



It's In Our Hands

A central part of being a sustainable business is operating with integrity and responsibility. At Demerara Tobacco, we recognise that as a corporate citizen in the community, our company has a role in investing in local economic, social and cultural development.

For the past seventy-nine years, we have been committed to giving back to the communities where we operate, as successful companies are a part of successful communities. When we help to build communities that are strong and dynamic, they attract and retain people who can be a part of our growing business success.

The theme of this Annual Report is "It's In Our Hands" and we have chosen the image of the world within our hands, highlighting the community in which we have operated in since 1934, Guyana. It is our world, one that we must nourish with mutual respect, dedication and a shared commitment to making our community, Guyana, strong and vibrant.

At Demerara Tobacco, our firm belief is that as an organisation, we can balance our objectives of increasing value for our shareholders and serving our consumers while acting responsibly. It is this belief that has successfully guided us to review our contract with society for today, tomorrow and for years to come.



| Our Business Principles

Our Business Principles cover the key issues that we believe underpin Corporate Social Responsibility (CSR) for the unique characteristics of a tobacco business. Together, these three principles form the basis on which we expect our business to be run in terms of responsibility.

The Principle of Mutual Benefit

This Principle is the basis on which we build relationships with our stakeholders. We are primarily in business to build long-term shareholder value and we believe the best way to do this is to seek to understand and take account of the needs of all our stakeholders.

The Principle of Responsible Product Stewardship

This Principle is the basis on which we meet consumer demand for a legal product that is generally accepted as a cause of serious diseases. Therefore, our products and brands should be developed, manufactured and marketed in a responsible manner.

The Principle of Good Corporate Conduct

This Principle is the basis on which our business should be managed. Business success brings with it an obligation for high standards of behaviour and integrity in everything we do and wherever we operate. These standards should not be compromised for the sake of results.

| Table of Contents

Corporate Information	4
Notice of Meeting	5
Report of the Directors	7
Five Years at a Glance	8
Directors & Shareholders' Interests	9
Board of Directors	10
Chairman's Statement	12
Managing Director's Review	14
Our Team	19
Purpose Statement	19
Year in Review	20
Financial Statements	
Index	23
Report of the Independent Auditors	24
Statement of Financial Position	25
Statement of Comprehensive Income	26
Statement of Changes in Equity	27
Statement of Cash Flows	28
Notes to the Financial Statements	29
Proxy Form	43



I Corporate Information

Chairman

Amanda Cavill de Zavaley

Other Directors

Chandradat Chintamani

Charles Quintin

Marcus Steele

Malissa Sylvester

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

I Notice of Meeting



Notice is hereby given that the 79th Annual General Meeting of the Demerara Tobacco Company Limited will be held at the **Pegasus Hotel, Seawall Road, Kingston, Georgetown on 02 April 2013** 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 2012 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 2012 AND THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON BE AND ARE HEREBY APPROVED."

3. To consider the declaration of a Final Dividend of \$7.38 per share by the Board in addition to the four (4) Interim and Special Dividends totalling \$70.03 per share already declared and paid by the board and (if thought fit) pass the following resolution:

"THAT THE FOUR (4) INTERIM AND SPECIAL DIVIDENDS TOTALLING \$70.03 ALREADY PAID BE CONFIRMED, AND THAT A FINAL DIVIDEND OF \$7.38 PER SHARE AS RECOMMENDED BY THE BOARD FOR THE YEAR ENDED 31 DECEMBER 2012 BE APPROVED AND PAID TO THOSE SHAREHOLDERS ON THE COMPANY'S SHARE REGISTER AT THE CLOSE OF BUSINESS ON 02 APRIL 2013."

4. To re-elect Directors:
To propose and (if thought fit) pass the under mentioned resolutions:

- 4.1 "THAT MRS AMANDA CAVILL de ZAVALLEY, 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."

- 4.2 "THAT MR MARCUS STEELE, 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."

Carol Liverpool - Secretary



I Notice of Meeting (continued)

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."

SPECIAL BUSINESS

8. To amend the By-Laws

To propose and (if thought fit) adopt the amendment made by the Directors by resolution as set out below:

WHEREAS it is considered expedient and in the best interest of the Company to amend By-Law 26 of the Company's By-Laws as follows:

"26(6) ALL DIVIDENDS UNCLAIMED FOR ONE YEAR AFTER HAVING BEEN DECLARED MAY BE INVESTED OR OTHERWISE MADE USE OF BY THE DIRECTORS FOR THE BENEFIT OF THE COMPANY UNTIL CLAIMED, AND THE COMPANY SHALL NOT BE CONSTITUTED A TRUSTEE IN RESPECT THEREOF. ALL DIVIDENDS UNCLAIMED FOR A PERIOD OF SIX YEARS AFTER HAVING BEEN DECLARED SHALL BE FORFEITED AND SHALL REVERT TO THE COMPANY."

9. To transact any other business as may be properly brought before the meeting.

By Order of the Board

Carol Liverpool
Secretary
15 February 2013

| Report of the Directors

The Directors have pleasure in submitting their Report for the year ended 31 December 2012.

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	6,769,321
Cost of Sales	(2,837,121)
Gross Profit	3,932,200
Other Operating Income	1,011
Operating Expenses	(996,068)
Profit Before Taxation	2,937,143
Taxation	(1,256,043)
Profit After Taxation	1,681,100

Cash, Deposits and Capital Expenditure

Cash & Bank Balances as at 31 December 2012 totalled \$480 million compared to \$293 million at the prior year end, an increase of \$187 million resulting from improved working capital management and operating profits. Operating activities generated cash of \$2.99 billion for the year under review. Taxation paid during the year amounted to \$1.13 billion. Total dividends paid amounted to \$1.67 billion. Capital Expenditure for the year was \$5 million compared to \$15.3 million for the previous year.

Intercompany Loan Repayment

As communicated in the interim report dated August 2012, the loan balance of \$133m assumed by a fellow group subsidiary on 31 March, 2012 at an interest rate of 3-month LIBOR rate payable monthly, expected to be fully repaid by 30 November, 2012, was in fact fully repaid on 7 December, 2012.

