



STERLING
PRODUCTS LIMITED



WE MANUFACTURE
AND MARKET QUALITY
PRODUCTS.

INTRODUCING
'FLUTEE'
A FUN PRODUCT

POPSICLE
BURSTING
WITH
A VARIETY
OF FRESH
FRUIT
FLAVOURS!



WE MANUFACTURE
QUALITY
PRODUCTS

AND USE EVERY OUNCE
TO MAKE A DIFFERENCE



CONTENTS

Notice of Annual General Meeting	3
Vision Mission Statement Corporate Values	4-5
Corporate Information	6
Board of Directors	7
Management Team	8
Financial Highlights	9
Report from the Chairman	10
Report of the Directors	12
Independent Auditor's Report	15
Statement of Profit & Loss and Other Comprehensive Income	19
Statement of Changes in Equity	21
Statement of Financial Position	22
Statement of Cash Flows	23
Notes on the Accounts	24
Six Year Statistical Summary	58
Proxy Form	59

NOTICE OF MEETING

The Sixty Fifth (65th) ANNUAL GENERAL MEETING of Sterling Products Limited will be held at The Guyana Marriott Hotel, Battery Road Kingston, Georgetown on Thursday 23 April 2020 at 17:00 hours.

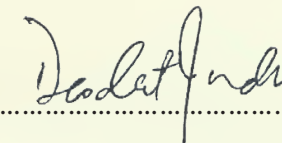
AGENDA

1. To receive and consider the Company's Financial Statements for the year ended December 31st, 2019, the Reports of the Directors and Auditors thereon.
2. To declare a Final Dividend of G\$5.50 per share for financial year 2019.
3. To elect Directors.
4. To fix the remuneration of the Directors.
5. To appoint Auditors and to authorize the Directors to fix their remuneration.

Every member entitled to be present and vote at the Meeting may appoint a proxy to attend and vote in his/her stead and such proxy need not be a member of the Company.

BY ORDER OF THE BOARD
REGISTERED OFFICE:

Providence
East Bank Demerara



Company Secretary
Deodat Indar
February 26, 2020

CLOSURE OF SHARE REGISTER

Please be advised that the Register of Members of Sterling Products Limited will be closed for the period 02 April 2020 to 23 April 2020 both days inclusive.



Sterling Products Limited, a socially responsible and environmentally sustainable company, with the highest annual turnover in the Manufacturing and Distribution Sectors in Guyana by 2025.

To be the leading manufacturer and distributor of quality food and chemical products by utilizing skilled human resources and environmentally friendly technology whilst embarking on new opportunities through diversification and growing the existing revenue streams locally and internationally.



VISION

MISSION STATEMENT

CORPORATE VALUES

We will maintain excellent customer loyalty.

We will foster a collaborative relationship with our suppliers and distributors.

We will maintain high ethical standards of conduct and good corporate citizenship at all times.

We will continue to maintain and encourage team effort at all levels and at the same time foster a challenging, rewarding, caring and safe environment for our employees.

We will earn sufficient profit to provide and sustain shareholders with acceptable financial returns and allow for investment in the future.

We will endeavor to use environmentally friendly products and processes.





CORPORATE INFORMATION

DIRECTORS

Dr. Leslie Chin C.C.H.- Chairman
 Mr. Raymond Ramsaroop
 Mr. Paul Christopher Cheong
 Mr. Andrew M. F. Pollard S.C.
 Mr. Suresh Edward Beharry
 Ms. Anna Lisa Fraser-Phang
 Mr. Edward Anand Beharry

MANAGEMENT

Mr. Ramsay Ali A.A, B.Sc -
 Chief Executive Officer

Mr. Deodat Indar B.Sc, MBA, FCCA,
 CPA, CRMA, CIA, CGA. -
 Finance Controller/
 Company Secretary

Mr. Devanand Lalgie B.Sc, ACIS -
 Manufacturing Manager

Mr. Dwayne Yan -
 Export Sales Manager

Mr. Robert A. Ross B.Sc., MBA, MSc -
 Quality Assurance/
 Strategic Business Manager

Mr. Richard Leo ACCA Finalist -
 Audit Manager

Mr. Earle Aaron B.Sc -
 Sales Manager

Ms. Yvette Fiedtkou B.Sc, MBA -
 Human Resources Manager

Mr. Chetram Persaud B.Sc -
 Engineering Services Manager

AUDITORS

TSD Lal & Co.
 Chartered Accountants
 77 Brickdam, Stabroek
 Georgetown, Guyana

ATTORNEYS-AT-LAW

Messrs Cameron & Shepherd
 2 Avenue of the Republic
 Georgetown, Guyana

BANKERS

Morgan Stanley
 399 Park AVE 12th FL
 New York, NY 10022
 USA

Guyana Bank for Trade & Industry Ltd.
 47-48 Water Street, Georgetown
 Guyana

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

Bank of Nova Scotia
 104 Carmichael Street
 Georgetown, Guyana

Demerara Bank Limited
 230 Camp & South Streets
 Georgetown, Guyana



BOARD OF DIRECTORS

Dr. Leslie Chin C.C.H.-Chairman
 Mr. Andrew M. F. Pollard S.C.
 Ms. Anna Lisa Fraser-Phang
 Mr. Paul Christopher Cheong
 Mr. Edward Anand Beharry
 Mr. Raymond Ramsaroop
 Mr. Suresh Edward Beharry



