



**DEMERARA
DISTILLERS**
LIMITED

DEMERARA DISTILLERS LIMITED
& SUBSIDIARIES

**INTERIM
REPORT
2022**

CHAIRMAN'S STATEMENT

The first half of 2022 has been extremely challenging for the Group, as we battled to overcome a series of overlapping crises, most of which were external in nature but adversely affected the results for the period.

Just as the unprecedented effects of two years of the COVID 19 Pandemic started to take an apparent positive turn, with the gradual return to some degree of normalcy, the War in Ukraine started in February 2022. The War in Ukraine introduced additional unfavourable variables to the international business environment which compounded the existing difficulties created by the Pandemic.

In 2022, prices on goods and services generally have skyrocketed. DDL has been specifically affected in our production processes, having had to absorb unprecedented price increases in the cost of fuel, transportation, raw materials as well as packaging materials. Shipping rates on both imports and exports have increased exponentially.

In addition, delays in shipments, whether on account of unavailability of containers, or delays at in-transit ports because of vessel capacity, have disrupted the supply chain for both inputs into our operations as well as exports of our products.

The effects of the War in Ukraine also disrupted the economies in Western Europe, resulting in the decline of the value of the Euro, which is now on par with the US Dollar. This also adversely impacted the real dollar value of our export revenue proceeds from the EU, which is one of the Group's major markets.

Despite such a challenging background, the Group has managed to maintain a robust level of performance.

Turnover for the period was \$14.17 billion compared to \$12.24 billion in the preceding year. This represents an increase of \$1.93 billion or 15.8 % over the previous year. Domestic Revenue increased by 14.2 %; while Export Revenue increased by 19 %.

Profit Before Taxation for the period was \$2.439 billion compared to \$2.340 billion, an increase of \$0.99 billion or 4.2 %. The high cost of inputs and transportation eroded the additional profit margin that should have been earned from the incremental sales.

During the period, we completed the construction of the Bulk Terminal near our Distillery Operations at Plantation Diamond, East Bank of Demerara. The anticipated benefits derived from this project came to fruition in a very timely manner, as the delay in shipments of bulk products required additional storage to keep the Distillery operational.

In addition, the upgrade and rehabilitation of the Demerara Shipping Company Limited Port facility continued through the period and the current phase is expected to be completed by the end of the year.

I take this opportunity to thank our staff, at all levels in the organisation, for their continued

hard work, commitment, and determination as we continue to weather the existing and emerging storms during this turbulent period. I also thank our Board of Directors for their strategic guidance, understanding and support.



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Komal Samaroo
Chairman

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD JANUARY 1 - JUNE 30, 2022

	Group		
	Unaudited Jun-22 G\$ 000	Unaudited Jun-21 G\$ 000	Audited Dec-21 G\$ 000
Turnover	14,174,149	12,240,605	27,646,995
Cost of sales	(8,846,485)	(7,160,662)	(15,968,941)
Gross profit	5,327,664	5,079,943	11,678,054
Other income	124,540	130,376	303,838
Investment properties income	4,917	5,460	9,061
Selling and distribution expenses	(1,624,069)	(1,628,897)	(3,067,125)
Administration expenses	(1,419,163)	(1,209,583)	(2,618,561)
Profit before interest and taxation	2,413,889	2,377,299	6,305,267
Finance Cost	(27,776)	(21,432)	(34,025)
Share of profit/(loss) of associate companies	53,080	(16,196)	113,926
Profit before taxation	2,439,193	2,339,671	6,385,168
Taxation	(637,870)	(664,365)	(1,596,503)
Profit for the year	1,801,323	1,675,306	4,788,665
Other Comprehensive Income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension plans	-	-	1,879,593
Fair value profit on investments	5,355,990	201,690	2,689,200
	5,355,990	201,690	4,568,793
Items that may be subsequently reclassified to profit or loss:			
Exchange difference on consolidation	(125,386)	(49,931)	(129,641)
	(125,386)	(49,931)	(129,641)
Other comprehensive income for the year	5,230,604	151,759	4,439,152
Total comprehensive income for the year	7,031,927	1,827,065	9,227,817
Basic earnings per share in dollars	2.34	2.18	6.22

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

	GROUP		
	Unaudited	Unaudited	Audited
	Jun-22	Jun-21	Dec-21
	G\$ 000	G\$ 000	G\$ 000
ASSETS			
Non current assets			
Property, plant and equipment	15,578,811	14,798,221	15,589,641
Investment properties	148,552	158,249	153,313
Investments	11,506,420	3,474,695	6,097,350
Retirement benefit asset	6,369,439	3,698,765	6,369,439
Total non-current assets	33,603,222	22,129,930	28,209,743
Current assets			
Inventories	15,781,165	12,677,036	14,135,965
Trade and other receivables	2,766,379	2,287,228	2,421,679
Prepayments	769,986	338,932	564,421
Taxes recoverable	633,491	620,186	640,368
Cash in hand and at bank	479,824	462,788	1,071,919
Total current assets	20,430,845	16,386,170	18,834,352
TOTAL ASSETS	54,034,067	38,516,100	47,044,095


CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

AS AT JUNE 30, 2022

	GROUP		
	Unaudited Jun-22 G\$ 000	Unaudited Jun-21 G\$ 000	Audited Dec-21 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	10,093,210	2,249,710	4,737,220
Exchange difference reserves	(260,824)	(55,728)	(135,438)
Retained earnings	35,268,221	29,667,446	34,352,397
TOTAL EQUITY	46,321,461	33,082,282	40,175,033
Non-current liabilities			
Deferred tax	2,217,084	1,562,670	2,217,082
Retirement benefit obligation	5,737	9,134	5,737
Total non-current liabilities	2,222,821	1,571,804	2,222,819
Current liabilities			
Trade and other payables	3,496,059	3,097,547	3,675,726
Taxes payable	264,241	455,514	712,510
Bank overdraft (secured)	1,729,485	308,953	258,007
Total current liabilities	5,489,785	3,862,014	4,646,243
TOTAL LIABILITIES	7,712,606	5,433,818	6,869,062
TOTAL EQUITY AND LIABILITIES	54,034,067	38,516,100	47,044,095

The Board of Directors approved these financial statements for issue on August 18, 2022.

 Chairman

 Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD JANUARY 1 - JUNE 30, 2022

	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, 2020	770,000	450,854	1,546,833	(137,798)	25,173,187	27,803,076
Changes in equity						
Total comprehensive income for the year	-	-	501,187	132,001	4,474,452	5,107,640
Dividends	-	-	-	-	(924,000)	(924,000)
Balance at December 31, 2020	770,000	450,854	2,048,020	(5,797)	28,723,639	31,986,716
Changes in equity 2021						
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 period	-	-	5,355,990	(125,386)	1,801,323	7,031,927
Dividends	-	-	-	-	(885,499)	(885,499)
Balance at June 30, 2022	770,000	450,854	10,093,210	(260,824)	35,268,221	46,321,461

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED JANUARY 1 - JUNE 30, 2022

	GROUP		
	Unaudited Jun-22 G\$ 000	Unaudited Jun-21 G\$ 000	Audited Dec-21 G\$ 000
Operating activities			
Profit before taxation	2,439,193	2,339,671	6,385,168
Adjustments for:			
Depreciation on property, plant and equipment	550,066	467,595	997,664
Depreciation on investment properties	4,761	5,449	10,385
Remeasurement in defined benefit asset	-	-	(167,719)
Remeasurement in defined benefit liability	-	-	(490)
Provision for investment	-	-	(57,750)
Decrease/(Increase) in investment in associate companies	(53,080)	16,196	(61,199)
Exchange difference on consolidation	(125,386)	(49,931)	(129,641)
Interest received	-	-	(752)
Interest paid	27,776	21,432	34,777
Operating profit before working capital changes	2,843,330	2,800,412	7,010,443
Increase in inventories	(1,645,200)	(143,524)	(1,602,453)
(Increase)/decrease in receivables and prepayments	(550,265)	167,329	(192,611)
Increase/(decrease) in payables and accruals	(179,667)	451,904	1,030,083
Cash generated from operations	468,198	3,276,121	6,245,462
Taxes paid/adjusted	(1,079,260)	(912,713)	(1,579,894)
Net cash provided by operating activities	(611,062)	2,363,408	4,665,568

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

FOR THE PERIOD ENDED JANUARY 1 - JUNE 30, 2022

	GROUP		
	Unaudited Jun-22 G\$ 000	Unaudited Jun-21 G\$ 000	Audited Dec-21 G\$ 000
Investing activities			
Interest received	-	-	752
Purchase/transfer of property, plant and equipment	(539,236)	(1,029,532)	(2,351,021)
Net cash used in investing activities	(539,236)	(1,029,532)	(2,350,269)
Financing activities			
Loan repayments and transfers	-	(275,379)	(275,379)
Interest paid	(27,776)	(21,432)	(34,777)
Dividends paid	(885,499)	(731,499)	(1,039,500)
Net cash used in financing activities	(913,275)	(1,028,310)	(1,349,656)
Net increase/(decrease) in cash and cash equivalents	(2,063,573)	305,566	965,643
Cash and cash equivalents at beginning of period	813,912	(151,731)	(151,731)
Cash and cash equivalents at end of period	(1,249,661)	153,835	813,912

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, 2022 and were approved on August 18, 2022.

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 and 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, 2021.