Dividends

In May, August and November 2012 and February 2013 there were four (4) interim and a special dividend payments totalling \$70.03 per share. A final dividend of \$7.38 per share is proposed by your Directors making a total payment for the year of \$77.41 per share an increase of \$19.61 or 33.93% over previous year.

Directors

Mrs Amanda Cavill de Zavaley and Mr Marcus Steele, who retire in accordance with By-Law 18 (1) of the Company's By-Laws as Directors of the Company are proposed for re-election. The Directors who served during the year are shown on pages 10-11.

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



| Five Years at a Glance

G\$ 000	2008	2009	2010	2011	2012
Balance Sheet Items					
Non-Current Assets	70,916	81,844	93,883	77,324	46,900
Current Assets	1,073,950	971,520	1,213,760	1,154,969	1,434,066
Total Assets	1,144,866	1,053,364	1,307,643	1,232,293	1,480,966
Current Liabilities	634,632	500,550	716,158	650,165	907,185
Non-Current Liabilities	485	18,027	21,390	36,494	14,297
Net Assets	509,749	534,787	570,095	545,634	559,484
Net Asset per Share	21.78	22.85	24.36	23.32	23.91
Profits and Distribution					
Net Profit before Tax	1,887,897	1,836,237	2,199,885	2,391,526	2,937,143
Taxation	959,574	903,513	1,066,181	1,038,897	1,256,043
Net Profit after Tax	928,323	932,724	1,133,704	1,352,629	1,681,100
Duty and Excise paid	1,716,089	1,825,235	2,165,886	2,297,999	2,509,276
Statistics					
Ordinary Shares in issue ('000)	23,400	23,400	23,400	23,400	23,400
Earnings per share	39.67	39.86	48.45	57.80	71.84
Dividends declared per share	53.12	39.26	48.42	57.80	77.41

| Financial Calendar

ANNUAL MEETING

02 April 2013

REPORTS:

Interim Report for six months to 30.06.2013

August 2013

DIVIDENDS:

Final
First Interim
Second Interim
Third Interim
Fourth Interim
Final 2013

April 2013
May 2013
August 2013
November 2013
February 2014
March 2014

| Directors & Shareholders' Interests

Directors' Beneficial Interest:

	Shares Held As at 31/12/2012	Shares Held As at 31/12/2011
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 company held a substantial interest in the Share Capital of the Company:

	31/12/2012	31/12/2011
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 31/12/2012:

Holdings	# of Shareholders	% of Shareholders	# of Shares
1-10,000	730	86	1,366,949
10,001-20,000	63	8	920,625
20,001-50,000	36	4	1,133,430
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	851	100	23,400,000



| Board of Directors



Marcus Steele
Director

Malissa Sylvester
Managing Director



Charles Quintin
Director

Chandradat Chintamani
Director

Amanda Cavill de Zavaley
Chairman

“We will continue to uphold the highest standards of corporate conduct, underscoring our commitment as a responsible corporate citizen”.



| Chairman's Statement

Although the US economy showed signs of stability, global economic recovery remained at risk largely due to the challenges within the Euro Zone and its impact on global output.

Developing economies like Guyana, benefited from higher commodity prices and at the half year, real economic growth was 2.8% driven by mining, quarrying and the services sector. The agriculture sector however, posted negative growth on account of poor performance in the sugar and forestry industries and inflation was contained at 1.8%. The outlook for the second half remained positive with growth projected at 3.8% but inflation was likely to increase to 4.6% due to rising food and fuel prices.

Within this environment, the company continued its strong performance resulting in Profit before Tax of \$2.9 billion which represents an increase of 23% over 2011. Overall revenue rose by 14%, profit from operations by 23% and earnings per share improved by 24% to \$71.84.

The Board of Directors has already approved four interim dividends totaling \$64.46, plus a special dividend of \$5.57 per share, which together with the proposed final dividend of \$7.38 per share will bring the total dividend payable for 2012 to \$77.41 per ordinary share. Once the final dividend is approved, payment will be made in accordance with established Company guidelines.

Due to the increasing cost of tobacco worldwide we experienced increases in our variable costs. Despite our efforts to shield our consumers from the impact of these higher prices, we were forced to increase the prices of our products. To manage the effect on our consumers, the price increase was implemented in two phases, one in February and the other in June 2012.

We are also pleased to report that there was continued prioritization of our responsibility to the communities in which we operate and our Corporate Social Investments (CSI) are a reflection of this. The Company sought to provide resources in key areas which we believe can make a real impact on the lives of our citizens.

These included the provision of financial assistance for economic empowerment programmes, the implementation of environmental preservation initiatives and helping to ameliorate the conditions of persons living with HIV/AIDS.

Demerara Tobacco Company Limited upholds high standards of corporate conduct underscoring our commitment as a responsible corporate citizen. We adhere strictly to the requirements of our voluntary International Marketing Principles (IMP) which govern all our activities and initiatives related to the marketing of tobacco products. In our firm belief that tobacco products should not be made available to persons under the age of 18 years, we updated our Youth Smoking Prevention programme, and extended coverage across all Regions of the country.

All businesses face multiple challenges to their sustainability agenda. For us, the biggest threat is likely the ever increasing illegal trade in tobacco products – globally hundreds of billions of fake and smuggled cigarettes are sold every year. We lose market share and governments lose tax revenues and control. Many governments act too late to deal with the illicit trade and there are examples where lack of enforcement results in up to 40% or more of the market becoming illegal.

We continue to take every opportunity to engage with law makers on this issue, allied with concerned retailers, business associations and others who strongly share our concerns. Collectively we aim to address this growing concern.

As we look to the future, tobacco control continues to feature on the agenda of governments worldwide. We believe that as a responsible tobacco business, we can contribute information, ideas and practical measures to help regulators achieve their objectives without the negative unintended consequences of illicit trade, under-age access and increasing health risks due to the prevalence of unregulated products.

I wish to record the Board's sincerest appreciation to the staff of Demerara Tobacco Company for their dedication, initiative and hard work that result in the success we continue to experience.



Amanda Cavill de Zavaley
CHAIRMAN

“We believe that partnerships with Government, civil society and the business community are critical and we are committed to playing an active role in supporting the local community and charitable projects”.



