DESNOES AND GEDDES LIMITED
UNAUDITED OPERATING RESULTS
FOR THE PERIOD ENDED MARCH 31, 2010

The Directors wish to present the unaudited results of the Group for the 9-month period ended March 31, 2010.

For the 3-month period ended March 31, 2010 the company delivered a trading profit that was 5% less than the corresponding period last year reflecting an improved performance in the export segment, and other income, off-setting the domestic performance in challenging trading conditions.

Profit & Loss Highlights

	Profit and Loss Summary					
	9-months ended March 31			3-months ended March 31		
	2010	2009	change	2010	2009	change
	J$m	J$m	%	J$m	J$m	%
Turnover	9,914	9,859	1%	2,976	2,977	0%
Net sales value	8,203	8,530	(4)%	2,505	2,584	(3)%
Trading profit	960	1,557	(38)%	210	221	(5)%
Profit before tax	1,056	1,677	(37)%	241	252	(5)%
Profit after tax	716	1,102	(35)%	165	168	(2)%
Earnings per stock unit (cents)	25.48	39.22	(35)%	5.89	5.99	(2)%

The turnover for the 9-month period was $9,914 million representing a 1% increase over the prior year accounted for by the effect of the price increase taken last year in light of the changes in the Special Consumption Tax rate. However, this continues to have an adverse impact on our domestic volume performance and as a result net sales value is 4% down on last year, continuing the trend reported at the end of the second quarter. The value of export shipments increased 16% in the quarter relative to last year driving a 3% growth for the 9-month period.

The 9-month period trading profit was $960 million, 38% less than the corresponding period last year. This performance has been affected by lower production volumes coupled with higher cost of sales.

Overall, by the end of the 9-month period profit after tax was down 35% on last year translating directly to earnings per stock unit of 25.48 cents (2009: 39.22 cents).

Cost of sales in the 9-month period increased to $5,387 million (2009: $5,111 million) as production and cost efficiencies generated were insufficient to offset the impact of lower volumes and increased raw material prices brought on by the devaluation of the Jamaican Dollar. The increase in cost of sales also reflected additional investment in the leasing of new trucks to strengthen our domestic route-to-market.

The total marketing cost was $1,036 million (2009: $1,015 million). Of this amount, $687 million (2009: $620 million) was spent in the domestic segment. The increase over the same period last year reflected our strategy to maintain investment behind our core brands. The export marketing cost was $45 million lower than last year, reflecting a relative change in the timing of the planned expenditure.

General, selling and administration expenses reduced 5% versus the same period last year reflecting the relative timing of spend incurred.

Corporate Update

The Company continued its Responsible Drinking campaign and in the Diageo Learning for Life Programme 35 students graduated from Project Artist in February successfully completed a 12-month training programme in artiste management, stage management, performance and business management.

Red Stripe again, received the top Jamaica Chamber of Commerce award – the Best of the Chamber – Large Enterprise Award at the JCC 28th Annual Dinner & Awards Ceremony, making us the only 5 times winner of this prestigious category.

The Board wishes to thank all employees and our key stakeholders for their continued support and dedication to the enterprise.

