DESNOES AND GEDDES LIMITED
UNAUDITED OPERATING RESULTS
FOR THE PERIOD ENDED JUNE 30, 2008

The Directors wish to present the audited results of the Group for the year ended June 30, 2008.

Profit &Loss Highlights

	J$ Millions					
	12-months ended Jun 30			**3-months ended Jun 30**		
	2008	2007	Change %	2008	2007	Change %
Turnover	12,489	11,313	10%	3,214	3,100	4%
Trading profit	1,560	1,898	-18%	302	574	-47%
Profit before tax	1,670	2,093	-20%	342	790	-57%
Profit after tax	1,042	1,409	-26%	189	530	-64%
Earnings per stock unit (cents)	37.11	50.14	-26%	6.73	18.87	-64%

Turnover was $12,489 million (2007: $11,313 million) representing an increase of $1,176 million or 10% over the previous year. The net profit attributable to equity holders of the company was $1,042 million (2007: $1,409 million) resulting in earnings per stock unit of 37.11 cents (2007: 50.14 cents).

The growth in revenue, which was driven by price increases, was insufficient to cover increased production, overheads and marketing costs resulting in a 14% decline in trading profit to $1,560 million.

Cost of sales was $6,602 million (2007: $5,745 million) representing a $857 million or 15% increase over the previous year following increases in energy, raw materials, distribution/shipping and personnel costs. The company continued its investments in plant and equipment with capital expenditure of $517 million (2007: $753 million). This was 31% lower than the previous year’s expenditure which had included significant investments in the company’s accounting system.

Total marketing cost was $1,493 million (2007: 1,317 million) or 13% higher than the previous year. The company invested $704 million or $56 million more in the domestic segment to further strengthen brand equity and drive sales. Total spend in the export segment was $789 million (2007: $669 million or 18% more) reflecting the company's strategy to continue to invest in North America, the largest overseas market for the Red Stripe brand.

General, selling and administrative expenses were $1,038 million (2007: $802 million), an increase of $236 million or 29%, reflecting inflationary wage adjustments, new hires and up-weighted personnel training and development.

Volume performance

Volume change summary		
Segment	12 months ended June 30, 2008 (compared to previous year)	3 months ended June 30, 2008 quarter in previous year)
Domestic	(2%)	(10%)
Export: USA	0%	(5%)
Other	(7%)	(15%)
Total Exports	(1%)	(7%)
Total volumes	(2%)	(9%)

Total sales volumes declined by 2%. Domestic volume was 2% lower as consumers experienced a gradual decline in purchasing power throughout the year. Exports to North America were flat year-on-year. Strong performance in Europe was offset by discontinued shipments to Australia and a marginal decline in Canada and the Caribbean region.

The general operating environment, reduction in sales and increased raw materials and overhead costs adversely affected working capital throughout the year. As a result, the company utilised existing short-term lines of credit

The company paid dividends amounting to $1,124 million (2007: $1,489 million) during the year.

In keeping with its commitment to positively impact the economic and social life in the Jamaican community, Red Stripe continued its long-standing tradition of contributing to numerous charitable organizations including Bustamante Hospital for Children and the United Way of Jamaica. The Private Sector Organization of Jamaica and the Jamaica Employers Federation recognized the business for its efforts.

The company received the Human Resource Management Association top award for innovation and creativity, specifically the *"Partnership For Growth"* employee development programme.

The board of directors and management are actively pursuing a range of strategies including input cost reduction, bringing forward innovation projects, increasing production line efficiency, employing new sales and marketing initiatives as well as reviewing the current export strategy in order to reinvigorate growth and productivity that have been affected by high inflation and lower consumer spending over recent months.

We recognise the invaluable contribution of our key stakeholders including employees, customers, consumers and suppliers and take this opportunity to thank them for their continued commitment to the company.