I Managing Director's Review

It has been my privilege to assume the role of Managing Director of a Company with such a strong tradition of good corporate citizenship and value creation for its stakeholders. I am committed to building on the legacy of all those who have served before me and in particular Mr. Chandradat Chintamani, under whose stewardship shareholders have received outstanding returns.

While delivering solid business results is important, we are equally focused on and committed to our corporate responsibility and reputation. We believe that our continued demonstration of good corporate conduct and the management of our business, for the mutual benefit of all our stakeholders will allow us to continue to deliver shareholder value.

OUR PERFORMANCE AND STRATEGY

Our strategy is designed to deliver our vision of achieving leadership of the tobacco industry and as a result, build shareholder value. It is based on growth, funded by productivity and delivered by a winning organisation that acts responsibly at all times.

The Company's performance in 2012 reflects the resilience of our business strategy which ensures focus on all aspects of the business to facilitate our long term vision.

GROWTH

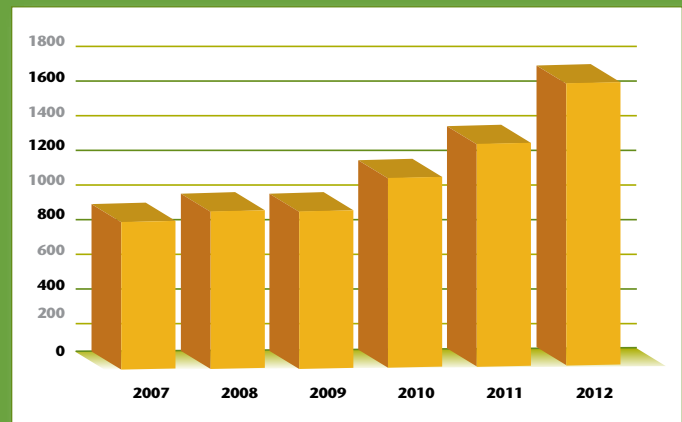
"We aim to grow our share of the market through organic growth, as well as to grow our revenues and our profit."

Our brands, both local and international, performed well in 2012 driven by improved retailer relationships, distribution optimisation and the increase in the immigrant population specifically in the mining industry. We continue to be grateful for the support of our distribution partner, E.B. Beharry & Company, in achieving our objectives.

Our Trade Marketing and Distribution capabilities are in a constant state of evolution, enabling us to meet the demands of an ever changing retail environment. Managing business-to-business relationships with retailers makes up a large part of our trade marketing activities. We work closely with our retail partners to provide support and ensure that at all times they can meet the expectations of adult smokers with regards to availability, pricing and brand quality.

Our marketing efforts which are targeted at adult consumers are based on consumer insights, supported by high quality products that offer our consumers meaningful, value-added differentiation. This we believe is key to achieving our growth agenda.

Profit After Taxation (\$Mn)





I Managing Director's Review

PRODUCTIVITY

"Our approach to productivity concentrates on using our resources effectively and efficiently to increase profits and generate funds to reinvest in our business."

We continually seek to increase the productivity of our business by pursuing initiatives that lead to productivity savings. Our key focus areas are smart cost management, marketing efficiency and capital effectiveness. This includes reducing complexity while utilising available resources more efficiently and effectively. All savings generated provide a source of operating profit growth and revenue for reinvestment in the business.

We continue to be challenged in managing our cost base and we feel strongly that greater integration across our supply chain will help us not only to reduce costs but increase our speed to market and improve our effectiveness. In 2012, although we experienced a 2.8% increase in our operating costs compared with 2011, this remains below inflation which was projected at 4.6%.

RESPONSIBILITY

"We aim to balance our commercial objectives with the expectations of a broad range of stakeholders and ensure that we have a sustainable business."

We strongly believe that our business must demonstrate responsibility in everything it does. Our commitment to responsible behaviour is integral to our sustainability agenda. This addresses key business-related, social, environmental and economic impacts in ways that aim to build value for all our stakeholders, including shareholders.

Our International Marketing Principles detail our commitment to marketing appropriately and only to adult consumers. The Principles govern our tobacco marketing across all areas, including print, electronic media, promotional events and sponsorship and has been recently updated to include social media.

Our Business Principles and our Standards of Business Conduct set out what we require of our company and employees in terms of responsible corporate behaviour and personal integrity.

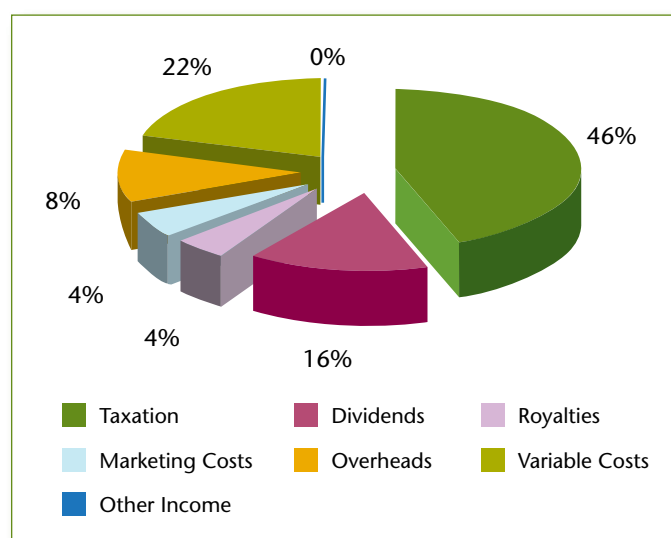
We recognise the need to maintain a clear strategic approach to managing our environmental footprint. It not only makes good economic and environmental sense for us to use raw materials, energy and water in a sustainable manner, but it is also our responsibility to do so.

Our Corporate Social Investment (CSI) activities include a range of community and charitable projects, centered on empowerment (training and education to help develop the productive capacity of those less fortunate), civic life (activities that aim to enrich public and community life) and the environment (contributions to environmental enhancement).

Share Price



Income Distribution



I Managing Director's Review

WINNING ORGANISATION

"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."