Richard Byles
Chairman
May 7, 2010

Alan Barnes
Managing Director
May 7, 2010

DESNOES AND GEDDES LIMITED

COMPANY BALANCE SHEET

As at March 31, 2010

	Unaudited March 31, 2010 $'000	Unaudited March 31, 2009 $'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	6,011,480	5,903,996	6,067,030
Employee benefits asset	946,000	1,280,000	411,000
Total non-current assets	**7,461,005**	**7,779,876**	**6,981,555**
Cash and bank	304,783	437,587	634,895
Short-term deposits	17,357	78,030	17,357
Accounts receivable	469,719	541,167	409,308
Due from fellow subsidiaries	346,207	396,490	444,837
Inventories	1,868,965	2,017,726	1,675,614
Total current assets	**3,007,031**	**3,471,000**	**3,182,011**
Accounts payable	1,690,059	1,267,974	1,360,675
Short-term loan	420,076	416,259	733,608
Taxation payable	115,337	378,352	252,836
Due to fellow subsidiaries	367,806	809,553	642,440
Total current liabilities	**2,593,278**	**2,872,138**	**2,989,559**
Net current Assets	**413,753**	**598,862**	**192,452**
Total assets less current liabilities	**7,874,758**	**8,378,738**	**7,174,007**
EQUITY			
Share capital	2,174,980	2,174,980	2,174,980
Capital reserves	2,097,668	2,113,677	2,109,675
Other reserves	976,545	1,304,902	627,213
Retained earnings	1,398,222	1,471,755	1,187,075
Total equity	**6,647,415**	**7,065,314**	**6,098,943**
NON-CURRENT LIABILITIES			
Employee benefits obligation	80,000	78,000	69,000
Long-term liabilities	157,235	157,235	157,235
Deferred tax liabilities	990,108	1,078,189	848,829
Total non-current liabilities	**1,227,343**	**1,313,424**	**1,075,064**
Total equity and liabilities	**7,874,758**	**8,378,738**	**7,174,007**

DESNOES AND GEDDES LIMITED

GROUP BALANCE SHEET

As at March 31, 2010

	Unaudited March 31, 2010 $'000	Unaudited March 31, 2009 $'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	6,011,480	5,903,996	6,067,030
Employee benefits asset	946,000	1,280,000	411,000
Total non-current assets	**7,459,850**	**7,778,721**	**6,980,400**
Cash resources	306,539	439,344	636,651
Short-term deposits	17,357	78,030	17,357
Accounts receivable	469,719	541,167	409,308
Due from fellow subsidiaries	346,207	396,490	444,837
Inventories	1,868,965	2,017,726	1,675,614
Total current assets	**3,008,787**	**3,472,757**	**3,183,767**
Accounts payable	1,692,765	1,270,681	1,363,381
Short-term loan	420,076	416,259	733,608
Taxation payable	115,327	378,342	252,826
Due to fellow subsidiaries	367,806	809,553	642,440
Total current liabilities	**2,595,974**	**2,874,835**	**2,992,255**
Net current assets	**412,813**	**597,922**	**191,512**
Total assets less current liabilities	**7,872,663**	**8,376,643**	**7,171,912**
EQUITY			
Share capital	2,174,980	2,174,980	2,174,980
Capital reserves	2,105,438	2,121,447	2,117,445
Other reserves	976,545	1,304,902	627,213
Retained earnings	1,538,145	1,611,678	1,326,998
Shareholders' equity	**6,795,108**	**7,213,007**	**6,246,636**
Minority interest	7,447	7,447	7,447
Total equity	**6,802,555**	**7,220,454**	**6,254,083**
NON-CURRENT LIABILITIES			
Employee benefits obligation	80,000	78,000	69,000
Deferred tax liabilities	990,108	1,078,189	848,829
Total non-current liabilities	**1,070,108**	**1,156,189**	**917,829**
Total equity and liabilities	**7,872,663**	**8,376,643**	**7,171,912**

DESNOES AND GEDDES LIMITED

Company and Group Income Statements

9-month period ended March 31, 2010

	Unaudited 9 months to March 31, 2010 $'000	Unaudited 9 months to March 31, 2009 $'000	Unaudited 3 months to March 31, 2010 $'000	Unaudited 3 months to March 31, 2009 $'000
Turnover	9,914,221	9,859,063	2,975,679	2,976,647
Special Consumption Tax (SCT)	(1,711,141)	(1,328,800)	(471,070)	(392,826)
Net sales	8,203,080	8,530,263	2,504,609	2,583,821
Cost of sales	(5,387,241)	(5,110,897)	(1,760,414)	(1,648,960)
Gross profit [34.33% (2009: 40.09%) of net sales]	2,815,839	3,419,366	744,195	934,861
Marketing cost	(1,035,800)	(1,014,906)	(352,216)	(372,529)
Contribution after marketing	1,780,039	2,404,460	391,979	562,333
General, selling and administration expenses	(853,222)	(894,491)	(193,514)	(297,524)
Other income	33,327	47,291	11,860	(43,888)
Trading profit	960,144	1,557,260	210,325	220,921
Employee benefits income, net	138,000	157,000	48,000	52,000
Finance income - interest	6,394	13,710	1,825	8,813
Profit before finance cost	1,104,538	1,727,970	260,150	281,734
Finance cost	(48,571)	(51,274)	(19,334)	(29,236)
Profit before taxation	1,055,967	1,676,696	240,816	252,498
Taxation	(340,124)	(574,980)	(75,479)	(84,358)
Profit after taxation	715,843	1,101,716	165,337	168,140
Earnings per stock unit	25.48 ¢	39.22 ¢	5.89 ¢	5.99 ¢

