Celebrating Life

everyday, everywhere

RED STRIPE ANNUAL REPORT

2008

Table of Contents

Corporate Profile

Red Stripe is the trading name of Desnoes and Geddes Limited and also the company's flagship brand. The business of Red Stripe is to manufacture and market a range of premium alcohol beverages, including beers, stouts and ready-to-drinks.

The company also markets and distributes a select range of the Diageo portfolio of premium spirit brands.

Red Stripe® lager beer was first brewed in Jamaica in 1928 and is now available in some 20 markets around the world. With the exception of the United Kingdom and Antigua where Red Stripe is brewed under licence, every bottle of Red Stripe sold around the world is brewed in Jamaica. Red Stripe has earned the distinction of having some eleven Monde Selection Gold Medals to its credit.

Diageo holds the majority shares in Desnoes and Geddes and is the world's leading premium drinks company, providing consumers in 180 countries with an outstanding portfolio of beverage alcohol brands across spirits, wines and beer categories. *Red Stripe,* – the Great Jamaican Beer, is numbered among them. Diageo is listed both on the London and New York Stock Exchanges.

Red Stripe, 'The World's Coolest Beer Company', is located at 214 Spanish Town Road with distribution centres in nine parishes.

Our Mission

The manufacture and sale of quality consumer products for domestic and international markets, with equal regard for adequate return to our shareholders, the welfare for our employees, value and service to our customers and responsibility to the communities in which we operate.

Our Vision

Red Stripe is the pride of its people, the pride of Jamaica, celebrated by Diageo and the world.

Our Values

- Valuing each other
- Be the Best
- Proud of what we do
- Passionate about consumers
- Freedom to succeed

Results at a Glance

	2008	2007
	$'000	$'000
Turnover	12,488,766	11,313,276
Profit before taxation	1,670,350	2,093,226
Profit attributable to stockholders	1,042,449	1,408,540*
Profit per stock unit calculated on net profit attributable to stockholders	37.11¢	50.14¢*
Dividends per stock unit	40.00¢	53.00¢
Stockholders' Equity		
Share capital	2,174,980	2,174,980
Capital and other reserves	3,273,022	3,349,583
Revenue reserves	884,869	1,012,740
	6,332,871	6,537,303

* Restated due to prior year adjustment.

Chairman's Statement

The past financial year has been challenging for Desnoes and Geddes. Significant increases in manufacturing input costs, such as malt and mounting energy costs, have forced us to raise our prices. This, coupled with the effects of Hurricane Dean in the first quarter and the general compression in consumer purchasing power, has negatively impacted product demand and profits.

The board of directors and management are not satisfied with this performance and will pursue strategies to achieve our company's mission to grow the beer and spirits market as well as to increase exports profitably. Our approach to the challenges we anticipate will include:

- Reducing input cost
- Increasing production line efficiency
- Fast-tracking innovation projects
- Using new sales and marketing initiatives
- Examining our export strategy to boost growth and productivity

We have not swerved from our core commitment to remaining relevant and to building on our consumer connection through brand innovations, advertising and promotion and by expanding occasionality. To bolster our marketing thrust, the sales force has been re-organized becoming more efficient in customer face time and placing more emphasis on customer marketing. We are determined to continue to build channels to more directly target our consumer market.

Our export performance was not robust. Total export volumes were down by one per cent. Strong results in Europe were off-set by discontinued shipments to Australia, marginal decline in the Caribbean and a disappointing show in the United States, our biggest export market, which gave us a flat year-on-year performance. We are particularly happy with Canada's volume growth for Red Stripe which outperformed all other major competitors in the total import beer market.

It has been a full year since Desnoes & Geddes Limited became the authorized distributor in Jamaica of spirit brands owned by the company's parent, Diageo plc. This has presented a great opportunity to grow the business through the inclusion of international brands such as Smirnoff, Johnnie Walker, Baileys, J&B, Tanqueray, Gilbey's, Gordon's, VAT 69, Myer's and Gold Label Rum. We are pleased to report that we were able to grow this new group of products, focussing particularly on Smirnoff, Johnnie Walker and Baileys. We expect to expand this business in the coming year.

The music industry has contributed to building economic and social life in Jamaica, and the company has maintained a long and mutually beneficial relationship with it. We have worked assiduously with promoters and artistes to uphold globally acceptable standards. Over the years, a very negative trend of glorifying violence has crept into some of the music, and we feel that this has damaging implications for the industry and for the country.

While our most recent efforts through the Coalition of Corporate Sponsors have been met with some success, some performers continue to propagate, through their live performances, violent and anti-social lyrics. This year we took the very difficult decision to withdraw sponsorship from live music events. Consequently, we did not renew our contracts for title sponsorship of Reggae Sumfest and Sting. We look forward to the time when we can see a return to improved quality and standard of music and at that time we will review our position.

Community involvement is one of the central pillars of Red Stripe's corporate citizenship. We are committed to actively finding ways to enrich our communities as part of our strategic goals. We believe that improving the communities in which we live and work, positively affects our business and motivates our employees. This community connection was effected through the Bartender Training Project, part of the Diageo Learning for Life programme. This was implemented in partnership with Jamaica's largest training organization, the HEART Trust-NTA and aimed to transform the lives of promising young people from the inner-cities. Red Stripe Employees Advocates of Care & Hope (REACH), our employee volunteering group, as well as the Desnoes and Geddes Foundation, continue to build on the company's legacy of outstanding enriched community initiatives.

Our employees are the cornerstone of our success. An important event for them this year was our Employee Engagement Conference titled, 'It's All About You'. It brought together our 800-strong workforce, to raise employee engagement. The conference was part of Red Stripe's response to the annual Diageo Values Survey, which measures feedback from a cross section of employees, and identifies areas for improvement. Employees were re-introduced to Red Stripe's internal communication and engagement strategy and participated in activities with other employees from across the business.

Your Board members have worked tirelessly to ensure that your company remains successful and we are indeed pleased with their sterling contribution. In October 2007 Mr. Laurence Turnbull was transferred to Nigeria and subsequently resigned from the Board. The Board met seven times during the year while the Audit Committee consisting of Dr. Damien King, (Chairman), Mr. Peter Melhado and Richard Coe met five times.

Despite the disappointing profit performance and all the challenges ahead, we look forward to the coming financial year with optimism, confident in the ability and dedication of our team.

Richard Byles
Chairman

Management's Discussion & Analysis

Performance Summary

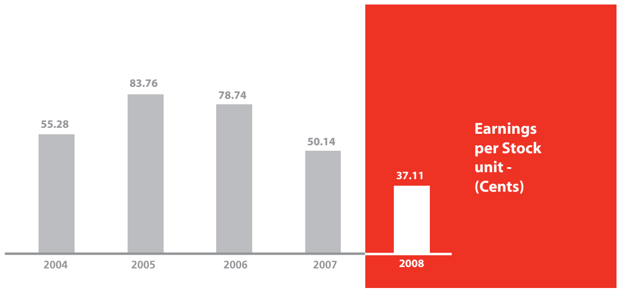
Turnover was $12,489 million, (2007: $11,313 million) an increase of $1,176 million or 10% more than 2007. Trading profit was $1,560 million representing an 18% year-on-year decline due to increased production costs, overheads and marketing investment. The net profit attributable to shareholders was $1,042 million (2007: $1,409 million) resulting in earnings per stock unit of 37.11 cents (2007: 50.14 cents).

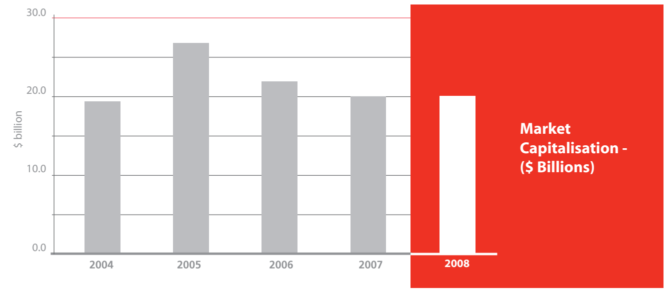
The company paid dividends of $1,124 million during the year, which translated to 40 cents per stock unit.

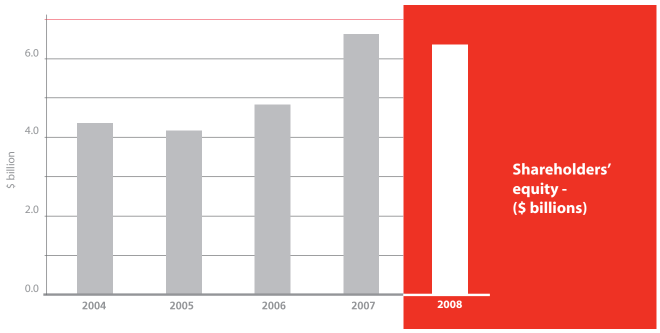
Volume Performance

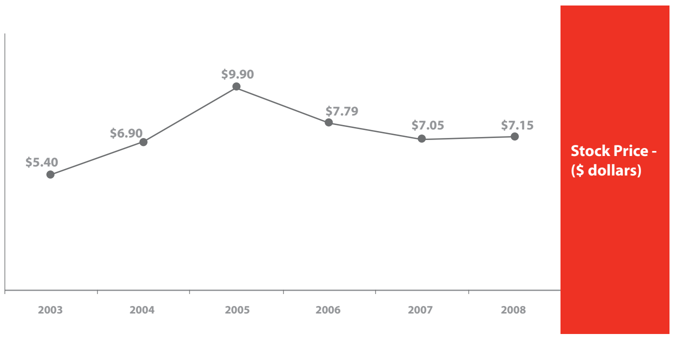
Domestic volume declined by 2% compared to the previous year. This performance came against the context of a continual decline in consumers' purchasing power throughout the year, general adverse economic conditions as well as spells of unfavourable weather. Exports to North America were flat year-on-year as was reported in the Chairman's statement. A strong performance in Europe was offset by discontinued shipments to Australia and a marginal decline in the Caribbean region.

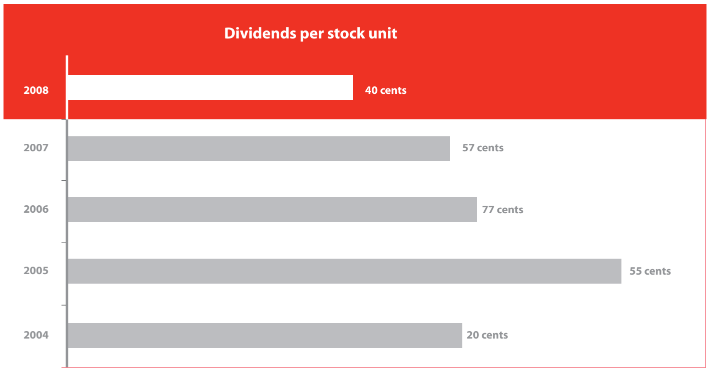
Domestic marketing initiatives, including new advertising campaigns for our core brands, are expected to reinvigorate growth, which has been affected by high inflation and lower consumer spending over recent months. The current export strategy is also undergoing an extensive review so as to improve the returns from this very important sector.

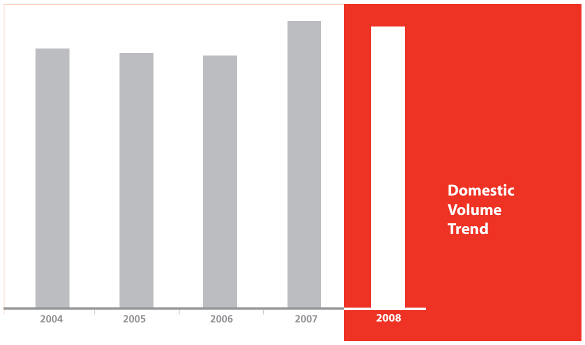

55.28
83.76
78.74
50.14
37.11
2004
2005
2006
2007
2008
Earnings per Stock unit - (Cents)

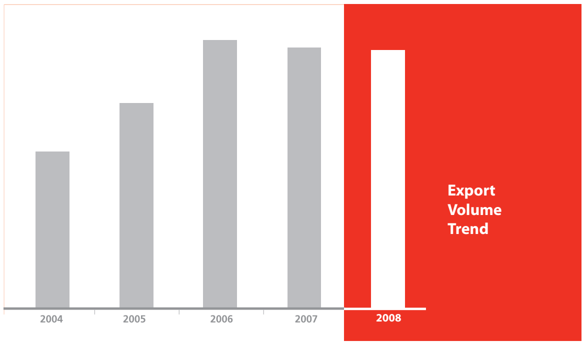

30.0
20.0
10.0
0.0
$ billion
2004
2005
2006
2007
2008
Market Capitalisation - ($ Billions)


6.0
4.0
2.0
0.0
$ billion
2004
2005
2006
2007
2008
Shareholders' equity - ($ billions)


$5.40
$6.90
$9.90
$7.79
$7.05
$7.15
2003
2004
2005
2006
2007
2008
Stock Price - ($ dollars)

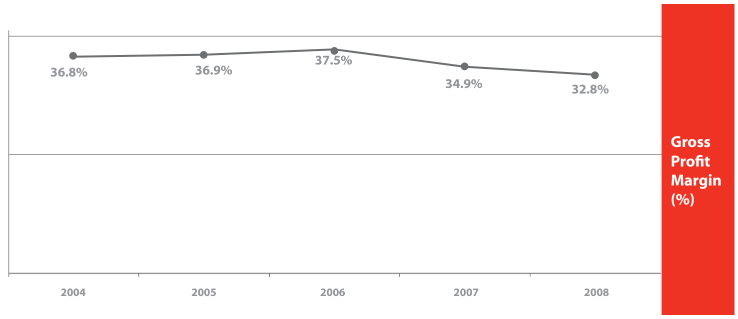

Dividends per stock unit
2008
40 cents
2007
57 cents
2006
77 cents
2005
55 cents
2004
20 cents


2004
2005
2006
2007
2008
Domestic Volume Trend


2004
2005
2006
2007
2008
Export Volume Trend

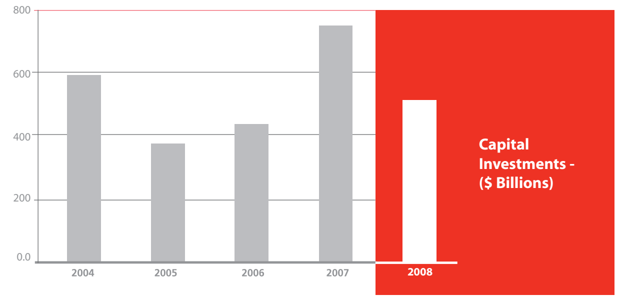
Cost of Sales

Cost of sales was $6,602 million (2007: $5,745 million) representing an $857 million or 15% increase over the previous year attributable mainly to increases in the cost of energy, raw materials, distribution/shipping and personnel costs. Strategies are being pursued to drive cost reduction and to improve production efficiency. The higher operating costs contributed to a decline in gross profit margin when compared to the previous year.



