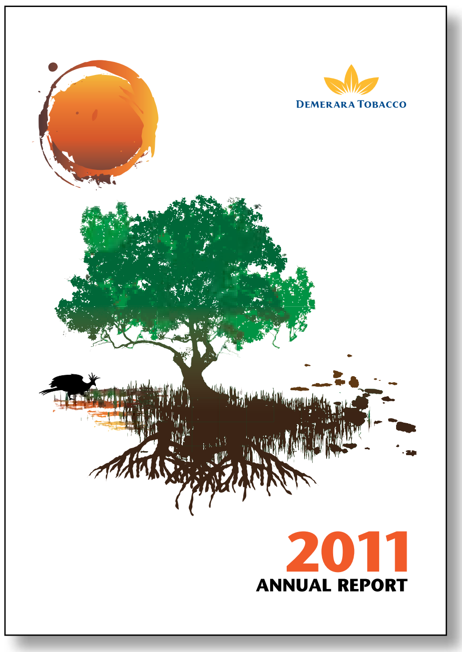

The Sustainable Corollary

The Demerara Tobacco Company has been in existence for the past seventy-eight years. Formed in 1934 during a time of sweeping socio-economic unrest in Guyana's history, the company has prevailed over its many challenges throughout these years.

It is this similar ability to thrive in an unstable environment that is echoed in the nature of the mangrove. Unique in its capacity to flourish in conditions which other plants cannot, it is equally at home in fresh, salt and brackish waters and is therefore invaluable in preventing soil erosion of our vulnerable coastlines.

The Mangrove Restoration Project's objective seeks to restore natural order in the symbiotic relationship between fauna, like our national bird, the *Hoatzin* and its habitat. Like the mangrove, Demerara Tobacco continues to be steadfastly rooted in our resolve of sustainable growth and development for our stakeholders guided by adept corporate governance and social responsibility to the people of Guyana.

| Our Strategy

The four building blocks of our strategy, Growth, Productivity, Responsibility and developing a Winning Organization are interdependent and essential for creating shareholder value, delivering profit growth and long term business sustainability.

Growth

By growth, we don't mean increasing the number of people in the world who smoke or the amount they smoke. Our business is about meeting the preferences of adults who have chosen to be tobacco consumers and about differentiating our brands from those of our competitors. We aim to grow our share of the market through organic growth as well as to grow our revenues and our profits.

Productivity

Our overall approach to productivity is about using our global resources to increase profits and generate funds for reinvesting in our business.

Responsibility

We will continue to balance our commercial objectives with the expectations of a broad range of stakeholders, thus ensuring a sustainable business.

Winning Organisation

To achieve our vision of industry leadership, we recognise that we must continue to have outstanding people and the right working environment. We aim to attract, develop and retain high calibre talent and to make sure the organisation is constantly learning – sharing knowledge quickly, learning from mistakes and replicating successes.

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| Corporate Information

Chairman
Amanda Cavill

Other Directors
Chandradat Chintamani
Charles Quintin
Marcus Steele

Secretary
Carol Liverpool

Registered Office
90 Carmichael Street
South Cummingsburg
Georgetown

Attorney-At-Law
Cameron & Shepherd
2 Avenue of the Republic
Georgetown

Auditors
Jack A Alli, Sons & Co.
Chartered Accountants
145 Crown Street
Queenstown
Georgetown

Bankers
Guyana Bank for Trade & Industry Limited
138 Regent Street
Lacytown
Georgetown

Republic Bank (Guyana) Limited
38-40 Water Street
Robbstown
Georgetown

Registrar
Trust Company (GUYANA) Limited
230 Camp Street & South Road
Georgetown

DEMERARA TOBACCO

| Notice of Meeting

Carol Liverpool - Secretary

Notice is hereby given that the 78th Annual General Meeting of the Demerara Tobacco Company Limited will be held at the Pegasus Hotel, Seawall Road, Kingston, Georgetown on 30 March 2012 at 4.00 p.m. for the transaction of the following business:

1. To receive and consider the Audited Financial Statements of the Company for the financial year ended 31 December 2011 together with the Reports of the Directors and Auditors thereon.

2. To consider and (if thought fit) pass the following resolution:

   "THAT THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 AND THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON BE AND ARE HEREBY APPROVED."

3. To consider the declaration of a Final Dividend of $7.29 per share by the Board in addition to the four (4) Interim Dividends totalling $50.51 per share already declared and paid by the board and (if thought fit) pass the following resolution:

   "THAT THE FOUR (4) INTERIM DIVIDENDS TOTALLING $50.51 ALREADY PAID BE CONFIRMED AND THAT A FINAL DIVIDEND OF $7.29 PER SHARE AS RECOMMENDED BY THE BOARD FOR THE YEAR ENDED 31 DECEMBER 2011 BE APPROVED AND PAID TO THOSE SHAREHOLDERS ON THE COMPANY'S SHARE REGISTER AT THE CLOSE OF BUSINESS ON 30 March 2012."

4. To elect Directors

To propose and (if thought fit) pass the under mentioned resolutions:

4.1 "THAT MS AMANDA CAVILL, WHO WAS APPOINTED UNDER BY-LAW 18(7) OF THE COMPANY'S BY-LAWS AS A DIRECTOR OF THE COMPANY, BE AND IS HEREBY ELECTED AS A DIRECTOR"

4.2 "THAT MR MARCUS STEELE, WHO WAS APPOINTED UNDER BY-LAW 18(7) OF THE COMPANY'S BY-LAWS AS A DIRECTOR OF THE COMPANY, BE AND IS HEREBY ELECTED AS A DIRECTOR"

4.3 "THAT MS MALISSA SYLVESTER, WHO WAS APPOINTED UNDER BY-LAW 18(7) OF THE COMPANY'S BY-LAWS AS A DIRECTOR OF THE COMPANY, BE AND IS HEREBY ELECTED AS A DIRECTOR"

4.4 "THAT MR CHANDRADAT CHINTAMANI, WHO WAS APPOINTED UNDER BY-LAW 18(7) OF THE COMPANY'S BY-LAWS AS A DIRECTOR OF THE COMPANY, BE AND IS HEREBY ELECTED AS A DIRECTOR"

4.5 "THAT MR CHARLES QUINTIN, WHO RETIRES IN ACCORDANCE WITH BY-LAW 18(1) OF THE COMPANY'S BY-LAWS AS A DIRECTOR OF THE COMPANY, BE AND IS HEREBY RE-ELECTED AS A DIRECTOR"

5. To fix the remuneration of the Directors

To consider and (if thought fit) pass the following resolution:

"THAT IN ACCORDANCE WITH BY-LAW 16 OF THE COMPANY'S BY-LAWS, THE ANNUAL REMUNERATION OF THE NON-EXECUTIVE DIRECTORS BE FIXED AT $550,000."

6. To appoint auditors

To consider and (if thought fit) pass the following resolution:

"THAT JACK A. ALLI, SONS & CO, BE AND ARE HEREBY APPOINTED AUDITORS FOR THE PERIOD ENDING WITH THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING."

7. To fix the remuneration of auditors

To consider and (if thought fit) pass the following resolution:

"THAT THE DIRECTORS ARE HEREBY AUTHORISED TO FIX THE REMUNERATION OF THE AUDITORS AT A SUM TO BE AGREED."

By Order of the Board

Carol Liverpool
Secretary
16 February 2012

The Directors have pleasure in submitting their Report for the year ended 31 December 2011.