Richard Byles
Chairman
August 29, 2008

Mark McKenzie
Managing Director
August 29, 2008

DESNOES & GEDDES LIMITED

Company Balance Sheet
June 30, 2008

	2008 $'000	2007 $'000
ASSETS		
Investments	511,380	511,380
Investment properties	84,500	84,500
Property, plant and equipment	5,903,136	5,682,522
Employee benefits asset	1,028,000	1,104,000
Total non-current assets	**7,527,016**	**7,382,402**
Cash and cash equivalents	162,246	285,249
Short-term deposits	19,871	181,008**
Accounts receivable	475,205	371,901**
Due from fellow subsidiaries	583,473	224,943**
Inventories	1,508,981	1,398,234
Total current assets	**2,749,776**	**2,461,335**
Accounts payable	1,225,937	1,446,230
Short-term loans	679,108	-
Taxation payable	241,470	298,194
Due to fellow subsidiaries	727,447	467,142
Total current liabilities	**2,873,962**	**2,211,566**
Net current (liabilities)/assets	**(124,186)**	**249,769**
Total assets less current liabilities	**7,402,830**	**7,632,171**
EQUITY		
Share capital	2,174,980	2,174,980
Capital reserves	2,125,684	2,141,578
Other reserves	1,139,568	1,200,235*
Retained earnings	744,946	872,817*
Total Equity	**6,185,178**	**6,389,610**
NON-CURRENT LIABILITIES		
Employee benefits obligation	74,000	59,000*
Long-term liabilities	157,235	157,235
Deferred tax liabilities	986,417	1,026,326*
Total non-current liabilities	**1,217,652**	**1,242,561**
Total equity and non-current liabilities	**7,402,830**	**7,632,171**

__________________________ Chairman
Richard Byles

__________________________ Managing Director
Mark McKenzie

* Restated due to prior year adjustments.
**Reclassified to conform to 2008 presentation

DESNOES & GEDDES LIMITED

Group Balance Sheet
June 30, 2008

	2008 $'000	2007 $'000
ASSETS		
Investments	510,225	510,225
Investment properties	84,500	84,500
Property, plant and equipment	5,903,136	5,682,522
Employee benefits asset	1,028,000	1,104,000
Total non-current assets	**7,525,861**	**7,381,247**
Cash and cash equivalents	164,002	287,005
Short-term deposits	19,871	181,008**
Accounts receivable	475,205	371,901**
Due from fellow subsidiaries	583,473	224,943**
Inventories	1,508,981	1,398,234
Total current assets	**2,751,532**	**2,463,091**
Accounts payable	1,228,643	1,448,936
Short-term loans	679,108	-
Taxation payable	241,460	298,184
Due to fellow subsidiaries	727,447	467,142
Total current liabilities	**2,876,658**	**2,214,262**
Net current (liabilities)/assets	**(125,126)**	**248,829**
Total assets less current liabilities	**7,400,735**	**7,630,076**
EQUITY		
Share capital	2,174,980	2,174,980
Capital reserves	2,133,454	2,149,348
Other reserves	1,139,568	1,200,235*
Retained earnings	884,869	1,012,740*
Attributable to equity holders of the parent	**6,332,871**	**6,537,303**
Minority interest	7,447	7,447
Total equity	**6,340,318**	**6,544,750**
NON-CURRENT LIABILITIES		
Employee benefits obligation	74,000	59,000*
Deferred tax liabilities	986,417	1,026,326*
Total non-current liabilities	**1,060,417**	**1,085,326**
Total equity and non-current liabilities	**7,400,735**	**7,630,076**

____________________________ Chairman
Richard Byles

____________________________ Managing Director
Mark McKenzie

* Restated due to prior year adjustments.
**Reclassified to conform to 2008 presentation

DESNOES & GEDDES LIMITED

Company and Group Income Statements
Year ended June 30, 2008

	2008 $'000	2007 $'000
Turnover	12,488,766	11,313,276
Special Consumption Tax (SCT)	(1,792,988)	(1,619,117)
Net sales	10,695,778	9,694,159
Cost of sales	(6,601,693)	(5,744,633)
Gross profit [33.35% (2007: 34.91%) of turnover]	4,094,085	3,949,526
Marketing cost	(1,493,126)	(1,316,908)
Contribution after marketing	2,600,959	2,632,618
General, selling and administration expenses	(1,038,061)	(802,406)
Other (expenses)/income	(2,894)	67,653
Trading profit	1,560,004	1,897,865
Employee benefits income	94,000	89,000*
Interest income	16,346	62,703
Revaluation surplus on investment properties	-	48,500
Loss on disposal of property, plant and equipment and write-down of investments	-	(4,842)
Profit before taxation	1,670,350	2,093,226
Taxation	(627,901)	(684,686)*
Profit for the year attributable to equity holders of the parent company, all dealt with in the financial statements of the company	1,042,449	1,408,540*
Earnings per stock unit		
As previously reported	37.11¢	50.62¢
As restated	37.11¢	50.14¢

* Restated due to prior year adjustments.

