



WE

ADAPT | ADVANCE

DEMTOCO 
A BETTER TOMORROW

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OUR MISSION

Our vision is to achieve and maintain leadership of the Guyanese Tobacco Industry in order to create long-term shareholder value.

OUR STRATEGY

We hold steadfast to the strategy of creating shareholder value, delivering profit growth and long-term business sustainability. The four pillars of this strategy are Growth, Productivity, Sustainability and developing a Winning Organisation.

1

Growth

Demerara Tobacco continues to focus on key strategic segments of the market that offer the best prospects for long-term growth, including driving our premium segment. We also believe it is important to continue to develop and utilise innovative, differentiated products and offer our consumers added value from our brands.

2

Productivity

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

3

Sustainability

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

4

Winning Organisation

We are confident about our strategies for Growth, Productivity and Sustainability, but to deliver our vision we must also have the right people and the right working environment. That is the essence of the Winning Organisation strategy.



BUSINESS PRINCIPLES

Our Business Principles cover the key issues that we believe underpin the way we operate as a tobacco business. Together, the three principles below 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

We set the context for our teams and trust their expertise.

We challenge each other. Once in agreement, we commit collectively.

We collaborate and hold each other accountable to deliver.

We act with integrity, never compromising our standards and ethics.

OUR ETHOS

Last year, we transformed the Guiding Principles at Demerara Tobacco Company to our ETHOS which forms the core of our culture and guides how we deliver our strategy.



WE ARE BOLD

We dream big and share innovative ideas.

We make tough decisions quickly and are proudly held accountable for them.

We are resilient and fearless in beating the competition.



WE ARE FAST

Speed matters. We set a clear direction and move fast.

We keep it simple and focus on outcomes.

We learn quickly and share learnings.



WE ARE EMPOWERED

We set the context for our teams and trust their expertise.

We challenge each other. Once in agreement, we commit collectively.

We collaborate and hold each other accountable to deliver.



WE ARE DIVERSE

We value different perspectives.

We build on each other's ideas, knowledge and experiences.

We challenge ourselves to be open-minded and to recognise unconscious bias.



WE ARE RESPONSIBLE

We take action to reduce the health impact of our business.

We ensure the best quality products for our consumers, the best place to work for our people and the best results for our shareholders.

We act with integrity, never compromising our standards and ethics.

C O R P O R A T E I N F O R M A T I O N

CHAIRMAN

Kathryn Anne Abdulla

Managing Director

Vijay Singh

OTHER DIRECTORS

Chandradat Chintamani

Raoul Glynn

Patricia Bacchus

SECRETARY

Robert O'Brien

REGISTERED OFFICE

Lot 122 Parade Street

Kingston

Georgetown

ATTORNEYS-AT-LAW

Fraser, Housty & Yearwood

260 Middle Street

North Cummingsburg

Georgetown

Demerara

Ronald Burch-Smith

225 South Road

Lacytown

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

Scotiabank

104 Carmichael Street

North Cummingsburg

Georgetown

REGISTRAR

Trust Company (Guyana) Limited

Lot 11 Lamaha Street

Queenstown

Georgetown

NOTICE OF MEETING

NOTICE is hereby given that the EIGHTY-SEVENTH ANNUAL GENERAL MEETING ("AGM") of SHAREHOLDERS of DEMERARA TOBACCO COMPANY LIMITED ("the Company") will be held on FRIDAY 07TH MAY 2021 at 2:00PM at PEGASUS HOTEL, SEAWALL ROAD, KINGSTON, GEORGETOWN, GUYANA for the transaction of the following business:

1. To receive and consider the Audited Financial Statements of the Company for the year ended 31 December 2020, together with the Report of the Auditors thereon;
2. To declare a Final Dividend of G\$9.85 per share in respect of the year 2020;
3. To re-elect Mr. Chandradat Chintamani who retires as a Director of the Company in accordance with By-Law 18(1) of the Company's By-Laws, as a Director of the Company;
4. To fix the remuneration of the Independent Directors;
5. To re-appoint auditors Jack A. Alli, Sons & Co until the close of the next Annual General Meeting and to authorise the Directors to fix their remuneration.

The Company wishes to notify its Shareholders that in compliance with the COVID-19 restrictions with regard to public gatherings imposed under the Public Health Ordinance and pursuant to an Order of the Court, the Company will be providing the opportunity to Shareholders to attend the AGM remotely via a live webcast.

Facilities will not be available for shareholders to attend in person. Shareholders may appoint a proxy to attend the virtual AGM, or in accordance with the aforementioned Order, shareholders may appoint one of the following persons to act as their physical proxy with instructions as to voting on the Motions to be proposed at the Meeting. These persons are:

1. Mr Anand Persaud
2. Mr Adip Hariprashad
3. Ms Selica Rajkoomar
4. Ms Joycelyn Richmond
5. Mr Azad Khan

BY ORDER OF THE BOARD



Robert O'Brien
Secretary

26 February 2021

NOTICE OF MEETING (cont.)

NOTES:

1. The Directors have not fixed a record date for the determination of Shareholders who are entitled to receive notice of the AGM. In accordance with Section 109(a)(i) of the Companies Act, Cap 89:01 the statutory record date applies. Only shareholders on record at the close of business on 25 February 2021, the date immediately preceding the date on which the Notice is given, are therefore entitled to receive Notice of the AGM.
2. A Shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy or one or more alternate proxies to attend and act at the Meeting in the manner and to the extent authorised by the proxy and with the authority conferred by the proxy. A proxy need not be a shareholder. All Proxy Forms should be completed and deposited with the Secretary of the Company at the Registered Office of the Company at least 48 hours before the time appointed for the Annual General Meeting.
3. Shareholders and duly appointed proxyholders who wish to attend, participate and vote at the meeting are asked to pre-register by Wednesday 05 May 2021 during the hours of 8:30 am to 4:00 pm by contacting the Company at 592-226-7474 or via email at DemeraraTobaccoAGM@bat.onmicrosoft.com.
4. Shareholders are asked to please provide their full name and address as listed in the Shareholders Register, as well as their email address and a valid identification number to facilitate registration.
5. Following registration, the credentials to join the meeting will be provided on or before Thursday 06 May 2021.
6. Any Shareholder who is a body corporate, may in lieu of appointing a proxy, authorise an individual by resolution of its Directors or other governing body, to act as its representative at the Meeting.
7. AGM Gifts and Tokens will not be provided to shareholders this year on account of health and safety risks posed by COVID-19.

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report for the year ended 31 December 2020.

Principal Activities

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

Financial Results

	G\$'000
Gross Turnover	6,741,471
Cost of Sales	<u>(2,705,217)</u>
Gross Profit	4,036,254
Operating Expenses	<u>(967,794)</u>
Other Income	<u>154</u>
Profit from Operation	<u>3,068,614</u>
Profit Before Taxation	3,068,614
Taxation	<u>(1,288,025)</u>
Profit After Taxation	<u>1,780,589</u>

Cash, Deposits and Capital Expenditure

Cash and Bank Balances as at 31 December 2020 totalled G\$1.491 billion compared to G\$580 million at the prior year end, an increase of G\$911 million.

Operating activities generated cash of G\$2.6 billion for the year under review.

Corporation tax accruing during the year amounted to G\$1.3 billion. Total dividends paid amounted to G\$1.7 billion. Capital Expenditure for the year amounted to G\$42 million compared to G\$61 million for the previous year.

Intercompany Loan

The Company did not have any intercompany loan transactions for 2020.

REPORT OF THE DIRECTORS (cont.)

Dividends

In August, October and December 2020 and March 2021, there were four interim dividend payments totalling G\$66.20 per share. A final dividend of G\$9.85 per share is proposed by your Directors making a total payment for the Financial Year 2020 of G\$76.05 per share.

Directors

The Board of Directors currently comprises five Directors. Of the five Directors, four are Non-Executive Directors and two are Independent. The Board is diversified by nationality and gender and represents a strong team with a broad range of professional backgrounds and styles.

The Chairman is responsible for leading the Board to ensure effectiveness and robust shareholder engagement. Based on the strategy and policies set by the Board, the Managing Director is responsible for overseeing the implementation of these strategies, which create the framework for day-to-day operations. Directors oversee the Company's strategy, review management proposals, monitor performance, bring an external and specialist perspective and effective challenge to Board members.

