Desnoes & Geddes Limited Annual Report 2009

Red Stripe

Results At A Glance

	2009 $'000	2008 $'000
Turnover	13,447,889	12,488,766
Profit before taxation	2,211,441	1,670,350
Profit attributable to stockholders	1,551,323	1,042,449
Profit per stock unit calculated on net profit attributable to stockholders	55.22¢	37.11¢
Dividends per stock unit	35.00¢	40.00¢
STOCKHOLDERS' EQUITY		
Share capital	2,174,980	2,174,980
Capital and other reserves	2,744,658	3,273,022
Revenue reserves	1,326,998	884,869
	6,246,636	6,332,871

Contents

Company Profile

Red Stripe is the trading name of Desnoes & 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 & Geddes Limited 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 throughout Jamaica.

Red Stripe

Mission, Strategy and Values

Our Misson

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 Strategy

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

Chairman's Statement

"The single biggest contribution to our stronger performance came from our people themselves, without whom nothing would be possible. We are indebted to all our employees for their focus, commitment and energy."

Richard Byles
Chairman

I am pleased to report a good year's performance for Desnoes & Geddes Limited despite the harsh economic climate.

Last year, your Board of Directors and Management team reported our dissatisfaction with the company's performance. We committed to pursuing strategies that would beat the competition, grow the beer and spirits markets, and increase our exports profitably. Despite the global downturn that has impacted heavily on Jamaica, and increased competition from both within the alcohol beverage segment and externally, I am proud of what we delivered.

This success was not achieved without significant work in reviewing and transforming all areas of our business.

- The supply function focused on reducing all production and distribution costs. This netted significant cost savings across all aspects of the business, especially in the key areas of procurement and energy.

- The process of transforming distribution operations to improve our route-to-the-consumer effectiveness was started in FY09. Plans were to: consolidate the distribution operations; focus on the growth in capability of our distribution employees to enhance customer service levels and invest in forty new delivery vehicles.

- We invested in training and growing the capability of our sales people to be the best team and to succeed in an increasingly competitive environment.

- We actively innovated within our portfolio, launching the Diageo Reserve Brand portfolio of spirits and more recently successfully introducing **Red Stripe Bold®**.

- We have improved brand visibility through a targeted trade strategy and investment in permanent visibility fixtures.

- Exports have been our strongest performing area this year, delivering a powerful twelve per cent growth year on year. Our largest markets for Red Stripe are the United States of America followed by Great Britain, Canada and Sweden.

These strategies resulted in improved profits. We increased the investment in our 'Drink Responsibly' campaign using the highly impactful Johnnie Walker® 'Know your Boundaries' campaign as well as print media and consumer activities.

We are very proud that our company continues to be recognized with several awards for outstanding performances. Among our accolades were the Jamaica Chamber of Commerce's Environmental Award, which recognized our progress in water recycling, and waste and energy reduction as well as the JEA's Model Exporter Award, which we won for the third consecutive year.

The single biggest contribution to our stronger performance came from our people themselves, without whom nothing would be possible. We are indebted to all our employees for their focus, commitment and energy. They were active in our Red Stripe Ambassadors Program that underscored their commitment to our 2011 strategy to double the size of the business and revitalize the market. Through the program, staff members were encouraged to be business ambassadors, and were given the tools such as business cards and guidelines to ensure their success in delivering on these promises. This innovative strategy has been a success, and is ongoing.

For our part, the Board has worked hard to ensure that the company's financial performance remains on a sound footing and we are satisfied with this year's performance. The Board met six times during the year while the Audit Committee consisting of Dr. Damien King (Chairman); Mr. Peter Melhado and Mr. Richard Coe met five times.

Several changes were made to the membership of the Board of Directors just prior and subsequent to the year-end.

Resignations:
Mr. Mark McKenzie
Mr. Nicolaas Vervelde
Mr. Randolph Millian
Mr. Patrick Rousseau
Ms. Marguerite Orane

Appointments:
Mr. Alan Barnes
Mrs. Lisa Soares Lewis
Mr. Patrick Van Schie
Mr. Hamish McDonald

As we look to this financial year, the macroeconomic outlook remains tough, with local industries struggling and our consumers' disposable income levels remaining highly vulnerable. Our future is in our hands and we are squaring up internally and externally, to ensure all costs are managed tightly and all spend is driving maximum returns.

Our strategy to deliver increasingly strong results hinges on our five must win focus areas:-

1. Reigniting the passion of all our people through strong leadership, accountability and business focus, so that everyone knows their role in delivering our company's success and is energised and focused to deliver it – together.

2. We will win everywhere that we choose to compete and fight, ensuring our brands have maximum distribution, our activities are brilliantly executed and our relationships with our customers are world class.

3. At least one of our brands is the first choice of every adult Jamaican. We will grow our portfolio to have the very best range in Jamaica, as well as to ensure our current range is updated and remains relevant.

4. We will deliver even more growth through our export operations, into new countries with more of our portfolio and with an even greater team to maximise all our opportunities.

5. We will ensure all our people are safe at work, our products remain to the very highest standards and that our costs are globally comparable.

To execute on these areas, your Board and Diageo have made significant changes to the management of Red Stripe. To take advantage of its regional presence, Diageo created new, senior management posts to oversee its interests in the Northern Caribbean and Latin America Region (NorthLAC). One of these changes is the appointment of Mr. Alan Barnes as General Manager to Red Stripe as of July 1, 2009. He replaces Mr. Mark McKenzie. We wish to record our appreciation to Mr. McKenzie for his service to Red Stripe over the past five years. He executed his duties with commitment and passion, and his tenure as Managing Director was marked by many achievements. We would also like to place on record our profound thanks to Hon. Patrick Rousseau O.J., who has steadfastly served the Board in the capacities of Chairman and Director.

Our focus will guarantee that we have an even stronger business by the end of 2010, ready to grow more powerfully as the country emerges from recession. We have strategies in place that will make us an even stronger international brand, showing the world the amazing country and hugely talented people we have in Jamaica.

Management's Discussion and Analysis

Turnover was $13,448 million (2008: $12,489 million) representing an increase of $959m or eight per cent more than 2008. The increase was driven by strong export volume growth and the price increases we necessarily had to take.

Alan Barnes
Managing Director

Performance Summary

Turnover was $13,448 million (2008: $12,489 million) representing an increase of $959m or eight per cent more than 2008. The increase was driven by strong export volume growth and the price increases we necessarily had to take. The devaluation of the Jamaican Dollar to the United States Dollar (USD) also had a favourable impact on export revenue growth as the majority of export sales are invoiced in USD. Trading profit was $2,036 million representing a thirty per cent year-on-year increase primarily driven by the growth in gross profit and the reduction in marketing cost. The net profit attributable to shareholders was $1,551 million (2008: $1,042 million) resulting in earnings per stock unit of 55.22 cents (2008: 37.11 cents).

"The net profit attributable to shareholders was $1,551 million (2008: $1,042 million) resulting in earnings per stock unit of 55.22 cents (2008: 37.11 cents)."

The company paid dividends of $983 million during the year, which translated to 35 cents per stock unit.

Volume Performance

"Our continued investment in Innovation, such as the launch of Red Stripe cans in the USA in the fourth quarter, strengthened our competitive position."

Total sales volumes were ten per cent lower than last year. The decline in the domestic market reflects the economic climate and its adverse impact on consumer disposable income, as well as increased competition. The increase in the Special Consumption Tax rate also had an adverse effect on our domestic volume, in particular on brewed products.

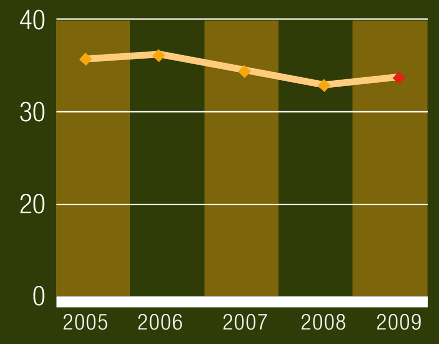
Total export volumes delivered strong growth versus last year with the USA, Canada and Europe all recording double-digit increases. Our continued investment in innovation, such as the launch of Red Stripe cans in the USA in the fourth quarter, strengthened our competitive position.

Cost of Sales

"Gross profit margin improved marginally by 1.1 percentage points on last year to 33.9%."

Cost of sales increased to $7,074 million (2008: $6,602 million) representing a seven per cent increase over the prior year as the impact of inflation and adverse foreign exchange movements on key raw material costs was partially mitigated by efficiencies in production and procurement. Gross profit margin improved marginally by 1.1 percentage points on last year to 33.9%.

GROSS PROFIT MARGIN (%)

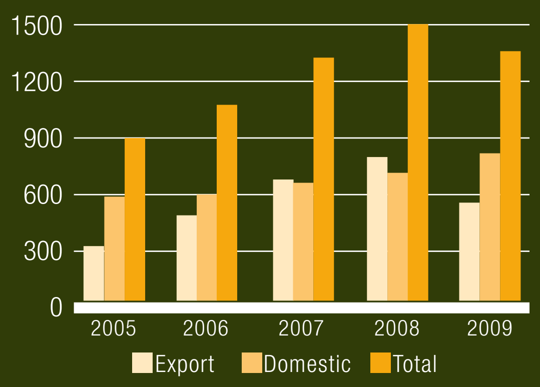


Marketing Cost

"Export marketing costs were $246m lower than the prior year reflecting a focused and targeted strategy that delivered greater effectiveness against spend."

The total marketing cost was $1,349 million (2008: $1,493 million). Of this amount $806 million (2008: $704 million) was spent in the domestic segment. Despite the domestic economic climate, we continued to invest in the equity of our brands. This investment was primarily behind the 'bRedren' and 'Greatness' marketing campaigns launched for the Red Stripe and Guinness brands respectively during the period. We believe this strategy will put us in a stronger position as the economy improves. Export marketing costs were $246m lower than the prior year reflecting a focused and targeted strategy that delivered greater effectiveness against spend.

MARKETING COST ($MILLIONS)

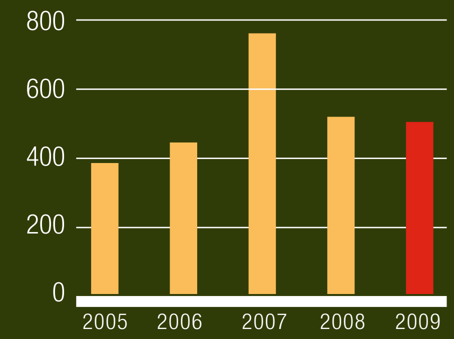


General, Selling and Administration Expenses

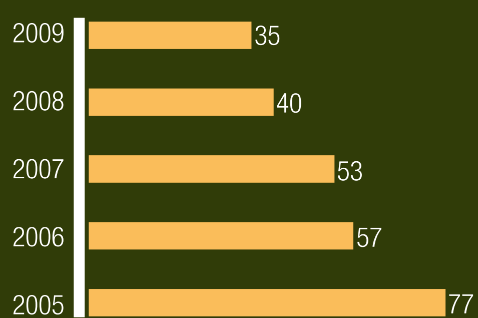
General, selling and administration expenses were $1,091 million (2008: $1,038 million), an increase of five per cent. This increase was held below the prevailing rate of inflation as a direct result of cost containment initiatives put in place over the year. General, selling and administration expenses as a percentage of turnover improved to 8.1% (2008: 8.3%).

GENERAL, SELLING & ADMINSTRATIVE EXPENSES (AS A PERCENTAGE OF TURNOVER)

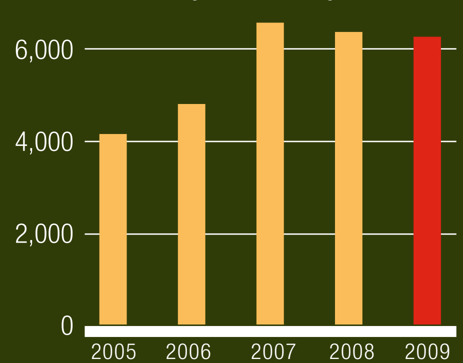
CAPITAL INVESTMENTS ($MILLION)



DIVIDEND PER STOCK UNIT (CENTS)



SHAREHOLDERS EQUITY ($BILLION)



Risk Footprint

"Mitigation plans are established for all key risk areas, such as the economic crisis and its impact on all aspects of business performance, natural disasters and other specific operational risks."

The company continues to follow a comprehensive approach to risk management. The key risks facing the business are reviewed at both an operational and executive level and subsequently approved by the Audit Committee on a quarterly basis. Mitigation plans are established for all key risk areas, such as the economic crisis and its impact on all aspects of business performance, natural disasters and other specific operational risks.

Future Strategy

In light of the challenging global economic climate we have prioritised five must win focus areas to deliver our vision. These were highlighted in the *Chairman's Statement.*

Enriched Communities

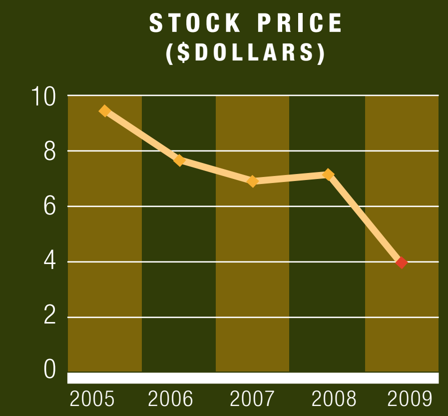
"Red Stripe has a very strong tradition of community outreach as part of its corporate agenda."

Red Stripe has a very strong tradition of community outreach as part of its corporate agenda. The main thrust of the enriched communities programme is to transform the lives of inner-city residents, inspiring them as leading forces for good, through the implementation of several projects. This year, 'Project Bartender' and 'Project Artist', two major planks of the Latin American and Caribbean Learning for Life programme, were successfully executed to positively impact the lives of at-risk young adults in inner-city communities and equip them with transferable skills, training and National Vocational Qualification (NVQJ) certification for job placement.

