BEV Processors Inc. prior to the sale of the investment.

### Bulk Sector

The Company completed the installation of its New Multi Column Still in the latter part of 2011. The installation process along with the period required for testing resulted in lower production volumes for the year. This in turn affected our markets which resulted in a shortfall in sales over 2010.

The international market is becoming more competitive with other Companies benefiting from significant subsidies from their respective National Government; our margins in this sector were significantly less than on our branded products. In spite of this challenge, the Company was still able to compete internationally as a result of the sustained reputation of our products, renowned for exceptional quality, varied flavors and unique blending characteristics.

The profitability of the bulk business in 2011 has improved over 2010 with the completion of the New Multi Column Still and the Bio-methanisation-Plant. These projects were substantially completed in the latter part of 2011. The division has already begun to see the improvements in the efficiencies and substitution of fossil fuel by methane gas.

## BRANDED PRODUCTS

Despite the difficult economic circumstances that prevail in the western economy, branded products have continued to grow internationally with a 10% growth in revenue over 2010. This is more than twice the rate of 4.66% that major rum brands grew in 2011. The Company's state of the art bottling line has continued to yield better efficiencies over 2010, thus ensuring the Company has the installed capacity to capitalize on growth opportunities which exist internationally. The Company has distributors for its branded products in all the provinces in Canada. Significant progress is also being made in the United States. On the continent of Europe, El Dorado continues to make progress in our traditional markets as well as in Russia.

# Chairman's Report

## AWARDS

I am pleased to announce that for the second consecutive year our Company won the 'Principal Spirit Trophy' for the Americas and the Caribbean at the International Wine and Spirit Competition in London.

This trophy is awarded annually to the best Distillers in the different regions of the world. This is a testament to the quality of the Company's bulk as well as branded products.

The trend that commenced in 1992, with our flagship brand winning many accolades consistently throughout the years, has once again been maintained in 2011. The following awards were also received in 2011: -

- El Dorado 15 Year Old Special Reserve Rum was awarded the Gold Medal and Best in Class: Trophy by the IWSC;
- El Dorado 12 Year Old won the 'Gold Medal and Best in its Class'
- El Dorado 8 Year Old won the 'Gold Medal and Best in its Class'
- El Dorado 21 Year Old Special Reserve won the Silver Medal and Best in Class
- El Dorado 3 Year Old rum has won the 'Silver Medal and Best in Class'
- El Dorado 5 Year Old Rum won the Silver Medal

## DIVIDENDS

The Company paid an interim dividend of $0.12 per share and the Directors recommend a final dividend of $0.36 per share making the total for the year $0.48 for 2011 when compared to $0.45 in 2010.

## SUBSIDIARIES' PERFORMANCE

### Local Operations

***Demerara Shipping Company Limited (DSCL)***

Demeara Shipping Company Limited (DSCL) has performed well in 2011. There was growth in revenue of 15 % over 2010. Profit after tax was $106 million against $59 million in 2010.

***Distribution Services Limited (DSL)***

Distribution Services Limited (DSL) continues to be one of the leading Distribution Companies in Guyana and is responsible for the distribution of all of the locally manufactured products of the Parent Company. Distribution Services Limited which represents a wide range of world renowned brands such as Frito-lay, Quaker, Johnson & Johnson and Nestle, also operates several Cash and Carry Outlets across the country. There was growth in Distribution Services Limited's revenue by approximately 10 %. This was mainly attributed to the growth in the distribution of trading products. The profits after tax increased from $181 million in 2010 to $258 million in 2011.

***Tropical Orchards Products Company Limited (TOPCO)***

The Company continued its efforts in 2011 of partnering with farmers locally to ensure a steady and adequate supply of fresh fruit. Significant progress was made, in this regard, which resulted in a more regular supply of fresh fruit to the Company. However despite these efforts, the fruit supplies were still insufficient to meet the needs of the market on a consistent basis.

The Company's after tax losses totaled $10.4 million compared to $13.9 in the preceding year.

***Demerara Contractors and Engineers Limited (DCEL)***

Demerara Contractors and Engineers Limited, the local agents for Otis Elevators and the construction and engineering services arm of the Group, recorded an after tax loss of $1.2 million as compared to $2 million in 2010.

## INTERNATIONAL OPERATIONS

### Europe and North America

***Breitenstein Holdings BV***

The "Euro Crisis", has continued to affect our operations with EU member countries, some of whom are experiencing huge debt burdens. As a result of this, the Company, saw a decrease in its revenue for bulk sale of 6%. Profit after tax of $142.2 million was recorded in year 2011 as compared to $208.7 million in the preceding year.

***Demerara Distillers (USA) Inc.***

Demerara Distillers (USA) Inc. performed creditably with after tax profit increasing to $31.5 million when compared to $21.5 million in the preceding year. Efforts continue towards improving our market share brand visibility, these efforts are yeilding improved results. Further growth is anticipated during 2012.

***Demerara Distillers (St.Kitts-Nevis) Limited***

The performance of Demerara Distillers (St. Kitts-Nevis) Limited continues to improve with after tax profit increasing from $9.5 million in 2010 to $13 million in 2011.

***Demerara Rum Company Inc.(DRC)***

Demerara Rum Company performance declined in 2011 recording profits of $ 8.9 million when compared to $ 23.3 in 2010.

## JOINT VENTURE

***Demerara Distillers (Hyderabad)***

The Company is reevaluating its strategy in India against the background of significant changes in legislation and other changes that impact on our business. In 2012 a decision will be made on the way forward.

***National Rums of Jamaica Limited (NRJ)***

National Rums of Jamaica (NRJ) faced challenges with the disposal of effluent which arose out of the change in the ownership of the Moneymust sugar estate which used the dunder to fertilize their cane field. This resulted in lost production days. In December, 2011, the Company launched its brand of rum in the local market. The Company's share of after tax profit in 2011 declined to $42.9 million against $93.2 million recorded in 2010.

***Diamond Fire and General Insurance Incorporated***

DDL's share of the after tax profit for 2011 was $15.3 million compared to $11.9 million in the preceding year.

## CAPITAL EXPENDITURE AND INVESTMENT

In 2012 the Company will continue with its ongoing modernization plans and the retooling of some of its key assets. The Group has committed $1 billion towards its capital programme for 2012.

The Company has also begun to enjoy the benefits from the capital projects that were completed in 2011 including the New Multi Column Still and the Bio-Methanization Plant. With the completion of the New Multi Column Still, the efficiencies at our Distillery Operations have been improved tremendously. The completion of the Bio Methanization Plant has seen a replacement of 55% of the fossil fuel being used at the Company's distillery operations.

In 2012 the Company will continue to modernize its operations while at the same time building on the efficiencies attained in 2011.

## QUALITY ASSURANCE

Our ISO 9001 quality system certification journey which started in 1995 has enabled us to maintain and improve our competitiveness in our business and has been the guiding force in our employees' outstanding commitment and performance. Our certified locations under this international quality system certification include our Distillery, Liquor Bottling Operations, Beverage operations, TOPCO fruit juice plant, our Bulk Terminal and Quality Assurance Department.

Our commitment to continuous quality improvement goals and to exceed our customers' expectations has led to our numerous investments and strategic decision to provide only the highest quality products as demanded by our valued customers.

Investing in the training of our people and keeping abreast with current laboratory technological advances are important mainstays in maintaining our commitment towards ensuring quality products always. It is the Company's firm belief that this drive to succeed and deliver only the highest quality products and services has given us our competitive edge which is recognized internationally.

## HUMAN RESOURCES

The Year 2011 saw a continued focus on employee retention. Finding requisite skills in a limited labour market continued to be a challenge. Emphasis was continued on employee development through both on the job and classroom training.

Increased emphasis was placed on the counseling, mentoring and training of staff. A total of 84 training programmes were completed. Additionally, 24 members of staff benefitted from the Study Assistance Scheme to complete post secondary and professional training programmes.

The Company welcomed back into the fold, four employees who completed their University of Guyana Degrees under our Cadetship Scheme. At the moment another eight (8) employees are benefiting from this programme and are continuing their degree programmes at the University of Guyana under the scheme. Our bursary programme for children of employees benefitted 93 students during the year.

The Company also actively continued participation in the national HIV/AIDS, blood donation drives and vaccination programmes.

# Chairman's Report

## LONG SERVING EMPLOYEES

The Board of Directors and Company are pleased to recognize dedicated employees whose services with the Company ranged from a period of 15 to 45 years. We sincerely thank these employees for their continued service throughout the years and look forward to their commitment into the future. These employees will be honored at the General Meeting.

## ACKNOWLEDGEMENT

My sincere appreciation is extended to the Board of Directors for their continuous commitment to the Company and their considered and constructive direction provided, through and at Board and Special Committee Meetings and other forms of participation.

Appreciation is also extended to the Management Team and employees at all levels for helping the Company to overcome the challenges faced during 2011.

To our customers and other partners, both locally and internationally, who have given us great support over the years; we thank you and hope that this would continue into the future.

## FUTURE OUTLOOK

While 2012 will undoubtedly bring its own set of challenges, we remain confident that with the completion of the Company's major capital projects in 2011, the planned retooling of our key assets in 2012, coupled with the further improvement anticipated in our efficiencies and the expected growth in both the local and international markets, the Group is well positioned to fully capitalize on the opportunities in 2012 and beyond.

*Dr. Yesu Persaud*
**President, Chairman of the Board**

*Demerara Distillers Limited is positioned for smooth sailing as the seas grow relatively calm.*

# Long Service Awards

| NAME | DEPARTMENT | YEARS OF SERVICE |
|---|---|---|
| Dr. Yesu Persaud | Corporate | 45 |
| Ronald Ramoo | Bottling Plant | 30 |
| Denanauth Persaud | Bulk Terminal | 25 |
| Janet Sultan | Sales Office | 25 |
| Raffia Abrahim | Administration | 25 |
| Krishendat Persaud | Bottling Plant | 20 |
| Rawlston Cadogan | Bottling Plant | 20 |
| Ramdatt Singh | Sales and Marketing | 20 |
| Mahindralall Nandalall | Distillery | 20 |
| Terry Harry | DSCL | 20 |
| Andrew Sandy | Beverage Sales | 20 |
| Gangadeen Mahadeo | Bottling Plant | 20 |
| Carl Kanto | Central Lab | 20 |
| Chandra Doobay | MISD | 20 |
| Amarchand Seweda | Bottling Plant | 20 |
| Haverson Murphy | Sales and Marketing | 15 |
| Cecil Ramoutar | Projects Department | 15 |
| Sati Harrypaul | HR Department | 15 |

| NAME | DEPARTMENT | YEARS OF SERVICE |
|---|---|---|
| Karanand Dass | Sales and Marketing | 15 |
| Mahendra John | Workshop | 15 |
| Himman Mangroo | Projects Department | 15 |
| Ganeshwar Singh | Projects Department | 15 |
| Joyce Wong | Sales Office | 15 |
| Randolph Persaud | Distillery | 15 |
| Deonarine Rambarran | Distillery | 15 |
| Feroze Khan | Distillery | 15 |
| Jermaine Hillman | Beverage Plant | 15 |
| Orwin Hunte | Beverage Plant | 15 |
| Basmattie Persaud | Beverage Plant | 15 |
| Ramchand Suklall | Beverage Plant | 15 |
| Nigel White | East Berbice | 15 |
| Mark Chinapen | Sales and Marketing | 15 |
| Seeriram Bhowandin | Sales and Marketing | 15 |
| Manasseh Vibert Boodhoo | Sales and Marketing | 15 |
| Mahendra Ramjeawan | DSCL | 15 |
| Tillack Ram | Essequibo | 15 |

# Management Team

**Bal Parsaud**
*Human Resource Director*

**Allison Thorne**
*Company Secretary / Legal Officer*

**Sharon Sue Hang-Baksh**
*Quality Assurance Director*

# Management Team

*From left to right:* **Vasudeo Singh** *Finance Controller* **Donald Murray** *Bottling Plant Manager* **Bryan Prittipaul** *Operations Manager - DSL* **Asif Gafoor** *Beverage Plant Manager* **Tamsia Clement – Jodhan** *Manager – International Marketing Division*

**Mahendra Ramjeawan** *Operations Manager Demerara Shipping* **Ronald Noble** *Topco Manager* **Shaun Caleb** *Distillery Manager* **Mark Chinapen** *Sales and Distribution Manager* **Floyd Scott** *Training Manager*

# Report of the Directors

The Board of Directors submits to you the Annual Report of Demerara Distillers Limited & Subsidiaries together with the Audited Financial Statements for the year ended December 31, 2011

**Turnover and Profitability**
Group turnover increased by $910 million from $13.673 billion in 2010 to $14.583 billion in 2011. Group after-tax profits increased by $407 million in 2011 from $1.140 billion in 2010 to $ 1.547 billion.

**Dividends**
A final dividend of 36 cents per share has been recommended, in addition to the 12 cents per share interim dividend already paid, bringing the total dividends for the year to 48 cents per share.

**Directors**

In accordance with Article 122 of the Company's Articles of Association, Directors Messrs Egbert Carter, Rudy Collins, Harryram Parmesar and Timothy Jonas, will retire by rotation at the close of the Annual General Meeting held on the 27 day of April 2012, and being eligible, offer themselves up for re-election.

In October, 2011 Mr. Loris Nathoo resigned from the Board of Directors. The Board extends their gratitude for his years of service as an Executive Director/General Manager and wishes him well in the future.

The Company and the Board of Directors alike mourned the regrettable passing of long serving Executive Director, Mr. George Leslie Robinson, who sadly departed this life in October 2011.

Additionally, during October 2011, Mr. Chandradat Chintamani joined the DDL Management team as an Executive Director in charge of the Production Operations while the Board welcomed Mr. Harryram Parmesar, as a Non Executive Director and Chairman of the Audit Committee.

**Directors' Emoluments**

| | |
|---|---|
| Mr. Egbert Carter | $1,140,000 |
| Mr. Rudy Collins | $1,140,000 |
| Mr. Timothy Jonas | $1,140,000 |
| Mr. Chandradat Chintamani | $ 855,000 |
| Harryram Parmesar | $ 223,710 |

**Directors' Interest – Demerara Distillers Limited**

The interests of Directors holding office at December 31, 2011 in the ordinary shares of Demerara Distillers Limited were as follows:

| DIRECTOR | ORDINARY SHARES AT NO. PAR VALUE | | | |
|---|---|---|---|---|
| | Beneficial Interest | | Associates' Interest | |
| | 2011 | 2010 | 2011 | 2010 |
| Yesu Persaud | 4,677,912 | 4,677,912 | Nil | Nil |
| Komal Samaroo | 931,646 | 931,646 | 1,137,141 | 1,137,141 |
| Chandradat Chintamani | Nil | Nil | Nil | Nil |
| Egbert Carter | 14,000 | 14,000 | Nil | Nil |
| Rudy Collins | 42,000 | 42,000 | Nil | Nil |
| Harryram Parmesar | Nil | Nil | Nil | Nil |
| Timothy Jonas | 50,000 | 50,000 | Nil | Nil |
| Sharda Veeren-Chand | 1,000,000 | 1,000,000 | Nil | Nil |

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

**Contracts with Directors**
During the financial year there were no:

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

**Auditors**
The Auditors Messrs TSD Lal & Co. (an independent correspondent firm of Deloitte Touche Tohmatsu) have retired and being eligible, offer themselves for re-appointment. Accordingly, a resolution for their re-appointment will be submitted at the Annual General Meeting.

**Corporate Governance**
The Board of Directors maintain their commitment to the fundamental principles of corporate governance which, inter alia, assures the development of an overall transparent and efficient Operations; mandates a system of internal controls to safeguard shareholders' investment and the Company's assets; has its basis in the rule of law; ensures timely and accurate disclosures of all material matters; protects and facilitates the due exercise of shareholders and stakeholders rights; affords the Board the opportunity to provide strategic guidance to the Operations as well as permits the monitoring of Management by the Board.

The Board of Directors, in continued recognition of shareholders substantive rights and in furtherance of their role as trustees of shareholders, utilize principles of corporate governance when making strategic and long term policy decisions touching and concerning the Company as well as when providing guidance to Management, where necessary, on the daily operations.

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

The Board of Directors allows the Executive Committee and Senior Managers to administer the daily operations of the Company without intervention, within specified limits. These limits are in place to ensure that the guiding principles and best practices of corporate governance are adhered to. Monthly Board meetings are held primarily to critically analyze the previous month's performance and to set the direction for the future.

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

The Internal Auditor, who is responsible for carrying out independent checks to ensure and assure the adequacy and efficiency of operational controls, systems and procedures are being adhered to, reports directly to the Chairman of the Audit Committee. The Members of this Committee include two Non-Executive Directors, one of whom, was appointed Chairman of the Committee and who conducts monthly meetings with the Company's Senior Management.

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

**Substantial Shareholders**

| **Company/Institution** | **2011** | | **2010** | |
|---|---|---|---|---|
| | **# of Shares** | **% Shareholding** | **# of Shares** | **% Shareholding** |
| Trust Company (Guyana) Limited | 148,891,942 | 19.34 | 149,477,982 | 19.41 |
| Secure International Finance Co Ltd | 140,147,192 | 18.20 | 139,925,530 | 18.17 |
| 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, 2011.

