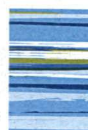


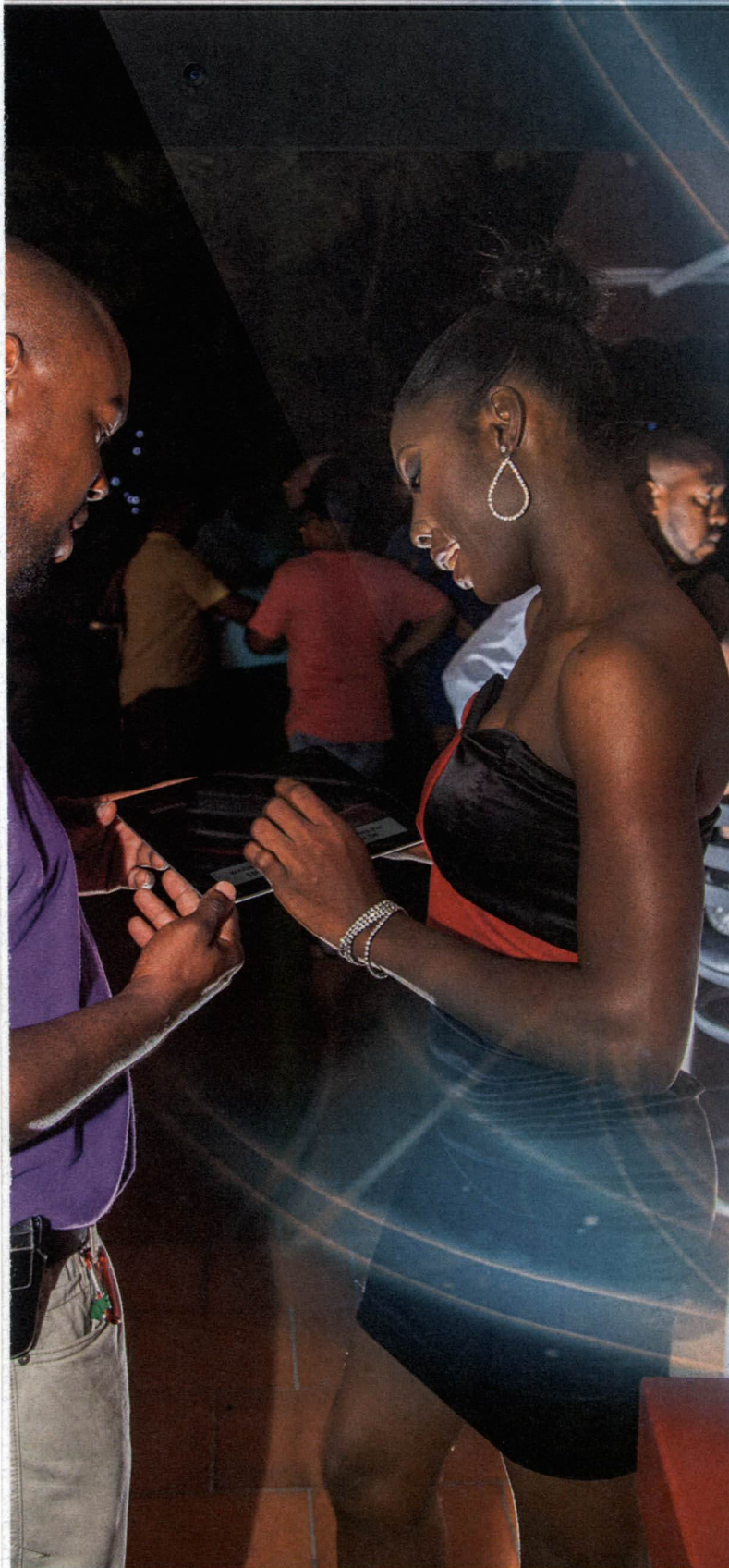


DEMERARA TOBACCO



2013
ANNUAL REPORT





Direct Response Marketing is designed to generate an immediate response from consumers, where each consumer response and purchase can be measured, and attributed to individual advertisements.



Like the force of the Kaieteur, the energy of Guyana is unstoppable. It comes from our people who are using technology more progressively, more efficiently and more expertly, to improve the way we live and work.

At Demerara Tobacco Company, we too are using today's 21st century technology in our day-to-day activities. We have embraced the speed of change, energising our relationships and shaping the way we engage with stakeholders. Today we listen more, assess faster and make more-informed decisions about our market - sometimes with a single touch.

The force of technology is energising the people of Guyana. Demerara Tobacco Company is proud to be part of this journey.

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.

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.

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Chairman

Amanda Cavill de Zavaley

Other Directors

Chandradat Chintamani
Charles Quintin
Malissa Sylvester
Jason Fournillier

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



Notice of Meeting



Carol Liverpool - Secretary

Notice is hereby given that the 80th Annual General Meeting of the Demerara Tobacco Company Limited will be held at the **Pegasus Hotel, Seawall Road, Kingston, Georgetown** on **01 April 2014** 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 2013 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 2013 AND THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON BE AND ARE HEREBY APPROVED."



Notice of Meeting (continued)

3. To consider the declaration of a Final Dividend of \$9.60 per share by the Board in addition to the four (4) Interim Dividends totalling \$69.46 per share already declared and paid by the board and (if thought fit) pass the following resolution:

"THAT THE FOUR (4) INTERIM DIVIDENDS TOTALLING \$69.46 ALREADY PAID BE CONFIRMED, AND THAT A FINAL DIVIDEND OF \$9.60 PER SHARE AS RECOMMENDED BY THE BOARD FOR THE YEAR ENDED 31 DECEMBER 2013 BE APPROVED AND PAID TO THOSE SHAREHOLDERS ON THE COMPANY'S SHARE REGISTER AT THE CLOSE OF BUSINESS ON 01 April 2014."

4. To re-elect Directors:

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

4.1 "THAT MS MALISSA SYLVESTER, 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 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 A NON-EXECUTIVE DIRECTOR 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
11 February 2014

Report of the Directors

The Directors have pleasure in submitting their Report for the year ended 31 December 2013.

