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

The Directors of Desnoes and Geddes Limited, producers of Jamaica's beer, Red Stripe, and distributors of leading spirits Johnnie Walker and Smirnoff, wish to present the unaudited results of the Group for the six months period ended December 31, 2010.

| | **Profit and Loss Summary** | | | | | |
|---|---|---|---|---|---|---|
| | **6-months ended December 31** | | | **3-months ended December 31** | | |
| | 2010 | 2009 | change | 2010 | 2009 | change |
| | J$m | J$m | % | J$m | J$m | % |
| Net sales value | 5,701 | 5,698 | 0 % | 3,010 | 2,944 | 2 % |
| Trading profit | 457 | 724 | (37)% | 327 | 468 | (30)% |
| Profit before tax | 481 | 789 | (39)% | 308 | 482 | (36)% |
| Profit after tax | 319 | 525 | (39)% | 205 | 350 | (41)% |
| Earnings per stock unit (cents) | 11.37 | 18.68 | (39)% | 7.28 | 12.45 | (41)% |

## Performance Highlights

Net sales value of $3,010 million in the company's second quarter represented a modest 2% growth over the same period last year as the ongoing contraction of the entire alcoholic drinks market continues to exert a drag on our volume and revenue performance. This quarterly outcome has contributed to a flat half year performance as the contraction of the domestic segment was offset by growth in our export markets.

Net sales value for the half year was $5,701 million which was flat compared to the prior year. Domestic segment net sales value declined 4%, in line with the volume decline. This was offset by a 9% increase in the export segment net sales value.

Trading profit for the first half was $457 million representing a 37% decline over the prior year. This is largely due to a more even spread of our export marketing spending for this year compared to last year in which little of the expenditure occurred in the first half. The planned second half export marketing spending is expected to be significantly less than last year, although the full year outcome will be higher to support the launch of Red Stripe Light in North America.

Cost of sales for the second quarter was $1,882 million which is 1% above the prior year with the business focusing on reducing cost through production and procurement efficiencies. General, selling and administration costs of $362 million were 5% lower for the second quarter vs the same period last year and flat for the first half despite the inflationary environment. Profit after tax of $205 million for the second quarter was down 41% vs the same period last year. This translates into an earnings per share of $7.28 for the second quarter vs $12.45 for the same period last year. The earnings per share for the six months ending December 31, 2010 were $11.37 vs 18.68 for the same period in the prior year.

Given this decline, no dividend was paid for the first six months compared to a dividend of 15c in December 2009.

In December, 2010, the Government changed the tax regime for alcoholic beverages to one based on alcohol volume with different rates corresponding to three categories of alcoholic drink. While this new framework reduces the significant anomaly that existed between the tonic wine category and the beer and stouts category, white rum now enjoys a large tax advantage over all other categories. This disparity serves to disadvantage the company's products in a fiercely competitive market and we will continue to lobby for a level playing field in the interest of fairness, conformance to international best practices and public health.

**Corporate Update**

Project Entrepreneur with specific focus on Design and Construction is the latest under Diageo's Learning For Life platform which was launched in the second quarter. The programme provides free tuition for short to medium term training in plumbing and tile laying (Construction) as well as Soft-Furnishings and Drapery-making (Design) and is aimed at providing opportunities for one hundred and twenty-four (124) unskilled and unemployed residents of West Kingston. This initiative is being done in tandem with the Heart Trust NTA, and provides all participants with the necessary training and certification at the end of the programme which will allow them to create new business and financial opportunities for themselves and their families.

In our continued bid to promote responsible drinking, Red Stripe also launched the third Diageo Learning for Life Project Bartender; this time for twenty-two (22) students attending the University of the West Indies, Mona Campus. Bars to Go Training Institute was responsible for conducting the six-week training sessions, which commenced in October. The project is a direct social intervention in Safe and Responsible Drinking specifically designed for University Students and formed part of the UWI Health Centre's Safe and Responsible Drinking programme.