DESNOES & GEDDES LIMITED

Company and Group
Consolidated Statement of Recognised Income and Expense
Year ended June 30, 2008

	2008 $'000	2007 $'000
Revaluation surplus	-	1,667,366
Fair value adjustment	-	465,094
Deferred taxation on revalued property, plant and equipment	8,120	(323,601)
Change in unrecognised employee benefit asset	(896,000)	20,000
Deferred taxes on employee benefit	65,667	(10,667)
Actuarial gains and losses recognised in equity	699,000	12,000
Net income recognised directly in equity	(123,213)	1,830,192
Profit for the period	1,042,449	1,408,540
Total recognised income and expense for the period	919,236	3,238,732

DESNOES & GEDDES LIMITED

Company Statement of Changes in Equity
Year ended June 30, 2008

	Share capital $'000	Capital reserves $'000	Other reserves $'000	Retained earnings $'000	Total $'000
Balances at June 30, 2006 as previously stated	2,174,980	842,776	644,474	974,840	4,637,070
Impact of change in accounting policy	-	-	-	2,667	2,667
Balance at June 30, 2006, restated	2,174,980	842,776	644,474	977,507	4,639,737
Total recognised income and expenses, as previously stated	-	1,343,765	465,094	1,421,874	3,230,733
Impact of change in accounting policy	-	-	-	8,000	8,000
Total recognised income and expenses Restated	-	1,343,765	465,094	1,429,874	3,238,733
Transfer to pension equalisation reserve	-	-	90,667	(90,667)	-
Transfer of depreciation charge on revaluation surplus of property, plant and equipment	-	(44,963)	-	44,963	-
Dividends	-	-	-	(1,488,860)	(1,488,860)
Balances at June 30, 2007, restated	2,174,980	2,141,578	1,200,235	872,817	6,389,610
Total recognised income and expenses	-	8,120	-	911,116	919,236
Transfer of depreciation charge on revaluation surplus of property, plant and equipment	-	(24,014)	-	24,014	-
Transfer to pension equalisation reserve	-	-	(60,667)	60,667	-
Dividends	-	-	-	(1,123,668)	(1,123,668)
Balances at June 30, 2008	2,174,980	2,125,684	1,139,568	744,946	6,185,178

Group Statement of Changes in Equity
Year ended June 30, 2008

	Attributable to equity holders of the parent company					
	Share capital $'000	Capital reserves $'000	Other reserves $'000	Retained earnings $'000	Minority interest $'000	Total $'000
Balances at June 30, 2006	2,174,980	850,546	644,474	1,114,763	7,447	4,792,210
Impact of change in accounting policy	-	-	-	2,667	-	2,667
Balance at June 30, 2006, restated	2,174,980	850,546	644,474	1,117,430	7,447	4,794,877
Total recognised income and expenses, as previously stated	-	1,343,765	465,094	1,421,874	-	3,230,733
Impact of change in accounting policy	-	-	-	8,000	-	8,000
Total recognised income and expenses Restated	-	1,343,765	465,094	1,429,874	-	3,238,733
Transfer to pension equalisation reserve	-	-	90,667	(90,667)	-	-
Transfer of depreciation charge on revaluation surplus of property, plant and equipment	-	(44,963)	-	44,963	-	-
Dividends	-	-	-	(1,488,860)	-	(1,488,860)
Balances at June 30, 2007, restated	2,174,980	2,149,348	1,200,235	1,012,740	7,447	6,544,750
Total recognised income and expenses	-	8,120	-	911,116	-	919,236
Transfer of depreciation charge on revaluation surplus of property, plant and equipment	-	(24,014)	-	24,014	-	-
Transfer to pension equalisation reserve	-	-	(60,667)	60,667	-	-
Dividends	-	-	-	(1,123,668)	-	(1,123,668)
Balances at June 30, 2008	2,174,980	2,133,454	1,139,568	884,869	7,447	6,340,318