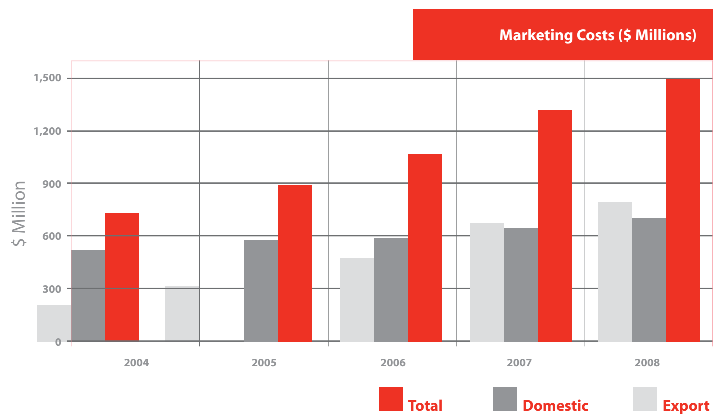
Ongoing Capital Investments

The company is committed to operating a world-class production facility, which provides the infrastructure to improve production efficiency. With that objective in mind, the investment in plant and equipment continued with capital expenditure of $517 million (2007: $753 million). This was 31% lower than the previous year's outlay, which had included significant investments in upgrading the company's accounting system.



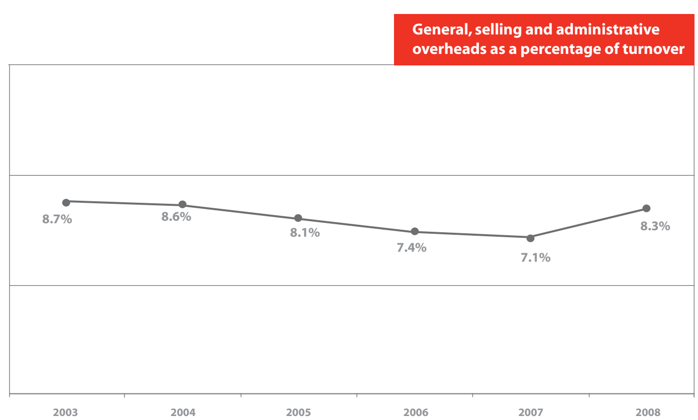
Marketing investments

The good health and performance of our brands are driven by efficient and effective marketing investments. With increased competition from both alcoholic and non-alcoholic beverages, our total marketing investment has increased steadily over the years. Total marketing cost in the year just ended was $1,493 million (2007: $1,317 million) or 13% higher than the previous year. Of this, 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.



Overheads

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. When taken as a percentage of turnover, this category of costs increased to 8.3%.

Enriched Communities

In keeping with its commitment to positively impact the economic and social life in Jamaican communities, Red Stripe continued its tradition of contributing to several charitable organizations including the 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.

Throughout the year, several national organizations honoured the company for its outstanding achievements:

- Jamaica Exporters Association's Model Exporter Award: Consistency in Product Innovation and Improvements in Exports for the second consecutive year
- Shipping Association Award: Highest Tonnage Usage of Port Bustamante
- Induction into the US$36 Million Export Club: Export performance in 2007
- Private Sector Corporate Social Responsibility (CSR) Award: Recognition of voluntary, positive initiatives and partnerships
- Jamaica Bureau of Standards: Excellence in Human Resource Focus
- Jamaica Chamber of Commerce: 2007 Best of the Chamber Award
- Human Resource Management Association Flagship Golden Award: Innovation and creativity, specifically for the "Partnership For Growth" employee development programme

Over the years the company has invested millions of dollars in the music industry through sponsorship of music events such as Reggae Sumfest and Sting. In recent times, a negative trend of inciting violence has crept into some of the music. The company has in place the strictest marketing code in the industry, and violence of any kind runs counter to this code. The company has worked with the artistes and promoters and also led the creation of a Coalition of Corporate Sponsors in a bid to help raise the standard of the music. This has had some measure of success but did not go far enough to secure full compliance with the company's Code of Marketing. It is for this reason that the company announced its withdrawal of sponsorship of live music events in Jamaica during the year. We will review this position when we can see a return to improved quality and standard of music that Jamaica can be proud of.

We acknowledge the tremendous contribution of all employees over the last financial year, and thank our customers, suppliers and other partners for their continued support to the business.

Mark McKenzie
Managing Director

Notice of
Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eighty-Ninth Annual General Meeting of Desnoes & Geddes Limited will be held at Terra Nova All Suite Hotel, 17 Waterloo Road, Kingston 10 on Friday October 31, 2008 at 10:00 a.m. for the following purposes:

1. Audited Accounts for the Year Ended June 30, 2008

To receive the Audited Financial Statements for the year ended June 30, 2008, together with the reports of the Directors and Auditors thereon. To consider and (if thought fit) to pass the following resolution:

"THAT the Audited Financial Statements for the year ended June 30, 2008 together with the reports of the Directors and the Auditors thereon, be and are hereby adopted."

2. Declaration of Dividend

To declare the second interim dividend paid on June 27, 2008 as final. To consider and (if thought fit) pass the following resolution:

"THAT, as recommended by the Directors, the second interim ordinary dividend of twenty cents ($0.20) per stock unit paid on June 27, 2008 be and is hereby declared as final, making the total ordinary dividend paid in the year forty cents ($0.40) inclusive of the first ordinary dividend of twenty cents ($0.20) per stock unit paid on December 14, 2007 and that no further dividend be paid in respect of the year under review."

3. Remuneration of Directors

To fix the remuneration of the Non-Executive Directors. To consider and (if thought fit) pass the following resolution:

"THAT Directors' fees in the amount of $4,316,000 payable for the year to all Non-Executive Directors of the company, be and are hereby approved."

4. Election of Directors

In accordance with Article 98 of the Company's Articles of Association, Mr Allan Hood having been appointed since the last Annual General Meeting, retires at this Annual General Meeting, and being eligible, offers himself for election.

To consider and (if thought fit) pass the following resolution:

4(a) "THAT Mr. Allan Hood be and is hereby elected a Director of the Company."

In accordance with Article 92 of the Company's Articles of Association, the directors retiring by rotation are Messrs. Nicolaas A Vervelde, Peter K Melhado and Richard W T Coe who being eligible offer themselves for re-election.

To consider and (if thought fit) pass the following resolutions:

4(b) "THAT the retiring director Mr. Nicolaas A Vervelde be and is hereby re-elected a Director of the company."

4(c) "THAT the retiring director Mr. Peter K Melhado be and is hereby re-elected a Director of the company."

4(d) "THAT the retiring director Mr. Richard W T Coe be and is hereby re-elected a Director of the company."

5. Remuneration of Auditors

To fix the remuneration of the Auditors and to consider and (if thought fit) pass the following resolution:

"THAT KPMG, having agreed to continue in office as Auditors, the Directors be and are hereby authorised to agree their remuneration in respect of the period ending with the conclusion of the next Annual General Meeting be and is hereby approved."

6. To transact any other business that may be properly transacted at an Annual General Meeting.

By Order of the Board

Gene M. Douglas
Corporate Secretary
Dated this 9th day of September 2008

Any member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll, vote instead of the member. A proxy need not be a member of the Company. An appropriate form of proxy is enclosed.

The proxy form must be signed, stamped and deposited at the registered office of the Company situated at 214 Spanish Town Road, Kingston 11 addressed to "The Company Secretary" not less than 48 hours before the time of holding the meeting. The stamp duty is $100.00 and may be paid by affixing a postage stamp to the proxy form.

Directors' Report
DESNOES & GEDDES LIMITED

The Directors are pleased to submit their Report and Audited Accounts for the year ended June 30, 2008.

The profit of the Company before tax was	**$1,670,350,000.00**
Net Profit of the Company was	**$1,042,449,000.00**

DIVIDENDS

The Directors recommended that the second ordinary dividend of $0.20 per stock unit (gross) paid on June 27, 2008 be declared as final making the total ordinary dividend paid in the year $0.40 per stock unit and that no further dividend be paid in respect of the year under review.

THE BOARD

Pursuant to Article 92 of the Articles of Association of the Company, one-third of the Directors other than the Managing Director or the number nearest to one-third, where their number is not a multiple of three, shall retire from office each year. Messrs. Nicolaas A Vervelde, Peter K Melhado and Richard W T Coe will retire, and being eligible offer themselves for re-election.

In accordance to article 98 of the Articles of Association, that requires any Director appointed since the last Annual General Meeting to hold office only until the next Annual General Meeting. On 19 November 2007, Mr Allan Hood was appointed to the Board and will also retire at this Annual General Meeting and being eligible offers himself for re-election.

On 26 October 2007, Mr. Laurence Turnbull resigned from the Board of Directors.

The Directors of the Board as at June 30, 2008 comprised:

- Mr. Richard Byles, *Chairman*
- Mr. Mark McKenzie, *Managing Director*
- Mr. Peter Karl Melhado
- Mr. Noel daCosta
- Dr. Damien King
- Mr. Randy Millian
- Ms. Marguerite Orane
- Hon. Patrick H.O. Rousseau O.J.
- Mr. Nicolaas Vervelde
- Mr. Andrew R. Jones
- Mr. Allan Hood
- Mr. Richard W. T. Coe

AUDITORS

Messrs. KPMG, the present Auditors have indicated their willingness to continue in office and offer themselves for re-election.

The Directors wish to express their thanks and appreciation to the management and staff for the work they have done during the year.

By order of the Board

Corporate Secretary

Eight-Year Statistical Summary

Financial Year	2008	2007	2006	2005	2004	2003	2002	2001
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
OPERATING DATA								
Turnover	12,488,766	11,313,276	10,114,372	9,135,115	7,866,540	6,845,998	5,650,264	5,129,571
Profit before taxation	1,670,350	2,093,226*	2,324,401	2,503,442	1,860,864	1,459,601	1,100,847	1,319,319
Provision for taxation	(627,901)	(684,686)*	(112,554)	(150,388)	(307,906)	(131,489)	287,797	(368,743)
PROFIT AFTER TAXATION	1,042,449	1,408,540*	2,211,847	2,353,054	1,552,958	1,328,112	1,388,644	950,576
Dividends	1,123,668	1,488,860	1,601,227	2,163,061	1,545,044	1,545,044	1,012,780	887,106
Net dividend cover	0.93	0.95*	1.38	1.09	1.01	0.86	1.37**	1.07
BALANCE SHEET DATA								
Net current assets	(125,126)	248,829	940,008	745,412	786,712	1,197,571	1,606,505	1,230,446
Property, plant and equipment	5,903,136	5,682,522	3,550,418	3,379,297	3,380,300	3,064,080	2,778,579	2,257,100
Long-term liabilities	-	-	-	-	-	2,277	6,830	11,383
Stockholders' equity	6,332,871	6,537,303*	4,784,763	4,147,944	4,334,801	4,459,587	4,690,394	3,200,698
No. of stock units in issue	2,809,171	2,809,171	2,809,171	2,809,171	2,809,171	2,809,171	2,809,171	1,971,348
PER ORDINARY STOCK UNIT								
Profit for the year	37.11¢	50.14¢*	78.74¢	83.76¢	55.28¢	47.28¢	49.43¢**	48.22¢
Stockholders' equity	$2.25	$2.33*	$1.70	$1.48	$1.54	$1.59	$1.67**	$ 1.62
Dividends								
Ordinary - Interns	40¢	53¢	57¢	77¢	55¢	20¢	15¢	15¢
finals	-	-	-	-	-	-	35¢	30¢
OTHER								
Return on equity	16.46%	21.52%*	46.23%	56.73%	35.83%	29.78%	29.61%	29.70%
Closing stock price	$7.15	$7.05	$7.79	$9.50	$6.90	$5.40	$7.06	$6.00
Number of employees	767	762	734	750	802	732	552	497

* Restated due to prior year adjustments.
** Restated on account of dividends paid and IFRS reported profit.