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

Richard Byles
Chairman

Alan Barnes
Managing Director

February 4, 2011

# DESNOES AND GEDDES LIMITED

## COMPANY STATEMENT OF FINANCIAL POSITION

**As at December 31, 2010**

| | Unaudited December 31, 2010 $'000 | Unaudited December 30, 2009 $'000 | | Audited June 30, 2010 $'000 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Investments | 406,525 | 407,025 | | 406,525 |
| Investment properties | 96,500 | 96,500 | | 96,500 |
| Property, plant and equipment | 6,432,140 | 6,656,620 | * | 6,644,362 |
| Employee benefit asset | 1,128,000 | 228,000 | | 1,131,000 |
| **Total non-current assets** | **8,063,165** | **7,388,145** | | **8,278,387** |
| Cash and bank | 497,130 | 656,700 | | 411,070 |
| Short-term deposits | 18,083 | 17,357 | | 18,083 |
| Accounts receivable | 746,669 | 638,583 | | 454,306 |
| Due from fellow subsidiaries | 433,488 | 391,724 | | 725,788 |
| Inventories | 1,168,604 | 1,262,377 | * | 1,159,509 |
| **Total current assets** | **2,863,974** | **2,966,741** | | **2,768,756** |
| Accounts payable | 1,699,763 | 1,889,859 | | 1,809,995 |
| Short-term loans | 300,000 | 724,601 | | 700,000 |
| Taxation payable | 132,557 | 236,812 | | 108,498 |
| Due to fellow subsidiaries | 649,932 | 493,159 | | 565,245 |
| **Total current liabilities** | **2,782,252** | **3,344,431** | | **3,183,738** |
| **Net current liabilities** | **81,722** | **(377,690)** | | **(414,982)** |
| **Total assets less current liabilities** | **8,144,887** | **7,010,455** | | **7,863,405** |
| **EQUITY** | | | | |
| Share capital | 2,174,980 | 2,174,980 | | 2,174,980 |
| Capital reserves | 2,046,871 | 2,101,671 | | 2,093,665 |
| Other reserves | 1,092,547 | 487,879 | | 1,095,880 |
| Retained earnings | 1,494,878 | 1,235,034 | | 1,164,861 |
| **Total equity** | **6,809,276** | **5,999,564** | | **6,529,386** |
| **NON-CURRENT LIABILITIES** | | | | |
| Employee benefit obligation | 88,000 | 95,000 | | 86,000 |
| Long-term liabilities | 157,235 | 157,235 | | 157,235 |
| Deferred tax liabilities | 1,090,376 | 758,656 | | 1,090,784 |
| **Total non-current liabilities** | **1,335,611** | **1,010,891** | | **1,334,019** |
| **Total equity and non-current liabilities** | **8,144,887** | **7,010,455** | | **7,863,405** |