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

	GS'000
Gross Turnover	7,180,733
Cost of Sales	(2,997,543)
Gross Profit	4,183,190
Other Operating Income	1,864
Operating Expenses	(953,206)
Profit Before Taxation	3,231,848
Taxation	(1,381,208)
Profit After Taxation	1,850,640

Cash, Deposits and Capital Expenditure

Cash & Bank Balances at 31 December 2013 totalled \$726 million compared to \$480 million at the prior year end, an increase of \$246 million resulting from improved working capital management and operating profits. Operating activities generated cash of \$3.50 billion for the year under review. Taxation paid during the year amounted to \$1.47 billion. Total dividend paid amounted to \$1.78 billion. Capital Expenditure for the year was \$14.59 million compared to \$4.99 million for the previous year.

Dividends

In May, August, and November 2013 and February 2014 there were four (4) interim dividend payments totaling \$69.46 per share. A final dividend of \$9.60 per share is proposed by your directors making a total payment for the year of \$79.06 per share, an increase of \$7.22 or 10% (excluding special dividend) over the previous year.

Directors

Mr. Charles Quintin and Ms. Malissa Sylvester 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	2009	2010	2011	2012 (Restated)	2013
Balance Sheet Items					
Non-Current Assets	81,844	93,883	77,324	46,900	43,529
Current Assets	971,520	1,213,760	1,154,969	1,434,066	1,495,702
Total Assets	1,053,364	1,307,643	1,232,293	1,480,966	1,539,231
Current Liabilities	500,550	716,158	650,165	907,185	887,699
Non-Current Liabilities	18,027	21,390	36,494	14,297	15,220
Net Assets	534,787	570,095	545,634	559,484	636,312
Net Asset per Share	22.85	24.36	23.32	23.91	27.19
Profits and Distribution					
Net Profit before Tax	1,836,237	2,199,885	2,391,526	2,934,322	3,231,848
Taxation	903,513	1,066,181	1,038,897	1,254,914	1,381,208
Net Profit after Tax	932,724	1,133,704	1,352,629	1,679,408	1,850,640
Duty and Excise paid	1,825,235	2,165,886	2,297,999	2,509,276	2,481,820
Statistics					
Ordinary Shares in issue ('000)	23,400	23,400	23,400	23,400	23,400
Earnings per share	39.86	48.45	57.80	71.77	79.09
Dividends declared per share	39.26	48.42	57.80	77.41	79.06

Financial Calendar

ANNUAL MEETING

01 April 2014

REPORTS:

Interim Report for six months to 30.06.2014

August 2014

DIVIDENDS:

Final

April 2014

First Interim

May 2014

Second Interim

August 2014

Third Interim

November 2014

Fourth Interim

February 2015

Final 2014

March 2015

Directors' Beneficial Interest:

	Shares Held As at 31/12/2013	Shares Held As at 31/12/2012
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:

	31/12/2013	31/12/2012
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 31/12/2013:

Holdings	# of Shareholders	% of Shareholders	# of Shares
1-10,000	770	87	1,382,463
10,001-20,000	64	7	925,720
20,001-50,000	35	4	1,112,821
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	891	100	23,400,000

Board of Directors

Malissa Sylvester
Director

Charles Quintin
Director

Amanda Cavill de Zavaley
Chairman





Chandradat Chintamani
Director



Jason Fournillier
Managing Director

**We have always
advocated effective and
balanced regulation of
the tobacco industry,
as the absence of such
leads to illicit trade.**

Amanda Cavill de Zavaley
Chairman



Chairman's Statement

It is my pleasure to report that despite varying economic challenges faced in 2013, your Company has recorded a strong year, improving on the 2012 performance. Our Profit before Tax of \$3.2 billion represents an increase of 10% over 2012. Overall revenues rose by 6% and earnings per share improved by 10% to \$79.09.

The Guyana economy grew by 3.9% during the first six months of the year, with the non-sugar based sectors increasing by 6%. The sugar sector contracted by 32.5% due to adverse weather conditions and insufficient supply of cane. Gold declarations increased by 27% due to the expansion of small scale gold mining, even as global gold prices dropped during the first half of the year. The outlook for the second half remained positive, with growth projected at 4.8%, while non-sugar growth was projected at 5.8%.

The Board of Directors has already approved four interim dividends totaling \$69.46, which together with the proposed dividend of \$9.60 per share will bring the total dividend to \$79.06 per ordinary share. Once the final dividend is approved, payment will be made in accordance with established company guidelines.

Demerara Tobacco Company Limited has continued to uphold its commitment to Guyana, through its corporate social responsibility activities. We approach corporate social investment as an end in itself, rather than a way to promote the business. Our Company has always been closely identified with the community where we operate, and we have offered support to the Nazareth Home for senior citizens, continued with our environmental preservation initiatives and our work with the National Aids Programme Secretariat.

One of the issues that companies continue to face is that of illicitly traded goods which deprive Governments of the much needed resources, that could otherwise be used for the development of the economy. Guyana is no exception to the global phenomena of illicit trade. In 2013, the Company engaged with various authorities to address the issue of illicit trade and will continue to do so with regulators, concerned retailers, business associates, and other relevant stakeholders.

As a legal industry that is seen as controversial, regulation adapted to reality is necessary in order to be able to communicate and market our products responsibly. We believe that as marketers of cigarettes, we are knowledgeable about the product's design, manufacture, distribution and sale, and we are willing to work with regulators to provide measures that are in the best interest of all stakeholders.

The exclusion of participation of the industry in policy development, will prevent the possibility of good regulatory practice. Without consulting the regulated industry, a government cannot ensure that its proposed regulations will be effective in achieving its objectives and are not more burdensome than necessary.

We have always advocated effective and balanced regulation of the tobacco industry, as the absence of such leads to illicit trade. We continue to take every opportunity to engage with key stakeholders on balanced regulation.

I wish to record the Board's sincerest appreciation to the management and staff of Demerara Tobacco Company, for helping to ensure another good year. Our continued success over these past years is due to your dedication and determination for success.



Amanda Cavill de Zavaley
CHAIRMAN

Our strategy is designed to deliver our vision of achieving leadership of the tobacco industry and as a result, build shareholder value.