MANAGEMENT TEAM

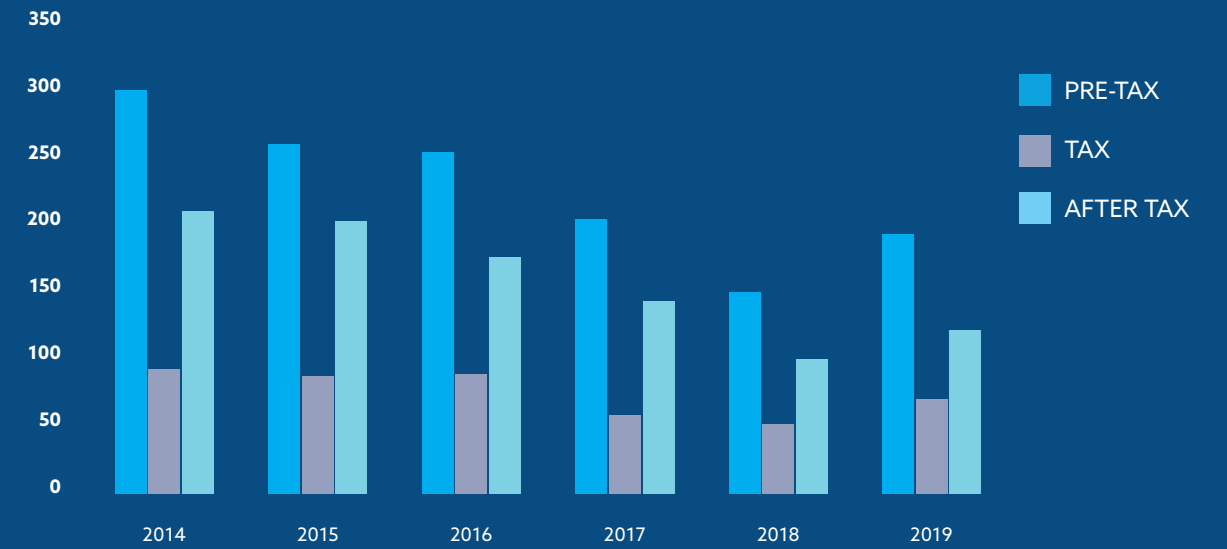
Earle Aaron - Sales Manager
 Ramsay Ali - Chief Executive Officer
 Devanand Lalgie - Manufacturing Manager
 Robert A. Ross - Quality Assurance/Strategic Business Manager
 Richard Leo - Audit Manager
 Chetram Persaud - Engineering Services Manager
 Dwayne Yan - Export Sales Manager

Deodat Indar - Finance Controller/ Company Secretary
 Yvette Fiedtkou - Human Resources Manager

