

2020 ANNUAL REPORT

STERLING
PRODUCTS
LIMITED



UTILIZING SKILLED
HUMAN RESOURCES
& ENVIRONMENTALLY
FRIENDLY TECHNOLOGY





VISION:

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.

MISSION STATEMENT:

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.

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.

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“GIVE HONOUR TO WHOM HONOUR IS DUE”

It is said “give honour to whom honour is due.” Dr. Leslie Chin C.C.H. is one such person, who has served Sterling Products Limited with excellence. It is with great pleasure and delight that we take this opportunity to honour Dr. Chin as he is respectfully called; who joined the Sterling family in 1993 as a director on the Board. He took up his first tenure as

Chairman from 1995-1998. He then served as a director again from 1999-2002. He has been the Chairman of the Board since 2003 until his retirement in 2020. Dr. Chin holds a Ph.D. in Human Nutrition, University of London and a B.Sc. First Class Honours, Biochemistry, University of Aberdeen. He has been married to Eileen Chin for more than 50 years and has four children and five grandchildren.

His dedication to see growth and development wherever he is called to serve, is driven by his personal goal to contribute 5% to the gross domestic product. This is built on the philosophy that there are three solutions to every problem; if you cannot measure it, you cannot improve it; and that 80 percent of outcomes come from 20 percent of activities/inputs. His visionary targets have been a key driver for the growth and development of Sterling Products Limited over the years and some have challenged the conventional approach to business strategy. These of course required the reinventing of the business models to realize these benefits and accelerate growth and development. These sustainable growth models are based on an outlook for the company beyond the typical 3–5-year strategic plan with consideration for the following:

1. Matching of available low-cost raw materials based on the waste and byproducts of agriculture and their effective utilization with accessible livestock product markets in CARICOM.
2. Creating backward linkages with farmers adopting integrated farming models where the outputs, byproducts or waste of one operation are used as inputs of another operation to reduce costs.
3. Creation of a business model whereby win-win partnerships with community-based businesses can be used to exploit market niches.

Dr. Chin has a passion for Human Resources Development, especially to improve the growth of the employees through new skills development, knowledge growth and positive attitudes that makes them more competent. This of course is to align the goals of the company with that of the employees resulting in greater commitment, dedication and drive resulting in a more equipped workforce capable in navigating challenges and providing solutions. This has resulted in greater employee engagement and participation in the company.

Dr. Chin also served as a member of the Remuneration Committee and advised the Board on matters relating to the remuneration of senior management, in order to motivate and retain executives and ensure that the Company is able to attract the best talents in the market in order to maximize shareholder value. The Sterling Family wishes Dr. Chin well in his continued involvement in the development of businesses by cost leadership through innovative technologies.

NOTICE OF MEETING

THE SIXTY-SIXTH - 66th ANNUAL GENERAL MEETING (AGM) OF STERLING PRODUCTS LIMITED has been scheduled for Thursday April 29th, 2021 at 16:00 hrs at the GBTI Building, Young & High Streets, Kingston, Georgetown.

Pursuant to an Order of Court dated January 26th, 2021, the Annual General Meeting (AGM) of the shareholders of Sterling Products Limited is being held in a manner compliant with mandatory COVID-19 control. Consequently, the AGM shall be held in a hybrid format using a combination of person attendance and attendance by electronic means to facilitate the calling, holding and conducting of the aforesaid scheduled AGM.

The Sterling Products Limited's Zoom virtual meeting platform would be used to allow members to attend the AGM by electronic means. The attendance of members would be recorded over Sterling Products Limited's Zoom virtual meeting platform.

Motions may be submitted and seconded over the virtual meeting platform and votes may be cast by members participating over the virtual meeting platform on a show of hands or on a poll, by the members choosing from the options, "in favour", "opposed" or "abstain". The access code for the electronic/virtual meeting platform and instructions to shareholders have been mailed to shareholders together with the Notice of AGM.

AGENDA

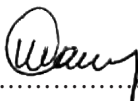
The following matters will be considered at the AGM:

1. To receive and consider the Company's Financial Statements for the year ended December 31st, 2020, the reports of the Directors and Accounts thereon.
2. To declare a final dividend of G\$6.00 per share for financial year 2020.
3. To elect Directors.
4. To fix the remuneration of the Directors.
5. To appoint Auditors and to authorise the Directors to fix their remuneration.