DESNOES & GEDDES LIMITED

Company Statement of Cash Flows
Year ended June 30, 2008

	2008 $'000	2007 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	1,042,449	1,408,540*
Adjustments for:		
Items not involving cash:		
Interest income	(9,201)	(62,703)
Depreciation	296,644	281,314
Revaluation surplus on investment properties	-	(48,500)
Loss on disposal of property, plant and equipment	-	4,842
Deferred taxation	33,878	2,379*
Tax charge	594,023	682,307
Increase in employee benefits asset/(obligation)	(94,000)	(89,000)*
	1,863,793	2,179,179
Operating profit before changes in working capital:		
Accounts receivable	(103,507)	(27,209)**
Due from fellow subsidiaries	(358,530)	40,332**
Inventories	(110,747)	(243,212)**
Increase/(decrease) in current liabilities:		
Accounts payable	(220,293)	101,050
Due to fellow subsidiaries	260,305	304,370
Cash generated from operations	1,331,021	2,354,510
Income taxes paid	(650,748)	(409,972)
Net cash provided by operating activities	680,273	1,944,538
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(517,258)	(752,546)
Proceeds from disposal of property, plant and equipment	-	1,652
Interest received	9,405	62,588
Pension contributions	(12,000)	(11,000)
Net cash used by investing activities	(519,853)	(699,306)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term loan	679,108	-
Dividend payments	(1,123,668)	(1,488,860)
Net cash used by financing activities	(444,560)	(1,488,860)
Net decrease in cash and cash equivalents	(284,140)	(243,628)
Cash and cash equivalents at beginning of year	466,257	709,885
Cash and cash equivalents at end of year	182,117	466,257
Comprised of –		
Cash and bank balances	162,246	285,249
Short-term deposits	19,871	181,008
	182,117	466,257

* Restated due to prior year adjustments.
** Reclassified to conform with current year presentation

DESNOES & GEDDES LIMITED

Group Statement of Cash Flows
Year ended June 30, 2008

	2008	2007
	$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	1,042,449	1,408,540*
Adjustments for:		
Items not involving cash:		
Interest income	(9,201)	(62,703)
Depreciation	296,644	281,314
Revaluation surplus on investment property	-	(48,500)
Loss on disposal of property, plant and equipment	-	4,842
Deferred taxation	(33,878)	2,379*
Tax charge	594,023	682,307
Increase in employee benefits asset/(obligation)	(94,000)	(89,000)*
	1,863,793	2,179,179
Operating profit before changes in working capital:		
Accounts receivable	(103,507)	(27,209)**
Due from fellow subsidiaries	(358,530)	40,332
Inventories	(110,747)	(243,212)
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Interest received	9,405	62,588
Pension contributions	(12,000)	(11,000)
Net cash used by investing activities	(519,853)	(699,306)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term loan	679,108	-
Dividend payments	(1,123,668)	(1,488,860)
Net cash used by financing activities	(444,560)	(1,488,8
Net decrease in cash and cash equivalents	(284,140)	(243,628)
Cash and cash equivalents at beginning of year	468,013	711,641
Cash and cash equivalents at end of year	183,873	468,013
Comprised of –		
Cash and bank balances	164,002	287,005
Short-term deposits	19,871	181,008
	183,873	468,013

* Restated due to prior year adjustments.
** Reclassified to conform with current year presentation

