



**DEMERARA
DISTILLERS**
LIMITED

**Demerara Distillers
Limited & Subsidiaries**

**INTERIM 20
REPORT 23**

CHAIRMAN'S STATEMENT

I am pleased to report to Shareholders on the Results for the Group as at the end June 2023.

In 2023, the international economic situation remains uncertain. The War in Ukraine continues unabated with its concomitant negative effects of price escalation on food and energy supplies. European economies continue to experience high inflation resulting in increasing interest rates, as Central Banks struggle to rein in such economies.

While shipping costs have somewhat improved, input costs in our production processes remain high and supply chains are yet to regain normalcy.

Additionally, the effects of global warming are being felt worldwide. In recent months, record high temperatures in several parts of the world have caused major fires - resulting in persons having to abandon their homes. In other parts of the world, unusually heavy rainfall has caused catastrophic floods - disrupting millions of lives. Clearly, the influence of global warming in the world must now be a central economic consideration.

These circumstances have had the effect of slowing the rate of growth of our sales in the European and North American markets. Both are key markets for our branded as well as bulk alcohol products. Export sales in the first half of this year achieved marginal increase compared to same period last year.

Overall, Revenue for the year was \$15.72 billion compared to \$14.17 billion recorded in the previous year, an increase of approximately 11%. This improvement was attributed to an increase in the Group's domestic Revenue by 15%; while Revenue from the international market increased by 5%.

Profit Before Taxation for the period was \$2.71 billion compared to \$2.44 billion recorded in the previous year, representing an increase of 11.1%; while Profit After Taxation was \$2.0 billion compared to \$1.8 billion, an increase of 11.1%.

As the Group continues to work to maximise all opportunities within its control, I remain hopeful that international markets will improve in the second half of the year.

During the period, implementation of several major projects continued, while several others are at the planning stage. The impact of these projects will be beneficial on the Group's results in future years.

I take the opportunity to recognise the ongoing commitment of Staff and commend their hard work which contributed to these results.

I thank the Board of Directors for their continued support, advice and guidance.



Komal Samaroo
Chairman

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD JANUARY 1 - JUNE 30, 2023

	Group		
	Unaudited Jun-23 G\$ 000	Unaudited Jun-22 G\$ 000	Audited Dec-22 G\$ 000
Turnover	15,719,758	14,174,149	31,415,239
Cost of sales	(9,778,226)	(8,846,485)	(18,531,730)
Gross profit	5,941,532	5,327,664	12,883,509
Other income	140,775	124,540	424,476
Investment properties income	5,342	4,917	9,927
Selling and distribution expenses	(1,811,413)	(1,624,069)	(3,194,930)
Administration expenses	(1,639,767)	(1,419,163)	(3,072,322)
Profit before interest and taxation	2,636,470	2,413,889	7,050,660
Finance Cost	(89,984)	(27,776)	(118,124)
Share of profit/(loss) of associate companies	161,018	53,080	153,424
Profit before taxation	2,707,504	2,439,194	7,085,960
Taxation	(693,478)	(637,870)	(1,765,186)
Profit for the year	2,014,026	1,801,324	5,320,774
Other Comprehensive Income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension plans	-	-	2,821,213
Fair value (loss)/profit on investments	(246,510)	5,355,990	3,899,340
	(246,510)	5,355,990	6,720,553
Items that may be subsequently reclassified to profit or loss:			
Exchange difference on consolidation	24,283	(125,386)	(88,396)
	24,283	(125,386)	(88,396)
Other comprehensive income for the year	(222,227)	5,230,604	6,632,157
Total comprehensive income for the year	1,791,799	7,031,928	11,952,931
Basic earnings per share in dollars	2.62	2.34	6.91

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	GROUP		
	Unaudited	Unaudited	Audited
	Jun-23	Jun-22	Dec-22
	G\$ 000	G\$ 000	G\$ 000
ASSETS			
Non current assets			
Property, plant and equipment	18,663,610	15,578,811	17,149,824
Investment properties	143,032	148,552	145,413
Investments	10,021,490	11,506,420	10,106,983
Retirement benefit asset	10,429,587	6,369,439	10,429,587
Total non-current assets	39,257,720	33,603,222	37,831,807
Current assets			
Inventories	19,063,705	15,781,166	17,489,047
Trade and other receivables	2,542,163	2,766,379	3,046,462
Prepayments	1,005,442	769,986	522,998
Taxes recoverable	631,041	633,491	627,511
Cash in hand and at bank	298,194	479,824	1,293,365
Total current assets	23,540,546	20,430,845	22,979,383
TOTAL ASSETS	62,798,265	54,034,067	60,811,190