Physical attendance of all Members would not be possible due to Covid – 19 restrictions and safety - precautions. Members would nevertheless be facilitated to fully participate in the Meeting remotely by electronic means, as stated above.

If you do not receive this notice for the meeting by post, please make contact with the Finance Controller/Company Secretary at least 48 hours prior to the Annual General Meeting at msammy@sterlingguyana.com

BY ORDER OF THE BOARD:


.....
Company Secretary
Mahindra Sammy
February 16th, 2021

REGISTERED OFFICE:
Providence
East Bank Demerara

CLOSURE OF SHARE REGISTER

Please be advised that the Register of Members of Sterling Products Limited will be closed for the period April 9th – April 29th both days inclusive.

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

Mahindra Sammy FCCA -
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



CORPORATE INFORMATION

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



(from top left)

▶ **Dr. Leslie Chin C.C.H - Chairman**
(Retired November 2020)

▶ **Mr. Suresh Edward Beharry**

▶ **Mr. Edward Anand Beharry**

▶ **Mr. Andrew M. F. Pollard S.C. - Chairman**
(December 2020 - Present)

▶ **Mr. Paul Christopher Cheong**

▶ **Mr. Raymond Ramsaroop**

▶ **Ms. Anna Lisa Fraser-Phang**

MANAGEMENT TEAM



(from left top)

Ramsay Ali - Chief Executive Officer | **Mahindra Sammy** - Finance Controller/ Company Secretary

Robert A. Ross - Quality Assurance/Strategic Business Manager | **Yvette Fiedtkou** - Human Resources Manager | **Earle Aaron** - Sales Manager

Devanand Lalgie - Manufacturing Manager | **Chetram Persaud** - Engineering Services Manager

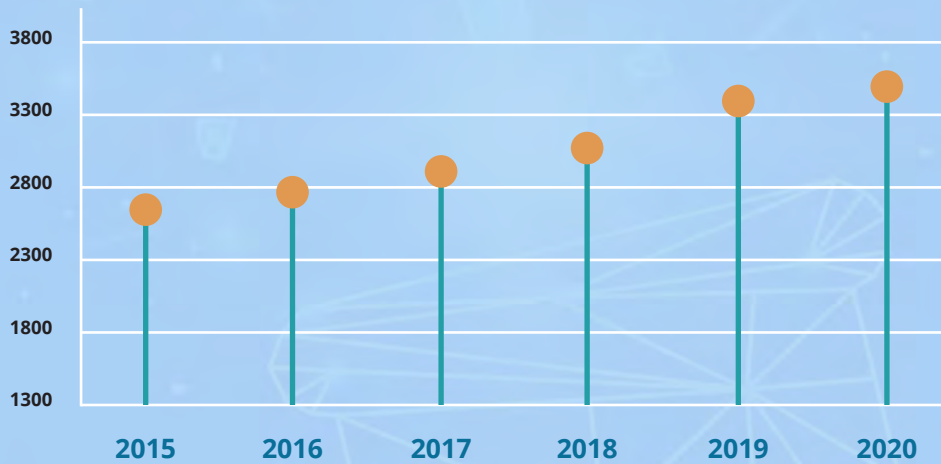
Dwayne Yan - Export Sales Manager | **Richard Leo** - Audit Manager