DESNOES AND GEDDES LIMITED
Unaudited Company and Group Statement of Comprehensive Income
9-month period ended March 31, 2010

	Unaudited Mar 31, 2010 $'000	Unaudited Mar 31, 2009 $'000
Profit for the period	715,843	1,101,716
Other comprehensive income		
Deferred taxation on revalued property, plant and equipment	6,004	6,004
Change in unrecognised employee benefit asset	1,151,000	917,000
Deferred taxation on employee benefit asset	(124,000)	(26,667)
Actuarial losses recognised in equity	(779,000)	(837,000)
Other comprehensive income for the period, net of tax	254,004	59,337
Total comprehensive income for the period	**969,847**	**1,161,053**

DESNOES & GEDDES LIMITED

Unaudited Company Statement of Changes in Equity

9-month period ended March 31, 2010

	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 comprehensive income for the year	-	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 comprehensive income for the period	-	6,004	-	963,843	969,847
Transfer of depreciation charge on revaluation surplus of property, plant and equipment	-	(18,011)	-	18,011	-
Transfer to pension equalisation reserve	-	-	349,332	(349,332)	-
Dividends	-	-	-	(421,376)	(421,376)
Balances at March 31, 2010	2,174,980	2,097,668	976,545	1,398,222	6,647,415

DESNOES & GEDDES LIMITED

Unaudited Group Statement of Changes in Equity

9-month period ended March 31, 2010

	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 comprehensive income for the year	-	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 comprehensive income for the period	-	6,004	-	963,843	-	969,847
Transfer of depreciation charge on revaluation surplus of property, plant and equipment	-	(18,011)	-	18,011	-	-
Transfer to pension equalisation reserve	-	-	349,332	(349,332)	-	-
Dividends	-	-	-	(421,376)	-	(421,376)
Balances at March 31, 2010	2,174,980	2,105,438	976,545	1,538,145	7,447	6,802,555

DESNOES & GEDDES LIMITED

Company Statement of Cash Flows

9-month period ended March 31, 2009

	Unaudited March 31, 2010 $'000	Unaudited March 31, 2009 $'000
CASHFLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	715,843	1,101,716
Adjustments to reconcile net profit to net cash provided by operating activities:		
Interest income	(6,394)	(13,710)
Interest expense	48,571	51,274
Depreciation	295,271	246,417
Deferred taxation	23,284	71,109
Tax charge	316,840	503,871
(Increase) in employee benefits asset	(138,000)	(157,000)
	1,255,415	1,803,677
(Increase)/decrease in current assets:		
Accounts receivable	(60,411)	(65,962)
Due from fellow subsidiaries	98,630	186,983
Inventories	(193,351)	(508,745)
Increase/ (decrease) in current liabilities:		
Accounts payable	331,800	42,038
Due to fellow subsidiaries	(274,634)	82,105
Cash generated from operations	1,157,450	1,540,097
Interest paid	(50,988)	(51,274)
Income taxes paid	(454,340)	(366,990)
Net cash provided by operating activities	652,122	1,121,833
CASHFLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(239,721)	(247,277)
Interest received	6,394	13,710
Pension contributions	(14,000)	(11,000)
Net cash used by investing activities	(247,327)	(244,567)
CASHFLOWS FROM FINANCING ACTIVITIES		
Short term loan	(313,532)	(262,849)
Dividend payments	(421,376)	(280,917)
Net cash used by financing activities	(734,908)	(543,766)
Net increase in cash and cash equivalents	(330,112)	333,500
Cash and cash equiivalents at beginning of year	652,252	182,117
Cash and cash equivalent at end of year	**322,140**	**515,617**
Comprised of:-		
Cash and bank balances	304,783	437,587
Short-term deposits	17,357	78,030
	322,140	**515,617**