Jason Fournillier
Managing Director



Managing Director's Review

It is a privilege to fulfill the role of Managing Director of Demerara Tobacco, a company that has consistently delivered solid business results and value creation for its shareholders. Although there is a change at our helm, rest assured that we will continue to place a sustained focus on steering a steady course for our business.

BUSINESS PERFORMANCE AND STRATEGY

The year 2013 saw us delivering organic revenue growth of 6% despite the backdrop of adverse exchange rates and a challenging economic environment. Our shareholders have received excellent returns, with earnings per share increasing by 10%. Market share remains stable and our volume performance is aligned to market expectations.

The Company has achieved a substantial improvement in profit from operation of 10%. We have continued to focus on productivity improvements, addressing our cost base through system standardisation and productivity savings.

Our strategy is designed to deliver our vision of achieving leadership of the tobacco industry and as a result, build shareholder value.

The Company's performance in 2013 reflects the resilience of our business strategy which ensures focus on all aspects of the business to facilitate our long term vision.

CONSUMER FOCUS

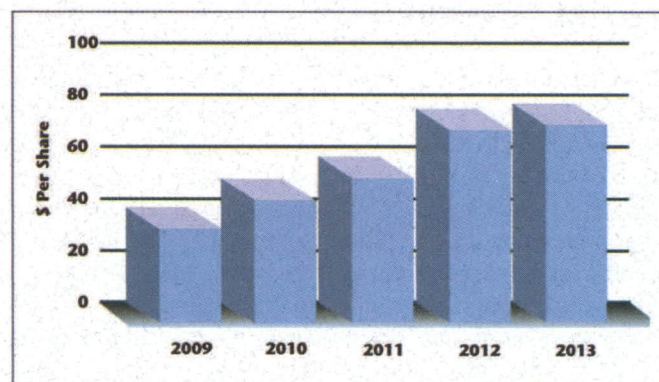
Improving the execution of our strategy starts and ends with our focus on the consumer. Marketing products that satisfy a wide range of consumer needs has been key to our Company's success and will become even more important in the future. This consumer focus also extends to our efforts to improve productivity through a flexible and efficient supply organization. We are able to invest more in our brands, protect our market share and deliver higher returns for shareholders.

GROWTH

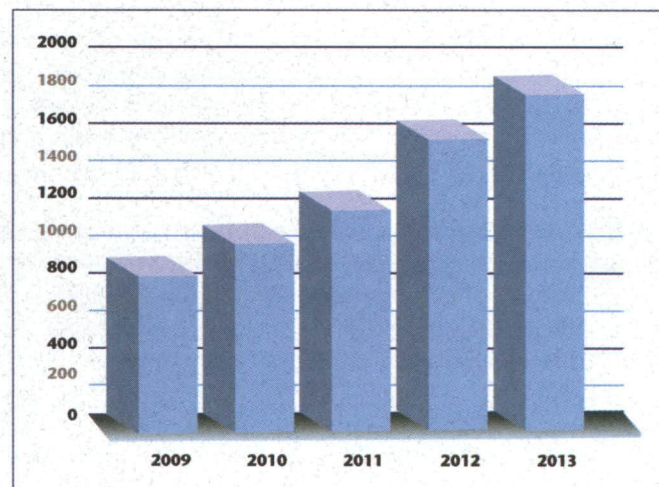
Our brands, both local and international, performed well in 2013 driven by improved retailer relationships and distribution expansion. These ventures were fully supported by our long standing partner in distribution, E.B. Beharry and Company.

Our Trade Marketing and Distribution capabilities have equipped the sales team to meet the demands of an ever changing retail environment. We continue to work closely with our retail partners to provide support in meeting the expectations of adult smokers with regard to availability, pricing and brand quality.

Dividends Per Share



Profit After Taxation (\$Mn)





Managing Director's Review

GREAT PEOPLE

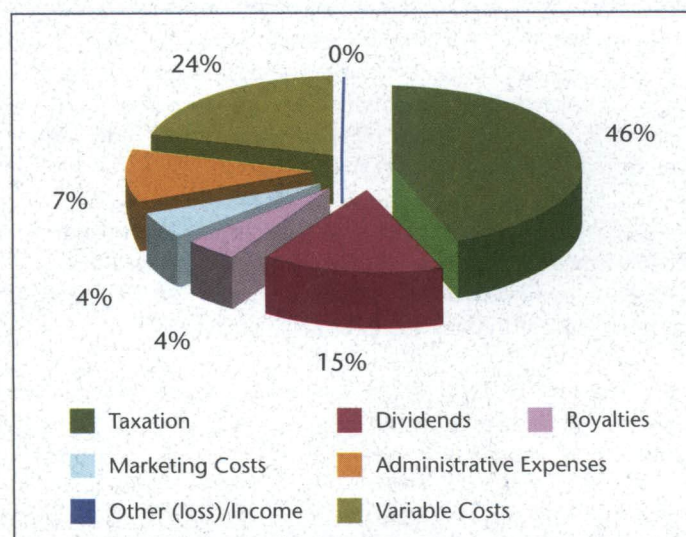
Our continuing success is only possible thanks to our talented and dedicated team. The commitment shown by our employees is second to none and can only be described as world class. Attracting, developing and retaining talent continues to be a key factor in our strategy. We are proud of the progress our team has made in adapting to new technology as it becomes ever more critical in maintaining the competitive edge.

INCOME DISTRIBUTION

In 2013, total taxes paid to the government amounted to 46% or just over \$3.9 billion of our Gross Income compared to \$3.6 billion in 2012.

Operating costs inclusive of Marketing costs and Overheads accounted for 11.31% of Gross Income. Inclusive in our total overheads costs are contributions made to charitable and other organizations as part of our commitment to invest in our communities, improve our environment and the quality of life of many of our citizens. Return to investors amounted to \$1.78 billion or 21% compared to previous year of \$1.67 billion or 21%.