In accordance with Bye-Law 18(1) of the Company's Bye-Laws, Mr Chandradat Chintamani retires from the Board of Directors and, being eligible, offers himself for re-election.

Interests of Directors, Senior Officers and Connected Persons

We record hereunder details of the beneficial interest of each Director, together with their connected persons, in the share capital of the Company as at the end of the Company's financial year 31 December 2020.

DIRECTORS	ORDINARY SHARES	NO. OF SHARES HELD BY CONNECTED PERSONS
Ms Kathryn Anne Abdulla	NIL	NIL
Mr Vijay Singh	NIL	NIL
Mr Chandradat Chintamani	NIL	NIL
Mr Raoul Glynn	NIL	NIL
Ms Patricia Bacchus	NIL	NIL

Ms Kathryn Anne Abdulla, Non-Executive Director is the Company Secretary and Senior Officer of an affiliated Company, The West Indian Tobacco Company Limited in Trinidad and Tobago and Mr Raoul Glynn, Non-Executive Director, is a Director of an affiliated Company, Carreras Limited in Jamaica.

REPORT OF THE DIRECTORS (cont.)

Auditors

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

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'R. O'Brien', written over a horizontal line.

Robert O'Brien
Secretary
26 February 2021

FIVE YEARS AT A GLANCE

G\$ '000	2016	2017	2018	2019	2020
Balance Sheet Items					
Non-Current Assets	40,108	32,419	40,880	242,741	226,024
Current Assets	1,246,191	1,109,745	1,614,455	1,418,990	2,238,961
Total Assets	1,286,299	1,142,164	1,655,335	1,661,731	2,464,985
Current Liabilities	756,762	648,609	1,032,754	915,901	1,623,353
Non-Current Liabilities	–	–	–	136,205	68,039
Net Assets	529,537	493,555	622,581	609,625	773,593
Net Assets per Share	22.63	21.09	26.61	26.05	33.06
Profits and Distribution					
Net Profit before Tax	2,786,972	2,522,270	2,884,910	2,844,440	3,068,614
Taxation	1,226,710	1,105,961	1,238,270	1,206,344	1,288,025
Net Profit after Tax	1,560,262	1,416,309	1,646,640	1,638,096	1,780,589
Statistics					
Ordinary Shares in issue ('000)	23,400	23,400	23,400	23,400	23,400
Earning per share	66.68	60.53	70.37	70.00	76.09
Dividends paid per share	69.30	62.71	65.49	72.52	70.60

FINANCIAL CALENDAR

ANNUAL MEETING

7 May 2021

REPORT

Interim Report six months to 30 June 2021

August 2021

PROPOSED DIVIDEND PAYOUT DATES

Final 2020

May 2021

First Interim 2021

May 2021

Second Interim 2021

August 2021

Third Interim 2021

November 2021

Fourth Interim 2021

March 2022

Final 2021

May 2022

BOARD OF DIRECTORS



Kathryn Anne Abdulla,
Chairman

Position

Chairman, appointed to the Board of Directors of Demerara Tobacco Company in April 2020; Caribbean Head of Legal and Company Secretary, The West Indian Tobacco Company Limited.

Skills & Experience

Kathryn is an Attorney-at-Law with over 20 years' corporate commercial experience. She has operated at a strategic level in various functions largely in the private sector. In her current portfolio, Kathryn provides strategic perspective to achieve the Company's mandate of sustaining market leadership of tobacco products for the Caribbean, which includes some 24 markets. Kathryn operates at a senior management level to operationalise the mandate in various functions and is responsible for matters inclusive of legal, corporate governance, security, identification of business risks, pension plan issues. Kathryn manages Board administration in Trinidad and Tobago ensuring compliance with local statutory requirements and compliance within the BAT Group and manages share registration and shareholder relations services and brings a wealth of experience in this area.

Directorships

Kathryn has provided national service to her country as she held the position of Director on the not for profit Friends of the Blood Bank Association board until December 2019. This board provides oversight and direction to fulfil the Blood Bank's mandate of fundraising under the Ministry of Health and collecting the nation's blood supply. For many years, Kathryn was a Trustee serving a not-for-profit committee that had responsibility for sustaining local wildlife in Trinidad and Tobago.

Qualifications

Kathryn is a graduate of The University of the West Indies, Cave Hill Campus located in Barbados and of the Hugh Wooding Law School located in Trinidad and Tobago. She was appointed a Notary Public in 2018 and is a member of the Law Association of Trinidad and Tobago and of the Caribbean Corporate Governance Institute. She has completed many training programmes both locally and overseas in various disciplines and obtained a postgraduate certificate in the field of Corporate Governance from the Arthur Lok Jack School of Business in 2017.



Vijay Singh,
Managing Director

Position

Managing Director, appointed to the Board of Directors of Demerara Tobacco Company in February 2020.

Skills & Experience

Vijay most recently served as the Trade Marketing and Distribution Manager for British American Tobacco's (BAT) interest in the English, Dutch and French-speaking Caribbean. He had been leading in this capacity for the past three years and had been instrumental in driving key business initiatives throughout the Caribbean. Specifically, Vijay was responsible for managing the French Overseas Territories through a turbulent legislative period bringing much-needed stability and clarity to these markets. He also increased and transformed BAT's market share within this cluster. Prior to this, Vijay worked at the West Indian Tobacco Company

Limited for nine years, five of which were spent as Trade Marketing Manager. He credits his beginning as entry-level management for his successful tenure there. During this time, he led his department to achieving ambitious targets which enabled the Company to earn year-on-year double-digit profit growth. Vijay's experience of managing large groups has given him a wealth of knowledge and allowed him to develop his solution-based approach to challenges. Overall, his demonstration of sound commercial acumen and delivery of outstanding results, particularly in distributor management and profit growth, has informed this appointment to Managing Director.

Qualifications

Bachelor's degree in Business Management from the University of Sunderland.

BOARD OF DIRECTORS (cont.)



Patricia Bacchus,
Non-Executive Director (Independent)

Position

Non-Executive Director (Independent), appointed to the Board of Directors of Demerara Tobacco Company in September 2019.

Skills & Experience

Since 2014, Patricia has held the portfolios of Managing Director and Board Chairperson of Caribbean Container Inc. (CCI) – a publicly listed company engaged in Manufacturing Activities. Prior to this, she held several other positions within the Company, including Director of Administration and Chief Operating Officer, since joining CCI in 2006.

Patricia has significant experience stretching across various sectors, having held Directorships on many State Boards and private sector organisations over the last 10 years. Patricia has chaired the Board of the Environmental Protection Agency and most recently, she chaired the Board of the Guyana Office for Investments (GO-Invest) for four years. Patricia has sat as a Director on the Guyana Gold Board, the Protected Areas Commission Board, the Board of Atlantic Hotel Inc. (Marriott) and

the Privatisation Unit Board. She served on the Council and Executive Management Committee of the Private Sector Commission (PSC) and on the Council of the Georgetown Chamber of Commerce and Industry (GCCCI). Patricia currently serves as a Director on the Board of the Canada Guyana Chamber of Commerce and as Chairperson of the State Board for the Guyana Women's Leadership Institute.

For a few years, Patricia lectured part-time on the LLB Programme at the University of Guyana, in areas such as the Law of Corporate Management.

Qualifications

Patricia is an Attorney-at-Law by training. She graduated from the Hugh Wooding Law School, located in Trinidad, with a Legal Certificate of Merit in 2006, having secured several academic awards – including the Government of Guyana Prize for the Most Outstanding Law Graduate. In 2004, Patricia secured her LLB at the University of Guyana, where she received the Pro-Chancellor's Medal for the Best Graduating Law Student.



Chandradat Chintamani,
Non-Executive Director (Independent)

Position

Non-Executive Director (Independent), appointed to the Board of Directors in September 2016; Senior Vice President, Laparkan Holdings Limited – with responsibilities for operations in Guyana –freight (air and ocean), money transfer, office services, department store etc.

Skills & Experience

Non-Executive Director of the Guyana National Industrial Corporation from September 2016. Appointed to the Management Committee of Shipping Association of Guyana. Prior to this, Chandradat was the Operations Director of Demerara Distillers Limited and subsequently, Executive Director Demerara Shipping Company Limited for a combined period of five years. From 2000 to 2011, he held the following positions at

Demerara Tobacco: Finance Manager/Company Secretary, Territory Manager as well as Managing Director over the period and was also responsible for the finance functions of Suriname. Prior to 2000, he worked with the Massy Group as well as with the Amazon Group of Companies. From 2008 to 2010, he was the President of the Georgetown Chamber of Commerce, the oldest private sector organisation in Guyana. During the period, he was also the Secretary of the Private Sector Commission as well as a member of the Guyana Manufacturing and Service Association Board. From 2012 to 2013, he served as Vice President of the Institute of Chartered Accountants of Guyana.