Attracting, developing and retaining talent is central to our ambition to be a winning organisation. We aim to develop leaders with a clear vision for the business, who will motivate those around them. Fostering a confident culture that embraces change and innovation is also central to our strategy, as is ensuring continuous improvement in everything we do.

We can only maintain a strong workforce if we nurture and develop our people. In capitalising on the advancements in technology, a new online training and development system was launched to provide our employees with access to a suite of e-learning applications across various disciplines.

FINANCE

In 2012 the Company recorded a Turnover of \$6.8 billion, a growth of 14.4% over 2011. This growth was largely driven by improved sales performance, changes in the sales mix and an effective pricing strategy. Cost of Sales increased 10.3% to \$2.8 billion, largely driven by higher raw material prices.

Organisational efficiencies resulted in total expenses of \$998.8 million, which although an increase over 2011 of 2.75% remains less than inflation. This increase was mainly driven by central office re-charges.

The net impact of the above factors resulted in Profit After Tax of \$1.7 billion, an increase of 24.3% over 2011. As a result of the positive trend in Profit After Tax, earnings per share increased by \$14.04 or 24.3%.

In consideration of the above and subject to final approval, a final dividend payment of \$7.38 per share will be paid, which will result in total dividend payments of \$77.41 for 2012, of which \$5.57 was a special dividend. This is an increase of 33.9% or \$19.61 over total dividends paid for 2011.

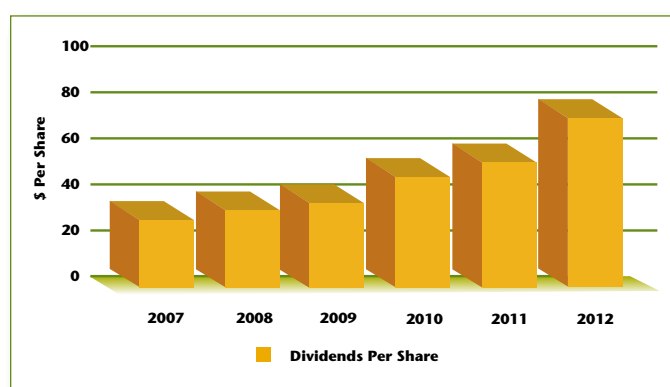
INCOME DISTRIBUTION:

Total Taxes paid to Government in 2012 amounted to 45% or \$3.6 billion as compared to \$3.1 billion in 2011.

Operating costs inclusive of Marketing costs and Overheads accounted for 13% of Gross Income. Included in our total overheads costs are contributions made to charitable and other organizations in line with our Corporate Social Investment strategy.

Return to investors amounted to \$1.67 billion or 21% compared to previous year of \$1.38 billion or 20%.

Dividends Per Share





I Managing Director's Review

CORPORATE AFFAIRS

The Company acknowledges the role of business as a corporate citizen and the key role it must play in supporting societies in achieving the balance between economic growth, environmental protection and social progress. For this to happen, we believe that partnerships with governments, civil society and businesses are critical and we are committed to playing an active role in supporting local community and charitable projects.

In 2012, we responded to the social and environmental challenges through a tree planting exercise on Thomas Street in conjunction with the Environmental Community Health Organisation (ECHO); the Ministry of Health National Aids Programme and the provision of material and financial support to the Adult Education Association and the Region 6 Community Rehabilitation Programme, among others. We will seek to extend our support to those organisations that play a key role in enhancing the lives of our communities.

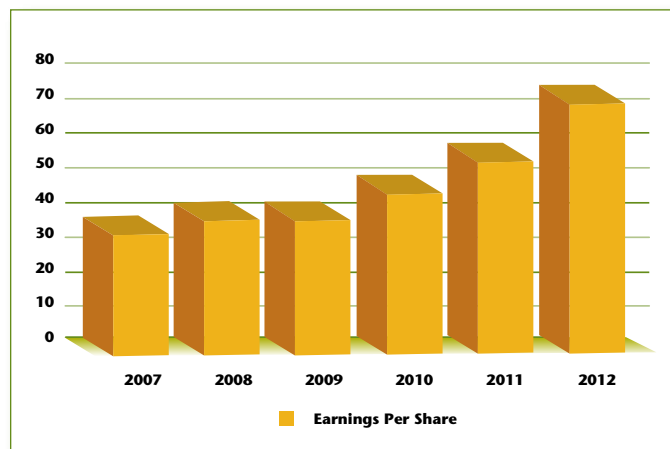
We support tobacco regulation that balances the preferences of consumers with the interests of society, establishes an open-minded approach to harm reduction, and enables our business to continue to compete. It is important for us to maintain channels of communication with regulators as we believe there is much to be gained by including responsible tobacco businesses that compete in the legal market in the regulatory process to address the key issues surrounding our product – underage access, illicit trade, product information, product safety and involuntary exposure to smoke.

LOOKING AHEAD

Our vision of maintaining leadership of our industry and delivering shareholder value remains in focus. We are alert to the potential challenges in the operating environment but are confident that the inherent strength of our strategy, our brands and our people will help us succeed.

I would like to take this opportunity to thank the management team and employees of Demerara Tobacco for their energy, drive and enthusiasm in delivering on our strategic agenda in 2012 and I look forward to the same passion and commitment in 2013 and beyond.

Earnings Per Share



Malissa Sylvester
Managing Director

| Our Team



| Purpose Statement

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.