'Project Bartender' produced thirty-five graduates, certified for entry into new careers while 'Project Artist' outfitted forty-four talented musicians with skills in a career in the music industry. The latter project, a music 'incubator' development program, was implemented in partnership with the HEART Trust NTA and Edna Manley College of the Visual and Performing Arts, School of Music and was endorsed by the Minister of Information, Culture, Youth and Sports, the Hon. Olivia Babsy Grange. 'Red Stripe Live' a very successful stage show featuring a line-up of Jamaica's best musical talents, signaled the launch of 'Project Artist' and it is envisioned that this show will become a revenue driver that will support this valuable project.

The company's corporate giving seeks to actively engage employees and encourages and supports volunteerism through Red Stripe Employees Advocates of Care & Hope (REACH). This year employees donated their time and talent to the Elsie Bemand Children's Home, a privately run home which needed refurbishing; Sophie's Place, one of the Mustard Seed Community projects which houses twenty-four severely disabled children, and the paediatric wing at the Cornwall Regional Hospital, Montego Bay. REACH also helped the Jamaica Youth Ambassador Programme (JAYAP) by buying a Jolly Phonic Starter Kit to help improve the school's literacy level which is currently at seventy-five per cent. The Marigold Basic School and the Richard's Pen Basic School in St. Mary were also beneficiaries of employee giving. Both schools benefited from significant upgrades to their infrastructure valuing close to half a million Jamaican dollars.

On behalf of the Board and the Directors of Desnoes & Geddes Limited, I would personally like to take this opportunity to acknowledge the contribution of all employees over the last financial year, and thank our customers, suppliers and other partners for their continued support of the business and its brands.



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Ninetieth Annual General Meeting of Desnoes & Geddes Limited will be held at Terra Nova All Suite Hotel, 17 Waterloo Road, Kingston 10 on Friday, October 30, 2009 at 10:00 a.m. for the following purposes:

1. **Audited Accounts for the Year Ended June 30, 2009**

To receive the Audited Financial Statements for the year ended June 30, 2009, 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, 2009 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 26, 2009 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-five cents ($0.25) per stock unit paid on June 26, 2009 be and is hereby declared as final, making the total ordinary dividend paid in the year thirty-five cents ($0.35) inclusive of the first ordinary dividend of ten cents ($0.10) per stock unit paid on December 12, 2008 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 $4,850,000 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. Alan Douglas Barnes, Patrick Van Schie, Hamish McDonald and Mrs. Lisa Soares Lewis having been appointed since the last Annual General Meeting, retire at this Annual General Meeting, and being eligible offer themselves for election.

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

4(a) "THAT Mr. Alan Barnes be and is hereby elected a Director of the Company"
4(b) "THAT Mr. Patrick Van Schie be and is hereby elected a Director of the Company".
4(c) "THAT Mr. Hamish McDonald be and is hereby elected a Director of the Company".
4(d) "THAT Mrs. Lisa Soares Lewis 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 Ms. Marguerite Orane, Hon. Patrick Rousseau, O.J., Mr. Noel daCosta, and Mr. Richard Byles. Ms. Orane and the Hon. Patrick Rousseau O.J. did not seek re-election. Messrs. Byles and daCosta being eligible offer themselves for re-election.

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

4(e) "THAT the retiring director Mr. Noel daCosta be and is hereby re-elected a Director of the company."

4(f) "THAT the retiring director Mr. Richard Byles be and is hereby re-elected a Director of the company."

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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."

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6. Special Business

Amendment to the Articles of Association and the Adoption of New Articles of Incorporation – See Appendix - Explanatory Circular – Page 89.

To consider and if thought fit pass the following Special Resolutions:

"That the Memorandum of Association and the Articles of Association of the Company currently in force shall no longer apply to the Company and that new Articles of Incorporation in the form of the draft Articles of Incorporation approved by the Directors of the Company, acting on the advice of the Company's attorneys-at-law (which draft document has been initialed for the purpose of identification by the Chairman of the meeting) be and are hereby adopted with immediate effect in substitution for the aforesaid Memorandum of Association and Articles of Association of the Company."

By Order of the Board

Gene M. Douglas
Corporate Secretary
Dated this 9th day of September 2009

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 that 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.

Corporate Data

Board of Directors

Richard Byles
Mark McKenzie
Richard Coe
Noel daCosta
Allan Hood
Andrew R. Jones
Damien King
Peter K. Melhado
Randy Millian
Marguerite Orane
Patrick H. O. Rousseau
Nicolaas A. Vervelde

Company Secretary

Gene M. Douglas

Auditors

KPMG
6 Duke Street,
Kingston

Bankers

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

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

National Commercial Bank Limited
37 Duke Street,
Kingston

Atorneys-at-Law

Patterson Mair Hamilton
7th Floor, Citigroup Building
63-67 Knutsford Boulevard,
Kingston 5

Myers Fletcher & Gordon
21 East Street,
Kingston

Registered Offices

214 Spanish Town Road,
Kingston 11

Registrar and Transfer Agents

NCB Jamaica (Nominees) Limited
32 Trafalgar Road,
Kingston 5

Nine-Year Statistical Summary

Financial Year	2009 $'000	2008 $'000	2007 $'000	2006 $'000	2005 $'000	2004 $'000	2003 $'000	2002 $'000	2001 $'000
OPERATING DATA									
Turnover	13,447,889	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	2,211,441	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	(660,118)	(627,901)	(684,686)*	(112,554)	(150,388)	(307,906)	(131,489)	287,797	(368,743)
PROFIT AFTER TAXATION	1,551,323	1,042,449	1,408,540*	2,211,847	2,353,054	1,552,958	1,328,112	1,388,644	950,576
Dividend	983,208	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	1.58	0.93	0.95*	1.38	1.09	1.01	0.86	1.37**	1.07
BALANCE SHEET DATA									
Net current assets/(liabilities)	191,512	(125,126)	248,829	940,008	745,412	786,712	1,197,571	1,606,505	1,230,446
Property, plant and equipment	6,067,030	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	6,246,636	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	2,809,171	1,971,348
PER ORDINARY STOCK UNIT									
Profit for the year	55.22¢	37.11¢	50.14¢*	78.74¢	83.76¢	55.28¢	47.28¢	49.43¢**	48.22¢
Stockhoders' equity	$2.22	$2.25	$2.33*	$1.70	$1.48	$1.54	$1.59	$1.67**	$1.62
Dividends									
Oridnary - Interims	35¢	40¢	53¢	57¢	77¢	55¢	20¢	15¢	15¢
Finals	-	-	-	-	-	-	-	35¢	30¢
OTHER									
Return on Equity	24.83%	16.46%	21.52%*	46.23%	56.73%	35.83%	29.78%	29.61%	29.70%
Closing Stock Price	$4.00	$7.15	$7.05	$7.79	$9.50	$6.90	$5.40	$7.06	$6.00
Number of employees	759	767	762	734	750	802	732	552	497

* Restated due to prior year adjustments // ** Restated on account of dividend 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 Services Limited. He is also a Director of Pan Jamaican Investment Limited and Air Jamaica Limited.

MARK MCKENZIE
Managing Director
Outgoing

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.

ALAN BARNES
Managing Director
Incoming

Alan Barnes joined Red Stripe in July 2009. He has eighteen years experience in the alcohol beverage industry and has worked across sales, innovation, marketing and general management in various businesses across Europe and Africa, living and working in thirty-one countries. Alan was previously on the boards of Sierra Leone Breweries Ltd., Phoenix Beverage Ltd. (Mauritius), C.M.M.U.D.V (Reunion) and Seychelles Breweries Ltd. He has also represented the private sector on government parastatal boards covering the Environment and Waste Management in Seychelles. He has a Bachelor of Arts with Honours degree in Economics from the University of Nottingham, England.

ANDREW R. JONES

Andrew Jones has been a member of the Diageo family for twenty-one 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 D&G 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, a Vice President of Caribbean Association of Industry and Commerce, and 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 an MBA from Harvard Business School, and is the author of “Free and Laughing: Spiritual Insights in Everyday Moments” and 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 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 Merchant 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. He holds a MBA from Columbia University Graduate School of Business and a Bachelor of Engineering from McGill University.

Board of Directors

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 and member of the board of directors of CaroMax Ltd. Damien previously served on the boards of Dyoll Group, the National Export-Import Bank of Jamaica, the Jamaica Mutual Life Assurance Society, and the University Hospital of the West Indies.

HON. PATRICK ROUSSEAU, OJ

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 and entertainment and sports law. He serves as 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 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 has been with the Diageo group for 17 years joining first as a graduate entrant and working extensively 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. In this role he managed the transition of the London-based team to Diageo's shared service center in Budapest, Hungary. Prior to this he was the Finance Director for Diageo Middle East & India based in Dubai. He is a qualified Accountant with the Institute of Chartered Accountants of 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 and a Director on the Diageo Executive. 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 1978.

Our Tribute to Hon. Patrick Rousseau, O.J.

The Hon. Patrick Rousseau, O.J., intrepid negotiator, Jamaican patriot and visionary is one of the main architects of the international triumph of Desnoes & Geddes Limited. The successes of the company's flagship brand, Red Stripe beer on the world's stage, is the result of the foresight and dedication of his work as a key negotiator with Guinness in the original sale of D&G.

One of Jamaica's pre-eminent attorneys, Patrick is an outstanding corporate lawyer who is active in the Jamaican business community. With a distinguished career in law, business and public service, he has a particularly well-deserved reputation as an adept business arbitrator with extensive links throughout the Caribbean.

Mr. Rousseau has had wide-ranging experiences representing internationally prominent sportsmen, financiers, producers, directors and actors. He was awarded the Order of Jamaica in 1976 for distinguished work done in the bauxite industry on behalf of the Government of Jamaica.

As Chairman of the Board of Desnoes & Geddes Limited. (1995-2006) and a Director, he has, through his leadership, knowledge and influence, been instrumental in steering the company in the direction in which it needed to go. According to Noel daCosta, Board Director, "Pat looked beyond immediate issues to see the broader implications both locally and internationally."

In 1993 Guinness plc purchased fifty-one per cent controlling interest of the company. Pat Rousseau played a major role in those negotiations, gaining consensus between the Desnoes and Geddes families and successfully brokering the deal with Guinness. Two years later he was named Chairman of the Board and while in this role, Guinness plc merged with Grand Metropolitan in 1999 to form Diageo - the world's leading maker of beers, wines and spirits.

During his tenure as Chairman, the company made substantial investments in upgrading its productive capabilities, enabling it to become more competitive in the export markets.

The company is deeply indebted to this true Jamaican for his work in placing the country and Red Stripe beer as a successful contender in the international arena. As he demits office in September 2009, we thank him for his outstanding service to Desnoes & Geddes Limited. and wish him the very best in his future endeavours.

Disclosure of Shareholdings
as at 30 June 2009

List of Directors

Richard Byles	Damien King
Mark McKenzie	Peter K. Melhado
Richard Coe	Randy Millian
Noel daCosta	Marguerite Orane
Allan Hood	Patrick H. O. Rousseau
Andrew R. Jones	Nicolaas A. Vervelde

Shareholdings of Directors

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

Ten (10) Largest Shareholders

Udiam Holdings A.B.	1,625,549,827
Heineken Finance N.V.	303,454,633
Heineken International Beheer B.V.	130,578,508
NCB Jamaica Propriety Account	100,773,750
Bardi Lmited (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 Account 3119	23,468,201

Shareholdings of Senior Managers

Noel daCosta	500,000
Allan Hood	1,539
Andrew R. Jones	1,539
Wayne Lawrence	13,813
Mark McKenzie	63,970
Grace Silvera	NIL
Tim Szonyi	NIL
Maxine Whittingham-Osborne	NIL
Lisa Soares Lewis	NIL
Melverine Hemmings	NIL

Members of the Audit Committee

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

The Directors' Report

The Directors are pleased to submit their Report and Audited Accounts for the year ended June 30, 2009.

Profit of the Company before tax	$2,211 million
Net Profit of the Company	$1,551 million

Dividends

The Directors recommended that the second ordinary dividend of $0.25 per stock unit (gross) paid on June 26, 2009 be declared as final making the total ordinary dividend paid in the year $0.35 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. Patrick Rousseau, Noel daCosta, Richard Byles and Ms. Marguerite Orane will retire from office. Mr. Rousseau and Ms. Orane did not offer themselves for re-election. Messrs. Byles and daCosta 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 1 July 2009, Mr. Alan Barnes and Mrs. Lisa Soares Lewis were appointed to the Board. In addition, Messrs. Patrick van Schie and Hamish McDonald were appointed on 28 August 2009 and will all retire at this Annual General Meeting and being eligible offer themselves for election.

On 30 June 2009, Mr. Mark McKenzie resigned from the Board, also on 28 August Mr. Nicolaas Vervelde and Mr. John Randolph Millian resigned from the Board of Directors.

Board of Directors as at June 30, 2009

- Mr Richard Byles, CHAIRMAN
- Mr Mark McKenzie, MANAGING DIRECTOR
- Mr. Richard W. T. Coe
- Mr. Noel daCosta
- Mr. Allan Hood
- Mr. Andrew R. Jones
- Dr. Damien King
- Mr. Peter Karl Melhado
- Mr. John Randolph Millian
- Ms. Marguerite Orane
- Hon. Patrick H.O. Rousseau O.J.
- Mr. Nicolaas Vervelde

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

Gene M. Douglas
CORPORATE SECRETARY

Executive Leadership Team

MARK MCKENZIE*
Managing Director
Outgoing

ALAN BARNES*
Managing Director
Incoming

TIM SZONYI
Sales Director

MELVERINE HEMMINGS
Change Manager

ANDREW R. JONES*

ALLAN HOOD*

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.

Melverine Hemmings who is currently the Change Manager, joined Red Stripe in March 2001. She has performed in a number of HR related roles since joining the company, these include Organisation Development Manager and Capability Development Manager. Before taking on her current role she worked as the Resourcing Manager for the International Region in Diageo, where she managed the resourcing agenda for Latin America & the Caribbean and Africa. She holds a Masters degree in Human Resource Development.