**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

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**Allison Thorne (Ms.)**
Company Secretary/Legal Officer
March 23, 2012

# Corporate Social Responsibility

In 2011, we continued building on our established legacy of commitment to our community as well as consumers by our corporate social investments strategically prioritized in such critical areas as education, youth development, employee volunteerism, sports, culture, health, and wellness.

1. **EDUCATION**

   **DDL Foundation**

   Now in its second year, the DDL Foundation continued to make a difference in the lives of deserving young people. The DDL Foundation was created to assist deserving students, who excelled at the National Grade Six Assessment examinations, with continued financial support and mentorship throughout their pupilage at secondary school.

*Standing (L-R) : Shivanie Armanauth, Bursary Recipient; Mr. Bal Parsaud – Human Resources Director; Esther Sarwan, Bursary Recipient; Darren Manohar, Bursary Recipient; Ryan Shivnandan, Bursary Recipient; Devraj Gangaram, Bursay Recipient; Mrs. Sharon Sue-Hang Baksh – Quality Assurance & N.P.D. Director; Naomi Manoharlall, Bursary Recipient; Jaleele Haynes, Bursary Recipient; Mr. Komal Samaroo – Vice President - International Marketing.; Anuradha Nandalall, Bursary Recipient; Joshua Seetahal, Bursary Recipient; Alex Henry, Bursary Recipient*

In 2011, eight (8) new students were included on the Foundation's list of beneficiaries. The financial assistance granted by the Foundation assists in covering the basic costs associated with the awardees' school attendance including books, uniforms, transportation and meals. Additionally, each of the Foundation's awardees is assigned a mentor from amongst the employee volunteers at DDL. Our employee volunteers visit the awardees at least once per month and play an active role in ensuring that they continue to excel academically as well as socially while at the same time, providing the sort of guidance that is needed during their school life.

Employees of DDL continued to participate actively in support of the work of the Foundation by making monthly personal contributions. Some employees have dedicated their time and talent towards serving on the various committees established by the Foundation including the Fundraising Committee.

2. **YOUTH DEVELOPMENT**

   In our quest to encourage youth development as well as excellence inside and outside the workplace, we continued to support youths at various levels.

**Primary Level- Bursary Scheme**

Our Annual Bursary Awards Program was held on September 12, 2011, where fourteen (14) children of DDL employees, who recorded passes in the year 2011 at the National Grade Six Assessment, were awarded new bursaries.

Our existing Bursary Scheme consists of seventy nine (79) students, who receive annual bursary cheques and these awardees are located throughout the length and breadth of Guyana.

**Secondary Level - Work Attachment**

In our sustained recognition of the need to properly transition students for work life and in preparation for the future, the Company facilitated a Work Study Program for seventeen (17) students from Secondary Schools within the Demerara District.

**Tertiary level - Cadetship/Scholarship Programme**

Demerara Distillers Limited maintained its award of cadetship/scholarship to suitably qualified persons. In 2011, four (4) persons were awarded cadetship to pursue their First Degree at the University of Guyana in the areas of Engineering and Chemistry.

In 2011, we accepted seven (7) University Graduates from the Departments of Social Sciences, Natural Sciences and Technology, into our Management Trainee Programme.

These graduates will be involved in classroom as well as on the job training. Their training will ensure exposure to most areas of our operations so as to prepare them to function effectively in their future assignments.

**Vocational level**
**Rose Hall Town Youth Club (RHTYC)**
The Rose Hall Town Youth Club (RHTYC) continues to be a beacon in its community in terms of youth development and DDL, through Pepsi was happy to be associated with this club in 2011. We look forward to a continued working relationship as we strive to better the lives of young people in the Berbice area.

**Athletic Level**
**Nicolette Fernandes**
In 2011, the company renewed its collaboration with Guyana's world rated Squash player, Ms. Nicolette Fernandes. Our country has achieved recognition in Squash, thanks to Nicolette and DDL is extremely proud to renew our association with her. Ms. Fernandes is currently ranked 61st in the world by the World Indoor Squash Players Association.

## 3. EMPLOYEE VOLUNTEERISM

Employee involvement continued to play an important role in our social investment strategy.

**Blood Donation**
In April and August 2011, our employees readily and willingly headed the country's call for blood donations by vigorously participating in two blood donation drives. These activities, which were collaboration between the Occupational Health and Safety Unit of DDL and The National Blood Transfusion Service (NBTS), allowed DDL employees to contribute a total of one hundred and forty (140) units of blood.

*A member of the National Blood Transfusion Service monitoring DDL blood donors. In April and August 2011 our employees readily heeded the country's call for blood donations.*

**HIV Education and Awareness**
Our Peer Educators Committee in collaboration with the National Aids Programme Secretariat coordinated a voluntary HIV Counselling and Testing Session in October 2011. This effort witnessed commendable voluntarism by sixty –one (61) employees.

## 4. SPORTS

**Cricket**
**El Dorado Inter County 50-overs competition**
For over twelve years, the El Dorado brand has been the backbone of the Inter county 50-overs competition and 2011 was no different. The competition saw Berbice emerge as champion for the third consecutive year, defeating a Demerara team that fielded cricket great, Shivnarine Chanderpaul. The Final was played at the Albion Sports complex ground on Sunday September 25th and fans turned out in their numbers to witness a keenly contested match.

**Pepsi/ Carib T20**
In 2011, Pepsi threw its weight behind the Carib/Pepsi 20/20 tournament which bowled off on Friday November 11th at the Albion Sports complex ground. The tournament saw a total of 13 teams representing each of the counties battling it out for the title of 20/20 champs. In the end, Gizmos and Gadgets Georgetown Pitbulls took the title of Carib/Pepsi 20/20 champions. Players hoping for a call-up to the National T20 squad used this tournament as a perfect opportunity to state their cases.

**Football**
**Golden Jaguars CONCACAF Qualifier**
In perhaps one of the most important games of our National Football history, DDL was there through Gatorade, to rally behind the Golden Jaguars' quest to qualify for the Football World Cup 2014 spectacle to be held in Brazil. Of course, the Jags did not disappoint. The thousands who thronged the Guyana National Stadium, clad in yellow, to show solidarity with our team, were treated to a thoroughly exciting game as the Golden Jaguars roared to a resounding 2-1 victory over the Trinidadians to move one step closer to history. DDL looks forward to supporting the team's journey in 2012.

**Horse Racing**
Horse racing is on the rise in Guyana and DDL through its contributions has ensured that many Guyanese enthusiasts were able to enjoy the sport they love. In 2011, El Dorado sponsored the District Grand Charity horse race and three Kennard Memorial meets (Phagwah, Emancipation and Boxing Day).

**Hockey**
Through our Diamond Mineral Water brand, Hockey in Guyana has been thriving because of our commitment to the development of the Sport over the years. In 2011, we continued our Sponsorship of the DMW International Indoor Hockey

festival which saw 16 teams from Guyana, Trinidad and Barbados compete in three categories for bragging rights. As acknowledged by the President of the Guyana Hockey Board, the 2011 tournament was one of the best to date.

**Cycling**

**Diamond Mineral Water 50 miles cycle road race**

Diamond Mineral Water continued its sponsorship of the 50 mile Cycle road race for the 12th year running. On Sunday November 20th, Cyclists from across Guyana converged on the West Bank of Demerara to battle it out for supremacy in what was the final meet of 2011. The race was eventually won by Robin Persaud in what turned out to be a close sprint to the finish.

**Chess**

In 2011, we continued our partnership with the Guyana Chess Federation by sponsoring five tournaments under the auspices of our Topco brand. The tournaments were divided into two categories namely Rapid (timed version, which ran for one day) and Long (played over two weekends). This year there was an increase in the amount of players who participated in the tournaments which speaks well for this discipline.

**Rugby**

Another sport that received support from us in 2011 was Rugby through our sponsorship of the Pepsi Hornets team. We provided them with branded uniforms, in addition to providing them with beverage during their tournament.

**Karate**

Japan Karate Association/ World Federation was once again given support from DDL through our Gatorade brand for hosting the National Karate Championships. The best performing students out of this championship earned the opportunity to represent Guyana in the 2012 Pan American Karate Camp and Goodwill Tournament in Panama City, Panama.

**Table Tennis**

In 2011, the Guyana Table Tennis Association hosted the "Senior Table Tennis Championships of Central America and the Caribbean" and the DDL through its Gatorade and Diamond Mineral Water brand provided the necessary rehydration that the players and officials needed.

**Athletics**

**MOE/ GTU National School's Athletic Championship**

Demerara Distillers Limited, through its Gatorade brand, ensured that the athletes in the 2011 Ministry of Education/ Guyana Teachers' Union National Athletics Championship were well taken care of by supplying the best sports drink that allowed them to compete at optimum levels. District 10, Upper Demerara Kwakwani, emerged as the 2011 champion.

## 5. YOUTH DEVELOPMENT

**Events and Culture**

IAC melas and emancipation festivities around the country were well supported by DDL through our Soca brand. These activities were geared toward recognizing and celebrating our cultural diversity and our company was pleased to be part of this.

In the entertainment sector, DDL through Soca was there to support the Caribbean Fire Fest Production Chutney Concert while our Pepsi brand was partly responsible for the success of the Gospel rock concert.

**Rodeo**

El Dorado continued its commitment to ensuring that the Rupununi Rodeo which was held in April 2011 was a successful one. Each year many Guyanese and foreigners trek to Lethem to take in the many scenes of beautiful Guyana and to witness our local cow boys display their skills. Having already developed the site in 2010, Our Company's input is vital in ensuring that it is properly maintained over the years to come.

**El Dorado's partners with THAG in multi-year deal**

Through our El Dorado brand, DDL entered into a 3-year agreement with the Tourism and Hospitality Association of Guyana on April 28th 2011. This agreement will see, over the next three years, the association benefiting from an injection of $7.5 million thereby boosting the association's work in promoting Guyana as a world class tourist destination.

# George Leslie Robinson

*2nd June 1948 to 9th October 2011*

Demerara Distillers Limited is saddened to announce the passing of Executive Director and Chief Distiller George Leslie Robinson.

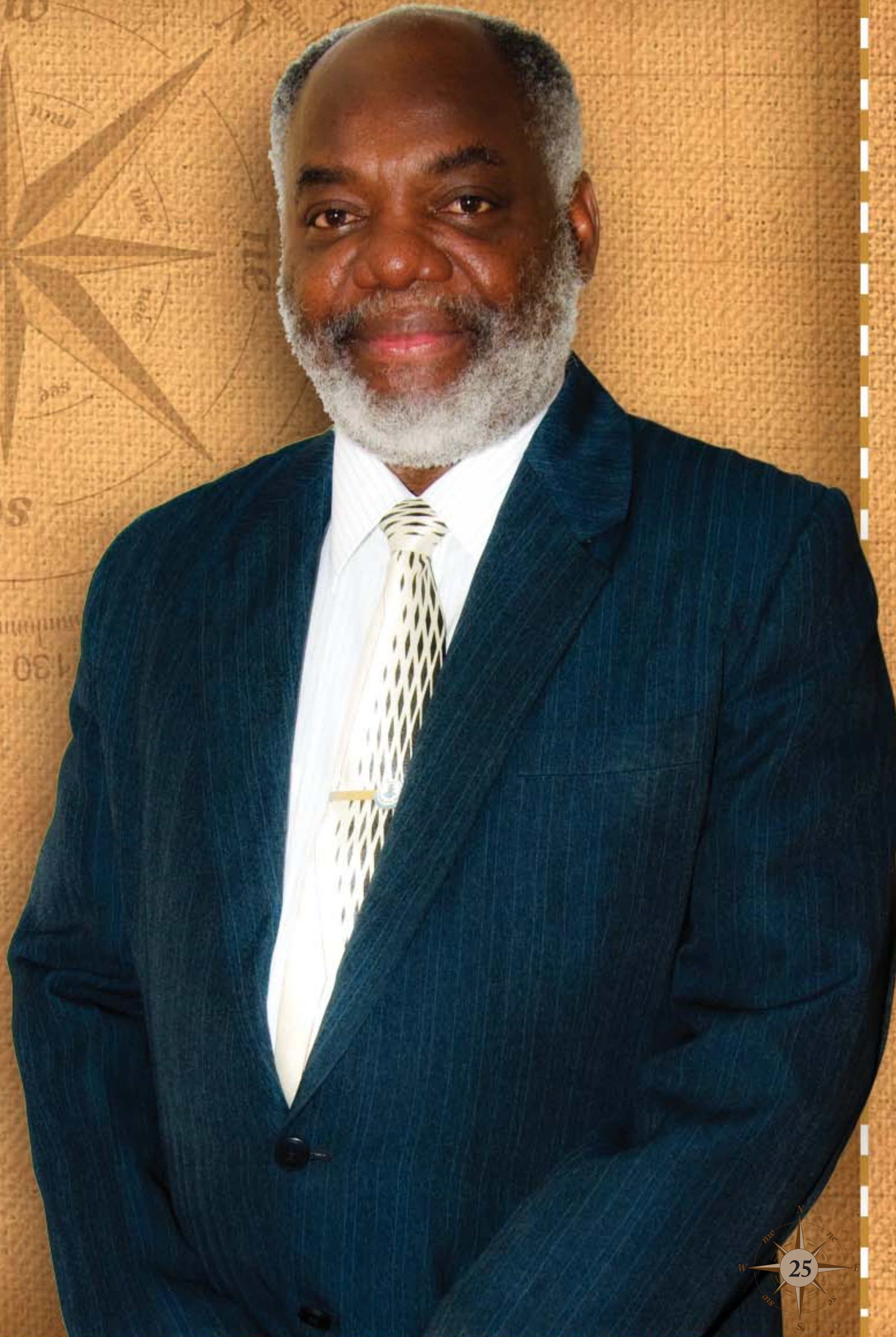
Mr. Robinson joined the then Guyana Distillers Limited in 1967 as a Trainee Distiller and was then appointed as Assistant Distiller on January 1st 1970. On January 1st 1973, Mr. Robinson was promoted to Distiller, a position that he excelled at for three years until his further promotion to Acting Distilleries Manager on April 1st 1975. He was confirmed in this position on April 1st 1976.

On May 1st 1980 Mr. Robinson took on additional responsibilities as Distilleries and Operations Manager. He was transferred to the sister company Diamond Liquors Ltd in November of 1980 as Administrative and Operations Manager.

With the merging of the two companies in 1983 and the consolidation of its bottling operations, Mr. Robinson was appointed as Manager of the Georgetown Bottling Plant.

On May 1st 1993 Mr. Robinson was appointed as Company Secretary of the DDL Group of Companies. On November 1st 1997 Mr. Robinson was appointed to the board as an Executive Director, a position that he held with various responsibilities until his passing on October 9th 2011.

Mr. Robinson is survived by his three children Grandison, Glen and Katina and would be sorely missed by all at Demerara Distillers Limited.




# Financial Statements Content

# Independent Auditor's Report

## TO THE MEMBERS OF
## DEMERARA DISTILLERS LIMITED AND SUBSIDIARIES
## ON THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED DECEMBER 31, 2011

**Report on the Financial Statements**

We have audited the accompanying financial statements of Demerara Distillers Limited and Subsidiaries which comprise the statement of financial position as at December 31, 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 28 to 98.

*Directors'/Managements' Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

In our opinion, the financial statements give a true and fair view, in all material respects of the financial position of Demerara Distillers Limited and Subsidiaries as at December 31, 2011 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Report on Other Legal and Regulatory Requirements**

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

...........................................................