Income Distribution



SUSTAINABILITY: THE HEART OF OUR BUSINESS

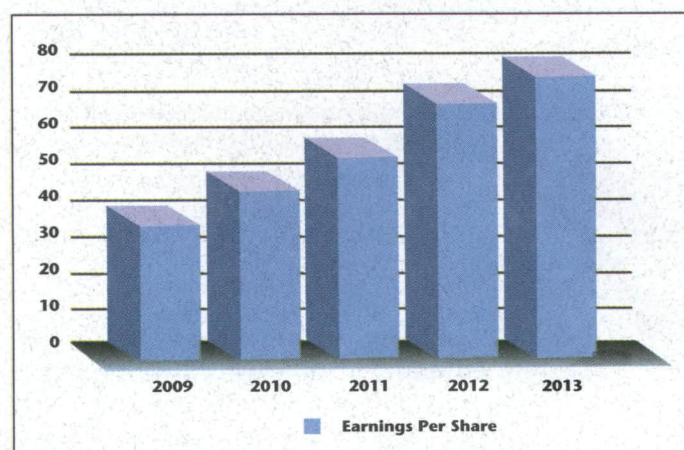
We continue to raise standards within our supply chain, market our products in a responsible way and strive to reduce the impact of tobacco use on public health. To grow our business, your Company must operate sustainably, creating shared value for our shareholders and society in a challenging and changing landscape. Our efforts in these areas have received positive recognition in the past and we will continue to make even greater strides in this area for 2014.

CORPORATE AND REGULATORY AFFAIRS

We recognize the role of business as a corporate citizen and we have long supported local community and charitable projects. Our focus continues to be on sustainable agriculture and environment, empowerment and enriching public and community life.

In 2013, we responded to the needs of those within our immediate environs by contributing to the refurbishment of the Nazareth Home for senior citizens. We believe that charity begins at home and we thought it appropriate to bring some much needed assistance to our neighbors.

Earnings Per Share





Plans are also in place to extend these efforts to the beautification of Carmichael Street where we will seek to extend our efforts together with our corporate partners, in enhancing the lives of our communities.

We support and want to help deliver, balanced and enforceable tobacco regulation and we want to participate and support our government with advice on and compliance with effective future laws. As a responsible tobacco business, we can contribute, through information, ideas and practical steps, to helping regulators address the key issues surrounding our product. Measures such as excessive excise increases, retail display bans and plain packaging do more to disrupt orderly markets and little to further their intended aims. The unintended consequences of such regulations create ideal conditions for counterfeiters and smugglers to thrive.

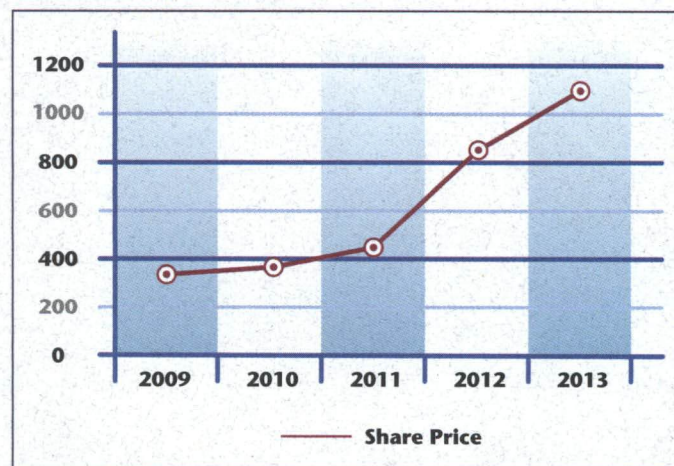
CHALLENGES AND OPPORTUNITIES AHEAD

Our powerful brands, access to world class resources and our people remain key strengths and we are confident of your Company's future in Guyana. We also believe that building a portfolio of next generation products alongside our main tobacco business will provide us with significant new opportunities in the years ahead.

We ended 2013 in a solid position and our global drive brands are stronger every year. While we cannot underestimate the challenges ahead in 2014, I am confident that we have robust plans in place and the resources to succeed. We have the momentum, proven capabilities and passionate people to deliver another year of good growth and I look forward to 2014 with optimism.

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 2013 and I look forward to another world class performance in 2014.

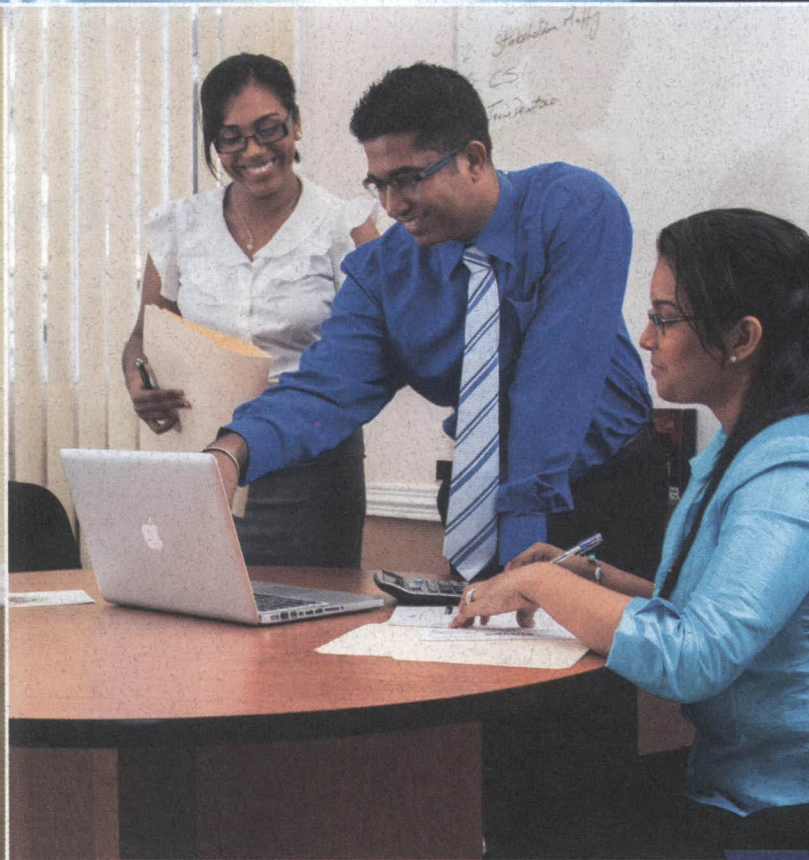
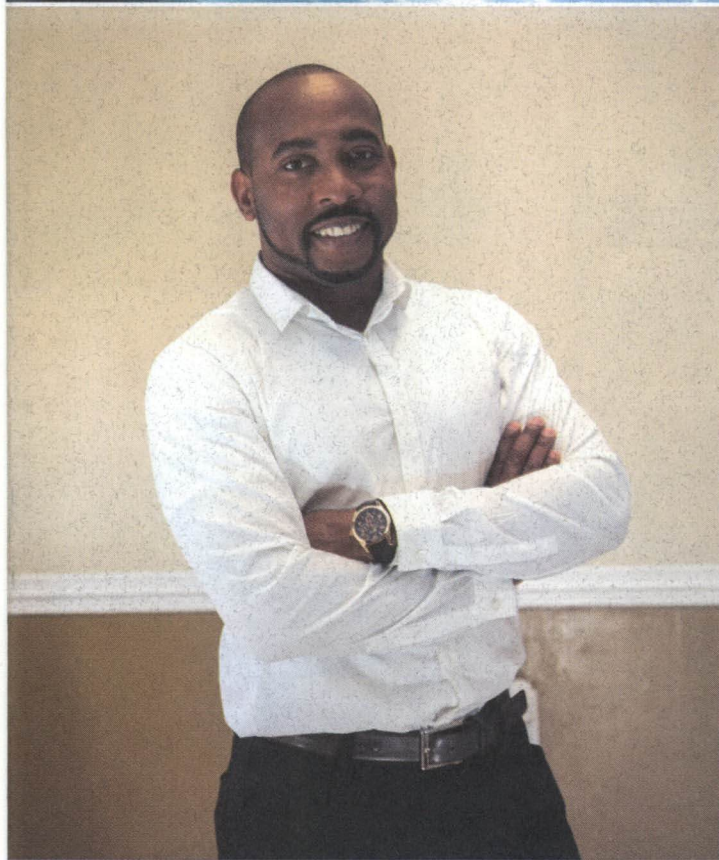
Share Price