*See Board of Directors for profile

GRACE SILVERA
International Marketing Director

WAYNE LAWRENCE
Marketing Director

LISA SOARES LEWIS
Human Resources Director

MAXINE WHITTINGHAM-OSBOURNE
Head of Corporate Relations

Grace Silvera joined the company in 1995 and was promoted in 2000 to Communications Director – making her the first female Director under Diageo's ownership. Known for delivering results and award-winning marketing and communications strategies, Grace has made an indelible mark on the iconic image of Red Stripe. An inspirational leader and gifted motivational speaker, she serves as a Director of the Board of RISE Life Management Services; is a member of the Council of Superbrands Caribbean and mentors young professionals. Grace has a B.Sc.in Professional Management from Nova Southeastern University, and a certificate in Strategic Marketing from Harvard Business School.

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).

Lisa Soares Lewis was appointed Human Resources Director in November 2008. Her management experience spans 18 years and includes management consulting, human resource management, corporate and commercial banking. She was the Vice President HR at Cable & Wireless Jamaica Limited (now LIME). She has lectured MBA students in International Human Resource Management and held several offices for the Jamaica Employers Federation. She is a Director of Pan Caribbean Financial Services Ltd. and Fiscal Services. Lisa has a B.Sc., in Industrial Engineering (First Class Hon.) and a MBA (Distinction) in Finance and Marketing (UWI) and holds the designation SPHR.

Maxine Whittingham-Osbourne 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.


Red Stripe
LAGER BEER
Red Stripe LIVE
LEARNING FOR LIFE
RJR

"It's like a new adventure for me! The knowledge that I am getting is giving me a chance at a better life…"
—Kimesha Nugent, Graduate DL4L 'Project Bartender'.

Our Enriched Communities

Through our *Diageo Learning For Life* program (DL4L) and other outreach initiatives, the company continues to blaze a trail of change and volunteerism positively impacting the economic and social fabric of Jamaica.

'**Project Bartende**r' and '**Project Artist'** are the two major planks of the Latin American and Caribbean programme designed to radically transform the lives of young people in inner-city communities and equip them with transferable skills. Both programs are bolstered by strong partnerships with Jamaica's major educational and training institution, HEART Trust – NTA and the Edna Manley College of the Visual and Performing Arts - School of Music.

Last November, after 200-intense hours of comprehensive training including; Bartending, Computer Competency, Language, Math, Conflict Resolution, Life Skills, Personal Development, Responsible Drinking and Serving, thirty-five proud graduates realized their dreams. The rigorous certification prepared them for their grand entrée to a career in bartending or other related areas. Red Stripe customer outlets: The Deck, Cuddyz, Rib Kage, TGI Fridays, Medusa, Gleaner Bar, Grog Shoppe, and the Liguanea Club provided on-the-job training and to them we say thanks.

A few months later in February 2009, forty-four musical hopefuls walked with pep in their steps to begin their life-changing **Project Artist** journey. Endorsed by the Minister of Information, Culture, Youth and Sports, the Hon. Olivia Babsy Grange, the project is a music 'incubator' 400-hour training program, teaching musically inclined 18 to 24-year-olds, to unleash their artistic potential and channel it into an income-generating opportunity. Executed in conjunction with the HEART Trust – NTA and Edna Manley College of the Visual and Performing Arts, **Project Artist** provides training for aspiring band members, publicists, back-up singers, soloists, arrangers, studio engineers, studio managers, artist managers, road managers and stage managers.

The successful '**Red Stripe Live'** launched **Project Artist** to the Jamaican public. Staged under the patronage of the Prime Minister of Jamaica – the Honourable Bruce Golding, the star-studded event gave patrons a total entertainment package and featured an awesome line-up of top-class acts at Sabina Park on March 28, 2009. The event is poised to become an annual revenue generator to sustain the project.

'POVERTY HAS NO BOUNDARIES PROJECT'

Many of the residents of Farquhars Beach have no running water in their homes and so they rely on the public facilities at the end of the long, dusty road that meets the sea – the major source of their livelihood. Despite the harsh conditions of their sleepy fishing village, the 55 families here are grateful as their lives have been made significantly better through Red Stripe's 'Poverty Has No Boundaries Project' – a collaborative effort between the 'Johnnie Walker Know Your Boundaries' Responsible Drinking programme; the Jamaican-based charity 'Food for the Poor' and 'Habitat for Humanity'. At Farquhars Beach, eight homes have been re-built and fifteen homes, which had either been destroyed or damaged by Hurricanes Ivan and Dean, were repaired. Neville Brown, a resident who has benefited from the project had high praise for the programme, "This is like a joy now. I feel really blessed. My family and I are so much more comfortable than we were before we got this help from Diageo."

> ***"It's always a great experience when helping someone… just knowing that you are helping to provide for someone also gives you a good feeling in return."***
> —Natalie Grant, Red Stripe's Customer Service Representative

Red Stripe is continuing its rich tradition of giving back. So too are our employees. Our enriched community agenda seeks to have a material impact on the basic needs of the society. This year we continued our partnership with charities, such as the United Way and others, contributing to disaster efforts, through events' sponsorship or donating cash and/or products to a number of organizations totaling approximately JA$18.7 million.

REACH ACTIVITIES

Red Stripe Employees Advocates of Care & Hope (REACH), the employee volunteer group, promotes active involvement beyond charitable giving. The company encourages employees to volunteer time and effort for community development. In December, members of the team visited the Elsie Bemand Children's Home, a privately run home for girls. We brought Christmas cheer and gifts to the twenty-two girls housed there amid dancing and caroling. The following February, we visited the home to paint and effect minor repairs, presenting the girls with a big Valentine's Day cake, educational supplies and clothing.

The Western Division sales team in Montego Bay hosted a Christmas treat for the children at the Cornwall Regional Hospital, Montego Bay. Donations such as cases of diapers, baby formulae, toys, food, beverages, and educational supplies, were distributed to the patients.

REACH has also helped Sophie's Place, one of the Mustard Seed Community projects which houses twenty four disabled children. The home was severely damaged during Tropical Storm Gustav and when the employees heard about the loss of a stove which was washed away by the flood rains, a new one was donated to the institution. Said Darcy Tulloch, Deputy Executive Director of the Mustard Seed Communities: "We are so grateful to REACH for this donation and for your active involvement in this outreach. This demonstrates a commitment to the communities in which you operate and that you are responsive to the needs in these communities,"

The Port Maria Primary School which also suffered serious losses in the aftermath of the storm was a beneficiary of employee-giving. The company's volunteer group assisted the Jamaica Youth

Ambassador Programme (JAYAP) by buying a Jolly Phonic Starter Kit to replace the one destroyed by Tropical Storm Gustav. The Kit is a vital tool in the school's literacy intervention programme, which caters to grades 2-5 students. Currently, the school's literacy rate is at 75% with a new target of 100%.

Members of the Supply Logistics team embarked on a community project at the Marigold Basic School which shares the same location as the Marigold Child Care Centre, a place of safety for abandoned children ages 0 –7 years old. They painted the school and chalkboard, varnished the tables and chairs, and did general clean-up. There was help from two contractors Jasper Smiley and Errol Alson who repaired the holes in the roof and re-sized the chalkboard. Exercise books and basic stationery were also donated.

In another show of community outreach, members of **REACH** initiated a well-needed upgrade of the St. Richards Pen Basic School in St. Mary as part of the officially declared National Labour Day activities on Monday, May 25. A twenty-member contingent travelled to the rural community to mount perimeter fencing at the school that is located near the edge of a precipice in order to provide an improved and more secure learning environment for the children. Other upgrading work at the school included electrical repairs and the re-wiring and installation of ceiling fans and desktop computers. This initiative cost J$200,000 and brings St. Richards Pen Basic School in line with the requirements of the Early Childhood Unit of the Ministry of Education which had mandated the school to carry out structural upgrading and repairs to meet the standards required for the school to remain open.

AWARDS

The Private Sector Organization of Jamaica acknowledged Red Stripe's CSR agenda, inducting the business as one of the first set of companies into the PSOJ's Honour Roll for companies that have done outstanding work in CSR. The award for **Excellence in Reporting** was presented at the PSOJ Members' Luncheon – "Imagine Jamaica Putting Corporate Social Responsibility on the Business Agenda." According to the PSOJ – Red Stripe/Diageo Plc was the first to develop and present an audited CSR report as part of our corporate reporting framework. The report was distributed to stakeholders and continues to be used as a tool for ongoing Corporate Social Responsibility activities.

The Jamaica Employers Federation (JEF) also recognized our CSR Agenda with the Private Sector Corporate Social Responsibility Award in recognition of voluntary, positive 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 used as case studies in compiling the JEF's 'State of the Industry Report on Corporate Social Responsibility'.


Heineken
Beer
Heineken
LAGER BEER
THE ORIGINAL QUALITY
HEINEKEN LAGER BEER
Heineken
PREMIUM QUALITY
NET 284mL-5% Alc/vol
GREATNESS
GUINNESS
CLUB TOUR
"Listen to your lips"
BAILEYS

Pushing the Creative Edge for Greater Consumer Experiences

This was the year we pushed beyond the boundaries of imagination, expanding the marketing thrust to impact our consumers' experiences. We also strengthened the 'legendary' connections of our brands within the marketplace.

Red Stripe is the unifying force, putting the fun in the central mix of good friends and good times, and so one of the year's highlights was the continuation of the popular ***'bRedren'*** advertising campaign. The promotion unleashed a series of successful brand activities throughout the year maintaining Red Stripe's competitive edge. Other major events included the unveiling of Heineken's Slim Line cans and Guinness 250th birthday bash.

RED STRIPE BREDREN UTC PROMOTION

The much-anticipated ***Red Stripe bRedren Under The Crown (UTC) Promotion*** kicked off on October 21, 2008 offering six million dollars in cash prizes to lucky entrants. They got a chance to win the daily cash prizes of $25,000, phone credit, '***ultimate bRedren'*** t-shirts, a grand prize of a trip for four to Las Vegas, and monthly prizes which included $500,000 shopping escapades and adventurous week-ends.

The great Red Stripe '***Ultimate bRedren Las Vegas Flex'*** was launched on November 21, during peak hours in the city's heart and soul - Half-Way-Tree. Later in the year, the launch of the ***bRedren Summer party*** series was held atop the NHT roof, New Kingston, signaling the beginning of the 'Emanci-pendence' holiday season known for get-togethers, good friends and enjoying life.

RED STRIPE TEMPTATION ISLAND

Red Stripe continued the sponsorship of the ever-popular ***Red Stripe Temptation Island*** (RTI), with the promise to bring to partygoers an even more extraordinary party experience. The events ran throughout July as a warm up to the larger events such as, ***Absolute Craze*** at Tropical Beach Montego Bay and ***Absinthe*** at Morgan's Harbour Hotel in Port Royal. Safia Cooper, Brand Manager/Red Stripe says: "This new campaign embodied the camaraderie of friendship that represents 'Bredren'. Our goal was to continue to enhance these moments with Red Stripe. Each event location across the island was dubbed a ***Bredren Endz***. We recognize that whatever you may be doing, being with your best friends, your 'bredren', makes the moment truly enjoyable."

HEINEKEN® SLIM LINE CANS

Guests converged on Lime Cay to participate in the splendid launch of Heineken Slim Line Cans, and the renovation of the Lime Cay Beach and Grill last September.

'ENTER THE WORLD OF BOND' UTC PROMOTION

The campaign which kicked off in October, gained traction with consumers texting in numbers under their Heineken crown then anxiously awaiting a call back to win $20,000 daily. "Quantum of Solace", the James Bond movie, which opened in cinemas across Jamaica in November, was an important part of the promotion as lucky Heineken consumers won movie tickets and premium James Bond gear.

But the ultimate prize for those who dared to "Enter the World of Bond" was to be part of an exclusive Bond VIP Experience in December with "Casino Royale" Bond girl Caterina Murino and many other celebrity guests, at the world-famous Goldeneye property in Oracabessa. Heineken hosted several auditions and Bond road shows islandwide where contestants competed for the coveted "Xtreme Bond" title, won cash and other prizes and the ultimate chance to party with the stars at Goldeneye.

EXTRA COLD DRAUGHT

Heineken Extra Cold draught was launched in December at Kingston's newest hot spot, "Fiction". Served at zero degrees Celsius from a frozen draught column in specially frozen glasses, the ***Extra Cold*** draught is a first in Jamaica and the Caribbean. Caterina Murino, Bond Girl in Casino Royale, was on hand to pour the first beer to vociferous approval from patrons witnessing the unveiling.

SCINTILLATING GREEN SYNERGY

Heineken Green Synergy was back for the sixth consecutive year with the very best DJs wanting to be crowned Caribbean king of the turntable. Sixteen budding local DJ's were chosen to dazzle both the listening and viewing audience with their skills and showmanship. DJ Jigga was the acclaimed winner, walking away with a year's internship at FAME FM, our radio partner, a state of the art DJ console and for the first time in the competition, a prize of J$500,000. DJ Jigga represented Jamaica at the regional finals in Curacao where he placed fourth, our best performance since the start of the competition.

GUINNESS® 250

It's been 250 years of a great brewing tradition for the peerless Guinness stout and all around the world this amazing milestone was commemorated in style through the ***Guinness Reach for Greatness Campaign***. Here in Jamaica the venerable brand launched ***Guinness Fridays*** with the 3 Guinness for $250 special and Guinness souvenirs at participating bars. Part of the celebration included the '***Guinness Sounds of Greatness'*** competition where top sound systems across Jamaica vied for the crown as best competitive sound and the quarter million dollar prize. This invitational tournament attracted over twenty of Jamaica's top sound systems, the final eight of which were decided by some leading authorities in the music industry.

According to brand manager, Gareth Geddes, "the competition allowed Guinness to reinforce its claim as a staple in the dancehall. Guinness knows dancehall and what works for a great dancehall event. A sound system competition, which honours the origin of dancehall, was definitely one of the best ways to celebrate this," he said. "The appeal of the dancehall comes from what these selectors do at a session, just imagine when two sounds systems meet to see who can do it best; partygoers loved it," he said, explaining the event's rationale.

NEW LABEL FOR GUINNESS

The Guinness bottle now boasts a new label, continued Mr. Geddes, “Already we have greatness inside. The Guinness product is drama in a bottle, full of character and greatness and so as to ‘premiumize’ the brand, we want to showcase this greatness on the outside.” This new look label is being standardized across the markets and has already been launched in the region.