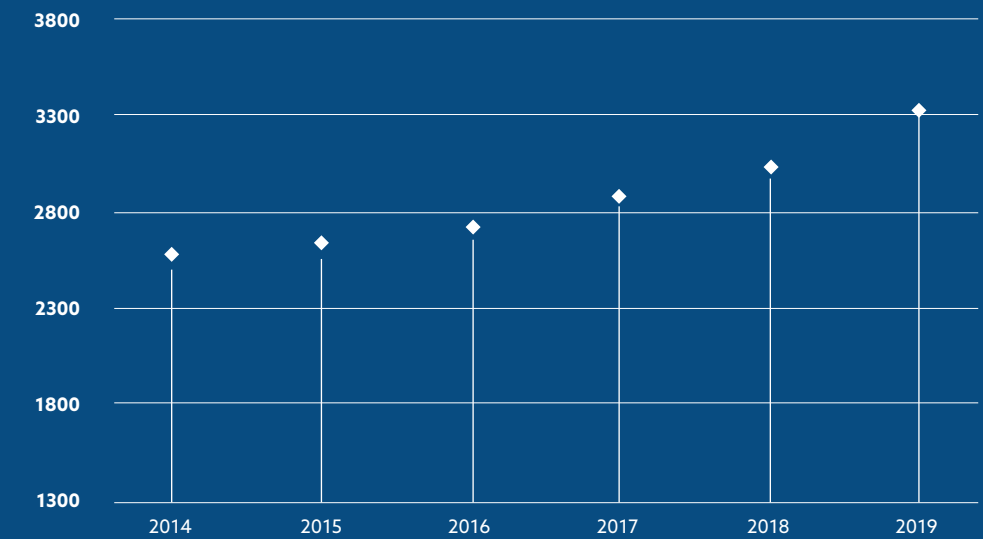


OUR PERFORMANCE-FINANCIAL HIGHLIGHTS

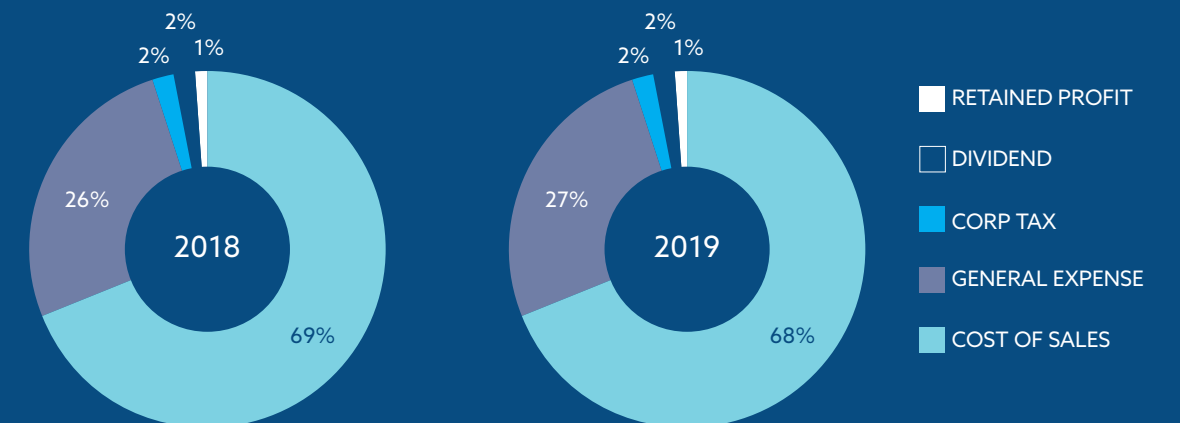
PROFITS & TAXATION



GROWTH IN SHAREHOLDERS' FUND (MILLIONS)



DISTRIBUTION OF REVENUE





REPORT FROM THE CHAIRMAN

DEAR FELLOW SHAREHOLDERS

Once again I report to you on the performance of your company for the year ended 31 December 2019. The report shows it has been a good year for Sterling Products Limited. The company has responded positively to the prevailing economic environment resulting in a much improved performance for the year in review.

GLOBAL ECONOMIC ANALYSIS

The current Coronavirus outbreak in epidemic proportions will overwhelmingly affect the projection by the World Economic Outlook Report that the global economy will show a moderate increase to 3.3% for the year 2020 in comparison to 2.9 % in 2019. This outlook remains fragile as potential downside risks of continued trade tensions remain high. Economic risks remains largely skewed towards the downside, aggravated by deepening political polarization. These threaten to promote a further rise in protectionist policies at a time where global co-operation is required. The Coronavirus epidemic has already seriously affected globally the airline and tourism sectors and supply chains especially those dependent directly or indirectly on China.

Regionally, the macroeconomic fundamentals remain stable. The Inter-American Development Bank of the Caribbean expects an average growth of 1% excluding Guyana. It should be noted, that according to the World Bank, before the Coronavirus outbreak many small economies which are tourism dependent continued to recover. Belize, Suriname and Trinidad continue to suffer the aftershocks of the 2014 decline in world prices for oil.

DOMESTIC ECONOMY ANALYSIS

In Guyana, the domestic economy is estimated to have grown by 4.7% for 2019 according to the Ministry of Finance whilst Inflation rate stood at 2.4%. These suggest a stable economy albeit within an uncertain political environment. However, it should be noted that one of the major employers and contributor to foreign exchange, the agricultural, forestry and fishery sector is estimated to have contracted by 0.3% as at half year in comparison to a growth of 4.9% in 2018. This was offset by growth in mining and quarrying which has been estimated to grow at 2.6% for first half year 2019. Additionally, the manufacturing sector is estimated to have grown by 3.7% in 2019. The services and construction sector buoyed by the development of the oil and gas sector is estimated to have grown by 4.6%. This credit expansion was driven primarily in anticipation for first oil and the positive externalities and multiplier effects. The market mid exchange rate remained relatively stable with a minor depreciation to 213.3 from 212.7 as at mid-year.

It is anticipated that the inflation rate in 2020 will be 3.5%. In 2020, there is likely to be a downturn in the first quarter as elections will be held this is as a result of investor and consumer confidence in the period prior to elections. However, we anticipate a speedy recovery as the economy is poised to boom from the new revenue stream of oil and gas. The recent coronavirus outbreak will have serious consequences for all Guyana if and when it reaches our country. It will overwhelm all other circumstances. We have to be prepared.

FINANCIAL PERFORMANCE

The company has recorded its highest revenue for year 2019 which stood at G\$ 3.605 Billion, an increase of G\$ 322 M, or by 9.8 % compared to year 2018 revenues. The Increase in revenue arose from demand for all of our products in the local market and Ice Cream into the Caribbean Regions.