Principal Activities

The Principal activities of the Company are the marketing and sale of tobacco products in Guyana, which are manufactured under contract to predetermined specifications.

Financial Results

	G$'000
Gross Turnover	5,916,996
Cost of Sales	(2,571,617)
Gross Profit	3,345,379
Operating Income	18,219
Operating Expenses	(972,072)
Profit Before Taxation	2,391,526
Taxation	(1,038,897)
Profit After Taxation	1,352,629

Cash, Deposits and Capital Expenditure

Cash & Bank Balances as at 31 December 2011 totalled $293 million compared to $349 million at the prior year end, a decrease of $56 million.
Operating activities generated cash of $2.42 billion of the year under review.
Taxation paid during the year amounted to $1.1 billion. Total dividends paid amounted to $1,377 billion.
Capital expenditure for the year was $15.3 million compared to $38.3 million for the previous year.

Dividends

In April, August and November 2011 and February 2012 there were four (4) interim dividend payments totalling $50.51 per share. A final dividend of $7.29 per share is proposed by your Directors making a total payment for the year of $57.80 an increase of $9.38 or 19.37% over previous year.

Directors

In accordance with By-Law 17(5) of the Company's By-Laws, Messrs Leonardo Morales and Felicio Ferraz resigned from the Board of Directors on 01 February 2011 and 16 August, 2011 respectively. In light of the casual vacancies caused by the resignation of Messrs Morales and Ferraz, Ms Amanda Cavill and Mr Marcus Steele were appointed to the Board.

Ms Amanda Cavill, who was appointed under By-Law 18(7) of the Company's By-Laws as a Director of the Company, is hereby elected as a Director.

Mr Marcus Steele, who was appointed under By-Law 18(7) of the Company's By-Laws as a Director of the Company, is hereby elected as a Director.

Ms Malissa Sylvester, who was appointed under By-Law 18(7) of the Company's By-Laws as a Director of the Company, is hereby elected as a Director.

Mr Chandradat Chintamani, who was appointed under By-Law 18(7) of the Company's By-Laws as a Director of the Company, is hereby elected as a Director.

Mr Charles Quintin who retires by way of rotation under By-Law 18(1) of the Company's By-Laws as a Director of the Company, is hereby re-elected as a Director.

Auditors

The Auditors, Jack A. Alli, Sons & Co, Chartered Accountants, have retired and are proposed for re-election.

By Order of the Board

Carol Liverpool
Secretary

G$ 000	2007	2008	2009	2010	2011
Balance Sheet Items					
Non-Current Assets	60,519	70,916	81,844	93,883	77,324
Current Assets	1,374,613	1,073,950	971,520	1,213,760	1,154,969
Total Assets	**1,435,132**	**1,144,866**	**1,053,364**	**1,307,643**	**1,232,293**
Current Liabilities	584,810	634,632	500,550	716,158	650,165
Non-Current Liabilities	25,888	485	18,027	21,390	36,494
Net Assets	**824,434**	**509,749**	**534,787**	**570,095**	**545,634**
Net Asset per Share	**35.23**	**21.78**	**22.85**	**24.36**	**23.32**
Profits and Distribution					
Net Profit before Tax	1,768,356	1,887,897	1,836,237	2,199,885	2,391,526
Taxation	895,799	959,574	903,513	1,066,181	1,038,897
Net Profit after Tax	872,557	928,323	932,724	1,133,704	1,352,629
Duty and Excise paid	1,608,121	1,716,089	1,825,235	2,165,886	2,297,999
Statistics					
Ordinary Shares in issue ('000)	23,400	23,400	23,400	23,400	23,400.00
Earnings per share	37.29	39.67	39.86	48.45	57.80
Dividends declared per share	37.23	53.12	39.26	48.42	55.90

| Financial Calendar

ANNUAL MEETING	30 March 2012
REPORTS:	
Interim Report for six months to 30.06.2012	August 2012
DIVIDENDS:	
Final	April 2012
First Interim	May 2012
Second Interim	August 2012
Third Interim	November 2012
Fourth Interim	February 2013
Final 2012	March 2013

Directors' Beneficial Interest:

	Shares Held As at 31/12/2011	Shares Held As at 31/12/2010
Charles Quintin	40,039	40,039

At no time during the current financial year has any Director been a party to a material contract with the Company or was materially interested in any contract which was significant in relation to the Company's business.

Directors' Contracts:

There are no Service Contracts for the Directors proposed for re-election.

Substantial Interests:

The following companies held substantial interests in the Share Capital of the Company:

	31/12/2011	31/12/2010
British American Tobacco International Holdings (UK) Limited (Fully owned subsidiary of British American Tobacco p.l.c, a company registered in the United Kingdom)	16,439,420	16,439,420

A substantial interest is defined as any holding of 5% or more of the issued Share Capital of the Company.

Shareholders' Interests:

Analysis of Shareholders' interests according to the size of holdings as at 31/12/2011:

Holdings	# of Shareholders	% of Share Holdings	# of Shares
1-10,000	716	85	1,347,051
10,001-20,000	71	8	1,087,777
20,001-50,000	30	5	986,176
50,001-100,000	10	1	702,767
100,001-500,000	9	1	1,320,901
500,001-1,000,000	2	0	1,515,908
1,000,001 & over	1	0	16,439,420
Total	**839**	**100**	**23,400,000**

| Board of Directors

Marcus Steele
Director

Amanda Cavill
Chairman

Chandradat Chintamani
Managing Director

Charles Quintin
Non Executive Director

" We believe that as a responsible tobacco business, we can contribute, through information, ideas and practical steps, to helping regulators address the key issues surrounding our product "

Demerara Tobacco Company Limited has had a very good year as a result of our continued focus on driving efficiencies through all levels of the organisation and our pricing and brand positioning strategy that yielded an exceptional performance for our Global Drive Brands.

The half year performance of the country indicated strong growth, which was anticipated to continue for the rest of 2011. Inflation was at an all time low, despite the uncertain price for fuel. It was anticipated that the year end rate would remain low single digit. Once again the exchange rate remained fairly stable closing the year at around G$205 to 1USD.

In March 2011, we increased prices for our Bristol and Dunhill brands, strategically deferring the Pall Mall brand price increase until 2012, as we continue to be adversely affected by illicit trade brands with whose price we cannot compete. As a result, our sales revenue increased by $542 million or 10.09% compared with previous year. Market share for our Global Drive Brands (Pall Mall and Dunhill) has increased compared with the previous year, a trend we anticipate to continue in the future.

Profit before taxation for the year was $2.4 billion, an 8.71% increase over previous year, which is a direct result of the effect of our price increase as well as a change in our internal sales mix. With the increase in operating profits, earnings per share increased by $9.35 to $57.80, an increase of 19.30%.

In 2011, the Board declared and paid four (4) interim dividends totaling $50.51 per share with all payments being made within the year, except for the 4th interim paid at the end of February 2012. A final payment for 2011 of $7.29 per share is being proposed by the Board. Once approved, payments will be made in accordance with established Company guidelines.

We recognize the role of the business as a corporate citizen and our company has long supported local community and charitable projects. We approach Corporate Social Investment (CSI) as an end in itself, rather than as a way to promote ourselves, and we have always been closely identified with the communities where we operate. In 2011, we partnered with the National Aids Secretariat in providing monthly food baskets to those affected by HIV/AIDS, and we will continue funding this notable cause in 2012.