CELEBRATING ‘LIGHTENING BOLT’

The Quad nightclub in New Kingston was jam-packed on October 5, as well-wishers turned out in full force to party with the world’s fastest man and super-Olympian Usain Bolt. The management and staff of the Quad, said to be Bolt’s favourite place to have to fun, pulled out all the stops to ensure that he had time to mingle and mix with his many admirers, and show off his world class dancing skills.

The Guinness brand outdid all participating sponsors of the event by presenting Bolt with a ***Greatness Plaque*** and a premium branded rhinestone studded jacket created by famous, edgy dancehall designer, Biggy. The jacket paid tribute to his fantastic world record times in the 100m and 200m sprint races at the 2008 Olympics.

BAILEYS® LISTEN TO YOUR LIPS

The much-anticipated “Baileys Listen to Your Lips Promotion” marked the brand’s thirty-fourth birthday on November 20 and in celebration, there was the specially set up Baileys Roving Boutique at participating supermarkets. Customers who bought the 750ml bottle of Baileys Irish Cream received complimentary massages from Adam & Eve and twenty per cent discount cards redeemable at participating spas and stores.

SMIRNOFF® ULTRA EXPERIENCES

The ***Smirnoff Ultra Experiences*** giving consumers ‘totally all-inclusive parties’ during the Emancipendence weekend was unveiled at the trendy Carlos Café. The Smirnoff Ultra Experience which boasted three parties over the Emancipation week-end between August 1 and 3 in Negril: ***VIP*** on Friday August 1, the ***Smirnoff X.Clusive Experience*** August 2 and ***Spice*** on August 3, was described as the ultimate in the party offerings where patrons experienced the many ways to get pampered at one party. The five star luxury hotel Grand Lido Negril partnered with Smirnoff for the events.

Overall, it was a great year for our export business. In the face of tough global economic conditions, Red Stripe exports proved to be a star performer, registering double-digit growth over last year. "Overall our overseas sales have shown strong resilience internationally to deliver an impressive 12 per cent growth over last year," says Global Marketing Director, Grace Silvera.

We have doubled export volumes over the past four years with the United States being the biggest export market selling the lion's share of the famous brew followed by Jamaica and Great Britain.

USA

The great Jamaican beer out-performed the premium import beer sector consistently over the past three years recording an impressive increase while the sector trails at two per cent. The introduction of cans in May has captured new consumer occasions and has begun to further increase growth by providing consumers with more opportunities to enjoy the brand. Under a freshly inked license brew arrangement, we have contracted the services of Moosehead Brewery in Canada, to brew, package and export the 16-ounce cans to our affiliate, Diageo USA. Since there is no canning line in Jamaica, the partnership with Moosehead is the most cost effective way of enabling us to ensure that Red Stripe is competitively priced. The cans are available in a unique 4-pack at the cost of US$6.99.

The Red Stripe Super Bowl exclusive VIP party in Tampa, Florida was the envy of those

It Was A Great Year For Exports!

who chose to drink anything other than the Great Jamaican Beer. Hosted on "Mrs. Red Stripe" the 150 foot yacht owned by Margie Geddes, shareholder and widow of former Brewmaster, the Hon. Paul Geddes, it was three days of real Jamaican vibrancy.

CANADA

After four years of continuously outpacing the beer market, Red Stripe in Canada has again topped the total beer and total premium beer markets by delivering another year of double digit growth. The brand remains healthy and our expansion is twice that of Premium Import Lager.

During this year's Toronto Festival of Beers, the Red Stripe booth was the hottest destination, attracting over 26,000 consumers over four days – more than 30% over last year's sun drenched weekend. Toronto's Festival of Beers has become a tradition for beer lovers. It is Canada's premier celebration of beer and features seventy Breweries exhibiting over 250 brands. It is unquestionably an effective branding forum for Red Stripe.

EUROPE

Great Britain

While other lager brands are in decline across Europe, Red Stripe continues to deliver growth. Thanks to a re-vitalised marketing strategy, which is firmly grounded in an authentic Jamaican brand positioning incorporating music and the creative scene, has re-established the brand in Great Britain. Increasing our distribution network with new listings in over 400 Tesco stores has delivered our objective around deeper market penetration. ***The Independent,*** a leading British Newspaper, has named Red Stripe as one of the 'must have' accessories for UK trendsetters.

Sweden

Fueled by a strong affinity for things Jamaican and a discerning taste for fine beers, the Swedish consumers have adopted Red Stripe as their own, resulting in the brand leaping from the number twenty-one on the premium import list to number thirteen. Red Stripe also added another gold medal to its already impressive tally when we walked away with the top award at the 17th renewal of the Stockholm Beer And Whiskey Festival.

Continental Europe

In Continental Europe which covers markets including Belgium, Italy, Switzerland, Norway, France and Spain we continue to see a slow build as consumers gradually adopt the brand. Our marketing strategy has a strong "Ambassador" programme component which is building brand loyalty among the target consumer group.


Red Stripe
LIGHT
Red Stripe
LIGHT
WASTEWATER
TREATMENT PLANT
GUINNESS
Water Week
JOURNEY THROUGH
Red Stripe
RED STRIPE BREW
BREWING PROCESS

Creating Our 'Perfect Plant'

Product quality continues to be top of our agenda with a focus on capability development and process control. In 2008 we were rated in the top four of all Guinness production sites worldwide. We aim to be number one.

The main focus in the current fiscal year has been on reducing the impact of the worldwide economic challenges on production and distribution costs. A united effort by everyone in the supply function has resulted in significant cost savings across all aspects of the operation particularly in the areas of procurement efficiencies, energy reduction and cost saving initiatives.

"PERFECT PLANT" PROGRAMME

The Diageo "Perfect Plant" Programme was launched across all Diageo production facilities with the aim to raise all the Diageo manufacturing sites across the world to the same level of manufacturing excellence. The concept is based on the principles of *Lean Manufacturing* and focuses on operating systems, management infrastructure and mindsets, behaviours and capabilities. The programme is delivering sustainable benefits for Red Stripe in the areas of operational efficiency, production cost, health and safety and quality.

During 2009, we will continue to enhance our Route-to-Market efficiency, through consolidation of distribution operations, capability development and a major investment in 40 new delivery vehicles.

SAFETY

The launch of the "Zero Harm" programme has raised the importance and awareness of employee safety with the mantra "everyone goes home safe, everyday, everywhere." The health and safety of employees throughout Red Stripe continues to take centre stage and this has resulted in significant reduction in accidents across the business.

JCC'S ENVIRONMENTAL AWARD

At Red Stripe we are steadfast in our commitment to a sustainable environment in Jamaica. In 2008 we received the Jamaica Chamber of Commerce's Environmental Award in recognition of the great progress made in water recycling, and waste and energy reduction. Our continued dedication to the use of recyclable packaging materials and components enabled us to reduce the amount of waste sent to landfill by over fifty per cent during the year. We will continue to raise environmental awareness and accountability amongst our employees. This will be a key element of our strategy for the coming year.

JEA'S MODEL EXPORTER AWARD

During the year the company once again successfully completed a number of capital projects focused around cost minimization, efficiency improvement, quality enhancement and the environment. The investment in automated packaging equipment and export-loading facilities in the previous year delivered substantial benefits in FY09 both in terms of production efficiency, customer service and increased export delivery. For the third consecutive year Red Stripe walked away with the Jamaica Exporters Association's Model Exporter Award.


GUINNESS
FOREIGN EXTRA
GENUINE QUALITY
GUINNESS
FOREIGN EXTRA
ST. JAMES'S GATE DUBLIN
Red Stripe
Baywatch
Heineken
Red Stripe
Heineken

Putting the Customer and Consumer First

"Everything we do in the Sales Department is centered around our customers and consumers. Our investment of US$3 million over two financial years is designed to dramatically improve our distribution network, customer satisfaction and the overall delivery of our business performance," says Tim Szonyi, Sales Director.

Tim points out that the past year saw a tough sales environment both locally and internationally but he believes that the company has maximized many of the short-term opportunities with its commercial partners. "The outlook for the coming financial year is positive as we have very clear brand strategies and an integrated execution plan that will allow us to deliver positive results," he says.

NEW AREAS OF FOCUS

Route-to-Market-Strategy We are consolidating our distribution network. This includes replacing the old Route sales trucks with over 40 new state-of-the- art trucks as well as hiring and training 45 contract sales persons. The lynchpin of the new structure is an automated order-to-cash process that is key to enhancing our sales force capabilities.

Community Bars We have invested heavily in the community bars with our core brands. A key initiative has been establishing a specific route channel sales force, charging them with the responsibility of visiting over 1500 community bars across the island to ensure greater visibility of our brands and to educate bartenders about our portfolio of brewed and spirits products.

Brand Visibility The Red Stripe sales team now has a targeted trade strategy by channel.

- Building brand visibility and availability, which has been bolstered by the company's investment in permanent visibility fixtures for both the brewed and spirit brands.
- Rewarding our commercial partners who work with us to display these permanent fixtures, which help to drive the stores' profitability and sales of our brands. Jamaica's newest hypermarket, Michi Super Centre and HiLo Manor Park display the pride of what we have delivered. In the on-trade we have worked closely with the hottest nightclubs, *Fiction* and *Pure/Plush*, partnering with Smirnoff, Johnnie Walker, Ciroc® and Heineken. We have also launched the Reserve brands portfolio and have weekly execution of brand events in these outlets including *Margaritaville* and *Jungle*.

The Red Stripe Ambassadors Program Launched in November, this breakthrough underscored our commitment to the 2011 strategy to double the size of the business and revitalize the market with the input of a wide cross section of employees. Staff members are encouraged to be an ambassador to the business, complete with their own business cards, guidelines and tips on what to do. Their activities include bottle drives, frequent visits to community bars and supermarkets, issues management and escalation of red flags/bottlenecks, or sales opportunities.

The achievements we delivered in the last financial year will set the business up for long term success and brilliant execution of the current fantastic brand strategies.


MALTA
DG
COOL TASTE
NON ALCOHOLIC
DG
malta
refresh
FUELLED NATURALLY
SINCE 1982
ONE WORLD · ONE VOICE · ONE RED STRIPE
RD1
Red Stripe
LAGER BEER

Amazing Employee Relationships: United, Passionate and Proud

"Last year was one of transformation as we concentrated on creating leaner and more effective teams," says Lisa Soares Lewis, Human Resources Director.

This is part of our journey towards ***Destination 2011***, which focuses on a Health and Safety culture, Super Engaged Employees, Right Talent, Right Capabilities, One World, One Voice, One Red Stripe

We achieved these goals through:

Health & Wellness Expo

In response to the economic recession and changes in our business environment, which required organizational restructuring, our Expo was implemented in February. It saw health providers, the Small Business Association of Jamaica and representatives from financial institutions making presentations to employees in transition showing them how to be proactive in the economic recession. They were also given support with job search, resume writing and coaching.

HIV/AIDS Workplace Policy

As we embed our HIV/AIDS Workplace Policy and to mark World AIDS Day, (December 1) the Occupational Health Department organized a seminar with the theme ***"STOP AIDS. KEEP THE PROMISE. TAKE THE LEAD."*** There were presentations on the company's award-winning HIV/AIDS Policy, brochure distribution and a skit performed by renowned Jamaican actor Voliere "Maffy" Johnson. We were recognized by Ministry of Labour and Social Security with two gold awards for developing and implementing a HIV & AIDS Workplace Policy and health and safety procedures and systems. The JMA also acknowledged our programme with a special award for HIV Workplace Advocacy.

Culture Change Initiative

In May we launched our culture change initiative, dubbed 'IRD1' which means: 'one world, one voice, one Red Stripe'. This initiative is designed to bring to life our vision: "Red Stripe is the pride of its people, the Pride of Jamaica, Celebrated by Diageo and World".

We had many wins over our past year's journey:

- **A number of appreciative** conversations with employees aimed at understanding who we are and what we're doing when we're at our very best. These conversations gave us great insights into the value of Leadership Accountability in bringing to life our vision.
- Our "**Paint the Town Red Explosion Parties"** created opportunities for employees to build amazing relationships with our customers.
- **The Senior Leadership Summit** gave leaders the chance to explore and realize their leadership accountability skills and their role at Red Stripe.

Roll-out of Leadership Performance Objectives

To streamline our focus on leadership effectiveness and to drive individual and business success, we introduced a **"Leadership Excellence**" initiative. Standard Leadership Excellence is the number one aim of our **Partners for Growth** for people managers. It comprises: inspirational leadership and breakthrough thinking; talent and development; Diageo Values Survey action planning; engagement and coaching; reward and recognition; and rock solid compliance. A 12-step process to embed excellence in leadership was also implemented through personal leadership stands; feedback and diagnostics; and the development, execution and measurement of personal development plans as well as peer coaching.


DRAGON STOUT
SMOOTHES OUT A ROUGH DAY
KEEP WALKING
DETOX

Responsible Drinking – Educating Our Consumers

The Red Stripe brands are made to be enjoyed responsibly. That's why we're committed to investing behind educating consumers on responsible consumption. Our "Think Responsibly, Drink Responsibly" campaign is successfully integrated in our advertising and promotional activities making us the market leader and an admired partner with various entities.

From its colourful launch on the busiest streets of Kingston, complete with the "Thinksquad" shirts and the endorsements of the Ministry of Health and the National Road Safety Council, the campaign extended across radio, TV and print advertising media. This was also supported by public education seminars at universities and schools.

"Our big push now is media blasts coinciding with Jamaica's holidays. We took the holistic approach and in addition to advertising we immersed the campaign in all brand events," says Kim Lee, Brand Communications Manager. Refresh cafes are set up at every event with complimentary coffee, soup, water and snacks courtesy of our valued partners; Essential Water, Jambisco and Pepsi. This is in keeping with the WESTRN Method (WATER, EAT, SPACERS, avoiding TOP-UPS, NO to drinking and driving). Also standard at all events are video loops with Responsible Drinking reminders and music DJs do their part by integrating responsible drinking tips during their sets.

