

Appendix 2
Unaudited Financial Statements – September 30, 2015

DESNOES & GEDDES LIMITED
UNAUDITED OPERATING RESULTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2015

The Directors of Desnoes & Geddes Limited, producers of Jamaica's beer, Red Stripe, and distributors of leading spirits Johnnie Walker and Smirnoff, wish to present the unaudited results of the company for the three months period ended September 30, 2015.

(Results in J\$ millions)	Profit and Loss Summary		
	3 months ended September 30		
	FY16	FY15	% change
	J\$m	J\$m	%
Net sales value	3,415	2,768	23 %
Trading profit	881	651	35 %
Profit before tax	897	640	40 %
Profit after tax	673	476	41 %
Earnings per stock unit - (cents)	23.96	16.95	41 %

Performance Highlights

Trading profit of \$881 million for the period ended September 30, 2015 increased by \$230 million or 35% compared to the same period last year. This quarter's performance was primarily driven by domestic sales growth. Profit after tax of \$673 million was up by 41% and resulted in an earnings per share of 23.96 cents (Q1 FY15: 16.95 cents).

Net Sales Value for the quarter grew by 23% to \$3,415 million, whilst the domestic portfolio net sales value improved by 27% as a result of higher sales volumes and a price increase taken last year. Export net sales value grew by 6% over the comparative period last year.

Gross profit improved by \$400 million or 35% versus last year's first quarter to \$1,556 million. This was due to the combination of higher sales and reduced cost per case. The improved cost per case is attributable to the gains in efficiency from our brewery modernization, which is helping to offset the rising cost of material resulting from the depreciation of the Jamaican dollar.

Marketing expenses of \$360 million increased by 34% over the prior year comparative period. The increase reflects investment in the new Red Stripe brand campaign, "Run the Summer" and support for our new innovations such as: Red Stripe Lemon Paradise, D&G Malta in a can and the 1-litre Dragon Stout format.

General, selling and administration costs for the period was \$294 million, representing a 12% increase above the same period last year, primarily due to headcount increases and the effects of inflation.

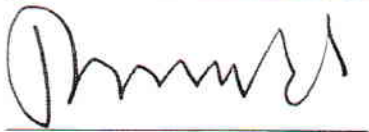
Cash balances of \$2,491 million reflected a net increase of \$1,124 million for this quarter. The movement is attributable to profit from operations and improved working capital. The net increase includes our continued investment in the brewery optimization project amounting to \$306 million for the period.

Enriched Communities

In Quarter 1, our Enriched Communities agenda continued around our Responsible Drinking campaign “Drink Right”. Summer is a peak time for our responsible drinking reminders as this is an active season for partygoers and provides an opportune time to engage them on the importance of responsible drinking. At our biggest sponsored event for the summer, “Reggae Sunfest”, Drink Right Ambassadors engaged patrons, offering responsible drinking tips and complimentary water.

In our bid to have all of Jamaica commit to drinking responsibly, persons also signed our iPledge application, a digital platform that collects e-signatures. This platform helps to drive the momentum and social currency of our activation.

In Q1, we also awarded a social entrepreneur US\$10,000 through the Guinness/Branson Centre of Entrepreneurship Made of More Challenge. A pool of approximately 40 entrepreneurs participated in the challenge with Averell and Hellen French of Mount Pleasant Farm Chocolatiers emerging successful. Mount Pleasant Farm Chocolatiers organically farms Jamaican cocoa and actively engages community farmers in an effort to revive Jamaican cocoa farming and to educate others on organic and sustainable farming practices. The grant will be used to further the education of local farmers on best practices in cocoa farming.



Richard Byles

Chairman

November 11, 2015



Bruce Kidner

Finance Director

November 11, 2015

DESNOES & GEDDES LIMITED
Unaudited Statement of Financial Position
September 30, 2015

