DESNOES AND GEDDES LIMITED
UNAUDITED OPERATING RESULTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2009

The Directors wish to present the unaudited results of the Group for the 3-month period ended September 30, 2009.

We had a challenging first quarter, due mainly to the extremely difficult economic environment, which resulted in lower disposable income across the market and therefore decreased volumes. We are confident that we have the right strategies, brands and leadership in place to take on these challenges and drive the growth of the company.

Profit & Loss Highlights

	Profit & Loss Summary		
	3-months ended September 30		
	2009	2008	change
	J$ m	J$ m	%
Turnover	3,313	3,175	4%
Net sales value	2,755	2,755	0%
Trading profit	330	706	(53)%
Profit before tax	381	747	(49)%
Profit after tax	249	429	(42)%
Earnings per stock unit (cents)	8.88	15.26	(42)%

The turnover for the quarter was $3,313 million representing a 4% increase over the prior year. As a result of the increase in the Special Consumption Tax rate, growth at net sales value is diluted and remains unchanged on last year. Lower volumes were offset by the impact of price increases and the increased contribution from export sales (due to exports being invoiced in hard currency).

The 3-month trading profit was $330 million, 53% less than the corresponding period last year. This performance was affected by the higher cost of sales and increased outlay for marketing, a reflection of the effort to drive sales in a difficult economic climate. The corresponding quarter last year also included $52 million of dividend investment income received that is not expected this year.

The profit after tax was down 42% over the prior period with an increase in employee benefit income (2009: $69 million; 2008: $50 million), translating directly to earnings per stock unit of 8.88 cents (2008: 15.26 cents).

Cost of sales increased to $1,710 million (2008: $1,406 million) as the devaluation of the Jamaican Dollar had a significant impact on the price of imported raw materials. The increase also reflected additional expenditure incurred in the leasing of new trucks to support our revamped domestic route-to-market strategy.

The total marketing cost was $417 million (2008: $392 million). Of this amount, $327 million (2008: $287 million) was spent in the domestic segment. The growth over the same period last year represented the expenditure to counteract the difficult economic situation along with the launch of our new innovation *Red Stripe Bold* and the key summer promotional and sponsorship activities. The Export marketing cost was $16 million lower than the comparative period last year reflecting a continuation of the investment strategy adopted last year in North America, the company's largest export market.

General, selling and administration expenses declined 5% versus the same period last year as the company continued to focus on reducing costs and increasing efficiency.

The financing cost was $21 million (2008: $11 million) reflecting the increase in prevailing interest cost on short-term borrowing.

Total sales volume was 18% lower than the same period last year. The continued decline in the domestic market reflects the economic climate and its adverse affect on consumer disposable income as well as the negative impact on sales following the increase in SCT rate. Export shipments are down on last year reflecting lower inventories in the USA and a change in phasing of shipments relative to last year. Sales in the USA however remain strong indicating the Red Stripe brand is in good health, a position reinforced by the Professor Gate's choice of beers at the President's Beer summit.

In this quarter we launched an excellent new premium product in *Red Stripe Bold*. The initial sales have been successful and the brand has been enthusiastically received in the marketplace, bringing new consumers to the business.

Corporate Update

Our Corporate Agenda was aggressively followed again this year with a continued commitment to our responsible drinking campaign and to the Diageo Learning for Life Programme. "Project Bartender" was completed and "Project Artist" is in progress and proving to be an inspiration for both the participants and Red Stripe. Endorsed by the Minister of Culture, Youth and Sports, the Hon. Olivia

‘Babsy’ Grange, the project is a music ‘incubator’ development programme. We continued to drive an enriched community agenda supporting several charities and community organisations.

Red Stripe was the winner of **Jamaica's Governor General's Award for Excellence – Manufacturer of the Year 2008** at the Jamaica Manufacturers' Association (JMA) 41st Annual Awards Competition. The award supports the JMA's mission to promote best practice in manufacturing, and recognises a business that has already made significant and sustained progress towards being world class.

Red Stripe won in four further categories including **The Community Development Award, The HIV/Aids Advocacy Award, The Robert Lightbourne Award for Productivity and the Best use of Energy and Resource Efficiency Award**, emphasising our commitment to a sustainable environment.

We were also proud recipients of two National Quality Awards from the Bureau of Standards of Jamaica. Red Stripe was recognized for successful performance strategies, achieving our best ever results with two awards: **Excellence in Organisational Focus** and **Excellence in Process Management.**

The outstanding recognition received by Red Stripe in winning these awards is entirely a result of the tremendous performance of our employees and partners. The Board wishes to thank everyone for their continued dedication during these difficult economic times.