"Think Responsibly/Drink Responsibly" has gone high tech too with DRINKiQ.COM. It is an innovative website, a one-stop, global on-line resource designed to combat alcohol misuse. DRINKiQ features videos of experts answering questions about alcohol issues, information on responsibly hosting events, downloadable resources and macronutrient information about Diageo brands through KnowYourDiageoDrink.com. A key feature of DRINKiQ.com is 'The Responsibility Channel', an online community where people can share videos and programs they have found to be effective in addressing alcohol-related issues.

Our world famous scotch brand, Johnnie Walker partnered with West Indies cricket legend Sir Vivian Richards to launch the second phase of the 'Know Your Boundaries' campaign in February. They travelled the Caribbean during England's tour of the West Indies to raise awareness using state-of-the-art, cricket-based technology that was effective in educating consumers about planning ahead for social drinking occasions and to always use a 'Designated Driver'.

Said Sir Viv: "I personally feel very strongly about drink driving and think that through cricket; Johnnie Walker and I can carry this important message to Caribbean people to change their attitudes towards drinking/driving."

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 workshops with both external and internal stakeholders that include our sponsors, advertising agencies, and media among others.

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.

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 are 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 the 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

STATEMENT OF INTENT

Diageo brands are enjoyed by millions of consumers around the world every day. For most people, drinking responsibly can be a pleasurable part of a balanced and healthy lifestyle and Diageo recognises that most of its employees drink sensibly. Diageo is committed to ensuring that its employees understand the nature and effects of alcohol. It also plays a leading role internationally in drinks industry initiatives which promote responsible drinking and tackle alcohol misuse.

Employee 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 judgment 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 counselling, 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 drinks company are expected to drink'

FALSE There are some specialised 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 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 Their 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 find out more about Diageo's responsible drinking activities please contact:
Yvonne Larkin
Director of Employment Policy
yvonne.larkin@diageo.com

Board Charter and Corporate Governance Guidelines

Board Mission

1) Mission Statement
- The Desnoes & Geddes Limited Board of Directors represents the owners' interest in maintaining and growing a successful business, including optimizing long-term financial returns and lowering cost of capital. The Board is committed to achieving the highest standards of corporate governance, corporate responsibility and risk management in directing and controlling the business.

- The Board is responsible for determining that D&G is managed in such a way to ensure this result. This is an active, not a passive, responsibility. The Board has the responsibility to ensure that management is capably executing its responsibilities. The Board's responsibility is to regularly monitor the effectiveness of management policies and decisions including the execution of its strategies.

- In addition to fulfilling its obligations for increased stockholder value, the Board has a responsibility to deliver holistic performance embracing corporate responsibility towards D&G customers, employees, suppliers and to the communities where it operates -- all of whom are essential to a successful business. All of these responsibilities, however, are founded upon the successful perpetuation of the business.

Board Functions

1) Areas of responsibilities
The Board makes decisions; reviews and approves key policies and decisions of the Company, in particular, in relation to:
- Corporate governance
- Compliance with laws, regulations and the Company's code of business conduct
- Corporate citizenship, ethics, environment
- Strategy and operating plans
- Business development including major investments and disposals
- Financing and treasury
- Appointment or removal of Directors
- Remuneration of Directors
- Risk management
- Financial reporting and audit
- Pensions

2) Specific responsibilities for Chairman, Company Secretary and Directors
- The Chairman is principally responsible for the effective operation and chairing of the Board and for ensuring that information that it receives is sufficient to make informed judgments. He also provides support to the Managing Director, particularly in relation to external affairs.

- The Company Secretary is responsible for ensuring that Board processes and procedures are appropriately followed and support effective decision-making and governance. He is appointed by, and can only be removed by the Board. He is also responsible for ensuring that new Directors receive appropriate training and induction into D&G. All Directors have access to the Company Secretary's advice and services and there is also a formal procedure for Directors to obtain independent professional advice in the course of their duties, if necessary, at the company's expense.

- Each Board member is expected to commit sufficient time for preparing and attending meetings of the Board, its Committees and, if applicable, of the Independent Directors. Regular attendance at Board meetings is a prerequisite. Therefore, unless explicitly agreed upfront, a Director should not miss two consecutive regular Board meetings.

- Because in-depth knowledge of the particulars of the Company's business is vital for each Director in making informed and objective decisions, management is to allow direct involvement and review of operational activities. Similarly, management also is to communicate to Board members opportunities to interact in strategy and day-to-day business settings. Board members are strongly encouraged to take advantage of such opportunities as frequently as feasible. The Directors have complete access to the leadership of the company.

Selection and Composition of the Board

The Board is responsible for overviewing the interest of all stakeholders on the matters as outlined above. The composition of the Board should be such that these interests are best served and therefore the Directors require a diversity in skills and characteristics.

1) Size of the Board
The Board will have a minimum of ten (10) and a maximum of fifteen (15) Directors. Considering the size of the organization and the environment in which it operates, the Board believes such numbers are adequate.

2) Executive and Non-Executive Directors
At any time, the number of Executive Directors should not exceed fifty per cent of the total number of Directors.

3) Conflicts of Interest/Disclosure
Any dealings in the company's shares by any Director must be promptly reported to the Company Secretary who is obliged to disclose such information on a regular basis to the Jamaica Stock Exchange.

With respect to 'block out ' dates, no director should trade in the company's shares during the period from which the company declares the payment of a dividend to the payment date of such dividend.

A Director who has an interest in the company or in any transactions with the company which could create or appear to create a conflict of interest must disclose such interests to the company. These would include:

- Any interest in contracts or proposed contracts with the company
- General disclosure on interest in a firm, which does business with the company
- Interest in securities held in the company
- Emoluments received by the Company
- Loans or Guarantees granted by the company to/for the Director.

Disclosure shall be made at the first opportunity at a Board Meeting in writing and such disclosure shall be recorded in the minutes of the Board Meeting.

The Director shall then excuse himself from the Board meetings when the Board is deliberating over any such contract and shall not vote on any such issue. The disclosure of Director's interest shall include interests of his family and affiliates.

4) Election, terms, re-election and retirement
Election, terms, re-election and retirement of each Board member is conducted in line with the Articles of Association of the company, Articles 92 to 100, with the exception that each Board member is to retire during the financial year, when the Director reaches the age of 70 years, unless a special resolution of exemption to this rule is passed by the Board.

Equally, the maximum number of terms of the Chairman should not exceed 10 successive years, unless a special resolution of exemption of this rule is passed by the Board.

5) Board Compensation
The level of compensation of the Non-Executive Directors reflects the time commitment and responsibilities of the role. It consists of a package appropriate to attract, retain and motivate non-executive Directors of the quality required. The compensation is competitive and subject to regular review to what is paid in comparable situations elsewhere.

No remuneration committee shall be in effect. A review by the Board of the remuneration policies for Executive Directors and the members of the central leadership team as applied by the ultimate parent to the Company, will take place during a regular Board meeting annually.

6) Director Orientation and Education
The Board and Management will conduct a comprehensive orientation process for new Directors to become familiar with the Company's vision, strategic direction, core values, financial matters, corporate governance practices and other key policies and practices through a review of background material, meetings with senior management and visits to the company's facilities.

The Board also recognizes the importance of education for its Directors. It is the responsibility of the Board to advise the Non-Executive Directors about their education, including corporate governance issues. Directors are encouraged to participate in the Directors' continuing education programs.

7) Access to outside advisors and funds
The Company will make such funds available to the Board and in particular the Non-Executive Directors as is reasonably required for those Directors to objectively make decisions. This may include providing funds to access outside advisors and cover cost associated with travel and the gathering of relevant information for the execution of their responsibilities.

8) Code of Conduct
The Board expects all Directors, as well as officers and employees, to act ethically at all times and to adhere to all Diageo codes and policies specifically, including 'The Diageo Code of Business Conduct'; 'The Diageo Marketing Code' and the 'Employee Alcohol Policy.' The Board will not permit any waiver of any of these policies for any Director or Executive officer. If an actual or potential conflict of interest arises for a Director, the Director shall promptly inform the Chairman. If a conflict exists and cannot be resolved, the Director should resign.

Board Committees

The Board has established several Committees, each with clearly defined terms of reference, procedures, responsibilities and powers.

1) Audit Committee
On behalf of the Board, the Audit Committee shall:

- Monitor the adequacy and effectiveness of the company's systems of risk management and control, the Business Risk Assurance function and external auditors
- Review the company's annual and interim financial statements and related policies and assumptions and any accompanying reports or related policies and statements
- Monitor and review the effectiveness of the Company's internal audit function
- Monitor and review the external auditor's independence, objectivity and effectiveness
- Develop and implement policy on the engagement of the external auditor to supply non-audit services.

The Audit Committee shall consist of Non-Executive Directors of the company duly appointed by the Board. The Chairman and Secretary of the Audit Committee shall also be appointed by the Board. The Board Chairman shall not be a member of the Committee. The Committee shall consist of not less than three members.

The Audit Committee shall meet at least four (4) times a year, within twenty (20) days of the end of each quarter and at such other times as any member of the Committee or the external auditors may request.

2) Nomination Committee
This Committee comprises of two Non-Executive Directors and one Executive Director. The Committee is responsible for keeping under review the composition of the Board and succession to it. It makes recommendations to the Board concerning appointments to the Board of Non-Executive Directors, having regard to the balance and structure of the Board and the required blend of skills and experience. The Committee has responsibility to:

- Nominate potential candidates and evaluate the suitability of those candidates for future Board membership
- Propose suitable candidates to the board for approval prior to approaching the candidate
- Approach the future candidate and upon positive response, introduce the future board member to the board.

The nomination of one Non-Executive Director through Diageo and one Non-Executive Director through Heineken are exempt from nomination through the Nomination Committee.

The Nomination Committee shall meet in line with election and re-election procedures determined and at such other times as any member of the Committee may request.

3) Evaluation Committee

This Committee comprises the Chairman, the Managing Director and the Company Secretary. The Committee is responsible for keeping under review the performance of all Board members. It develops, maintains and executes an annual process of self-evaluation and '360 degrees feedback' between Board members. Results of the self-evaluation are discussed annually in a Board meeting.

The Chairman and the Managing Director will present results of the '360 degrees feedback' to the relevant Board member individually.

The Evaluation Committee shall meet annually to initiate and assess the outcome of the evaluations and at such other times as any member of the Committee may request.

4) Ad Hoc Committees

The Board may call any Ad Hoc Committee as it deems necessary. The rules under which such Committee governs will be set out at each occasion by the Board. All committees including those explicitly mentioned above will be subject to the annual evaluation process, similar as applied to the Board itself.

Meetings

1) Frequency of meetings

During each financial year, there will be a minimum of four regular Board meetings. Special Board meetings may occur at such other times as any member of the Board may request.

2) Non-Executive Director Meetings

The Company is to provide opportunity for the Non-Executive Directors to meet independently of the Executive Directors. On the decision of the Non-Executive Directors, the Managing Director may be invited if they so desire.

3) Operational Review Meetings

To further engage the Board and strengthen its in-depth knowledge of the particulars of the company's business a monthly one hour (virtual) meeting on the past month's performance is conducted. This meeting allows direct involvement and review of operational activities. Attendance is on a voluntary basis.

4) Strategy and Operating Plan Setting Meeting

The Board is consulted on a regular basis on matters which are of strategic importance to the company. Annually, the Company will set, in coordination with the Chairman, a meeting to review the Company's strategy in depth prior to final agreement of such strategy and annual operating plan with the Company's parent Company.

5) Selection of Agenda Items for Board Meetings

The Chairman and Company Secretary will establish the agenda for each Board meeting. Each Board member may suggest the inclusion of item(s) on the agenda.

Information important to the Board's understanding of the business will be distributed electronically and or in writing to the Board before the Board meetings. As a general rule, presentations on specific subjects should be sent to the Board members in advance to save time at Board meetings and focus discussion on the Board's questions. On those occasions in which the subject matter is extremely sensitive, the presentation will be discussed at the meeting.

6) Additional attendees to the meeting

Furthermore, the Board encourages the Management, where it assists the ability of the Board members to execute their responsibilities to bring managers into Board meetings who: (a) can provide additional insight into the items being discussed because of personal involvement in these areas, and/or (b) are managers with future potential that the senior management believes should be given exposure to the Board.

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Independent Auditor’s Report

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To The Members of Desnoes & Geddes Limited

We have audited the financial statements of Desnoes & Geddes Limited (“the company”), and the consolidated financial statements of the company and its subsidiaries (‘the group”), set out on pages 51 to 88 which comprise the company and the group balance sheets as at June 30, 2009, 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 relating to 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.

KPMG

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company and the group as at June 30, 2009, 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 the Jamaican Companies Act, so far as concerns members of the company.

Report on additional requirements of the Jamaican 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, give the information required by the Jamaican Companies Act in the manner so required.