* Reclassified to conform to current year presentation

**DESNOES AND GEDDES LIMITED**

**GROUP STATEMENT OF FINANCIAL POSITION**

**As at December 31, 2010**

| | Unaudited December 31, 2010 $'000 | Unaudited December 31, 2009 $'000 | Audited June 30, 2010 $'000 |
|---|---|---|---|
| **ASSETS** | | | |
| Investments | 405,370 | 405,870 | 405,370 |
| Investment properties | 96,500 | 96,500 | 96,500 |
| Property, plant and equipment | 6,432,140 | 6,656,620 * | 6,644,362 |
| Employee benefit asset | 1,128,000 | 228,000 | 1,131,000 |
| **Total non-current assets** | **8,062,010** | **7,386,990** | **8,277,232** |
| Cash resources | 498,886 | 658,456 | 412,826 |
| Short-term deposits | 18,083 | 17,357 | 18,083 |
| Accounts receivable | 746,669 | 638,583 | 454,306 |
| Due from fellow subsidiaries | 433,488 | 391,724 | 725,788 |
| Inventories | 1,168,604 | 1,262,377 * | 1,159,509 |
| **Total current assets** | **2,865,730** | **2,968,497** | **2,770,512** |
| Accounts payable | 1,702,469 | 1,892,565 | 1,812,701 |
| Short-term loans | 300,000 | 724,601 | 700,000 |
| Taxation payable | 132,547 | 236,802 | 108,488 |
| Due to fellow subsidiaries | 649,932 | 493,159 | 565,245 |
| **Total current liabilities** | **2,784,948** | **3,347,127** | **3,186,434** |
| **Net current liabilities** | **80,782** | **(378,630)** | **(415,922)** |
| **Total assets less current liabilities** | **8,142,792** | **7,008,360** | **7,861,310** |
| **EQUITY** | | | |
| Share capital | 2,174,980 | 2,174,980 | 2,174,980 |
| Capital reserves | 2,054,641 | 2,109,441 | 2,101,435 |
| Other reserves | 1,092,547 | 487,879 | 1,095,880 |
| Retained earnings | 1,634,801 | 1,374,957 | 1,304,784 |
| **Shareholders' equity** | **6,956,969** | **6,147,257** | **6,677,079** |
| Minority interest | 7,447 | 7,447 | 7,447 |
| **Total equity** | **6,964,416** | **6,154,704** | **6,684,526** |
| **NON-CURRENT LIABILITIES** | | | |
| Employee benefit obligation | 88,000 | 95,000 | 86,000 |
| Deferred tax liabilities | 1,090,376 | 758,656 | 1,090,784 |
| **Total non-current liabilities** | **1,178,376** | **853,656** | **1,176,784** |
| **Total equity and non-current liabilities** | **8,142,792** | **7,008,360** | **7,861,310** |

* Reclassified to conform to current year presentation

**DESNOES AND GEDDES LIMITED**

Company and Group Income Statements

**6 month period ended December 31, 2010**

| | Unaudited<br>6 months to<br>Dec. 31 2010<br>$'000 | Unaudited<br>6 months to<br>Dec. 31, 2009<br>$'000 | Unaudited<br>3 months to<br>Dec. 31, 2010<br>$'000 | Unaudited<br>3 months to<br>Dec. 31, 2009<br>$'000 |
|---|---|---|---|---|
| Turnover | 6,891,708 | 6,938,541 | 3,704,863 | 3,625,476 |
| Special Consumption Tax (SCT) | (1,191,161) | (1,240,071) | (695,121) | (681,828) |
| Net sales | 5,700,547 | 5,698,470 | 3,009,742 | 2,943,648 |
| Cost of sales | (3,650,788) | (3,652,674) * | (1,882,865) | (1,868,545) * |
| Gross profit | 2,049,759 | 2,045,796 | 1,126,877 | 1,075,103 |
| Marketing costs | (960,663) | (683,584) | (464,773) | (266,590) |
| Contribution after marketing | 1,089,096 | 1,362,212 | 662,104 | 808,513 |
| General, selling and administration expenses | (660,453) | (659,708) | (361,943) | (383,472) |
| Other income / (expenses) | 27,924 | 21,468 | 26,765 | 42,845 |
| Trading profit | 456,567 | 723,972 | 326,926 | 467,886 |
| Employee benefit (expense)/ income, net | (5,000) | 90,000 | (4,000) | 21,000 |
| Finance income - interest | 2,949 | 4,570 | 1,483 | 1,430 |
| Profit on disposal of property, plant & equipment | 55,917 | - | - | - |
| Profit before finance cost | 510,433 | 818,542 | 324,409 | 490,316 |
| Finance cost | (29,549) | (29,238) | (16,853) | (7,944) |
| Profit before taxation | 480,884 | 789,304 | 307,556 | 482,372 |
| Taxation | (161,540) | (264,644) | (102,939) | (132,757) |
| Profit for the period attributable to equity holders of the parent company, all dealt with in the financial statements of the company | 319,344 | 524,660 | 204,617 | 349,615 |
| Earnings per stock unit | 11.37 ¢ | 18.68 ¢ | 7.28 ¢ | 12.45 ¢ |