DESNOES & GEDDES LIMITED

Group Statement of Cash Flows

9-month period ended March 31, 2010

	Unaudited March 31, 2010 $'000	Unaudited March 31, 2009 $'000
CASHFLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	715,843	1,101,716
Adjustments to reconcile net profit to net cash provided by operating activities:		
Interest income	(6,394)	(13,710)
Interest expense	48,571	51,274
Depreciation	295,271	246,417
Deferred taxation	23,284	71,109
Tax charge	316,840	503,871
Increase in employee benefits asset	(138,000)	(157,000)
	1,255,415	1,803,677
(Increase)/decrease in current assets:		
Accounts receivable	(60,411)	(65,962)
Due from fellow subsidiary	98,630	186,983
Inventories	(193,351)	(508,745)
Increase/ (decrease) in current liabilities:		
Accounts payable	331,800	42,038
Due to fellow subsidiaries	(274,634)	82,106
Cash generated from operations	1,157,450	1,540,098
Interest paid	(50,988)	(51,274)
Income taxes paid	(454,340)	(366,990)
Net cash provided by operating activities	652,122	1,121,835
CASHFLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(239,721)	(247,277)
Interest received	6,394	13,710
Pension contributions	(14,000)	(11,000)
Net cash used by investing activities	(247,327)	(244,567)
CASHFLOWS FROM FINANCING ACTIVITIES		
Short term liabilities	(313,532)	(262,849)
Dividend payments	(421,376)	(280,917)
Net cash used by financing activities	(734,908)	(543,766)
Net increase in cash and cash equivalents	(330,112)	333,501
Cash and cash equivalents at beginning of year	654,008	183,873
Cash and cash equivalent at end of year	**323,896**	**517,374**
Comprised of:-		
Cash and bank balances	306,539	439,344
Short-term deposits	17,357	78,030
	323,896	**517,374**

DESNOES AND GEDDES LIMITED

Financial Information by Geographical Segment

9-month period ended March 31, 2010

	Domestic		Export		Group	
	Unaudited Mar. 31, 2010 $'000	Unaudited Mar. 31, 2009 $'000	Unaudited Mar. 31, 2010 $'000	Unaudited Mar. 31, 2009 $'000	Unaudited Mar. 31, 2010 $'000	Unaudited Mar. 31, 2009 $'000
Turnover	7,270,599	7,294,524	2,643,621	2,564,539	9,914,221	9,859,063
Special consumption tax	(1,711,141)	(1,328,800)	-	-	(1,711,141)	(1,328,800)
Net sales value	5,559,458	5,965,724	2,643,621	2,564,539	8,203,080	8,530,263
Cost of sales	(3,127,810)	(2,975,421)	(2,259,431)	(2,135,476)	(5,387,241)	(5,110,897)
Gross profit	2,431,648	2,990,303	384,191	429,063	2,815,838	3,419,366
Marketing costs	(686,663)	(620,354)	(349,136)	(394,552)	(1,035,800)	(1,014,906)
Segment result	1,744,985	2,369,949	35,054	34,511	1,780,039	2,404,460
General, selling & administration expenses					(853,222)	(894,491)
Other income					33,327	47,291
Trading profit					960,144	1,557,260
Employee benefits income					138,000	157,000
Interest income					6,394	13,710
Profit before finance cost					1,104,538	1,727,970
Finance cost					(48,571)	(51,274)
Profit before taxation					1,055,967	1,676,696
Taxation					(340,124)	(574,980)
Profit after taxation					715,843	1,101,716
Segment assets	7,513,565	8,715,299	2,955,071	2,536,179	10,468,636	11,251,478
Segment liabilities	3,002,081	3,729,422	664,001	301,602	3,666,082	4,031,024
Depreciation	(187,200)	(164,184)	(108,071)	(82,233)	(295,271)	(246,417)
Capital expenditure	(146,291)	158,257	(93,430)	89,020	(239,721)	247,277

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.