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

77 Brickdam, Stabroek, Georgetown, Guyana
March 23, 2012

# Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2011

| | NOTES | COMPANY | | GROUP | |
|---|---|---|---|---|---|
| | | **2011 G$ 000** | 2010 G$ 000 | **2011 G$ 000** | 2010 G$ 000 |
| Turnover | | **9,517,088** | 9,314,784 | **14,582,598** | 13,673,267 |
| Cost of sales | | **(6,821,008)** | (6,855,400) | **(9,218,510)** | (8,734,303) |
| Gross profit | | **2,696,080** | 2,459,384 | **5,364,088** | 4,938,964 |
| Other income | 5 | **729,699** | 433,472 | **589,303** | 296,866 |
| Selling and distribution expenses | | **(535,758)** | (483,940) | **(1,616,211)** | (1,462,360) |
| Administration expenses | | **(808,504)** | (793,026) | **(1,640,341)** | (1,564,027) |
| Profit before interest and taxation | | **2,081,517** | 1,615,890 | **2,696,839** | 2,209,443 |
| Finance cost | | **(618,456)** | (583,804) | **(642,957)** | (606,509) |
| Share of profit of associate companies | 11b(i) | **-** | - | **48,661** | 151,295 |
| Profit before taxation | 6 | **1,463,061** | 1,032,086 | **2,102,543** | 1,754,229 |
| Taxation | 7 | **(268,689)** | (324,235) | **(555,733)** | (614,605) |
| Profit for the year | | **1,194,372** | 707,851 | **1,546,810** | 1,139,624 |
| Other Comprehensive Income: | | | | | |
| Exchange difference on consolidation | | **-** | - | **(43,627)** | (43,113) |
| Fair value gain on investments | | **186,735** | 23,445 | **179,826** | 30,259 |
| Adjustment on disposal of Associate Company | 11(b) | **-** | - | **(284,684)** | - |
| Other comprehensive income for the year | | **186,735** | 23,445 | **(148,485)** | (12,854) |
| Total comprehensive income for the year | | **1,381,107** | 731,296 | **1,398,325** | 1,126,770 |
| Profit attributable to: | | | | | |
| Equity holders of the parent | | **1,194,372** | 707,851 | **1,550,107** | 1,143,532 |
| Non Controlling Interest | 19 | **-** | - | **(3,297)** | (3,908) |
| | | **1,194,372** | 707,851 | **1,546,810** | 1,139,624 |
| Total Comprehensive Income attributable to: | | | | | |
| Equity holders of the parent | | **1,381,107** | 731,296 | **1,401,622** | 1,130,678 |
| Non Controlling Interest | | **-** | - | **(3,297)** | (3,908) |
| | | **1,381,107** | 731,296 | **1,398,325** | 1,126,770 |
| Basic earnings per share in dollars | 9 | **1.55** | 0.92 | **2.01** | 1.49 |

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

# Statement of Changes in Equity

FOR THE YEAR ENDED DECEMBER 31, 2011

| | Notes | Share capital | Capital reserves | Other reserve | Retained earnings | Total |
|---|---|---|---|---|---|---|
| | | **COMPANY** Attributable to equity holders of the parent | | | | |
| | | **G$ 000** | **G$ 000** | **G$ 000** | **G$ 000** | **G$ 000** |
| Balance at December 31, 2009 | | 770,000 | 489,565 | 407,030 | 7,578,157 | 9,244,752 |
| Profit for the year | | - | - | - | 707,851 | 707,851 |
| Other comprehensive income for the year | | - | - | 23,445 | - | 23,445 |
| Total comprehensive income for the year | | - | - | 23,445 | 707,851 | 731,296 |
| Dividends | 8 | - | - | - | (328,071) | (328,071) |
| Balance at December 31, 2010 | | 770,000 | 489,565 | 430,475 | 7,957,937 | 9,647,977 |
| Profit for the year | | - | - | - | 1,194,372 | 1,194,372 |
| Other comprehensive income for the year | | - | - | 186,735 | - | 186,735 |
| Total comprehensive income for the year | | - | - | 186,735 | 1,194,372 | 1,381,107 |
| Dividends | 8 | - | - | - | (346,500) | (346,500) |
| Balance at December 31, 2011 | | 770,000 | 489,565 | 617,210 | 8,805,809 | 10,682,584 |

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

# *Statement of Changes in Equity*

FOR THE YEAR ENDED DECEMBER 31, 2011

| | | GROUP Attributable to equity holders of the parent | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Notes | Share capital | Capital reserves | Other reserve | Exchange difference reserve | Retained earnings | Total | Non Controlling Interest | Total equity |
| | | G$ 000 | G$ 000 | G$ 000 | G$ 000 | G$ 000 | G$ 000 | G$ 000 | G$ 000 |
| Balance at December 31, 2009 | | 770,000 | 450,854 | 507,764 | 110,207 | 9,377,951 | 11,216,776 | 39,743 | 11,256,519 |
| Profit for the year | | - | - | - | - | 1,143,532 | 1,143,532 | (3,908) | 1,139,624 |
| Other comprehensive income for the year | | - | - | 30,259 | (43,113) | - | (12,854) | - | (12,854) |
| Total comprehensive Income for the year | | - | - | 30,259 | (43,113) | 1,143,532 | 1,130,678 | (3,908) | 1,126,770 |
| Dividend | 8 | - | - | - | - | (328,071) | (328,071) | - | (328,071) |
| Balance at December 31, 2010 | | 770,000 | 450,854 | 538,023 | 67,094 | 10,193,412 | 12,019,383 | 35,835 | 12,055,218 |
| Profit for the year | | - | - | - | - | 1,550,107 | 1,550,107 | (3,297) | 1,546,810 |
| Adjustment on disposal of Associate Company | 11 (b) | - | - | - | - | (284,684) | (284,684) | - | (284,684) |
| Other comprehensive income for the year | | - | - | 179,826 | (43,627) | - | 136,199 | - | 136,199 |
| Total comprehensive Income for the year | | - | - | 179,826 | (43,627) | 1,265,423 | 1,401,622 | (3,297) | 1,398,325 |
| Dividends | 8 | - | - | - | - | (346,500) | (346,500) | - | (346,500) |
| Balance at December 31, 2011 | | 770,000 | 450,854 | 717,849 | 23,467 | 11,112,335 | 13,074,505 | 32,538 | 13,107,043 |

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

# Consolidated Statement of Financial Position

AS AT DECEMBER 31, 2011

| | NOTES | COMPANY | | GROUP | |
|---|---|---|---|---|---|
| | | **2011** | 2010 | **2011** | 2010 |
| **ASSETS** | | **G$ 000** | G$ 000 | **G$ 000** | G$ 000 |
| **Non current assets** | | | | | |
| Property, plant and equipment | 10 | **8,594,329** | 7,991,153 | **9,474,645** | 8,626,103 |
| Investments | 11 | **1,557,137** | 1,384,566 | **1,459,925** | 1,538,505 |
| Deferred expenditure | 12 | **5,185** | 11,554 | **76,938** | 113,566 |
| Retirement benefit asset | 13 | **321,771** | 271,314 | **321,771** | 271,314 |
| **Total non-current assets** | | **10,478,422** | 9,658,587 | **11,333,279** | 10,549,488 |
| **Current assets** | | | | | |
| Inventories | 14 | **8,074,729** | 7,515,267 | **9,913,152** | 9,376,448 |
| Trade and other receivables | 15 | **580,540** | 1,076,496 | **2,393,983** | 2,799,683 |
| Prepayments | | **92,059** | 88,250 | **227,042** | 283,123 |
| Taxes recoverable | | **410,545** | 286,847 | **519,609** | 375,980 |
| Cash in hand and at bank | | **63,987** | 144,697 | **167,208** | 217,756 |
| **Total current assets** | | **9,221,860** | 9,111,557 | **13,220,994** | 13,052,990 |
| **TOTAL ASSETS** | | **19,700,282** | 18,770,144 | **24,554,273** | 23,602,478 |
| **EQUITY AND LIABILITIES** | | | | | |
| Equity attributable to equity holders of the parent | | | | | |
| Issued capital | 17 | **770,000** | 770,000 | **770,000** | 770,000 |
| Capital reserves | 18 (a) | **489,565** | 489,565 | **450,854** | 450,854 |
| Other reserve | 18 (b) | **617,210** | 430,475 | **717,849** | 538,023 |
| Exchange difference reserve | 18 (c) | **-** | - | **23,467** | 67,094 |
| Accumulated profits | | **8,805,809** | 7,957,937 | **11,112,335** | 10,193,412 |
| | | **10,682,584** | 9,647,977 | **13,074,505** | 12,019,383 |
| **Non Controlling Interest** | 19 | **-** | - | **32,538** | 35,835 |
| **TOTAL EQUITY** | | **10,682,584** | 9,647,977 | **13,107,043** | 12,055,218 |

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

# Consolidated Statement of Financial Position

AS AT DECEMBER 31, 2011

| | NOTES | COMPANY | | GROUP | |
|---|---|---|---|---|---|
| | | **2011 G$ 000** | 2010 G$ 000 | **2011 G$ 000** | 2010 G$ 000 |
| **Non-current liabilities** | | | | | |
| Loans due after one year | 20 | **2,766,271** | 2,851,270 | **3,241,946** | 2,992,715 |
| Deferred tax | 7 | **827,035** | 761,373 | **828,292** | 762,863 |
| Retirement benefit obligation | 13 | **63,678** | 61,685 | **63,678** | 61,685 |
| **Total non-current liabilities** | | **3,656,984** | 3,674,328 | **4,133,916** | 3,817,263 |
| **Current liabilities** | | | | | |
| Trade and other payables | 16 | **3,306,209** | 3,385,323 | **4,214,868** | 4,763,599 |
| Taxes payable | | **19,248** | 190,605 | **52,818** | 193,880 |
| Current portion of Interest bearing borrowings | 20 | **834,609** | 766,492 | **882,548** | 774,692 |
| Bank overdraft (secured) | 20 | **1,200,648** | 1,105,419 | **2,163,080** | 1,997,826 |
| **Total current liabilities** | | **5,360,714** | 5,447,839 | **7,313,314** | 7,729,997 |
| **TOTAL LIABILITIES** | | **9,017,698** | 9,122,167 | **11,447,230** | 11,547,260 |
| **TOTAL EQUITY AND LIABILITIES** | | **19,700,282** | 18,770,144 | **24,554,273** | 23,602,478 |

The Board of Directors approved these financial statements for issue on March 23, 2012

……………………………. Chairman

……………………………. Director



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

# Consolidated Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2011

| | COMPANY | | GROUP | |
|---|---|---|---|---|
| | **2011 G$ 000** | 2010 G$ 000 | **2011 G$ 000** | 2010 G$ 000 |
| **Operating activities** | | | | |
| Profit before taxation | **1,463,061** | 1,032,086 | **2,102,543** | 1,754,229 |
| **Adjustments for:** | | | | |
| Depreciation | **406,557** | 400,404 | **512,628** | 558,167 |
| Decrease in deferred expenditure | **6,369** | 6,369 | **36,628** | 29,822 |
| Gain on sale of property, plant and equipment | - | (125) | - | (125) |
| Increase in defined benefit asset | **(50,457)** | (43,923) | **(50,457)** | (43,923) |
| Increase in defined benefit liability | **1,993** | 4,446 | **1,993** | 4,446 |
| Increase in investment in associate companies | - | - | **(35,959)** | (111,626) |
| Fair value adjustment on investment | - | 34,564 | **(4,483)** | 35,165 |
| Exchange difference on consolidation | - | - | **(43,627)** | (43,113) |
| Interest received | **(66)** | (101) | **(59,294)** | (46,837) |
| Interest paid | **618,522** | 583,905 | **702,251** | 653,346 |
| Gain on disposal of investment | **(3,692)** | - | **(3,692)** | - |
| **Operating profit before working capital changes** | **2,442,287** | 2,017,625 | **3,158,531** | 2,789,551 |
| Increase in inventories | **(559,462)** | (414,040) | **(536,704)** | (244,265) |
| (Increase) / decrease in receivables and prepayments | **214,483** | (101,110) | **461,781** | (94,109) |
| Increase / (decrease) in payables and accruals | **(496,100)** | 286,590 | **(548,731)** | 377,373 |
| Decrease in due from subsidiaries | **694,650** | 871,575 | - | - |
| **Cash generated from operations** | **2,295,858** | 2,660,640 | **2,534,877** | 2,828,550 |
| Taxes paid | **(498,082)** | (150,775) | **(774,995)** | (468,196) |
| **Net cash provided by operating activities** | **1,797,776** | 2,509,865 | **1,759,882** | 2,360,354 |

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

# Consolidated Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2011

| | COMPANY | | GROUP | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| **Investing Activities** | **G$ 000** | G$ 000 | **G$ 000** | G$ 000 |
| Interest received | **66** | 101 | **59,294** | 46,837 |
| Purchase/transfer of property, plant and equipment | **(1,321,855)** | (582,012) | **(1,380,614)** | (621,789) |
| Proceeds on disposal of investment | **17,856** | - | **17,856** | - |
| Acquisition of subsidiary | **-** | (76,898) | - | - |
| Sale / transfer of property, plant and equipment | **312,122** | 241 | **19,444** | 1,177 |
| **Net cash used in investing activities** | **(991,811)** | (658,568) | **(1,284,020)** | (573,775) |
| **Financing activities** | | | | |
| Loans drawn down | **800,000** | - | **1,200,000** | - |
| Loan repayments and transfers | **(816,882)** | (668,285) | **(842,913)** | (688,232) |
| Interest paid | **(618,522)** | (583,905) | **(702,251)** | (653,346) |
| Dividends paid | **(346,500)** | (328,071) | **(346,500)** | (328,071) |
| **Net cash used in financing activities** | **(981,904)** | (1,580,261) | **(691,664)** | (1,669,649) |
| **Net (decrease) / increase in cash and cash equivalents** | **(175,939)** | 271,036 | **(215,802)** | 116,930 |
| **Cash and cash equivalents at beginning of period** | **(960,722)** | (1,231,758) | **(1,780,070)** | (1,897,000) |
| **Cash and cash equivalents at end of period** | **(1,136,661)** | (960,722) | **(1,995,872)** | (1,780,070) |
| Comprising: | | | | |
| Cash and bank | **63,987** | 144,697 | **167,208** | 217,756 |
| Bank overdraft (secured) | **(1,200,648)** | (1,105,419) | **(2,163,080)** | (1,997,826) |
| **Cash and cash equivalents at end of period** | **(1,136,661)** | (960,722) | **(1,995,872)** | (1,780,070) |

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

**1 Incorporation and activities**

**Incorporation**

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

**Activities**

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

**(a) Manufacturing**

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

**(b) Trading**

Distributors of branded products.

**(c) Services**

Shipping, contracting services, logistics and debt collection.

**2 New and revised standards and interpretations**

**Effective for the current year end**

| Amendments to Standards | Effective for annual periods beginning on or after |
|---|---|
| IFRS 1 Short term Disclosure Exemption - IFRS 7 | 1 July 2010 |
| IFRS 1 Short term Exemption – IFRS 9 | On adoption of IFRS 9 |
| IFRS 1 Three amendments to IFRS 1 – Changes in accounting policies, deemed cost exemption for event-driven fair value measurements and deemed cost (rate-regulated entities) | 1 January 2011 |
| IFRS 3 Amendments to IFRS3 (2008) | 1 July 2010 |
| IFRS 7 Amendments as part of Improvements to IFRSs 2010 | 1 January 2011 |
| IAS 1 Amendments as part of Improvements to IFRSs 2010 | 1 January 2011 |
| IAS 24 Related Party Disclosures | 1 January 2011 |

2 **New and revised standards and interpretations - cont'd**

| Effective for the current year end - cont'd | Effective for annual periods beginning on or after |
|---|---|
| IAS 27(2008) Amendments as part of Improvements to IFRSs 2010 | 1 July 2010 |
| IAS 32 Classification of Rights Issues | 1 February 2010 |
| IAS 34 Amendments as part of Improvements to IFRSs 2010 | 1 January 2011 |
| **New Interpretations** | |
| IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments | 1 July 2010 |
| **Amendments to Interpretations** | |
| IFRIC 13 Amendments as part of Improvements to IFRSs 2010 | 1 January 2011 |
| IFRIC 14 Prepayments of a Minimum Funding Requirement | 1 January 2011 |
| **Available for early adoption for the current year end** | |
| **New and Amended Standards** | |
| IFRS 1 Removal of Fixed Dates for First-time Adopters | 1 July 2011 |
| IFRS 1 Severe Hyperinflation | 1 July 2011 |
| IFRS 7 Enhanced Derecognition Disclosure Requirements | 1 July 2011 |
| IFRS 9 Financial Instruments: Classification and Measurement | 1 January 2015 |
| IFRS 9 Additions for Financial Liability Accounting | 1 January 2015 |
| IFRS 10 Consolidated Financial Statements | 1 January 2013 |
| IFRS 11 Joint Arrangements | 1 January 2013 |
| IFRS 12 Disclosure of Interests in Other Entities | 1 January 2013 |
| IAS 27(2011) Separate Financial Statements | 1 January 2013 |
| IAS 28(2011) Investments in Associates and Joint Ventures | 1 January 2013 |
| IFRS 13 Fair Value Measurement | 1 January 2013 |
| IAS 1(2011) Amendments to IAS 1 – Presentation of other Comprehensive Income | 1 July 2012 |
| IAS 12 Amendments to IAS 12 – Income Taxes | 1 January 2012 |
| IAS 19 Amendments to IAS 19 – Employee Benefits | 1 January 2013 |

**2 New and revised standards and interpretations - cont'd**

**Available for early adoption for the current year end - cont'd**

| New interpretation | Effective for annual periods beginning on or after |
| --- | --- |
| IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine | 1 January 2013 |

The Group has not opted for early adoption.

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

**IFRS 7**

The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets and are intended to provide greater transparency around risk exposures when a financial asset is transferred. The directors do not anticipate that these amendments to IFRS 7 will have a significant effect on the Group's disclosures

**IFRS 9**

IFRS 9 was issued in November 2009 and was initially required to be applied from 1 January 2013. However, new requirements were added in November 2010 and the revised date for adoption is now 1 January 2015. This standard specifies how an entity should classify and measure its financial assets. It requires all financial assets to be classified in their entirety on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are to be initially measured at fair value plus, in the case of a financial asset not at fair value through profit and loss, particular transaction costs. Subsequently, financial assets are to be measured either at amortised cost or fair value. The application of IFRS 9 may have an impact on amounts reported in respect of the Group's financial assets and financial liabilities. When adopted, the standard will be applied retrospectively in accordance with IAS 8

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

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five Standards are described below.

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

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

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

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

**2 New and revised standards and interpretations - cont'd**

**Available for early adoption for the current year end - cont'd**

**New interpretations - cont'd**

**IFRS 10,11,12, IAS 27(2011), IAS 28(2011) - cont'd**

The application of some of these standards may have an impact on amounts reported in the consolidated financial statements.