Board of Directors

RICHARD BYLES Chairman ►

Richard Byles has been the President and CEO of Sagicor Life Jamaica Limited (formerly Life of Jamaica Limited), since March 2004. He holds a Bachelors degree in Economics from the University of the West Indies and a Masters in National Development from the University of Bradford, England. He is the Board Chairman of Pan Caribbean Financial Ltd. He is also a Director of Pan Jamaican Investment Limited and Air Jamaica Limited.

◄ **MARK MCKENZIE** Managing Director

Mark McKenzie has been Managing Director since 2004 and has over 20 years experience in the fast moving consumer goods industry. He has held Executive positions in major companies including Procter & Gamble, Gillette and Coca-Cola, covering markets such as Venezuela, Central America and others within the Caribbean. Mark earned his B.Sc. (Hons.) in Management Studies at the UWI. He is a Vice President of the Private Sector Organization of Jamaica and a Director of the St. Patrick's Foundation.

ANDREW R. JONES ►

Andy Jones has been a member of the Diageo family for 20 years, gaining extensive project and operations management experience in the UK and on a number of international assignments. Andy has full responsibility for all supply operations including brewing, packaging, engineering, quality, logistics and distribution of the finished product to both the domestic and export markets. As Supply Director, he is also responsible for capital investment, health and safety and the environment.

◄ **NOEL daCOSTA**

Noel daCosta is the Central American and Caribbean Corporate Relations Director for Diageo. He has worked with Desnoes & Geddes in many roles including; Chief Engineer, Brewmaster, Technical Director, Director of Planning and Administration, and Corporate Relations Director. A Chartered Engineer, he is a Fellow of the Institution of Chemical Engineers (UK), and a past President and Fellow of the Jamaica Institution of Engineers. He has postgraduate degrees in Engineering, Business Administration and Insurance. He is a former President of the Jamaica Chamber of Commerce, and the current Chairman of United Way of Jamaica.

◄ MARGUERITE ORANE

Marguerite Orane has a wealth of experience in manufacturing, financial services and distribution and unique insights from her years in consulting. As a partner in the management consultancy, Growth Facilitators, she has helped the private, public and NGO sectors throughout the Caribbean to focus and flourish. She holds a MBA from Harvard Business School, and is the author of "Free and Laughing: Spiritual Insights in Everyday Moments" and is a sought-after and motivating public speaker.

RICHARD COE ►

Richard Coe is a management consultant specializing in change management, strategic planning and marketing. He has over 30 years experience in senior management in the Caribbean, Central America and SE Asia including Marketing Director (1982-1990) and then Managing Director (1994-2000) of Courts Jamaica. He has a post-graduate Diploma in Management (Distinction) from Plymouth University (1973) and a Masters degree in Coaching and Consulting in Change awarded jointly by Oxford University and HEC Paris (2006). He was awarded the OBE for service to commerce and the community in Jamaica in 1998.

PETER MELHADO ►

Peter Melhado is President and CEO of the ICD Group. He was responsible for the growth and development of the Manufacturers Group, which was a leading financial and asset management company. He is Chairman of Pan Caribbean Bank, West Indies Home Contractors and Mavis Bank Coffee Factory. His current directorships include British Caribbean Insurance Company and CGM Gallagher Group. He is a former Vice President of the Private Sector Organization of Jamaica.

◄ DAMIEN KING

Damien King is a Senior Lecturer in the Department of Economics at the University of the West Indies, Mona. There he has taught and conducted research on macro-economics, growth, trade, poverty, and development. His other current professional responsibilities include: Vice-President and Senior Research Fellow at the Caribbean Policy Research Institute, Chairman of Dyoll Group Limited, and Board member of CaroMax Ltd. Damien previously served on the boards of The National Export-Import Bank of Jamaica, the Jamaica Mutual Life Assurance Society, and the University Hospital of the West Indies.

HON. PATRICK ROUSSEAU O.J.

Hon. Patrick Rousseau O.J. has had a distinguished career in law, business and public service in Jamaica and the Caribbean. He has extensive experience in the practice of corporate financing, mining, entertainment and sports law. He serves as the Director of several companies and is the patron, Chairman and Board member of voluntary organizations. A former President of the West Indies Cricket Board, he was conferred with the Order of Jamaica in 1976.

NICOLAAS VERVELDE

Nicolaas Vervelde is the Managing Director of Heineken Caribbean & Central America, based in Puerto Rico. Previously, he was General Manager of Heineken Ireland. He has over 20 years of international experience in the beverage industry with postings in Europe, Africa and the Caribbean. He holds a Masters in Food Science/Business Administration from the Wageningen University.

ALLAN HOOD

Allan Hood joined Red Stripe in January 2008. He was employed to Guinness Plc (UK), in 1992 as a Graduate entrant and since then has worked extensively throughout the Group in senior finance roles. Most recently Allan was the FP&R Director for Diageo Plc responsible for consolidating the Group's financial reporting and strategic financial planning. He also managed the transition of the London based FP&R function to Budapest, Hungary. Prior to this he was the Finance Director for Diageo Middle East and India based in Dubai. He is a qualified Accountant with the Institute of Chartered Accountants in Scotland and has a Bachelors of Commerce degree from Edinburgh University.

RANDY MILLIAN

Randy Millian is the Managing Director of Diageo Latin America and the Caribbean. He joined United Distillers Brazil in 1995 as Managing Director, taking over in 1997 as Managing Director of the merged business of United Distillers International Distillers and Vintners in Brazil Hub. He was a member of the British and Venezuelan-American Chamber of Commerce and is a former Chairman of the Brazilian-American Chamber of Commerce. He is a graduate of Colorado College and has a BA in World Political Economy and a MBA from Amos Tuck School of Business Administration, Dartmouth College, in 1973.

Executive Leadership Team

WAYNE LAWRENCE Marketing Director

Wayne Lawrence joined Red Stripe in 1997 as a Marketing Assistant and has successfully moved through the ranks. He was appointed Marketing Director in 2004 with overall responsibility for the development and management of the marketing activities for all of the company's brands. Prior to this, he was on international assignment to Singapore, at Diageo Asia Venture as Regional Marketing Development Manager, where he had marketing responsibilities for Singapore, Malaysia, Indonesia, Hong Kong and the Philippines. Whilst there, he achieved spectacular results for the Guinness brand; returning the brand to positive growth in Malaysia. He has a B.Sc. in Management Studies (UWI).

JENNIFER FOREMAN

Human Resource Director

Jennifer Foreman joined the company in 1997 and has played a significant role in the change initiatives at Red Stripe. She has stamped her mark on the enrichment and development of the company's human capital. She assumed the role of Director, Human Resources in 2002 with overall responsibility for the H.R. division. She has a B.Sc. in Economics and a M.Sc. in Development Studies (UWI).

ANDREW R. JONES Supply Director *

* See Board of Directors

GRACE SILVERA

International Marketing Director

Since joining the company in 1995, Grace has successfully mastered various leadership roles within the organisation. In 2000 she assumed the role of Communications Director - making her the first female Director appointed under Diageo's ownership. Admired for her passion and award winning Marketing and Communications Strategies, Grace has made an indelible contribution in building the iconic image of both the company and our internationally famous flagship brand-Red Stripe. An inspirational leader and gifted motivational speaker, she serves as a Director of the Board of Raising Individuals through Skills and Education (RISE). A highly skilled professional, Grace is a graduate of Harvard Business School and Nova Southeastern University, Florida.

Executive Leadership Team

TIM SZONYI Sales Director ►

Tim Szonyi, joined Red Stripe in March 2007, having spent time with Diageo, Australia managing a major national retail chain, Coles Myer. He also had responsibility for Diageo's operations in New Zealand and the South Pacific Islands. Tim started his career with the Mars Corporation in Australia working in various roles in both the food and confectionery divisions. He has a Bachelors in Business Management and also holds a Graduate Diploma in International Human Resource Management.

◄ **MARK McKENZIE**
Managing Director *

* See Board of Directors

ALLAN HOOD ►

* See Board of Directors

MAXINE WHITTINGHAM-OSBORNE ►
Head Corporate Relations

Maxine joined Red Stripe in 2002 as External Communications Manager and in 2004 this role was expanded to Head of Communications. Her scope was further widened in 2006 when she was named Head of Corporate Relations with responsibility for driving the company's responsible drinking, enriched community and public policy agenda, stakeholder engagement, internal and external communications as well as brand and corporate reputation. Maxine has a BA (Hons.) in Communications from the University of the West Indies, Mona and a MBA from the University of New Orleans.

Corporate Data

BOARD OF DIRECTORS

PATRICK H.O. ROUSSEAU
PETER K MELHADO
MARK MCKENZIE
RICHARD BYLES
NOEL daCOSTA
ALLAN HOOD
DAMIEN KING
RICHARD COE
RANDY MILLIAN
MARGUERITE ORANE
NICOLAAS ADRIANUS VERVELDE
ANDREW R JONES

COMPANY SECRETARY
Gene M. Douglas

AUDITORS
KPMG, 6 Duke Street,
Kingston.

REGISTERED OFFICES
214 Spanish Town Road,
Kingston 11.

REGISTRAR AND TRANSFER AGENTS
NCB Jamaica (Nominees) Limited
32 Trafalgar Road, Kingston 5.

BANKERS

Bank of Nova Scotia Jamaica Limited
Cnr. Duke & Port Royal Sts. Kingston.

63-67 Knutsford Blvd.,
Citibank N.A.
Kingston 5.

National Commercial Bank Limited.
37 Duke Street, Kingston.

ATTORNEYS-AT-LAW
Patterson Mair Hamilton
7th Floor, Citigroup Bldg.
63-67 Knutsford Boulevard,
Kingston 5.

Myers Fletcher & Gordon
21 East Street, Kingston.

Disclosure of Shareholdings

LIST OF DIRECTORS AS AT 30 JUNE 2008

Richard Byles
Richard William T. Coe
Noel DaCosta
Allan Hood
Andrew R. Jones
Damien King
Mark McKenzie
Peter Karl Melhado
Randy Millian
Marguerite Orane
Patrick H.O. Rousseau
Nicolaas Adrianus Vervelde

SHAREHOLDINGS OF DIRECTORS AS AT 30 JUNE 2008

NAMES	STOCKHOLDINGS	NAMES	STOCKHOLDINGS
Richard Byles	1,500,000	Mark McKenzie	63,970
Richard William T. Coe	20,000	Peter Karl Melhado	NIL
Noel DaCosta	500,000	Randy Millian	1,539
Allan Hood	NIL	Marguerite Orane	28,300
Andrew R. Jones	NIL	Patrick H.O. Rousseau	76,580
Damien King	99,959	Nicolaas Adrianus Vervelde	NIL

TEN (10) LARGEST SHAREHOLDERS AS AT 30 JUNE 2008

NAMES	STOCKHOLDINGS
UDIAM HOLDING A.B.	1,625,549,827
HEINEKEN FINANCE N.V.	303,454,633
HEINEKEN INTERNATIONAL BEHEER B.V.	130,578,508
NCB JAMAICA PROPRIETORY ACCOUNT	100,773,750
BARDI LIMITED (IN LIQUIDATION)	84,255,986
TRADING A/C – POOLED EQUITY FUND NO. 1	45,338,804
NATIONAL INSURANCE FUND	31,709,129
AGAMEMNON LIMITED	28,748,911
JETTE LIMITED	26,254,292
SJIM A/C 3119	23,468,201

SHAREHOLDINGS OF SENIOR MANAGERS AS AT 30 JUNE 2008

NAMES	STOCK HELD
Noel DaCosta	500,000
Jennifer Foreman	NIL
Allan Hood	NIL
Andrew R. Jones	NIL
Wayne Lawrence	13,813
Mark McKenzie	63,970
Grace Silvera	NIL
Tim Szonyi	NIL
Maxine Whittingham-Osborne	NIL

MEMBERS OF THE AUDIT COMMITTEE

Damien King - Chairman
Peter K. Melhado
Richard W.T. Coe

Distribution Centres

LYNVAL MASON ANNOTTO BAY Fort George Street, Annotto Bay	996-9928/9631/2301 lynval.mason@diageo.com fax: 996-2306
GARY ALLWOOD MONTEGO BAY Reading, Montego Bay	952-5245/979-1152/3 gary.allwood@diageo.com fax: 971-1055
DIONNE CHAMBERS SANTA CRUZ Jewel Close, Santa Cruz	966-4964/4996 dionne.chambers@diageo.com fax: 966-3336
SARAH COBURN MORANT BAY 70 Lyssons Road, Morant Bay	734-1404/982-2421 sarah.coburn@diageo.com fax: 982-1237
LEIGHTON CROSS SAV-LA-MAR Smithfield, Westmoreland	918-1795/955-2834/9648 leighton.cross@diageo.com fax: 918-0194
DWIGHT JACKSON CLARENDON 26 Paisley Avenue, May Pen	986-2373/902-6586 dwight.jackson@diageo.com fax: 902-6587
RICHARD NIXON MANCHESTER Grey Ground, Mandeville	963-3288/963-3477 richard.nixon@diageo.com fax: 963-3512
CHRISTOPHER THOMAS ST. ANN Discovery Bay, St. Ann	973-3050/2001/2340 christopher.thomas@diageo.com fax: 973-3223
BASIL BAILEY Kingston Direct Delivery (KIDD) 214 Spanish Town Road Kingston 11	514-2128/514-2253 basil.bailey@diageo.com fax: 514-2250

Brand Activities

GREAT TIMES, GREAT EXPERIENCES

Brand activities moved to break barriers and strengthen the emotional connection between our brands and the consumer – giving them great times and great experiences. "We focused on growing beer and exploding spirits through our advertising and promotion and on expanding the boundaries of the occasions where our consumers can enjoy our brands," says Marketing Director Wayne Lawrence. The thrust has been to link brand consumption to events and personal occasions where the target audience meets.