FINANCIAL HIGHLIGHTS

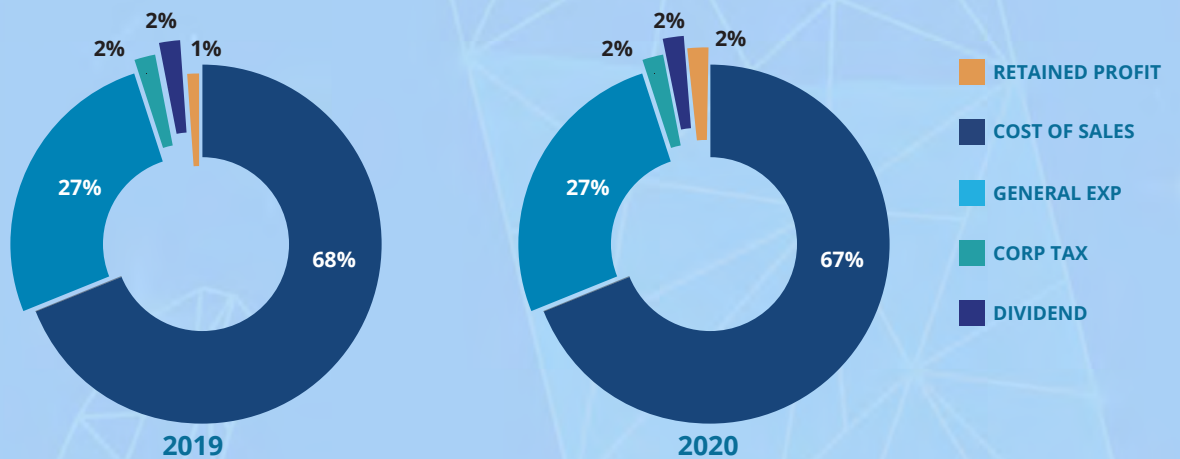
PROFITS & TAXATION (G\$ MILLIONS)



GROWTH IN SHAREHOLDERS' FUND (G\$ MILLIONS)



DISTRIBUTION OF REVENUE (Percentage %)



REPORT FROM THE CHAIRMAN

Dear fellow Shareholders,

As the company celebrates its 67th year in operations, it gives me distinct pleasure to report a profitable year to you for the year ended 31 December, 2020. The Company has been faced with increased challenges post General Elections and the COVID-19 Pandemic and has produced a much improved performance over the previous year.

Global Economic Analysis

International Monetary Fund (IMF) estimated Global Gross Domestic Product (GDP) contracted by 4.4% in 2020. It is expected to rebound by 3.5% in 2021, but there is still an element of risk due to the speed of vaccine distribution and resistance from new strains of COVID-19. Global spill overs from decimated sectors such as tourism, softer demand for consumer products and lower remittances remain challenges for growth. Optimistically, global investments in health and high return infrastructural projects can move economies towards sustainable medium term growth.

Domestic Economy Analysis

Guyana's Budget 2020 dubbed the Emergency Budget, addressed short term issues such as COVID-19 and included several measures to assist businesses and boost consumer confidence in the economy. GDP in 2020 was projected to expand by 26.2% according to the IMF and Ministry of Finance.

Guyana's economy benefited from increased oil output to boost growth. However, the non-oil economy has been severely affected by COVID-19, especially in the services and construction sectors. The agricultural sector recorded higher production of rice, but lower production of sugar, forestry products, non-sugar crops and fishing. There were declines in wholesale and retail trade and a mixed performance in the other major sectors of the economy during the third quarter of 2020, as the challenges of the adverse effects of COVID-19 continue to impact economic and financial activities. Guyana's inflation rate was 0.9% at the end of September, 2020.



Financial Performance

Revenue recorded was G\$3.601 Billion compared to G\$3.605 Billion in year 2019, a decrease of G\$3.8 Million or 0.1%. This decrease in revenue arose mainly from the export market for Ice Cream Products in the Caribbean Region.

Profit before taxation was G\$241.8 Million for the year, an increase of G\$51.1 Million or 26.8% over year 2019. After deducting income taxation charges for the year of G\$73.2 Million (2019: G\$69.2 M.), Profit after tax for the year totaled G\$168.5 Million, an increase of G\$47.0 Million or 38.7%.

Expenses were G\$964.1 Million compared to G\$978.4 Million in year 2019, a decrease of G\$14.3 Million or 1.5% over the previous year. Although there were increases in certain expenses such as salaries and wages expenses that are tied to Collective Bargaining Agreements and maintenance costs for our sales fleet, management has implemented firm measures to control and minimize expenses.

Liquidity

The current ratio is measured at 4.9 times; this means the Company has more than adequate current resources to meet its financial obligations. Therefore we are recommending a dividend of G\$ 6.00 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)

Sterling Products Limited believes in continuous investment in human capital and has continued to support the development of the education system by providing bursaries for six (6) employees' children.