	Unaudited September 30, 2015 \$'000	Unaudited September 30, 2014 \$'000	Audited June 30, 2015 \$'000
ASSETS			
Investment in joint venture	99,153	164,923	86,711
Investment properties	943,299	889,599	943,299
Property, plant and equipment	6,729,191	5,806,249	6,631,278
Employee benefits asset	1,182,100	1,028,000	1,200,100
Total non-current assets	8,953,743	7,888,771	8,861,388
Cash resources	2,490,992	1,790,868	1,367,063
Accounts receivable	1,804,432	1,417,935	1,742,356
Due from fellow subsidiaries	307,863	235,801	477,811
Inventories	1,199,224	1,431,705	1,147,018
Total current assets	5,802,511	4,876,309	4,734,248
Accounts payable	2,484,512	1,988,700	2,113,095
Taxation payable	412,234	480,755	310,159
Due to fellow subsidiaries	206,661	209,617	173,511
Total current liabilities	3,103,407	2,679,072	2,596,765
Net current assets	2,699,104	2,197,237	2,137,483
Total assets less current liabilities	11,652,847	10,086,008	10,998,871
EQUITY			
Share capital	2,174,980	2,174,980	2,174,980
Capital reserves	378,129	378,129	378,129
Other reserves	782,325	664,498	796,575
Retained earnings	7,656,423	6,255,042	6,984,197
Shareholders' equity	10,991,857	9,472,649	10,333,881
NON-CURRENT LIABILITIES			
Employee benefits obligation	139,000	142,000	138,000
Deferred tax liabilities	521,990	471,359	526,990
Total non-current liabilities	660,990	613,359	664,990
Total equity and non-current liabilities	11,652,847	10,086,008	10,998,871

DESNOES & GEDDES LIMITED

Unaudited Income Statement

3 months period ended September 30, 2015

	Unaudited 3 months to September 30, 2015 \$'000	Unaudited 3 months to September 30, 2014 \$'000
Turnover	4,191,895	3,368,322
Special Consumption Tax (SCT)	(776,719)	(599,165)
Net sales	3,415,176	2,768,157
Cost of sales	(1,859,576)	(1,611,683)
Gross profit	1,555,600	1,156,474
Marketing costs	(359,791)	(268,489)
Contribution after marketing	1,195,809	887,985
General, selling and administration expenses	(293,710)	(261,421)
Other (expense)/income	(21,474)	24,473
Trading profit	880,625	651,037
Employee benefit expense	(2,000)	(2,000)
Non-operating income	805	896
Finance income - interest	5,429	6,577
Share of profit/(loss) in joint venture	12,442	(16,110)
Profit before taxation	897,301	640,400
Taxation	(224,325)	(164,128)
Profit for the period	672,976	476,272
Earnings per stock unit	<u>23.96</u> ¢	<u>16.95</u> ¢

DESNOES & GEDDES LIMITED
Unaudited Statement of Profit or Loss and Other Comprehensive Income
3 months period ended September 30, 2015

	Unaudited 3 months to September 30, 2015 \$'000	Unaudited 3 months to September 30, 2014 \$'000
Profit for the period	672,976	476,272
Other comprehensive income/(loss):		
Item that may not be reclassified to profit or loss:		
Change in unrecognised employee benefit asset	-	(130,000)
Deferred taxation on employee benefit asset	5,000	4,750
Actuarial (loss)/gain on employee benefits asset/obligation	(20,000)	111,000
Total other comprehensive loss	(15,000)	(14,250)
Total comprehensive income for the period	657,976	462,022

DESNOES & GEDDES LIMITED
 Unaudited Statement of Changes in Equity
 3 months period ended September 30, 2015

	Share capital \$'000	Capital reserves \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000
Balances at June 30, 2014	2,174,980	378,129	678,000	5,779,518	9,010,627
Total comprehensive income for the year:					
Profit for the year	-	-	-	476,272	476,272
Other comprehensive income:					
Item that may not be reclassified to profit or loss					
Change in unrecognised employee benefit asset	-	-	-	(130,000)	(130,000)
Deferred taxes on employee benefit asset/obligation	-	-	-	4,750	4,750
Actuarial gains recognised in equity	-	-	-	111,000	111,000
Total other comprehensive income/(loss)	-	-	-	(14,250)	(14,250)
Total comprehensive income/(loss)	-	-	-	(14,250)	(14,250)
Movement between reserves:					
Transfer to pension equalisation reserve	-	-	(13,502)	13,502	-
Balances at September 30, 2014	2,174,980	378,129	664,498	5,778,770	9,472,649
Balances at June 30, 2015	2,174,980	378,129	796,575	6,984,197	10,333,881
Total comprehensive income for the year:					
Profit for the year	-	-	-	672,976	672,976
Other comprehensive income:					
Item that may not be reclassified to profit or loss					
Deferred taxes on employee benefit asset/obligation	-	-	-	5,000	5,000
Actuarial loss recognised in equity	-	-	-	(20,000)	(20,000)
Total other comprehensive income/(loss)	-	-	-	(15,000)	(15,000)
Total comprehensive income/(loss)	-	-	-	657,976	657,976
Movement between reserves:					
Transfer to pension equalisation reserve	-	-	(14,250)	14,250	-
Balances at September 30, 2015	2,174,980	378,129	782,325	7,656,423	10,991,857