Richard Byles
Chairman
October 30, 2009

Alan Barnes
Managing Director
October 30, 2009

DESNOES AND GEDDES LIMITED

COMPANY BALANCE SHEET

As at September 30, 2009

	Unaudited September 30, 2009 $'000	Unaudited September 30, 2008 $'000	Audited June 30, 2009 $'000
ASSETS			
Investments	407,025	511,380	407,025
Investment properties	96,500	84,500	96,500
Property, plant and equipment	6,048,294	5,912,590	6,067,030
Employee benefits asset	414,000	1,047,000	411,000
Total non-current assets	**6,965,819**	**7,555,470**	**6,981,555**
Cash and bank	210,535	80,201	634,895
Short-term deposits	17,357	30,171	17,357
Accounts receivable	572,085	442,474	409,308
Due from fellow subsidiaries	325,554	564,964	444,837
Inventories	2,174,505	2,000,156	1,675,614
Total current assets	**3,300,036**	**3,117,966**	**3,182,011**
Accounts payable	1,757,770	1,341,775	1,360,675
Short-term loan	250,000	212,451	733,608
Taxation payable	236,802	336,883	252,836
Due to fellow subsidiaries	651,989	907,829	642,440
Total current liabilities	**2,896,561**	**2,798,938**	**2,989,559**
Net current Assets	**403,475**	**319,028**	**192,452**
Total assets less current liabilities	**7,369,294**	**7,874,498**	**7,174,007**
EQUITY			
Share capital	2,174,980	2,174,980	2,174,980
Capital reserves	2,105,674	2,121,681	2,109,675
Other reserves	628,545	1,116,235	627,213
Retained earnings	1,393,747	1,197,675	1,187,075
Total equity	**6,302,946**	**6,610,571**	**6,098,943**
NON-CURRENT LIABILITIES			
Employee benefits obligation	70,000	76,000	69,000
Long-term liabilities	157,235	157,235	157,235
Deferred tax liabilities	839,113	1,030,692	848,829
Total non-current liabilities	**1,066,348**	**1,263,927**	**1,075,064**
Total equity and liabilities	**7,369,294**	**7,874,498**	**7,174,007**

DESNOES AND GEDDES LIMITED

GROUP BALANCE SHEET

As at Septembber 30, 2009

	Unaudited September 30, 2009 $'000	Unaudited September 30, 2008 $'000	Audited June 30, 2009 $'000
ASSETS			
Investments	405,870	510,225	405,870
Investment properties	96,500	84,500	96,500
Property, plant and equipment	6,048,294	5,912,590	6,067,030
Employee benefits asset	414,000	1,047,000	411,000
Total non-current assets	**6,964,664**	**7,554,315**	**6,980,400**
Cash & bank	212,291	81,957	636,651
Short-term deposits	17,357	30,171	17,357
Accounts receivable	572,085	442,473	409,308
Due from fellow subsidiaries	325,554	564,964	444,837
Inventories	2,174,505	2,000,156	1,675,614
Total current assets	**3,301,792**	**3,119,721**	**3,183,768**
Accounts payable	1,760,476	1,344,481	1,363,381
Short-term loan	250,000	212,451	733,608
Taxation payable	236,792	346,064	252,826
Due to fellow subsidiaries	651,989	907,829	642,440
Total current liabilities	**2,899,257**	**2,810,825**	**2,992,255**
Net current assets	**402,535**	**308,896**	**191,512**
Total assets less current liabilities	**7,367,199**	**7,863,211**	**7,171,912**
EQUITY			
Share capital	2,174,980	2,174,980	2,174,980
Capital reserves	2,113,444	2,129,451	2,117,445
Other reserves	628,545	1,151,235	627,213
Retained earnings	1,533,670	1,284,598	1,326,998
Shareholders' equity	**6,450,639**	**6,740,264**	**6,246,636**
Minority interest	7,447	7,447	7,447
Total equity	**6,458,086**	**6,747,711**	**6,254,083**
NON-CURRENT LIABILITIES			
Employee benefits obligation	70,000	76,000	69,000
Deferred tax liabilities	839,113	1,039,500	848,829
Total non-current liabilities	**909,113**	**1,115,500**	**917,829**
Total equity and liabilities	**7,367,199**	**7,863,211**	**7,171,912**