Profit before taxation was G\$ 190.7 M for the year, an increase of G\$40.0M or 26.5 % over year 2018. After deducting income taxation charge for the year of G\$ 69.2 M (2018: G\$ 50.4 M), Profit after tax for the year totaled G\$ 121.5 M, an increase of G\$ 21.1 M or 21.0%

Expenses were G\$ 978.4 M compared to G\$ 869.4 M in year 2018, an increase of G\$ 109.0 M or 12.5 % over the previous year. The increase in expenses is due mainly to increased salaries and wages that are tied to Collective Union Agreement, Finance cost, maintenance costs of our sales fleet and marketing and distribution expenses. The company energy cost stood at G\$323.0M compared to G\$290.0M in year 2018. An increase of G\$33.0M or 11.3% over previous year. Taxes on fuel for manufacturing companies remains high and negatively affects the costs of production and erodes competitiveness in both local and export markets.

LIQUIDITY

The current ratio is measured at 3.1 times; this means the Company has more than adequate current resources to meet its financial obligations.

The company has invested G\$ 166.5 M in Capital Expenditure during the year. This expenditure was related to investment in freezing facilities for the trade, structural enhancement and Enhancement to Ice Cream Plant, a new Novelty Ice Plant, Igloo Outlet at Water Street, Capital items of Plant and Equipment for Production departments and Distribution Vehicles for the operations.

Based on the performance of the Company the Board of Directors is recommending a dividend of G\$ 5.50 per share unit. This represents an increase from last year of G\$ 0.5 per share unit.

CORPORATE GOVERNANCE

All directors are non-executive members of the Board. The positions of Chairman and CEO are held by separate individuals. The Audit and Risk Committee is comprised of three independent non-executive directors and is chaired by Mr. Paul Cheong. The Audit Manager reports directly to the Chairman of the Audit and Risk Committee. This Committee meets quarterly or on a special basis to discuss matters under its purview.

The Remuneration Committee is appointed by the Board and is responsible for remuneration for Directors and all executive members of staff. This Committee comprises of three independent non-executive directors and is chaired by Ms. Anna Lisa Fraser-Phang. This Committee meets semi-annually.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

We would like to thank our many stakeholders for this opportunity to reaffirm the commitments we made to our shareholders, employees, customers and communities regarding our Corporate Social Responsibility performance. We strive to be responsible corporate citizens, and our success along that path was underpinned by the commitment of our employees, operational excellence, and the unique manner in which we support Communities to promote sustainable financial growth.

We believe that our purpose should not be only profit driven, but to make an impact in the lives of our employees and the Guyanese society. It was against this backdrop that the Company continued its commitment of being a responsible employer and responsible corporate citizens by supporting the United Nations Sustainable Development Goals (SDG). The following are the SDG goals which SPL has been actively committed to: Good Health and Wellbeing, Gender equality, Quality Education, Decent work and Economic growth, Industry, innovation and Infrastructure, Partnerships for Goals and Responsible Consumption and Production.

The company continues to focus on the development of small agroprocessors and took a leading role in the organization of the Uncapped exhibition representing the GMSA and in collaboration with the Ministry of Business.

STRATEGY AND OUTLOOK

The International Monetary Fund. (IMF) projects an 86.5% increase in GDP for 2020 with favorable double digit growth in the medium term. It is against this backdrop that the company continues to undertake prudent investments to develop its brand, products and core competencies and diversify to meet this expanding market opportunity.

General and Regional elections will be held in year 2020. Historically, Elections are normally associated with tensions and disruptions of business activities. Sterling Products Limited remains committed to its current strategy and purpose to position the organization to accelerate its growth and pursue new opportunities as the oil sector develops. In the medium term, the company expects to see increased demand for our products and expects a reduction in energy costs. The company has invested prudently and will continue to do so to meet the emerging opportunities.

ACKNOWLEDGEMENTS

I would like to thank the Board of Directors, Management and Staff for their continued hard work, I look forward for the continued commitment to the Company's development in the year to come.

Sincerely,
Dr. Leslie Chin C.C.H.
Chairman, Board of Directors



REPORT OF THE DIRECTORS

The Directors have the pleasure in submitting to the shareholders their Report and Audited Financial Statements for the year ended 31 December 2019.

ACTIVITIES

The principal activities of the Company are the Manufacturing and Marketing of Edible Fats, Detergents, Laundry Soap, Yogurt, Ice Cream and of Igloo Novelties products.

GEOGRAPHICAL ANALYSIS

The company has no subsidiary operations; therefore segment reporting is prepared in accordance with the accounting standards.