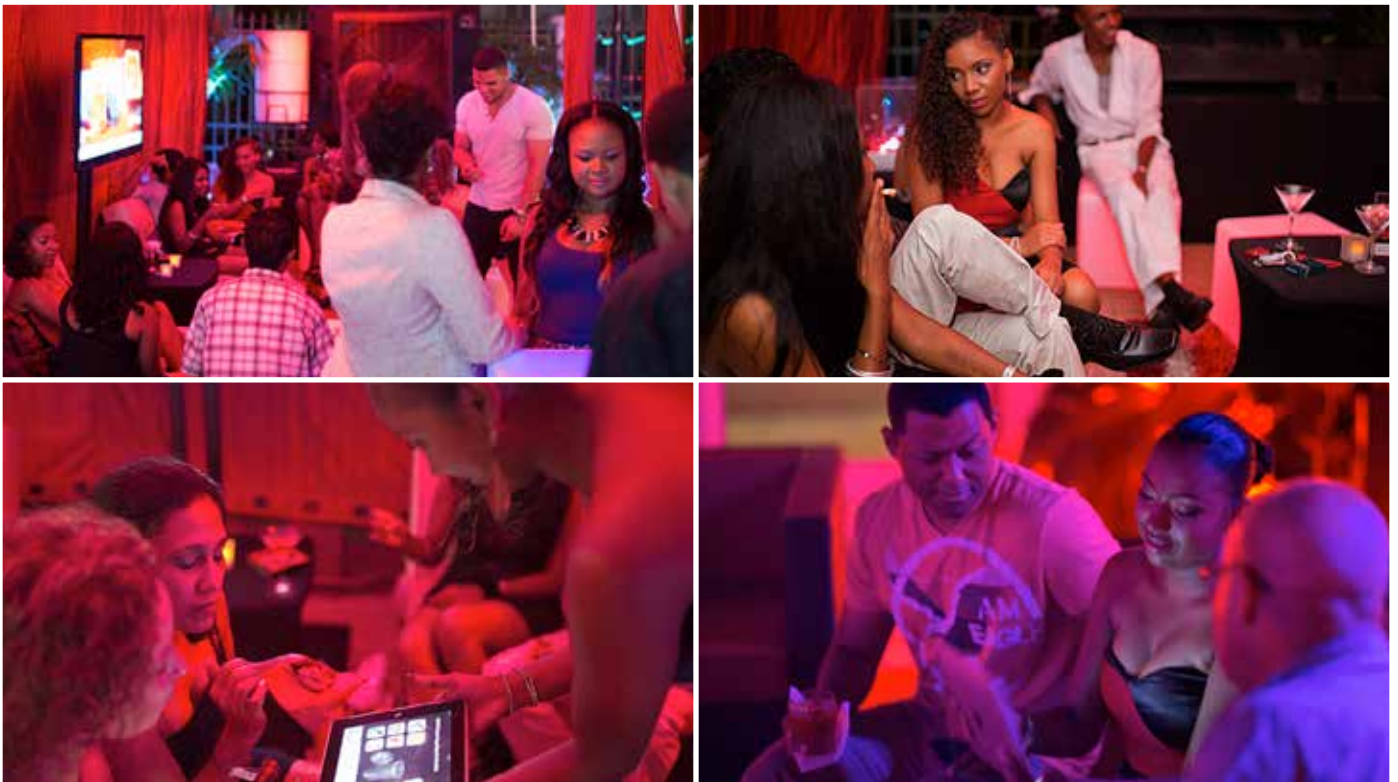


| Year in Review

Our approach to marketing is guided by our International Marketing Principles (IMP) ensuring that we invest in and develop non-traditional channels of communications to effectively engage with only adult consumers. This is evidenced by our stringent validation processes during our activities, which we believe sets the bar for responsible marketing. In 2012, Demerara Tobacco Company continued to win by leveraging our simplified portfolio.

Bristol continues to offer its smokers an authentic taste that truly represents the Guyanese flavour. Throughout 2012, emphasis was placed on ensuring product availability and our investment behind Bristol will continue to ensure it remains a contemporary brand with a wealth of Heritage.

As the premium driver in our portfolio, **Dunhill** continuously delivers growth each year. Throughout 2012, adult consumers were engaged at exclusive and innovative contemporary gatherings that reinforced the brand's premium position. We will continue to introduce innovation in Dunhill, not just through our activities but through our product offerings as well.



QUALITY
AT A GREAT PRICE

THE WORLD LOOKS BETTER WITH PALL MALL

Warning: The Minister of Health advises that SMOKING IS DANGEROUS TO HEALTH

Pall Mall is an affordable option for our consumers that represents great quality at an excellent price. A Nationwide Consumer Promotion "Win with Pall Mall" was implemented to support the brand's value proposition.

WIN over 60,000 prizes with PALL MALL!

LOOK FOR THE COUPON INSIDE YOUR PACK!

Warning: The Minister of Health advises that SMOKING IS DANGEROUS TO HEALTH

Our engagement activities with adult consumers took the form of “After Work Limes” and “Bar Crawls” which featured interactive games and appealing prizes that continued to build the brand’s equity.



OTHER INITIATIVES

Restricting access of our products to minors remained a key element of our strategy. The aim is to increase awareness among retailers and consumers of the age requirement for purchasing our products. Our Youth Smoking Prevention (YSP) programme includes signage at the point of sale as well as polos, aprons and caps given to retailers to ensure the messages are clearly and frequently communicated.

We also launched an accommodation programme that seeks to support and encourage retailers to develop comfortable outdoor spaces for smokers through our Public Place Smoking initiative (PPS). This programme comprises the provision of furniture and signage as well as educating our retailers on the initiative.





Index

REPORT OF THE INDEPENDENT AUDITORS	24
---	-----------

FINANCIAL STATEMENTS:

Statement of Financial Position	25
Statement of Comprehensive Income	26
Statement of Changes in Equity	27
Statement of Cash Flows	28
Notes to the Financial Statements	29



DEMERARA TOBACCO



Jack A. Alli, Sons & Co.



145 Crown Street
Queenstown
Georgetown
P.O. Box 10351
Guyana
Telephone: (592) 226-2904
Fax: (592) 225-3849
Website: www.jasco.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 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 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