**IFRS 13**

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. It applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances.

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

**IAS 1**

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

**IAS 12**

The amendments to IAS 12 provide an exception to the general principles in IAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances. The directors anticipate that the application of the amendments in future accounting periods may result in immaterial adjustments to the amounts of deferred tax liabilities recognised in prior years.

**IAS 19**

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The application of the amendments to IAS 19 may have impact on amounts reported in respect of the Group's defined benefit plans. However, the directors will perform a detailed analysis of the impact of the application of the amendments when the actuaries have advised on this matter.

3 **Summary of significant accounting policies**

**(a) Accounting convention**

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

**(b) Fixed Assets and depreciation**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the statement of financial position at cost or revalued amounts. Revalued amounts are taken as the fair value at the date of revaluation determined from market-based evidence by appraisal undertaken by professional valuers.

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

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

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

| | | 2011/2010 |
|---|---|---|
| Buildings | - | 2.00% |
| Plant and Machinery-Distillery | - | 6.25% |
| Plant and Machinery-Others | - | 7.25% |
| Office Equipment | - | 12.50% |
| Furniture, Fixtures & Fittings | - | 10.00% |
| Sundry equipment | - | 20.00% |
| Computer equipment | - | 10.00% |
| Vehicles | - | 25.00% |

**(c) Inventories**

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

**(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.

3 **Summary of Significant Accounting Policies – cont'd**

**(d) Foreign Currencies - cont'd**

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

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

**(e) Pension Funding**

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

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

**(f) Consolidation**

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting polices in line with those used by other members of the group.

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

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

**3 Summary of Significant Accounting Policies – cont'd**

**(f) Consolidation – cont'd**

The consolidated accounts incorporate the accounts as at December 31, 2011 of the following:

| Name of Company | Country of Registration | % Shareholding | Main Business |
|---|---|---|---|
| Tropical Orchard Products Company Limited | Guyana | 100.00 | Manufacturing |
| Distillers Gas Company | Guyana | 100.00 | Dormant |
| Distribution Services Limited | Guyana | 100.00 | Distribution |
| Demerara Distillers (TT) Limited | Trinidad | 100.00 | Distribution |
| Demerara Distillers (US) Inc. | USA | 100.00 | Distribution |
| Demerara Distillers (St. Kitts-Nevis) Limited | St. Kitts | 100.00 | Manufacturing & Distribution |
| Demerara Contractors and Engineers Limited | Guyana | 100.00 | Contracting Services |
| Demerara Shipping Company Limited | Guyana | 100.00 | Shipping |
| Breitenstein Holdings BV. (i) | Netherlands | 100.00 | Distribution |
| Demerara Rum Company Inc. | Canada | 100.00 | Logistics & Debt Collection Agency |
| Demerara Distillers Limited-Hyderabad (ii) | India | 50.00 | Manufacturing & Distribution |

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

| Name of Company | Country of Registration | % Shareholding | Main Business |
|---|---|---|---|
| Demerara Distillers (Europe) BV | Netherlands | 100 | Distribution |
| Breitenstein Trading BV | Netherlands | 100 | Distribution |
| Mc Murdo Distillers Ltd. | United Kingdom | 100 | Distribution |
| Demerara Distillers (UK) Ltd | United Kingdom | 100 | Distribution |
| Caribbean Distillers Ltd | United Kingdom | 100 | Distribution |
| Mc Cloud Distillers Ltd | United Kingdom | 100 | Distribution |

3 **Summary of Significant Accounting Policies – cont'd**

**(f) Consolidation – cont'd**

**(ii) Demerara Distillers Limited – Hyderabad**

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

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

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

**(iii) Associate Companies**

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

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

**(g) Taxation**

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

**Current tax**

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

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

3 **Summary of Significant Accounting Policies – cont'd**

**(g) Taxation – cont'd**

**Deferred tax**

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

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

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

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

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

**(h) Revenue and expense recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business to third parties, net of discounts, and sales related taxes. Sales of goods are recognised when goods are delivered and title has passed. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Expenses are recognized on an accrual basis.

**(i) Deferred expenditure**

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

**(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.

**3 Summary of Significant Accounting Policies – cont'd**

**(j) Financial instruments – cont'd**

**Trade and other receivables**

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

**Trade and other payables**

Trade and other payables are measured at amortised cost.

**Investments**

The group's investments have been classified as follows:

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

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

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

Investments in subsidiaries and associate companies are carried at cost in the company's financial statements.
Investment in associate companies in the group is stated using the equity method.

**Cash and cash equivalents**

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than investment or other purposes.

These are readily convertible to a known amount of cash, with maturity dates of three (3) months or less.

**(k) Capital reserves**

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

**(l) Other reserve**

Fair value adjustments of available-for-sale investments are credited to this account. This reserve is not distributable.

**3 Summary of Significant Accounting Policies – cont'd**

**(m) Impairment of tangible assets**

At the end of each reporting period, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

**(n) Provisions**

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that the company and group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

De-recognition of Provisions

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

**(o) Dividends**

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

**(p) Segment reporting**

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

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

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

**3 Summary of Significant Accounting Policies – cont'd**

**(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 were directly attributable to the acquisition and construction of qualifying assets are capitalized during the period. The amounts capitalized during the year were $55,498,087(2010: $67,402,756) for interest charges and nil for 2011 (2010: $13,557,719) for administration expenses. Borrowing costs were computed using the effective interest method in accordance with IAS 39 – Financial Instruments: Recognition and measurement.

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

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

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

**Key sources of estimation uncertainty**

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

**i) Trade and other receivables**

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

**ii) Other financial assets**

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

**iii) Useful lives of property, plant and equipment**

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

**4 Critical accounting judgments and key sources of estimation uncertainty – cont'd**

**Key sources of estimation uncertainty - cont'd**

**iv) Impairment of financial assets**

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

**v) Retirement benefit asset/obligation**

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

**vi) Deferred expenditure**

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

## 5 Other income

| | Company | | Group | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **G$ 000** | G$ 000 | **G$ 000** | G$ 000 |
| Investment income (a) | **511,595** | 207,186 | **311,595** | 7,186 |
| Rent and Miscellaneous income | **218,104** | 226,161 | **277,708** | 289,555 |
| Sale of asset | **-** | 125 | **-** | 125 |
| | **729,699** | 433,472 | **589,303** | 296,866 |

(a) This represents dividends received from available for sale investments of G$23.595M (2010 - G$7.186M) and G$488M (2010 - G$ 200M ) from subsidiaries and associate company.
Investments income consists of G$21.645M (2010 - G$1.65M) from quoted investments and G$489.95M (2010 - G$309.945M) from unquoted investments.

## 6 Profit before taxation

| | Company | | Group | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **G$ 000** | G$ 000 | **G$ 000** | G$ 000 |
| Profit before taxation | **1,463,061** | 1,032,086 | **2,102,543** | 1,754,229 |
| After charging: | | | | |
| Interest and other finance charges | **618,522** | 583,905 | **702,251** | 653,346 |
| Depreciation | **406,557** | 400,404 | **512,628** | 558,167 |
| Exchange loss | **379,253** | 378,051 | **379,253** | 378,051 |
| Directors' emoluments (a) | **4,499** | 5,415 | **4,499** | 5,963 |
| Staff costs: | | | | |
| Salaries and wages | **1,065,068** | 1,047,145 | **1,702,964** | 1,684,223 |
| Other staff costs | **255,833** | 257,374 | **459,574** | 447,453 |
| Pension | **76,950** | 80,113 | **132,061** | 121,261 |
| Auditors' remuneration | **6,050** | 6,380 | **29,856** | 23,662 |
| Increase / (decrease) in provision for Impairment: | | | | |
| Inventory | **(188,699)** | 195,039 | **(188,699)** | 195,039 |
| Receivables | **(110,848)** | 84,522 | **(44,656)** | 33,358 |
| Impaired Investment written off (Investment in subsidiaries at cost) | **124,221** | 34,564 | **124,221** | 34,564 |
| And after crediting | | | | |
| Gain on disposal of associate company | **3,692** | - | **3,692** | - |
| Exchange gain | **244,388** | 258,793 | **247,470** | 262,520 |
| Interest | **66** | 101 | **59,294** | 46,837 |

(a) At the end of the period there were four (2010 - four) non-executive Directors who received equal emoluments.

## 7 Taxation

| Reconciliation of tax expense and accounting profit | Company 2011 G$ 000 | Company 2010 G$ 000 | Group 2011 G$ 000 | Group 2010 G$ 000 |
|---|---|---|---|---|
| Accounting profit | **1,463,061** | 1,032,086 | **2,102,543** | 1,754,229 |
| Corporation tax at 30%/40% (2010-35%/45%) | **438,918** | 361,230 | **735,890** | 613,980 |
| Add: | | | | |
| Tax effect of expenses not deductible in determining taxable profits: | | | | |
| Depreciation for accounting purposes | **121,967** | 140,142 | **137,573** | 195,358 |
| Others | **-** | 76 | **-** | 76 |
| | **560,885** | 501,448 | **873,463** | 809,414 |
| Deduct: | | | | |
| Tax effect of depreciation and other allowances for tax purposes | **408,251** | 209,382 | **442,478** | 255,187 |
| Export allowance | **33,072** | 48,929 | **33,072** | 48,929 |
| Corporation tax charge | **119,562** | 243,137 | **397,913** | 505,298 |
| Property tax | **83,465** | 83,383 | **92,391** | 90,804 |
| Deferred tax | **65,662** | (2,285) | **65,429** | 18,503 |
| | **268,689** | 324,235 | **555,733** | 614,605 |

| | Company 2011 G$ 000 | Company 2010 G$ 000 | Group 2011 G$ 000 | Group 2010 G$ 000 |
|---|---|---|---|---|
| Taxation - current | **203,027** | 326,520 | **477,602** | 556,433 |
| deferred | **65,662** | (2,285) | **65,429** | 18,503 |
| associate companies | **-** | - | **12,702** | 39,669 |
| | **268,689** | 324,235 | **555,733** | 614,605 |

**7 Taxation - cont'd**

| Components of deferred tax | COMPANY **2011** **G$ 000** | COMPANY 2010 G$ 000 | GROUP **2011** **G$ 000** | GROUP 2010 G$ 000 |
|---|---|---|---|---|
| Deferred tax liability | **827,035** | 761,373 | **828,292** | 762,863 |
| Fixed Assets | **751,239** | 700,116 | **752,496** | 701,606 |
| Defined benefit asset | **81,274** | 66,137 | **81,274** | 66,137 |
| Defined benefit liability | **(5,478)** | (4,880) | **(5,478)** | (4,880) |
| | **827,035** | 761,373 | **828,292** | 762,863 |

Movement in temporary differences

| COMPANY | Fixed Assets | Defined Benefit Asset | Defined Benefit Liability | Total |
|---|---|---|---|---|
| | G$ 000 | G$ 000 | G$ 000 | G$ 000 |
| At December 31, 2009 | 716,218 | 50,764 | (3,324) | 763,658 |
| Movement during the year | (16,102) | 15,373 | (1,556) | (2,285) |
| At December 31, 2010 | 700,116 | 66,137 | (4,880) | 761,373 |
| Movement during the year | 51,123 | 15,137 | (598) | 65,662 |
| At December 31, 2011 | 751,239 | 81,274 | (5,478) | 827,035 |

| | GROUP | | | |
|---|---|---|---|---|
| | **Fixed Assets G$ 000** | **Defined Benefit Asset G$ 000** | **Defined Benefit Liability G$ 000** | **Total G$ 000** |
| At December 31, 2009 | 696,920 | 50,764 | (3,324) | 744,360 |
| Movement during the year | 4,686 | 15,373 | (1,556) | 18,503 |
| At December 31, 2010 | 701,606 | 66,137 | (4,880) | 762,863 |
| Movement during the year | 50,890 | 15,137 | (598) | 65,429 |
| At December 31, 2011 | 752,496 | 81,274 | (5,478) | 828,292 |

## 8 Dividends

| | COMPANY AND GROUP | |
|---|---|---|
| | **2011 G$ 000** | 2010 G$ 000 |
| Amount recognised as distributions to equity holders in the period: | | |
| Interim dividend for the year ended December 31, 2011 of $0.12 (2010 - $0.10) | **92,400** | 73,971 |
| Final dividend for the year ended December 31, 2010 of $0.33 (2009 - $0.33) | **254,100** | 254,100 |
| | **346,500** | 328,071 |

The Directors recommended a final dividend of $0.36 per share (2010 $0.33).

## 9 Basic earnings per share

| | COMPANY | | GROUP | |
|---|---|---|---|---|
| | **2011 G$ 000** | 2010 G$ 000 | **2011 G$ 000** | 2010 G$ 000 |
| Calculated as follows:- | | | | |
| Profit attributable to equity holders of the parent | **1,194,372** | 707,851 | **1,550,107** | 1,143,532 |
| Ordinary shares issued and fully paid | **770,000,000** | 770,000,000 | **770,000,000** | 770,000,000 |
| Basic earnings per share in dollars | **1.55** | 0.92 | **2.01** | **1.49** |

## 10 Property, plant and equipment

| | COMPANY | | | |
|---|---|---|---|---|
| | **Land and buildings G$ 000** | **Equipment G$ 000** | **Construction work-in - progress G$ 000** | **Total G$ 000** |
| Cost/valuation | | | | |
| At January 01, 2011 | 4,342,268 | 5,908,313 | 1,897,453 | 12,148,034 |
| Additions | 103,547 | 856,969 | 361,339 | 1,321,855 |
| Disposals | (361,351) | (15,998) | - | (377,349) |
| Transfers | - | 1,832,613 | (1,832,613) | - |
| At December 31, 2011 | 4,084,464 | 8,581,897 | 426,179 | 13,092,540 |
| Comprising: | | | | |
| Valuation | 6,662 | 68 | - | 6,730 |
| Cost | 4,077,802 | 8,581,829 | 426,179 | 13,085,810 |
| | 4,084,464 | 8,581,897 | 426,179 | 13,092,540 |

**10 Property, plant and equipment - cont'd**

| | COMPANY | | | |
|---|---|---|---|---|
| | **Land and buildings** | **Equipment** | **Construction work-in - progress** | **Total** |
| | **G$ 000** | **G$ 000** | **G$ 000** | **G$ 000** |
| Accumulated depreciation | | | | |
| At January 01, 2011 | 601,343 | 3,555,538 | - | 4,156,881 |
| Charge for the year | 76,036 | 330,521 | - | 406,557 |
| Written back on disposals | (50,327) | (14,900) | - | (65,227) |
| At December 31, 2011 | 627,052 | 3,871,159 | - | 4,498,211 |
| Net book values: | | | | |
| At December 31, 2011 | 3,457,412 | 4,710,738 | 426,179 | 8,594,329 |
| At December 31, 2010 | 3,740,925 | 2,352,775 | 1,897,453 | 7,991,153 |

Refunds from European Development Fund Programme

| | COMPANY | |
|---|---|---|
| | **2011** G$ 000 | 2010 G$ 000 |
| Additions | - | (779,103) |
| Refunds from Grant Aid | - | 197,091 |
| Net additions | - | (582,012) |

The approved grant aid ceiling was G$1.679B. To date a total of G$1.081B has been received. The grant aid came to a closure in 2010.