Qualifications

Chandradat is a Certified Accountant by profession (FCCA).

BOARD OF DIRECTORS (cont.)



Raoul Glynn,
Non-Executive Director

Position

Non-Executive Director, appointed to the Board of Directors of Demerara Tobacco Company since February 2017; Managing Director, Carreras Limited.

Skills & Experience

Raoul has over 18 years of experience with the British American Tobacco Group. He joined BAT's entity in Trinidad, West Indian Tobacco Company, in September 2002 in the role of Trade Marketing Executive, focused on the capital of Port of Spain. In January 2004, he was seconded to the Carisma Marketing Services Unit in the role of Area Management, focusing primarily on the English-speaking Caribbean markets, specifically Barbados and the Bahamas. In April 2006, following the success in the islands, he was seconded to Guyana, and promoted to Trade Marketing and Distribution Manager for Demerara Tobacco Company delivering a strong marketing agenda with the launch of Pall Mall, which is now the biggest brand in DTC history. Following a stint in the same position in Trinidad, he was seconded to the Carreras Group in Jamaica as Head of Trade in August 2009. Chief amongst his achievements was the return to positive volume performance in the market following years of decline. In February

2012, Raoul was promoted to the role of Marketing Operations Manager of British American Tobacco Pars in the Islamic Republic of Iran, leading the marketing function in the launch of a strategic portfolio in a key T40 market for the Group.

Following a short stint in the Middle East Area in Dubai, in February 2014, Raoul assumed the role of Business Development Manager in Costa Rica with responsibility for the Trade Marketing Distribution and Activation portfolio for the BAT Group for the Central American and Caribbean area, leading a strong efficiency agenda in the region. Prior to his promotion to Managing Director at Carreras, Raoul served as Country Manager of Carisma Marketing Services where he led support for 21 markets in the English, French and Dutch-speaking Caribbean. Effective 1 February 2020, Raoul was appointed Managing Director of Carreras Limited.

Committees

Participant – Audit Committee, NOMS Committee, Corporate Governance Committee – Carreras Ltd; Member, Carreras Ltd Superannuation Fund.

Qualifications

Bachelor's degree from The University of the West Indies, St. Augustine Campus.



ADAPT | ADVANCE



CHAIRMAN'S REVIEW



Kathryn Anne Abdulla,
Chairman

Dear Shareholders,

The year 2020 will be remembered as a year like no other in history. It is the year when the world was humbled in ways never anticipated. The unprecedented impact of the COVID-19 crisis has disrupted all aspects of life around the world and our sympathies are with anyone suffering from the virus or who lost family or loved ones to the coronavirus.


The Board and Management continue to navigate the impact of COVID-19, with effective crisis and risk management processes and the Company continues to demonstrate that it remains a financially resilient organisation.

Throughout 2020, your Board maintained close oversight of the Company's response to COVID-19. We are pleased that

the Company's results demonstrate its financial robustness thereby highlighting management's ability to navigate the macro and socioeconomic challenges that this international crisis brought.

An Unprecedented Environment

Clarity around the full impact of the pandemic and for life to return to some semblance of normalcy, will take time. We believe, however, that we are well-positioned to emerge as a stronger company because of the agility and dynamism of our staff and management team. In its *Focus on the Guyana Budget 2021*, Ernst & Young has indicated "For 2020, Guyana experienced real growth of 43.5%, despite a contraction of non-oil GDP by 7.3%. A lower result was due to initial shocks of COVID-19 pandemic lockdown, restrictions on logistics and



uncertainty amid the prolonged electoral process. Meanwhile, real growth is expected to remain in double digits for FY (Full Year) 2021 at 20.9%. The non-oil sector is projected to grow at 6.1% as lockdown measures are gradually phased out."

In this environment and despite the challenges, the Company never wavered in its commitment to deliver superior value across the total portfolio. The strength of our brands, coupled with innovative strategies that allowed us to quickly pivot and adapt to the changing realities, resulted in positive outcomes for our distributors, customers and shareholders.

Superior Returns for Our Shareholders

Our Company delivered earnings per share of G\$76.09 versus G\$70.00 prior year and a dividend per share totalling G\$1.652 billion was distributed for 2020. We generated

profit after tax of G\$1.781 billion versus G\$1.638 billion which represented an increase of 8.7%. Overall, the Company saw growth in revenue of 1.3%, with a favourable movement in operating profit of 7.9% mainly driven by decreased operating costs versus prior year. The ability of the organisation to deliver consistent shareholder value is rooted in our prioritisation of cutting-edge practices.

Continuing the Fight against the Illicit Trade

The unprecedented crisis which came with COVID-19 has undoubtedly contributed to the rise in smuggling worldwide. The illicit trade permeates and affects all aspects of society. Notwithstanding COVID-19 and border restrictions in many parts of the region, criminal networks continued to thrive as they reorganised themselves in order to sustain operations.

CHAIRMAN'S REVIEW (cont.)

The consequences of this trade range from potential breaches of national security, economic loss from tax evasion, trademark infringements, the undermining of brand investments and harmful quality issues associated with poor manufacturing conditions. Smugglers are usually well coordinated, and the illicit trade is linked to more organised criminal networks which in turn are associated with human trafficking, terrorism, drugs, arms and even money laundering.

Demerara Tobacco and the BAT Group remain committed and will continue to drive awareness through active engagement with regulators, government and the private sector.

As a responsible company and as part of a wider global group, the Company adheres to all local laws and regulations regarding the distribution, marketing and sale of our products and fully supports any initiative which seeks to eliminate the illicit tobacco trade.

Increased Sustainability and Responsibility

Given the new realities presented by the global Pandemic, like many other organisations, Demerara Tobacco adapted and transitioned into a new way of working.

As a company, we undertook this global crisis as a challenge. We transformed our vision of the future with agility while displaying steadfast commitment to our corporate values as we ensure the health

and safety of our employees. 2020 was a year where the Company rebranded, changed our motto to "A Better Tomorrow" and introduced our Ethos which is Bold, Fast, Empowered, Diverse, Responsible.

As the Company reflected on what sustainability meant as part of this journey, we moved from a business where sustainability was always important to one where it is front and centre in all we do.

Our priority throughout 2020 was to safeguard the health and welfare of all stakeholders while ensuring that the business continued to operate effectively. The Board and management have worked very closely to address the disruptions experienced throughout the year. The strength of the business, combined with the professionalism and resilience of our teams, has enabled us, in 2020, to deliver a strong operational performance during challenging times.

We remain committed to supporting all our stakeholders throughout the pandemic. The Company did not reduce its headcount, nor did we utilise any government schemes (or subsidies) brought about from the harsh economic environment.

Governance and Board

Your Company will always remain steadfast in its commitment to a world-class standard of corporate governance. We remain confident in our ability to govern with integrity and transparency.

I cannot underscore what a challenging year it has been for all of us, and I wish to take this opportunity to sincerely thank my fellow Directors for their stewardship and contribution in 2020. This year's performance was truly a collective effort and I am proud that we are able to boast the convening our first virtual Annual General Meeting of Shareholders (AGM) which was a great success. In May 2021, we will convene our second virtual AGM as we again prioritise the health and safety of all our valuable stakeholders.

The Future

Demerara Tobacco has shown great resilience during 2020 demonstrating capabilities which showcase that we can recover quickly from difficulties and setbacks.

We are unwavering in our resolve to continue the championing of fair and workable tax regimes alongside policies geared towards stemming illicit trade. Equity and fairness underpin our ongoing strategic focus.

To our shareholders, we express our thanks for your loyalty and support. On behalf of my fellow Directors, we extend the Board's appreciation to the management and staff of Demerara Tobacco, for going above and beyond during the most challenging of times. Thank you for adapting and advancing with us into the future ahead.



Kathryn Anne Abdulla
Chairman

MANAGING DIRECTOR'S REVIEW



Vijay Singh,
Managing Director

Dear Shareholders,

I write this reflecting on my first year as Managing Director of Demerara Tobacco. In the last Annual Report, I was eager to implement and create; little did I know what lay before us. The "new normal" meant that things had to be reshaped, plans altered, and new protocols and guidelines adapted to, sometimes weekly. Despite these challenges, it is still a magnanimous privilege to lead this Company, with its record of achievements both past and present.