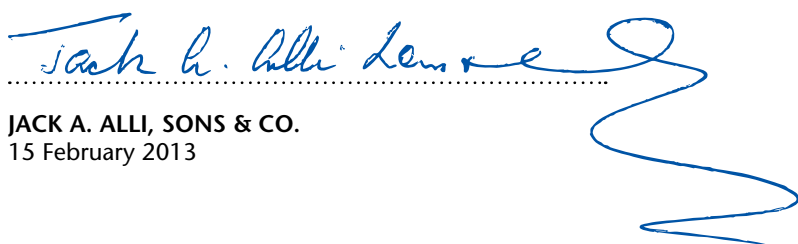
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether 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 2012 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.
15 February 2013

| Statement of Financial Position

AS AT 31 DECEMBER 2012

Thousands of Guyana Dollars	Note	2012	2011
ASSETS			
Non-current assets			
Plant and equipment	3	31,049	51,536
Intangible asset	4	1,832	9,033
Deferred taxation	5	14,019	16,755
		46,900	77,324
Current assets			
Inventories	6	244,043	210,424
Accounts receivable and prepayments	7	366,416	174,466
Amounts due from related parties	8	265,403	399,168
Taxation		78,136	78,136
Cash and cash equivalents	9	480,068	292,775
		1,434,066	1,154,969
TOTAL ASSETS		1,480,966	1,232,293
EQUITY AND LIABILITIES			
Equity			
Share capital	10	23,400	23,400
Retained earnings		536,084	522,234
		559,484	545,634
Non-current liability			
Retirement benefit plan deficit	11	14,297	36,494
Current liabilities			
Accounts payable and accruals	12	463,644	326,061
Amounts due to related parties	8	154,225	164,600
Taxation		262,753	140,169
Provision for other liabilities	13	26,563	19,335
		907,185	650,165
TOTAL EQUITY AND LIABILITIES		1,480,966	1,232,293

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 15 February 2013.



DIRECTORS





Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2012

Thousands of Guyana Dollars	Note	2012	2011
Sales		6,769,321	5,916,996
Cost of Sales	14	(2,837,121)	(2,571,617)
Gross Profit		3,932,200	3,345,379
Distribution and Marketing Costs	14	(344,213)	(359,560)
Administrative Expenses	14	(654,586)	(612,512)
Other Income		1,011	12,587
Profit From Operations		2,934,412	2,385,894
Finance Income	15	2,731	5,632
Profit Before Taxation		2,937,143	2,391,526
Taxation	18	(1,256,043)	(1,038,897)
Total Comprehensive Income for the Year		1,681,100	1,352,629
Earnings Per Share	19	71.84 Dollars	57.80 Dollars

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

| Statement of Changes in Equity



FOR THE YEAR ENDED 31 DECEMBER 2012

Thousands of Guyana Dollars	Note			
		Share Capital	Retained Earnings	Total
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
Year ended 31 December 2012				
As at beginning of year		23,400	522,234	545,634
Total comprehensive income		0	1,681,100	1,681,100
Dividends paid	20	0	(1,667,250)	(1,667,250)
As at end of year		23,400	536,084	559,484

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



| Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2012

Thousands of Guyana Dollars

2012

2011

OPERATING ACTIVITIES

Profit before taxation	2,937,143	2,391,526
Adjusted for:		
Depreciation and amortisation	32,648	29,232
Interest received	(2,731)	(5,632)
Gain on disposal of plant and equipment	(1,002)	(7,900)
Retirement benefit plan	(22,197)	15,104
Net movement in provision for other liabilities	7,228	3,146
Operating profit before changes in working capital	2,951,089	2,425,476
Increase in inventories	(33,619)	(21,607)
Increase in accounts receivable and prepayments	(191,950)	(74,223)
Decrease in net amounts due from related parties	123,390	77,822
Increase in accounts payable and accruals	137,583	16,217
Cash generated from operations	2,986,493	2,423,685
Taxes paid	(1,130,723)	(1,106,529)
Net Cash Inflow - Operating Activities	1,855,770	1,317,156

INVESTING ACTIVITIES

Proceeds from sale of plant and equipment	1,040	12,900
Acquisition of plant, equipment and intangible asset	(4,998)	(15,281)
Interest received	2,731	5,632
Net Cash (Outflow) / Inflow - Investing Activities	(1,227)	3,251

FINANCING ACTIVITIES

Dividends paid	(1,667,250)	(1,377,090)
Net Cash Outflow - Financing Activities	(1,667,250)	(1,377,090)

NET MOVEMENT IN CASH AND CASH EQUIVALENTS	187,293	(56,683)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	292,775	349,458
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	480,068	292,775

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

31 DECEMBER 2012

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 arises on the determination of the retirement benefit plan position and the estimation of the expected useful lives of plant and equipment.

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

IAS 12	Income taxes (amendment)
IFRS 7	Financial instruments: disclosures (amendments)

The following standards and amendments to existing guidance have also been published but are not mandatory for the current financial year and have not been early adopted by the Company. 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 arrangements
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
IFRS 7	Financial instruments: disclosures (amendment)
IAS 1	Presentation of financial statements (amendment)
IAS 19	Employee benefits (amendment)
IAS 27	Separate financial statements (revision)
IAS 28	Investments in associates and joint ventures (revision)
IAS 32	Financial instruments: presentation (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.



I Notes to the Financial Statements

31 DECEMBER 2012

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 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 2012

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.



| Notes to the Financial Statements

31 DECEMBER 2012

Thousands of Guyana Dollars

3. PLANT AND EQUIPMENT	Plant and Machinery	Office and Other Equipment	Motor Vehicles	Total
<i>Cost</i>				
As at 01 January 2012	297	36,340	54,680	91,317
Additions	0	3,166	0	3,166
Disposals	0	(2,434)	(3,400)	(5,834)
As at 31 December 2012	297	37,072	51,280	88,649
<i>Accumulated Depreciation</i>				
As at 01 January 2012	(297)	(18,649)	(20,835)	(39,781)
Charges for the year	0	(4,911)	(18,704)	(23,615)
Written back on disposals	0	2,396	3,400	5,796
As at 31 December 2012	(297)	(21,164)	(36,139)	(57,600)
<i>Net Book Value</i>				
As at 31 December 2012	0	15,908	15,141	31,049
<i>Cost</i>				
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
<i>Accumulated Depreciation</i>				
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)
<i>Net Book Value</i>				
As at 31 December 2011	0	17,691	33,845	51,536

The Company has authorised, but not contracted, capital expenditure on plant and equipment of \$18,440 for the coming year (2011 - \$3,084).