In December 2011, our Managing Director, Chandradat Chintamani decided to leave the tobacco industry to pursue other career aspirations. On behalf of the Board of Directors, I wish to take this opportunity to thank Chandradat for the role he played over the past 10 years in leading a successful team in the creation of shareholders' value and increasing our Company's visibility to key stakeholders, which allowed us the right to participate in key decision making processes. We will however continue to receive Chandradat's support as a Non-Executive Director. He will be succeeded by Ms. Malissa Sylvester, Managing Director-Designate, subject to her approval from the Board of Directors.

As we look into the future, tobacco regulation is globalising and increasing in scope. We believe that as a responsible tobacco business, we can contribute, through information, ideas and practical steps, to helping regulators address the key issues surrounding our product – under-age access, illicit trade, product information, product safety and involuntary exposure to smoke – while maintaining a competitive market that accommodates the significant percentage of adults who choose to be tobacco consumers.

We are going forward with momentum as a well established business, driven by a winning strategy with excellent management and committed employees.

Amanda Cavill
CHAIRMAN

“ The Company continues to strengthen its focus on corporate social responsibility, embedding it in our strategies, policies, decision making and practices ”

| Managing Director’s Review

2011 has been a successful year for us, which could not have been possible without our consumers, the contribution of our dedicated and committed staff, resources from British American Tobacco Caribbean and Central America, but most importantly our distributor, E.B. Beharry and Company who worked assiduously in ensuring our products were placed in every retail outlet in Guyana.

In 2011 we achieved an increase in operating profit and profit after taxation, despite an increase in our overhead costs and most importantly a higher return for our investors.

VOLUMES

“Ours is a mature market – one where everyone already knows what tobacco is. There would be no commercial sense in trying to promote tobacco products to people who know what they are and have decided they don’t want them”.

Our strategy for growth continues to be threatened by the presence of illicit tobacco products on the local markets. The impact is not limited to the tobacco industry but extends to governmental agencies such as the Guyana Revenue Authority whose revenues are adversely affected. During the year, we engaged the regulatory bodies – Taskforce on Fuel Smuggling and Contraband, the Guyana National Bureau of Standards, Customs Trade and Administration – where positive inroads, though temporary, were made thus allowing us to grow our low price segment. We will continue to engage these agencies, working closely with them, providing the necessary capacity building exercises required to reduce the level of smuggling in Guyana with positive impact on the revenues of the government.

Despite the above challenges we continue to see positive trends in our Global drive brands – Pall Mall and Dunhill - and total volume recording a 4.6% increase versus prior year.

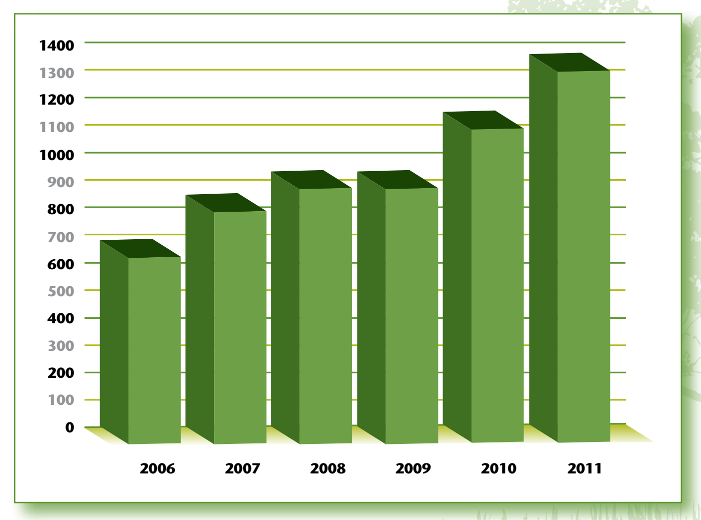
PROFITABILITY

Our turnover for 2011 was $5.9 billion, a 10.09% increase over 2010. The change in the internal mix and the implementation of the price increase were the main factors contributing to such growth. We continue to implement responsible measures to ensure our gross turnover continues with positive trends.

The increase in prices of raw materials globally as well as the conversion costs contributed to an increase of 7.84% in cost of sales. We will continue to engage our key finished goods supplier seeking optimal efficiencies to reduce the impact on our import costs to our consumers in the form of price increases.

Despite our aggressive efforts to reduce overhead costs in 2011, our total operating costs increased by some $170m or 21.27% mainly driven by our British American Tobacco Caribbean & Central America office re-charges.

Profit After Taxation ($Mn)



| Managing Director's Review

PROFITABILITY (Continued)

Operating profit for the year 2011 was $2.4b compared to $2.2b in 2010, an increase of $191m or 8.73%, despite the increase in operating costs as well as variable costs. As a result of the positive trend in operating profit, earnings per share increased by $9.35 or 19.30%.

MARKETING

"Successful marketing is the bedrock of growth for any fast moving consumer goods (FMCG) business and we are no exception."

When we speak of growth, we mean growing our share – more specifically, the value of our share – of the large number of adults who choose to be tobacco consumers.

Our global drive brands - Dunhill and Pall Mall - are at the forefront of our innovations, product refinements and trade engagement, with each brand differentiated and given a special focus within our 'win-win-win' approach. We have managed to grow our global drive brands - while at the same time adopting and abiding by our voluntary International Marketing Standards (IMS2).

Trade marketing is a key focus area in our business activity - managing business-to-business relationships with the retailers from whom our consumers buy. Our aim is to become the benchmark partner to the trade in the strategic channels where we do business. We work to operate in the most efficient and effective way so that retailers can offer the products our consumers want to buy, where they want them, when they want them, at the right quality, price and quantity.

The illicit trade in tobacco products also harms the business of legitimate retailers. Our strong focus on tackling contraband and counterfeit aims to ensure that our business supports only the legitimate tobacco trade.

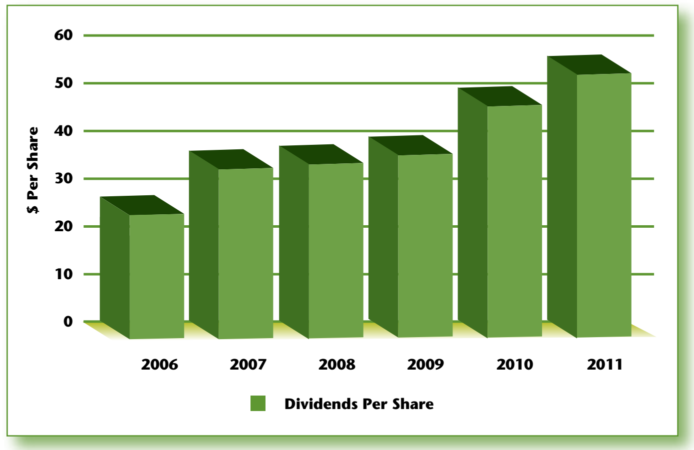
INCOME DISTRIBUTION

"We recognize the role of business as a corporate citizen and our company has long supported local community and charitable projects. We approach corporate social investment (CSI) as an end in itself, rather than as a way to promote ourselves."