Jason Fournillier
Managing Director

Our Team





Year in Review

The Demerara Tobacco business model is designed to deliver sustainable growth in earnings for our shareholders. It is built around consumers and is supported by our consistent strategy based on growth, funded by productivity and delivered by a winning organisation that acts responsibly at all times.

DUNHILL
SINCE 1907

In 2013, Dunhill continued to deliver exclusive experiences to positively impact the image of the brand. Of significance was the Dunhill Indulgence gathering, which provided a unique chocolate experience in the best contemporary setting.

Additionally, a number of consumer moments were held where Brand Ambassadors engaged with consumers at various venues giving consumers the opportunity to participate in games and to be rewarded for choosing Dunhill.



BRISTOL

To continue to build on the strong relationship with Bristol, Nationwide promotions were held.

The Bristol "Win Big" promotion was executed resulting in great rewards.



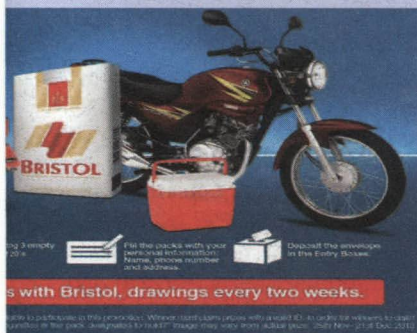
Warning: The Minister of Health advises that SMOKING IS DANGEROUS TO HEALTH



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

STOL

loyalty of our Bristol consumers, two
and the "Hit the Road Promotion" were
Bristol Consumers.



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



PALL MALL



Pall Mall continued to deliver value and quality at an excellent price to our consumers. Engagement activities were held with adult consumers of this brand throughout the year to build on the brand's equity as well as to defend our market share in areas where illegal competition was present.



OTHER INITIATIVES

Retailer Engagement - Berbice



Retailers from both West and East Berbice were invited to a retailer engagement activity. The Key objective was to highlight the dangers associated with illicit trade as well as building the level of awareness of our key brands.



A Retailer Engagement was planned for the inaugural Caribbean Premier League (CPL) matches in Guyana where key stakeholders and retailers attended the 3 day match at the Guyana National Stadium. This was an initiative to strengthen our corporate relationships while enjoying one of our favourite activities in Guyana.



The New Nazareth Home in Georgetown was selected as one of the major Corporate Social Responsibility initiatives for the period under review. Recognising that the home was in need of urgent repair, the staff of Demerara Tobacco gave of their time and effort to lend a neighbourly hand in bringing some comfort to some of our senior citizens in Guyana.

Retailer Engagement - Mahdia



This activity was held in the mining district of Mahdia and all the retailers within that area were invited.

Demerara Tobacco took the opportunity to reinforce the company's commitment to supporting our partners in the retail and wholesale business and to say thank you for their loyalty to the business.

Long Service Award from Georgetown Chamber of Commerce and Industry



Demerara Tobacco Company received the long service award in recognition of long and outstanding membership, dedication and commitment to the Chamber since 1944.

Demerara Tobacco Company hosts the Private Sector Dinner - 7th Nov, 2014



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DEMERARA TOBACCO

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 2013, 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

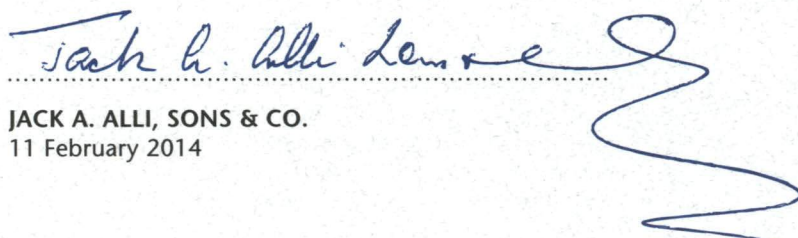
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether 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 2013 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.
11 February 2014



Statement of Financial Position



DEMERARA TOBACCO

AS AT 31 DECEMBER 2013

Thousands of Guyana Dollars	Note	2013	2012
ASSETS			
Non-current assets			
Plant and equipment	3	27,774	31,049
Intangible asset	4	1,254	1,832
Deferred taxation	5	14,501	14,019
		43,529	46,900
Current assets			
Inventories	6	137,955	244,043
Accounts receivable and prepayments	7	283,170	366,416
Amounts due from related parties	8	270,388	265,403
Taxation		78,136	78,136
Cash and cash equivalents	9	726,053	480,068
		1,495,702	1,434,066
TOTAL ASSETS		1,539,231	1,480,966
EQUITY AND LIABILITIES			
Equity			
Share capital	10	23,400	23,400
Retained earnings		612,912	536,084
		636,312	559,484
Non-current liability			
Retirement benefit plan deficit	11	15,220	14,297
Current liabilities			
Accounts payable and accruals	12	460,823	463,644
Amounts due to related parties	8	222,244	154,225
Taxation		178,944	262,753
Provision for other liabilities	13	25,688	26,563
		887,699	907,185
TOTAL EQUITY AND LIABILITIES		1,539,231	1,480,966

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 11 February 2014.