31 DECEMBER 2012

Thousands of Guyana Dollars

4. INTANGIBLE ASSET - COMPUTER SOFTWARE

	2012	2011
<i>Cost</i>		
As at beginning of year	32,517	32,517
Additions	1,832	0
As at end of year	34,349	32,517
<i>Accumulated Amortisation</i>		
As at beginning of year	(23,484)	(12,645)
Amortisation during the year	(9,033)	(10,839)
As at end of year	(32,517)	(23,484)
<i>Net Book Value</i>		
As at end of year	1,832	9,033

5. DEFERRED TAXATION

Asset arising on accelerated accounts depreciation		
- to be recovered after 12 months	8,300	2,157
Asset arising on retirement benefit plan deficit		
- to be recovered after 12 months	5,719	14,598
	14,019	16,755

6. INVENTORIES

Goods for resale	170,791	131,589
Goods in transit	73,252	78,835
	244,043	210,424

7. ACCOUNTS RECEIVABLE AND PREPAYMENTS

Trade receivables	353,164	163,755
Other receivables	7,269	7,319
Prepayments	5,983	3,392
	366,416	174,466

8. RELATED PARTIES

(a) Key management compensation:

Short term benefits	39,337	25,893
Post-employment benefits	(9,991)	10,993
	29,346	36,886



I Notes to the Financial Statements

31 DECEMBER 2012

Thousands of Guyana Dollars

8. RELATED PARTIES (CONT'D)

2012

2011

(b) Transactions carried out with related parties:

Acquisition of products from fellow group subsidiary	1,273,841	1,120,982
Management services from fellow group subsidiary	327,163	326,041
Royalties charged by fellow group subsidiary	327,845	283,823
Technical and advisory services from fellow group subsidiary	123,743	113,880
Interest earned on loan to fellow group subsidiaries	2,622	5,330
Dividends paid to parent	1,171,309	967,460

(c) Outstanding balances at year end:

Amount due from fellow group subsidiary	265,403	265,403
Loan due from fellow group subsidiary	0	133,765
	265,403	399,168
Amount due to fellow group subsidiaries	154,225	164,600

On 29 February 2012 the loan due from a fellow group subsidiary outstanding at 31 December 2011 was fully repaid. During the year the Company advanced a loan to another fellow group subsidiary earning interest at the three month LIBOR rate. This loan was fully repaid on 07 December 2012. All other balances are interest free and repayable on demand. No security is held or pledged for balances outstanding.

9. CASH AND CASH EQUIVALENTS

2012

2011

Short term deposits	18,713	18,595
Other cash at bank	456,048	268,643
Cash in hand	5,307	5,537
	480,068	292,775

10. SHARE CAPITAL

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 2012

Thousands of Guyana Dollars

11. RETIREMENT BENEFIT PLAN

2012

2011

The amounts recognised in the statement of financial position are as follows:

Present value of obligation	82,934	97,818
Fair value of plan assets	(68,637)	(61,324)
Liability recognised in the statement of financial position	14,297	36,494

The amounts recognised in the statement of comprehensive income are as follows:

Current service cost	6,671	6,418
Interest cost	6,257	5,311
Expected return on plan assets	(4,367)	(3,882)
Past service (credit) / cost	(26,881)	10,493
Net actuarial gains	(2,821)	(2,149)
Total included in staff costs	(21,141)	16,191
Actual return on plan assets	5,201	3,258

The movement in the present value of obligation is as follows:

As at beginning of year	97,818	77,716
Current service cost	6,671	6,418
Interest cost	6,257	5,311
Contributions by members	1,056	1,087
Past service (credit) / cost	(10,029)	13,760
Actuarial gains	(1,987)	(2,773)
Transfer out	(16,852)	0
Benefits paid	0	(3,701)
As at end of year	82,934	97,818

The movement in the fair value of plan assets is as follows:

As at beginning of year	61,324	56,326
Expected return on plan assets	4,367	3,882
Contributions by members	1,056	1,087
Contributions by Company	1,056	1,087
Benefits paid	0	(434)
Actuarial gain / (loss)	834	(624)
As at end of year	68,637	61,324



I Notes to the Financial Statements

31 DECEMBER 2012

Thousands of Guyana Dollars

11. RETIREMENT BENEFIT PLAN (CONT'D)

2012

2011

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 \$1,050 (2011 - \$2,749).

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:

2012

2011

Equity	61,942	90%	53,403	87%
Cash resources	6,695	10%	7,921	13%
	68,637	100%	61,324	100%

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

	2012	2011	2010	2009	2008
Fair value of plan assets	68,637	61,324	56,326	50,775	50,248
Present value of obligation	(82,934)	(97,818)	(77,716)	(68,802)	(49,169)
(Deficit) / surplus	(14,297)	(36,494)	(21,390)	(18,027)	1,079
Experience adjustment on assets	834	(624)	(773)	(3,507)	(1,106)
Experience adjustment on obligation	1,987	2,773	6,068	(7,288)	32,327

12. ACCOUNTS PAYABLE AND ACCRUALS

2012

2011

Sundry payables	332,822	260,227
Accruals	130,822	65,834
	463,644	326,061

31 DECEMBER 2012

Thousands of Guyana Dollars

13. PROVISION FOR OTHER LIABILITIES

2012

2011

Provision for bonuses:

As at beginning of year

19,335

16,189

Charged in the year

35,476

28,047

Used in the year

(28,248)

(24,901)

As at end of year

26,563

19,335

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

14. EXPENSES BY NATURE

Cost of inventories expensed

2,837,121

2,571,617

Advertising expenses

153,117

155,129

Management services

327,163

326,041

Staff costs (note 16)

58,857

76,481

Technical and advisory services

123,743

113,880

Depreciation and amortisation

32,648

29,232

Operating lease charges

36,250

26,315

Utilities

2,951

8,415

Communications

13,161

6,441

Auditors' remuneration

4,285

4,284

Directors' remuneration (note 17)

1,100

500

Other

245,524

225,354

Total Cost of Sales, Distribution and Marketing Costs,
and Administrative Expenses

3,835,920

3,543,689

15. FINANCE INCOME

Loan interest

2,622

5,330

Bank interest

109

302

2,731

5,632



I Notes to the Financial Statements

31 DECEMBER 2012

Thousands of Guyana Dollars

16. STAFF COSTS

	2012	2011
Wages and salaries	78,131	58,437
Pension costs (note 11)	(21,141)	16,191
Other benefits	1,867	1,853
	58,857	76,481

17. DIRECTORS' REMUNERATION

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

Chandradat Chintamani	550	0
Charles Quintin	550	500
Other Directors waived their rights to remuneration for their services as directors.	1,100	500

18. TAXATION

The provisional charge for taxation is made up as follows:

Current tax	1,253,038	1,041,290
Deferred tax	2,313	(2,392)
Prior year adjustments	692	(1)
	1,256,043	1,038,897

Reconciliation of tax expense and accounting profit:

Profit before taxation	2,937,143	2,391,526
Corporation tax at 40% (2011 - 40%)	1,174,857	956,610
Income not subject to tax	(446)	(2,233)
Expenses not deductible for tax purposes	75,205	78,203
Property tax	5,735	4,722
Impact of tax rate change from 45% to 40%	0	1,596
Prior year adjustments	692	(1)
	1,256,043	1,038,897

31 DECEMBER 2012

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.