DESNOES & GEDDES LIMITED
Unaudited Statement of Cash Flows
3 months period ended September 30, 2015

	Unaudited September 30, 2015 \$'000	Unaudited September 30, 2014 \$'000
CASHFLOWS FROM OPERATING ACTIVITIES		
Profit for the period	672,976	476,272
Adjustments for:		
Items not involving cash:		
Interest income	(5,429)	(6,577)
Depreciation	193,664	183,594
Income tax charge	224,325	164,128
Increase in employee benefit asset and obligation	2,000	2,000
Share of (profit)/loss in Joint Venture	(12,442)	16,110
	<u>1,075,094</u>	<u>835,527</u>
Changes in working capital		
Accounts receivable	(62,075)	(49,181)
Due from fellow subsidiaries	169,948	171,407
Inventories	(37,748)	(349,837)
Accounts payable	371,417	(26,107)
Due to fellow subsidiaries	33,150	16,014
Cash generated from operations	<u>1,549,786</u>	<u>597,823</u>
Pension contribution	(3,000)	(3,000)
Income taxes paid	(122,250)	(99,824)
Net cash provided by operating activities	<u>1,424,536</u>	<u>494,999</u>
CASHFLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(306,035)	(499,231)
Interest received	5,429	6,577
Net cash used by investing activities	<u>(300,606)</u>	<u>(492,654)</u>
Net increase in cash and cash equivalents	1,123,929	2,345
Cash and cash equivalents at beginning of period	<u>1,367,063</u>	<u>1,788,523</u>
Cash and cash equivalent at end of period	<u>2,490,992</u>	<u>1,790,868</u>

DESNOES & GEDDES LIMITED
Unaudited Financial Information by Geographical Segment
3 months period ended September 30, 2015

	Domestic		Export		Total	
	Unaudited Sep 30, 2015 S'000	Unaudited Sep 30, 2014 S'000	Unaudited Sep 30, 2015 S'000	Unaudited Sep 30, 2014 S'000	Unaudited Sep 30, 2015 S'000	Unaudited Sep 30, 2014 S'000
Turnover	3,698,263	2,953,246	493,631	414,076	4,191,895	3,367,322
Special consumption tax	(776,719)	(599,165)	-	-	(776,719)	(599,165)
Net external revenue	2,921,544	2,354,081	493,631	414,076	3,415,176	2,768,157
Cost of sales	(1,590,744)	(1,424,020)	(268,832)	(187,663)	(1,859,576)	(1,611,683)
Gross profit	1,330,800	930,060	224,799	226,414	1,555,600	1,156,474
Marketing costs	(359,716)	(260,784)	(75)	(7,705)	(359,791)	(268,489)
Segment profit	971,085	669,277	224,724	218,708	1,195,809	887,985
General, selling & administration expenses					(293,710)	(261,421)
Other income					(21,474)	24,473
Trading profit					880,625	651,037
Employee benefit expense					(2,000)	(2,000)
Non-operating income					805	896
Finance income - interest					5,429	6,577
Share of profit in joint venture					12,442	(16,110)
Profit before taxation					897,301	640,400
Taxation					(224,325)	(164,128)
Profit after taxation					672,976	476,272
Segment assets					14,756,254	12,765,080
Segment liabilities					3,764,397	3,292,431
Depreciation					193,664	183,594
Capital expenditure					306,035	499,231

DESNOES & GEDDES LIMITED

Notes to the Financial Statements
3 months ended September 30, 2015

1. Identification

Desnoes & Geddes Limited (“the company”) is incorporated and domiciled in Jamaica and is a 58% subsidiary of Udiam Holdings AB, a company incorporated in Sweden. The ultimate parent company is Heineken N.V. Group of Companies, incorporated in Amsterdam, Netherlands (see note 4a). The company’s registered office is located at 214 Spanish Town Road, Kingston 11, Jamaica. The principal activities of the company comprise the brewing, bottling and distribution of beers, stouts and spirits.