In 2020, we continued to build upon the strong foundation forged in the previous year. We strategically navigated the tumultuous headwind of COVID-19 and in so doing, delivered revenue growth of 1.3% to G\$6.74 billion, mainly driven by improvements to portfolio mix offsetting the impact of lower volume.

A Clear Corporate Purpose

This year's Annual Report features a new corporate logo that reflects changes in the world around us and by extension our business. The previous logo has, for decades, served the Company well as a strong symbol of Guyana's market leader in tobacco.

Our purpose is to build a better tomorrow by reducing the health impact of our business. Our ambition is to progressively transition our revenues from cigarettes to non-combustible products over time. To this end, our growth model will be developed with our portfolio expanding to meet our consumers' evolving needs from tobacco to beyond.

By building on our strong foundations, we shall create a better tomorrow for consumers, employees, shareholders and society.



“The art of life is a constant readjustment to our surroundings.”

– Kakuzo Okakura

Supporting this is our new Ethos, which I was delighted to launch in 2020. It encompasses being bold, fast, empowered, responsible and diverse. This Annual Report showcases our new Ethos in action.

Delivering in a Challenging Environment

Recent months have seen an upheaval on a global scale as a result of the COVID-19 pandemic. It has had a profound impact on business and society as a whole. First and foremost, our thoughts are with the many individuals and families whose lives have been impacted by the virus.

At the beginning of the crisis, we took swift action across the entire business to ensure we could continue to operate safely and effectively. Where working remotely was not possible, the necessary measures were put in place to ensure our people could

work safely and securely. I would like to sincerely thank every team member for their ongoing dedication, energy and passion during this time.

Company Performance

Each fiscal year, new challenges arise and each fiscal year, Demerara Tobacco successfully rises to meet these challenges, navigating an increasingly complex operating environment. While no one had the blueprint for this particular challenge, we were able to assimilate and draw on our resilience to get us through.

Delivering value to our trusted shareholders continues to be of paramount importance to the Board and Management of DEMTOCO. Through the maximisation of the operational opportunities brought about by COVID-19, our Profit After Tax increased from G\$1.638 billion to G\$1.780

MANAGING DIRECTOR'S REVIEW (cont.)

billion, resulting in an 8.7% increase in Earnings Per Share. This is undoubtedly a noteworthy result, representing the highest growth delivered over the past five years. Our Company's share price stood

resolute at G\$975, in the face of increasing economic pressures. The aforementioned results clearly demonstrate the effective management of the Company through these difficult times.

Dividends

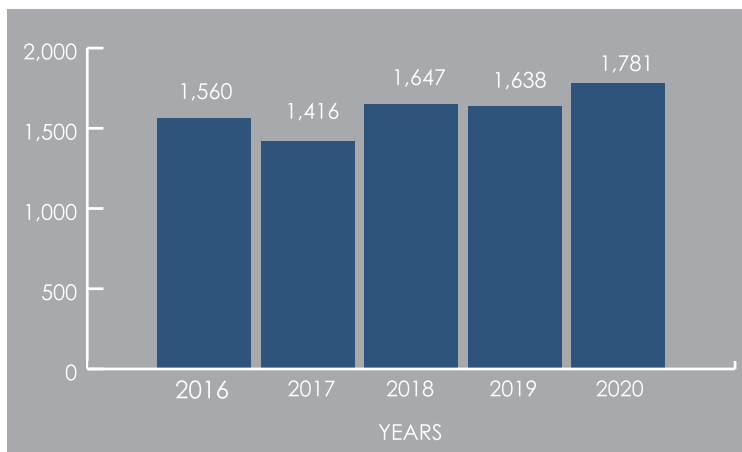
The uncertainty brought about by COVID-19 in H1 2020 prompted the Board of Directors to adopt a prudent approach with regards to the distribution of dividends resulting in a payout of G\$70.60 in 2020.

It must be noted that the additional value will be passed to shareholders by way of the fourth and final interim dividends payable in 2021.



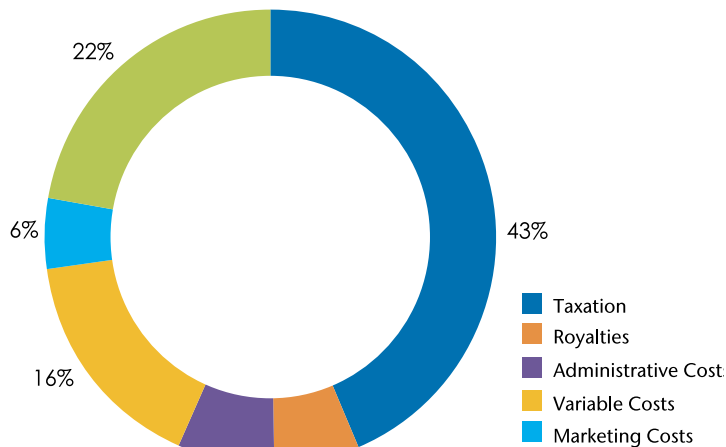
Profit After Tax

Profit after tax increased by 8.7% this year, from G\$1.638 billion to G\$1.781 billion. The maintenance of growth was due to the customer-focused and diligent approach of the Demerara Tobacco Team.



Income Distribution

A look at the distribution of income indicates a significant 43%, totalling G\$3.3 billion being allocated to taxation, followed by dividend payments amounting to 22%.



Earnings Per Share

Earnings per share increased from G\$70.00 to G\$76.09



MANAGING DIRECTOR'S REVIEW (cont.)

Share Price

Share price remained flat in 2020 versus same period last year.



Volume Performance

For over eight decades, we have built trusted and powerful brands that satisfy our consumers and serve as a promise for quality and enjoyment. Despite 2020 being unpredictable and demanding, DEMTOCO persistently rose to the challenges and delivered its full year and volume targets. Although we experienced a 5.2% volume decline vs 2019, our portfolio through innovation and customer loyalty performed steadily. Our capsule technology continues to enhance our portfolio as seen by the volume growth in Dunhill Double Capsule, as well as the successful introduction of Pall Mall Boost in the market.

Our local flagship brand, Bristol, also showed stability maintaining its market share performance unlike previous years. Pall Mall continued to be the number one

brand in the market, showing resilience despite growing Illicit Trade in the market.

It is clear that our portfolio continues to ensure stability and our intention is to further evolve our Brands from this solid platform in the future.

Growth is only possible through a strong relationship with our business partners. During the year, we worked assiduously on building and strengthening business relationships nationwide through remotely creating and adapting to new ways of work. This continuous engagement and knowledge exchange informed our approach and better armed those who distribute our products with information about the illicit trade, youth access prevention, new legislative requirements and new brand offerings.

The Illicit Trade

Cigarettes are among the most commonly traded products on the black market due to high profit margins, relative ease of production and movement and low detection rates and penalties. The consequences of this trade range from national security, economic loss from tax evasions, trademark infringements, undermining of brand investments, and detrimental quality issues associated with poor manufacturing conditions. Smugglers are well coordinated, and illicit trade is linked to more organised criminal gangs and networks associated with human trafficking, terrorism, drugs, arms and even money laundering.

Locally, we experienced a proliferation of illegal cigarettes both without tax stamps and the legally required Graphic Health Warnings based on the Tobacco Control Act with high levels of non-compliance and in some instances, breaches in the form of promotions. Presently, there is an urgent need to arrest the legal decline before it is too late as we approach the critical mass threshold. This requires a significant and sustainable dent to get to minimum levels, as in neighbouring islands the incidence of illicit trade has risen as high as 77%.

It is definitely commendable that law enforcement agencies are playing a more active role. However, there needs to be more collaboration and enforcement in order to reduce levels of illicit trade. We note and commend the stance of the Guyana National Bureau of Standards that

prevented a shipment of cigarettes due to non-compliance with the Packaging & Labelling laws. We now await the level of enforcement required to yield results and we remain optimistic.

As a responsible company, we remain committed and will continue to drive awareness through active engagements with regulators, government and the private sector. We adhere to all local laws and regulations regarding the distribution, marketing and sale of our products and fully support any initiatives in seeking to eliminate the illicit tobacco trade.