KPMG

August 28, 2009

Company Balance Sheet AS AT JUNE 30, 2009

	Notes	2009 $'000	2008 $'000
ASSETS			
Investments	4	407,025	511,380
Investment properties	5	96,500	84,500
Property, plant and equipment	6	6,067,030	5,903,136
Employee benefits asset	7	411,000	1,028,000
Total non-current assets		**6,981,555**	**7,527,016**
Cash and bank		634,895	162,246
Short-term deposits		17,357	19,871
Accounts receivable	8(a)	409,308	475,205
Due from fellow subsidiaries	8(b)	444,837	583,473
Inventories	9	1,675,614	1,508,981
Total current assets		**3,182,011**	**2,749,776**
Accounts payable	10	1,360,675	1,225,937
Short-term loans	11	733,608	679,108
Taxation payable		252,836	241,470
Due to fellow subsidiaries		642,440	727,447
Total current liabilities		**2,989,559**	**2,873,962**
Net current assets/(liabilities)		**192,452**	**(124,186)**
Total assets less current liabilities		**7,174,007**	**7,402,830**
EQUITY			
Share capital	12	2,174,980	2,174,980
Capital reserves	13	2,109,675	2,125,684
Other reserves	14	627,213	1,139,568
Retained earnings		1,187,075	744,946
Total Equity		**6,098,943**	**6,185,178**
NON-CURRENT LIABILITIES			
Employee benefits obligation	7	69,000	74,000
Long-term liabilities	15	157,235	157,235
Deferred tax liabilities	16	848,829	986,417
Total non-current liabilities		**1,075,064**	**1,217,652**
Total equity and non-current liabilities		**7,174,007**	**7,402,830**

The financial statements on pages 51 to 88 were approved for issue by the Board of Directors on August 28, 2009 and signed on its behalf by:

_____________________ Chairman
Richard Byles

_____________________ Finance Director
Allan Hood

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

Group Balance Sheet AS AT JUNE 30, 2009

	Notes	2009 $'000	2008 $'000
ASSETS			
Investments	4	405,870	510,225
Investment properties	5	96,500	84,500
Property, plant and equipment	6	6,067,030	5,903,136
Employee benefits asset	7	411,000	1,028,000
Total non-current assets		**6,980,400**	**7,525,861**
Cash and bank		636,651	164,002
Short-term deposits		17,357	19,871
Accounts receivable	8(a)	409,308	475,205
Due from fellow subsidiaries	8(b)	444,837	583,473
Inventories	9	1,675,614	1,508,981
Total current assets		**3,183,767**	**2,751,532**
Accounts payable	10	1,363,381	1,228,643
Short-term loans	11	733,608	679,108
Taxation payable		252,826	241,460
Due to fellow subsidiaries		642,440	727,447
Total current liabilities		**2,992,255**	**2,876,658**
Net current assets/(liabilities)		**191,512**	**(125,126)**
Total assets less current liabilities		**7,171,912**	**7,400,735**
EQUITY			
Share capital	12	2,174,980	2,174,980
Capital reserves	13	2,117,445	2,133,454
Other reserves	14	627,213	1,139,568
Retained earnings		1,326,998	884,869
Attributable to equity holders of the parent		**6,246,636**	**6,332,871**
Minority interest		7,447	7,447
Total equity		**6,254,083**	**6,340,318**
NON-CURRENT LIABILITIES			
Employee benefits obligation	7	69,000	74,000
Deferred tax liabilities	16	848,829	986,417
Total non-current liabilities		**917,829**	**1,060,417**
Total equity and non-current liabilities		**7,171,912**	**7,400,735**

The financial statements on pages 51 to 88 were approved for issue by the Board of Directors on August 28, 2009 and signed on its behalf by:

____________________ Chairman
Richard Byles

____________________ Finance Director
Allan Hood

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

Company and Group Income Statement

YEAR ENDED JUNE 30, 2009

	Notes	2009 $'000	2008 $'000
Turnover	17	13,447,889	12,488,766
Special Consumption Tax (SCT)		(1,817,448)	(1,792,988)
Net sales		11,630,441	10,695,778
Cost of sales		(7,074,359)	(6,601,693)
Gross profit [33.88% (2008: 32.78%) of turnover]		4,556,082	4,094,085
Marketing costs		(1,349,435)	(1,493,126)
Contribution after marketing		3,206,647	2,600,959
General, selling and administration expenses		(1,090,874)	(1,038,061)
Other income/(expenses), net		(79,981)	(2,894)
Trading profit		2,035,792	1,560,004
Employee benefits income, net	7(d)	212,000	94,000
Finance income – interest		18,276	16,346
Revaluation surplus on investment properties		12,000	-
Loss on disposal of property, plant and equipment		(31)	-
Profit before finance cost		2,278,037	1,670,350
Finance costs – interest		(66,596)	-
Profit before taxation	18	2,211,441	1,670,350
Taxation	19	(660,118)	(627,901)
Profit for the year attributable to equity holders of the parent company, all dealt with in the financial statements of the company		1,551,323	1,042,449
Earnings per stock unit	20	55.22¢	37.11¢

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

Company and Group Statement of Recognised Income and Expenses

YEAR ENDED JUNE 30, 2009

	2009 $'000	2008 $'000
Fair value adjustment on available-for-sale investment [note 4 (a)]	(104,355)	-
Deferred taxation on revalued property, plant and equipment	8,005	8,120
Change in unrecognised employee benefit asset	(664,000)	(896,000)
Deferred taxes on employee benefit	279,000	65,667
Actuarial gains and losses recognised in equity	(173,000)	699,000
Net expense recognised directly in equity	(654,350)	(123,213)
Profit for the period	1,551,323	1,042,449
Total recognised income and expenses for the period	**896,973**	**919,236**

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

Company Statement of Changes in Equity

YEAR ENDED JUNE 30, 2009

	Share capital $'000 (Note 12)	Capital reserves $'000 (Note 13)	Other reserves $'000 (Note 14)	Retained earnings $'000	Total $'000
Balances at June 30, 2007	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
Total recognised income and expenses	-	8,005	(104,355)	993,323	896,973
Transfer of depreciation charge on revaluation surplus of property, plant and equipment	-	(24,014)	-	24,014	-
Transfer to pension equalisation reserve	-	-	(408,000)	408,000	-
Dividends (note 21)	-	-	-	(983,208)	(983,208)
Balances at June 30, 2009	2,174,980	2,109,675	627,213	1,187,075	6,098,943

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

Group Statement of Changes in Equity

YEAR ENDED JUNE 30, 2009

	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, 2007	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
Total recognised income and expenses	-	8,005	(104,355)	993,323	-	896,973
Transfer of depreciation charge on revaluation surplus of property, plant and equipment	-	(24,014)	-	24,014	-	-
Transfer to pension equalisation reserve	-	-	(408,000)	408,000	-	-
Dividends (note 21)	-	-	-	(983,208)	-	(983,208)
Balances at June 30, 2009	2,174,980	2,117,445	627,213	1,326,998	7,447	6,254,083

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

Company Statement of Cash Flows YEAR ENDED JUNE 30, 2009

	2009 $'000	2008 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	1,551,323	1,042,449
Adjustments for:		
Items not involving cash:		
Interest income	(18,276)	(16,346)
Interest expense	66,596	-
Depreciation	337,096	296,644
Revaluation surplus on investment properties	(12,000)	-
Loss on disposal of property, plant and equipment	31	-
Deferred taxation	149,417	33,878
Income tax charge	510,701	594,023
Increase in employee benefits asset/(obligation)	(212,000)	(94,000)
	2,372,888	1,856,648
Changes in working capital:		
Accounts receivable	65,897	(103,303)
Due from fellow subsidiaries	138,636	(358,530)
Inventories	(166,633)	(110,747)
Accounts payable	132,322	(220,293)
Due to fellow subsidiaries	(85,007)	260,305
Cash generated from operations	2,458,103	1,324,080
Interest paid	(64,180)	-
Income taxes paid	(499,335)	(650,748)
Net cash provided by operating activities	1,894,588	673,332
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(501,021)	(517,258)
Interest received	18,276	16,346
Pension contributions	(13,000)	(12,000)
Net cash used by investing activities	(495,745)	(512,912)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short - term loans	54,500	679,108
Dividend payments	(983,208)	(1,123,668)
Net cash used by financing activities	(928,708)	(444,560)
Net increase/(decrease) in cash and cash equivalents	470,135	(284,140)
Cash and cash equivalents at beginning of year	182,117	466,257
Cash and cash equivalents at end of year	652,252	182,117
Comprised of –		
Cash and bank balances	634,895	162,246
Short-term deposits	17,357	19,871
	652,252	182,117

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

Group Statement of Cash Flows YEAR ENDED JUNE 30, 2009

	2009 $'000	2008 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	1,551,323	1,042,449
Adjustments for:		
Items not involving cash:		
Interest income	(18,276)	(16,346)
Interest expense	66,596	-
Depreciation	337,096	296,644
Revaluation surplus on investment property	(12,000)	-
Loss on disposal of property, plant and equipment	31	-
Deferred taxation	149,417	33,878
Tax charge	510,701	594,023
Increase in employee benefits asset/(obligation)	(212,000)	(94,000)
	2,372,888	1,856,648
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Accounts payable	132,322	(220,293)
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Cash generated from operations	2,458,103	1,324,080
Interest paid	(64,180)	-
Income taxes paid	(499,335)	(650,748)
Net cash provided by operating activities	1,894,588	673,332
CASH FLOWS FROM INVESTING ACTIVITIES		
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CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term loans	54,500	679,108
Dividend payments	(983,208)	(1,123,668)
Net cash used by financing activities	(928,708)	(444,560)
Net increase/(decrease) in cash and cash equivalents	470,135	(284,140)
Cash and cash equivalents at beginning of year	183,873	468,013
Cash and cash equivalents at end of year	654,008	183,873
Comprised of –		
Cash and bank balances	636,651	164,002
Short-term deposits	17,357	19,871
	654,008	183,873

The accompanying notes form an integral part of these 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 company's subsidiaries are inactive [note 3(a) (i)]. The company and its subsidiaries are collectively referred to as the "group".

The number of employees at June 30, 2009 was 759 (2008: 767) 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, issued by the International Accounting Standards Board (IASB).

New standards and interpretations effective during the year:

Certain new IFRS and interpretations of, and amendments to, existing standards, which were in issue, came into effect for the current financial year. The adoption of these did not result in any change in accounting policies and did not have any effect on the financial statements.

New standards and interpretations 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:

- *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.

2. Basis of preparation (cont'd)

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

New standards and interpretations not yet effective (cont'd):

- *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 financial statements.

- Amendments to *IAS 32 Financial instruments: Presentation* and *IAS 1, Presentation of Financial Statements* are 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 financial statements.

- *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 and a statement of comprehensive income. IAS 1 (revised) is effective for annual periods beginning on or after January 1, 2009 and is not expected to have any significant impact on the financial statements.

- Amendments to *IFRS 7 Financial Instruments: Disclosures* requires enhanced disclosures in respect of two aspects: disclosures over fair value measurement relating to financial instruments, specifically, in relation to disclosures over the inputs used in valuation techniques and the uncertainty associated with such valuations; and improving disclosures over liquidity risk to address current diversity in practice. The amendments are effective for annual periods beginning on or after January 1, 2009 and the company is still assessing the impact that the revised standard will have on the financial statements.

(b) Basis of measurement:

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

2. Basis of preparation (cont'd)

(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 amounts of assets, liabilities, contingent assets and contingent liabilities at the balance sheet date and the income and expenses for the year then ended. 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 amounts recognised in the financial statements is in respect of the measurement of defined benefit obligations and the fair value of certain available-for-sale investments.

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.

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 as detailed in note 4(a).

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 amounts 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.

(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, 2009. The wholly-owned subsidiaries, incorporated in Jamaica, unless stated otherwise, are as follows:-

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

These companies are currently inactive and the shareholdings are the same for 2009 and 2008. The carrying value of the company's interest in these subsidiaries was previously reduced to $Nil.

(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.

3. Significant accounting policies (cont'd)

(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 statement 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)].

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.

3. Significant accounting policies (cont'd)

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

(ii) Depreciation:

Depreciation is calculated on the straight-line basis at annual rates to write down the carrying value of each asset to its estimated residual value 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.

(e) Foreign currencies:

Transactions in foreign currencies are converted at the foreign exchange rates 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.

3. **Significant accounting policies (cont'd)**

(f) Taxation (cont'd):

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

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

(g) Employee benefits:

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

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

Employee benefits, comprising pensions and other post-employment obligations included in the 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 benefits asset and obligation 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.

3. Significant accounting policies (cont'd)

(g) Employee benefits (cont'd):

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 statement 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 statement.

The company recognises all actuarial gains and losses directly in equity.

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

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

(h) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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.

3. Significant accounting policies (cont'd)

(h) Financial instruments (cont'd):

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 [note 4(a)].

(ii) Debt securities are classified as loans and receivable and, after initial recognition, are 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.

(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 changes in fair value is recognised in the income statement. In carrying out the audit, the auditors rely 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.

3. **Significant accounting policies (cont'd)**

(k) Impairment (cont'd):

(i) Financial assets (cont'd):

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

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

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

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

(ii) Non-financial assets:

The carrying amounts of the company's and the group's non-financial assets, other than investment properties 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.

3. Significant accounting policies (cont'd)

(k) Impairment (cont'd):

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

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 costs:

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

(m) Segment reporting:

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

(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	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Available for sale:				
Unquoted	407,025	511,380	405,852	510,207
Loans and receivables	-	-	18	18
	407,025	511,380	405,870	510,225

4. **Investments (cont'd)**

(a) Investments comprise (cont'd):

The carrying amount of the available for sale investment is the fair value as determined by a professional business valuator. A maintainable earnings approach was applied based on projected after tax earnings for 2009. 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 further 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	
	2009	2008
	%	%
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

These companies are currently inactive.

5. **Investment properties**

	Company and Group	
	2009	2008
	$'000	$'000
Balance as at beginning of year	84,500	84,500
Net gains from fair value adjustments	12,000	-
Balance as at end of year	96,500	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. At the end of the previous year, the properties were valued 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 by, 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, 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
Additions	72,185	120,764	11,331	296,741	501,021
Transfers from CIP	380,612	905,824	47,233	(1,333,669)	-
Disposals/write- off	-	(49,592)	-	-	(49,592)
June 30, 2009	3,004,062	5,797,453	534,231	333,283	9,669,029
At cost	651,581	1,243,586	534,231	333,283	2,762,681
At valuation	2,352,481	4,553,867	-	-	6,906,348
	3,004,062	5,797,453	534,231	333,283	9,669,029
Depreciation and impairment losses:					
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
Charge for the year	50,858	238,190	48,048	-	337,096
Eliminated on disposals/write-off	-	(49,561)	-	-	(49,561)
June 30, 2009	94,534	3,118,997	388,468	-	3,601,999
Carrying amounts:					
June 30, 2009	2,909,528	2,678,456	145,763	333,283	6,067,030
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

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

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, independent valuators.

Had the assets not been revalued, the carrying amounts at the balance sheet date would be $1,199,272,000 (2008: $779,639,000) for freehold land and buildings and $2,789,592,000 (2008: $1,984,190,000) for plant and equipment.