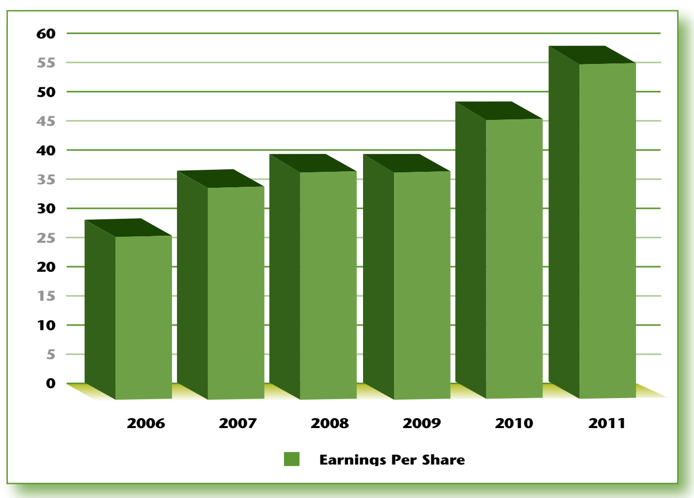
Taxation on tobacco globally is high, Guyana being no exception. In 2011, total taxes paid to the government amounted to 45% or just over $3.1 billion of our Gross Income compared to $3 billion in 2010.

Operating costs inclusive of Marketing costs and Overheads accounted for 22% of Gross Income. Included in our other overhead costs are contributions made to charitable and other organizations and the funding of receptacles for the ECHO (Environmental Community Health Organization) for schools in

Dividends Per Share



Earnings Per Share



the vicinity of Georgetown. This project seeks to encourage our students to recycle plastics and cardboard, thereby reducing the impact on the environment. Return to investors amounted to $1.38 billion or 20% compared to previous year of $1.10 billion or 17%.

CORPORATE AFFAIRS

"Tobacco regulation is globalising and increasing in scope. We support, and want to help deliver, balanced tobacco regulation and we want to participate and support the government with advice on and compliance with effective future laws".

We are part of the legitimate tobacco industry and we believe that, like other interested parties, we should be able to advocate our views to regulators when they are formulating public policies that affect our business and its stakeholders, and that we should be heard fairly.

The company continues to manage and monitor both the local and regional regulatory environment to ensure that the interest of the company is both understood and considered by national authorities as they move to develop and enact legislation aimed at regulating the tobacco industry.

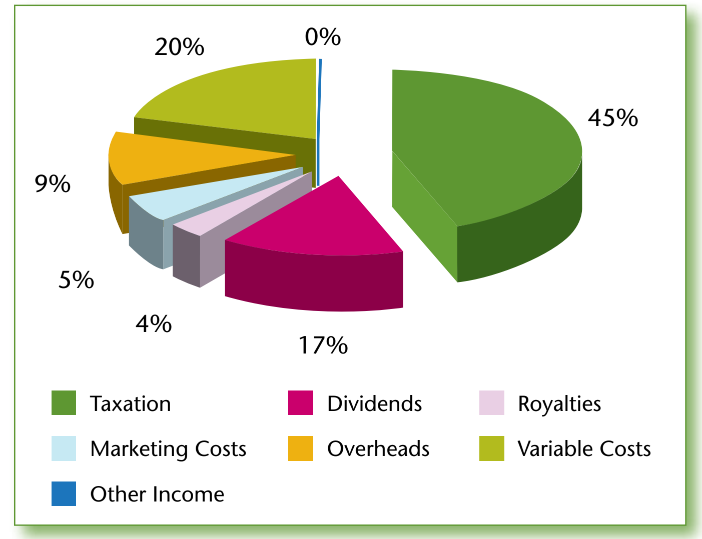
Shareholders will be mindful, that Demerara Tobacco has over the years, held the highest standards reflecting a responsible approach to the marketing and distribution of cigarettes in Guyana. In fact, the company has over the years instituted self-regulatory voluntary marketing standards.

The company and its management therefore, will continue to engage all its stakeholders, including the government and the country's legislators, to ensure that the local regulatory environment is characterized by regulations that are sensible, non-emotional, practical, reasonable and enforceable.

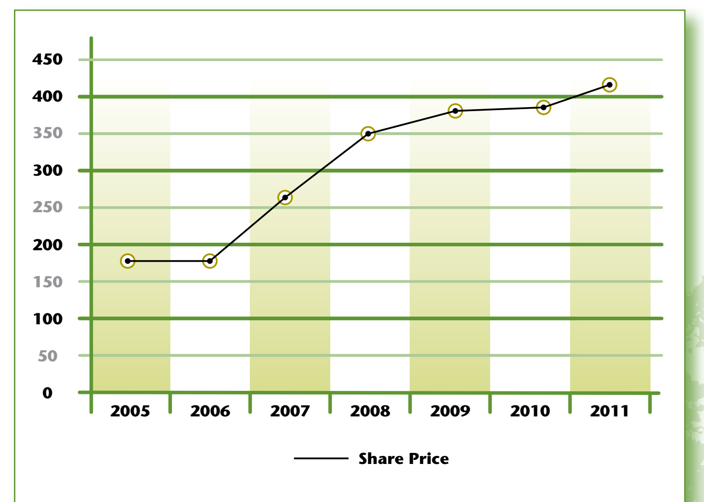
In 2011, we held our media launch of our Global Youth Smoking Prevention Campaign to ensure that our activities, and the people to whom we sell, do not engage in activities that appeal to, or target children.

The Company continues to strengthen its focus on corporate social responsibility, embedding it in our strategies, policies, decision making and practices. In 2011, we responded to social challenges through contributions to the private sector, the environment through Environmental Community Health Organization (ECHO) and the Ministry of Health's HIV Programme to name a few.

Income Distribution



Share Price



Chandradat Chintamani
Managing Director

We, the employees of Demerara Tobacco Company Limited, as members of the British American Tobacco Caribbean and Central America Area Team, commit to sustain our market leadership by offering Superior Quality Products to our consumers, Superior Value to our shareholders and as an active and responsible Company, to create a sense of pride in each and every Guyanese.

DEMERARA TOBACCO

The strategy and plans implemented in 2011 continue to provide a framework for building a solid and robust portfolio, for long term sustainability in a dynamic operating environment.

Dunhill continues to lead the Premium segment, delivering growth and positive consumer indicators. Our market survey highlighted the improvement in brand indicators, thus supporting the fact that Dunhill is meeting and surpassing consumer's expectations. In support of the Premium strategy, several exclusive Dunhill consumer and retailer engagement events were implemented, which were well received by invitees. A new communication campaign was deployed reinforcing Dunhill's contemporary image and unrivaled taste and quality.

Bristol remains the market leader with consistent and strong loyalty from consumers. Following its introduction in 2009, Bristol 10s continues to perform well, thus meeting the needs of price conscious consumers.

Pall Mall continues to offer consumers a true value of excellent quality. Although 67% of Pall Mall's volume is sold in the full flavour variant, its Menthol variant has also shown consistent growth. Capitalising on this trend, Pall Mall introduced a limited edition menthol variant "**Icelandic Blast**" to an excellent consumer and trade response.

Several consumer engagement activities were implemented in support of Icelandic Blast, which featured interactive games and appealing prizes.

To support its true value proposition, Pall Mall launched a nationwide promotion which delivered excellent results.

At Demerara Tobacco, we continue to abide by our responsible tobacco marketing principles, ensuring that we market our products to only informed adults, once age verification has taken place, through various strategies such as "After Work Limes" at bars throughout the country.

| Financial Statements

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DEMERARA TOBACCO

Jack A. Alli, Sons & Co.