	2012	2011
Profit attributable to shareholders	1,681,100	1,352,629
Weighted average number of ordinary shares in issue	23,400	23,400
Basic earnings per share	71.84 Dollars	57.80 Dollars

20. DIVIDENDS

Prior year interim paid \$9.46 per share (2011 - \$10.50)	221,364	245,700
Prior year final paid \$7.29 per share (2011 - \$7.30 per share)	170,586	170,820
Interim declared and paid \$12.72 per share (2011 - \$9.88 per share)	297,648	231,192
Interim declared and paid \$19.08 per share (2011 - \$15.36 per share)	446,472	359,424
Interim declared and paid \$17.13 per share (2011 - \$15.81 per share)	400,842	369,954
Special declared and paid \$5.57 per share (2011 - \$nil)	130,338	0
	1,667,250	1,377,090

A fourth interim dividend in respect of the financial year of \$15.53 per share (2011 - \$9.46), amounting to a total dividend of \$363,402 (2011 - \$221,364), has been declared and paid after the year end. A final dividend in respect of the financial year of \$7.38 per share (2011 - \$7.29 per share), amounting to a total dividend of \$172,692 (2011 - \$170,586), is to be proposed at the annual general meeting on 02 April 2013.

21. OPERATING LEASE COMMITMENTS

The future minimum lease payments under non-cancellable operating leases for properties are as follows:

	2012	2011
- within 1 year	21,914	15,059
- between 1 and 5 years	41,677	39,114
	63,591	54,173



I Notes to the Financial Statements

31 DECEMBER 2012

Thousands of Guyana Dollars

22. CONTINGENT LIABILITY

2012

2011

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 (2011 - 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. and are of good financial standing. No collateral is held as security for related parties' balances.

31 DECEMBER 2012

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 (2011 - nil). During the current year and prior year there was no impairment of receivables.

As at the year end, receivables of \$625,836 (2011 - \$570,242) are fully performing and have not been renegotiated during 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 2012			
Accounts payable and accruals	424,523	39,121	463,644
Amounts due to related parties	154,225	0	154,225
Provision for other liabilities (based on contractual obligations)	0	8,713	8,713
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

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.



I Notes to the Financial Statements

31 DECEMBER 2012

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:

	2012	2011
<i>Assets</i>		
United States Dollars	270,740	408,347
<i>Liabilities</i>		
United States Dollars	117,075	79,903
British Pound Sterling	37,149	84,736

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 \$11,210 in the year (2011 - \$22,154).

As at the year end, if the Guyana Dollar had weakened / strengthened by 1% against the United States Dollar, with all other variables held constant, post-tax profit for the year would have been \$922 (2011 - \$1,971) higher / lower.

As at the year end, if the Guyana Dollar had weakened / strengthened by 1% against the British Pound Sterling, with all other variables held constant, post-tax profit for the year would have been \$223 (2011 - \$508) lower / higher.

(f) Interest Rate Risk

Interest rate risk is the impact that changes in interest rates could have on the Company's earnings and assets. The Company is not exposed to interest rate risk at 31 December 2012 as there are no interest-bearing assets or liabilities held. At the prior year end the Company held an interest-bearing receivable of a fixed rate nature carried at amortised cost.

(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-Ninth Annual Meeting of The Demerara Tobacco Company Limited to be held at the Grand Savannah Suite, Pegasus Hotel, Seawall Road, Kingston, Georgetown on Tuesday, 02 April 2013 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 _____ 2013

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



I Proxy Form (Continued)

RESOLUTION		FOR	AGAINST
1	That the Financial Statements of the Company for the financial year ended 31 December 2012 and the Reports of the Directors and Auditors thereon be and are hereby approved.		
2	That the four (4) Interim and Special Dividends totalling \$70.03 already paid be confirmed and that a Final Dividend of \$7.38 per share as recommended by the Board for the year ended 31 December 2012 be approved and paid to those shareholders on the Company's share register at the close of business on 02 April 2013.		
3	That Mrs Amanda Cavill de Zavaley, 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.		
4	That Mr Marcus Steele, 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	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	That Jack A Alli, Sons & Co be and is hereby appointed Auditors for the period ending with the conclusion of the next Annual General Meeting.		
7	That the Directors are hereby authorised to fix the remuneration of the auditors at a sum to be agreed.		
8	That By-Law 26 of the Company's By-Laws be amended as 26(6) All dividends unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed, and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of six years after having been declared shall be forfeited and shall revert to the Company.		

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-ninth Annual General Meeting of the Demerara Tobacco Company Limited to be held at the Pegasus Hotel, Seawall Road, Kingston, Georgetown on Tuesday, 02 April 2013.

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 72(2):

No statement has been received from any Director pursuant to Section 72(2) of the Companies Act, 1991.

5 Any Auditor's statement submitted pursuant to Section 178:

No statement has been received from any Auditors pursuant to Section 178 of the Companies Act, 1991.

6 Any Shareholder's proposal submitted pursuant to Section 114(a) and 115(2):

No statement has been received from any Shareholder pursuant to Section 114(a) and 115(2) of the Companies Act, 1991.

DATE	NAME AND TITLE	SIGNATURE
15 February 2013	Carol B A Liverpool Secretary and Authorised Signatory The Demerara Tobacco Company Limited	