Advancing Employee Engagement

Our effective sales and relationship-building activities are only possible due to engaged and skilled members of staff. In 2020, each of our employees drew on the tenets of our new Ethos; to be bold, fast, empowered, diverse and responsible to refocus and retool to continue to serve above the expected standard. In response to their new reality, the team had to make tough decisions quickly, learning on the go and sharing those learnings with their counterparts throughout the cluster. The team, through a collective effort, was able to pool their ideas and build upon those concepts to ensure that they were able to deliver a reliable supply of the best quality products to our retailers. We also launched a virtual training platform which permitted all team members to continue to enhance their skills, further promoting our company as the best place to work for our people.

MANAGING DIRECTOR'S REVIEW (cont.)

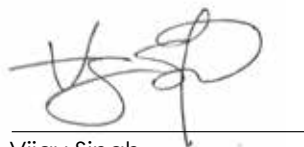
Thank You

I wish to close by extending my heartfelt gratitude and appreciation to all our loyal stakeholders. 2020 has been a year with unique and unparalleled challenges. Without your support, we would not have delivered such promising results.

I would also like to thank the Chairman and the Board of Directors for their support during an inarguably difficult year. Their leadership, experience and oversight have been critical to the Company's continued growth.

My sincere gratitude to every member of DEMTOCO and our distributor Edward B. Beharry & Company. I appreciate your dedication and desire to go the extra mile in everything that you do and consequently, I stand proud of the results you delivered.

Furthermore, I wish to assure you as we continue to navigate the current reality, we are focused on delivering another year of sustainable growth. We are committed to accelerating our business transformation and building A Better Tomorrow.

A handwritten signature in black ink, appearing to be 'Vijay Singh', written over a horizontal line.

Vijay Singh
Managing Director

LEADERSHIP TEAM



Vijay Singh
Managing Director



Robert O'Brien
Finance Controller & Company Secretary



Candice Canzius
Area Manager



Merson Jones
Marketing Deployment Executive



Solange Pertab
Executive Assistant



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REPORT TO SHAREHOLDERS



This year's Annual Report features a new corporate logo that reflects changes in both the world around us and our business. Our previous logo has, for decades, served the Company well as a strong symbol of being Guyana's market leader in tobacco.

Our dynamic new logo reflects our Company today that has adapted to the changing realities at the national and global level.

Expectations are evolving at an accelerated pace and this new logo also reflects our journey ahead. We are laser-focused on deploying our outstanding capabilities to meet the changing needs of consumers. We see new opportunities to reduce the health impact of our business and make a positive contribution to the environment.

As we evolve our Group strategy, we are also evolving our Sustainability Agenda. We are moving away from a business model where sustainability was always important to one where it is front and centre in all we do.

Central to our new purpose is a commitment to shape a better tomorrow for our consumers, society, shareholders and employees.

The year 2020 has been marked with uncertainty and will be known as the year that life as we know it came to an abrupt

stop. Globally, the business landscape was compelled to redefine its way of work. DEMTOCO and its employees were no exception.

With the declaration of the COVID-19 pandemic, the Company prioritised the health and safety of our employees and their families and quickly equipped the team with all that was required to work remotely. This called for a heavy reliance on technological support and the leveraging of already established customer relationships.

For several months, employees worked from home, followed by a rotation schedule when government restrictions were lifted, and it was permitted to return to office. The office was also sanitised regularly, and all employees were sensitised about the rigorous COVID-19 protocols before its reopening. Personal protective equipment and healthcare packages were provided by the Company for all its employees.





Group photos of employees not wearing masks were taken before the COVID-19 pandemic.



The Leadership Team continues to do all that it can to safeguard the health, safety and well-being of employees. As a company, we continue to monitor and comply with all measures and safety regulations implemented by the government. We are not out of the woods regarding this pandemic and cannot let our guard down.

Advanced Human Resource and Capacity Building

Our highly motivated people continue to be empowered through a new ethos that is responsive to constant change, embodies a learning culture and is dedicated to continuous improvement.

Demerara Tobacco continues to attract, recruit and develop top talent to help ensure that we have a resilient workforce in place to shape the future of our Company. Our unwavering dedication to ensuring our people are prepared and engaged



in order to achieve the high-level strategy of the Company while facilitating the achievement of employees' personal growth, comradery, and development goals demanded that we increased both functional and leadership training. Given the current realities, several training programmes were conducted online in the virtual classroom.



Group photos of employees not wearing masks were taken before the COVID-19 pandemic.



In January 2020, prior to lockdown, we were pleased to be able to have facilitated the Annual Management Retreat at the Marriott Hotel in Georgetown where the 2020 Priorities were defined and aligned. The session facilitated knowledge sharing and troubleshooting as the Functional presentations focused on lessons learnt and the key priorities for the year. The session was certainly impactful and set the tone for the calibre of leadership that would be required during the year. The direction set by the local leadership team was then cascaded through the wider organisation during the Annual Staff Retreat which was held at the Aruwai Resort. The retreat balanced work and play and left the team energised for the year ahead.

With the declaration of the COVID-19 pandemic, the Company prioritised the health and safety of our employees and their families and quickly tooled the team with all that was required to work remotely. This called for a heavy reliance on

technological support and the leveraging of already established relationships. The team kept connected both on and off duty and took the opportunity to engage with each other remotely in the spirit of strengthening the team when possible. Some of the activities included the celebration of International Women's Day, International Men's Day, Emancipation Day, Pinktober, Diwali and Christmas.

Despite the challenges 2020 presented, the Demerara Tobacco team continued to serve as a high-performing team. They each owned the organisational priorities set, collaborated in pursuit of these and noted the lessons while celebrating the wins.

People and Advancing Partnerships

We cannot succeed on our own, and especially during these challenging times, our partnerships with our Distributor, suppliers and retailers were key to ensuring sustainable growth for the future.



Of course, we live in an age of relentless change and 2020 was no different. These changes are providing us with growth opportunities we could not previously have imagined. In order to ensure all our stakeholders had the resources to embrace change and shape the future of the industry, we adapted our ways of working to meet the demands of this unprecedented reality.

We understand the need to keep adding value for our consumers, trade partners, employees and shareholders. In all that we do, we are committed to doing business in a way that meets the expectations of today's society, and the society of tomorrow.

REPORT OF THE
INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS 2020



WE

ADAPT | ADVANCE

DEMTOCO
A BETTER TOMORROW

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF
DEMERARA TOBACCO COMPANY LIMITED

Opinion

We have audited the financial statements of Demerara Tobacco Company Limited which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 47 to 63.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Demerara Tobacco Company Limited as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the Guyana Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

REPORT OF THE INDEPENDENT AUDITORS (cont.)

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition and existence of trade receivables</p> <p>The Company recorded revenue for the year of \$6.7 billion and has trade receivables outstanding at the year end of \$290 million. These related amounts are material to the financial statements and therefore considered a key audit matter.</p>	<p>Our audit procedures in relation to this key audit matter included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • testing of internal controls relevant to the recognition of revenue; • sample testing of revenue recognised to supporting invoices and delivery documentation; • sample testing of sales transactions around the year end date to supporting invoices and delivery documentation; • comparison of quantities sold to quantities imported and changes in stock holdings; and • comparison of the trade receivables to confirmation letters received and subsequent collections from customers.
<p>Tax obligations arising on related party transactions</p> <p>The Company carries out several significant transactions with related entities based outside of Guyana, as disclosed in Note 9 (b) to the financial statements. These related party transactions give rise to various tax obligations in Guyana, the financial impact of which is material to the Company's financial results and therefore considered a key audit matter.</p>	<p>Our audit procedures in relation to this key audit matter included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • procedures to assess the completeness and accuracy of related party transaction disclosures; • sample testing of related party transactions to supporting documentation including contracts, invoices or delivery records, as applicable; and • assessment of the adequacy of tax liabilities recognised on related party transactions by reference to the provisions of the applicable Guyana tax legislation (including relevant Double Taxation Treaties) and to previous engagements between the Company and the Guyana Revenue Authority.

REPORT OF THE INDEPENDENT AUDITORS (cont.)

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's 2020 Annual Report but does not include the financial statements and our auditors' report thereon. The Company's 2020 Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance 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 Guyana 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.