JAS

145 Crown Street
Queenstown
Georgetown
P.O. Box 10351
Guyana
Telephone: (592) 226-2904
Fax: (592) 225-3849
Website: www.jaasco.com

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF DEMERARA TOBACCO COMPANY LIMITED

We have audited the accompanying financial statements of Demerara Tobacco Company Limited which comprise the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and included a summary of significant accounting policies and other explanatory notes as set out on pages 29 to 42.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, 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 auditors consider 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 of the financial position of Demerara Tobacco Company Limited as at 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act.

Jack A. Alli Sons & Co

JACK A. ALLI, SONS & CO.
16 February 2012

AS AT 31 DECEMBER 2011

Thousands of Guyana Dollars	Note	2011	2010
ASSETS			
Non-current assets			
Plant and equipment	3	51,536	59,648
Intangible asset	4	9,033	19,872
Deferred taxation	5	16,755	14,363
		77,324	93,883
Current assets			
Inventories	6	210,424	188,817
Accounts receivable and prepayments	7	174,466	100,243
Amounts due from related parties	8	399,168	497,106
Taxation		78,136	78,136
Cash and cash equivalents	9	292,775	349,458
		1,154,969	1,213,760
TOTAL ASSETS		**1,232,293**	**1,307,643**
EQUITY AND LIABILITIES			
Equity			
Share capital	10	23,400	23,400
Retained earnings		522,234	546,695
		545,634	570,095
Non-current liability			
Retirement benefit plan deficit	11	36,494	21,390
Current liabilities			
Accounts payable and accruals	12	326,061	309,844
Amounts due to related parties	8	164,600	184,716
Taxation		140,169	205,409
Provision for other liabilities	13	19,335	16,189
		650,165	716,158
TOTAL EQUITY AND LIABILITIES		**1,232,293**	**1,307,643**

The notes on pages 29 to 42 form an integral part of these financial statements. The Board of Directors approved these financial statements for issue on 16 February 2012.

DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2011

Thousands of Guyana Dollars	Note	2011	2010
Sales		5,916,996	5,374,887
Cost of Sales	14	(2,571,617)	(2,384,578)
Gross Profit		3,345,379	2,990,309
Distribution and Marketing Costs	14	(359,560)	(306,711)
Adminstrative Expenses	14	(612,512)	(494,865)
Other Income		12,587	5,535
Profit From Operations		2,385,894	2,194,268
Finance Income	15	5,632	5,617
Profit Before Taxation		2,391,526	2,199,885
Taxation	18	(1,038,897)	(1,066,181)
Total Comprehensive Income for the Year		1,352,629	1,133,704
Earnings Per Share	19	57.80 Dollars	48.45 Dollars

The notes on pages 29 to 42 form an integral part of these financial statements.

FOR THE YEAR ENDED 31 DECEMBER 2011

Thousands of Guyana Dollars	Note	Share Capital	Retained Earnings	Total
Year ended 31 December 2010				
As at beginning of year		23,400	511,387	534,787
Total comprehensive income		0	1,133,704	1,133,704
Dividends paid	20	0	(1,098,396)	(1,098,396)
As at end of year		23,400	546,695	570,095
Year ended 31 December 2011				
As at beginning of year		23,400	546,695	570,095
Total comprehensive income		0	1,352,629	1,352,629
Dividends paid	20	0	(1,377,090)	(1,377,090)
As at end of year		23,400	522,234	545,634

The notes on pages 29 to 42 form an integral part of these financial statements.

FOR THE YEAR ENDED 31 DECEMBER 2011

Thousands of Guyana Dollars	2011	2010
OPERATING ACTIVITIES		
Profit before taxation	2,391,526	2,199,885
Adjusted for:		
Depreciation and amortisation	29,232	28,514
Interest received	(5,632)	(5,617)
Gain on disposal of plant and equipment	(7,900)	(1,084)
Retirement benefit plan	15,104	3,363
Net movement in provision for other liabilities	3,146	3,668
Operating profit before changes in working capital	2,425,476	2,228,729
(Increase) / decrease in inventories	(21,607)	62,848
(Increase) / decrease in accounts receivable and prepayments	(74,223)	26,282
Decrease / (increase) in net amounts due from related parties	77,822	(113,349)
Increase in accounts payable and accruals	16,217	68,223
Cash generated from operations	2,423,685	2,272,733
Taxes paid	(1,106,529)	(912,611)
Net Cash Inflow - Operating Activities	**1,317,156**	**1,360,122**
INVESTING ACTIVITIES		
Proceeds from sale of plant and equipment	12,900	1,446
Acquisition of plant, equipment and intangible asset	(15,281)	(38,322)
Interest received	5,632	5,617
Net Cash Inflow/ (Outflow) - Investing Activities	**3,251**	**(31,259)**
FINANCING ACTIVITIES		
Dividends paid	(1,377,090)	(1,098,396)
Net Cash Outflow - Financing Activities	**(1,377,090)**	**(1,098,396)**
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(56,683)	230,467
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	349,458	118,991
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	292,775	349,458

The notes on pages 29 to 42 form an integral part of these financial statements.

31 DECEMBER 2011

1. INCORPORATION AND PRINCIPAL ACTIVITIES

The Company was incorporated in Guyana on 14 June 1934. Its registered office is 90 Carmichael Street, South Cummingsburg, Georgetown.

The Company is a subsidiary of British American Tobacco International Holdings (UK) Limited, a company registered in the United Kingdom. The ultimate parent company is British American Tobacco plc., a company registered in the United Kingdom.

The principal activities of the Company are the marketing and sale of tobacco products in Guyana, which are manufactured under contract to pre-determined specifications.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements have been prepared under the historical cost convention. The Company's accounting policies conform with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The preparation of financial statements in conformity with IFRS requires the use of certain judgements, estimates and assumptions concerning the future. The most significant of these arise on the determination of the retirement benefit plan position and the estimation of the expected useful lives of plant and equipment.

The following new interpretation and changes to existing guidance have been published and are effective for the current financial period but they do not have a significant impact on the Company's financial reporting.

IFRIC 19	Extinguishing financial liabilities with equity liabilities
IAS 24	Related party disclosures (revision)
IFRS 7	Financial instruments: disclosures (amendment)
IFRIC 14	The limit on a defined benefit asset, minimum funding requirements and their interaction (amendment)

The following standards and amendments to existing guidance have also been published but are not mandatory for the current financial period. They are not expected to have a significant impact on the Company's financial reporting.

IFRS 9	Financial instruments
IFRS 10	Consolidated financial statements
IFRS 11	Joint ventures
IFRS 12	Disclosures of interests in other entities
IFRS 13	Fair value measurement
IFRIC 20	Stripping costs in the production phase of a surface mine
IAS 19	Employee benefits (amendment)

(b) Foreign Currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Guyana Dollars, which is the Company's functional currency.

Transactions and balances

Transactions involving foreign currencies are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end rates are recognised in the statement of comprehensive income.

31 DECEMBER 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is calculated on a straight line basis at rates estimated to write off the assets over their expected useful economic lives. The current rates of depreciation are:

Plant and machinery	7%
Office and other equipment (excluding computers and ancillary equipment)	10%
Computers and ancillary equipment	33.33%
Motor vehicles	25% - 33.33%

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and at least at every reporting date. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(d) Intangible Assets (Computer Software)

The costs of acquiring and installing computer software are capitalised and amortised on a straight line basis over the estimated useful economic life of three years. Costs associated with maintenance of computer software are expensed as incurred.