The Company's mission believes in impacting the quality of life of people and as such has made investments in its human capital and has provided employees with scope for social mobility through continuous training and development (literacy program).

Furthermore, Sterling Products Limited has a "Wellness Program" which includes providing a Counsellor at the company's premises and providing maternal care for pregnant mothers. During the year 2020, six (6) babies were born to employees and we supported them by providing a 'baby care package.'

The company has hosted its Annual Blood Drive twice for the year and also works in collaboration with the Guyana Responsible Parenthood Association where health screening for employees were provided.

Strategy and Outlook

Sterling Products Limited has adapted to the COVID-19 world by recognising that in every challenge there is opportunity. Guyana is on an upward trajectory with significant investment interest coming from abroad. While COVID-19 has restricted growth in some respects, it represents an opportunity to lower costs, create new products and deliver value as we transition into a post-COVID reality. Guyana's economy was at a standstill for five months in 2020 with a prolonged elections period which fostered high levels of uncertainty. Management continues to invest prudently in new products such as the Mighty Foam Hand Sanitizer and will continue to create quality products to meet Guyana's

Profit before taxation was **G\$241.8 Million** for the year, an increase of **G\$51.1 Million** or **26.8%** over year 2019.

and the region's demands. In spite of the difficulties, the company has delivered good returns and continues to seek new avenues to expand and deliver value for our customers and shareholders.

It is anticipated that Guyana's agriculture sector will witness a boom as previously depressed areas benefit from the reopening of GUYSUICO and other support industries. Further, as Guyana's oil production began more people commenced employment within the Oil and Gas industry. The Company will address emerging markets and seek to reach a greater international audience. The prospect in the medium term for reduced energy costs is attractive for a manufacturing company such as us.

Acknowledgments

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 years to come.

Finally, I would like to express deep and sincere appreciation to Dr. Leslie Chin who has resigned from the Board in December, 2020. Dr. Leslie Chin has served as a Member of the Board since 1993 and has contributed significantly towards the development and success of Sterling Products Limited. The company wishes him and Mrs. Chin a very happy and comfortable future.



Yours sincerely,
Mr. Andrew M.F. Pollard SC,
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 2020.

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 2020 G\$	Year Ended 2019 G\$	Year Ended 2020 G\$	Year Ended 2019 G\$
Foods and branded food products	2,995,099,942	3,049,073,431	1,036,830,247	1,032,898,662
Cleaning Agents	601,274,817	548,444,506	145,873,569	109,327,514
Other	4,919,380	7,564,619	1,168,712	1,858,119
	<u>3,601,294,139</u>	<u>3,605,082,556</u>	<u>1,183,872,528</u>	<u>1,144,084,295</u>

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.

	2020 G\$	2019 G\$
Turnover	3,601,294,139	3,605,082,556
Expenses	964,051,894	978,433,916
Profit before taxation	241,760,845	190,723,748
Taxation	73,232,318	69,218,140
Profit for the year after taxation	168,528,527	121,505,608
Other comprehensive income net of taxes	30,228,328	243,379,241
Total comprehensive income	198,756,855	364,884,849
Assets	3,987,830,389	4,073,619,845
Liabilities-Current	281,489,348	453,603,537
Liabilities –Non-Current	308,633,549	337,073,411

SHAREHOLDERS' EQUITY

	G\$
Balance as at 31.12.2019	3,282,942,897
Total comprehensive income for the year	198,756,855
Payment of dividends	(83,992,260)
Retained earnings carried forward	3,397,707,492

DIVIDENDS

The directors recommend a final dividend of G\$6.00 per share (2019 - G\$5.50 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\$16.8M. (2019- G\$ 204.2M). These facilities are secured.

CAPITAL EXPENDITURES

Total Capital expenditure for the year amounted to G\$157.8M (2019 – G\$166.6M). This amount was financed from funds generated internally. The expenditure was related to investment in freezing facilities for the trade, structural enhancement, 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 which will be completed during year 2021. 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 2020 were completed as outlined in Note 11 of this report.