**10 Property, Plant and Equipment - cont'd**

| | GROUP | | | |
|---|---|---|---|---|
| | **Land and buildings G$ 000** | **Equipment G$ 000** | **Construction work-in - progress G$ 000** | **Total G$ 000** |
| Cost/valuation | | | | |
| At January 01, 2011 | 4,735,297 | 6,886,732 | 1,884,847 | 13,506,876 |
| Additions | 103,547 | 903,122 | 373,945 | 1,380,614 |
| Disposals | - | (128,379) | - | (128,379) |
| Transfers | - | 1,832,613 | (1,832,613) | - |
| At December 31, 2011 | 4,838,844 | 9,494,088 | 426,179 | 14,759,111 |
| Comprising: | | | | |
| Valuation | 6,662 | 68 | - | 6,730 |
| Cost | 4,832,182 | 9,494,020 | 426,179 | 14,752,381 |
| | 4,838,844 | 9,494,088 | 426,179 | 14,759,111 |
| Accumulated depreciation | | | | |
| At January 01, 2011 | 757,457 | 4,123,316 | - | 4,880,773 |
| Charge for the year | 128,576 | 384,052 | - | 512,628 |
| Written back on disposals | - | (108,935) | - | (108,935) |
| At December 31, 2011 | 886,033 | 4,398,433 | - | 5,284,466 |
| Net book values: | | | | |
| At December 31, 2011 | 3,952,811 | 5,095,655 | 426,179 | 9,474,645 |
| At December 31, 2010 | 3,977,840 | 2,763,416 | 1,884,847 | 8,626,103 |

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

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

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

**10 Property, Plant and Equipment - cont'd**

| Refunds from European Development Fund Programme | GROUP | |
|---|---|---|
| | **2011** | 2010 |
| | **G$ 000** | G$ 000 |
| Additions | - | (818,880) |
| Refunds from Grant Aid | - | 197,091 |
| Net additions | - | (621,789) |

The approved grant aid ceiling was G$1.679B. To date a total of G$1.081B has been received. The grant aid came to a closure in 2010.

| **11 Investments** | COMPANY | | GROUP | |
|---|---|---|---|---|
| | Fair Value | | Fair Value | |
| | **2011** | 2010 | **2011** | 2010 |
| | **G$ 000** | G$ 000 | **G$ 000** | G$ 000 |
| Held to Maturity | - | - | **39,725** | 39,725 |
| Available for Sale | **697,410** | 510,676 | **729,967** | 545,658 |
| | **697,410** | 510,676 | **769,692** | 585,383 |
| Others: | | | | |
| Subsidiary companies (a) | **181,453** | 181,453 | - | - |
| Joint venture | **267,825** | 267,824 | - | - |
| Associate companies (b) | **410,449** | 424,613 | **690,233** | 953,122 |
| | **859,727** | 873,890 | **690,233** | 953,122 |
| | **1,557,137** | 1,384,566 | **1,459,925** | 1,538,505 |

**11 Investments cont'd**

| Others<br>(a)Subsidiary companies at cost | COMPANY<br>**2011**<br>**G$ 000** | COMPANY<br>2010<br>G$ 000 | GROUP<br>**2011**<br>**G$ 000** | GROUP<br>2010<br>G$ 000 |
|---|---|---|---|---|
| At January 01 | **181,453** | 104,555 | - | - |
| Acquisition of Demerara Rum Company at cost | - | 76,898 | - | - |
| At December 31 | **181,453** | 181,453 | - | - |

| (b)Associate companies | COMPANY<br>**2011**<br>**G$ 000** | COMPANY<br>2010<br>G$ 000 | GROUP<br>**2011**<br>**G$ 000** | GROUP<br>2010<br>G$ 000 |
|---|---|---|---|---|
| At January 01 | **424,613** | 424,613 | **424,613** | 424,613 |
| Disposal of interest (ii) | **(14,164)** | - | **(14,164)** | - |
| | **410,449** | 424,613 | **410,449** | 424,613 |
| Share of reserves of associate companies (i) | - | - | **279,784** | 528,509 |
| At December 31 | **410,449** | 424,613 | **690,233** | 953,122 |

| (i)Share of reserves of associate companies | GROUP<br>**2011**<br>**G$ 000** | GROUP<br>2010<br>G$ 000 |
|---|---|---|
| At January 01 | **528,509** | 416,883 |
| Group's share of associate companies profits* | **48,661** | 151,295 |
| Group's share of associate companies taxes** | **(12,702)** | (39,669) |
| Reversal of Associate company's reserve - BEV | **(284,684)** | - |
| At December 31 | **279,784** | 528,509 |

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

**11 Investments cont'd**

The financial statements of BEV Processors Inc and National Rums of Jamaica Limited in summary form at February 28 (11bii) and September 30 (the financial reporting date) respectively are presented below:

| | Discontinued Operation BEV Processors Inc | | National Rums of Jamaica Ltd. | |
|---|---|---|---|---|
| Income statement | **Oct 2010 to Feb 2011 G$ 000** | 2010 G$ 000 | **2011 G$ 000** | 2010 G$ 000 |
| Income | **1,051,262** | 3,191,881 | **5,993,643** | 6,451,689 |
| Profit/(loss) after taxation | **(81,587)** | 30,604 | **163,180** | 279,672 |
| Balance sheet | | | | |
| Total assets | **1,520,930** | 1,671,685 | **4,433,880** | 4,290,158 |
| Shareholders funds | **945,686** | 713,420 | **1,729,807** | 1,569,188 |
| Long term liabilities | **298,088** | 324,956 | **1,137,094** | 1,321,658 |
| Current liabilities | **277,156** | 633,309 | **1,566,979** | 1,399,312 |
| Total equity and liabilities | **1,520,930** | 1,671,685 | **4,433,880** | 4,290,158 |

**11 Investments - cont'd**

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

| | Diamond Fire & General Insurance Inc. | |
|---|---|---|
| Income statement | **2011 G$ 000** | 2010 G$ 000 |
| Income | **161,101** | 277,521 |
| Profit after taxation | **78,956** | 61,408 |
| Balance sheet | | |
| Total assets | **527,376** | 469,318 |
| Shareholders funds | **474,244** | 437,367 |
| Long term liabilities | **-** | - |
| Current liabilities | **53,132** | 31,951 |
| Total equity and liabilities | **527,376** | 469,318 |

(ii) Disposal of Associate Company

Interest in BEV Processors Inc. was disposed of in March 2011.
Disposal proceeds amounted to G$17.8M which resulted in a gain of G$3.6M
Prior to the sale of this interest, a dividend of G$288M was received from BEV Processors Inc.

**12 Deferred expenditure**

| | COMPANY | | GROUP | |
|---|---|---|---|---|
| El Dorado trademark | **2011 G$ 000** | 2010 G$ 000 | **2011 G$ 000** | 2010 G$ 000 |
| At January 01 | **11,554** | 17,923 | **113,566** | 143,388 |
| Amortisation | **(6,369)** | (6,369) | **(36,628)** | (29,822) |
| At December 31 | **5,185** | 11,554 | **76,938** | 113,566 |

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

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

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at December 31, 2008 by Bacon Woodrow & De Souza. The present value of the defined benefit obligation and the related current service cost to comply with IAS 19 were measured by the actuaries as at December 31, 2011 using the Projected Unit Credit Method.

| | Pension Plan 1 | | Pension Plan 2 | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| Amounts recognised in the statement of financial position | **G$ 000** | G$ 000 | **G$ 000** | G$ 000 |
| Present value of obligations | **1,761,427** | 1,568,763 | **439,244** | 437,290 |
| Fair value of plan assets | **(2,269,044)** | (1,983,705) | **(352,592)** | (354,503) |
| | **(507,617)** | (414,942) | **86,652** | 82,787 |
| Unrecognised gain/(loss) | **185,846** | 143,628 | **(44,592)** | (44,008) |
| Net defined benefit (asset)/liability | **(321,771)** | (271,314) | **42,060** | 38,779 |
| Reconciliation of amounts recognised In the balance sheet | | | | |
| Opening defined benefit (asset)/liability | **(271,314)** | (227,391) | **38,779** | 32,639 |
| Net pension cost | **61,889** | 54,306 | **6,478** | 10,183 |
| Contributions paid | **(112,346)** | (98,229) | **(3,197)** | (4,043) |
| Closing defined benefit (asset)/liability | **(321,771)** | (271,314) | **42,060** | 38,779 |

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

| | Pension Plan 1 | | Pension Plan 2 | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| Amounts recognised in the statement of comprehensive income | **G$ 000** | G$ 000 | **G$ 000** | G$ 000 |
| Current service cost | **106,787** | 93,405 | **5,832** | 7,117 |
| Interest on defined benefit obligation | **77,281** | 69,323 | **21,036** | 24,255 |
| Expected return on plan assets | **(122,179)** | (108,422) | **(20,409)** | (22,811) |
| Amortised net loss | **-** | - | **19** | 1,622 |
| Net pension cost included in administrative expenses | **61,889** | 54,306 | **6,478** | 10,183 |
| Actual return on plan assets | | | | |
| Expected return on plan assets | **122,179** | 108,422 | **20,409** | 22,811 |
| Actuarial gain / (loss) on plan assets | **56,373** | 26,022 | **6,795** | (28,243) |
| Actual return on plan assets | **178,552** | 134,444 | **27,204** | (5,432) |
| Unfunded ex-gratia arrangement | | | | |
| Defined benefit obligation | **17,589** | 19,779 | | |
| Unrecognised gain | **4,029** | 3,127 | | |
| | **21,618** | 22,906 | | |
| Reconciliation of opening and closing statement of financial position | | | | |
| Opening defined benefit liability | **22,906** | | | |
| Plus net pension cost | **859** | | | |
| Less: company contributions paid | **(2,147)** | | | |
| Closing defined benefit liability | **21,618** | | | |
| Interest on defined benefit obligation | **859** | | | |

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

| | Pension Plan 1 | | | | |
|---|---|---|---|---|---|
| | **2011** | 2010 | 2009 | 2008 | 2007 |
| | **G$ 000** | G$ 000 | G$ 000 | G$ 000 | G$ 000 |
| **Experience history** | | | | | |
| Defined benefit obligation | **1,761,427** | 1,568,763 | 1,411,695 | 1,226,301 | 1,046,488 |
| Fair value of plan assets | **(2,269,044)** | (1,983,705) | (1,766,000) | (1,603,654) | (1,550,532) |
| Surplus | **(507,617)** | (414,942) | (354,305) | (377,353) | (504,044) |
| Experience adjustment on plan liabilities | **14,155** | 9,308 | 44,063 | 59,674 | 46,852 |
| Experience adjustment on plan assets | **56,373** | 26,022 | (21,959) | (118,122) | 305,970 |

| | Pension Plan 2 | | | | |
|---|---|---|---|---|---|
| | **2011** | 2010 | 2009 | 2008 | 2007 |
| | **G$ 000** | G$ 000 | G$ 000 | G$ 000 | G$ 000 |
| **Experience history** | | | | | |
| Defined benefit obligation | **439,244** | 437,290 | 507,561 | 461,029 | 437,401 |
| Fair value of plan assets | **(352,592)** | (354,503) | (399,834) | (395,142) | (395,222) |
| Deficit | **86,652** | 82,787 | 107,727 | 65,887 | 42,179 |
| Experience adjustment on plan liabilities | **7,398** | (57,701) | 29,143 | 15,073 | 21,676 |
| Experience adjustment on plan assets | **6,795** | (28,243) | (10,062) | (6,301) | 27,880 |

| | Unfunded Ex Gratia | | |
|---|---|---|---|
| | **2011** | 2010 | 2009 |
| | **G$ 000** | G$ 000 | G$ 000 |
| **Experience History** | | | |
| Defined benefit obligation | **17,589** | 19,779 | 21,889 |
| Fair value of plan assets | - | - | - |
| Deficit | **17,589** | 19,779 | 21,889 |
| Experience adjustment on plan liabilities | **(979)** | (451) | (497) |
| Experience adjustment on plan assets | - | - | - |

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

| | Pension Plan 1 | | Pension Plan 2 | | Unfunded Ex Gratia | |
|---|---|---|---|---|---|---|
| | **2011 G$000** | 2010 G$000 | **2011 G$000** | 2010 G$000 | **2011 G$000** | 2010 G$000 |
| **Expected company contributions in 2011** | **119,427** | 109,244 | **3,216** | 3,299 | **2,161** | 2,741 |
| **Summary of main assumptions** | **%** | % | **%** | % | **%** | % |
| Discount rate | **5.0** | 5.0 | **5.0** | 5.0 | **5.0** | 5.0 |
| Salary increases | **5.0** | 5.0 | **5.0** | 5.0 | **-** | - |
| Pension increases | **2.0** | 2.0 | **2.0** | 2.0 | **2.0** | 2.0 |
| Expected return on assets | **6.0** | 6.0 | **6.0** | 6.0 | **-** | - |
| **Asset Allocation** | | | | | | |
| Equity securities | **48.9** | 45.2 | **22.0** | 18.2 | | |
| Debt securities | **34.0** | 33.5 | **23.1** | 24.2 | | |
| Property | **-** | - | **6.8** | 7.2 | | |
| Other | **17.1** | 21.3 | **48.1** | 50.4 | | |
| | **100.0** | 100.0 | **100.0** | 100.0 | | |

The schemes held approximately 3% - Pension Plan 1 (2010: 3%) and 1% - Pension Plan 2 (2010: 1%) of their assets in the equities of the company.

| | **2011 G$ 000** | 2010 G$ 000 |
|---|---|---|
| Retirement benefit obligations | | |
| Pension plan 2 | **42,060** | 38,779 |
| Unfunded exgratia | **21,618** | 22,906 |
| Retirement benefit asset | **63,678** | 61,685 |
| Pension plan 1 | **321,771** | 271,314 |

## 14 Inventories

| | COMPANY | | GROUP | |
|---|---|---|---|---|
| | **2011 G$ 000** | 2010 G$ 000 | **2011 G$ 000** | 2010 G$ 000 |
| Finished stocks (a) | **5,316,582** | 4,453,822 | **6,775,707** | 5,561,071 |
| Work-in-progress | **-** | 103 | **-** | 103 |
| Raw materials | **1,942,776** | 2,318,091 | **2,142,926** | 2,496,020 |
| Spares, containers, goods-in-transit and miscellaneous stocks | **1,165,371** | 1,281,950 | **1,344,519** | 1,857,953 |
| Provision for stock impairment (b) | **(350,000)** | (538,699) | **(350,000)** | (538,699) |
| | **8,074,729** | 7,515,267 | **9,913,152** | 9,376,448 |
| Cost of inventory recognised as expense during the period | **5,928,549** | 5,100,586 | **8,424,530** | 7,955,459 |
| Inventories expected to be recovered after more than twelve months | **3,170,914** | 2,947,784 | **3,247,015** | 3,027,529 |
| Raw material damaged written off | **26,402** | 58,000 | **26,402** | 58,000 |

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

(b) Provision for impairment

| | COMPANY | | GROUP | |
|---|---|---|---|---|
| | **2011 G$ 000** | 2010 G$ 000 | **2011 G$ 000** | 2010 G$ 000 |
| Balance as at January 01 | **(538,699)** | (343,660) | **(538,699)** | (343,660) |
| (Increase) / decrease during the year | **188,699** | (195,039) | **188,699** | (195,039) |
| Balance as at December 31 | **(350,000)** | (538,699) | **(350,000)** | (538,699) |

Provision was individually assessed.

## 15 (a) Trade and other receivables

| | COMPANY | | GROUP | |
|---|---|---|---|---|
| | **2011 G$ 000** | 2010 G$ 000 | **2011 G$ 000** | 2010 G$ 000 |
| Trade receivables | **806,113** | 955,431 | **2,259,456** | 2,440,293 |
| Provision for impairment (b) | **(435,159)** | (546,007) | **(564,468)** | (609,124) |
| | **370,954** | 409,424 | **1,694,988** | 1,831,169 |
| Other receivables | **209,586** | 389,408 | **698,995** | 968,514 |
| Due from subsidiary companies | **-** | 277,664 | **-** | - |
| | **580,540** | 1,076,496 | **2,393,983** | 2,799,683 |

## 15 (b) Provision for impairment

| | COMPANY 2011 | COMPANY 2010 | GROUP 2011 | GROUP 2010 |
|---|---|---|---|---|
| Balance as at January 01 | **546,007** | 461,485 | **609,124** | 575,766 |
| Increase / (decrease) during the year | **(110,848)** | 84,522 | **(44,656)** | 33,358 |
| Balance as at December 31 | **435,159** | 546,007 | **564,468** | 609,124 |
| Individually assessed | **420,052** | 502,385 | **549,361** | 565,502 |
| Collectively assessed | **15,107** | 43,622 | **15,107** | 43,622 |
| Total | **435,159** | 546,007 | **564,468** | 609,124 |

**15 (b) Trade and other receivables - cont 'd**

(b) Provision for impairment - cont 'd

(i)

| | COMPANY | | | |
|---|---|---|---|---|
| | Individually assessed | | Collectively assessed | |
| | **2011 G$ 000** | 2010 G$ 000 | **2011 G$ 000** | 2010 G$ 000 |
| Balance as at January 01 | **502,385** | 417,863 | **43,622** | 43,622 |
| Increase /(decrease) during the year | **(82,333)** | 84,522 | **(28,515)** | - |
| Balance as at December 31 | **420,052** | 502,385 | **15,107** | 43,622 |

(ii)

| | GROUP | | | |
|---|---|---|---|---|
| | Individually assessed | | Collectively assessed | |
| | **2011 G$ 000** | 2010 G$ 000 | **2011 G$ 000** | 2010 G$ 000 |
| Balance as at January 01 | **565,502** | 532,144 | **43,622** | 43,622 |
| Increase /(decrease) during the year | **(16,141)** | 33,358 | **(28,515)** | - |
| Balance as at December 31 | **549,361** | 565,502 | **15,107** | 43,622 |

**16 Trade and other payables**

| | COMPANY | | GROUP | |
|---|---|---|---|---|
| | **2011 G$ 000** | 2010 G$ 000 | **2011 G$ 000** | 2010 G$ 000 |
| Trade payables | **885,254** | 1,242,792 | **1,897,671** | 2,298,811 |
| Accruals | **162,572** | 116,314 | **403,625** | 374,935 |
| Others payables (i) | **1,841,397** | 2,026,217 | **1,913,572** | 2,089,853 |
| Due from subsidiary companies | **416,986** | - | **-** | - |
| | **3,306,209** | 3,385,323 | **4,214,868** | 4,763,599 |

(i) Other payables
Included in other payables are advances totalling G$1,745M (2010: G$1,952M)
Interest charged on these advances varies from 8% to 12% (2010: 8% to 12%). The advances are secured.
See note 20. No Advances were in default at the end of the reporting period 2011 or 2010.