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, 2022 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	610,707	Nil
Allison Thorne	Nil	Nil
Ramesh Persaud	Nil	Nil

NOTES ON THE ACCOUNTS (cont'd)

December 31, 2021

	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	610,477	Nil
Allison Thorne	Nil	Nil
Ramesh Persaud	Nil	Nil

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

Substantial Shareholders

June 30, 2022

Demerara Distillers Limited	Number of Shares	% Shareholding
Trust Company (Guyana) Limited	235,425,645	30.57
Secure International Finance Co Ltd	142,582,506	18.52
National Insurance Company	61,600,000	8.00

December 31, 2021

Demerara Distillers Limited	Number of Shares	% Shareholding
Trust Company (Guyana) Limited	235,425,645	30.57
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-22	Jun-21	Dec-21	Jun-22	Jun-21	Dec-21
	G\$000	G\$000	G\$000	G\$000	G\$000	G\$000
Manufacturing	12,175,986	10,295,625	23,617,984	1,816,182	2,006,850	5,521,409
Trading	3,546,670	2,934,198	6,500,951	283,140	231,218	559,762
Services	824,099	593,164	1,218,108	286,791	136,475	231,035
Eliminations	(2,372,606)	(1,582,382)	(3,690,048)	-	(18,676)	(40,964)
Share of profit/(loss) in Associates	-	-	-	53,080	(16,196)	113,926
Consolidated	14,174,149	12,240,605	27,646,995	2,439,193	2,339,671	6,385,168

	Unaudited	Unaudited	Audited
	Jun-22	Jun-21	Dec-21
	G\$000	G\$000	G\$000
Segment Assets			
Manufacturing	48,595,024	34,109,248	41,595,164
Trading	2,291,583	1,950,328	2,629,753
Services	1,778,290	1,217,829	1,503,088
	52,664,897	37,277,405	45,728,005
Investment in Associates	1,369,170	1,238,695	1,316,090
Total Consolidated Assets	54,034,067	38,516,100	47,044,095
Segment Liabilities			
Manufacturing	6,360,618	4,414,117	5,048,153
Trading	292,321	308,432	748,652
Services	1,059,667	711,269	1,072,257
Total Consolidated Liabilities	7,712,606	5,433,818	6,869,062

NOTES ON THE ACCOUNTS (cont'd)

Segment information - cont'd

	Unaudited Jun-22 G\$000	Unaudited Jun-21 G\$000	Audited Dec-21 G\$000
Other Segment Information			
Capital Additions			
Manufacturing	405,505	978,108	2,197,382
Trading	7,751	3,342	26,051
Services	125,980	48,082	164,990
	539,236	1,029,532	2,388,423
Depreciation			
Manufacturing	507,680	438,177	795,447
Trading	13,642	10,761	74,333
Services	33,505	24,106	138,269
	554,827	473,044	1,008,049

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	Unaudited	Audited	Unaudited	Unaudited	Audited
	Jun-22 G\$ 000	Jun-21 G\$ 000	Dec-21 G\$ 000	Jun-22 G\$ 000	Jun-21 G\$ 000	Dec-21 G\$ 000
Guyana	12,986,824	11,208,558	24,925,714	2,344,722	2,264,670	6,183,961
Europe	410,028	514,169	1,289,061	18,798	21,180	56,677
North America	714,298	473,586	1,340,186	64,807	32,339	108,977
Caribbean	62,999	44,292	92,034	10,866	21,482	35,553
	14,174,149	12,240,605	27,646,995	2,439,193	2,339,671	6,385,168

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

	Revenue		
	Unaudited	Unaudited	Audited
	Jun-22 G\$ 000	Jun-21 G\$ 000	Dec-21 G\$ 000
Domestic (country of parent company)	9,357,116	8,191,085	18,691,895
Foreign	4,817,033	4,049,520	8,955,100
	14,174,149	12,240,605	27,646,995

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-22	Jun-21	Dec-21	Jun-22	Jun-21	Dec-21
	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000
Guyana	51,412,384	35,922,261	44,447,704	531,777	1,029,503	2,386,925
Europe	1,707,942	1,879,525	1,724,721	-	-	-
North America	545,309	415,235	548,255	-	(117)	-
Caribbean	368,432	299,079	323,415	7,459	146	1,498
	54,034,067	38,516,100	47,044,095	539,236	1,029,532	2,388,423

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-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		13,285
Total		14,174,149

Revenue Generating Segment (s)	Revenue Generating Region	Unaudited
		Jun-21
Guyana and United States	North America	1,895,935
Guyana, Europe and St. Kitts	Europe	1,457,340
Guyana and St. Kitts	Caribbean	599,328
Guyana	Guyana	8,213,377
Others		74,625
Total		12,240,605

NOTES ON THE ACCOUNTS (cont'd)

Segment information - cont'd

	Audited Dec-21	
Revenue Generating Segment (s)	Revenue Generating Region	Amount of Revenue Generated (G\$000)
Guyana and United States	North America	4,492,557
Guyana, Europe and Caribbean	Europe	3,001,184
Guyana and Caribbean	Caribbean	1,365,838
Guyana	Guyana	18,691,895
Others		95,521
Total		<u>27,646,995</u>

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

	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>

	Unaudited Jun-21	
Revenue Generating Segment (s)	Revenue Generating Segment (s)	Amount of Revenue Generated (G\$000)
Customer#1	Guyana	-
Others		12,240,605
Total		<u>12,240,605</u>

	Audited Dec-21	
Revenue Generating Segment (s)	Revenue Generating Segment (s)	Amount of Revenue Generated (G\$000)
Customer#1	Guyana	-
Others		27,646,995
Total		<u>27,646,995</u>



**DEMERARA
DISTILLERS**
LIMITED

DEMERARA DISTILLERS LIMITED & SUBSIDIARIES

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