DESNOES AND GEDDES LIMITED

Company and Group Income Statements

3-month period ended September 30, 2009

	Unaudited 3 months to September 30, 2009 $'000	Unaudited 3 months ended September 30, 2008 $'000
Turnover	3,313,065	3,174,807
Special Consumption Tax (SCT)	(558,243)	(419,961)
Net sales	2,754,822	2,754,846
Cost of sales	(1,709,839)	(1,406,183)
Gross profit [31.54% (2008: 42.48%) of turnover]	1,044,983	1,348,663
Marketing cost	(416,994)	(392,270)
Contribution after marketing	627,989	956,393
General, selling and administration expenses	(276,236)	(289,613)
Other (expenses) / income, net	(21,377)	38,784
Trading profit	330,376	705,564
Employee benefits income, net	69,000	50,000
Finance income - interest	3,140	2,507
Profit before finance cost	402,515	758,071
Finance cost	(21,294)	(11,409)
Profit before taxation	381,221	746,661
Taxation	(131,887)	(317,936)
Profit after taxation	249,334	428,725
Earnings per stock unit	8.88 ¢	15.26 ¢

DESNOES AND GEDDES LIMITED

Unaudited Company and Group Consolidated Statement of Recognised Income and Expenses

For the 3-month period ended September 30, 2009

	Unaudited September 30, 2009 $'000	Unaudited September 30, 2008 $'000
Deferred taxation on revalued property, plant and equipment	2,001	2,001
Change in unrecognised employee benefit asset	99,000	203,000
Deferred taxation on employee benefit asset	23,667	11,667
Actuarial (losses) recognised in equity	(170,000)	(238,000)
Net expense recognised directly in equity	(45,332)	(21,332)
Profit for the period	249,334	446,725
Total recognised income and expenses for the period	**204,002**	**425,393**

DESNOES & GEDDES LIMITED

Unaudited Company Statement of Changes in Equity

3-month period ended September 30, 2009

	Share capital	Capital reserves	Other reserves	Retained earnings	Total
	$'000	$'000	$'000	$'000	$'000
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	-	-	-	(983,208)	(983,208)
Balances at June 30, 2009	2,174,980	2,109,675	627,213	1,187,075	6,098,943
Total recognised income and expenses	-	2,001	-	202,001	204,002
Transfer of depreciation charge on revaluation surplus of property, plant and equipment	-	(6,003)	-	6,003	-
Transfer to pension equalisation reserve	-	-	1,332	(1,332)	-
Balance at September 30, 2009	2,174,980	2,105,674	628,545	1,393,747	6,302,946

DESNOES & GEDDES LIMITED
Unaudited Group Statement of Changes in Equity
3-month period ended September 30, 2009

	Attributable to equity holders of the parent company					
	Share capital	Capital reserves	Other reserves	Retained earnings	Minority interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000
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	-	-	-	(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
Total recognised income and expenses	-	2,001	-	202,001	-	204,002
Transfer of depreciation charge on revaluation surplus of property, plant and equipment	-	(6,003)	-	6,003	-	-
Transfer to pension equalisation reserve	-	-	1,332	(1,332)	-	-
Balances at September 30, 2009	2,174,980	2,113,444	628,545	1,533,670	7,447	6,458,086

DESNOES & GEDDES LIMITED

Company Statement of Cash Flows

3-month period ended September 30, 2009

	Unaudited September 30, 2009 $'000	Unaudited September 30, 2008 $'000
CASHFLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	249,334	428,725
Adjustments to reconcile net profit to net cash provided by operating activities:		
Interest income	(3,140)	(2,507)
Interest expense	21,294	11,409
Depreciation	97,239	76,379
Deferred taxation	15,952	66,752
Tax charge	115,935	251,185
(Increase) in employee benefits asset	(69,000)	(50,000)
	427,614	781,943
(Increase)/decrease in current assets:		
Accounts receivable	(162,777)	32,727
Due from fellow subsidiaries	119,283	18,509
Inventories	(498,891)	(491,175)
Increase/ (decrease) in current liabilities:		
Accounts payable	399,512	115,838
Due to fellow subsidiaries	9,549	180,382
Cash generated from operations	294,290	638,224
Interest paid	(23,709)	(11,409)
Income taxes paid	(131,970)	(146,581)
Net cash provided by operating activities	138,611	480,234
CASHFLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(78,503)	(85,833)
Interest received	3,140	2,511
Pension contributions	(4,000)	(2,000)
Net cash used by investing activities	(79,363)	(85,322)
CASHFLOWS FROM FINANCING ACTIVITIES		
Short term loan	(483,608)	(466,657)
Net cash used by financing activities	(483,608)	(466,657)
Net increase in cash and cash equivalents	(424,360)	(71,745)
Cash and cash equiivalents at beginning of year	652,252	182,117
Cash and cash equivalent at end of year	**227,892**	**110,372**
Comprised of:-		
Cash and bank balances	210,535	80,201
Short-term deposits	17,357	30,171
	227,892	**110,372**