	SEGMENT REVENUE		SEGMENT PROFIT	
	YEAR ENDED	YEAR ENDED	YEAR ENDED	YEAR ENDED
	2019	2018	2019	2018
	G\$	G\$	G\$	G\$
FOODS AND BRANDED FOOD PRODUCTS	3,049,073,431	2,730,951,462	1,032,898,662	883,073,437
CLEANING AGENTS	548,444,506	545,288,760	109,327,514	112,130,374
OTHER	7,564,619	6,971,286	1,858,119	1,727,789
	3,605,082,556	3,283,211,508	1,144,084,295	996,931,600

SUMMARY FINANCIAL RESULTS

In accordance with Regulation No. 8 of 2002, subsection 6 (n), made under the Securities Industry Act 1998, the following are disclosures of comparative financial results and of the assets and liabilities of the Company along with any changes to capital.

	2019	2018
	G\$	G\$
Turnover	3,605,082,556	3,283,211,508
Expenses	978,433,916	869,406,906
Profit before taxation	190,723,748	150,745,063
Taxation	69,218,140	50,388,250
Profit for the year after taxation	121,505,608	100,356,813
Other Comprehensive Income net of taxes	243,379,241	158,780,371
Total Comprehensive Income	364,884,849	259,137,184
Assets	4,073,619,845	3,764,357,316
Liabilities-Current	453,603,537	521,129,809
Liabilities -Non-Current	337,073,411	248,812,859

SHAREHOLDERS' EQUITY

	G\$
Balance as at 31.12.2018	2,994,414,648
Total Comprehensive income for the year	364,884,849
Payment of dividends	(76,356,600)
Retained earnings carried forward	3,282,942,897

DIVIDENDS

The directors recommend a final dividend of G\$ 5.50 per share (2018 -G\$ 5.00 per share). Dividends are recognized in the Statement of Changes in Equity when actually paid to shareholders. The proposed final dividend is subject to approval by the shareholders at the Annual General Meeting (AGM) and has not been included as a liability in these financial statements for the year.

INTEREST CAPITALIZED

In accordance with Regulation No. 8 of 2002, subsection 6 (i), made under the Securities Industry Act 1998. The Company did not have any interest that was capital in nature. The financial statements presented do not include any capitalized interest cost.

BANK LOANS AND OVERDRAFTS

In accordance with Regulation No. 8 of 2002, subsection 6 (h), made under the Securities Industry Act 1998. The company did not enter into any loan arrangement nor had any at the beginning of the year. The overdraft facilities the company had undertaken are current totaling G\$204.2M. (2018- G\$ 212.4M). These facilities are secured.

CAPITAL EXPENDITURES

Total Capital expenditure for the year amounted to G\$ 166.5M (2018 - G\$ 333.9M). This amount was financed from funds generated internally. The expenditure was related to investment in freezing facilities for the trade, structural enhancement and Re-tooling to Ice Cream Plant, Novelty Plant, Igloo Outlet at Stabroek, capital items of Plant and Equipment for the production departments and Motor vehicles for the operations.

ASSET REVALUATION

The Company had revalued its assets in year 2019, this was done to keep in compliance with International Accounting Standards -IAS 16 Property, Plant and Equipment, a gain of G\$ 572.3M net of deferred tax was recorded in the statement of Comprehensive Income and Statement of Changes in Equity. The Directors perform impairment tests on an annual basis.

EMPLOYEE BENEFITS

The Actuarial valuation of the Company's defined benefit Pension Plan is completed as of Year-end 31 December 2017 in accordance with Section 111, (1), (2) and (3) of the Insurance Act of 1998. The status of the plan revealed that the valuation of the Scheme's assets exceeded the value of its liabilities with respect to service by G\$ 193.4 M. The next Actuarial valuation is due for year ending 31 December 2020. The Company adopted the revised International Accounting Standards IAS 19-Employee Benefits resulting in modified treatment of actuarial gains and losses arising from post-retirement benefit arrangements. The IAS 19 disclosures for year ended 2019 were completed as outlined in Note 11 of this report.

DIRECTORS

In accordance with Article 97, Dr. Leslie Chin, Mr. Suresh Edward Beharry and Mr. Andrew M.F.Pollard retired from the Board and being eligible offer themselves for re-election.

BENEFICIAL INTEREST OF DIRECTORS, CHIEF EXECUTIVE AND THEIR ASSOCIATES

	Shares Held 31/12/2019	Shares Held 31/12/2018
Dr. Leslie Chin C.CH (held jointly with associates)	9,130	9,130
Mr. Edward Anand Beharry	1	1
Mr. Paul Christopher Cheong	1	1
Mr. Suresh Edward Beharry	1	1
Mr. Raymond Ramsaroop	1	1
Mr. Andrew Pollard	1	1
Ms. Anna Lisa Fraser-Phang	5,625	5,625
Ramsay Ali A.A (2,000 shares are held jointly with associates)	3,500	3,500

REPORT OF THE DIRECTORS (CONT'D)

DIRECTORS CONTRACT

There are no service contracts for the Directors proposed for re-election.