DESNOES & GEDDES LIMITED

Group Segment Report
Year ended June 30, 2008

	Domestic		Export		Group	
	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000
Turnover	9,639,748	8,667,470	2,849,018	2,645,806	12,488,766	11,313,276
SCT	(1,792,988)	(1,619,117)	-	-	(1,792,988)	(1,619,117)
Net sales	7,846,760	7,048,353	2,849,018	2,645,806	10,695,778	9,694,159
Cost of sales	(4,346,299)	(3,728,579)	(2,255,394)	(2,016,054)	(6,601,693)	(5,744,633)
Gross profit	3,500,461	3,319,774	593,624	629,752	4,094,085	3,949,526
Marketing cost	(704,192)	(648,075)	(788,934)	(668,833)	(1,493,126)	(1,316,908)
Segment result	2,796,269	2,671,699	(195,310)	(39,081)	2,600,959	2,632,618
General, selling and administration expenses					(1,038,061)	(802,406)
Other expenses/ income					(2,894)	67,653
Trading profit					1,560,004	1,897,865
Employee benefits income					94,000	89,000
Interest income					16,346	62,703
Revaluation surplus					-	48,500
(Loss) on disposal of property, plant and equipment					-	(4,842)
Profit before taxation					1,670,350	2,113,226
Taxation					(627,901)	(684,686)
Profit for the year					1,042,449	1,408,540
Segment assets	7,440,836	7,578,341	2,836,558	2,265,997	10,227,394	9,844,338
Segment liabilities	2,937,408	2,687,066	999,668	623,189	3,937,076	3,310,255
Depreciation	(204,684)	(194,107)	(91,960)	(87,207)	(296,644)	(281,314)
Capital expenditure	356,921	519,234	160,337	233,312	517,258	752,546

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 Diageo PLC, incorporated in the United Kingdom. The company’s registered office is located at 214 Spanish Town Road, Kingston 11. The principal activities of the company comprise the brewing, bottling and distribution of beers and stouts.

2. Basis of preparation

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations, adopted by the International Accounting Standards Board (IASB).

Certain new IFRS and interpretations of, and amendments to, existing standards, which were in issue, came into effect for the current financial year. The only standards relevant to, and adopted by, the company and group in preparing these financial statements are *IFRS 7 Financial Instruments*: *Disclosures and the Amendments to IAS 1 Presentation of Financial Statements: Capital Disclosures* which require disclosures about the significance of financial instruments for an entity’s financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. The amendment to IAS 1, introduces disclosures about the level of an entity’s capital and how it manages capital.

The adoption of IFRS 7 and the amendment to IAS 1 impacted the type and amount of disclosures made in these financial statements in respect of financial instruments, but had no impact on the reported loss or financial position of the company and group.

New standards, and interpretations of and amendments to existing standards, that are not yet effective:

At the date of the authorisation of the financial statements, certain new standards, amendments to standards and interpretations of existing standards, which have been issued are not yet effective and the company and group have not early-adopted. The company and group have assessed the relevance of all such new standards, amendments, and interpretations with respect to its operations and have concluded as follows:

2. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd):

- *IFRS 8 Operating Segments* requires disclosures based on the components of the company that management monitors in making decisions about operating matters as well as qualitative disclosures on segments. The standard which will become applicable for the company's and group's 2010 financial statements is not expected to have any material impact on the financial statements.

- *IAS 23 Borrowing Costs* removes the option of immediately recognising all borrowing costs as an expense, and requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. IAS 23 will become mandatory for the company's and group's 2010 financial statements and is not expected to have any impact on the financial statements.

- *IFRIC 13 Customer Loyalty Programmes* requires the recognition of award credits as a separately identifiable component of a sales transaction and consequently defer the recognition of revenue for the awards. IFRIC 13 is applicable for the company's and group's 2009 financial statements and is not expected to have any material impact.

- *IFRIC 14 – IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction* addresses the availability of a refund or surplus or a reduction in future contributions when a minimum funding requirement (MFR) exists. The interpretation is applicable for the company's and group's 2009 financial statements. The impact, if any, of IFRIC 14 on the company's and group's financial statements has not yet been assessed.

- *Revised IFRS 3 Business Combinations* and *amended IAS 27 Consolidated and Separate Financial Statements* are effective for annual periods beginning on or after July 1, 2009. The definition of a business combination has been revised and focuses on control. All items of consideration transferred by the acquirer are measured and recognised at fair value as of the acquisition date, including contingent consideration. An acquirer can elect to measure non-controlling interest at fair value at the acquisition date or on a transaction by transaction basis. New disclosure requirements have been introduced. The revisions are not expected to have any significant impact on the company's and group's financial statements.