A Red Hot Summer on Red Stripe Temptation Isle (RTI)

Red Stripe partnered with Absolute Entertainment Group, to host the well-known and highly anticipated Independence weekend series of parties hosted from August 3 to 6. The Red Weekend Quad Party on July 31 paved the way for these red hot Independence Weekend VIP parties in Negril, Westmoreland. The weekend was rebranded 'The Red Stripe Temptation Isle - RTI' and featured a wonderful series of parties. The party line-up included: 'Tempted - Delano Birthday Bash', 'Daydreams', 'Stages', 'Jokers Wild Colours', 'WildSides', 'Xtatiq - Pretty in Pink,' 'Temptation Live I & II' and 'Fusion'.

Heineken Extra Cold Promotion

Heineken "Club Zero", a mobile 40-foot long icebox designed to give patrons a taste of the sub zero experience, made its way across the island from April 9 to May 31. The introduction of these innovative sub zero coolers expanded the consumer experience of Heineken. The cooler chills beer to -4 degrees Celsius below zero, the lowest temperature a beer can reach before freezing. Jamaica joined sixty-six other countries that have experienced Heineken served extra cold.

Top to Bottom: *• 'BEER TICKET A RUN': Wayne Lawrence/Marketing Director, Safia Cooper/Brand Manager/Red Stripe, and Howard McIntosh of the Jamaica Fooball Federation engage in their own post analysis of the Reggae Boyz scrimmage match during the launch of the Beer Ticket A Run Promotion. • Crowd enjoying the final match in the Red Stripe Beer Ticket a Run Promotion which saw Jamaica beating the Bahamas with a six-love victory. • "CAN YOU SAY EXTRA COLD?" The Heineken Team is seen here at the launch of Heineken Sub Zero enjoying the beer chilled in specially designed subzero coolers.*

From the Sub-Zero road shows to the Sub-Zero club events and culminating in Saint International's FASHIONBLOCK in New Kingston on May 25, Heineken electrified Jamaicans with their Sub Zero parties. This innovative, intriguing move for Heineken drove home the message that Heineken is indeed 'the coldest beer for the hottest occasions'.

Heineken Top Star Video Competition

The extra cold promotion also came with an additional incentive where consumers had the chance to enter a video competition. The promotion ran for seven weeks with one activity each week from April 17 to May 31. The events included two road shows, three bar parties, Fashion Block culminating with Heineken Good Times. At each Sub Zero event, there was a video area where patrons could experience Heineken Served Extra Cold and get a chance to do a Heineken 'shout out' to their friends ending with "Heineken extra cold to the world."

"The Sub Zero experience is another way to enjoy our beer in a fun and exciting way. Without a doubt our Heineken Extra Cold is the lightest, most refreshing, intense tasting beer and our consumers will enjoy the experience tremendously, but we remind our patrons to enjoy our products responsibly," comments Frederique Asberg, Country Manager, Heineken.

Guinness Riddim Rulers

Guinness embarked on a new campaign to reinforce its commitment to music and show the importance of toasting ('selecting') in the dancehall. The Guinness Riddim Rulers showcased some of the top toasters in Jamaica, bringing to the fore such industry stalwarts as Black Scorpio, King Jammy's, Sky Juice and Wee Pow. The Riddim Rulers competition was to give upcoming 'selectors' a chance to "talk up" their favourites tunes and win a series of prizes at weekly cluster parties.

Guest selectors showed off their toasting talents at three road shows held across the island, and which kicked off at Dump-Up Beach Montego Bay.

"Through Guinness Riddim Rulers it is hoped that the animation and thrill that used to exist with a King Jammy's at the controls can be duplicated at our parties. It is also our hope that this will encourage more persons to hone their talents at the turntables," said Gareth Geddes, Guinness Brand Manager.

Malta Innovation

D&G Malta added two new flavours, D&G Malta Velvet and D&G Malta Refresh to its line-up to complement consumers' active lifestyles. Created with the energetic person in mind, D&G Malta Refresh is a healthy beverage that is low in sugar (compared to carbonated sodas), contains no fat and has a refreshing cola flavour.

D&G Malta Velvet contains a special blend of vanilla and hazelnut flavours, which gives it a rich, nutty taste, and creamy texture.

Red Stripe Bredren Campaign

Hot on the heels of a successful Live Red Campaign, the iconic Red Stripe brand launched 'Bredren'.

This new campaign is a celebration of bonding and true friendship in ways that connect with the target consumer.

Top: *Fire Links (left) of Fire Sound and Gareth Geddes/ Brand Manager – Guinness at the Guinness Riddim Rulers Road Show •* ***Below:*** *Red Stripe Bredren ad campaign.*

International Marketing

With very strong performance from some markets coupled with economic and competitive challenges from others, Red Stripe exports were down by one per cent last year. The multi-award winning beer continues to gain a very strong loyal consumer base, which we plan to expand in F'09 using exciting marketing strategies. Other marketing activities are also aimed at recruiting new consumers to the brand.

Total export volume in the United States, our biggest export market, was flat year-on-year. The brand's personality, unique simple bottle, ambassador, and "Hooray Beer" line are powerful brand elements we will use to defend our position in this premium import sector. For the coming financial year we will drive greater distribution, dial up the brand's Jamaican roots in our advertising and promotion, push the 'Big Stubby' (24-oz pack format) and execute themed programming around mega events like Super Bowl.

There was strong performance in Europe, however discontinued shipments to Australia and a marginal decline in the Caribbean affected the overall international performance. Red Stripe is currently the fastest growing import lager in Sweden. This market registered a +75% growth; a trend we expect to continue in F'09. In Canada, the period under review was an outstanding year for Red Stripe. Volume growth for Red Stripe outperformed all other major competitors in the Total Import Beer market. This market continues to build strong brand affinity amongst Male LDA to 35 year-old target. These consumers account for 65% of the total beer market. The strategies that have contributed to our success include: experiential marketing at the right venues; distribution at ON and OFF premise and Focused Retail Programming. F'09 will be a crucial year in establishing the drivers of Red Stripe's future growth acceleration. The brand will aim to deliver its highest growth ever in Canada and continue on its trajectory as the fastest selling import beer in Canada.

We are pleased to note that we continue to sponsor live music events in the international market as generally there is full compliance to the Diageo Marketing Code.

'Red Stripe Music Award 08' - Gig Series

This was the second year of the Red Stripe Music Award Gig Series, the brand activity championing grass-roots music. The Series has grown over 50% since last year as over one thousand unsigned bands entered the competition. The grand finale was held at the Kentish Town Forum and had a 2000-strong audience.

Important Trade Wins

There were forty-five new distribution points in bars across the UK and listings were gained in Mama Group, the largest grouping of live music venues (23 sites) in the UK. There were also listings across forty-five London Sites through Young's Pub Company and Mitchells and Butler – London centric.

Associate Sponsor: Live Student Union Tour 07/08

Red Stripe was the associate sponsor and gained 15 new distribution points across universities nationwide, supporting profile acts on six separate tours.

Notting Hill Carnival

Red Stripe continued to support the world's second largest street festival, the Notting Hill Carnival which celebrates West Indian culture and is attended by over 2 million people every year. Red Stripe's position as the unofficial beer of choice continues to grow.

Headline Sponsor 'Camp Festival' / Summer Festivals

We were also the headline sponsor of the new music Festival as 'official beer' where there were 15,000 persons in attendance. We established exclusive lager status at 12 outdoor music festivals attended by a total of over 400,000 customers over the summer period.

Amazing Relationships

Above: *Oral Ashley, (left) Divisional Sales Manager/Central Region, presents the Hero Award, to Jacqueline Fearon, Sales Executive. Sharing the moment is Garfield Wilson, owner of Mandeville Liquor Store.*

Take one determined and hard working Red Stripe employee in the person of Jacqueline Fearon and add one long-standing and very appreciative customer, Garfield Wilson. What do you get? An amazing relationship.

" What started out as typical business assignment, grew into a very strong customer partnership. This customer had a particular need, it was the busiest time of the year (Christmas 2007) and he had a personal crisis. I did what I had to do and so we worked together to ensure that his business needs were satisfied during this very difficult period," Jacqueline Fearon, Sales Executive for the Central Region said.

Mr. Wilson, Red Stripe's second largest customer in the region, operating out of Mandeville, had a business to run even while he was hospitalized. He also had fourteen dedicated members of staff who depended on his business for their livelihood.

Enter Jacqueline, the Red Stripe employee who would later cop the top Diageo Hero Award for her selfless feat. She joined the company in August 2002, was newly appointed to the region and the role in 2007 and in a few short months was able to build an amazing relationship.

Jacqueline was resolute Mr. Wilson, his business, his team of workers and the Red Stripe business would not miss a beat, not if she could help it. And so without hesitation, she stepped in.

There are not many business persons who would trust an outsider to come in and manage their affairs but the confidence established by outstanding employee Jacqueline Fearon, made Garfield Wilson a believer and he allowed the business to continue under her watchful eyes.

Above and beyond the call of duty, Jacquie would finish her regular day job and go to work at Mr. Wilson's Sunday to Sunday outlet until 10:30 p.m. or even later. She would check stocks and ensure they were properly filled, make recommendations for purchase based on consumer consumption and follow-through with the orders. With strong family support she managed this gargantuan task while, her sister and mother supervised her son during this very busy time. Through her personal sterling efforts Mr. Wilson's business continued apace.

A very involved employee, this mother of seven year old son, is a First Aider, a member of REACH and the company's team in the Sigma Corporate Run. Red Stripe salutes our intrepid heroine – Jacqueline Fearon.

Employee Engagement

IT'S ALL ABOUT YOU!

"It's about listening and making changes towards becoming the most celebrated business in every market"

The annual Diageo Values Survey, (which is conducted by an independent global service provider), gauges the temperature of the organization and solicits the opinion of employees across the board. Its purpose is to assess the perception of employees about the company with a view to making necessary improvements; thereby creating an environment that can only be described as a great place to work. Employee engagement is one of the key measures of this survey.

In response to feedback from the DVS, Diageo Latin America and the Caribbean set a target to raise engagement levels by five percent (5%) moving the index from 'engaged' to 'super-engaged'.

Red Stripe rose to the challenge and moved a phenomenal ten percentage points in the area of "super-engaged" jumping from 39% to 49%. This resulted from several initiatives that were undertaken in FY08 including an Employee Engagement Conference (EEC) The EEC, successfully engaged employees in a day that was themed, "It's all about you." All 800 members of the team met at an off site location to align on the company strategy, to share information, exchange views, engage in team-building activities as well as to have some fun.

Prior to the EEC, the Corporate Relations and Human Resources teams joined forces and re-launched the internal communication and engagement strategy. This included face-to-face interaction with employees across Red Stripe and its Distribution Centres islandwide. The internal communication and engagement strategy included re-vamping the communication tools and schedule, refining the employee activity calendar as well as the publication of the employee handbook complete with company policies and procedures for every member of staff.

What Engagement Means: Employees feel personally valued, feel that they make a difference, experience fulfilment at work, have fun on the job, grow as individuals and professionals and are connected to the purpose of the organization.

Supply

Above: *Route Truck Driver Ennis Nichols beside one of the new trucks which have been outfitted with Global Positioning System (GPS).*

In Supply, the focus for 2008 has been on increasing efficiencies, customer satisfaction, process control and people development.

This has resulted in significant improvements in the quality of all of our brands. More specifically, we were rated one of the most improved worldwide for Guinness quality and rated the highest in the Caribbean for Heineken. Additionally we received Monde Selection Gold Medal awards for both Red Stripe Light and Dragon Stout.

A number of successes associated with process redesign and energy reduction initiatives have helped to partially mitigate the impact of increasing raw material, electricity and fuel costs. These initiatives ranged from the installation of more energy efficient process equipment to increased discipline across the business with regards to energy conservation.

During the year, the company successfully completed the commissioning of a number of capital projects approved in the previous year. The process plant upgrades and the installation of automated packaging equipment to support our export business all contributed to achieving targets and improving our service deliverables. These improvements resulted in some major awards from the Jamaica Exporters Association. For the second consecutive year, Red Stripe walked away with the Model Exporter Award - The Pauline Gray Award for Consistency in Product Innovation and Improvements in Exports.