DESNOES & GEDDES LIMITED

Group Statement of Cash Flows

3-month period ended September 30, 2009

	Unaudited September 30, 2009 $'000	Unaudited September 30, 2008 $'000
CASHFLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	249,334	428,725
Adjustments to reconcile net profit to net cash provided by operating activities:		
Interest income	(3,140)	(2,507)
Interest expense	21,294	11,409
Depreciation	97,239	76,379
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Inventories	(498,891)	(491,175)
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Net cash provided by operating activities	138,611	480,233
CASHFLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(78,503)	(85,833)
Interest received	3,140	2,511
Pension contributions	(4,000)	(2,000)
Net cash used by investing activities	(79,363)	(85,323)
CASHFLOWS FROM FINANCING ACTIVITIES		
Short term liabilities	(483,608)	(466,657)
Net cash used by financing activities	(483,608)	(466,657)
Net increase/(decrease) in cash resources	(424,360)	(71,745)
Cash resources at beginning of year	654,008	183,873
Cash resources at end of period	**229,648**	**112,128**
Comprised of:-		
Cash resources	212,291	81,957
Short-term deposits	17,357	30,171
	229,648	**112,128**

DESNOES AND GEDDES LIMITED

Financial Information by Geographical Segment

3-month period ended September 30, 2009

	Domestic		Export		Group	
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	Sept. 30, 2009	Sept. 30, 2008	Sept. 30, 2009	Sept. 30, 2008	Sept. 30, 2009	Sept. 30, 2008
	$'000	$'000	$'000	$'000	$'000	$'000
Turnover	2,378,436	2,292,181	934,629	882,626	3,313,065	3,174,807
Special consumption tax	(558,243)	(419,961)	-	-	(558,243)	(419,961)
Net sales value	1,820,193	1,872,220	934,629	882,626	2,754,822	2,754,846
Cost of sales	(958,873)	(817,174)	(750,966)	(589,009)	(1,709,839)	(1,406,183)
Gross profit	861,320	1,055,046	183,663	293,617	1,044,983	1,348,663
Marketing costs	(327,405)	(286,532)	(89,588)	(105,738)	(416,994)	(392,270)
Segment result	533,914	768,514	94,075	187,879	627,989	956,393
General, selling & administration expenses					(276,236)	(289,613)
Other income					(21,377)	38,784
Trading profit					330,376	705,564
Employee benefits income					69,000	50,000
Interest income					3,140	2,507
Profit before finance cost					402,515	758,071
Finance cost					(21,294)	(11,409)
Profit before taxation					381,221	746,661
Taxation					(131,887)	(317,936)
Profit after taxation					249,334	428,725
Segment assets	7,135,097	7,740,087	3,131,358	2,933,949	10,266,455	10,674,036
Segment liabilities	2,968,829	2,705,144	839,542	1,221,181	3,808,371	3,926,325
Depreciation	(58,343)	(47,355)	(38,896)	(29,204)	(97,239)	(76,559)
Capital expenditure	47,103	53,216	31,400	32,617	78,503	85,833

1. Identification

Desnoes & Geddes Limited ("the company") is incorporated and domiciled in Jamaica and is a 58% subsidiary of Udiam Holdings AB, a company incorporated in Sweden. The ultimate parent company is Diageo PLC, incorporated in the United Kingdom. The company's registered office is located at 214 Spanish Town Road, Kingston 11. The principal activities of the company comprise the brewing, bottling and distribution of beers and stouts.

2. Basis of preparation

(a) Statement of compliance:

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

(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 at fair value.

(c) Functional and presentation currency:

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

(d) Use of estimates and judgments:

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

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

The significant area of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is in respect of the measurement of defined benefit obligations and the fair value of certain available-for-sale investments.

2. Basis of preparation (cont'd)

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

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.

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

3. Significant accounting policies

(a) Revenue:

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates and special consumption taxes. Revenue is recognised in the income statements when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

3. Significant accounting policies

(b) 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.

(ii) Depreciation:

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

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

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

(c) Inventories:

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based mainly on standard cost (which approximates to actual on a FIFO basis). Standard cost, where applicable, includes an appropriate share of production overheads based on normal operating capacity. Used cases and bottles 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.

(d) Taxation:

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

(e) Employee benefits:

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

3. Significant accounting policies (cont'd)

(f) 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.

(g) Earnings per share:

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