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

DIRECTOR'S FEES PER ANNUM

	2019	2018
Dr. Leslie Chin C.C.H	1,800,000	1,800,000
Mr. Edward Anand Beharry	950,000	950,000
Mr. Paul Christopher Cheong	950,000	950,000
Mr. Suresh Edward Beharry	950,000	950,000
Mr. Raymond Ramsaroop	950,000	950,000
Mr. Andrew M.F. Pollard	950,000	950,000
Ms. Anna Lisa Fraser-Phang	950,000	950,000

SUBSTANTIAL SHAREHOLDINGS

The following held substantial interest in the Share Capital as at December 31st, 2019.

	No. of Shares	% Shareholding
Secure International Finance Co. Inc.		
2019	8,868,780	58.1
2018	8,868,780	58.1
Demerara Fire and General Insurance Company Ltd		
2019	1,098,345	7.1
2018	1,098,345	7.1

A substantial Shareholder is defined as a person entitled to exercise, or control the exercise of 5% or more of voting power of any general meeting of the issuer.

AUDITORS

The Auditors Messrs. TSD Lal & Co. retired and being eligible, offer themselves for re-appointment.

By Order of the Board,



DEODAT INDAR
Company Secretary
February 26 2020

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF STERLING PRODUCTS LIMITED
(SUBSIDIARY OF SECURE INTERNATIONAL FINANCE COMPANY INCORPORATED)
ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other 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 set out on pages 19 to 57.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sterling Products Limited as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 Auditor's 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) together with the ethical requirements that are relevant to our audit of the financial statements in Guyana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p><i>Valuation of Defined benefit Assets</i> (Refer to note 11 in the financial statements)</p> <p>The Company has recognized a net defined benefit asset of G\$404,824,690 as at 31 December, 2019. Defined benefit pension assets are considered a key audit matter as the assumptions that underpin the valuation of the defined benefit pension assets involve subjective judgments as the surplus balance is volatile and affect the Company's reserves. Management has obtained advice from an actuarial specialist in order to calculate this surplus, and uncertainty arises as a result of estimates made based on the Company's expectations about long-term trends and market conditions. As a result, the actual surplus realized by the Company may be significantly different to that recognized on the statement of financial position since small changes to the assumptions used in the calculation materially affect the valuation.</p>	<p><i>Our audit procedures in relation to valuation of defined benefit assets included, but not limited, to the following:</i></p> <ul style="list-style-type: none"> - We assessed the professional competence, including the qualifications, experience and reputation of the actuary as well as reviewing the independence and objectivity of the management's expert. - We obtained an understanding of the methodology and assumptions used by the actuary and assessed whether these were consistent with generally acceptable assumptions and prior years. - We reviewed the source data used by the Company's actuary and performed tests to ascertain its completeness and accuracy.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p><i>Valuation, impairment and depreciation of property, plant and equipment</i> (Refer to note 10 (a) in the financial statements)</p> <p>Property, plant and equipment has a net book value of G\$1,980,774,448 as at 31 December, 2019. Property, plant and equipment is considered a key audit matter as significant management judgment was used to determine the useful life of property, plant and equipment. In addition, an annual impairment review of all property, plant and equipment was done which involved significant management judgment.</p>	<p><i>Our audit procedures in relation to management's valuation and impairment of property, plant and equipment included, but were not limited to, the following:</i></p> <ul style="list-style-type: none"> - We assessed the appropriateness of the useful economic lives, methods and expected residual values used in depreciating assets; - We tested depreciation rates to determine whether these were consistently applied and in line with accounting and industry standards; - We assessed the methodology used to carry out the impairment review; - We tested the internal controls relevant to the authorization, procurement and monitoring of property, plant and equipment.
<p><i>Adoption of IFRS 16 Leases</i> (Refer to note 18 (c) in the financial statements)</p> <p>At 31 December 2019, lease liability in the Company amounted to G\$24,335,501.</p> <p>IFRS 16 replaces the IAS 17 and specifies how an IFRS reporter will recognize, measure, present and discloses leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Management has decided to adopt IFRS 16 Leases effective 1 January, 2019.</p> <p>In adopting IFRS 16 Leases, the Company had finalized its assessment of the impact that the new accounting standard will have on its statement of financial position. This impact is disclosed in note 2 to the financial statements.</p> <p>A number of judgements have been applied and estimates made in determining the impact of the standard. In order to compute the impact of IFRS 16, a data extraction exercise was undertaken by management to summarise all property lease data such that the respective inputs could be uploaded into management's model. The incremental borrowing rate ("IBR") method has been adopted where the implicit rate of interest in a lease is not readily determinable. The implementation of IFRS 16 is considered a key audit matter due to the judgments needed in establishing the underlying key assumptions.</p>	<p><i>Our audit procedures in relation to IFRS 16 Leases included, but were not limited to, the following:</i></p> <ul style="list-style-type: none"> - We assessed the design and implementation of key controls pertaining to the determination of the IFRS 16 impact disclosures; - We assessed the appropriateness of the discount rates applied in determining lease liabilities. - We verified the accuracy of the underlying lease data by agreeing a representative sample of leases to original contract or other supporting information, and checking the integrity and mechanical accuracy of the IFRS 16 calculations for each lease sampled through recalculation of the expected IFRS 16 adjustment; - We assessed whether the disclosures within the financial statements are appropriate in light of the requirements of IFRS 16 Leases.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p><i>Valuation and impairment of investments.</i> (Refer to note 12 in the financial statements)</p> <p>At 31 December 2019, investments in the Company amounted to G\$255,281,458 consisting of equity investments (G\$226,125,000) and bonds (G\$29,156,458).</p> <p>Investments are considered a key audit matter because the valuation was done by management based on broker developed methods and the local stock exchange which is not considered active.</p> <p>Therefore there is significant measurement uncertainty involved in the valuation.</p> <p>As a result, the valuation of these instruments was significant to our audit.</p>	<p><i>Our audit procedures in relation to valuation and impairment of investments included, but were not limited to, the following:</i></p> <ul style="list-style-type: none"> - We obtained an understanding of the valuation methods used by management and the brokers to assess whether they were consistent with prior years, our understanding of the client and considered reasonable - We reviewed the company's policy on accounting for the various categories of investments and ensuring compliance with relevant IFRS/IAS; - We reviewed interim and audited financial statements of companies in which equity investments are held to ensure going concern, no impairment of investment and fair valuation; - We reviewed the performance of bonds to ensure no impairment of investment