Red Stripe enhanced the image of our fleet of trucks and installed Global Positioning Systems (GPS). This resulted in improved efficiency and customer service.

In line with the Diageo and Red Stripe commitment to the environment, 2008 saw us complete the JA$552 million investment in wastewater treatment. The plant is now fully operational and guarantees that the brewery satisfies the requirements of the National Environmental Protection Agency (NEPA).

Applause Awards

Above: *Stacey Yee-Sing, Red Stripe's Export Account Representative/North America accepts the Model Exporter Award from Mr. Hernal Hamilton, Vice President of the Jamaica Exporters Association at the JEA Awards Reception in celebration of National Export Week 2008.*

- **Jamaica Exporters Association's Model Exporter Award**

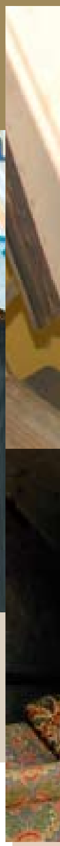
For the second consecutive year Red Stripe won the Jamaica Exporters Association's Model Exporter Pauline Gray Award for Consistency in Product Innovation and Improvements in Exports.

- **Shipping Association Award as the Exporter with the highest Tonnage Usage of Port Bustamante**

- **Induction into the US$36 Million Export Club for export performance in 2007**

- **Private Sector Corporate Social Responsibility (CSR) Award**

Above: *Jennifer Foreman, Director of Human Resources, (centre) is all smiles after receiving The Human Resource Management Association's Flagship Golden Award. Sharing the moment are Minna Israel, RBTT Bank and Colin Barnett, President of the Association.*



As part of its 50th Anniversary celebrations, the Jamaica Employers Federation awarded Red Stripe with the Private Sector Corporate Social Responsibility (CSR) Award in recognition of positive, voluntary initiatives and partnerships resulting in community and marketplace development. Red Stripe was one of nineteen companies who received the award having been selected from a core group of over one hundred and fifty companies that were used as case studies in compiling the JEF's State of the Industry Report on Corporate Social Responsibility.

Jamaica Bureau of Standards: Excellence in HR Focus

The Human Resource team was recognized by the Jamaica Bureau of Standards for Excellence. The award recognizes the achievement of companies that have successfully managed to ensure that they have the right human resource strategies in place.

Jamaica Chamber of Commerce: 2007 Best of the Chamber Award

This award was presented in the third quarter for Red Stripe's outstanding contribution to the local economy. The company gained top scores for sector performance and best practices in the areas of products and service quality, increase in net worth, human resource development and corporate citizenship. Red Stripe is the only company to have won this honour on four separate occasions.

Human Resource Flagship Golden Award

This award was presented by the Human Resource Management Association of Jamaica and recognizes innovation and creativity in HR management. The companys' Partners for Growth People development programme was highlighted as an area of best practice.

Enriched Communities

Top to Bottom: HEAVE HO! *REACH volunteers Allan Hood, Finance Director (left) and Wayne Myers (Engineering Stores) help to pack relief supplies. • When Mearline Wheeler of Rock Pond, St. Andrew, lost her house and its contents in a fire REACH Volunteers helped to ease her pain by donating furniture. Here Dalkeith Davis (right), Logistics Department, helps unload a table.*

Destination 2011 is not an end in itself but an exciting journey en route to achieving breakthrough outcomes and returning value to shareholders. A major plank of the strategy to get there and beyond, is hinged on our commitment to enriched communities. Building enriched communities is one of three strategic areas of focus for the business, the other two being 'Amazing Relationships, bringing out the best' and 'Great Times, Great Experiences'.

Our enriched communities agenda is about transforming communities for better lives, inspiring others as a leading force for good and just simply being the best corporate citizen. Under the banner of enriched communities, the company has highlighted the areas of responsible drinking, quality products in an equitable regulatory framework, caring for the environment, and enriched economic and social life.

These projects initiated by Red Stripe and our partners are strategic in nature and designed to have a material impact on the basic needs in our communities.

Through Learning for Life™ programmes which are implemented in partnership with established educational and training organizations, we are developing skills in the local community.

Red Stripe Employees Advocates of Care & Hope (REACH), the employee volunteering group promotes active involvement beyond charitable giving. We encourage employees to volunteer time and effort in pursuit of community development.

The Desnoes & Geddes Foundation is the charitable arm of Red Stripe and was formed exclusively for the purpose of carrying out charitable projects aimed at relieving poverty, suffering and distress among Jamaicans.

The company also continues to make a material difference to the lives of Jamaicans by: partnering with charities, contributing to disaster relief efforts, sponsoring an event or activity, or simply donating cash and/or products to a charitable organization.

THE DESNOES & GEDDES FOUNDATION ACTIVELY SUPPORTED A NUMBER OF CHARITABLE CAUSES THROUGHOUT THE YEAR THESE INCLUDED:

- Sponsorship of the national Special Olympics team to participate in the 2007 Special Olympics World Summer Games in Shanghai, China.
- Investments in rural community projects, which were made in association with the Jamaica Social Investment Fund – Rapid Improvement Projects, included equipping Bamboo Primary & Junior High School and Golden Valley Infant & All Age School with furniture and supplies and the rehabilitation of the Knollis multi-purpose court and Bucknor Football Field.
- The St. Patrick's Foundation Education project.
- PSOJ & Ministry of Education & Youth project, "Reading – the Bottom Line". The Managing Director and other employees volunteered time to the cause.
- Donation to the Bustamante Children's Hospital of a Pulse Oximeter, an instrument used to monitor blood oxygen levels being carried in the blood of patients at,
- Continued contribution of 480 cases of Malta to the National Blood Transfusion Service each year.

Above: *Mark McKenzie, Managing Director/Red Stripe and Scarlett Gillings/President of the Jamaica Social Investment Fund break ground in Bucknor, Clarendon.*

- A J$1.75M sponsorship contribution to the Jamaica Debates Commission for the staging of the National Political Debates leading up to the local National General Elections.
- Red Stripe Employees Advocates of Care and Hope members donation of two hundred and fifty thousand dollars worth of potable water and personal effects to Portland Cottage residents in the aftermath of Hurricane Dean.
- Volunteers gave of their time to work with the Jamaica Red Cross to package relief hurricane supplies following the passage of Hurricane Dean.
- Ninety REACH volunteers "Ran to Support Life" by participating in a Corporate Run to benefit the Renal Units at the Cornwall Regional, Kingston Public and the University Hospital of the West Indies.

Project Bartender

LEARNING FOR LIFE

"Investing in communities is at the heart of what it means to be a good corporate citizen. Diageo focuses its efforts where its impacts are greatest and where we can make the most difference."

Giving young, unskilled Jamaicans living in low income communities a chance to improve their lives is the concept at the heart of the first-ever Jamaican Learning for Life – Project Bartender.

The programme began in May 2008 through an administrative partnership with the Enterprise Based Training Department of Jamaica's national training agency, HEART-NTA. This pilot project is intensive with over 200 hours of tutoring and mentorship.

Twenty-three young persons from Seaview Gardens and other communities surrounding the Red Stripe plant on Spanish Town Road enrolled in this first phase. The second batch comprised experienced bartenders who were previously without certification

For four months participants were taught, the rudiments of Spanish, English, communication skills, computer technology, ethics, environment, citizenship, inter-personal relationships, responsible drinking education, personal development and basic management skills as well as tourism and hospitality training. Classes were held in a simulated environment at the company's Vibes club with the other two months spent in trade on job experience.

This ground-breaking project signifies the beginning of a hospitality and tourism training programme that will benefit many unemployed young adults between 18 and 25, throughout the country. Participants of the programme earned internationally accepted certification validating their level of competence in the field of Hospitality Training.

Pioneered by Diageo Brazil, Project Bartender has been implemented throughout Latin America and the Caribbean and has been exported to Asia, Africa, Europe and Australia.

...REACHing Out

Last year on August 20, Jamaicans woke up to the trauma and damage from Category Four Hurricane Dean. Although the hurricane skirted the island 50-miles off the south coast, the small community of Portland Cottage was not spared its wrath.

At the time, a summer employee at Red Stripe, Sanorr Garriques and her family were left virtually homeless, as the rain ravaged their home. Red Stripe Employees Advocates of Care and Hope (REACH) mobilized its members and went on a mission to ease the burden of Sanorr and her neighbours in Portland Cottage.

"Prior to the hurricane, the REACH committee met and aligned behind our mission to really reach out to Jamaicans most badly affected by the hurricane. So our post-hurricane initiative kicked into high gear once we learnt of the devastating impact it had on the lives of some Jamaicans particularly those in Portland Cottage," said Maxine Whittingham Osborne, Red Stripe's Head of Corporate Relations and founding member of REACH.

The group responded to the needs of the community and visited the hard-hit rural district with 500 gallons of potable water plus cartons of bottled water and other relief supplies which were shared among those most in need. Sanorr, a student of the University of Technology received a further donation of cash to help with the purchase of educational supplies. All donations were made possible through the kind contribution of members of the Red Stripe family.

Top to Bottom: *Maxine Whittingham Osborne, (left) Head of Corporate Relations and a founding member of REACH presents Sanorr with a relief cheque. Barbara Garriques, Sanorr's mother looks on. • Donation of potable water to residents of Portland Cottage.*

Corporate Social Responsibility Policies

RISK MANAGEMENT

Our aim is to manage risk and control our activities cost-effectively. We do so in a manner that enables us to take up profitable business opportunities, avoid or reduce risks that can cause loss, reputation damage or business failure, support operational effectiveness and enhance resilience to external events. We have established a Risk Management Committee, which meets on a quarterly basis to carry out this objective.

POLICY DEVELOPMENT AND COMPLIANCE

As part of Diageo, we benefit from a comprehensive collection of world-class codes and policies, which often go further than Jamaican legislation. Policy development involves referring to external codes and best practice and consulting widely both outside and within the business. Broad dialogue with external groups ensures that our policies address the legitimate concerns of stakeholders and where possible, incorporate their expectations as to how we should act on particular issues.

We are subject to the Diageo Code of Business Conduct that sets out standards on issues such as conflicts of interest, competition law, insider trading, corrupt payments, money laundering and other illegal practices. In addition, the code acts as an overarching compliance instrument by including a requirement to comply with the company's other main policies. Each year, all Red Stripe senior managers are required to confirm compliance with the code and other Diageo policies.

DIAGEO MARKETING CODE

The Code provides marketing and advertising practitioners with guidance on the naming, packaging and promotion of our brands, setting standards, which are in addition to Jamaican laws and regulations. We stage DMC workshops with external and internal stakeholders to raise awareness and ensure compliance.

SUPPLIER STANDARDS

The high levels we aspire to in our own behaviour are reflected in the expectations we have of our suppliers. The standards outline Diageo's position on corporate citizenship issues that are currently being phased into our relationship with suppliers.

EMPLOYEE ALCOHOL POLICY

The policy ensures that employees fully understand the nature and effects of alcohol and sets out the expectations Red Stripe has for their behaviour. During the year Drink IQ was rolled out to the sales teams. Drink IQ is a Diageo alcohol education programme that promotes responsible attitude towards alcohol. Systemwide roll out of Drink IQ is slated for completion by the end of June 2008.

OCCUPATIONAL HEALTH AND SAFETY POLICY

The policy sets standards for risk assessment, occupational health, hazardous substances, first aid, noise, ergonomics, protective equipment, emergency evacuation, work permits, visitors and contractors and accident reporting.

QUALITY POLICY

The policy sets a framework for quality management systems and commits every business to continuous improvement in performance.

HIV/AIDS POLICY

This is an enabling policy, which sets out the minimum standards which will be adopted by the company.The objective is to ensure the employees' fundamental rights are not infringed in any way and to ensure that Red Stripe is equipped with the methodology to implement high quality HIV/AIDS workplace objectives.

EXTERNAL CODES AND CHARTERS

Diageo is a signatory to certain external codes that define corporate citizenship principles and standards of conduct. These include the Business Charter for Sustainable Development, the UN Global Compact, the World Economic Forum Leadership Challenge and the Dublin Principles. Further information on these codes is available in the Diageo global corporate citizenship report.

MEASURING PERFORMANCE

We have measures of our progress covering corporate citizenship and other areas of concern to our stakeholders. The data required for each of these measures is collected at least annually. This allows the integration of corporate citizenship measures into business strategy and forms the basis for monitoring performance improvement.

ENVIRONMENTAL POLICY

Red Stripe, being a producer of alcohol and non-alcohol beverages and ready to drink products, is an environmentally responsible company that operates in a way that protects and enhances our people, brands and the communities in which we work and live. We are committed to supporting environmental sustainability and biodiversity. We comply with all applicable legal and other requirements such as the DIAGEO Global Risk Management and Licence to Operate Standards governing Environmental Management and ensure continual improvement and prevention of pollution.

HARASSMENT POLICY

The Company is committed to promoting and providing a working environment where individuals are treated with respect and courtesy by ensuring fair and equitable treatment of all employees. The company, in keeping with our Values, considers unacceptable any conduct involving harassment of any employee for any reason. Whilst sexual harassment is one form of harassment, there are many types of harassment in the workplace. Harassment at work is not acceptable on ethical, moral and, in some instances, legal grounds, and its existence in the workplace is a barrier to the effective running of the business.