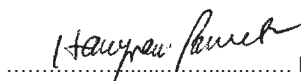
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

AS AT JUNE 30, 2023

	GROUP		
	Unaudited Jun-23 G\$ 000	Unaudited Jun-22 G\$ 000	Audited Dec-22 G\$ 000
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Issued capital	770,000	770,000	770,000
Capital reserves	450,854	450,854	450,854
Other reserve	8,390,050	10,093,210	8,636,560
Exchange difference reserves	(199,551)	(260,824)	(223,834)
Retained earnings	42,275,411	35,268,221	41,300,885
TOTAL EQUITY	51,686,764	46,321,461	50,934,465
Non-current liabilities			
Deferred tax	3,162,632	2,217,084	3,162,632
Retirement benefit obligation	5,233	5,737	5,233
Total non-current liabilities	3,167,865	2,222,821	3,167,865
Current liabilities			
Trade and other payables	4,085,220	3,496,059	4,160,030
Taxes payable	258,006	264,241	572,322
Bank overdraft (secured)	3,600,410	1,729,485	1,976,508
Total current liabilities	7,943,636	5,489,785	6,708,860
TOTAL LIABILITIES	11,111,501	7,712,606	9,876,725
TOTAL EQUITY AND LIABILITIES	62,798,265	54,034,067	60,811,190

The Board of Directors approved these financial statements for issue on August 17, 2023.

 Chairman

 Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD JANUARY 1 - JUNE 30, 2023

GROUP

	Share Capital G\$ 000	Capital Reserves G\$ 000	Other Reserves G\$ 000	Exchange Difference Reserve G\$ 000	Retained Earnings G\$ 000	Total Equity G\$ 000
Balance at January 01, 2021	770,000	450,854	2,048,020	(5,797)	28,723,639	31,986,716
Changes in equity						
Total comprehensive income/ (loss) for the year	-	-	2,689,200	(129,641)	6,668,258	9,227,817
Dividends	-	-	-	-	(1,039,500)	(1,039,500)
Balance at December 31, 2021	770,000	450,854	4,737,220	(135,438)	34,352,397	40,175,033
Changes in equity 2022						
Total comprehensive income / (loss) for the year	-	-	3,899,340	(88,396)	8,141,988	11,952,932
Dividends	-	-	-	-	(1,193,500)	(1,193,500)
Balance at December 31, 2022	770,000	450,854	8,636,560	(223,834)	41,300,885	50,934,465
Changes in equity 2023						
Total comprehensive income / (loss) for the period	-	-	(246,510)	24,283	2,014,026	1,791,799
Dividends	-	-	-	-	(1,039,501)	(1,039,501)
Balance at June 30, 2023	770,000	450,854	8,390,050	(199,551)	42,275,411	51,686,764

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED JANUARY 1 - JUNE 30, 2023

	GROUP		
	Unaudited	Unaudited	Audited
	Jun-23 G\$ 000	Jun-22 G\$ 000	Dec-22 G\$ 000
Operating activities			
Profit before taxation	2,707,504	2,439,194	7,085,960
Adjustments for:			
Depreciation on property, plant and equipment	635,793	550,066	954,086
Depreciation on investment properties	5,227	4,761	7,900
Remeasurement in defined benefit asset	-	-	(298,531)
Remeasurement in defined benefit liability	-	-	(504)
Increase in investment in associate companies	(161,018)	(53,080)	(110,293)
Exchange difference on consolidation	24,283	(125,386)	(88,396)
Interest received	-	-	(744)
Interest paid	89,984	27,776	118,868
Operating profit before working capital changes	3,301,773	2,843,331	7,668,346
(Increase)/decrease in inventories	(1,574,658)	(1,645,201)	(3,353,080)
(Increase)/decrease in receivables and prepayments	21,854	(550,264)	(583,360)
Increase/(decrease) in payables and accruals	(74,810)	(179,667)	484,304
Cash generated from operations	1,674,159	468,198	4,216,210
Taxes paid/adjusted	(1,011,324)	(1,079,260)	(1,887,372)
Net cash provided by operating activities	662,836	(611,062)	2,328,838