(e) Taxation

The tax expense for the year comprises of current and deferred tax and is recognised in the statement of comprehensive income. The current corporate tax charge is identified on the basis of laws enacted at the reporting date. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Company provides for deferred tax using the liability method for all temporary differences arising between the tax bases of the assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred corporate tax. The principal temporary differences arise from depreciation on plant and equipment and from the retirement benefit plan position.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on an average cost basis and net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(g) Receivables, including amounts due from related parties

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less a provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the receivable is impaired. If impaired, the carrying amount is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the statement of comprehensive income.

31 DECEMBER 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at cost and comprise short term deposits, other cash at bank and cash in hand.

(i) Share Capital and Dividends

Ordinary shares with discretionary dividends are classified as equity.

Dividends are recognised as a deduction from shareholders' equity in the period in which they are approved by shareholders or, as in the case of interim dividends, when paid by the directors as authorised under the Company's by-laws.

j) Retirement Benefit Plan

The Company operates a defined benefit pension scheme for its eligible employees, the assets of which are held in a separate fund. The scheme is funded by payments from members and the Company, taking account of the recommendations of an independent qualified actuary.

The position in respect of the retirement benefit plan is the present value of the defined benefit obligation minus the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the statement of comprehensive income immediately.

(k) Payables, including amounts due to related parties

Payables are recognised initially at fair value and subsequently at amortised cost.

(l) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

The Company recognises a liability for bonuses to employees and the distributor.

(m) Revenue Recognition

Sales represent the value of goods sold to third parties, after deducting sales discounts. Sales are recognised upon delivery of products and customer acceptance.

Interest income is recognised on a time-proportion basis using the effective interest method.

(n) Operating Lease

Payments made under the operating lease are charged to the statement of comprehensive income on a systematic basis over the period of the associated lease.

(o) Operating Segments

The Company is managed as a single unit engaged in operations exclusively in Guyana.

31 DECEMBER 2011

Thousands of Guyana Dollars

3. PLANT AND EQUIPMENT	Plant and Machinery	Office and Other Equipment	Motor Vehicles	Total
Cost				
As at 01 January 2011	297	36,118	75,154	111,569
Additions	0	1,056	14,225	15,281
Disposals	0	(834)	(34,699)	(35,533)
As at 31 December 2011	297	36,340	54,680	91,317
Accumulated Depreciation				
As at 01 January 2011	(297)	(14,615)	(37,009)	(51,921)
Charges for the year	0	(4,868)	(13,525)	(18,393)
Written back on disposals	0	834	29,699	30,533
As at 31 December 2011	(297)	(18,649)	(20,835)	(39,781)
Net Book Value				
As at 31 December 2011	0	17,691	33,845	51,536
Cost				
As at 01 January 2010	297	29,474	49,606	79,377
Additions	0	8,467	29,855	38,322
Disposals	0	(1,823)	(4,307)	(6,130)
As at 31 December 2010	297	36,118	75,154	111,569
Accumulated Depreciation				
As at 01 January 2010	(297)	(11,871)	(27,846)	(40,014)
Charges for the year	0	(4,445)	(13,230)	(17,675)
Written back on disposals	0	1,701	4,067	5,768
As at 31 December 2010	(297)	(14,615)	(37,009)	(51,921)
Net Book Value				
As at 31 December 2010	0	21,503	38,145	59,648

The Company has authorised, but not contracted, capital expenditure on plant and equipment of $3,084 for the coming year (2010 - $2,255).

31 DECEMBER 2011

Thousands of Guyana Dollars

	2011	2010
4. INTANGIBLE ASSET - COMPUTER SOFTWARE		
Cost		
As at beginning of year	32,517	32,517
Accumulated Amortisation		
As at beginning of year	(12,645)	(1,806)
Amortisation during the year	(10,839)	(10,839)
As at end of year	(23,484)	(12,645)
Net Book Value		
As at end of year	9,033	19,872
5. DEFERRED TAXATION		
Asset arising on accelerated accounts depreciation		
- to be recovered after 12 months	2,157	4,737
Asset arising on retirement benefit plan deficit		
- to be recovered after 12 months	14,598	9,626
	16,755	14,363
6. INVENTORIES		
Goods for resale	131,589	162,068
Goods in transit	78,835	26,749
	210,424	188,817
7. ACCOUNTS RECEIVABLE AND PREPAYMENTS		
Trade receivables	163,755	88,293
Other receivables	7,319	6,580
Prepayments	3,392	5,370
	174,466	100,243
8. RELATED PARTIES		
(a) Key management compensation:		
Short term benefits	25,893	26,378
Post-employment benefits	10,993	3,158
	36,886	29,536

| Notes to the Financial Statements

31 DECEMBER 2011

Thousands of Guyana Dollars

		2011	2010
8.	**RELATED PARTIES (CONT'D)**		
(b)	Transactions carried out with related parties:		
	Acquisition of products from fellow group subsidiary	1,120,982	1,070,059
	Management services from fellow group subsidiary	326,041	272,083
	Royalties charged by fellow group subsidiary	283,823	215,295
	Technical and advisory services from fellow group subsidiary	113,880	80,123
	Interest earned on loan to fellow group subsidiary	5,330	5,330
	Dividends paid to parent	967,460	771,666
(c)	Outstanding balances at year end:		
	Amount due from fellow group subsidiary	265,403	265,503
	Loan due from fellow group subsidiary	133,765	231,603
		399,168	497,106
	Amount due to fellow group subsidiaries	164,600	184,716

The loan due from a fellow group subsidiary earns interest at 4% per annum and is repayable by 31 March 2012. All other balances are interest free and repayable on demand. No security is held or pledged for balances outstanding.

		2011	2010
9.	**CASH AND CASH EQUIVALENTS**		
	Short term deposits	18,595	18,364
	Other cash at bank	268,643	325,906
	Cash in hand	5,537	5,188
		292,775	349,458

10. SHARE CAPITAL

	2011	2010
Authorised		
23,400,000 ordinary shares of no par value		
Issued and fully paid		
23,400,000 ordinary shares of no par value	23,400	23,400

The Company's ordinary share confers upon its holder the right to (i) vote at any meeting of shareholders, (ii) receive any dividend declared by the Company, and (iii) receive the remaining property of the Company on its dissolution.

31 DECEMBER 2011

Thousands of Guyana Dollars

	2011	2010
11. RETIREMENT BENEFIT PLAN		
The amounts recognised in the statement of financial position are as follows:		
Present value of obligation	97,818	77,716
Fair value of plan assets	(61,324)	(56,326)
Liability recognised in the statement of financial position	36,494	21,390
The amounts recognised in the statement of comprehensive income are as follows:		
Current service cost	6,418	7,576
Interest cost	5,311	5,971
Expected return on plan assets	(3,882)	(3,454)
Past service cost	10,493	0
Net actuarial gains	(2,149)	(5,295)
Total included in staff costs	16,191	4,798
Actual return on plan assets	3,258	2,680
The movement in the fair value of plan assets is as follows:		
As at beginning of year	77,716	68,802
Current service cost	6,418	7,576
Interest cost	5,311	5,971
Contributions by members	1,087	1,435
Past service cost	13,760	0
Actuarial gains	(2,773)	(6,068)
Benefits paid	(3,701)	0
As at end of year	97,818	77,716
The movement in the fair value of plan assets is as follows:		
As at beginning of year	56,326	50,775
Expected return on plan assets	3,882	3,454
Contributions by members	1,087	1,435
Contributions by Company	1,087	1,435
Benefits paid	(434)	0
Actuarial losses	(624)	(773)
As at end of year	61,324	56,326

31 DECEMBER 2011

Thousands of Guyana Dollars

11. RETIREMENT BENEFIT PLAN (CONT'D)

	2011	2010
The principal assumptions used were:		
Discount rate	7%	7%
Future salary increases	8%	8%
Expected return on plan assets	7%	7%
Mortality	GAM94	GAM94

Expected contributions to the plan for the upcoming year are $2,749 (2010 - $3,500).