Diageo Employee Alcohol Policy

Diageo's Alcohol Policy

No matter where in the world you go, most people will have heard of at least some of our most famous brand names. Many will be curious to know whether working for the drinks industry affects your personal attitudes to drinking – whether you drink, how much, and how often. Some may also wonder what Diageo expects of you, what standards are set when it comes to defining appropriate drinking behaviour. All will gain an impression of the sort of company you work for by listening to what you say about its brands and by observing how you behave.

Corporate Reputation

The image and reputation of any company is determined at least in part by the way its employees behave and are seen to behave. This is particularly true for a company which is in the premium drinks business. We are proud of our products and proud of the way we carry out our business. Our employees are our ambassadors and can enhance our reputation by showing a responsible attitude to drinking. In contrast, if our employees drink irresponsibly or commit offences related to the misuse of alcohol, they put Diageo's reputation at risk. Employees are expected to recognise this and to behave accordingly.

Alcohol and the Workplace

All employees must ensure that their performance at work and their judgement are never impaired by alcohol. In particular, employees whose jobs involve activities which impact significantly upon the safety of themselves or others, for example, drivers or operators of moving machinery, must ensure that their consumption of alcohol never threatens the safe performance of their duties and that their behaviour never puts themselves or others at risk.

Drinking and Driving

Employees should never feel that the nature of their job makes it difficult for them to abide by drink-driving legislation. Anyone who has a concern about this should consult his or her line manager.

Diageo does not condone drinking and driving, even in countries where drink-drive legislation is not in force. We expect our country managers to put appropriate arrangements in place so that their sales staff can operate effectively, without putting themselves or others at risk through drink driving.

A conviction for drink-driving, whether on company business or not, is viewed by Diageo as a serious breach of the Diageo Employee Alcohol Policy.

Enforcement

Any employee who does not abide by the Diageo employee alcohol policy will be subject to the appropriate disciplinary measures, which has included dismissal. The policy covers both drink-related incidents at work and alcohol-related offences outside work which may damage Diageo's reputation.

Problem Drinking

If an employee has difficulty in meeting Diageo's required standards because of any alcohol-related problem, however minor, then Diageo strongly encourages the individual to seek medical advice or counseling, from their occupational health centre or from an external agency. A dependency problem may be identified by the employee, or by colleagues or managers.

A GUIDE FOR EMPLOYEES: IS IT TRUE OR FALSE THAT...?

'All employees who work for a drink company are expected to drink' **False:** There are some specialized jobs in the company which might cause problems for a total non-drinker, for example any role involving product tasting or promotional activities. However, for most employees, the choice of whether to drink or not is a personal one and has nothing to do with the company.

'If you do drink the company would prefer you to choose one of its brands.' **True:** Given the wide range of brands produced by Diageo, it is both fair and sensible to expect our employees to support our brands by choosing one of our products to drink, particularly if representing the company or entertaining guests.

'I can drive better after I have had a few drinks.' **False:** It is common knowledge that drink driving is dangerous. The safest course of action is not to drink any alcohol at all before driving. If you do enjoy a night out, nominate a driver for the evening, arrange to go home by public transport or call a taxi.

'It's not only red wine that's good for you. Beer or spirits can be beneficial too.' **True:** Many major studies which have compared the health effects of different sorts of drinks have concluded that there is no difference between beer, wine and spirits. If consumed in moderate quantities they appear to confer equal benefits. Any difference found in their impact on health may have more to do with drinking patterns, such as whether they are consumed with food rather than the beverage types.

'There are some people who should not drink at all.' **True:** There are certain times in most people's day to day lives when it is best to limit their drinking or not to drink at all, for example before driving, or if you are pregnant or taking certain medications.

'It's OK for women to drink as much as men.' **False:** This is not the case. Women have a lower body weight than men and a greater proportion of fat to water in their bodies. This means their blood alcohol level may rise more quickly after drinking and may reach a higher level than would be the case for a man drinking a similar amount. Health professionals therefore usually advise women to drink less than men and to be particularly cautious about drinking during pregnancy.

How the body removes alcohol

Most alcohol is removed by the liver (a small amount of alcohol is removed through breathing and urine). Your blood alcohol concentration begins to fall about 20 minutes after you stop drinking. On average, alcohol is removed from your blood at a rate of about eight grams or one small drink, per hour. There is absolutely no way to quicken this process. You should not trust any products that claim to speed up alcohol removal. If you do enjoy a night out, nominate a driver for the evening, arrange to go home by public transport or call a taxi.

To the Members of
DESNOES & GEDDES LIMITED

Auditors' Report

We have audited the financial statements of Desnoes & Geddes Limited (“the company”), set out on pages 39 to 76, which comprise the company and the group balance sheets as at June 30, 2008, the company and the group statements of income, changes in equity and cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and consistently applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors’ Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT

To the Members of

DESNOES & GEDDES LIMITED

Report on the Financial Statements, cont'd

Opinion

In our opinion, the financial statements give a true and fair view of the financial positions of the company and the group as at June 30, 2008, and of the company's and the group's financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act, so far as concerns members of the company.

Report on additional requirements of the Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained and the financial statements, which are in agreement therewith, and give the information required by the Companies Act in the manner so required.

KPMG

August 28, 2008

Company Balance Sheet - As at June 30, 2008

	Notes	2008 $'000	2007 $'000
ASSETS			
Investments	4	511,380	511,380
Investment properties	5	84,500	84,500
Property, plant and equipment	6	5,903,136	5,682,522
Employee benefits asset	7	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	8(a)	475,205	371,901**
Due from fellow subsidiaries	8(b)	583,473	224,943**
Inventories	9	1,508,981	1,398,234
Total current assets		**2,749,776**	**2,461,335**
Accounts payable	10	1,225,937	1,446,230
Short-term loans	11	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	12	2,174,980	2,174,980
Capital reserves	13	2,125,684	2,141,578
Other reserves	14	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	7	74,000	59,000*
Long-term liabilities	15	157,235	157,235
Deferred tax liabilities	16	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**

The financial statements on pages 39 to 76 were approved for issue by the Board of Directors on August 28, 2008 and signed on its behalf by:

Chairman
Richard Byles

Managing Director
Mark McKenzie

* Restated due to prior year adjustments (see note 26).
**Reclassified to conform to 2008 presentation

The accompanying notes form an integral part of the financial statements.

Group Balance Sheet - As at June 30, 2008

	Notes	2008 $'000	2007 $'000
ASSETS			
Investments	4	510,225	510,225
Investment properties	5	84,500	84,500
Property, plant and equipment	6	5,903,136	5,682,522
Employee benefits asset	7	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	8(a)	475,205	371,901**
Due from fellow subsidiaries	8(b)	583,473	224,943**
Inventories	9	1,508,981	1,398,234
Total current assets		**2,751,532**	**2,463,091**
Accounts payable	10	1,228,643	1,448,936
Short-term loans	11	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	12	2,174,980	2,174,980
Capital reserves	13	2,133,454	2,149,348
Other reserves	14	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	7	74,000	59,000*
Deferred tax liabilities	16	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**

The financial statements on pages 39 to 76 were approved for issue by the Board of Directors on August 28, 2008 and signed on its behalf by:

_________________ Chairman
Richard Byles

_________________ Managing Director
Mark McKenzie

* Restated due to prior year adjustments (see note 26).
**Reclassified to conform to 2008 presentation
The accompanying notes form an integral part of the financial statements.

Company and Group Income Statements - Year ended June 30, 2008

	Notes	2008 $'000	2007 $'000
Turnover	17	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 [32.78% (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	7(d)	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	18	1,670,350	2,093,226
Taxation	19	(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	20		
As previously reported		37.11¢	50.62¢
As restated		37.11¢	50.14¢

* Restated due to prior year adjustments (see note 26).
The accompanying notes form an integral part of the financial statements.

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

	Notes	2008 $'000	2007 $'000
Revaluation surplus		-	1,667,366
Fair value adjustment [note 4 (a)]		-	465,094
Deferred taxation on revalued property, plant and equipment		8,120	(323,601)
Change in unrecognised employee benefit asset		(896,000)	3,000*
Deferred taxes on employee benefit		65,667	(10,666)*
Actuarial gains and losses recognised in equity		699,000	29,000*
Net (expense)/income recognised directly in equity		(123,213)	1,830,193
Profit for the period		1,042,449	1,408,540*
Total recognised income and expense for the period		919,236	3,238,733

* Restated due to prior year adjustments (see note 26).
The accompanying notes form an integral part of the financial statements.

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

	Share capital $'000 (note 12)	Capital reserves $'000 (note 13)	Other reserves $'000 (note 14)	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 (note 26)	-	-	-	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 (note 26)	-	-	-	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, as previously stated	-	-	80,000	(80,000)	-
Impact of change in accounting policy (note 26)	-	-	10,667	(10,667)	-
Transfer to pension equalisation reserve, as restated	-	-	90,667	(90,667)	-
Transfer of depreciation charge on revaluation surplus of property, plant and equipment	-	(44,963)	-	44,963	-
Dividends (note 21)	-	-	-	(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
Balances at June 30, 2007 as previously stated	2,174,980	2,141,578	1,189,568	872,817	6,378,943
Impact of change in accounting policy	-	-	10,667	-	10,667
Balances at June 30, 2007, as 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 (note 21)	-	-	-	(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

The accompanying notes form an integral part of the financial statements.

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

	Attributable to equity holders of the parent company					
	Share capital $'000 (note 12)	Capital reserves $'000 (note 13)	Other reserves $'000 (note 14)	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 (note 26)	-	-	-	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 (note 26)	-	-	-	8,000	-	8,000
Total recognised income and expenses as restated	-	1,343,765	465,094	1,429,874	-	3,238,733
Transfer to pension equalisation reserve as previously stated	-	-	80,000	(80,000)	-	-
Impact of change in accounting policy (note 26)	-	-	10,667	(10,667)	-	-
Transfer to pension equalisation reserve, as	-	-	90,667	(90,667)	-	-
Transfer of depreciation charge on revaluation surplus of property, plant and equipment	-	(44,963)	-	44,963	-	-
Dividends (note 21)	-	-	-	(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
Balances at June 30, 2007 as previously stated	2,174,980	2,149,348	1,139,568	1,012,740	7,447	6,534,083
Impact of change in accounting policy	-	-	10,667	-	-	10,667
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 (note 21)	-	-	-	(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

The accompanying notes form an integral part of the financial statements.

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 loans	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 to 2008 presentation
The accompanying notes form an integral part of the financial statements.

Group 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 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)
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 loans	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	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 to 2008 presentation

The accompanying notes form an integral part of the financial statements.

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.

The number of employees at June 30, 2008 was 767 (2007: 762) for the company and the group.

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:

These companies are currently inactive and the shareholdings are the same for 2008 and 2007. 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.

(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)].

3. Significant accounting policies (cont'd)

(c) Property, plant and equipment (cont'd):

(i) (Cont'd)

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 buildings 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.

3. Significant accounting policies (cont'd)

(g) Employee benefits (cont'd):

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.

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 (note 7) 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.

The company recognises all actuarial gains and losses directly in equity. In the financial statements of the previous years, the company applied the corridor approach and recognised the actuarial gains and losses in the income statement over the expected average remaining working life of employees in the plan.

The change in accounting policy was to achieve compliance with the Diageo Group Accounting policy. The change has been applied retrospectively and comparatives have been restated. See note 26 for the impact of the change in accounting policy on the financial statements.

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.

3. Significant accounting policies (cont'd)

(g) Employee benefits (cont'd):

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, accounts payable, short-term loans and long-term liabilities.

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 by a professional valuator using a valuation technique, maintainable earnings approach.

(ii) Debt securities are classified as loans and receivable and after initial recognition are 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, accounts payable, short-term loans and long-term liabilities are measured at amortised cost using the effective interest method, less any impairment losses in respect of financial assets.

3. Significant accounting policies (cont'd)

(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.

(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.

3. Significant accounting policies (cont'd)

(k) Impairment (cont'd):

(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.

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.

3. Significant accounting policies (cont'd)

(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.

(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.

4. Investments

(a) Investments comprise:

	Company		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Available for sale:				
Unquoted	511,380	511,380	510,207	510,207
Loans and receivables	-	-	18	18
	511,380	511,380	510,225	510,225

The carrying amount of the available for sale investment is the fair value as determined by a professional business valuator in the previous year. A maintainable earnings approach was applied based on projected after tax earnings for 2007. The multiple applied was determined based on an average of the company's multiple, discounted by 40 % for lack of marketability and an approximate hurdle rate for the company being valued. A discount of 10% was also applied as the company has a minority interest.

(b) Associated companies, incorporated in Jamaica unless stated otherwise, are as follows:

	Group's percentage interest	
	2008	2007
	%	%
West Indies Yeast Company Limited	28.0	28.0
Jamaica Extracts Limited	20.0	20.0
Red Stripe Marketing Company Limited (Resident in the United Kingdom)	50.0	50.0

The companies are currently inactive.