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

FOR THE PERIOD ENDED JANUARY 1 - JUNE 30, 2023

	GROUP		
	Unaudited Jun-23 G\$ 000	Unaudited Jun-22 G\$ 000	Audited Dec-22 G\$ 000
Investing activities			
Interest received	-	-	744
Purchase/transfer of property, plant and equipment	(2,152,425)	(539,236)	(2,514,270)
Net cash used in investing activities	(2,152,425)	(539,236)	(2,513,526)
Financing activities			
Interest paid	(89,984)	(27,776)	(118,867)
Dividends paid	(1,039,501)	(885,499)	(1,193,500)
Net cash used in financing activities	(1,129,485)	(913,275)	(1,312,367)
Net increase/(decrease) in cash and cash equivalents	(2,619,074)	(2,063,573)	(1,497,055)
Cash and cash equivalents at beginning of period	(683,143)	813,912	813,912
Cash and cash equivalents at end of period	(3,302,216)	(1,249,661)	(683,143)

NOTES ON THE ACCOUNTS

The financial statements included in this interim report are the un-audited financial results of the company and its subsidiaries as at June 30, 2023, and were approved on August 17, 2023.

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

Basis of Preparation

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

The accounting policies are consistent with those in the financials for the year ended December 31, 2022.

Taxation

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

Directors' Interest

The interests of directors holding office at June 30, 2023 in the ordinary shares of Demerara Distillers Limited were as follows:

Demerara Distillers Limited ordinary shares at No par value

	Beneficial Interest	Associates' Interest
Komal Samaroo	931,646	1,137,141
Egbert Carter	Nil	Nil
Rudy Collins	929	Nil
Timothy Jonas	109,634	Nil
Harryram Parmesar	234,463	Nil
Lancelot Tyrell	29,750	Nil
Joseph Singh	Nil	Nil
Sharda Veeren-Chand	1,500,000	Nil
Sharon Sue Hang	684,295	Nil
Allison Thorne	20,278	Nil

NOTES ON THE ACCOUNTS (cont'd)

December 31, 2022

	Beneficial Interest	Associates' Interest
Komal Samaroo	931,646	1,137,141
Egbert Carter	Nil	Nil
Rudolph Collins	929	Nil
Timothy Jonas S.C.	109,634	Nil
Harryram Parmesar	234,463	Nil
Lancelot Tyrell	29,750	Nil
Joseph Singh	Nil	Nil
Sharda Veeren-Chand	1,500,000	Nil
Sharon Sue Hang	684,295	Nil
Allison Thorne	20,278	Nil
Ramesh Persaud	Nil	Nil

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

Substantial Shareholders

June 30, 2023

Demerara Distillers Limited	Number of Shares	% Shareholding
Trust Company (Guyana) Limited	235,614,859	30.60
Secure International Finance Co Ltd	142,582,506	18.52
National Insurance Company	61,636,154	8.00

December 31, 2022

Demerara Distillers Limited	Number of Shares	% Shareholding
Trust Company (Guyana) Limited	235,542,445	30.50
Secure International Finance Co Ltd	142,582,506	18.52
National Insurance Company	61,600,000	8.00

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

NOTES ON THE ACCOUNTS (cont'd)

Segment Information

INDUSTRY

	External Sales			Profit Before Tax		
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
	Jun-23	Jun-22	Dec-22	Jun-23	Jun-22	Dec-22
	G\$000	G\$000	G\$000	G\$000	G\$000	G\$000
Manufacturing	13,490,463	12,175,985	27,620,634	2,072,483	1,816,181	5,965,576
Trading	3,272,301	3,546,670	7,352,541	182,490	283,140	589,544
Services	1,023,964	824,099	1,663,901	291,513	286,791	453,886
Eliminations	(2,066,970)	(2,372,606)	(5,221,838)	-	-	(76,470)
Share of profit/(loss) in Associates	-	-	-	161,018	53,080	153,424
Consolidated	15,719,758	14,174,149	31,415,238	2,707,504	2,439,193	7,085,960
			Unaudited	Unaudited	Audited	
			Jun-23	Jun-22	Dec-22	
			G\$000	G\$000	G\$000	
Segment Assets						
Manufacturing		55,736,970	48,595,024	53,929,957		
Trading		2,626,041	2,291,583	2,846,766		
Services		2,847,853	1,778,290	2,608,084		
		61,210,864	52,664,896	59,384,807		
Investment in Associates		1,587,401	1,369,170	1,426,383		
Total Consolidated Assets		62,798,265	54,034,066	60,811,190		
Segment Liabilities						
Manufacturing		8,798,800	6,360,618	7,263,414		
Trading		433,353	292,321	681,220		
Services		1,879,348	1,059,667	1,932,091		
Total Consolidated Liabilities		11,111,501	7,712,606	9,876,725		

NOTES ON THE ACCOUNTS (cont'd)