The company’s subsidiaries were wound up and its interest in the subsidiaries written off as at June 30, 2014. Consequently, consolidated financial statements are not presented, as the company had no subsidiaries for the year ended June 30, 2015.

2. Basis of preparation

(a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board, and the Jamaican Companies Act. The accounting policies followed in these interim annual statements are consistent with those used in the audited Financial Statements for the year ended June 30, 2015.

(b) Basis of measurement

The financial statements are prepared on the historical cost basis, except for investment properties which are carried at fair value. In addition:

- the employee benefit asset is recognised as plan assets, less the present value of the defined-benefit obligation, and is restricted as explained in note 3(e); and
- the defined-benefit liability is the present value of the funded obligation.

(c) Functional and presentation currency

The financial statements are presented in Jamaica dollars, which is the company’s functional currency. All financial information presented has been rounded to the nearest thousand unless otherwise indicated.

(d) Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the period then ended. Actual amounts could differ from those estimates.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
September 30, 2015

2. Basis of preparation (cont'd)

(d) Use of estimates and judgments (cont'd)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant area of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is in respect of the measurement of pension and other post-employment benefits and the fair value of investment properties.

The amounts recognised in the statements of financial position and income statement for pension and other post-retirement benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include expected long-term return on plan assets, the discount rate used to determine the present value of estimated future cash flows required to settle the pension and other post-retirement obligations and the expected rate of increase in medical costs for post-retirement medical benefits.

The expected return on plan assets is assumed considering the long-term historical returns, asset allocation and future estimates of long-term investment returns. The discount rate is determined based on the estimate of yield on long-term government securities that have maturity dates approximating the terms of the company's obligation. In the absence of such instruments in Jamaica, it has been necessary to estimate the rate by extrapolating from the longest-tenor security on the market. The estimate of expected rate of increase in medical costs is determined based on inflationary factors. Any changes in these assumptions will impact the amounts recorded in the financial statements for these obligations.

Investment property reflects fair value amounts, based on market valuations done by external independent valuers. On the instructions of management, the valuers have used valuation techniques such as the direct sales comparison approach, income approach and cost approach to determine fair value.

It is reasonably probable, based on existing knowledge, that outcomes within the next financial year that are different from these assumptions could require a material adjustment to the carrying amount reflected in the financial statements.

3. Significant accounting policies

(a) Revenue

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates and special

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)

September 30, 2015

3. Significant accounting policies (cont'd)

consumption taxes. Revenue is recognised in the income statements when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(b) Property, plant and equipment

(i) Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses.

(ii) Depreciation

Depreciation is calculated on the straight-line basis at annual rates estimated to write off the carrying value of each asset over the period of its expected useful life. Annual rates are as follows:

Buildings	2%-2½%
Plant and equipment	2%-12½%
Furniture, fixtures and computer equipment	25%
Vending equipment	20%
Returnable bottles	20%
Returnable crates	10%

The depreciation methods, useful lives and residual values are reassessed annually.

(c) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based mainly on standard cost (which approximates to actual on a FIFO basis). Standard cost, where applicable, includes an appropriate share of production overheads based on normal operating capacity. Used cases and bottles (returnable packaging) which were previously stated at the customers' deposit value, are now reclassified as property, plant and equipment. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

(d) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)

September 30, 2015

3. Significant accounting policies (cont'd)

(d) Taxation (cont'd)

Deferred tax for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

(e) Employee benefits

Employee benefits are all forms of consideration given by the group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions, annual leave, and non-monetary benefits such as medical care and housing, post-employment benefits such as pension and other long-term employee benefits such as termination benefits.

(f) Segment reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the group's other components. All operating segments' operating results are reviewed regularly by the groups MD to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(g) Earnings per share

The group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

4. Subsequent event

On October 7, 2015, Heineken N.V. Group of Companies acquired controlling stake in Desnoes & Geddes Limited by acquiring the entire issued share capital of Udiam Holdings AB, a former subsidiary of Diageo Plc, for the sum of US\$420,990,826. Udiam Holdings AB holds approximately 57.8% of the company's issued share capital.