## 17 Share capital

| | COMPANY AND GROUP | |
|---|---|---|
| | **2011** | 2010 |
| Authorised<br>No. of ordinary shares | **1,000,000,000** | 1,000,000,000 |
| | **G$ 000** | G$ 000 |
| Issued and fully paid<br>At January 01 and December 31<br>770,000,000 ordinary shares | **770,000** | 770,000 |

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

## 18 (a) Capital reserves

| | COMPANY | | GROUP | |
|---|---|---|---|---|
| | **2011 G$ 000** | 2010 G$ 000 | **2011 G$ 000** | 2010 G$ 000 |
| Share premium account | **488,863** | 488,863 | **450,152** | 450,152 |
| Revaluation surplus | **702** | 702 | **702** | 702 |
| | **489,565** | 489,565 | **450,854** | 450,854 |

This reserve is not distributable.

## 18 (b) Other reserves

| | COMPANY | | GROUP | |
|---|---|---|---|---|
| | **2011 G$ 000** | 2010 G$ 000 | **2011 G$ 000** | 2010 G$ 000 |
| Balance as at January 01 | **430,475** | 407,030 | **538,023** | 507,764 |
| Fair value adjustment on available for sale investments | **186,735** | 23,445 | **179,826** | 30,259 |
| Balance as at December 31 | **617,210** | 430,475 | **717,849** | 538,023 |

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

**18 (c) Exchange Difference Reserve**

| | GROUP | |
|---|---|---|
| | **2011** | 2010 |
| | **G$ 000** | G$ 000 |
| At January 01 | **67,094** | 110,207 |
| For the year | **(43,627)** | (43,113) |
| At December 31 | **23,467** | 67,094 |

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

**19 Non controlling interest**

| | GROUP | |
|---|---|---|
| | **2011** | 2010 |
| | **G$ 000** | G$ 000 |
| At January 01 | **35,835** | 39,743 |
| For the year | **(3,297)** | (3,908) |
| At December 31 | **32,538** | 35,835 |

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

**20 Loans and bank overdraft**

| | COMPANY | | GROUP | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 |
| | **G$ 000** | G$ 000 | **G$ 000** | G$ 000 |
| Bank overdraft (secured) | **1,200,648** | 1,105,419 | **2,163,080** | 1,997,826 |
| Loans | **3,600,880** | 3,617,762 | **4,124,494** | 3,767,407 |
| | **4,801,528** | 4,723,181 | **6,287,574** | 5,765,233 |

Overdrafts are repayable on demand and attract interest rates between 4.81% and 11.5% (2010: 4.81% and 11.5%)

**20 Loans and bank overdraft - cont'd**

| | COMPANY | | GROUP | |
|---|---|---|---|---|
| Loans are repayable as follows: | **2011 G$ 000** | 2010 G$ 000 | **2011 G$ 000** | 2010 G$ 000 |
| (i) Repayable - 2004 to 2029 - rate of interest 3.25% per annum (Breitenstein Holdings BV) | - | - | **136,947** | 149,645 |
| (ii) Repayable - 2002 - 2011 rate of interest is 2% above Government of Guyana treasury bills interest rate (Demerara Distillers Ltd) | - | 50,000 | - | 50,000 |
| (iii) Repayable - 2005-2014 rate of interest is 1% above Government of Guyana treasury bills interest rate (Demerara Distillers Ltd) | **150,000** | 200,000 | **150,000** | 200,000 |
| (iv) Repayable - 2003 - 2012 rate of interest is 2% above Government of Guyana treasury bills interest rate (Demerara Distillers Ltd) | **100,000** | 200,000 | **100,000** | 200,000 |
| (v) Repayable - 2006 - 2012 rate of interest of 10% per annum (Demerara Distillers Ltd) | **37,749** | 71,951 | **37,749** | 71,951 |
| (vi) Repayable - 2006 - 2012 rate of interest of 10% per annum (Demerara Distillers Ltd) | **18,871** | 35,965 | **18,871** | 35,965 |
| (vii) Repayable - 2006 - 2012 rate of interest of 10% per annum (Demerara Distillers Ltd) | **15,125** | 28,802 | **15,125** | 28,802 |
| (viii) Repayable - 2007 - 2014 rate of interest of 8.25% per annum (Demerara Distillers Ltd) | **218,168** | 292,750 | **218,168** | 292,750 |
| (ix) Repayable - 2007 - 2014 rate of interest of 8.25% per annum (Demerara Distillers Ltd) | **257,021** | 328,066 | **257,021** | 328,066 |
| (x) Repayable - 2009 - 2018 rate of interest of 3.88% per annum (Demerara Distillers Ltd) | **1,916,723** | 2,220,670 | **1,916,723** | 2,220,670 |
| (xi) Repayable - 2009 - 2012 rate of interest of 4.81% per annum (Demerara Distillers Ltd) | **25,556** | 59,558 | **25,556** | 59,558 |
| (xii) Repayable - 2009 - 2014 rate of interest of 10.5% per annum (Demerara Distillers Ltd) | **115,000** | 130,000 | **115,000** | 130,000 |
| (xiii) Repayable - 2011 - 2016 rate of interest of 10.5% per annum (Demerara Distillers Ltd) | **363,333** | - | **363,333** | - |
| (xiv) Repayable - 2011 - 2014 rate of interest of 10% per annum (Demerara Distillers Ltd) | **383,334** | - | **383,334** | - |
| (xv) Repayable - 2011 - 2014 rate of interest of 10.5% per annum (Distribution Services Ltd) | - | - | **386,667** | - |
| | **3,600,880** | 3,617,762 | **4,124,494** | 3,767,407 |

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

**20 Loans and bank overdraft - cont'd**

| Maturity profile of loan | COMPANY | | GROUP | |
|---|---|---|---|---|
| | **2011 G$ 000** | 2010 G$ 000 | **2011 G$ 000** | 2010 G$ 000 |
| Repayments due in one year and included in current liabilities | **834,609** | 766,492 | **882,548** | 774,692 |
| Repayments due in the second year | **651,053** | 727,365 | **698,993** | 735,565 |
| Repayments due in the third year | **690,597** | 543,801 | **738,536** | 552,001 |
| Repayments due the fourth and fifth year | **826,680** | 584,632 | **922,558** | 592,832 |
| Repayments due after five years | **597,941** | 995,472 | **881,859** | 1,112,317 |
| | **2,766,271** | 2,851,270 | **3,241,946** | 2,992,715 |
| | **3,600,880** | 3,617,762 | **4,124,494** | 3,767,407 |

The foregoing loans, overdraft and the advances in note 16 for the company are secured by floating and fixed charges on the assets of the company valued at G$9.115B (2010: G$8.817B).

The loans for the group are secured by floating and fixed charges on the assets of the Group valued at G$ 9.306B (2010 - G$8.985B).

**21 Acquisition of subsidiary - Demerara Rum Company Inc.**

| | GROUP | |
|---|---|---|
| | **2011 G$ 000** | 2010 G$ 000 |
| Net assets acquired | - | 76,898 |
| Consideration | - | (76,898) |
| | - | - |

The fair value of the net assets was equal to the consideration.

### 22 Demerara Distillers Limited - Hyderabad

| Interest In Joint Venture | **2011 G$ 000** | 2010 G$ 000 |
|---|---|---|
| Current assets | **572,258** | 712,563 |
| Non - current assets | **147,593** | 156,788 |
| Current liabilities | **550,918** | 653,015 |
| Income | **4,454** | 5,280 |
| Expenses | **30,015** | 35,577 |
| Loss for the year | **(25,561)** | (30,297) |

### 23 Segment reporting

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

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

**Principal activities are as follows:**

**Manufacturing:**
The distilling, blending and sale of bulk spirits and alcoholic products, manufacturing and sale of non-alcoholic beverages, Co2 gas and fruit juices, processing, packaging and marketing of seafood.

**Trading:**
Distributors of branded products.

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

**23 Segment reporting cont'd**

| INDUSTRY | Manufacturing | Trading | Services | Eliminations | Total |
|---|---|---|---|---|---|
| | **2011** | | | | |
| | **G$ 000** | **G$ 000** | **G$ 000** | **G$ 000** | **G$ 000** |
| Revenue | | | | | |
| External sales | 4,854,073 | 8,869,795 | 858,730 | - | 14,582,598 |
| Inter-segment sales | 7,654,072 | - | - | (7,654,072) | - |
| Total revenue | 12,508,145 | 8,869,795 | 858,730 | (7,654,072) | 14,582,598 |
| Results | | | | | |
| Segment result | 1,617,703 | 469,211 | 170,265 | (200,000) | 2,057,179 |
| Operating profit | | | | | 2,057,179 |
| Share of profit from associates | | | | | 48,661 |
| Profit before tax | | | | | 2,105,840 |
| Income tax | | | | | (555,733) |
| Profit for the year attributable to equity shareholders of the company | | | | | 1,550,107 |
| Other Information | | | | | |
| Capital additions | 1,334,880 | 10,615 | 346,142 | (311,023) | 1,380,614 |
| Depreciation and amortisation | 510,731 | 21,680 | 16,845 | - | 549,256 |
| Statement of Financial Position | | | | | |
| Assets | | | | | |
| Segment assets | 21,928,172 | 2,497,358 | 148,544 | (710,034) | 23,864,040 |
| Interest in associates | - | - | - | - | 690,233 |
| Consolidated assets | | | | | 24,554,273 |
| Liabilities | | | | | |
| Segment liabilities | 10,905,211 | 1,873,383 | 1,095,687 | (2,427,051) | 11,447,230 |
| Consolidated liabilities | | | | | 11,447,230 |

**23 Segment reporting - cont'd**

| INDUSTRY | Manufacturing | Trading | Services | Eliminations | Total |
|---|---|---|---|---|---|
| | **2010** | | | | |
| | **G$ 000** | **G$ 000** | **G$ 000** | **G$ 000** | **G$ 000** |
| Revenue | | | | | |
| External sales | 4,847,043 | 8,078,105 | 748,119 | - | 13,673,267 |
| Inter-segment sales | 7,744,255 | - | - | (7,744,255) | - |
| Total revenue | 12,591,298 | 8,078,105 | 748,119 | (7,744,255) | 13,673,267 |
| Results | | | | | |
| Segment result | 1,259,616 | 357,361 | 119,339 | (129,474) | 1,606,842 |
| Operating profit | | | | | 1,606,842 |
| Share of profit from associates | | | | | 151,295 |
| Profit before tax | | | | | 1,758,137 |
| Income tax | | | | | (614,605) |
| Profit for the year attributable to equity shareholders of the company | | | | | 1,143,532 |
| Other Information | | | | | |
| Capital additions | 599,333 | 13,289 | 9,167 | - | 621,789 |
| Depreciation and amortisation | 554,829 | 18,967 | 14,193 | - | 587,989 |
| Statement of Financial Position | | | | | |
| Assets | | | | | |
| Segment assets | 20,679,742 | 1,589,513 | 1,347,241 | (967,140) | 22,649,356 |
| Interest in associates | - | - | - | - | 953,122 |
| Consolidated assets | | | | | 23,602,478 |
| Liabilities | | | | | |
| Segment liabilities | 11,100,362 | 1,156,454 | 802,841 | (1,512,397) | 11,547,260 |
| Consolidated liabilities | | | | | 11,547,260 |

**23 Segment reporting - cont'd**

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

| GEOGRAPHICAL | Revenue | | Profit before tax | |
|---|---|---|---|---|
| | **2011 G$ 000** | 2010 G$ 000 | **2011 G$ 000** | 2010 G$ 000 |
| Guyana | **11,663,325** | 10,581,871 | **1,890,841** | 1,461,465 |
| Europe | **2,440,603** | 2,681,405 | **186,075** | 276,459 |
| United States of America | **358,691** | 311,898 | **31,557** | 21,460 |
| Canada | **45,919** | 44,201 | **12,450** | 23,364 |
| India | **16,707** | 19,804 | **(32,056)** | (37,995) |
| St. Kitts | **57,353** | 34,088 | **13,714** | 9,522 |
| Trinidad | **-** | - | **(38)** | (46) |
| | **14,582,598** | 13,673,267 | **2,102,543** | 1,754,229 |

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 | |
|---|---|---|---|---|
| | **2011 G$ 000** | 2010 G$ 000 | **2011 G$ 000** | 2010 G$ 000 |
| Guyana | **21,083,036** | 20,089,445 | **1,377,176** | 613,973 |
| Europe | **1,999,605** | 1,911,326 | **-** | - |
| United States of America | **421,247** | 316,013 | **-** | |
| Canada | **148,544** | 236,747 | **-** | 28 |
| India | **719,851** | 869,351 | **40** | - |
| St. Kitts | **168,299** | 165,887 | **3,398** | 7,788 |
| Trinidad | **13,691** | 13,709 | **-** | - |
| | **24,554,273** | 23,602,478 | **1,380,614** | 621,789 |

**23 Segment reporting - cont'd**

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

| Revenue Generating Segment (s) | Revenue Generating Region | | Revenue Generated | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011 G$ 000** | 2010 G$ 000 |
| Guyana and United States | **North America** | North America | **1,498,996** | 1,484,747 |
| Guyana and Europe | **Europe** | Europe | **2,833,097** | 2,936,503 |
| Guyana | **Guyana** | Guyana | **9,532,198** | 8,541,150 |
| Others | | | **718,307** | 710,867 |
| Total | | | **14,582,598** | 13,673,267 |

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

| | Revenue Generating Segment | | Revenue Generated | |
|---|---|---|---|---|
| | **2011** | 2010 | **2011 G$ 000** | 2010 G$ 000 |
| Customer # 1 | **Europe** | Europe | **1,263,254** | 1,466,689 |

**24 Contingent liabilities**

| | COMPANY AND GROUP | |
|---|---|---|
| | **2011 G$ 000** | 2010 G$ 000 |
| Bonds in respect of duty on spirits warehoused and exportation of goods | **132,746** | 132,746 |
| Bonds in favour of the State of Guyana | **53,100** | 53,100 |

## 25 Capital commitments

| | COMPANY | | GROUP | |
|---|---|---|---|---|
| | **2011 G$ 000** | 2010 G$ 000 | **2011 G$ 000** | 2010 G$ 000 |
| Authorised by the directors but not contracted for | **530,331** | 691,000 | **816,468** | 800,000 |
| Contracted for but not received | **2,914** | 2,979 | **2,914** | 2,979 |

These comprise of acquisition of non current assets.

## 26 Related party transactions and other disclosures

(a) Related party transactions

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

Listed below are transactions and balances with related parties.

(i) Subsidiary companies

| | COMPANY | | GROUP | |
|---|---|---|---|---|
| | **2011 G$ 000** | 2010 G$ 000 | **2011 G$ 000** | 2010 G$ 000 |
| Sales | **7,175,127** | 7,175,811 | - | - |
| Commission paid | **271,103** | 262,659 | - | - |
| Purchases | **230,236** | 325,466 | - | - |
| Management fees received | **291,368** | 242,933 | - | - |
| Rent received | **170,247** | 115,144 | | |
| Dividends received | **200,000** | 200,000 | - | - |
| Human resource charges | **555,050** | 439,584 | - | - |

## 26 Related party transactions and other disclosures - cont'd

### (a) Related party transactions cont'd

| | COMPANY | | GROUP | |
|---|---|---|---|---|
| **(i) Subsidiary companies cont'd** | **2011 G$ 000** | 2010 G$ 000 | **2011 G$ 000** | 2010 G$ 000 |
| Royalties charged | **1,437,204** | 1,371,728 | - | - |
| Marketing fees paid | **751,227** | 733,340 | - | - |
| Interest paid | **100,311** | 77,359 | - | - |
| Balances at end of year | **(416,986)** | 248,351 | - | - |
| Guarantee provided by the parent company on behalf of: | | | | |
| Subsidiaries | **356,947** | 380,000 | - | - |
| Employees | - | 3,386 | - | - |
| **Associate companies** | | | | |
| Loan for capital expenditure | - | 48,122 | - | 48,181 |
| Balances at end of year | **690,233** | 981,759 | **690,233** | 981,759 |
| Rent received | **3,911** | 3,881 | **3,911** | 3,881 |
| Dividends received | **1,950** | 1,950 | **1,950** | 1,950 |
| Insurance premiums paid | **32,632** | 33,842 | - | - |
| **Joint venture** | | | | |
| Loan for capital expenditure | **162,320** | 162,320 | **162,320** | 162,320 |
| Balances at end of year | **5,708** | 6,765 | **5,708** | 6,765 |

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

**26 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:

| | 2011 G$ 000 | 2010 G$ 000 |
|---|---|---|
| Short-term employee benefits | **139,001** | 160,441 |
| Post-employment benefits | **6,490** | 7,627 |
| Directors emoluments | **4,499** | 5,415 |

No provision was made for balances receivable from related parties.