* Reclassified to conform to current year presentation

**DESNOES AND GEDDES LIMITED**

**Company and Group Statement of Comprehensive Income**

**6-month period ended December 31, 2010**

| | Unaudited December 31, 2010 | Unaudited December 31, 2009 |
|---|---|---|
| | $'000 | $'000 |
| Profit for the year | 319,344 | 524,660 |
| Other comprehensive income/ (loss): | | |
| Sale of revalued property, plant and equipment | (38,790) | - |
| Deferred taxation on revalued property, plant and equipment | 4,003 | 4,003 |
| Change in unrecognised employee benefit asset | 96,000 | (162,000) |
| Deferred taxation on employee benefit asset | 2,333 | 103,333 |
| Actuarial losses recognised in equity | (103,000) | (148,000) |
| Total other comprehensive income/ (loss) | (39,454) | (202,664) |
| Total comprehensive income for the period | 279,890 | 321,996 |

**DESNOES & GEDDES LIMITED**
**Unaudited Company Statement of Changes in Equity**
**6 month period ended December 31, 2010**

| | Share capital $'000 | Capital reserves $'000 | Other reserves $'000 | Retained earnings $'000 | Total $'000 |
|---|---|---|---|---|---|
| Balances at June 30, 2009 | 2,174,980 | 2,109,675 | 627,213 | 1,187,075 | 6,098,943 |
| **Total comprehensive income for the year:** | | | | | |
| Profit for the year | - | - | - | 524,660 | 524,660 |
| **Other comprehensive income:** | | | | | |
| Deferred taxation on revalued property, plant and equipment | - | 4,003 | - | - | 4,003 |
| Change in unrecognised employee benefit asset | - | - | - | (162,000) | (162,000) |
| Deferred taxes on employee benefit | - | - | - | 103,333 | 103,333 |
| Actuarial gains and losses | - | - | - | (148,000) | (148,000) |
| Total other comprehensive income | - | 4,003 | - | (206,667) | (202,664) |
| Total comprehensive income | - | 4,003 | - | 317,993 | 321,996 |
| **Movement between reserves:** | | | | | |
| Transfer of depreciation charge on revaluation surplus of property, plant and equipment | - | (12,007) | - | 12,007 | - |
| Transfer to pension equalisation reserve | - | - | (139,334) | 139,334 | - |
| **Transactions with owners recorded directly in equity:** | | | | | |
| Dividends | - | - | - | (421,375) | (421,375) |
| Balances at December 31, 2009 | 2,174,980 | 2,101,671 | 487,879 | 1,235,034 | 5,999,564 |
| | | | | | |
| Balances at June 30, 2010 | 2,174,980 | 2,093,665 | 1,095,880 | 1,164,861 | 6,529,386 |
| Total comprehensive income for the period: | | | | | |
| Profit for the period | - | - | - | 319,344 | 319,344 |
| Other comprehensive income: | | | | | |
| Sale of revalued property, plant and equipment | - | (38,790) | - | - | (38,790) |
| Deferred taxation on revalued property, plant and equipment | - | 4,003 | - | - | 4,003 |
| Change in unrecognised employee benefit asset | - | - | - | 96,000 | 96,000 |
| Deferred taxes on employee benefit | - | - | - | 2,333 | 2,333 |
| Actuarial gains and losses | - | - | - | (103,000) | (103,000) |
| Total other comprehensive income | - | (34,787) | - | (4,667) | (39,454) |
| Total comprehensive income | - | (34,787) | - | 314,677 | 279,890 |
| Movement between reserves: | | | | | |
| Transfer of depreciation charge on revaluation surplus of property, plant and equipment | - | (12,007) | - | 12,007 | - |
| Transfer to pension equalisation reserve | - | - | (3,333) | 3,333 | - |
| Transactions with owners recorded directly in equity: | | | | | |
| Dividends | - | - | - | - | - |
| Balances at December 31, 2010 | 2,174,980 | 2,046,871 | 1,092,547 | 1,494,878 | 6,809,276 |