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	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Present value of funded obligation	(2,261,000)	(2,573,000)	(69,000)	(74,000)
Fair value of plan assets	4,636,000	4,901,000	-	-
Asset not recognised due to limitation	(1,964,000)	(1,300,000)	-	-
Net asset/(obligation) at end of year	411,000	1,028,000	(69,000)	(74,000)

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

	Company and Group Pension Asset		Company and Group Obligation	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Balance at beginning of year	(2,573,000)	(2,462,000)	(74,000)	(59,000)
Benefits	151,000	119,000	3,000	3,000
Service and interest costs	(405,000)	(368,000)	(17,000)	(12,000)
Contributions	(79,000)	(68,000)	-	-
Actuarial gain/(loss)	645,000	206,000	19,000	(6,000)
Balance at end of year	(2,261,000)	(2,573,000)	(69,000)	(74,000)

(c) Movement in plan assets:

	Company and Group Pension Asset		Company and Group Obligation	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Fair value of plan assets at July 1	4,901,000	3,970,000	-	-
Contributions paid	89,000	77,000	-	-
Expected return on plan assets	634,000	474,000	-	-
Benefits paid	(151,000)	(119,000)	-	-
Actuarial (loss)/gain	(837,000)	499,000	-	-
Fair value of plan assets on June 30	4,636,000	4,901,000	-	-

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

(c) Movement in plan assets (cont'd):

	Company and Group Pension Asset		Company and Group Obligation	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Plan assets consist of the following:				
Equities	1,712,000	2,278,000	-	-
Foreign currency	226,000	224,000	-	-
Fixed income securities	877,000	748,000	-	-
Money market securities	48,000	-	-	-
Real estate	1,773,000	1,651,000	-	-

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

	Pension Asset		Obligation	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Current service costs	92,000	92,000	7,000	5,000
Interest on obligation	313,000	276,000	10,000	7,000
Expected return on plan assets	(634,000)	(474,000)	-	-
	(229,000)	(106,000)	17,000	12,000
Actual return on plan assets	(4.2%)	25.6%		

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

	Company and Group Pension asset		Company and Group Obligation	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Cumulative amount at the beginning of the year	(640,000)	65,000	(10,000)	(16,000)
Recognised during the year	192,000	(705,000)	(19,000)	6,000
Cumulative amount at the end of the year	(448,000)	(640,000)	(29,000)	(10,000)

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

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

	2009 %	2008 %
Discount rate at June 30	19.0	13.0
Expected return on plan assets at June 30	14.0	13.0
Future salary increases	14.0	10.0
Future pension increases	10.0	7.5
Medical claims growth	16.0	12.5

(i) The expected long-term rate of return is based on market expectation of inflation of (10%) plus a margin for real returns (4%) 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 $100,000,000

(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	21,000,000	13,000,000
Effect on the defined benefit obligation	81,000,000	60,000,000

The company expects to contribute approximately $3,600,000 to the pension plan for year ending June 30, 2010 in respect of health benefits.

(h) Historical information

(i) Defined benefit pension plan:

	2009 $'000	2008 $'000	2007 $'000	2006 $'000	2005 $'000
Present value of defined benefit obligation	2,261,000	2,573,000	2,462,000	2,001,000	1,583,000
Fair value of plan assets	(4,636,000)	(4,901,000)	(3,970,000)	(3,383,000)	(3,545,000)
Surplus	(2,375,000)	(2,328,000)	(1,508,000)	(1,382,000)	1,962,000
Experience adjustments on plan liabilities	(645,000)	(206,000)	291,000	221,000	393,000
Experience adjustments on plan assets	837,000	(499,000)	(308,000)	558,000	(486,000)

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

(h) Historical information (cont'd)

(ii) Post-employment medical benefits:

	2009 $'000	2008 $'000	2007 $'000	2006 $'000	2005 $'000
Present value of defined benefit obligation	69,000	74,000	59,000	62,000	56,000
Experience adjustments on plan liabilities	(19,000)	6,000	(12,000)	(3,000)	(4,000)

8. (a) **Accounts receivable**

	Company and Group	
	2009 $'000	2008 $'000
Trade	401,338	438,704
Other	60,966	85,103
	462,304	523,807
Less provision for doubtful debts	(52,996)	(48,602)
	409,308	475,205

(b) **Due from fellow subsidiaries**

	Company and Group	
	2009 $'000	2008 $'000
Exports to related companies	444,837	583,473
Less provision for doubtful debts	-	-
	444,837	583,473

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

	Company and Group	
	2009 $'000	2008 $'000
Balance at July 1, 2008	48,602	66,013
Debts recovered	(265)	(312)
Debts written-off – trade receivable	(30,217)	(9,873)
– exports	(5,501)	(20,462)
Charge for the year – trade receivable	40,377	13,236
Balance at June 30, 2009	52,996	48,602

9. Inventories

	Company and Group	
	2009	2008*
	$'000	$'000
Raw materials	165,818	157,901
Work-in-progress	177,495	183,386
Finished goods	337,282	327,723
Used cases and bottles	532,889	414,078
Consumables	314,432	295,296
Plant and equipment spares	147,698	130,597
	1,675,614	1,508,981

* Reclassified to conform with 2009 presentation.

10. Accounts payable

	Company		Group	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Trade	316,426	409,593	316,426	409,593
Staff accruals	242,092	154,953	242,092	154,953
Other	802,157	661,391	804,863	664,097
	1,360,675	1,225,937	1,363,381	1,228,643

11. Short-term loans

	2009	2008
	$'000	$'000
Bank of Nova Scotia Jamaica Limited – 21.0% (2008: 16.8%)	600,000	318,676
Citibank N.A. (Jamaica Branch) –US$1,500,000 (2008: US$5,020,000) 9.99% (2008: 7.31%)	133,608	360,432
	733,608	679,108

Both loans are unsecured and are repayable within ninety (90) days of the year-end.

12. Share capital

Authorised:
2,810,500,000 ordinary shares of no par value

	2009	2008
	$'000	$'000
Issued and fully paid:		
2,809,171,266 ordinary stocks of no par value	2,174,980	2,174,980

13. Capital reserves

	Company		Group	
	2009	2008	2009	2008
	$'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	(230,919)	(206,905)	(230,919)	(206,905)
Deferred taxation on revalued property, plant and equipment	(671,305)	(679,310)	(671,305)	(679,310)
Realised gain on disposal of property, plant and equipment	(62,185)	(62,185)	(62,185)	(62,185)
	2,109,675	2,125,684	2,117,445	2,133,454

14. Other reserves

	Company and Group	
	2009	2008
	$'000	$'000
Investment revaluation reserve [see (a) below]	399,213	503,568
Pension equalisation reserve [see (b) below]	228,000	636,000
	627,213	1,139,568

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

(b) This represents the net employee benefits asset of $342,000,000 (2008: $954,000,000), less deferred tax of $114,000,000 (2008: $318,000,000), 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 statement, then transferred to this reserve.

15. Long-term liabilities

	Company		Group	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Subsidiaries [see (i) below]	157,235	157,235	-	-

(i) The loans from subsidiaries are unsecured, bore no interest for 2009 and 2008, and have no fixed repayment date.

16. Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Company and Group	
	2009	2008
	$'000	$'000
Accrued vacation leave	(7,546)	(7,766)
Unrealised foreign exchange (loss)/ gain	(766)	2,198
Property, plant and equipment	743,946	673,985
Interest payable	(805)	-
Employee benefits asset	114,000	318,000
	848,829	986,417

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
		[Note 19(a) (iii)]	[Note 19(c)]	
Accrued vacation leave	(7,766)	220	-	(7,546)
Unrealised foreign exchange (loss)/gain	2,198	(2,964)	-	(766)
Property, plant and equipment	673,985	77,966	(8,005)	743,946
Interest payable	-	(805)	-	(805)
Employee benefits asset	318,000	75,000	(279,000)	114,000
	986,417	149,417	(287,005)	848,829

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	
	2009	2008
	$'000	$'000
Auditors' remuneration	4,380	4,380
Depreciation	337,096	296,644
Directors' emoluments:		
Fees	4,850	4,316
Management remuneration	93,088	52,865
Staff costs	2,144,888	1,763,150
Redundancy payments	116,569	31,600
Foreign exchange losses	51,716	21,770
Dividends received on:		
Other investments	(34)	(12)
Overseas investments	(56,206)	(15,227)
Royalties earned	(213,944)	(203,105)
Bad debts	40,377	13,236
Inventories written off	3,437	23,253

19. Taxation

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

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

	2009	2008
	$'000	$'000
(i) Current tax expense:		
Income tax at 33⅓%	576,368	594,023
(ii) Over provision of prior year taxation	(65,667)	-
(iii) Deferred taxation:		
Origination and reversal of temporary differences (note 16)	149,417	33,878
Total taxation in income statement	660,118	627,901

19. Taxation (cont'd)

(b) Reconciliation of effective tax rate:

	Company and Group	
	2009	2008
	$'000	$'000
Profit before taxation	2,211,441	1,670,350
Computed "expected" tax charge at 33⅓%	737,147	556,783
Difference between profit for financial statements and tax reporting purposes on:		
Depreciation charge and capital allowances	7,994	4,474
Dividend income	(18,747)	-
Disallowed expenses and other capital adjustments	-	65,056
Other	(609)	1,588
Prior year over-provision	(65,667)	-
Actual tax charge	660,118	627,901

	2009	2008
	$'000	$'000
(c) Deferred tax recognised directly in equity relating to employee benefits and revaluation of property, plant and equipment (note 16)	287,005	73,787

20. Earnings per stock unit

The calculation of earnings per stock unit is based on the group's profit for the year of $1,551,323,000 (2008: $1,042,449,000) and 2,809,171,266 stock units, being the number of stock units in issue at the end of the year.

21. Dividends

	2009	2008
	$'000	$'000
Ordinary dividends:		
Interims paid in respect of 2009 - 35¢ (2008: 40¢) per stock unit – gross	983,208	1,123,668

A first interim ordinary dividend of 10¢ (2008: 20¢) (gross) per stock unit, was paid on December 12, 2008 (2008: December 15, 2007).

A second interim ordinary dividend of 25¢ (2008: 20¢) (gross) per stock unit, was paid on June 26, 2009 (2008: June 27, 2008).

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.

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

	2009 $'000	2008 $'000
Fellow subsidiaries:		
Sales	(3,473,045)	(2,540,269)
Royalties	140,328	154,065
Marketing cost	543,239	771,552
Purchases of raw materials and finished goods	245,506	437,411
Key management personnel compensation:		
Short-term employment benefits	131,308	97,532
Post-employment benefits	(34,000)	(13,000)

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

	2009 $'000	2008 $'000
Key management personnel:		
Accounts (payable)/ receivable	(174)	376

23. Segment reporting

Segment information is presented in respect of 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 group only has one business segment consisting of premium drinks.

Geographical segments:

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

	Domestic		Export		Group	
	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000
Turnover	9,671,275	9,639,748	3,776,614	2,849,018	13,447,889	12,488,766
SCT	(1,817,448)	(1,792,988)	-	-	(1,817,448)	(1,792,988)
Net sales	7,853,827	7,846,760	3,776,614	2,849,018	11,630,441	10,695,778
Cost of sales	(4,014,639)	(4,346,299)	(3,059,720)	(2,255,394)	(7,074,359)	(6,601,693)
Gross profit	3,839,188	3,500,461	716,894	593,624	4,556,082	4,094,085
Marketing cost	(806,196)	(704,192)	(543,239)	(788,934)	(1,349,435)	(1,493,126)
Segment result	3,032,992	2,796,269	173,655	(195,310)	3,206,647	2,600,959
General, selling and administration expenses					(1,090,874)	(1,038,061)
Other expenses					(79,981)	(2,894)
Trading profit					2,035,792	1,560,004
Employee benefits income					212,000	94,000
Interest income					18,276	16,346
Revaluation surplus					12,000	-
(Loss) on disposal of property, plant and equipment					(31)	-
Profit before finance cost					2,278,037	1,670,350
Finance cost					(66,596)	-
Profit before taxation					2,211,441	1,670,350
Taxation					(660,118)	(627,901)
Profit for the year					1,551,323	1,042,449
Segment assets	7,203,876	7,440,836	2,960,291	2,836,557	10,164,167	10,277,393
Segment liabilities	3,094,335	2,937,408	815,749	999,667	3,910,084	3,937,075
Depreciation	(129,108)	(204,684)	(207,988)	(91,960)	(337,096)	(296,644)
Capital expenditure	191,891	356,921	309,130	160,337	501,021	517,258

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 (2008: $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 and no provision has been made in the financial statements with respect to this amount.

(iii) Two claims amounting to $6.4 million in total have been made against the company by former employees. Defence has been filed against these claims and no provision has been made in the financial statements with respect to these amounts as the management expects the defence to be successful.

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 and group'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 primary concentration of credit risk is within trade receivables, which is mitigated by the performance of regular credit evaluation of customers.

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.

25. Financial instrument risk management (cont'd)

(i) Credit risk (cont'd):

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.

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	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Cash and bank	634,895	162,246	636,651	164,002
Short-term deposits	17,357	19,871	17,357	19,871
Accounts receivable	409,308	475,205	409,308	475,205
Due from fellow subsidiaries	444,837	583,473	444,837	583,473
	1,506,397	1,240,795	1,508,153	1,242,551

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	
	2009	2008
	$'000	$'000
On-trade	58,264	97,230
Off-trade	190,243	205,939
Export	91,203	81,456
Other	8,632	5,477
	348,342	390,102

25. **Financial instrument risk management (cont'd)**

(i) Credit risk (cont'd):

Exposure to credit risk (cont'd):

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

	Gross 2009 $'000	Impairment 2009 $'000	Gross 2008 $'000	Impairment 2008 $'000
Not past due	331,010	-	222,170	-
Past due 31-60 days	8,635	-	63,108	-
Past due 61-90 days	1,911	-	22,145	-
More than 90 days	59,782	52,996	131,281	48,602
Total	401,338	52,996	438,704	48,602

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

During 2009, 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 management is satisfied that no recovery of the amount owing is possible. At that point the amount considered irrecoverable is written off directly against the receivable balance directly.

(ii) Liquidity risk:

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The 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 group's reputation.