- Amendments to *IAS 32 Financial instruments: Presentation and IAS 1, Presentation of Financial Statements* is effective for annual periods beginning on or after January 1, 2009. The amendments allow certain instruments that would normally be classified as liabilities to be classified as equity if certain conditions are met. Where such instruments are reclassified, the entity is required to disclose the amount, the timing and the reason for the reclassification. The revisions are not expected to have any significant impact on the company's and group's financial statements.

2. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd):

- *IAS 1 (Revised) Presentation of Financial Statements,* requires the presentation of all non-owners' changes in equity in one or two statements: either in a single statement of comprehensive income, or in an income statement of comprehensive income. IAS 1 (revised), which is effective from January 1, 2010, becomes mandatory for the company's and group's 2010 financial statements and is not expected to have any significant impact thereon.

(b) Basis of measurement:

The financial statements are prepared on the historical cost basis, except for available-for-sale investments (except for those for which a reliable measure of fair value is not available), investment properties and certain classes of property, plant and equipment at fair value.

(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 judgements:

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, contingent assets and contingent liabilities at the balance sheet date and the income and expenses. Actual amounts could differ from those estimates.

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 judgements 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 defined benefit obligations.

The amounts recognised in the balance sheets and income statements 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.

2. Basis of preparation (cont'd)

(d) Use of estimates and judgements (cont'd):

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.

The carrying amount for available for sale investment is determined by a professional valuator using a maintainable earnings approach. Certain assumptions are made in respect of increased profitability, future tax rate, applicable multiple and discount rate for a minority share in an unquoted investment.

It is reasonably possible, 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

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by group companies, except as noted below.

(a) Basis of consolidation:

(i) Subsidiaries are entities controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The consolidated financial statements include the financial statements of the company and its subsidiaries, made up to June 30, 2008.

The subsidiaries, incorporated in Jamaica, unless stated otherwise, are as follows:-

Wholly-owned –

D & G Wines Limited (In liquidation)
Jamaica Metal Lithographers Limited (In liquidation)
Foods of Jamaica (Export) Limited
Red Stripe Brewing Company Limited [formerly GJL Limited]

3. Significant accounting policies (cont'd)

(a) Basis of consolidation: (cont'd)

(i) Continued:

The consolidated financial statements include the financial statements of the company and its subsidiaries, made up to June 30, 2008.

The subsidiaries, incorporated in Jamaica, unless stated otherwise, are as follows:-

Wholly-owned –
D & G Wines Limited (In liquidation)
Jamaica Metal Lithographers Limited (In liquidation)
Foods of Jamaica (Export) Limited
Red Stripe Brewing Company Limited [formerly GJL Limited]

These companies are currently inactive and the shareholdings are the same for 2007 and 2006. The cost of the company's interest in these subsidiaries was previously written-off. The company and its subsidiaries are collectively referred to as the "group".

(ii) Associates:

Associates are those entities in which the group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the group's share of the total recognised gains and losses of associates on an equity accounting basis, from the date that significant influence commences until the date that significant influence ceases. When the group's shares of losses exceeds its interest in an associate, the group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the group has incurred legal or constructive obligations or made payments on behalf of an associate.

(iii) Transactions eliminated on consolidation:

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) 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 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.

3. Significant accounting policies (cont'd)

(c) Property, plant and equipment:

(i) Items of property, plant and equipment are measured at cost, except for plant and equipment and freehold land and buildings which are measured at valuation, less accumulated depreciation and impairment losses [see note 3(k)].

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the group and the cost of the item can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

The market value of freehold land and building is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction considering its existing condition and location. The market value of plant and equipment is estimated using the depreciated replacement cost approach. Gains and losses arising from changes in market value is taken to capital reserve. Annual transfers are made from capital reserve to retained earnings, equivalent to increased depreciation arising from revaluation of property, plant and equipment.

(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%

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

(d) 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 are stated at the customers' deposit value which is below original cost. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

3. Significant accounting policies (cont'd)

(e) Foreign currencies:

Transactions in foreign currencies are converted at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the balance sheet date. Foreign exchange differences arising from fluctuations in exchange rates are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rates ruling at the dates that the values were determined.