**DESNOES & GEDDES LIMITED**
**Unaudited Group Statement of Changes in Equity**
**6 month period ended December 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, 2009 | 2,174,980 | 2,117,445 | 627,213 | 1,326,998 | 7,447 | 6,254,083 |
| Total comprehensive income for the year: | | | | | | |
| Profit for the year | - | - | - | 524,660 | - | 524,660 |
| Other comprehensive income: | | | | | | |
| Deferred taxation on revalued property, plant and equipment | - | 4,003 | - | - | - | 4,003 |
| Change in unrecognised employee benefit asset | - | - | - | (162,000) | - | (162,000) |
| Deferred taxes on employee benefit | - | - | - | 103,333 | - | 103,333 |
| Actuarial gains and losses | - | - | - | (148,000) | - | (148,000) |
| Total other comprehensive income/ (loss) | - | 4,003 | - | (206,667) | - | (202,664) |
| Total comprehensive income/ (loss) | - | 4,003 | - | 317,993 | - | 321,996 |
| Movement between reserves: | | | | | | |
| Transfer of depreciation charge on revaluation surplus of property, plant and equipment | - | (12,007) | - | 12,007 | - | - |
| Transfer to pension equalisation reserve | - | - | (139,334) | 139,334 | - | - |
| Transactions with owners recorded directly in equity: | | | | | | |
| Dividends | - | - | - | (421,375) | - | (421,375) |
| Balances at December 31, 2009 | 2,174,980 | 2,109,441 | 487,879 | 1,374,957 | 7,447 | 6,154,704 |
| Balances at June 30, 2010 | 2,174,980 | 2,101,435 | 1,095,880 | 1,304,784 | 7,447 | 6,684,526 |
| Total comprehensive income for the period: | | | | | | |
| Profit for the period | - | - | - | 319,344 | - | 319,344 |
| Other comprehensive income: | | | | | | |
| Sale of revalued property, plant and equipment | - | (38,790) | - | - | - | (38,790) |
| Deferred taxation on revalued property, plant and equipment | - | 4,003 | - | - | - | 4,003 |
| Change in unrecognised employee benefit asset | - | - | - | 96,000 | - | 96,000 |
| Deferred taxes on employee benefit | - | - | - | 2,333 | - | 2,333 |
| Actuarial gains and losses | - | - | - | (103,000) | - | (103,000) |
| Total other comprehensive income/ (loss) | - | (34,787) | - | (4,667) | - | (39,454) |
| Total comprehensive income/ (loss) | - | (34,787) | - | 314,677 | - | 279,890 |
| Movement between reserves: | | | | | | |
| Transfer of depreciation charge on revaluation surplus of property, plant and equipment | - | (12,007) | - | 12,007 | - | - |
| Transfer to pension equalisation reserve | - | - | (3,333) | 3,333 | - | - |
| Transactions with owners recorded directly in equity: | | | | | | |
| Dividends | - | - | - | - | - | - |
| Balances at December 31, 2010 | 2,174,980 | 2,054,641 | 1,092,547 | 1,634,801 | 7,447 | 6,964,416 |