In preparing these financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they

REPORT OF THE INDEPENDENT AUDITORS (cont.)

could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

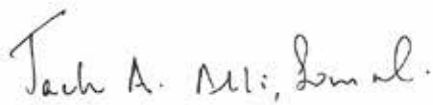
We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in

REPORT OF THE INDEPENDENT AUDITORS (cont.)

our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the consequences of doing so would reasonably be expected to outweigh the public interest benefit of such communication.

The engagement partner in charge of the audit resulting in this independent auditors' report is Khalil Alli.

A handwritten signature in dark ink, reading "Jack A. Alli, Sonal.", positioned above a horizontal line.

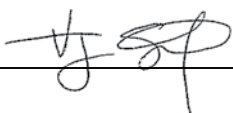
JACK A. ALLI, SONS & CO.
145 Crown Street, Queenstown
Georgetown, Guyana
26 February 2021

STATEMENT OF FINANCIAL POSITION


December 31, 2020

Thousands of Guyana Dollars	Notes	2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	101,482	79,851
Right-of-use assets	5	111,153	155,960
Deferred taxation	6	13,389	6,930
		<u>226,024</u>	<u>242,741</u>
Current assets			
Inventories	7	204,773	191,268
Accounts receivable and prepayments	8	334,743	402,802
Amount due from related party	9	9,156	46,139
Taxation		199,092	199,092
Cash and cash equivalents	10	1,491,197	579,689
		<u>2,238,961</u>	<u>1,418,990</u>
TOTAL ASSETS		2,464,985	1,661,731
EQUITY AND LIABILITIES			
Equity			
Share capital	11	23,400	23,400
Retained earnings		750,193	586,225
		<u>773,593</u>	<u>609,625</u>
Non-current liabilities			
Lease liabilities	5	68,039	136,205
Current liabilities			
Accounts payable and accruals	12	622,888	545,438
Amounts due to related parties	9	773,638	229,756
Taxation		134,859	85,191
Provision for other liabilities	13	52,286	30,306
Lease liabilities	5	39,682	25,210
		<u>1,623,353</u>	<u>915,901</u>
TOTAL EQUITY AND LIABILITIES		2,464,985	1,661,731

The notes on pages 47 to 63 form an integral part of these financial statements. The Board of Directors approved these financial statements for issue on 26 February 2021.



Directors



STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2020

Thousands of Guyana Dollars	Notes	2020	2019
Sales		6,741,471	6,655,776
Cost of sales	14	(2,705,217)	(2,786,873)
Gross profit		4,036,254	3,868,903
Distribution and marketing costs	14	(430,186)	(482,812)
Administrative expenses	14	(537,608)	(546,373)
Other income		154	4,722
Profit before taxation		3,068,614	2,844,440
Taxation	17	(1,288,025)	(1,206,344)
Profit for the year		1,780,589	1,638,096
Earnings per share	18	76.09 Dollars	70.00 Dollars

The notes on pages 47 to 63 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2020

Thousands of Guyana Dollars	Notes	Share Capital	Retained Earnings	Total
Year ended 31 December 2019				
As at beginning of year		23,400	599,181	622,581
Profit for the year		0	1,638,096	1,638,096
Dividends paid	19	0	(1,696,968)	(1,696,968)
Forfeiture of unclaimed dividends	19	0	45,916	45,916
As at end of year		23,400	586,225	609,625
Year ended 31 December 2020				
As at beginning of year		23,400	586,225	609,625
Profit for the year		0	1,780,589	1,780,589
Dividends paid	19	0	(1,652,040)	(1,652,040)
Forfeiture of unclaimed dividends	19	0	35,419	35,419
As at end of year		23,400	750,193	773,593

The notes on pages 47 to 63 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2020

Thousands of Guyana Dollars	Notes	2020	2019
Profit before taxation		3,068,614	2,844,440
Adjusted for:			
Depreciation		60,369	35,369
Gain on disposal of property, plant and equipment		(153)	(3,825)
Loss on disposal of right-of-use assets		2,244	0
Other adjustment to right-of-use assets		15,567	0
Net movement in provision for other liabilities		21,980	(1,692)
Interest on lease liabilities		23,985	8,546
Operating profit before changes in working capital		3,192,606	2,882,838
Increase in inventories		(13,505)	(82,064)
Decrease in accounts receivable and prepayments		68,059	26,958
Increase in net amount due to related parties		580,865	11,972
Increase / (decrease) in accounts payable and accruals		77,450	(3,326)
Cash generated from operations		3,905,475	2,836,378
Taxes paid		(1,244,816)	(1,298,810)
Interest paid		(23,985)	(8,546)
Net Cash Inflow - Operating Activities		2,636,674	1,529,022
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(42,270)	(61,273)
Proceeds from sale of property, plant and equipment		5,373	3,825
Net Cash Outflow - Investing Activities		(36,897)	(57,448)
FINANCING ACTIVITIES			
Dividends paid	19	(1,652,040)	(1,696,968)
Forfeiture of unclaimed dividends	19	35,419	45,916
Payment of lease liabilities - principal portion		(71,648)	(14,998)
Net Cash Outflow - Financing Activities		(1,688,269)	(1,666,050)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		911,508	(194,476)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR		579,689	774,165
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	10	1,491,197	579,689

The notes on pages 47 to 63 form an integral part of these financial statements.

1. INCORPORATION AND PRINCIPAL ACTIVITIES

The Company was incorporated in Guyana on 14 June 1934. Its registered office is 122 Parade Street, 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') and the Guyana Companies Act.

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Pronouncements effective in current year

The following amendments to existing standards have been published and are effective in the current financial year. No impact arose from these new pronouncements.

IFRS 9 / IAS 39 / IFRS 7	Amendments - Interest Rate Benchmark Reform Phase 1
IFRS 3	Amendments - Definition of a Business
IAS 1 / IAS 8	Amendments - Definition of Material

Pronouncements effective in future years

The following new standard and amendments and improvements to existing standards have been published and are effective in future financial years. No significant impact is expected to arise from these new pronouncements.

IFRS 17	Insurance Contracts
IAS 1	Amendments - Classification of Liabilities as Current or Non-current
IAS 16	Amendments - Proceeds before Intended Use

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Preparation (Cont'd)

Pronouncements effective in future years (cont'd)

IAS 37	Amendments - Onerous Contracts
IFRS 3	Amendments - Reference to Conceptual Framework
IFRS 9 / IAS 39 / IFRS 7	Amendments - Interest Rate Benchmark Reform Phase 2
IFRS 16	Amendments - COVID 19-Related Rent Concessions
Annual Improvements to IFRS 2018-2020 Cycle:	
- IFRS 1	Subsidiary as a First-time Adopter
- IFRS 9	Fees in the '10 per cent' test for derecognition of Financial Liabilities
- IAS 41	Taxation in Fair Value Measurements

(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.

(c) Property, Plant and Equipment

Property, 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:

Leasehold improvements	Over the lease term
Plant and machinery	7%
Office and other equipment (excluding computers and ancillary equipment)	10 - 20%
Computers and ancillary equipment	33.33%
Motor vehicles	20% - 33.33%

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, Plant and Equipment (Cont'd)

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) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a net present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable under residual value guarantees
- exercise price of a purchase option, if option reasonably certain to be exercised
- payments of penalties for terminating the lease, if option expected to be exercised

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The Company has applied judgement to determine the lease term for some lease contracts that include renewal options.

The present value is determined by applying the interest rate implicit in the lease, or, if that rate cannot be readily determined, at the Company's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made.

The right-of-use asset is measured at cost comprising the following:

- the amount of the initial measurement of the lease liability
- lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(d) Leases (Cont'd)**

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases, which are those with a lease term of 12 months or less, are recognised on a straight-line basis as an expense in profit or loss.

(e) 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.

(f) Taxation

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

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

(g) 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.

(h) Receivables, including amounts due from Related Parties

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less a provision for impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(i) Impairment of Financial Assets**

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets classified at amortised cost. To determine the provision for ECL, the Company applies the simplified approach for trade receivables, as permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Given the Company's experience of no credit losses in recent years, the Company has chosen to apply a provision matrix with a minimum provision of 0.10 (2019 - 0.05) percent of amounts due from customers which are considered to be highly recoverable.

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

(j) 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.

(k) 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. Dividends unclaimed for six years are forfeited to the Company, as authorised under the Company's By-laws, and are recovered through shareholders' equity.