DIRECTORS



Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2013

Thousands of Guyana Dollars	Note	2013	2012 (Restated)
Sales		7,180,733	6,769,321
Cost of sales	14	(2,997,543)	(2,837,121)
Gross profit		4,183,190	3,932,200
Distribution and marketing costs	14	(342,004)	(344,213)
Administrative expenses	14	(611,512)	(657,407)
Other income		1,864	1,011
Profit from operations		3,231,538	2,931,591
Finance income	15	310	2,731
Profit before taxation		3,231,848	2,934,322
Taxation	18	(1,381,208)	(1,254,914)
Profit for the year		1,850,640	1,679,408
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of retirement benefit plan		5,306	2,821
Deferred tax charge on remeasurement of retirement benefit plan		(2,122)	(1,129)
Other comprehensive income for the year		3,184	1,692
Total comprehensive income for the year		1,853,824	1,681,100
Earnings per share	19	79.09 Dollars	71.77 Dollars

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



Statement of Changes in Equity



DEMERARA TOBACCO

FOR THE YEAR ENDED 31 DECEMBER 2013

Thousands of Guyana Dollars

Note

		Share Capital	Retained Earnings	Total
Year ended 31 December 2012				
Balance at beginning of year		23,400	522,234	545,634
Profit for the year		0	1,679,408	1,679,408
Other comprehensive income for the year		0	1,692	1,692
Dividends paid	20	0	(1,667,250)	(1,667,250)
As at end of year		23,400	536,084	559,484
Year ended 31 December 2013				
As at beginning of year		23,400	536,084	559,484
Profit for the year		0	1,850,640	1,850,640
Other comprehensive income for the year		0	3,184	3,184
Dividends paid	20	0	(1,776,996)	(1,776,996)
As at end of year		23,400	612,912	636,312

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 2013

Thousands of Guyana Dollars

2013

2012
(Restated)

OPERATING ACTIVITIES

Profit before taxation	3,231,848	2,934,322
Adjusted for:		
Depreciation and amortisation	14,901	32,648
Interest received	(310)	(2,731)
Loss/(gain) on disposal of plant and equipment	1,504	(1,002)
Retirement benefit plan	6,229	(19,376)
Net movement in provision for other liabilities	(875)	7,228
Operating profit before changes in working capital	3,253,297	2,951,089
Decrease/(increase) in inventories	106,088	(33,619)
Decrease/(increase) in accounts receivable and prepayments	83,246	(191,950)
Decrease in net amounts due from related parties	63,034	123,390
(Decrease)/increase in accounts payable and accruals	(2,821)	137,583
Cash generated from operations	3,502,844	2,986,493
Taxes paid	(1,467,621)	(1,130,723)
Net Cash Inflow - Operating Activities	2,035,223	1,855,770

INVESTING ACTIVITIES

Proceeds from sale of plant and equipment	2,040	1,040
Acquisition of plant, equipment and intangible asset	(14,592)	(4,998)
Interest received	310	2,731
Net Cash Outflow - Investing Activities	(12,242)	(1,227)

FINANCING ACTIVITIES

Dividends paid	(1,776,996)	(1,667,250)
Net Cash Outflow - Financing Activities	(1,776,996)	(1,667,250)

NET MOVEMENT IN CASH AND CASH EQUIVALENTS	245,985	187,293
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	480,068	292,775
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	726,053	480,068

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

31 DECEMBER 2013

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.

In the current year the following relevant changes to existing IFRS became effective.

IAS 1 - Presentation of financial statements (amendment)

The amendment to IAS 1 requires that items presented in other comprehensive income be classified on the basis of whether they are potentially reclassifiable to profit or loss in a subsequent period. The amendment to IAS 1 was applied retrospectively with no material impact on the financial position, net earnings or cash flows of the Company.

IAS 19 - Employee Benefits (amendment)

The amendment to IAS 19 impacts the Company's reporting of its retirement benefit plan. It requires that service costs and a net interest amount (determined on a net funding basis) be recognised in the income statement with all other remeasurement changes being recognised in the other comprehensive income. There are associated changes in the required disclosures. The impact on the financial statements is disclosed in note 25.

The following new standards and changes to existing guidance are also effective for the current financial year but do not have any impact on the Company's financial reporting.

IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosures of interests in other entities
IFRS 13	Fair value measurement
IFRS 7	Financial instruments: disclosures (amendments)
IAS 27	Separate financial statements (revision)
IAS 28	Investments in associates and joint ventures (revision)
IFRIC 20	Stripping costs in the production phase of a surface mine

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

IFRS 9	Financial instruments
IFRS 14	Regulatory deferral accounts
IAS 27	Separate financial statements (amendment)
IAS 32	Financial instruments: presentation (amendment)
IAS 36	Impairment of assets (amendment)
IAS 39	Financial instruments: recognition and measurement (amendment)
IFRS 10	Consolidated financial statements (amendment)

Notes to the Financial Statements

31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Preparation (Cont'd)

IFRS 12	Disclosures of interests in other entities (amendment)
IFRIC 21	Levies
Annual improvements	2010 – 2012 Cycle; 2011 – 2013 Cycle

(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 income statement.

(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 income statement 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 income statement and the other comprehensive income as appropriate. 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.



31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 income statement. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the income statement.