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

(a) A $600,000,000 (2008: $450,000,000) facility with Bank of Nova Scotia Jamaica Limited which attracts interest rate equivalent to the six (6) months weighted average Treasury Bill rate plus 2.50% (2008: 1.75%).

(b) A US$6,000,000 (2008: US$6,000,000) line of credit with Citibank N.A. (Jamaica Branch) which attracts an interest of 8.46% per annum above the rate of interest per annum at which deposits in US dollars are offered by its principal office (2008: 3.7%).

25. Financial instrument risk management (cont'd)

(ii) Liquidity risk (cont'd):

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 $768,539,281 and are likely to be settled within 90 days of the balance sheet date.

(iii) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the group'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 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, 2009, the company and the group had net foreign currency assets/(liabilities) as follows:

	2009 $'000	2008 $'000
Currency		
United States dollars	(92,454)	(155,130)*
Canadian dollars	12,283	35,461
Pounds sterling	(3,123)	(85,388)
Euro	14,112	32,286

* Restated to conform to 2009 presentation.

In accordance with accounting policies applied consistently, exchange gains and losses are recognised in the income statement when incurred [see note 3(e)].

Sensitivity analysis:

The following table details the company's and the group's sensitivity to a 10% (2008: 5%) strengthening and 2% (2008: 5%) weakening of the relevant currencies against the Jamaica dollar and would increase/(decrease) profit/(loss) as indicated. This 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.

25. Financial instrument risk management (cont'd)

(iii) Market risk (cont'd):

(a) Foreign currency risk:

Sensitivity analysis (cont'd):

	2009		2008	
	10% strengthening $'000	2% weakening $'000	5% strengthening $'000	5%weakening $'000
Currency				
United States dollars	(9,245)	1,849	(7,756)	7,756
Canadian dollars	1,228	(246)	1,773	(1,773)
Pounds sterling	(312)	62	(4,269)	4,269
Euro	1,411	(282)	1,614	(1,614)

(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 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, 2009, the short-term loans were subject to fixed interest rates and the long-term loans were 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.

25. Financial instrument risk management (cont'd)

(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.

Appendix – Explanatory Circular

214 Spanish Town Road
P.O. Box 190, Kingston 11, Jamaica
Tel: (876) 923-9291-9
Fax: (876) 923-8599

September 9, 2009

To: Stockholders of Desnoes & Geddes Limited

Re: Adoption of New Articles of Incorporation by Desnoes & Geddes Limited

Stockholders of Desnoes & Geddes Limited will be asked to consider at the Annual General Meeting ("AGM") fixed for October 30, 2009 a special resolution to adopt NEW ARTICLES OF INCORPORATION. The intent is to modernise the Company's Articles and also to make the same in line with the Companies Act passed in 2004. Stockholders will receive with this Circular and the Notice of AGM, a copy of a comparative table (prepared by the Company's attorneys) providing an overview of where changes have taken place in the Articles (when compared with the existing Articles of Association of the Company) solely for the convenience of any stockholder wishing to review the changes.

Copies of the form of ARTICLES OF INCORPORATION proposed to be adopted at the AGM can be reviewed at the Office of the Secretary of the Company, Pan Caribbean Financial Services Limited, at 60 Knutsford Boulevard, Kingston 5, at any time during the hours of 9.00am to 3.00pm on any weekday during the period commencing with receipt of this Circular and expiring on October 29, 2009.

We look forward to your attendance at the AGM and support for the above resolution.

Yours faithfully

Richard Byles
Chairman

Modification of Articles of Association to be Articles of Incorporation

Comparative Table

SUBJECT MATTER	OLD ARTICLE	NEW ARTICLE	COMMENT
Named Company, Registered Office, Business of Company, Liabilities of Members, Form of Company, Authorized Capital	N/A	Articles 1A - 5	These provisions included to complement Form 1A issued by Companies Office of Jamaica.
Definitions	1	6	Expanded definition section.
Share Capital and Variations of Rights	2	10	Shares can be issued with rights and restrictions by ordinary resolution instead of special resolution.
	3	11	*
	4	12	*
	5	13	New provision makes clear the circumstances where the issue of additional preferred shares in any class varies rights of the holders of shares in that class.
	10	14	Some modification Company not to give financial assistance for purchase of own shares subject to provisions of new Companies Act.
	6	15	Minor structural revision.
	7	16	*
	8	17	Minor revision to remove requirement for share certificates to be issued if shares place in centralized deposit.
	9	18	Minor revision whereby amount to be paid for additional certificates to be such sum as Directors shall determine.
	No comparable provision.	20	Provision recites that shares under control of Directors, who can allot, dispose of and grant options.
Purchase of own shares.	No comparable provision.	21 – 22	Company can purchase own shares subject to provisions of New Companies Act.
Joint Holders of Shares	No comparable provision	23	Provision confirms right of survivorship subject to qualifications.
Lien	11	24	*
	12 & 13	25	Minor structure revisions.
	14	26	*

SUBJECT MATTER	OLD ARTICLE	NEW ARTICLE	COMMENT
	No comparable provision.	27	Entry in Directors Minute Book sufficient evidence that shares were forfeited and sold etc.
Calls on Shares	16 – 22	28 – 32	Minor structural revisions.
Transfer of Shares	23 and 24	34	Minor structural revisions.
	25	No comparable provision.	Old Article provides for a process for transfer of part of shares in a share certificate - provision not needed.
	26 and 27	35	Minor structural revisions.
	28	37	*
	29	No comparable provision.	Registration of transfers may be suspended for periods determined by Directors – provision not needed.
Transmission of Shares	31	39	Minor structural revisions.
	32 – 33	40	Minor structural revisions.
	34	41	Minor structural revisions.
Forfeiture of Shares	35	42	*
	36	43	*
	37	44	*
	38 – 41	45 – 48	Minor structural revisions.
Conversion of Shares into Stock	42 – 45	54	Minor structural revisions.
Alteration of Capital	46 – 48	49 – 53	Reduction of capital retained as a matter to be dealt with as a special resolution. Other resolutions altering capital to be ordinary resolutions.
General Meetings	No comparable provision.	55	This provision is only confirmation that first general meeting was held.
	49 & 50	56	Minor structure revision.
	51	57-58	Some structural revision dealing with calling of meeting on requisition of members.
Notice of General Meeting	52	59-60	Minor structural revisions.
	53	61	*
	54	62	Minor structural revisions.
	55	63	Minor structural revisions.
	56	64	Minor structural revisions.
	57	65	Minor structural revisions.

SUBJECT MATTER	OLD ARTICLE	NEW ARTICLE	COMMENT
	59	66	*
	60-62	67-70	Minor structural revisions.
	63	71	Minor structural revisions.
Votes of Members	64	72	Minor structural revisions.
	65	23(e)	Minor structural revisions.
	66	73	Minor structural revisions.
	67	74	*
	68	70	*
	69	75	*
	70	76-77	*
	71	78	*
	72-73	79	*
	74	81	*
	75	82	*
Corporations Acting By Representatives	76	83	Minor structural revisions.
Directors	77 – 79	No comparable provisions.	Article 77 now obsolete. Other articles earlier deleted.
	80	86 – 89	Minor structural revisions.
	81	97	Minor structural revisions
Borrowing Powers	82	91-92	Some structural revision.
Powers and Duties of Directors	83	93	*
	84		*
	85	95	*
	86	104	Minor structural revisions.
	87	97 – 99	Minor structural revisions.
	88	100	*
	89	128	Minor structural revisions.
	90	101	Minor structural revisions.
	91	107	*
Rotation of Directors	92 – 94	108	Minor structural revisions.
	95	109	*

SUBJECT MATTER	OLD ARTICLE	NEW ARTICLE	COMMENT
	96	110	*
	No comparable provision.	111	If position of retiring director not filled, retiring director to continue until next Annual General Meeting.
	97	112	*
	98	106	*
	99	90	*
Proceedings of Directors	101/102	113	Article amended to allow for Directors to participate in meetings by telephone etc.
	103	114	*
	104	115	*
	105/107	116	Minor structural revisions.
	108	117	*
	109	118	Minor structural revisions.
Alternate Directors	No comparable provision.	119/119A	119A was adopted on 18/2/91 by Special Resolution, amending old Articles
Managing Director	110 – 112	121 - 124	Some structural revision.
Secretary	113 – 115	125 – 127	*
Seal	116	129	*
Dividends	117, 119	130 – 132, 139	Some structural revisions.
	118	133	*
	122	134	Minor structural revisions.
	123	137	*
	124	135	Minor structural revisions.
	125	136	*
	126	138	*
Accounts	127 – 129	140/141	Minor structural revisions.
	130	142	*
	131	143	Minor structural revisions.
Capitalization of Profits	132	144-145	*
Auditors	134	146	Minor structural revisions.

SUBJECT MATTER	OLD ARTICLE	NEW ARTICLE	COMMENT
Notices	135	147 – 149	Notices to be deemed served 48 hours after posting instead of 24 hours.
	136	23(d)	*
	137	150	Minor structural revisions.
	138	151	*
Discovery of Secrets	No comparable provision.	152	Members entitled only, as accounts and business of company as by Companies Act or Articles, required to be placed before general meeting.
Winding-up	140	155	*
Indemnity	141	153-154	Some structural revision.
Table "A" Exclusion	142	7	Some structural revision.

* No change in provision

Prepared by Patterson Mair Hamilton
February 15, 2009

Red Stripe

Form of Proxy

PLACE $100
STAMP
HERE

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 Friday October 30, 2009 at 10:00 a.m. and any adjournment thereof.

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

…………………………........……

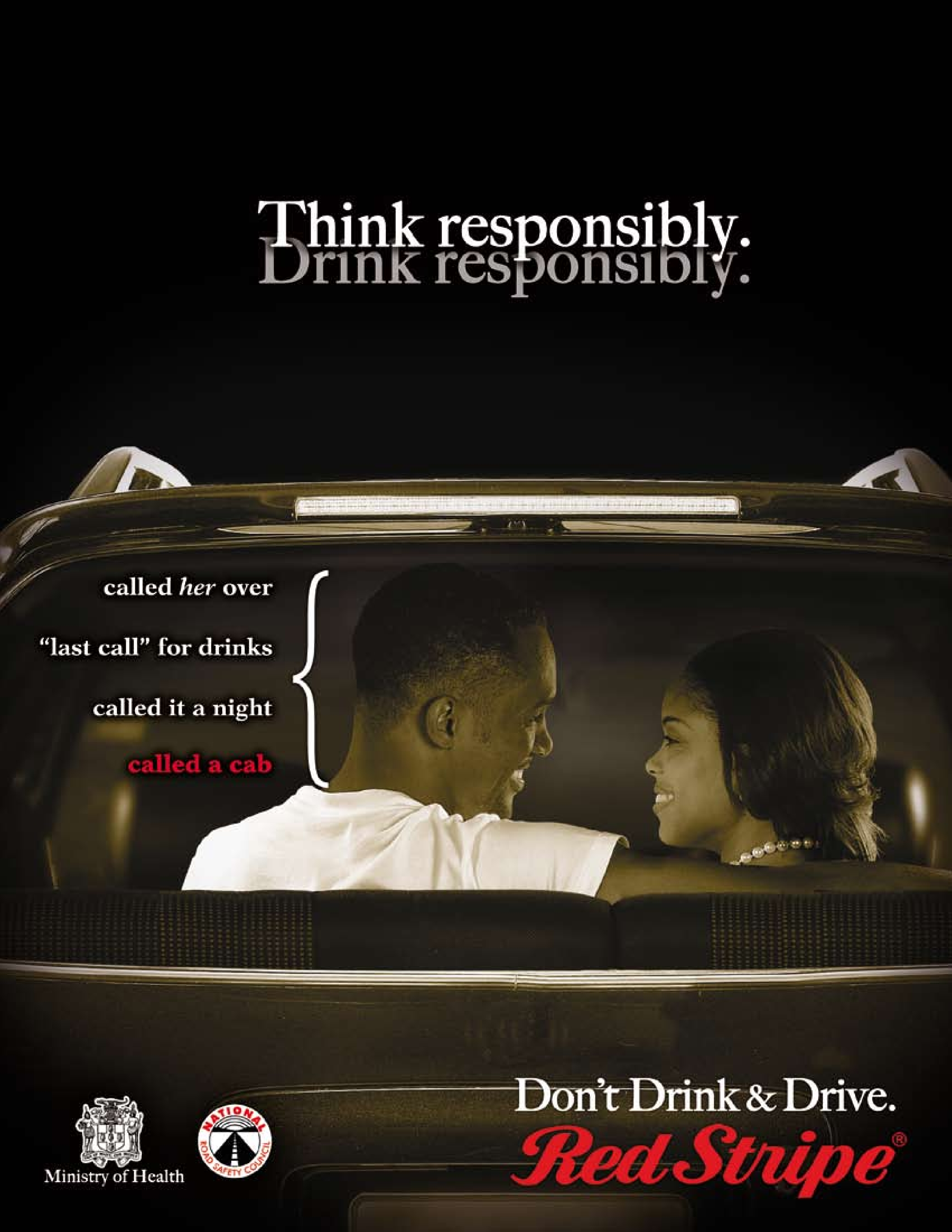
Please indicate by inserting "X" in the space below how you wish your vote to be cast. If no indication is given your proxy will vote for or against resolution or abstain as he/she thinks fit.

RESOLUTIONS

		FOR	AGAINST
1.	Adopting the financial statements and reports of Directors and Auditors thereon		
2.	Approving the Declaration of final dividend		
3.	Approving Fees for Non-Executive Directors for the year		
4(a).	Electing Director		
4(b).	Electing Director		
4(c).	Electing Director		
4(d).	Electing Director		
4(e).	Re-electing Director		
4(f)	Re-electing Director		
5.	Fixing the remuneration of the Auditors		
6	Adopting new Articles of Incorporation		

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 30 October 2009.


Think responsibly.
Drink responsibly.
called *her* over
"last call" for drinks
called it a night
called a cab
Don't Drink & Drive.
Red Stripe®
Ministry of Health
NATIONAL ROAD SAFETY COUNCIL

DESNOES & GEDDES LIMITED ANNUAL REPORT 2009

Desnoes & Geddes Limited
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