(l) Payables, including amounts due to Related Parties

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

(m) 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 liabilities for bonuses to employees and the distributor.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Revenue Recognition

Under IFRS 15, sales are recognised as performance obligations are satisfied and control of the goods are passed to the customer. Control is deemed to have passed when goods are accepted by the customer or where the Company has objective evidence that all criteria for acceptance have been satisfied. Sales represents the value of goods sold, after deducting sales discounts and marketing payments to customers.

(o) Operating Segments

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also exercises judgement in applying the Company's accounting policies. Areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment are described in this note.

Impairment Losses on Financial Assets

The measurement of the expected credit loss allowance for financial assets under IFRS 9 is an area that requires the use of significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). The ECL provisions generated by the models adopted are influenced by a number of factors, changes in which can result in different outcomes.

Values of Property, Plant and Equipment

The residual values and useful lives of property, plant and equipment are reviewed at each reporting date and estimates made of the values expected to be obtained from disposal of the assets at the end of their useful lives and the expected period over which the assets are expected to be available for use.

Lease Term

Where the leases contain extension options, the period of extension is only taken into account in measuring lease liabilities when the Company is reasonably certain to exercise the option.

Thousands of Guyana Dollars
4. PROPERTY, PLANT AND EQUIPMENT

	Plant and Machinery	Office and Other Equipment	Motor Vehicles	Work in Progress	Total
<i>Cost</i>					
As at 01 January 2020	297	45,644	84,314	24,992	155,247
Additions in the year	0	0	0	42,270	42,270
Transfers in the year	0	1,440	0	(1,440)	0
Disposals in the year	0	0	(9,211)	0	(9,211)
As at 31 December 2020	297	47,084	75,103	65,822	188,306
<i>Accumulated Depreciation</i>					
As at 01 January 2020	(297)	(36,669)	(38,430)	0	(75,396)
Charges for the year	0	(2,890)	(12,529)	0	(15,419)
Written back on disposals	0	0	3,991	0	3,991
As at 31 December 2020	(297)	(39,559)	(46,968)	0	(86,824)
<i>Net Carrying Amount</i>					
As at 31 December 2020	0	7,525	28,135	65,822	101,482
<i>Cost</i>					
As at 01 January 2019	297	40,517	76,265	0	117,079
Additions in the year	0	5,127	31,154	24,992	61,273
Disposals in the year	0	0	(23,105)	0	(23,105)
As at 31 December 2019	297	45,644	84,314	24,992	155,247
<i>Accumulated Depreciation</i>					
As at 01 January 2019	(297)	(34,311)	(48,977)	0	(83,585)
Charges for the year	0	(2,358)	(12,558)	0	(14,916)
Written back on disposals	0	0	23,105	0	23,105
As at 31 December 2019	(297)	(36,669)	(38,430)	0	(75,396)
<i>Net Carrying Amount</i>					
As at 31 December 2019	0	8,975	45,884	24,992	79,851

The Company has authorised, but not contracted, capital expenditure on plant and equipment of \$41,844 for the coming year (2019 - \$43,859). Included in WIP are amounts totalling \$48,531 for leasehold improvements.

Thousands of Guyana Dollars
5. LEASES
2020
2019

The Company leases various properties to carry out its activities.

(a) Amounts recognised in Statement of Financial Position
Right-of-use Asset
Cost

As at beginning of year	176,413	0
Additions	17,954	176,413
Disposals	(15,942)	0
Adjustment	(15,567)	0

As at end of year	162,858	176,413
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Accumulated Depreciation

As at beginning of year	20,453	0
Charge in the year	44,950	20,453
Written back on disposals	(13,698)	0

As at end of year	51,705	20,453
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Net Carrying Amount

As at end of year	111,153	155,960
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Lease Liabilities

Current	39,682	25,210
Non-current	68,039	136,205

	107,721	161,415
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(b) Amounts recognised in Statement of Comprehensive Income

Depreciation charge on right-of-use assets	44,950	20,453
Interest expense	23,985	8,546
Expenses relating to short-term leases	20,450	38,008

Thousands of Guyana Dollars

6. DEFERRED TAXATION	2020	2019
Deferred tax asset:		
Accelerated accounts depreciation	5,008	4,752
Lease expenses	8,381	2,178
	<u>13,389</u>	<u>6,930</u>
Amount recoverable within 12 months	<u>0</u>	<u>3,976</u>
7. INVENTORIES	2020	2019
Goods for resale	127,759	80,595
Goods in transit	77,014	110,673
	<u>204,773</u>	<u>191,268</u>
8. ACCOUNTS RECEIVABLE AND PREPAYMENTS	2020	2019
Trade receivables	289,828	378,815
Other receivables	33,386	17,807
Less provision for impairment	(290)	(189)
Trade and other receivables - net	<u>322,924</u>	<u>396,433</u>
Prepayments	11,819	6,369
	<u>334,743</u>	<u>402,802</u>
9. RELATED PARTIES	2020	2019
(a) <i>Key management compensation:</i>		
Short term benefits	<u>34,655</u>	<u>62,724</u>
(b) <i>Transactions carried out with related parties:</i>		
Acquisition of products from fellow group subsidiary	1,190,119	1,168,333
Area service charges from fellow group subsidiary	63,470	110,609
Royalty charges from fellow group subsidiaries	479,021	470,435
Technical and advisory service charges from fellow group subsidiary	176,803	136,771
Information technology charges from fellow group subsidiaries	92,597	113,087
Research and development charges from fellow group subsidiary	4,109	3,864
Dividends paid to parent	<u>1,160,623</u>	<u>1,192,187</u>

Thousands of Guyana Dollars

9. RELATED PARTIES (CONT'D)	2020	2019
<i>(c) Outstanding balances at year end:</i>		
Amount due from fellow group subsidiary	9,156	46,139
Amounts due to fellow group subsidiaries	773,638	229,756
All balances are interest free, unsecured and repayable on demand.		
10. CASH AND CASH EQUIVALENTS	2020	2019
Short term deposits	18,454	18,417
Other cash at bank	1,472,743	561,272
	1,491,197	579,689
11. SHARE CAPITAL	2020	2019
<i>Authorised</i>		
23,400,000 ordinary shares of no par value		
<i>Issued and fully paid</i>		
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.		
12. ACCOUNTS PAYABLE AND ACCRUALS	2020	2019
Sundry payables	515,827	508,148
Accruals	107,061	37,290
	622,888	545,438
13. PROVISION FOR OTHER LIABILITIES	2020	2019
Provision for bonuses:		
As at beginning of year	30,306	31,998
Charged in the year	52,286	22,626
Used in the year	(30,306)	(24,318)
As at end of year	52,286	30,306

Thousands of Guyana Dollars

14. EXPENSES BY NATURE	2020	2019
Cost of inventories expensed	2,705,217	2,786,873
Staff costs (note 15)	203,508	162,847
Technical and advisory service charges	176,803	136,771
Area service charges	63,470	110,609
Information technology charges	92,597	113,087
Depreciation	60,369	35,369
Communications expenses	7,727	12,199
Advertising expenses	9,067	12,556
Auditors' remuneration	6,248	5,980
Interest on lease liabilities	23,985	8,546
Directors' remuneration (note 16)	4,147	2,465
Other	321,428	428,756
Total of Cost of Sales, Distribution and Marketing Costs, and Administrative Expenses	3,673,011	3,816,058
15. STAFF COSTS	2020	2019
Wages and salaries	179,399	154,307
Other benefits	24,109	8,540
	203,508	162,847
16. DIRECTORS' REMUNERATION	2020	2019
Remuneration paid to Directors for services as directors, included in key management compensation:		
Chandradat Chintamani	2,160	1,512
Patricia Bacchus	1,987	435
Charles Quintin	0	518
	4,147	2,465

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

Thousands of Guyana Dollars

17. TAXATION	2020	2019
The provisional charge for taxation is made up as follows:		
Current tax	1,293,920	1,211,479
Deferred tax	(6,459)	456
Prior year adjustments	564	(5,591)
	<u>1,288,025</u>	<u>1,206,344</u>
Reconciliation of tax expense and accounting profit:		
Profit before taxation	3,068,614	2,844,440
Corporation tax at 40%	1,227,446	1,137,776
Expenses not deductible for tax purposes	53,547	70,747
Property tax	5,093	3,412
Prior year adjustments	564	(5,591)
Other	1,375	0
	<u>1,288,025</u>	<u>1,206,344</u>
18. EARNINGS PER SHARE	2020	2019
Profit attributable to shareholders	1,780,589	1,638,096
Weighted average number of ordinary shares in issue	23,400,000	23,400,000
Earnings per share	<u>76.09 Dollars</u>	<u>70.00 Dollars</u>
19. DIVIDENDS	2020	2019
Prior year interim paid \$13.00 per share (2019 - \$15.01 per share)	304,200	351,234
Prior year final paid \$8.00 per share (2019 - \$8.94 per share)	187,200	209,196
Interim declared and paid \$10.50 per share (2019 - \$13.57 per share)	245,700	317,538
Interim declared and paid \$20.90 per share (2019 - \$19.00 per share)	489,060	444,600
Interim declared and paid \$18.20 per share (2019 - \$16.00 per share)	425,880	374,400
	<u>1,652,040</u>	<u>1,696,968</u>

Thousands of Guyana Dollars

19. DIVIDENDS (CONT'D)

A fourth interim dividend in respect of the financial year of \$16.60 per share (2019 - \$13.00), amounting to a total dividend of \$388,440 (2019 - \$304,200) has been declared and paid after the year end. A final dividend in respect of the financial year of \$9.85 per share (2019 - \$8.00 per share), amounting to a total dividend of \$230,490 (2019 - \$187,200), is to be proposed at the annual general meeting on 07 May 2021.