5. Investment properties

	Company and Group	
	2008	2007
	$'000	$'000
Vacant commercial lands	84,500	84,500

The carrying amount of investment properties is the fair value of the properties as determined by Property Consultants Limited, registered independent valuator having an appropriate recognised professional qualification and recent experience in the locations and category of the properties being valued. The properties were valued as at the end of the previous year by the directors, who took account of the locations and category of the properties. Fair values arrived at by the directors were determined having regard to recent market transactions for similar properties in the same locations as the group's investment properties and were the same as the independent valuator [note 3 (i)].

No income is being earned from, or expenses incurred for, these properties.

6. Property, plant and equipment

	Company and Group				
	Freehold land and buildings	Plant and equipment	Furniture, fixtures and computer equipment	Construction in progress (CIP)	Total
	$'000	$'000	$'000	$'000	$'000
Cost or valuation:					
June 30, 2006	1,120,798	4,433,958	331,351	829,719	6,715,826
Additions	-	418	-	752,128	752,546
Revaluation surplus	1,212,125	78,323	-	-	1,290,448
Transfers from CIP	19,558	149,238	-	(168,796)	-
Disposals/write- off	-	(57,909)	-	-	(57,909)
June 30, 2007	2,352,481	4,604,028	331,351	1,413,051	8,700,911
Additions	6,070	5,923	248	505,017	517,258
Transfers from CIP	192,714	211,075	144,068	(547,857)	-
Disposals/write- off	-	(569)	-	-	(569)
June 30, 2008	2,551,265	4,820,457	475,667	1,370,211	9,217,600
At cost	198,784	216,998	144,316	1,370,211	1,930,309
At valuation	2,352,481	4,603,459	331,351	-	7,287,291
	2,551,265	4,820,457	475,667	1,370,211	9,217,600
Depreciation and impairment losses:					
June 30, 2006	353,459	2,533,313	278,636	-	3,165,408
Charge for the year	23,459	234,711	23,144	-	281,314
Eliminated on revaluation	(376,918)	-	-	-	(376,918)
Eliminated on disposals/write-off	-	(51,415)	-	-	(51,415)
June 30, 2007	-	2,716,609	301,780	-	3,018,389
Charge for the year	43,676	214,328	38,640	-	296,644
Eliminated on disposals/write-off	-	(569)	-	-	(569)
June 30, 2008	43,676	2,930,368	340,420	-	3,314,464
Carrying amounts:					
June 30, 2008	2,507,589	1,890,089	135,247	1,370,211	5,903,136
June 30, 2007	2,352,481	1,887,419	29,571	1,413,051	5,682,522
June 30, 2006	767,339	1,900,645	52,715	829,719	3,550,418

6. Property, plant and equipment (cont'd)

Freehold land and buildings were revalued as at June 30, 2007 at market value by Property Consultants Limited.

The company's plant and equipment were revalued as of June 30, 2007 on the depreciated replacement cost basis by Delano Reid and Associates Limited.

The surplus arising on revaluation was credited to capital reserves (note 13).

7. Employee benefits asset/obligation

The company operates a defined benefit pension scheme [note 3(g)] which is open to all permanent employees and is managed by an independent outside agency. The scheme is funded by employee contributions at rates varying between 6% and 10% of salary and employer contributions at rates recommended by independent actuaries from time to time. Retirement and other benefits are based on average salary for the last three years of pensionable service. The company also provides post-employment medical benefits to employee upon retirement.

(a) Employee benefits asset/(obligation):

	Company and Group Asset		Company and Group Obligation	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Present value of funded obligation	(2,573,000)	(2,462,000)	(74,000)	(59,000)
Fair value of plan assets	4,901,000	3,970,000	-	-
Asset not recognised due to limitation	(1,300,000)	(404,000)	-	-
Net asset/(obligation) at end of year	1,028,000	1,104,000	(74,000)	(59,000)

(b) Movements in the present value of funded obligation:

	Company and Group Pension Asset		Company and Group Obligation	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Balance at beginning of year	2,462,000	2,001,000	(59,000)	(62,000)
Benefits	(119,000)	(186,000)	-	-
Service and interest costs	368,000	298,000	(12,000)	(12,000)
Contributions	68,000	58,000	3,000	3,000
Actuarial (gain)/loss	(206,000)	291,000	(6,000)	12,000
Balance at end of year	2,573,000	2,462,000	(74,000)	(59,000)

7. Employee benefits asset/obligation (cont'd)

(c) Movement in plan assets:

	Company and Group Pension Asset		Company and Group Obligation	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Fair value of plan assets at July 1	3,970,000	3,383,000	-	-
Contributions paid	77,000	66,000	-	-
Expected return on plan assets	474,000	399,000	-	-
Benefits paid	(119,000)	(186,000)	-	-
Actuarial gain	499,000	308,000	-	-
Fair value of plan assets on June 30	4,901,000	3,970,000	-	-
Plan assets consist of the following:				
Equities	2,278,000	1,601,000	-	-
Foreign currency	224,000	209,000	-	-
Fixed income securities	748,000	736,000	-	-
Real estate	1,651,000	1,424,000	-	-

(d) Income recognised in the company and group income statements:

	Asset		Obligation	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Current service costs	92,000	78,000	5,000	5,000
Interest on obligation	276,000	220,000	7,000	7,000
Expected return on plan assets	(474,000)	(399,000)	-	-
	(106,000)	(101,000)	12,000	12,000
Actual return on plan assets	25.6%	21.7%		

(e) Actuarial gains and losses recognised directly in equity:

	Company and Group Pension asset		Company and Group Pension obligation	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Cumulative amount at the beginning of the year	65,000	82,000	(16,000)	(4,000)
Recognised during the year	(705,000)	(17,000)	6,000	(12,000)
Cumulative amount at the end of the year	(640,000)	(65,000)	(10,000)	(16,000)

7. Employee benefits asset/obligation (cont'd)

(f) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2008 %	2007 %
Discount rate at June 30	13.0	12.0
Expected return on plan assets at June 30	13.0	12.0
Future salary increases	10.0	9.5
Future pension increases	7.5	6.5
Medical claims growth	12.5	10.5

(i) The expected long-term rate of return is based on market expectation of inflation of (7%) plus a margin for real returns (5%) on a balanced portfolio of equities and bonds.

(ii) Assumptions regarding future mortality are based on American 1994 Group Annuitant Mortality (GAM94) table.

(iii) The company's best estimate of contributions expected to be paid to the plan during the next financial year is $68,000,000.

(g) Assumed health care cost trend have a significant effect on the amounts recognised in profit or loss. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase $	One percentage point decrease $
Effect on the aggregate service and interest cost	11,082,000	13,919,000
Effect on the defined benefit obligation	61,893,000	90,134,000

(h) Historical information

(i) Defined benefit pension plan:

	2008 $'000	2007 $'000	2006 $'000	2005 $'000
Present value of defined benefit obligation	2,573,000	2,462,000	2,001,000	1,583,000
Fair value of plan assets	(4,901,000)	(3,970,000)	(3,383,000)	(3,545,000)
Surplus	(2,328,000)	(1,508,000)	(1,382,000)	(1,962,000)
Experience adjustments on plan liabilities	(206,000)	291,000	221,000	393,000
Experience adjustments on plan assets	(490,000)	(308,000)	558,000	(486,000)

(ii) Post-employment medical benefits:

	2008 $'000	2007 $'000	2006 $'000	2005 $'000
Present value of defined benefit obligation	74,000	59,000	62,000	56,000
Experience adjustments on plan liabilities	-	16,000	4,000	1,000

8(a) Accounts receivable

	Company and Group	
	2008	2007
	$'000	$'000
Trade	438,704	279,384
Other	85,103	138,068
	523,807	417,452
Less provision for doubtful debts	(48,602)	(45,551)
	475,205	371,901

8(b) Due from fellow subsidiaries

	Company and Group	
	2008	2007
	$'000	$'000
Exports to related companies	583,473	245,405
Less provision for doubtful debts	-	(20,462)
	583,473	224,943

Movement on provision for doubtful debts

The movement in the provision of doubtful debts is as follows:

	Company and Group	
	2008	2007
	$'000	$'000
Balance at July 1, 2007	66,013	72,615
Debts recovered	(312)	(737)
Debts written-off – trade receivable	(9,873)	(91,103)
– exports	(20,462)	-
Charge for the year – trade receivable	13,236	64,776
– exports	-	20,462
Balance at June 30, 2008	48,602	66,013

9. Inventories

	Company and Group	
	2008	2007
	$'000	$'000
Raw materials	518,801	389,528
Work-in-progress	52,853	168,398
Finished goods	237,261	339,310
Used cases and bottles	275,794	322,224
Plant and equipment spares	424,272	178,774
	1,508,981	1,398,234

10. Accounts payable

	Company		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Trade	409,593	622,414	409,593	622,414
Staff accruals	154,953	365,557	154,953	365,557
Other	661,391	458,259	664,097	460,965
	1,225,937	1,446,230	1,228,643	1,448,936

11. Short-term loans

	2008	2007
	$'000	$'000
Bank of Nova Scotia Limited – 16.8% (2007: nil%)	318,676	-
Citibank N.A. (Jamaica Branch) – 7.31% (2007: nil%)	360,432	-
	679,108	-

Both loans are unsecured and are repayable within sixty (60) days of the year-end.

12. Share capital

	2008	2007
	$'000	$'000
Authorised:		
2,810,500,000 ordinary shares of no par value		
Stated:		
Issued and fully paid:		
2,809,171,266 ordinary stocks of no par value	2,174,980	2,174,980

Under the Companies Act 2004 (the "Act"), which became effective on February 1, 2005, all shares in issue are deemed to be shares without a par (or nominal) value, unless the company, by ordinary resolution, elects to retain its shares with a par value. The share capital is comprised of the sum of the par value of shares in issue and share premium.

13. Capital reserves

	Company		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Unrealised surplus on revaluation of property, plant and equipment (note 6)	3,074,084	3,074,084	3,081,854	3,081,854
Depreciation charge on surplus of revalued property, plant and equipment, transferred to retained earnings	(206,905)	(182,891)	(206,905)	(182,891)
Deferred taxation on revalued property, plant and equipment	(679,310)	(687,430)	(679,310)	(687,430)
Realised gain on disposal of property, plant and equipment	(62,185)	(62,185)	(62,185)	(62,185)
	2,125,684	2,141,578	2,133,454	2,149,348

14. Other reserves

	Company and Group	
	2008	2007
	$'000	$'000
Investment revaluation reserve [see (a)]	503,568	503,568
Pension equalisation reserve [see (b)]	636,000	696,667*
	1,139,568	1,200,235*

(a) This represents the unrealised gains on the revaluation of available-for-sale investments.

(b) This represents the net employee benefits asset of $954,000,000 (2007: $1,045,000,000), less deferred tax of $318,000,000 (2007: $348,333,000), arising on the actuarial valuation, under IAS 19, of the group's pension scheme. Annual changes in the value of the scheme are shown in the company and group income statements, then transferred to this reserve.

15. Long-term liabilities

	Company		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Subsidiaries [see (i) below]	157,235	157,235	-	-

(i) The loans from subsidiaries are unsecured, bore no interest for 2008 and 2007, and have no fixed repayment date.

* Restated to conform to 2008 presentation

16. Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Company and Group	
	2008	2007
	$'000	$'000
Accrued vacation leave	(7,766)	(7,214)
Unrealised foreign exchange gains	2,198	6,682
Property, plant and equipment	673,985	678,458
Interest/dividend receivable	-	67
Employee benefits asset	318,000	348,333
	986,417	1,026,326

Movement in temporary differences during the year:

	Balance at July 1	Recognised in income	Recognised in equity	Balance at June 30
	$'000	$'000	$'000	$'000
Accrued vacation leave	(7,214)	(552)	-	(7,766)
Unrealised foreign exchange gains	6,682	(4,484)	-	2,198
Property, plant and equipment	678,458	3,647	(8,120)	673,985
Interest receivable	67	(67)	-	-
Employee benefits asset	348,333	35,334	(65,667)	318,000
	1,026,326	33,878	(73,787)	986,417

17. Turnover

Turnover represents the net invoice value of goods and services, including Special Consumption Tax (SCT), royalties and rental income but excluding General Consumption Tax (GCT).

18. Profit before taxation

Profit before taxation is stated after charging/(crediting):

	Company and Group	
	2008	2007
	$'000	$'000
Auditors' remuneration	4,380	3,822
Depreciation	296,644	281,314
Directors' emoluments:		
Fees	4,316	3,136
Management remuneration	52,865	74,961
Staff costs	1,763,150	1,529,299
Redundancy payments	31,600	2,296
Dividends received on:		
Other investments	(12)	(16)
Overseas investments	(15,227)	(84,266)
Royalties earned	(203,105)	(194,352)
Bad debts	13,236	85,238
Inventory written off	23,253	25,889

19. Taxation

(a) Recognised in the company and group income statements:

The taxation charge is based on the company's and group's results for the year, as adjusted for taxation purposes, and comprises:

	2008 $'000	2007 $'000
(i) Current tax expense:		
Income tax at 33⅓%	594,023	682,307
(ii) Deferred taxation:		
Origination and reversal of temporary differences (note 16)	33,878	2,379
Total taxation in income statement	627,901	684,686

(b) Reconciliation of effective tax rate:

	Company and Group	
	2008 $'000	2007 $'000
Profit before taxation	1,670,350	2,093,226
Computed "expected" tax charge at 33⅓%	556,783	697,742
Difference between profit for financial statements and tax reporting purposes on:		
Depreciation charge and capital allowances	4,474	(8,873)
Loss/gain on disposal of property, plant and equipment	-	1,614
Disallowed expenses and other capital adjustments	65,056	(6,202)
Other	1,588	405
Actual tax charge	627,901	684,686

	2008 $'000	2007 $'000
(c) Deferred tax recognised directly in equity relating to employee benefits and revaluation of property, plant and equipment (note 16)	73,787	323,601

20. Earnings per stock unit

The calculation of earnings per stock unit is based on the group's profit for the year of $1,042,449,000 (2007: $1,408,540,000 restated) and 2,809,171,266 stock units, being the number of stock units in issue at the end of the year. The 2007 comparative is restated to reflect the prior year adjustments.