## DESNOES & GEDDES LIMITED

**Company Statement of Cash Flows**

**6 month period ended December 31, 2010**

| | Unaudited December 31, 2010 $'000 | Unaudited December 31, 2009 $'000 | |
|---|---|---|---|
| **CASHFLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit for the year | 319,344 | 524,660 | |
| Adjustments for: | | | |
| Items not involving cash: | | | |
| Interest income | (2,949) | (4,570) | |
| Interest expense | 29,549 | 29,238 | |
| Depreciation | 338,390 | 301,768 | * |
| Gain on disposal of property, plant and equipment | (55,917) | - | |
| Deferred taxation | 5,379 | 17,162 | |
| Income tax charge | 156,161 | 247,482 | |
| Increase in employee benefit asset and obligation | 5,000 | (90,000) | |
| | 794,957 | 1,025,740 | |
| Changes in working capital | | | |
| Accounts receivable | (292,363) | (229,275) | |
| Due from fellow subsidiaries | 292,300 | 53,113 | |
| Inventories | (9,095) | (181,212) | * |
| Accounts payable | (108,791) | 530,903 | |
| Due to fellow subsidiaries | 84,687 | (149,281) | |
| Cash generated from operations | 761,695 | 1,049,988 | |
| Interest paid | (30,990) | (30,958) | |
| Income taxes paid | (132,101) | (263,506) | |
| Net cash provided by operating activities | 598,604 | 755,524 | |
| **CASHFLOWS FROM INVESTING ACTIVITIES** | | | |
| Acquisition of property, plant and equipment | (223,081) | (296,905) | * |
| Proceeds from disposal of property, plant and equipment | 114,588 | | |
| Interest received | 2,949 | 4,570 | |
| Pension contributions | (7,000) | (11,000) | |
| Net cash used by investing activities | (112,544) | (303,335) | |
| **CASHFLOWS FROM FINANCING ACTIVITIES** | | | |
| Short term loan | (400,000) | (9,007) | |
| Dividend payments | - | (421,376) | |
| Net cash used by financing activities | (400,000) | (430,383) | |
| Net (decrease)/ increase in cash and cash equivalents | 86,060 | 21,806 | |
| Cash and cash equivalents at beginning of year | 429,153 | 652,251 | |
| Cash and cash equivalent at end of year | **515,213** | **674,057** | |
| Comprised of:- | | | |
| Cash and bank balances | 497,130 | 656,700 | |
| Short-term deposits | 18,083 | 17,357 | |
| | **515,213** | **674,057** | |

* Reclassified to conform to current year presentation

**DESNOES & GEDDES LIMITED**

**Group Statement of Cash Flows**

**6 month period ended December 31, 2010**

| | Unaudited<br>December 30, 2010<br>$'000 | Unaudited<br>December 31, 2009<br>$'000 | |
|---|---|---|---|
| **CASHFLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit for the year | 319,344 | 524,660 | |
| Adjustments for: | | | |
| Items not involving cash: | | | |
| Interest income | (2,949) | (4,570) | |
| Interest expense | 29,549 | 29,238 | |
| Depreciation | 338,390 | 301,768 | * |
| Gain on disposal of property, plant and equipment | (55,917) | - | |
| Deferred taxation | 5,379 | 17,162 | |
| Income tax charge | 156,161 | 247,482 | |
| Increase in employee benefit asset and obligation | 5,000 | (90,000) | |
| | 794,957 | 1,025,740 | |
| Changes in working capital | | | |
| Accounts receivable | (292,363) | (229,275) | |
| Due from fellow subsidiary | 292,300 | 53,113 | |
| Inventories | (9,095) | (181,212) | * |
| Accounts payable | (108,791) | 530,903 | |
| Due to fellow subsidiaries | 84,687 | (149,281) | |
| Cash generated from operations | 761,695 | 1,049,988 | |
| Interest paid | (30,990) | (30,958) | |
| Income taxes paid | (132,101) | (263,506) | |
| Net cash provided by operating activities | 598,604 | 755,524 | |
| **CASHFLOWS FROM INVESTING ACTIVITIES** | | | |
| Acquisition of property, plant and equipment | (223,081) | (296,905) | * |
| Proceeds from disposal of property, plant and equipment | 114,588 | - | |
| Interest received | 2,949 | 4,570 | |
| Pension contributions | (7,000) | (11,000) | |
| Net cash used by investing activities | (112,544) | (303,335) | |
| **CASHFLOWS FROM FINANCING ACTIVITIES** | | | |
| Short term liabilities | (400,000) | (9,007) | |
| Dividend payments | - | (421,376) | |
| Net cash used by financing activities | (400,000) | (430,383) | |
| Net increase in cash and cash equivalents | 86,060 | 21,806 | |
| Cash and cash equivalents at beginning of year | 430,909 | 654,007 | |
| Cash and cash equivalent at end of year | **516,969** | **675,813** | |
| Comprised of:- | | | |
| Cash and bank balances | 498,886 | 658,456 | |
| Short-term deposits | 18,083 | 17,357 | |
| | **516,969** | **675,813** | |