In accordance with By-law 26(6) of the Company's Amended By-Laws, the Company has recorded through equity, a recovery of \$35,419 in forfeited unclaimed dividends (2019 - \$45,916).

20. CONTINGENT LIABILITY

	2020	2019
Bonds in favour of the Comptroller of Customs and Excise	19,500	19,500
Guarantees	3,456	23,000

21. LITIGATION

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

22. 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, lease liabilities and provision for liabilities based on contractual obligations.

The classification of financial assets and financial liabilities into IFRS 7 measurement categories is shown in the table below.

		Carrying Amount	Carrying Amount
	Category	2020	2019
Financial assets			
Accounts receivable	Amortised cost	322,924	396,433
Related party's balance	Amortised cost	9,156	46,139
Cash and cash equivalents	Amortised cost	1,491,197	579,689

Thousands of Guyana Dollars

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(a) Financial Instruments (Cont'd)

	Category	Carrying amount 2020	Carrying amount 2019
Financial liabilities			
Accounts payable and accruals	Amortised cost	622,888	545,438
Related parties' balances	Amortised cost	773,638	229,756
Lease liabilities	Amortised cost	107,721	161,415
Provision for other liabilities	Amortised cost	27,871	7,680

(b) Credit Risk

Credit risk arises on receivables from customers and related parties and from cash holdings. The maximum exposure to credit risk at the reporting date is represented by the carrying amounts of these financial assets, as shown in notes 8, 9 and 10 to these financial statements. The Company does not hold collateral as security.

The Company's credit risk from customers is managed by restricting credit to between five to ten working days. The majority of the Company's sales are made to a single distributor which management considers to be of good credit quality based on its financial condition, past trading experience and other factors. Revenue earned from this distributor amounted to 99 percent (2019 - 99 percent) of total revenue.

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. Cash resources are held with financial institutions licensed in Guyana. While related parties' balances and cash resources are also subject to the impairment requirements of IFRS 9, the impairment loss is considered to be immaterial.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses for trade and sundry receivables. To measure the lifetime loss allowance, the Company considers the write-off history of the past five years. Given the Company's experience of no credit losses in recent years, the Company has chosen to apply a provision matrix with a minimum provision of 0.10 (2019 - 0.05) percent of amounts due from customers which are considered to be highly recoverable. The minimum ECL level is adjusted for the impact of expected changes in factors such as macroeconomic fundamentals.

Thousands of Guyana Dollars
22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)
(b) Credit Risk (Cont'd)

The following is a summary of the ECL on trade receivables arising from application of the provision matrix:

As at 31 December 2020 Ageing Bucket	Average ECL rate	Estimated exposure	Expected credit loss
Performing (0 - 30 days)	0.10%	289,828	290
Underperforming (31 to 90 days)	0.00%	0	0
Non-performing (over 90 days)	0.00%	0	0
		<hr/> 289,828	<hr/> 290
As at 31 December 2019 Ageing Bucket	Average ECL rate	Estimated exposure	Expected credit loss
Performing (0 - 30 days)	0.05%	378,815	189
Underperforming (31 to 90 days)	0.00%	0	0
Non-performing (over 90 days)	0.00%	0	0
		<hr/> 378,815	<hr/> 189

(c) 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.

Thousands of Guyana Dollars

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

(d) Liquidity Risk

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

	Within 1 month	Between 1 to 3 months	Between 1 to 12 months	Between 1 to 5 years	Total
As at 31 December 2020					
Accounts payable and accruals	113,253	509,635	0	0	622,888
Amounts due to related parties	773,638	0	0	0	773,638
Lease liabilities	3,886	11,658	31,088	98,492	145,124
Provision for other liabilities (based on contractual obligations)	0	27,871	0	0	27,871
As at 31 December 2019					
Accounts payable and accruals	125,970	419,468	0	0	545,438
Amounts due to related parties	229,756	0	0	0	229,756
Lease liabilities	3,965	7,931	35,689	184,299	231,884
Provision for other liabilities (based on contractual obligations)	0	7,680	0	0	7,680

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

(e) Foreign Currency Risk

The Company is exposed to foreign currency risk through its holding of financial instruments denominated in the following foreign currencies as expressed in the Guyana dollar equivalent in the table below:

	2020	2019
<i>Assets</i>		
United States Dollars	2,022	24,297
<i>Liabilities</i>		
United States Dollars	702,925	247,497
British Pound Sterling	73,589	26,238

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 \$12,129 in the year (2019 - \$495).

Thousands of Guyana Dollars

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

(e) *Foreign Currency Risk (Cont'd)*

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 \$4,205 (2019 - \$1,339) lower / higher.


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 \$442 (2019 - \$157) lower / higher.

(f) *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 115)

- 1 **Name of Company:**
DEMERARA TOBACCO COMPANY LIMITED **Company No:**
308
- 2 **Particulars of Meeting:**
Eighty-seventh Annual General Meeting of Demerara Tobacco Company Limited to be held at the Pegasus Hotel, Seawall Road, Kingston, Georgetown, Guyana on Friday 07 May 2021.
- 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 Sections 114(a) and 115(2):**
No statement has been received from any Shareholder pursuant to Sections 114(a) and 115(2) of the Companies.

DATE	NAME AND TITLE	SIGNATURE
26 February 2021	Robert O'Brien Company Secretary and Authorised Signatory Demerara Tobacco Company Limited	

THE COMPANIES ACT, 1991 (Section 114)

- 1 **Name of Company:** DEMERARA TOBACCO COMPANY LIMITED Company No:
308
- 2 **Particulars of Meeting:**
Eighty-seventh Annual Meeting of The Demerara Tobacco Company Limited to be held at the Pegasus Hotel, Seawall Road, Kingston, Georgetown, Guyana on Friday 07 May 2021 at 2.00 p.m.
- 3 I/We _____
(BLOCK LETTERS PLEASE)
Of _____
shareholder/s in the above Company appoint:

☐ the Chairman of the Meeting

or failing him

☐ Mr Anand Persaud or
☐ Mr Adip Hariprashad or
☐ Ms Selica Rajkoomar or
☐ Mr Joycelyn Richmond or
☐ Ms Azad Khan

or failing them

_____ of _____
(NAME IN BLOCK LETTERS) (ADDRESS)

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.

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.

PROXY FORM (CONTINUED)

RESOLUTION		FOR	AGAINST
1	To receive and consider the Audited Financial Statements of the Company for the financial year ended 31st December 2020 together with the Reports of the Directors and Auditors thereon.		
2	To declare a Final Dividend of \$9.85 per share in respect of the year 2020.		
3	To re-elect Mr. Chandradat Chintamani who retires as a Director of the Company in accordance with By-Law 18(1) of the Company's Bye-Laws, as a Director of the Company.		
4	To fix the remuneration of the Independent Directors.		
5	To re-appoint auditors Jack A. Alli, Sons & Co until the close of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		

Signature/s of Shareholder/s _____

Dated this _____ day of _____ 2021.

PROXY FORM (CONTINUED)

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 General 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 General Meeting.

Return to:

THE SECRETARY
THE DEMERARA TOBACCO COMPANY LIMITED
LOT 122 PARADE STREET, KINGSTON
GEORGETOWN
GUYANA

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