The expected return on plan assets comprises income and capital gains less a margin for administrative expenses. The income component has been determined by reference to a weighted average of rates of interest at which deposits have been fixed, and the dividend yield on equity holdings. An allowance for capital gains has been determined by considering the proportion of plan assets invested in equity holdings, adjusted for growth in the capital value.

Plan assets are comprised as follows:	2011		2010	
Equity	53,403	87%	49,573	88%
Cash resources	7,921	13%	6,753	12%
	61,324	100%	56,326	100%

A summary of the plan position and experience adjustments is as follows:

	2011	2010	2009	2008	2007
Fair value of plan assets	61,324	56,326	50,775	50,248	43,505
Present value of obligation	(97,818)	(77,716)	(68,802)	(49,169)	(69,393)
(Deficit) / surplus	(36,494)	(21,390)	(18,027)	1,079	(25,888)
Experience adjustment on assets	(624)	(773)	(3,507)	(1,106)	(1,174)
Experience adjustment on obligation	2,773	6,068	(7,288)	32,327	5,644

12. ACCOUNTS PAYABLE AND ACCRUALS

	2011	2010
Sundry payables	260,227	230,756
Accruals	65,834	79,088
	326,061	309,844

31 DECEMBER 2011

Thousands of Guyana Dollars

13. PROVISION FOR OTHER LIABILITIES

	2011	2010
Provision for bonuses:		
As at beginning of year	16,189	12,521
Charged in the year	28,047	22,975
Used in the year	(24,901)	(19,307)
As at end of year	19,335	16,189

The bonuses are payable after the finalisation of the audited financial statements.

14. EXPENSES BY NATURE

	2011	2010
Cost of inventories expensed	2,571,617	2,384,578
Advertising expenses	155,129	113,653
Management services	326,041	272,083
Staff costs (note 16)	76,481	64,963
Technical and advisory services	113,880	80,123
Depreciation and amortisation	29,232	28,514
Operating lease charges	26,315	29,540
Utilities	8,415	6,006
Communications	6,441	9,019
Auditors' remuneration	4,284	4,422
Directors' remuneration (note 17)	500	500
Other	225,354	192,753
Total Cost of Sales, Distribution and Marketing Costs, and Administrative Expenses	3,543,689	3,186,154

15. FINANCE INCOME

	2011	2010
Loan interest	5,330	5,330
Bank interest	302	287
	5,632	5,617

| Notes to the Financial Statements

DEMERARA TOBACCO

31 DECEMBER 2011

Thousands of Guyana Dollars

16. STAFF COSTS

	2011	2010
Wages and salaries	58,437	58,569
Pension costs (note 11)	16,191	4,798
Other benefits	1,853	1,596
	76,481	64,963

17. DIRECTORS' REMUNERATION

Remuneration paid to Directors for services as directors, included in key management compensation:

Charles Quintin	500	500

Other Directors waived their rights to remuneration for services as directors.

18. TAXATION

The provisional charge for taxation is made up as follows:

Current tax	1,041,290	1,071,469
Deferred tax	(2,392)	(2,680)
Prior year adjustments	(1)	(2,608)
	1,038,897	1,066,181

Reconciliation of tax expense and accounting profit:

Profit before taxation	2,391,526	2,199,885
Corporation tax at 40% (2010 - 45%)	956,610	989,948
Income not subject to tax	(2,233)	(2,062)
Expenses not deductible for tax purposes	78,203	75,565
Property tax	4,722	5,338
Impact of tax rate change from 45% to 40%	1,596	0
Prior year adjustments	(1)	(2,608)
	1,038,897	1,066,181

For the current year the applicable tax rate was lowered from 45% to 40% through the Fiscal Enactments (Amendment) Act 2011.

31 DECEMBER 2011

Thousands of Guyana Dollars

19. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	2011	2010
Profit attributable to shareholders	1,352,629	1,133,704
Weighed average number of ordinary shares in issue	23,400,000	23,400,000
Basic earnings per share	57.80 Dollars	48.45 Dollars

20. DIVIDENDS

Prior year interim paid $10.50 per share (2010 - nil)	245,700	0
Prior year final paid $7.30 per share (2010 - $16.32 per share)	170,820	381,888
Interim declared and paid $9.88 per share (2010 - $8.69 per share)	231,192	203,346
Interim declared and paid $15.36 per share (2010 - $10.05 per share)	359,424	235,170
Interim declared and paid $15.81 per share (2010 - $11.88 per share)	369,954	277,992
	1,377,090	1,098,396

A fourth interim dividend in respect of the financial year of $9.46 per share (2010 - $10.50), amounting to a total dividend of $221,364 (2010 - $245,700), has been declared and paid after the year end. A final dividend in respect of the financial year of $7.29 per share (2010 - $7.30 per share), amounting to a total dividend of $170,586 (2010 - $170,820), is to be proposed at the Annual General Meeting on 30 March 2012.

21. OPERATING LEASE COMMITMENTS

The future minimum lease payments under a non-cancellable operating lease for a property are as follows:

	2011	2010
- within 1 year	15,059	24,744
- between 1 and 5 years	39,114	1,070
	54,173	25,814

31 DECEMBER 2011

Thousands of Guyana Dollars

22. CONTINGENT LIABILITY

	2011	2010
Bonds in favour of the Comptroller of Customs and Excise	19,500	19,500

23. LITIGATION

The Company is currently defending a litigation matter. In the Directors' opinion, after taking legal advice, the outcome of this matter will not give rise to any significant loss.

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(a) *Financial Instruments*

Financial instruments carried at the reporting date include accounts receivable, related parties' balances, cash and cash equivalents, accounts payable, accruals and provision for liabilities based on contractual obligations.

Financial assets (accounts receivables, related parties' balances and cash and cash equivalents) are classified as Loans and Receivables. Financial liabilities (accounts payable, related parties' balances, accruals and provision for liabilities based on contractual obligations) are classified as Financial Liabilities measured at Amortised Cost.

(b) *Credit Risk*

Credit risk arises from cash holdings and receivables from customers and related parties. The maximum exposure to credit risk at the reporting date is represented by the carrying amounts of these financial assets.

Cash resources are held with financial institutions licensed in Guyana.

The Company's credit risk from customers is managed by restricting credit to between five to ten working days. Also, the majority of the Company's sales are made to a single distributor which management considers to be of good credit quality based on past trading experience. Revenue earned from this distributor amounted to 99 percent (2010 - 99 percent) of total revenue. No collateral is held as security for customers' balances.