(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 other 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 income statement 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 2013

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 2013	297	37,072	51,280	88,649
Additions	0	2,392	12,200	14,592
Disposals	0	(4,715)	(5,650)	(10,365)
As at 31 December 2013	297	34,749	57,830	92,876
<i>Accumulated Depreciation</i>				
As at 01 January 2013	(297)	(21,164)	(36,139)	(57,600)
Charges for the year	0	(5,364)	(8,959)	(14,323)
Written back on disposals	0	3,525	3,296	6,821
As at 31 December 2013	(297)	(23,003)	(41,802)	(65,102)
<i>Net Book Amount</i>				
As at 31 December 2013	0	11,746	16,028	27,774
<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 Amount</i>				
As at 31 December 2012	0	15,908	15,141	31,049

The Company has authorised, but not contracted, capital expenditure on plant and equipment of \$18,707 for the coming year (2012 - \$18,440).


31 DECEMBER 2013
Thousands of Guyana Dollars
2013
2012
4. INTANGIBLE ASSET - COMPUTER SOFTWARE
Cost

As at beginning of year

34,349

32,517

Additions

0

1,832

As at end of year

34,349

34,349

Accumulated Amortisation

As at beginning of year

(32,517)

(23,484)

Amortisation during the year

(578)

(9,033)

As at end of year

(33,095)

(32,517)

Net Book Amount

As at end of year

1,254

1,832

5. DEFERRED TAXATION

Asset arising on accelerated accounts depreciation

- to be recovered after 12 months

8,413

8,300

Asset arising on retirement benefit plan deficit

- to be recovered after 12 months

6,088

5,719

14,501

14,019

6. INVENTORIES

Goods for resale

63,954

170,791

Goods in transit

74,001

73,252

137,955

244,043

7. ACCOUNTS RECEIVABLE AND PREPAYMENTS

Trade receivables

278,677

353,164

Other receivables

802

7,269

Prepayments

3,691

5,983

283,170

366,416

8. RELATED PARTIES

(a) Key management compensation:

2013
**2012
(Restated)**

Short term benefits

26,530

39,337

Post-employment benefits

2,404

(8,658)

28,934

30,679



Notes to the Financial Statements

31 DECEMBER 2013

Thousands of Guyana Dollars

8. RELATED PARTIES (CONT'D)

2013

2012

(b) Transactions carried out with related parties:

Acquisition of products from fellow group subsidiary	1,282,315	1,273,841
Management services from fellow group subsidiary	294,339	327,163
Royalties charged by fellow group subsidiary	349,600	327,845
Technical and advisory services from fellow group subsidiary	136,110	123,743
Interest earned on loan to fellow group subsidiary	0	2,622
Dividends paid to parent	1,248,410	1,171,309

(c) Outstanding balances at year end:

Amount due from fellow group subsidiaries	270,388	265,403
Amount due to fellow group subsidiaries	222,244	154,225

All balances are interest free, unsecured and repayable on demand.

9. CASH AND CASH EQUIVALENTS

Short term deposits	54,619	18,713
Other cash at bank	671,217	456,048
Cash in hand	217	5,307
	726,053	480,068

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 2013

Thousands of Guyana Dollars

11. RETIREMENT BENEFIT PLAN

2013

2012
(Restated)

The liability recognised in the statement of financial position is comprised as follows:

Present value of obligation	91,524	82,934
Fair value of plan assets	(76,304)	(68,637)
	<u>15,220</u>	<u>14,297</u>

The amounts recognised in the income statement are comprised as follows:

Current service cost	16,196	6,671
Interest cost	5,294	6,257
Expected return on plan assets	(4,911)	(4,367)
Past service credit	(8,834)	(26,881)
	<u>7,745</u>	<u>(18,320)</u>

The amounts recognised in the other comprehensive income are comprised as follows:

Actuarial gain / (loss) on plan assets	278	(834)
Actuarial loss on plan liabilities	(5,584)	(1,987)
	<u>(5,306)</u>	<u>(2,821)</u>

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

As at beginning of year	82,934	97,818
Current service cost	16,196	6,671
Interest cost	5,294	6,257
Contributions by members	1,517	1,056
Past service cost / (credit)	5,777	(10,029)
Transfer out	(14,610)	(16,852)
Remeasurement - experience gain	(5,584)	(1,987)
	<u>91,524</u>	<u>82,934</u>



Notes to the Financial Statements

31 DECEMBER 2013

Thousands of Guyana Dollars

11. RETIREMENT BENEFIT PLAN (CONT'D)

2013

2012

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

As at beginning of year	68,637	61,324
Expected return on plan assets	4,911	4,367
Contributions by members	1,517	1,056
Contributions by Company	1,517	1,056
Remeasurement - experience (loss) / gain	(278)	834
As at end of year	76,304	68,637

Plan assets are comprised as follows:

2013

2012

Equity	69,349	91%	61,942	90%
Cash resources	6,955	9%	6,695	10%
	76,304	100%	68,637	100%

Expected contributions to the plan for the upcoming year are \$1,608 (2012 - \$1,050).

The principal assumptions used were:

Discount rate	7%	7%
Future salary growth	8%	8%
Expected return on plan assets	7%	7%
Mortality	GAM94	GAM94

The impact on the defined benefit plan obligation as at 31 December 2013 from a change in the future salary growth assumption is as follows:

Change

Impact

Decrease of future salary growth rate by 1%
Increase of future salary growth rate by 1%

Decrease in obligation by \$8,310
Increase in obligation by \$10,049

In calculating the sensitivity analysis the same method has been applied as when calculating the pension liability recognised in the statement of financial position.