21. Dividends

	2008 $'000	2007 $'000
Ordinary dividends:		
Interims paid in respect of 2008 - 40¢ (2007: 53¢)		
per stock unit – gross	1,123,668	1,488,860

A first interim ordinary dividend of 20¢ (2007: 26¢) (gross) per stock unit, was paid on December 15, 2007 (2007: December 15, 2006).

A second interim ordinary dividend of 20¢ (2007: 27¢) (gross) per stock unit, was paid on June 27, 2008 (2007: June 29, 2007).

22. Related party balances and transactions

A party is related to the company if:

(a) directly, or indirectly through one or more intermediaries, the party:

(i) controls, is controlled by, or is under common control with, the company

(ii) has an interest in the company that gives it significant influence over the company; or

(iii) has joint control over the company;

(b) the party is an associate of the company;

(c) the party is a joint venture in which the company is a venturer;

(d) the party is a member of the key management personnel of the company or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an company that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such company resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

22. Related party balances and transactions (cont'd)

During the year the following (income)/expenses, arising in the ordinary course of business with related parties, were as follows:

	2008 $'000	2007 $'000
Fellow subsidiaries:		
Sales	(2,540,269)	(2,393,730)
Royalties	154,065	155,844
Marketing cost	771,552	660,547
Purchases of raw materials and finished goods	437,411	425,447
Key management personnel:		
Short-term employment benefits	97,532	147,111
Post-employment benefits	(13,000)	(16,000)

The balance sheet includes balances arising in the ordinary course of business with related parties as follows:

	2008 $'000	2007 $'000
Key management personnel:		
Accounts receivable	376	480

23. Segment reporting

Segment information is presented in respect of the company's and the group's business segments. The primary format business segments are based on the company's management and internal reporting structure.

There are no inter-segment sales.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

Business segments:

The company only has one business segment consisting of premium drinks.

23. Segment reporting (cont'd)

Geographical segments:

The company's and the group's primary segments, which are geographical, comprise domestic and export.

	Domestic		Export		Group	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'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	2,093,226
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

24. Contingent liabilities

(i) At the balance sheet date, the company had a contingent liability in respect of letters of credit issued in favour of the Collector of Customs, amounting to $18,500,000 (2007: $18,500,000).

(ii) A claim has been made against the company for legal costs amounting to $2.3 million in respect of a previously settled case. This amount is being disputed. No provision has been made in these financial statements with respect to this amount.

25. Financial instrument risk management

The company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk. This note presents information about the company's and group's exposure to each of the above risks, the company's and group's objectives, policies and processes for measuring and managing risk, and the company's and group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(i) Credit risk:

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers. The company generally does not require collateral in respect of financial assets, materially trade receivables. Management has a credit policy in place to minimise exposure to credit risk. Credit evaluations are performed on all customers requiring credit.

Trade receivables

Appropriate credit checks, references and analyses are performed and/or received in order to assess customers' credit risk prior to offering new credit or increasing existing credit limits. Customers who are in receivership or liquidation or exceeding their credit limits are identified and the appropriate actions taken. Key performance indicators are reviewed at least monthly, including amount of cash collected, average debt collection period, percentage of customers with overdue balances and debts deemed uncollectible.

Credit limits and group limits for all customers are reviewed at least annually, against the customers' payment history, assessment of customers' credit risk and sales department information.

Cash and cash equivalents

The group maintains cash resources with reputable financial institutions. The credit risk is considered to be low.

No provision for impairment is deemed necessary.

25. Financial instrument risk management (cont'd)

(i) Credit risk (cont'd):

Investments

Investments are in unquoted equities and therefore there is little credit risk attached to these instruments.

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Company		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Cash and cash equivalents	162,246	285,249	164,002	287,005
Short-term deposits	19,871	181,008	19,871	181,008
Accounts receivable	475,205	371,901	475,205	371,901
Due from fellow subsidiaries	583,473	224,943	583,473	224,943
	1,240,795	1,063,101	1,242,551	1,064,857

The maximum exposure to credit risk for trade receivables, less provision for doubtful debts at the reporting date by type of customer was:

	Company and group	
	2008	2007
	$'000	$'000
On-trade	97,230	82,227
Off-trade	205,939	115,242
Export	81,456	34,029
Other	5,477	2,335
	390,102	233,833

The aging of trade receivables (note 8) at the reporting date was:

	Gross 2008	Impairment 2008	Gross 2007	Impairment 2007
	$'000	$'000	$'000	$'000
Not past due	222,170	-	195,649	-
Past due 31-60 days	63,108	-	11,561	-
Past due 61-90 days	22,145	-	3,547	-
More than 90 days	131,281	48,602	68,627	45,551
Total	438,704	48,602	279,384	45,551

25. Financial instruments risk management (cont'd)

(i) Credit risk (cont'd):

Exposure to credit risk:

Based on past experience, the company believes that no doubtful debt allowance is necessary in respect of trade receivables not past due. A significant percentage of the balance relates to customers that have a good track record with the company.

During 2008, the company and group did not renegotiate the terms of trade receivables with any of its customers.

The allowance account in respect of trade receivables is used to record impairment losses unless the company is satisfied that no recovery of the amount owing is possible. At that point the amount considered irrecoverable is written off against the receivable balance directly.

(ii) Liquidity risk

Liquidity risk is the risk that the company and group will not be able to meet its financial obligations as they fall due. The company's and group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's and group's reputation.

The company ensures that it has sufficient cash on demand to meet expected operational expenses. The company maintains two lines of unsecured credit which are available if the company does not have sufficient cash to settle its obligation.

(a) A $450,000,000 (2007: $nil) facility with Bank of Nova Scotia Jamaica Limited which attracts interest rate equivalent to the six (6) months weighted average Treasury Bill rate plus 1.75% (2007: nil%)

(b) A US$6,000,000 (2007: $nil) line of credit with Citibank N.A. (Jamaica Branch) which attracts an interest of 3.7% per annum above the rate of interest per annum at which deposits in US dollars are offered by its principal office (2007: nil%).

The contractual outflows for the accounts payable and the amounts due to fellow subsidiaries are represented by the carrying amounts and may require settlement within 12 months of the balance sheet date.

The contractual outflows for the short-term loans are $687,961,000 and are likely to be settled within 60 days of the balance sheet date.

25. Financial instruments risk management (cont'd)

(iii) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(a) Foreign currency risk:

The company and group is exposed to currency risk on purchases and borrowings that are denominated in a currency other than the functional currency of the company, primarily the United States Dollars (US$).

Exposure to currency risk:

At June 30, 2008, the company and the group had net foreign currency assets/(liabilities) as follows:

Currency	2008 $'000	2007 $'000
United States dollars	205,747	275,330
Canadian dollars	35,461	18,924
Pounds sterling	(85,388)	(117,616)
Euro	32,286	550

In accordance with accounting policies applied consistently, exchange gains and losses are recognised in the income statement when incurred [see note 2(e)].

Sensitivity analysis:

The following table details the company's and the group's sensitivity to a 5% strengthening of the relevant currencies against the Jamaica dollar. A similar weakening of the relevant currencies against the Jamaican dollar will have an equal opposite effect on the income statement. 5% represents management's assessment of the reasonably possible change in foreign currency rates. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2007.

Currency	2008 $'000	2007 $'000
United States dollars	10,287	13,766
Canadian dollars	1,773	946
Pounds sterling	(4,269)	(5,880)
Euro	1,614	27

25. Financial instruments risk management (cont'd)

(iii) Market risk:

(b) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The company and group materially contracts financial liabilities at fixed interest rates for the duration of the term. When utilised, bank overdrafts are subject to fixed interest rates, which may be varied by appropriate notice by the lender. At June 30, 2008, the company's short-term loans were subject to fixed interest rates. The company's long-term loans are interest free.

(iv) Fair value of financial instruments:

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists.

The fair value of cash and cash equivalents, short-term deposits, accounts receivable, accounts payable, short-term loan and Diageo group companies' balances approximates to their carrying values due to their relatively short-term nature.

The fair value of long-term liabilities is assumed to approximate their carrying values as no discount on settlement is anticipated.

(v) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the level of dividends to ordinary stockholders and the return on capital, which the group defines as total stockholders' equity, excluding minority interest.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the group's approach to capital management during the year.

Neither the company nor any of its subsidiaries is subject to externally imposed capital requirements.

26. Prior year adjustment

As stated in note 3(g) the company as at July 1, 2007, recognised all actuarial gains and losses arising from a defined benefit plan directly in equity immediately. The change in accounting policy was recognised retrospectively. The effects of the adjustments are detailed below:

	2007 $'000
Income statement for the year ended June 30, 2007	
Decrease in employee benefit income	(20,000)
Decrease in income tax expense	6,666
Decrease in profit for the year	(13,334)
Recognised income and expenses for the year June 30, 2006	
Increase in net income recognised directly in equity	4,000
Increase in income tax expense on income and expense recognised directly in equity	(1,333)
Decrease in profit for the year	2,667
Recognised income and expenses for the year June 30, 2007	
Increase in net income recognised directly in equity	32,000
Increase in income tax expense on income and expense recognised directly in equity	(10,666)
Decrease in profit for the year	(13,334)
Increase in total recognised income and expense for the year	8,000
Balance sheet as at June 30, 2007	
Cumulative decrease in retirement benefit obligation	16,000
Cumulative increase in deferred tax liability	(5,333)
	10,667

Form of Proxy

Place Stamp Here J$100

I/We……………………………………of…………………………………………………

Being a member/members of Desnoes & Geddes Limited, hereby appoint

………………………………………….of ……………………………………………….

Or failing him, …………………………of ……………………………………………….

As my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on October 31, 2008 at 10:00 a.m. and any adjournment thereof.

Dated…………………………………   Signed ………………………………..

………………………………….

Please indicate by inserting "X" in the space below how you wish your vote to be cast. If no indication is given your proxy will vote for or against resolution or abstain as he/she thinks fit.

RESOLUTIONS

		For	Against
1.	Adopting the financial statements and reports of Directors and Auditors thereon		
2.	Approving Fees for Non-Executive Directors for the year		
3.	Approving the Declaration of final dividend		
4(a).	Re-electing Director Allan Hood		
4(b).	Re-electing Director Nicolaas A. Vervelde		
4(c).	Re-electing Director Peter K. Melhado		
4(d).	Re-electing Director Richard W. T. Coe		
5.	Fixing the remuneration of the Auditors		

NOTES:

1. If a member is a corporation, this form must be done under common seal or under the hand of an officer or attorney duly authorised in writing.

2. To be valid, this form must be received at the Registered Office of the Company, 214 Spanish Town Road, Kingston 11, no later than 10:00 a.m. on October 29, 2008

PROMOTING RESPONSIBLE DRINKING

Treated responsibly, alcohol is associated with enjoyment and celebration. As Jamaica's premium alcohol drinks company **Red Stripe's** mission is to lead in responsible drinking.

Our approach is based on the following key principles:

- Set world-class standards for responsible marketing and innovation.
- Combat alcohol misuse and work with government and agencies to reduce alcohol-related harm.
- Promote a shared understanding of what drinking responsibly really means.

"We believe our employees are our ambassadors and can help to promote a **responsible** attitude to **drinking**."

- Red Stripe
Employee Alcohol Policy

We are proud of our products and proud of the way we carry out our business. Red Stripe is committed to ensuring that our consumers understand the nature and effects of alcohol.

Think responsibly.
Drink responsibly.

Red Stripe is committed to the responsible marketing of our brands and effective self-regulation across the industry.

THE **WESTRN** METHOD

W E S T R N

WATER
Alternate your drinks with water to stay refreshed.

EAT
Eating before or whilst drinking slows alcohol absorption.

SPACERS
Soft drink 'spacers' between drinks can help pace an evening.

TOP-UPS
Avoid top-ups so you can keep track of your alcohol intake.

RESPONSIBLE HOST
Be one! Provide food and non-alcohol drinks or serve pre-made cocktails using standard drink measures.

NO
No! to drink and drive. Think about how you are going home before you leave home – grab a cab or designate a driver.

Desnoes and Geddes Limited 214 Spanish Town Road, Kinston 11, JAMAICA
T: 876 923-9291 • F: 876 901-3432

Copywriting by RO Communications Jamaica.
Photography by Collin Reid • Jeremy Francis • Kamal Bankay
Printed by Pear Tree Press Ltd.