(f) 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 equity.

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

Deferred tax is provided using the balance sheet liability method, providing 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 balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(g) 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.

Employee benefits that are earned as a result of past or current service are recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave. Post employment benefits are accounted for as described below.

3. Significant accounting policies (cont'd)

(g) Employee benefits (cont'd):

Employee benefits comprising pensions and other post-employment obligations included in these financial statements have been actuarially determined by a qualified independent actuary, appointed by management. The appointed actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuation was conducted in accordance with IAS 19, and the financial statements reflect the company's and group's post-employment benefit asset and obligations as computed by the actuary. In carrying out their audit, the auditors rely on the actuary's report.

Pension scheme costs are accrued and funded annually. Such costs are actuarially determined and include amounts to fund past service benefits, expenses and future service benefits.

The company's net obligation in respect of the defined benefit pension plan is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that value is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is determined by reference to the yield at the balance sheet date on long-term government bonds with maturities approximating the terms of the company's obligation. The calculation is performed by a qualified actuary, using the projected unit credit method.

When the benefits of the plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statements on the straight-line basis over the average period until the benefits become vested. To the extent that the benefits are vested immediately, the expense is recognised immediately in the income statements.

To the extent that any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in the income statements over a period of the average remaining working lives of staff members in the plan.

When the fair value of planned assets exceeds the present value of the obligation, a pension asset is recorded to the extent of economic benefits which can be derived in the form of reduction in future contributions to the plan.

The company also provides post-retirement health benefits to employees upon retirement. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for the defined benefit pension plan and the present value of future benefits at the balance sheet date is shown as an obligation on the balance sheet.

(h) Financial instruments:

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, short-term deposits, related party balances, trade and other payables and long-term liabilities.

3. Significant accounting policies (cont'd)

(h) Financial instruments (cont'd):

Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the group's contractual rights to the cash flows from the financial assets expire or if the group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the company's and group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Short-term deposits, with maturities ranging from one to three months, which form part of the group's cash management, are included in cash and cash equivalents for the purpose of the company and group statement of cash flows.

Non-derivative financial instruments are subsequently measured as follows:

(i) Unquoted equity investment is classified as available-for-sale financial asset. Subsequent to initial recognition, they are measured at fair value, except where fair value cannot be reliably determined, they are measured at cost. Gains and losses arising from changes in fair value, except for impairment losses [see note 3 (k)], is recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss. Fair value is estimated using a valuation technique.

(ii) Debt securities are classified as loans and receivable and after initial recognition is subsequently measured at amortised cost using the effective interest method, less impairment losses.

(iii) Other non-derivative financial instruments including cash and cash equivalents, short-term deposits, trade and other receivables, related party balances, trade and other payables and long-term liabilities are measured at amortised cost using the effective interest method, less any impairment losses in respect of financial assets.

(i) Investment properties:

Investment properties are measured at fair value determined annually by an independent registered valuator or the directors (note 5). Fair value is based on current prices in an active market for similar properties in the same location and condition. Any gain or loss arising from change in fair value is recognised in the income statements. In carrying out the audit, the auditors relied on the valuator's and directors' reports.

3. Significant accounting policies (cont'd)

(j) Provision:

A provision is recognised in the balance sheet when the group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(k) Impairment:

(i) Financial assets:

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original interest rate. Receivables with a short duration are not discounted. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

(ii) Non-financial assets:

The carrying amounts of the company's and the group's non-financial assets, other than investment property and inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

3. Significant accounting policies (cont'd)

(k) Impairment (cont'd):

(ii) Non-financial assets (cont'd) :

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Finance income and expenses:

Finance income comprises interest income on funds invested, dividend and foreign exchange gains. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the company's and group's right to receive payment is established.

Finance expenses comprise interest expense on borrowings and foreign currency losses. Borrowing costs are recognised in profit or loss using the effective interest method.

(m) Segment reporting:

A segment is a distinguishable component of the company that is engaged either in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3. Significant accounting policies (cont'd)

(n) 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 year.