Segment information - cont'd

	Unaudited Jun-23 G\$000	Unaudited Jun-22 G\$000	Audited Dec-22 G\$000
Other Segment Information			
Capital Additions			
Manufacturing	1,926,846	405,505	2,147,349
Trading	2,255	7,751	69,444
Services	223,324	125,980	337,139
	<u>2,152,425</u>	<u>539,236</u>	<u>2,553,932</u>
Depreciation			
Manufacturing	575,288	507,680	686,747
Trading	11,798	13,642	85,406
Services	53,935	33,505	166,569
	<u>641,020</u>	<u>554,827</u>	<u>938,722</u>

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

GEOGRAPHICAL

	Revenue			Profit before tax		
	Unaudited Jun-23 G\$ 000	Unaudited Jun-22 G\$ 000	Audited Dec-22 G\$ 000	Unaudited Jun-23 G\$ 000	Unaudited Jun-22 G\$ 000	Audited Dec-22 G\$ 000
	Guyana	14,680,043	12,986,824	28,914,870	2,647,038	2,344,723
Europe	389,981	410,028	1,127,850	634	18,798	55,071
North America	596,738	714,298	1,264,097	42,443	64,807	99,948
Caribbean	52,996	62,999	108,422	17,389	10,866	17,998
	<u>15,719,758</u>	<u>14,174,149</u>	<u>31,415,239</u>	<u>2,707,504</u>	<u>2,439,194</u>	<u>7,085,960</u>

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

	Revenue		
	Unaudited Jun-23 G\$ 000	Unaudited Jun-22 G\$ 000	Audited Dec-22 G\$ 000
	Domestic (country of parent company)	10,012,425	9,357,116
Foreign	5,707,334	4,817,033	10,561,946
	<u>15,719,758</u>	<u>14,174,149</u>	<u>31,415,239</u>

NOTES ON THE ACCOUNTS (cont'd)

Segment information - cont'd

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

	Carrying amount of segment assets			Additions/transfers to property, plant and equipment & intangible assets		
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
	Jun-23	Jun-22	Dec-22	Jun-23	Jun-22	Dec-22
	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000
Guyana	59,928,813	51,412,384	58,003,065	2,144,376	531,777	2,502,529
Europe	1,987,896	1,707,942	1,911,826	-	-	2,846
North America	603,500	545,309	542,759	-	-	-
Caribbean	278,056	368,432	353,540	8,050	7,459	9,020
	62,798,265	54,034,067	60,811,190	2,152,426	539,236	2,514,395

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	Unaudited
		Jun-23
Guyana and United States	North America	1,630,517
Guyana, Europe and St. Kitts	Europe	3,226,494
Guyana and St. Kitts	Caribbean	828,197
Guyana	Guyana	10,003,811
Others		30,739
Total		15,719,758
		Unaudited
		Jun-22

Revenue Generating Segment (s)	Revenue Generating Region	Unaudited
		Jun-22
Guyana and United States	North America	1,995,394
Guyana, Europe and St. Kitts	Europe	1,966,760
Guyana and St. Kitts	Caribbean	799,538
Guyana	Guyana	9,399,172
Others		13,284
Total		14,174,149

NOTES ON THE ACCOUNTS (cont'd)

Segment information - cont'd

	Audited Dec-22	
Revenue Generating Segment (s)	Revenue Generating Region	Amount of Revenue Generated (G\$000)
Guyana and United States	North America	4,252,016
Guyana, Europe and Caribbean	Europe	1,810,301
Guyana and Caribbean	Caribbean	1,401,788
Guyana	Guyana	23,856,281
Others		94,853
Total		<u>31,415,239</u>

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

	Unaudited Jun-23	
Revenue Generating Segment (s)	Revenue Generating Segment (s)	Amount of Revenue Generated (G\$000)
Customer#1	Guyana	2,418,643
Others		13,301,116
Total		<u>15,719,758</u>

	Unaudited Jun-22	
Revenue Generating Segment (s)	Revenue Generating Segment (s)	Amount of Revenue Generated (G\$000)
Customer#1	Guyana	1,310,598
Others		12,863,551
Total		<u>14,174,149</u>

	Audited Dec-22	
Revenue Generating Segment (s)	Revenue Generating Segment (s)	Amount of Revenue Generated (G\$000)
Customer#1	Guyana	3,050,874
Others		28,364,365
Total		<u>31,415,239</u>



**DEMERARA
DISTILLERS**
LIMITED

DEMERARA DISTILLERS LIMITED & SUBSIDIARIES

**Plantation Great Diamond, East Bank Demerara,
Guyana, South America**

Tel: (592) 265-6000 Fax: (592) 265-3367

Email: ddlweb@demrum.com

Website: www.demeraradistillers.com