DIRECTORS

In accordance with Article 97, Mr. Edward Anand Beharry and Mr. Paul Christopher Cheong retired from the Board and being eligible offer themselves for re-election.

BENEFICIAL INTEREST OF DIRECTORS, CHIEF EXECUTIVE AND THEIR ASSOCIATES

	Shares Held 31/12/2020	Shares Held 31/12/2019
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 M.F. 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

	2020	2019
	G\$	G\$
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, 2020.

	No. of Shares	% Shareholding
Secure International Finance Co. Inc.		
2020	8,868,780	58.1
2019	8,868,780	58.1
Demerara Fire and General Insurance Company Ltd		
2020	1,098,345	7.1
2019	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,



Mahindra Sammy
Company Secretary
February 16, 2021

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 2020

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 2020, 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 17 to 53.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sterling Products Limited as at 31 December 2020, 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> <i>Refer to note 11 in the financial statements)</i></p> <p>The Company has recognized a net defined benefit asset of G\$ 428,235,510 as at 31 December, 2020. 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 were 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)

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (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></p> <p><i>(Refer to note 10 (a) in the financial statements)</i></p> <p>Property, plant and equipment has a net book value of G\$ 1,920,981,144 as at 31 December, 2020. 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>Valuation and impairment of investments.</i></p> <p><i>(Refer to note 12 in the financial statements)</i></p> <p>At 31 December 2020, investments in the Company amounted to G\$ 262,608,706 consisting of equity investments (G\$241,125,000) and bonds (G\$21,483,706).</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.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (CONT'D)

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 2020 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 a going concern, disclosing, as applicable, matters related to going concern and using the 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:-

- 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;

INDEPENDENT AUDITOR'S REPORT (CONT'D)

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (CONT'D)

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

- 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 reasonable 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 Rajiv Nandalal, ACCA.



TSD LAL & CO.
Chartered Accountants

February 11, 2021

77 Brickdam
Stabroek
Georgetown

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 C\$	2019 C\$
Revenue from contracts with customers	23	3,601,294,139	3,605,082,556
Cost of sales		2,417,421,611	2,460,998,261
Gross profit		1,183,872,528	1,144,084,295
Other income	5	21,940,211	25,073,369
		1,205,812,739	1,169,157,664
Administrative expenses		376,409,584	362,875,924
Distribution and marketing expenses		563,633,388	580,513,256
Finance costs	6 (b)	24,008,922	35,044,736
Profit for the year before taxation	6	241,760,845	190,723,748
Taxation	7 (a)	73,232,318	69,218,140
Profit for the year		168,528,527	121,505,608
Basic earnings per share in dollars	9	11.04	7.96

"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 2020

	Note	2020 C\$	2019 C\$
Profit for the year		168,528,527	121,505,608
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 (shares)		15,000,000	83,688,510
Remeasurements of defined benefit pension plan	7 (b)	11,369,692	27,612,021
		26,369,692	241,844,690
Items that may be reclassified subsequently to profit or loss:			
Gain arising on revaluation of FVTOCI financial assets (bonds)	7 (b)	3,858,636	1,534,551
Other comprehensive income for the year, net of tax		30,228,328	243,379,241
Total Comprehensive Income for the year		198,756,855	364,884,849

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Share capital G\$	Retained earnings G\$	Capital reserve G\$	Other reserve G\$	Total G\$
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
Changes in equity 2020						
Total comprehensive income for the year		-	179,898,219	-	18,858,636	198,756,855
Payments of dividends	8	-	(83,992,260)	-	-	(83,992,260)
Balance at 31 December 2020		702,480,720	1,891,145,308	572,303,468	231,777,996	3,397,707,492