OTHER INFORMATION IN THE ANNUAL REPORT

Management is responsible for the other information. The other information comprises all the information included in the Company's 2019 annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Directors/Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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. The Directors/Management is responsible for overseeing the financial reporting process.

In preparing the financial statements, the Directors/Management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters related to going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

The objectives of our audit 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 Auditor's report that includes that 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 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 scepticism throughout the planning and performance of the audit. We also:-

INDEPENDENT AUDITOR'S REPORT (CONT'D)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

- 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 omission, misrepresentations, or the override of internal controls;
- 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 entity's internal controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of the Directors' 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 auditor's 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 Auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- 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 are required to 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 are also required to provide 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 management, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore key audit matters. We describe these matters in our Auditor's 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 audit report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The financial statements comply with the requirements of the Companies Act 1991.

The engagement partner responsible for the audit resulting in this independent Auditor's report is Mr. Saeed Rahaman, FCCA.

TSD Lal & Co.

TSD LAL & CO.
Chartered Accountants
February 20, 2020

77 Brickdam,
Stabroek,
Georgetown

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 G\$	2018 G\$
Revenue from contracts with customers	23	3,605,082,556	3,283,211,508
Cost of sales		2,460,998,261	2,286,279,908
Gross profit		1,144,084,295	996,931,600
Other income	5	25,073,369	23,220,369
		1,169,157,664	1,020,151,969
Administrative expenses		362,875,924	332,316,167
Distribution and marketing expenses		580,513,256	512,933,786
Finance costs	6 (b)	35,044,736	24,156,953
Profit for the year before taxation	6	190,723,748	150,745,063
Taxation	7 (a)	69,218,140	50,388,250
Profit for the year		121,505,608	100,356,813
Basic earnings per share in dollars	9	7.96	6.57

"The accompanying notes form an integral part of these financial statements".

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 G\$	2018 G\$
Profit for the year		121,505,608	100,356,813
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Revaluation of land		130,544,159	-
Gain arising on revaluation of FVTOCI financial assets		83,688,510	-
Deferred tax rate adjustment for revaluation reserves	7 (b)	-	14,052,760
Remeasurements of defined benefit pension plan	7 (b)	27,612,021	75,343,425
		241,844,690	89,396,185
Items that may be reclassified subsequently to profit or loss:			
Gain arising on revaluation of FVTOCI financial assets	7 (b)	1,534,551	69,384,186
Other comprehensive income for the year, net of tax		243,379,241	158,780,371
Total Comprehensive Income for the year		364,884,849	259,137,184

"The accompanying notes form an integral part of these financial statements".

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital G\$	Retained earnings G\$	Capital reserve G\$	Other reserve G\$	Total G\$
Balance at 31 December 2017		702,480,720	1,638,406,002	427,706,549	58,312,113	2,826,905,384
Changes in equity 2018						
Total comprehensive income for the year		-	175,700,238	14,052,760	69,384,186	259,137,184
Payments of dividends	8	-	(91,627,920)	-	-	(91,627,920)
Balance at 31 December 2018		702,480,720	1,722,478,320	441,759,309	127,696,299	2,994,414,648
Changes in equity 2019						
Total comprehensive income for the year		-	149,117,629	130,544,159	85,223,061	364,884,849
Payments of dividends	8	-	(76,356,600)	-	-	(76,356,600)
Balance at 31 December 2019		702,480,720	1,795,239,349	572,303,468	212,919,360	3,282,942,897

"The accompanying notes form an integral part of these financial statements".