**(b) Other disclosures**
The following are transactions with companies that share a common chairmanship with the company:

| | COMPANY | | GROUP | |
|---|---|---|---|---|
| | **2011 G$ 000** | 2010 G$ 000 | **2011 G$ 000** | 2010 G$ 000 |
| Demerara Bank Limited | | | | |
| Overdraft interest (11%-13.50%) | **73,858** | 63,523 | **90,695** | 103,639 |
| Balance at end of the year: | | | | |
| Cash | **44,829** | 112,874 | **71,769** | 116,018 |
| Overdraft | **624,181** | 584,792 | **1,089,834** | 961,102 |
| Trust Company (Guyana) Limited | | | | |
| | - | - | - | - |
| Interest charged (12% ) | **12,792** | 12,188 | **12,792** | 12,188 |
| Trust Company (Guyana) Limited also provides registrar and pension management services for the company | | | | |
| Pension management and registrar's service fees | **5,056** | 4,972 | **5,056** | 4,972 |

## 27 Pending Litigations

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

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

## 28 Analysis of financial assets and liabilities by measurement basis

| | COMPANY | | | |
|---|---|---|---|---|
| 2011 | Available for sale | Loans and receivables | Financial assets and liabilities at amortised cost | Total |
| **ASSETS** | **G$000** | **G$000** | **G$000** | **G$000** |
| Investments | 697,410 | - | 859,727 | 1,557,137 |
| Trade receivables | - | 370,954 | - | 370,954 |
| Other receivables | - | 209,586 | - | 209,586 |
| Prepayments | - | 92,059 | - | 92,059 |
| Taxes recoverable | - | - | 410,545 | 410,545 |
| Cash on hand and at bank | - | - | 63,987 | 63,987 |
| Total assets | 697,410 | 672,599 | 1,334,259 | 2,704,268 |
| **LIABILITIES** | | | | |
| Trade payables | - | - | 885,254 | 885,254 |
| Other payables and accruals | - | - | 2,003,969 | 2,003,969 |
| Due from subsidiaries | - | - | 416,986 | 416,986 |
| Bank overdraft (secured) | - | - | 1,200,648 | 1,200,648 |
| Taxation | - | - | 19,248 | 19,248 |
| Loans | - | - | 3,600,880 | 3,600,880 |
| Total liabilities | - | - | 8,126,985 | 8,126,985 |

28 Analysis of financial assets and liabilities by measurement basis - cont'd

COMPANY

| 2010 | Available for sale | Loans and receivables | Financial assets and liabilities at amortised cost | Total |
|---|---|---|---|---|
| **ASSETS** | **G$000** | **G$000** | **G$000** | **G$000** |
| Investments | 510,676 | - | 873,890 | 1,384,566 |
| Trade receivables | - | 409,424 | - | 409,424 |
| Other receivables | - | 389,408 | - | 389,408 |
| Due from subsidiaries | - | 277,664 | - | 277,664 |
| Prepayments | - | 88,250 | - | 88,250 |
| Taxes recoverable | - | - | 286,847 | 286,847 |
| Cash on hand and at bank | - | - | 144,697 | 144,697 |
| Total assets | 510,676 | 1,164,746 | 1,305,434 | 2,980,856 |
| **LIABILITIES** | | | | |
| Trade payables | - | - | 1,242,792 | 1,242,792 |
| Other payables and accruals | - | - | 2,142,531 | 2,142,531 |
| Bank overdraft (secured) | - | - | 1,105,419 | 1,105,419 |
| Taxation | - | - | 190,605 | 190,605 |
| Loans | - | - | 3,617,762 | 3,617,762 |
| Total liabilities | - | - | 8,299,109 | 8,299,109 |

**28 Analysis of financial assets and liabilities by measurement basis - cont'd**

| | GROUP | | | | |
|---|---|---|---|---|---|
| **2011** | **Available for sale** | **Held to maturity** | **Loans and receivables** | **Financial assets and liabilities at amortised cost** | **Total** |
| | **G$000** | **G$000** | **G$000** | **G$000** | **G$000** |
| **ASSETS** | | | | | |
| Investments | 729,967 | 39,725 | - | 690,233 | 1,459,925 |
| Trade receivables | - | - | 1,694,988 | - | 1,694,988 |
| Other receivables | - | - | 698,995 | - | 698,995 |
| Prepayments | - | - | 227,042 | - | 227,042 |
| Taxes recoverable | - | - | - | 519,609 | 519,609 |
| Cash on hand and at bank | - | - | - | 167,208 | 167,208 |
| Total assets | 729,967 | 39,725 | 2,621,025 | 1,377,050 | 4,767,767 |
| **LIABILITIES** | | | | | |
| Trade payables | - | - | - | 1,897,671 | 1,897,671 |
| Other payables and accruals | - | - | - | 2,317,197 | 2,317,197 |
| Bank overdraft (secured) | - | - | - | 2,163,080 | 2,163,080 |
| Loans | - | - | - | 4,124,494 | 4,124,494 |
| Taxation | - | - | - | 52,818 | 52,818 |
| Total liabilities | - | - | - | 10,555,260 | 10,555,260 |

| **2010** | | | GROUP | | |
|---|---|---|---|---|---|
| **ASSETS** | **G$000** | **G$000** | **G$000** | **G$000** | **G$000** |
| Investments | 545,658 | 39,725 | - | 953,122 | 1,538,505 |
| Trade receivables | - | - | 1,831,169 | - | 1,831,169 |
| Other receivables | - | - | 968,514 | - | 968,514 |
| Prepayments | - | - | 283,123 | - | 283,123 |
| Taxes recoverable | - | - | - | 375,980 | 375,980 |
| Cash on hand and at bank | - | - | - | 217,756 | 217,756 |
| Total assets | 545,658 | 39,725 | 3,082,806 | 1,546,858 | 5,215,047 |
| **LIABILITIES** | | | | | |
| Trade payables | - | - | - | 2,298,811 | 2,298,811 |
| Other payables and accruals | - | - | - | 2,464,788 | 2,464,788 |
| Bank overdraft (secured) | - | - | - | 1,997,826 | 1,997,826 |
| Loans | - | - | - | 3,767,407 | 3,767,407 |
| Taxation | - | - | - | 193,880 | 193,880 |
| Total liabilities | - | - | - | 10,722,712 | 10,722,712 |

**29 Fair value of financial instruments**

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

| | COMPANY | | | |
|---|---|---|---|---|
| | **2011** | | 2010 | |
| | **Carrying Value** | **Fair Value** | Carrying Value | Fair Value |
| | **G$ 000** | **G$ 000** | G$ 000 | G$ 000 |
| **Financial assets** | | | | |
| Investments | | | | |
| Available for Sale | **697,410** | **697,410** | 510,676 | 510,676 |
| Trade and other receivables | **580,540** | **580,540** | 1,076,496 | 1,076,496 |
| Prepayments | **92,059** | **92,059** | 88,250 | 88,250 |
| Taxes recoverable | **410,545** | **410,545** | 286,847 | 286,847 |
| Cash on hand and at bank | **63,987** | **63,987** | 144,697 | 144,697 |
| | **1,844,541** | **1,844,541** | 2,106,966 | 2,106,966 |
| **Financial liabilities** | | | | |
| Trade payables and other payables | **3,306,209** | **3,306,209** | 3,385,323 | 3,385,323 |
| Current portion of interest bearing debts | **834,609** | **834,609** | 766,492 | 766,492 |
| Loans due after one year | **2,766,271** | **2,766,271** | 2,851,270 | 2,851,270 |
| Taxation | **19,248** | **19,248** | 190,605 | 190,605 |
| Bank overdraft (secured) | **1,200,648** | **1,200,648** | 1,105,419 | 1,105,419 |
| | **8,126,985** | **8,126,985** | 8,299,109 | 8,299,109 |

**29 Fair value of financial instruments - cont'd**

| | GROUP | | | |
|---|---|---|---|---|
| | **2011** | | 2010 | |
| | **Carrying Value** | **Fair Value** | Carrying Value | Fair Value |
| | **G$ 000** | **G$ 000** | G$ 000 | G$ 000 |
| **Financial assets** | | | | |
| Investments | | | | |
| Held to Maturity | **39,725** | **39,725** | 39,725 | 39,725 |
| Available for Sale | **729,967** | **729,967** | 545,658 | 545,658 |
| Trade and other receivables | **2,393,983** | **2,393,983** | 2,799,683 | 2,799,683 |
| Prepayments | **227,042** | **205,387** | 283,123 | 283,123 |
| Taxes recoverable | **519,609** | **519,609** | 375,980 | 375,980 |
| Cash on hand and at bank | **167,208** | **167,208** | 217,756 | 217,756 |
| | **4,077,534** | **4,077,534** | 4,261,925 | 4,261,925 |
| **Financial liabilities** | | | | |
| Trade payables and other payables | **4,214,868** | **4,214,868** | 4,763,599 | 4,763,599 |
| Current portion of interest bearing debts | **882,548** | **882,548** | 774,692 | 774,692 |
| Loans due after one year | **3,241,946** | **3,241,946** | 2,992,715 | 2,992,715 |
| Taxation | **52,818** | **52,818** | 193,880 | 193,880 |
| Bank overdraft (secured) | **2,163,080** | **2,163,080** | 1,997,826 | 1,997,826 |
| | **10,555,260** | **10,555,260** | 10,722,712 | 10,722,712 |

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

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

(a) For available for sale financial assets, the fair values were determined with reference to quoted market prices and level 2 fair value measurements. Fair value for held to maturity investment was obtained using Level 2 fair value measurements.

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

(c) Financial instruments where the carrying amounts are equal to fair value:- Due to their short term maturity, the carrying values of certain financial instruments approximate their fair values. These include cash and cash equivalents, trade and other payables, tax liability/recoverable, prepayments and bank overdraft.

**29 Fair value of financial instruments - cont' d**

**Fair value measurment recognised in the statement of financial position**

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

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

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

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

| | **COMPANY** | | | COMPANY | | |
|---|---|---|---|---|---|---|
| | **2011** | | | 2010 | | |
| | **Level 1 G$ 000** | **Level 2 G$ 000** | **Level 3 G$ 000** | Level 1 G$ 000 | Level 2 G$ 000 | Level 3 G$ 000 |
| Available for Sale | **639,660** | **57,750** | **-** | 452,926 | 57,750 | - |
| | **639,660** | **57,750** | **-** | 452,926 | 57,750 | - |

| | **GROUP** | | | GROUP | | |
|---|---|---|---|---|---|---|
| | **2011** | | | 2010 | | |
| | **Level 1 G$ 000** | **Level 2 G$ 000** | **Level 3 G$ 000** | Level 1 G$ 000 | Level 2 G$ 000 | Level 3 G$ 000 |
| Held to Maturity | **-** | **39,725** | **-** | - | 39,725 | - |
| Available for Sale | **639,660** | **57,750** | **32,557** | 452,926 | 57,750 | 34,982 |
| | **639,660** | **97,475** | **32,557** | 452,926 | 97,475 | 34,982 |

## 30 Financial risk management

**Objectives**

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

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

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

### (a) Market risk

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

#### (i) Foreign currency risk

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

| | COMPANY | | GROUP | |
|---|---|---|---|---|
| **Assets** | **2011 G$ 000** | 2010 G$ 000 | **2011 G$ 000** | 2010 G$ 000 |
| US Dollar | **377,511** | 645,728 | **858,759** | 904,563 |
| GBP | **45,393** | 45,437 | **45,709** | 45,754 |
| Euro | **84,314** | 19,181 | **1,822,002** | 1,655,261 |
| Rupee | **-** | - | **572,258** | 712,563 |
| Others | **172,698** | 190,417 | **488,348** | 591,281 |
| | **679,916** | 900,763 | **3,787,076** | 3,909,422 |
| **Liabilities** | | | | |
| US Dollar | **5,845,122** | 4,252,434 | **6,298,216** | 4,587,551 |
| GBP | **6,732** | 35,065 | **6,732** | 35,065 |
| Euro | **3,662** | 10,104 | **716,668** | 748,486 |
| Rupee | **-** | - | **550,918** | 653,015 |
| Others | **7,454** | 6,219 | **323,487** | 421,686 |
| | **5,862,970** | 4,303,822 | **7,896,021** | 6,445,803 |
| Net liabilities | **(5,183,054)** | (3,403,059) | **(4,108,945)** | (2,536,381) |

**30 Financial risk management - cont'd**

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

**(i) Foreign currency risk - cont'd**

**Foreign currency sensitivity analysis**

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

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2.5% change in foreign currency rates. A positive number indicates an increase in profit where foreign currencies strengthen 2.5% against the G$ or 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 | |
|---|---|---|---|---|
| | **2011 G$000** | 2010 G$000 | **2011 G$000** | 2010 G$000 |
| Profit/(loss) | **(129,576)** | (85,076) | **(102,724)** | (63,410) |

**(ii) Interest sensitivity analysis**

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

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

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

| | Increase / Decrease in Basis Point | Impact on profit for the year | | | |
|---|---|---|---|---|---|
| | | COMPANY | | GROUP | |
| | | **2011 G$000** | 2010 G$000 | **2011 G$000** | 2010 G$000 |
| Cash and cash equivalent | | | | | |
| Local currency | +/-50 | **(5,478)** | (5,327) | **125** | 64 |
| Foreign currency | +/-50 | **226** | 566 | **232** | 574 |
| Overdrafts | | | | | |
| Local currency | +/-50 | **(5,478)** | (5,327) | **(8,655)** | (8,151) |
| Foreign currency | +/-50 | **(32)** | (201) | **(1,656)** | (1,826) |

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

30 **Financial risk management - cont'd**

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

(iii) **Interest rate risk**

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

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

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

| | | COMPANY | | | | |
|---|---|---|---|---|---|---|
| | | Maturing 2011 | | | | |
| | Interest rate Range % | Within 1 year | 2 to 5 years | Over 5 years | Non-interest bearing | Total |
| | | G$000 | G$000 | G$000 | G$000 | G$000 |
| **Assets** | | | | | | |
| Investments | - | - | - | - | 1,557,137 | 1,557,137 |
| Trade and other receivables | - | - | - | - | 580,540 | 580,540 |
| Prepayments | - | - | - | - | 92,059 | 92,059 |
| Taxes recoverable | - | - | - | - | 410,545 | 410,545 |
| Cash on hand | - | - | - | - | 1,357 | 1,357 |
| Cash at bank | 0.03% - 1.5% | 62,630 | - | - | - | 62,630 |
| | | 62,630 | - | - | 2,641,638 | 2,704,268 |
| **Liabilities** | | | | | | |
| Accounts payable and accruals | 7.25% - 10% | 1,744,969 | - | - | 1,561,240 | 3,306,209 |
| Bank overdraft | 10% -13.5% | 1,200,648 | - | - | - | 1,200,648 |
| Loans | 4.81% - 10.50% | 834,609 | 2,168,330 | 597,941 | - | 3,600,880 |
| Taxation | - | - | - | - | 19,248 | 19,248 |
| | | 3,780,226 | 2,168,330 | 597,941 | 1,580,488 | 8,126,985 |
| Interest sensitivity gap | | (3,717,596) | (2,168,330) | (597,941) | | |

30 **Financial risk management - cont'd**

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

(iii) **Interest rate risk**

| | Interest rate Range % | COMPANY Maturing 2010 Within 1 year | 2 to 5 years | Over 5 years | Non-interest bearing | Total |
|---|---|---|---|---|---|---|
| | | G$000 | G$000 | G$000 | G$000 | G$000 |
| **Assets** | | | | | | |
| Investments | - | - | - | - | 1,384,566 | 1,384,566 |
| Trade and other receivables | - | - | - | - | 1,076,496 | 1,076,496 |
| Prepayments | - | - | - | - | 88,250 | 88,250 |
| Taxes recoverable | - | - | - | - | 286,847 | 286,847 |
| Cash on hand | - | - | - | - | 2,168 | 2,168 |
| Cash at bank | 0.03% - 1.5% | 142,529 | - | - | - | 142,529 |
| | | 142,529 | - | - | 2,838,327 | 2,980,856 |
| **Liabilities** | | | | | | |
| Accounts payable and accruals | 8% - 12% | 1,881,275 | - | - | 1,504,048 | 3,385,323 |
| Bank overdraft | 10% -13.5% | 1,105,419 | - | - | - | 1,105,419 |
| Loans | 4.81% - 11.50% | 766,492 | 1,855,798 | 995,472 | - | 3,617,762 |
| Taxation | - | - | - | - | 190,605 | 190,605 |
| | | 3,753,186 | 1,855,798 | 995,472 | 1,694,653 | 8,299,109 |
| Interest sensitivity gap | | (3,610,657) | (1,855,798) | (995,472) | | |

**30 Financial risk management - cont'd**

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

**(iii) Interest rate risk - cont'd**

| | GROUP | | | | | |
|---|---|---|---|---|---|---|
| | | Maturing 2011 | | | | |
| **Assets** | **Interest rate Range %** | **Within 1 year G$000** | **2 to 5 years G$000** | **Over 5 years G$000** | **Non-interest bearing G$000** | **Total G$000** |
| Investments | - | - | - | - | 1,459,925 | 1,459,925 |
| Trade and other receivables | - | - | - | - | 2,393,983 | 2,393,983 |
| Prepayments | - | - | - | - | 227,042 | 227,042 |
| Taxes recoverable | - | - | - | - | 519,609 | 519,609 |
| Cash on hand | - | - | - | - | 1,357 | 1,357 |
| Cash at bank | 0.03% - 1.5% | 165,851 | - | - | - | 165,851 |
| | | 165,851 | - | - | 4,601,916 | 4,767,767 |
| **Liabilities** | | | | | | |
| Accounts payable and accruals | 7.25% - 10% | 1,744,969 | - | - | 2,469,899 | 4,214,868 |
| Bank overdraft | 10% - 13.5% | 2,163,080 | - | - | - | 2,163,080 |
| Loans | 4.81% - 10.50% | 882,548 | 2,360,087 | 881,859 | - | 4,124,494 |
| Taxation | - | - | - | - | 52,818 | 52,818 |
| | | 4,790,597 | 2,360,087 | 881,859 | 2,522,717 | 10,555,260 |
| Interest sensitivity gap | | (4,624,746) | (2,360,087) | (881,859) | | |