31 DECEMBER 2013

Thousands of Guyana Dollars

12. ACCOUNTS PAYABLE AND ACCRUALS

	2013	2012
Sundry payables	376,090	332,822
Accruals	84,733	130,822
	<u>460,823</u>	<u>463,644</u>

13. PROVISION FOR OTHER LIABILITIES

Provision for bonuses:		
As at beginning of year	26,563	19,335
Charged in the year	21,297	35,476
Used in the year	(22,172)	(28,248)
	<u>25,688</u>	<u>26,563</u>

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

14. EXPENSES BY NATURE

	2013	2012 (Restated)
Cost of inventories expensed	2,997,543	2,837,121
Advertising expenses	122,378	153,117
Management services	294,339	327,163
Staff costs (note 16)	90,652	61,678
Technical and advisory services	136,110	123,743
Depreciation and amortisation	14,901	32,648
Operating lease charges	33,177	36,250
Utilities	4,185	2,951
Communications	19,475	13,161
Auditors' remuneration	4,285	4,285
Directors' remuneration (note 17)	1,100	1,100
Other	232,914	245,524

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

3,951,059 3,838,741

15. FINANCE INCOME

Loan interest	0	2,622
Bank interest	310	109
	<u>310</u>	<u>2,731</u>

Notes to the Financial Statements

31 DECEMBER 2013

Thousands of Guyana Dollars

16. STAFF COSTS

	2013	2012 (Restated)
Wages and salaries	80,833	78,131
Pension costs (note 11)	7,745	(18,320)
Other benefits	2,074	1,867
	90,652	61,678

17. DIRECTORS' REMUNERATION

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

Chandradat Chintamani	550	550
Charles Quintin	550	550
	1,100	1,100

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

18. TAXATION

The provisional charge for taxation is made up as follows:

Current tax	1,381,766	1,253,038
Deferred tax	(2,636)	1,184
Prior year adjustments	2,078	692
	1,381,208	1,254,914

Reconciliation of tax expense and accounting profit:

Profit before taxation	3,231,848	2,934,322
Corporation tax at 40% (2012 - 40%)	1,292,739	1,173,728
Income not subject to tax	(125)	(446)
Expenses not deductible for tax purposes	80,661	75,205
Property tax	5,855	5,735
Prior year adjustments	2,078	692
	1,381,208	1,254,914

31 DECEMBER 2013

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.

	2013	2012 (Restated)
Profit attributable to shareholders	1,850,640	1,679,408
Weighted average number of ordinary shares in issue	23,400	23,400
Basic earnings per share	79.09 Dollars	71.77 Dollars

20. DIVIDENDS

	2013	2012
Prior year interim paid \$15.53 per share (2012 - \$9.46)	363,402	221,364
Prior year final paid \$7.38 per share (2012 - \$7.29 per share)	172,692	170,586
Interim declared and paid \$15.10 per share (2012 - \$12.72 per share)	353,340	297,648
Interim declared and paid \$18.25 per share (2012 - \$19.08 per share)	427,050	446,472
Interim declared and paid \$19.68 per share (2012 - \$17.13 per share)	460,512	400,842
Special declared and paid \$nil per share (2012 - \$5.57)	0	130,338
	1,776,996	1,667,250

A fourth interim dividend in respect of the financial year of \$16.43 per share (2012 - \$15.53), amounting to a total dividend of \$384,462 (2012 - \$363,402), has been declared and paid after the year end. A final dividend in respect of the financial year of \$9.60 per share (2012 - \$7.38 per share), amounting to a total dividend of \$224,640 (2012 - \$172,692), is to be proposed at the annual general meeting on 01 April 2014.

21. OPERATING LEASE COMMITMENTS

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

	2013	2012
- within 1 year	25,851	21,914
- between 1 and 5 years	26,076	41,677
	51,927	63,591

Notes to the Financial Statements

31 DECEMBER 2013

Thousands of Guyana Dollars

22. CONTINGENT LIABILITY	2013	2012
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 (2012 - 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 2013

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 (2012 - nil). During the current year and prior year there was no impairment of receivables.

As at the year end, receivables of \$549,867 (2012 - \$625,836) 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 2013			
Accounts payable and accruals	438,415	22,408	460,823
Amounts due to related parties	222,244	0	222,244
Provision for other liabilities (based on contractual obligations)	0	7,835	7,835
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

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 2013

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:

	2013	2012
<i>Assets</i>		
United States Dollars	270,445	270,740
<i>Liabilities</i>		
United States Dollars	153,392	117,075
British Pound Sterling	68,852	37,149

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 \$15,424 in the year (2012 - \$11,210).

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 \$702 (2012 - \$922) 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 \$413 (2012 - \$223) lower / higher.

(f) Fair Values

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

25. IMPACT OF AMENDMENT TO IAS 19

The impact on the Company's financial reporting in respect of its defined benefit plan from adoption of the amended IAS 19, as highlighted in note 2(a), is set out below.

	2013	2012
Increase in staff costs	5,306	2,821
Decrease in tax charge	(2,122)	(1,129)
Decrease in profit after tax	3,184	1,692
Decrease in earnings per share	\$0.14	\$0.07
Increase in other comprehensive income	3,184	1,692

There was no impact on the statement of financial position.

THE COMPANIES ACT 1991
(Section 114)

1 **Name of Company**
DEMERARA TOBACCO COMPANY LIMITED

Company No: 308

2 **Particulars of Meeting:**
Eightieth Annual Meeting of The Demerara Tobacco Company Limited to be held at the Grand Savannah Suite, Pegasus Hotel, Seawall Road, Kingston, Georgetown on Tuesday, 01 April 2014 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 _____ 2014

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


Proxy Form (Continued)

RESOLUTION		FOR	AGAINST
1	That the Financial Statements of the Company for the financial year ended 31 December 2013 and the Reports of the Directors and Auditors thereon be and are hereby approved.		
2	That the four (4) Interim Dividends totalling \$69.46 already paid be confirmed and that a Final Dividend of \$9.60 per share as recommended by the Board for the year ended 31 December 2013 be approved and paid to those shareholders on the Company's share register at the close of business on 01 April 2014.		
3	That Ms Malissa Sylvester, 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 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	That in accordance with By-Law 16 of the Company's By-Laws, the annual remuneration of a Non-Executive Directors be fixed at \$550,000.		
6	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	That the Directors are hereby authorised to fix the remuneration of the auditors at a sum to be agreed.		

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:**
Eightieth Annual General Meeting of the Demerara Tobacco Company Limited to be held at the Pegasus Hotel, Seawall Road, Kingston, Georgetown on Tuesday, 01 April 2014.
- 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
11 February 2014	Carol B A Liverpool Secretary and Authorised Signatory The Demerara Tobacco Company Limited	



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DEMERARA TOBACCO

DEMERARA TOBACCO COMPANY LIMITED
A member of the British American Tobacco Group