* Reclassified to conform to current year presentation

**DESNOES AND GEDDES LIMITED**

**Financial Information by Geographical Segment**

**6 month period ended December 31, 2010**

| | Domestic | | Export | | Group | |
|---|---|---|---|---|---|---|
| | Unaudited Dec. 31, 2010 $'000 | Unaudited Dec. 31, 2009 $'000 | Unaudited Dec. 31, 2010 $'000 | Unaudited Dec. 31, 2009 $'000 | Unaudited Dec. 31, 2010 $'000 | Unaudited Dec. 31, 2009 $'000 |
| Turnover | 5,053,284 | 5,251,263 | 1,838,425 | 1,687,278 | 6,891,708 | 6,938,541 |
| Special consumption tax | (1,191,161) | (1,240,071) | - | - | (1,191,161) | (1,240,071) |
| Net external revenue | 3,862,123 | 4,011,192 | 1,838,425 | 1,687,278 | 5,700,547 | 5,698,470 |
| Segment profit | 1,305,699 | 1,334,714 | (216,603) | 53,345 | 1,089,096 | 1,362,212 |
| General, selling & administration expenses | | | | | (660,453) | (659,708) |
| Other income/(expenses) | | | | | 27,924 | 21,468 |
| Trading profit | | | | | 456,567 | 723,972 |
| Employee benefit (expense)/income | | | | | (5,000) | 90,000 |
| Interest income | | | | | 2,949 | 4,570 |
| Profit on disposal of property, plant and equipment | | | | | 55,917 | 0 |
| Profit before finance cost | | | | | 510,433 | 818,542 |
| Finance cost | | | | | (29,549) | (29,238) |
| Profit before taxation | | | | | 480,884 | 789,304 |
| Taxation | | | | | (161,540) | (264,644) |
| Profit after taxation | | | | | 319,344 | 524,660 |
| Segment assets | | | | | 10,927,740 | 10,355,487 |
| Segment liabilities | | | | | 3,963,324 | 4,200,783 |
| Depreciation | | | | | (338,390) | (301,768) |
| Capital expenditure | | | | | (223,081) | (296,905) |

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, issued 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, 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.

(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 reporting 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 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 statements of financial position 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 probable, based on existing knowledge, that outcomes within the next financial year that are different from these assumptions could require a material adjustment to the carrying amount reflected in the financial statements.

3. Significant accounting policies

The accounting policies applied by the company and group in these interim financial statements are the same as those applied in the audited financial statements for the year ended June 30, 2010.

(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 (cont'd)

(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% |
| Returnable bottles | 20% |
| Returnable crates | 10% |

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 (returnable packaging) which were previously stated at the customers' deposit value, are now reclassified as property, plant and equipment. 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 reporting date, and any adjustment to tax payable in respect of previous years.

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

3. Significant accounting policies (cont'd)

(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.

(f) Segment reporting:

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the group's other components. All operating segments' operating results are reviewed regularly by the groups CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(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.