**30 Financial risk management - cont'd**

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

**(iii) Interest rate risk - cont'd**

| | GROUP | | | | | |
|---|---|---|---|---|---|---|
| | | Maturing 2010 | | | | |
| **Assets** | **Interest rate Range %** | **Within 1 year G$000** | **2 to 5 years G$000** | **Over 5 years G$000** | **Non-interest bearing G$000** | **Total G$000** |
| Investments | - | - | - | - | 1,538,505 | 1,538,505 |
| Trade and other receivables | - | - | - | - | 2,799,683 | 2,799,683 |
| Prepayments | - | - | - | - | 283,123 | 283,123 |
| Taxes recoverable | - | - | - | - | 375,980 | 375,980 |
| Cash on hand | - | - | - | - | 2,168 | 2,168 |
| Cash at bank | 0.03% - 1.5% | 215,588 | - | - | - | 215,588 |
| | | 215,588 | - | - | 4,999,459 | 5,215,047 |
| **Liabilities** | | | | | | |
| Accounts payable and accruals | 8% - 12% | 1,881,275 | - | - | 2,882,324 | 4,763,599 |
| Bank overdraft | 10% -13.5% | 1,997,826 | - | - | - | 1,997,826 |
| Loans | 4.81% - 11.50% | 774,692 | 1,880,398 | 1,112,317 | - | 3,767,407 |
| Taxation | - | - | - | - | 193,880 | 193,880 |
| | | 4,653,793 | 1,880,398 | 1,112,317 | 3,076,204 | 10,722,712 |
| Interest sensitivity gap | | (4,438,205) | (1,880,398) | (1,112,317) | | |

**30 Financial risk management - cont'd**

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

**(iv) Price risk**

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

**(b) Credit risk**

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

| | COMPANY | | GROUP | |
|---|---|---|---|---|
| | Maximum Exposure | | Maximum Exposure | |
| | **2011 G$000** | 2010 G$000 | **2011 G$000** | 2010 G$000 |
| Cash on hand and at bank | **63,987** | 144,697 | **167,208** | 217,756 |
| Investments | | | | |
| Held to Maturity | **-** | - | **39,725** | 39,725 |
| Available for Sale | **697,410** | 510,676 | **729,967** | 545,658 |
| Trade and other receivables | **580,540** | 1,076,496 | **2,393,983** | 2,799,683 |
| Taxes recoverable | **410,545** | 286,847 | **519,609** | 375,980 |
| Total Credit risk exposure | **1,752,482** | 2,018,716 | **3,850,492** | 3,978,802 |

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

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

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

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

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

**30 Financial risk management - cont'd**

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

| Trade and other receivables | COMPANY | | GROUP | |
|---|---|---|---|---|
| | **2011 G$000** | 2010 G$000 | **2011 G$000** | 2010 G$000 |
| Trade receivables | **806,113** | 955,431 | **2,259,456** | 2,440,293 |
| Other receivables | **209,586** | 389,408 | **698,995** | 968,514 |
| Taxes Recoverable | **410,545** | 286,847 | **519,609** | 375,980 |
| Due from subsidiaries | **-** | 277,664 | **-** | - |
| | **1,426,244** | 1,909,350 | **3,478,060** | 3,784,787 |

The above balances are classified as follows:.

| | COMPANY | | GROUP | |
|---|---|---|---|---|
| | **2011 G$000** | 2010 G$000 | **2011 G$000** | 2010 G$000 |
| Current | **470,201** | 1,009,452 | **1,559,703** | 2,021,525 |
| Past due but not impaired | **520,884** | 353,921 | **1,333,485** | 1,147,110 |
| Impaired | **435,159** | 545,977 | **584,872** | 616,152 |
| | **1,426,244** | 1,909,350 | **3,478,060** | 3,784,787 |

| | COMPANY | | GROUP | |
|---|---|---|---|---|
| | **2011 G$000** | 2010 G$000 | **2011 G$000** | 2010 G$000 |
| **Ageing of past due but not impaired** | | | | |
| 31-60 days | **2,193** | 101 | **228,133** | 136,443 |
| 61-90 days | **28,836** | 4,515 | **222,393** | 151,959 |
| 91-120 days | **6,514** | 50 | **121,715** | 100,099 |
| over 120 days | **483,341** | 349,255 | **761,244** | 758,609 |
| Total | **520,884** | 353,921 | **1,333,485** | 1,147,110 |

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

**30 Financial risk management - cont'd**

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

| | COMPANY | | GROUP | |
|---|---|---|---|---|
| | **2011 G$000** | 2010 G$000 | **2011 G$000** | 2010 G$000 |
| **Ageing of impaired trade receivables** | | | | |
| 31-60 days | **-** | - | **-** | - |
| 61-90 days | **-** | - | **-** | - |
| 91-120 days | **-** | - | **-** | - |
| over 120 days | **435,159** | 545,977 | **584,872** | 616,152 |
| Total | **435,159** | 545,977 | **584,872** | 616,152 |
| Provision for impairment | **435,159** | 546,007 | **564,468** | 609,124 |

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

| | | | COMPANY | | | |
|---|---|---|---|---|---|---|
| | | | **2011** | | 2010 | |
| **Details** | **Location** | | **Credit Limit** | **Carrying Amount** | Credit Limit | Carrying Amount |
| | **2011** | **2010** | **G$ 000** | **G$ 000** | G$ 000 | G$ 000 |
| Counterparty # 1 | Canada | Canada | **40,000** | **40,622** | 130,000 | 108,607 |
| Counterparty # 2 | Canada | Canada | **130,000** | **34,902** | 90,000 | 48,088 |
| Counterparty # 3 | Canada | U.K. | **30,000** | **14,054** | 40,000 | 47,409 |
| Counterparty # 4 | Jamacia | Anguilla | **20,000** | **25,519** | 20,000 | 78,488 |
| Counterparty # 5 | Trinidad | Jamacia | **31,000** | **9,229** | 60,000 | 39,827 |
| | | | **251,000** | **124,326** | 340,000 | 322,419 |

**30 Financial risk management - cont'd**

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

| | | | GROUP | | | |
|---|---|---|---|---|---|---|
| | | | 2011 | | 2010 | |
| **Details** | **Location** | | **Credit Limit** | **Carrying Amount** | Credit Limit | Carrying Amount |
| | **2011** | **2010** | **G$ 000** | **G$ 000** | G$ 000 | G$ 000 |
| Counterparty # 1 | Netherlands | Netherlands | **153,597** | **141,132** | 136,661 | 153,035 |
| Counterparty # 2 | Germany | Canada | **79,198** | **53,553** | 130,000 | 108,607 |
| Counterparty # 3 | Guyana | Canada | **36,000** | **53,521** | 20,000 | 78,488 |
| Counterparty # 4 | Guyana | U.K. | **30,000** | **48,325** | 81,997 | 50,660 |
| Counterparty # 5 | Canada | Guyana | **40,000** | **40,622** | 90,000 | 48,088 |
| | | | **338,795** | **337,153** | 458,658 | 438,878 |

There was one (1) customer who represented more than 5% of the total balance of trade receivables(2010: 1 customer). The average age of total receivables was 44 days (2010:45 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).

**30 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 2011 | | | |
|---|---|---|---|---|
| | Within 1 year | 2 to 5 years | Over 5 years | Total |
| | G$000 | G$000 | G$000 | G$000 |
| **Assets** | | | | |
| Investments | - | 1,375,684 | 181,453 | 1,557,137 |
| Trade and other receivables | 580,540 | - | - | 580,540 |
| Prepayments | 92,059 | - | - | 92,059 |
| Taxes recoverable | 410,545 | - | - | 410,545 |
| Cash on hand and at bank | 63,987 | - | - | 63,987 |
| | 1,147,131 | 1,375,684 | 181,453 | 2,704,268 |
| **Liabilities** | | | | |
| Trade payables and other payables | (3,306,209) | - | - | (3,306,209) |
| Current portion of interest bearing debts | (834,609) | - | - | (834,609) |
| Loans | - | (2,168,330) | (597,941) | (2,766,271) |
| Bank overdraft (secured) | (1,200,648) | - | - | (1,200,648) |
| Taxation | (19,248) | - | - | (19,248) |
| | (5,360,714) | (2,168,330) | (597,941) | (8,126,985) |
| Net liabilities | (4,213,583) | (792,646) | (416,488) | (5,422,717) |

**30 Financial risk management - cont'd**

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

| | COMPANY Maturing 2010 | | | |
|---|---|---|---|---|
| | **Within 1 year** | **2 to 5 years** | **Over 5 years** | **Total** |
| | **G$000** | **G$000** | **G$000** | **G$000** |
| **Assets** | | | | |
| Investments | - | 1,203,113 | 181,453 | 1,384,566 |
| Trade and other receivables | 1,076,496 | - | - | 1,076,496 |
| Prepayments | 88,250 | - | - | 88,250 |
| Taxes recoverable | 286,847 | - | - | 286,847 |
| Cash on hand and at bank | 144,697 | - | - | 144,697 |
| | 1,596,290 | 1,203,113 | 181,453 | 2,980,856 |
| **Liabilities** | | | | |
| Trade payables and other payables | (3,385,323) | - | - | (3,385,323) |
| Current portion of interest bearing debts | (766,492) | - | - | (766,492) |
| Loans | - | (1,855,798) | (995,472) | (2,851,270) |
| Bank overdraft (secured) | (1,105,419) | - | - | (1,105,419) |
| Taxation | (190,605) | - | - | (190,605) |
| | (5,447,839) | (1,855,798) | (995,472) | (8,299,109 |
| Net liabilities | (3,851,549) | (652,685) | (814,019) | (5,318,253) |

**30 Financial risk management - cont'd**

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

| | GROUP Maturing 2011 | | | |
|---|---|---|---|---|
| | **Within 1 year** | **2 to 5 years** | **Over 5 years** | **Total** |
| | **G$000** | **G$000** | **G$000** | **G$000** |
| **Assets** | | | | |
| Investments | - | 1,459,925 | - | 1,459,925 |
| Trade and other receivables | 2,393,983 | - | - | 2,393,983 |
| Prepayments | 227,042 | - | - | 227,042 |
| Taxes recoverable | 519,609 | - | - | 519,609 |
| Cash on hand and at bank | 167,208 | - | - | 167,208 |
| | 3,307,842 | 1,459,925 | - | 4,767,767 |
| **Liabilities** | | | | |
| Trade payables and other payables | (4,214,868) | - | - | (4,214,868) |
| Current portion of interest bearing debts | (882,548) | - | - | (882,548) |
| Loans | - | (2,360,087) | (881,859) | (3,241,946) |
| Bank overdraft (secured) | (2,163,080) | - | - | (2,163,080) |
| Taxation | (52,818) | - | - | (52,818) |
| | (7,313,314) | (2,360,086) | (881,859) | (10,555,260) |
| Net liabilities | (4,005,472) | (900,162) | (881,859) | (5,787,493) |

**30 Financial risk management - cont'd**

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

| | GROUP Maturing 2010 | | | |
|---|---|---|---|---|
| | **Within 1 year** | **2 to 5 years** | **Over 5 years** | **Total** |
| | **G$000** | **G$000** | **G$000** | **G$000** |
| **Assets** | | | | |
| Investments | - | 1,538,505 | - | 1,538,505 |
| Trade and other receivables | 2,799,683 | - | - | 2,799,683 |
| Prepayment | 283,123 | - | - | 283,123 |
| Taxes recoverable | 375,980 | - | - | 375,980 |
| Cash on hand and at bank | 217,756 | - | - | 217,756 |
| | 3,676,542 | 1,538,505 | - | 5,215,047 |
| **Liabilities** | | | | |
| Trade payables and other payables | (4,763,599) | - | - | (4,763,599) |
| Current portion of interest bearing debts | (774,692) | - | - | (774,692) |
| Loans | - | (1,880,398) | (1,112,317) | (2,992,715) |
| Bank overdraft (secured) | (1,997,826) | - | - | (1,997,826) |
| Taxation | (193,880) | - | - | (193,880) |
| | (7,729,997) | (1,880,398) | (1,112,317) | (10,722,712) |
| Net liabilities | (4,053,455) | (341,893) | (1,112,317) | (5,507,665) |

**31 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 2010.

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.

**31 Capital risk management - cont'd**

The gearing ratio at the year end was as follows:

| | COMPANY | | GROUP | |
|---|---|---|---|---|
| | **2011 G$000** | 2010 G$000 | **2011 G$000** | 2010 G$000 |
| Debt (note 20) | **4,801,528** | 4,723,181 | **6,287,574** | 5,765,233 |
| Advances (note 16) | **1,744,969** | 1,952,185 | **1,744,969** | 1,952,185 |
| Cash and cash equivalents | **(63,987)** | (144,697) | **(167,208)** | (217,756) |
| Net debt | **6,482,510** | 6,530,669 | **7,865,335** | 7,499,662 |
| Equity (ii) | **10,682,584** | 9,647,977 | **13,074,505** | 12,019,383 |
| Net debt to equity ratio | **0.61 : 1** | 0.68:1 | **0.60 : 1** | 0.62:1 |

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

# Ten year review

| | **2011** | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|---|---|---|---|---|---|---|---|---|---|
| Turnover | **14,582,598** | 13,673,267 | 12,363,533 | 12,063,533 | 11,788,636 | 11,693,495 | 10,929,809 | 9,869,961 | 10,653,764 | 9,054,949 |
| Operating Profit | **2,745,500** | 2,360,738 | 2,306,837 | 2,032,012 | 2,101,662 | 1,984,027 | 1,712,424 | 1,627,877 | 1,485,592 | 1,240,187 |
| Interest Paid/Received | **642,957** | 606,509 | 653,898 | 592,296 | 522,769 | 500,802 | 457,799 | 412,873 | 328,781 | 239,540 |
| Profit Before Tax | **2,102,543** | 1,754,229 | 1,652,939 | 1,439,716 | 1,578,893 | 1,483,225 | 1,254,625 | 1,215,004 | 1,156,811 | 1,000,647 |
| Taxation | **555,733** | 614,605 | 619,589 | 533,693 | 600,780 | 544,720 | 491,419 | 411,411 | 380,079 | 247,825 |
| Profit after Tax | **1,546,810** | 1,139,624 | 1,033,350 | 906,023 | 978,113 | 938,505 | 763,205 | 803,593 | 776,732 | 752,822 |
| Gross Assets Employed | **24,554,273** | 23,602,480 | 22,968,411 | 21,518,395 | 17,621,678 | 15,384,695 | 14,390,186 | 13,719,460 | 12,923,653 | 11,349,431 |
| Capital Employed | **17,201,511** | 15,819,174 | 15,905,774 | 12,889,270 | 12,710,181 | 11,180,125 | 10,476,194 | 9,985,006 | 8,990,034 | 8,077,793 |
| Shareholder's Equity | **13,074,505** | 12,019,383 | 11,256,519 | 10,496,948 | 9,923,505 | 8,857,377 | 8,213,965 | 7,691,159 | 7,065,711 | 6,212,069 |
| Operating profit as % of sales | **19%** | 17.27% | 18.66% | 16.84% | 17.83% | 16.97% | 15.67% | 16.49% | 13.94% | 13.91% |
| Operating profit as % of Capital Employed | **16%** | 14.92% | 14.50% | 15.77% | 16.54% | 17.75% | 16.35% | 16.30% | 16.52% | 15.59% |
| Return on Gross assets | **11%** | 10.00% | 10.04% | 9.44% | 11.93% | 12.90% | 11.90% | 11.87% | 11.50% | 11.10% |
| Return on Shareholders' Funds | **16%** | 14.55% | 14.68% | 13.72% | 15.91% | 16.80% | 15.27% | 15.80% | 16.37% | 16.42% |
| Basic Earnings per share in Dollars | **2.01** | 1.49 | 1.29 | 1.18 | 1.28 | 1.22 | 0.99 | 1.04 | 1.01 | 0.98 |
| Equity per share | **16.98** | 15.61 | 14.62 | 13.63 | 12.89 | 11.47 | 10.67 | 9.99 | 9.18 | 7.40 |
| Dividend Cover | **4.46** | 3.47 | 3.16 | 3.26 | 3.26 | 3.34 | 2.72 | 3.35 | 3.49 | 3.26 |

# Procedures for Transfer of Shares

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

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

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

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

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

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

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

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

# Form of Proxy

## DEMERARA DISTILLERS LIMITED

### Annual General Meeting

I, ................................................................................................................................................................

of ................................................................................................................................................................

A MEMBER OF Demerara Distillers Limited hereby appoint

................................................................................................................................................................

OR IN HIS/HER ABSENCE ..........................................................................................................................

To act as my proxy at the Annual General Meeting on April 27, 2012 and at every adjournment thereof.

As witness my hand this .................................... day of ................................................................ 2012

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.*