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 C\$	2019 C\$
ASSETS			
Non-current assets			
Property, plant and equipment	10(a)	1,920,981,144	1,980,774,448
Defined benefit asset	11	428,235,510	404,824,690
Investments	12	262,608,706	255,281,458
		<u>2,611,825,360</u>	<u>2,640,880,596</u>
Current assets			
Inventory, stores and work-in-progress	13	857,434,350	841,086,626
Trade receivables	14(a)	250,041,241	427,645,153
Other receivables and prepayments	14(b)	63,150,034	58,504,559
Taxes recoverable		520,204	6,376,084
Fixed deposits	15	118,909,950	53,400,504
Cash on hand and at bank		85,949,250	45,726,323
		<u>1,376,005,029</u>	<u>1,432,739,249</u>
TOTAL ASSETS		<u><u>3,987,830,389</u></u>	<u><u>4,073,619,845</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	17(a)	702,480,720	702,480,720
Retained earnings		1,891,145,308	1,795,239,349
Capital reserve	17(b)	572,303,468	572,303,468
Other reserve	17(c)	231,777,996	212,919,360
		<u>3,397,707,492</u>	<u>3,282,942,897</u>
Shareholders' funds			
Non-current liabilities			
Deferred tax	7(a)	308,633,549	324,536,941
Lease liability	18(c)	-	12,536,470
		<u>308,633,549</u>	<u>337,073,411</u>
Current liabilities			
Trade payables	18(a)	62,441,272	109,353,398
Other payables and accruals	18(b)	155,684,214	140,046,490
Tax liability		46,546,912	-
Bank overdraft (secured)	16	16,816,950	204,203,649
		<u>281,489,348</u>	<u>453,603,537</u>
TOTAL EQUITY AND LIABILITIES		<u><u>3,987,830,389</u></u>	<u><u>4,073,619,845</u></u>

These financial statements were approved by the Board of Directors on February 11, 2021.

On behalf of the Board:



Mr. Suresh Edward Beharry - Director



Mr. Andrew M.F. Pollard - Chairman

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 G\$	2019 G\$
Operating activities:		
Profit for the year before taxation	241,760,845	190,723,748
Adjustment for -		
Interest received	(430,552)	(661,198)
Interest expense	24,008,922	35,044,736
Investment income	(2,146,929)	(2,150,659)
Foreign exchange gain	(7,189,175)	(7,694,911)
Depreciation	205,376,256	218,066,107
Depreciation- right of use asset	11,812,309	11,812,309
Adjustment to property, plant and equipment	-	(263,842)
Gain on disposal of property, plant and equipment	(1,714,246)	(650,000)
Defined benefit expense	(8,251,225)	(9,275,880)
	<hr/>	<hr/>
Operating profit before changes in working capital	463,226,205	434,950,410
Changes in working capital:		
Increase/(decrease) in inventory, stores and work-in-progress	(16,347,724)	1,660,601
Decrease in trade receivables, other receivables and prepayments	178,814,317	1,084,998
Decrease in trade payables, other payables and accruals	(32,011,841)	(36,828,508)
	<hr/>	<hr/>
Cash generated from operations	593,680,957	400,867,501
Taxes paid/adjustment	(46,378,701)	(86,868,456)
	<hr/>	<hr/>
Net cash provided by operating activities	547,302,256	313,999,045
Investing activities:		
Interest received	430,552	661,198
Interest expense	(22,487,953)	(32,829,707)
Investment income	2,146,929	2,150,659
Foreign exchange gain	7,189,175	7,694,911
Payments to acquire property, plant and equipment	(157,831,015)	(166,529,272)
Proceeds from restructuring of Grenada Bonds	11,531,388	2,372,167
Proceeds from disposal of property, plant and equipment	2,150,000	650,000
	<hr/>	<hr/>
Net cash used in investing activities	(156,870,924)	(185,830,044)
Financing activities:		
Dividends paid	(83,992,260)	(76,356,600)
Lease interest expense	(1,520,969)	(2,215,029)
Repayment of lease liability	(11,799,031)	(11,104,971)
	<hr/>	<hr/>
Net cash used in financing activities	(97,312,260)	(89,676,600)
Net increase in cash and cash equivalents	293,119,072	38,492,401
Cash and cash equivalents at beginning of period	(105,076,822)	(143,569,223)
	<hr/>	<hr/>
Cash and cash equivalents at end of period	188,042,250	(105,076,822)
Cash and cash equivalents comprised of:		
Fixed deposits	118,909,950	53,400,504
Cash on hand and at bank	85,949,250	45,726,323
Bank overdraft (secured)	(16,816,950)	(204,203,649)
	<hr/>	<hr/>
	188,042,250	(105,076,822)

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