Management considers the credit risk arising on balances due from related parties to be minimal given that the entities are controlled by British American Tobacco plc. No collateral is held as security for related parties' balances.

| Notes to the Financial Statements

31 DECEMBER 2011

Thousands of Guyana Dollars

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) *Credit Risk (cont'd)*

As at the year end, no receivables were past due (2010 - nil). During the current year and prior year there was no impairment of receivables.

As at the year end, receivables of $570,242 (2010 - $591,979) are fully performing. Other than the loan due from a fellow group subsidiary (note 8) no other receivable balance that is fully performing was renegotiated in the year.

(c) *Liquidity Risk*

The table below shows the contractual undiscounted cash flows arising on financial liabilities.

	Within 1 month	Between 1 and 3 months	Total
As at 31 December 2011			
Accounts payable and accruals	293,259	32,802	326,061
Amounts due to related parties	164,600	0	164,600
Provision for other liabilities (based on contractual obligations)	0	8,713	8,713
As at 31 December 2010			
Accounts payable and accruals	275,349	34,495	309,844
Amounts due to related parties	184,716	0	184,716
Provision for other liabilities (based on contractual obligations)	0	8,713	8,713

The Company manages this risk by monitoring expected cash flows arising on financial instruments.

(d) *Capital Risk Management*

The Company's objectives when managing its capital (ordinary shares) are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

31 DECEMBER 2011

Thousands of Guyana Dollars

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Foreign Currency Risk

The Company is exposed to foreign currency risk through its holding of financial instruments denominated in the following foreign currencies:

	2011	2010
Assets		
United States Dollars	408,347	502,310
Liabilities		
United States Dollars	79,903	92,949
British Pound Sterling	84,736	73,836

The Company's exposure to foreign exchange risk is limited by the denomination of the underlying transactions in stable foreign currencies.

The Company recognised net exchange losses of $22,154 in the year (2010 - $8,103 gains).

As at the year end, if the Guyana Dollar had weakened / strenghtened by 1% against the United States Dollar, with all other variables held constant, post-tax profit for the year would have been $1,971 (2010 - $2,251) higher / lower.

As at the year end, if the Guyana Dollar had weakened / strenghtened by 1% against the British Pound Sterling, with all other variables held constant, post-tax profit for the year would have been $508 (2010 - $406) lower / higher.

(f) Interest Rate Risk

The Company's interest-bearing receivable is of a fixed rate nature and is carried at amortised cost. Changes in market interest rates would therefore not affect its carrying value or future income. Profit and equity of the Company are therefore unaffected by a change in the market interest rates.

(g) Fair Values

The carrying values of financial assets and liabilities approximate to their fair values given their short term maturity.

THE COMPANIES ACT 1991

(Section 114)

1 **Name of Company**
DEMERARA TOBACCO COMPANY LIMITED **Company No:** 308

2 **Particulars of Meeting:**
Seventy-Eighth Annual Meeting of The Demerara Tobacco Company Limited to be held at the Grand Savannah Suite, Pegasus Hotel, Seawall Road, Kingston, Georgetown on Friday, 30 March 2012 at 4.00 pm.

3. I/We ______________________________

____

of ______________________________

or failing him/her ______________________________

of ______________________________

to be my/our proxy to vote for me/us and on my/our behalf at the above meeting and any adjournment thereof in the same manner, to the same extent and with the same powers as if I/we was/were present at the said meeting or such adjournment or adjournments thereof and in respect of the resolutions listed overleaf to vote in accordance with my/our instructions.

Signature/s ______________________________

____

Dated this ____________ day of ____________ 2012

Please indicate with an "X" in the spaces overleaf your instructions on how you wish your votes to be cast. Unless otherwise instructed, the proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting.

Please consider Notes 1 to 5 below for assistance to complete and deposit the Proxy Form.

Notes:

1 If the appointer is a corporation, this Proxy Form must be under its common seal or under the hand of an officer of the corporation or attorney duly authorized in that behalf.

2 A shareholder who is a body corporate may, in lieu of appointing a proxy, authorize an individual by resolution of its directors or governing body to represent it at this Annual Meeting.

3 In the case of joint shareholders, the names of all the joint shareholders must be stated on the Proxy Form and any one shareholder must sign on the Proxy Form.

4 If the Proxy Form is returned without any indication as to how the person-appointed proxy shall vote, the proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting.

5 To be valid, this Proxy Form must be completed and deposited at the Registered Office of the Company at the address below at least 48 hours before the time for holding the Annual Meeting.

Return to: THE SECRETARY
THE DEMERARA TOBACCO COMPANY LIMITED
90 CARMICHAEL STREET
SOUTH CUMMINGSBURG
GEORGETOWN
GUYANA

RESOLUTION		FOR	AGAINST
1	That the Financial Statements of the Company for the financial year ended 31 December 2011 and the Reports of the Directors and Auditors thereon be and are hereby approved.		
2	That the four (4) Interim Dividends totalling $50.51 already paid be confirmed and that a Final Dividend of $7.29 per share as recommended by the Board for the year ended 31 December 2011 be approved and paid to those shareholders on the Company's share register at the close of business on Friday 30 March 2012.		
3	"That in accordance with by-law 16 of the company's by-laws, the annual remuneration of the Non-executive directors be fixed at $550,000."		
4	"That Ms Amanda Cavill, who was appointed under by-law 18(7) of the Company's by-laws as a Director of the Company, be and is hereby proposed for election as a Director"		
5	"That Mr Marcus Steele, who was appointed under by-law 18(7) of the Company's by-laws as a Director of the Company, be and is hereby proposed for election as a Director"		
6	"That Ms Malissa Sylvester, who was appointed under by-law 18(7) of the Company's by-laws as a Director of the Company, be and is hereby proposed for election as a Director"		
7	"That Mr Chandradat Chintamani, who was appointed under by-law 18(7) of the Company's by-laws as a Director of the Company, be and is hereby proposed for election as a Director"		
8	"That Mr Charles Quintin, who retires in accordance with by-law 18(1) of the Company's by-laws as a Director of the Company, be and is hereby proposed for re-election as a Director"		
9	That Jack A Alli, Sons & Co be and hereby appointed Auditors for the period ending with the conclusion of the next Annual General Meeting.		

Management Proxy Circular - Guyana

THE COMPANIES ACT, 1991 - **(Section 115)**

1 Name of Company:
THE DEMERARA TOBACCO COMPANY LIMITED — Company No: 308

2 Particulars of Meeting:
Seventy-eighth Annual General Meeting of the Demerara Tobacco Company Limited to be held at the Pegasus Hotel, Seawall Road, Kingston, Georgetown on Friday, 30 March 2011.

3 Solicitation:
It is intended to vote the Proxy hereby solicited by the Management of the Company (unless the Shareholder directs otherwise) in favour of all resolutions specified in the Proxy Form sent to the Shareholders with this Circular and, in the absence of a specific direction, in the discretion of the Proxy Holder in respect of any other resolution.

4 Any Director's statement submitted pursuant to Section:
No statement has been received from any Director pursuant to Section of the Companies Act, 1991.

5 Any Auditor's statement submitted pursuant to Section:
No statement has been received from any Auditors pursuant to Section of the Companies Act, 1991.

6 Any Shareholder's proposal submitted pursuant to Section:
No statement has been received from any Shareholder pursuant to Section of the Companies Act, 1991.

DATE	NAME AND TITLE	SIGNATURE
16 February 2012	**Carol B A Liverpool** **Secretary and Authorised Signatory** **The Demerara Tobacco Company Limited**	Liverpool