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 G\$	2018 G\$
ASSETS			
Non-current assets			
Property, plant and equipment	10(a)	1,980,774,448	1,834,360,399
Defined benefit asset	11	404,824,690	358,732,783
Investments	12	255,281,458	172,431,907
		<u>2,640,880,596</u>	<u>2,365,525,089</u>
Current assets			
Inventory, stores and work-in-progress	13	841,086,626	842,747,227
Trade receivables	14(a)	427,645,153	433,399,281
Other receivables and prepayments	14(b)	58,504,559	53,835,429
Taxes recoverable		6,376,084	-
Fixed deposits	15	53,400,504	42,749,325
Cash on hand and at bank		45,726,323	26,100,965
		<u>1,432,739,249</u>	<u>1,398,832,227</u>
TOTAL ASSETS		<u><u>4,073,619,845</u></u>	<u><u>3,764,357,316</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	17(a)	702,480,720	702,480,720
Retained earnings		1,795,239,349	1,722,478,320
Capital reserve	17(b)	572,303,468	441,759,309
Other reserve	17(c)	212,919,360	127,696,299
Shareholders' funds		<u>3,282,942,897</u>	<u>2,994,414,648</u>
Non-current liabilities			
Deferred tax	7(a)	324,536,941	248,812,859
Lease liability	18(c)	12,536,470	-
		<u>337,073,411</u>	<u>248,812,859</u>
Current liabilities			
Trade payables	18(a)	109,353,398	174,335,561
Other payables and accruals	18(b)	140,046,490	100,093,804
Tax liability		-	34,280,931
Bank overdraft (secured)	16	204,203,649	212,419,513
		<u>453,603,537</u>	<u>521,129,809</u>
TOTAL EQUITY AND LIABILITIES		<u><u>4,073,619,845</u></u>	<u><u>3,764,357,316</u></u>

These financial statements were approved by the Board of Directors on 20 February, 2020.

On behalf of the Board:



Mr. Edward Anand Beharry - Director



Dr. Leslie Chin - Chairman

"The accompanying notes form an integral part of these financial statements".

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 G\$	2018 G\$
Operating activities:		
Profit for the year before taxation	190,723,748	150,745,063
Adjustment for -		
Interest received	(661,198)	(821,262)
Interest expense	35,044,736	24,156,953
Investment income	(2,150,659)	(2,150,037)
Foreign exchange gain	(7,694,911)	(4,932,695)
Depreciation	218,066,107	179,822,466
Depreciation- right of use asset	11,812,309	-
Adjustment to property, plant and equipment	(263,842)	-
Gain on disposal of property, plant and equipment	(650,000)	(460,000)
Defined benefit expense	(9,275,880)	(1,482,845)
Operating profit before changes in working capital	<u>434,950,410</u>	<u>344,877,643</u>
Changes in working capital:		
Increase in inventory, stores and work-in-progress	1,660,601	(155,954,451)
(Increase)/decrease in trade receivables, other receivables and prepayments	1,084,998	(35,901,785)
Increase / (decrease) in trade payables, other payables and accruals	(36,828,508)	67,723,738
Cash generated from operations	<u>400,867,501</u>	<u>220,745,145</u>
Taxes paid/adjustment	(86,868,456)	(35,623,979)
Net cash provided by operating activities	<u>313,999,045</u>	<u>185,121,166</u>
Investing activities:		
Interest received	661,198	821,262
Interest expense	(32,829,707)	(24,156,953)
Investment income	2,150,659	2,150,037
Foreign exchange gain	7,694,911	4,932,695
Payments to acquire property, plant and equipment	(166,529,272)	(333,990,191)
Proceeds from disposal of investment	2,372,167	1,304,596
Proceeds from disposal of property, plant and equipment	650,000	460,000
Net cash used in investing activities	<u>(185,830,044)</u>	<u>(348,478,554)</u>
Financing activities:		
Dividends paid	(76,356,600)	(91,627,920)
Lease interest expense	(2,215,029)	-
Repayment of lease liability	(11,104,971)	-
Net cash used in financing activities	<u>(89,676,600)</u>	<u>(91,627,920)</u>
Net increase/(decrease) in cash and cash equivalents	<u>38,492,401</u>	<u>(254,985,308)</u>
Cash and cash equivalents at beginning of period	<u>(143,569,223)</u>	<u>111,416,085</u>
Cash and cash equivalents at end of period	<u><u>(105,076,822)</u></u>	<u><u>(143,569,223)</u></u>
Cash and cash equivalents comprised of:		
Fixed deposits	53,400,504	42,749,325
Cash on hand and at bank	45,726,323	26,100,965
Bank overdraft (secured)	(204,203,649)	(212,419,513)
	<u>(105,076,822)</u>	<u>(143,569,223)</u>

"The accompanying notes form an integral part of these financial statements".