DESNOES AND GEDDES LIMITED
UNAUDITED OPERATING RESULTS
FOR THE PERIOD ENDED DECEMBER 31, 2011

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 quarter ended December 31, 2011.

For the half year profit after tax was $483 million, up 51% versus the same period last year.

	Profit and Loss Summary					
	6-months ended Dec 31			**3-months ended December 31**		
	2011	2010	change	2011	2010	change
	J$m	J$m	%	J$m	J$m	%
Net sales value	5,419	5,701	(5)%	2,794	3,010	(7)%
Trading profit	746	457	63 %	542	327	66 %
Profit before tax	718	481	49 %	537	308	74 %
Profit after tax	483	319	51 %	358	205	75 %
Earnings per stock unit (cents)	17.21	11.37	51 %	12.73	7.28	75 %

Performance Highlights

Net Sales Value for the first half was $5,419 million representing a 5% decline versus the same period last year (7% decline for the second quarter versus last year). The first half domestic brewed portfolio performance improved resulting in a 2% overall increase in domestic net sales value, offset by a decline in export sales.

Cost of sales for the half year at $3,365 million decreased by 8% versus the prior year, this is consistent with the reduction in sales value. The gross margin improved as we continue to focus on managing our cost base.

Marketing expenses of $742 million for the half year decreased by $218 million (23%) when compared to the same period last year. This is primarily due to expenditure on marketing in the export business, specifically the USA, as there was a reduction in advertising in anticipation of an upcoming new marketing campaign. Despite the launch of the new Red Stripe domestic campaign and the sponsorship of the Red Stripe Premier League, the domestic marketing spend showed a decrease of 6% through increased focus on exceptional costs.

General, selling and administrative expenses for the first half of the year declined by $57 million (9%) compared to last year. This decline was as a result of the continued focus on cost control initiatives as well as the timing of expenses in the previous year.

The trading profit for the first half was $746 million, a 63% increase on the same period last year. Profit before tax at $718 million was impacted by the $25 million loss on sale of property that was not core to operations, this was however $208 million above last year's profit before tax which included a $56 million gain on sale of property.

Year to date profit after tax was up $164 million (51%) on last year translating directly to earnings per stock unit of 17.21 cents (2011: 11.37 cents).

Red Stripe has signed on as title sponsor of the National Premier Football League Competition in a deal which will allow us to directly impact the nation's football development and have a positive impact on the communities that are represented in the league. The PLCA represents the 12 clubs in what will now be known as the Red Stripe Premier League. Red Stripe's sponsorship will, among other things, help the clubs reinvest money in strengthening their operations, contribute towards marketing and promotion of the League, reward football fans through consumer activations and lift the quality of featured games televised on CVM TV.

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

Richard Byles	Renato Gonzalez
Chairman	Managing Director
January 27, 2012	January 27, 2012

DESNOES AND GEDDES LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

As at December 31, 2011

	Unaudited December 31, 2011 $'000	Unaudited December 30, 2010 $'000	Audited June 30, 2011 $'000
ASSETS			
Investments	403,062	406,525	403,062
Investment properties	152,650	96,500	152,650
Property, plant and equipment	6,450,691	6,432,140	6,536,478
Employee benefit asset	1,174,000	1,128,000	1,197,000
Total non-current assets	**8,180,403**	**8,063,165**	**8,289,190**
Current Assets			
Cash and bank	368,141	497,130	270,216
Short-term deposits	2,448	18,083	2,083
Accounts receivable	975,640	746,669	559,516
Due from fellow subsidiaries	234,075	433,488	812,501
Inventories	1,456,825	1,168,604	1,372,089
Total current assets	**3,037,129**	**2,863,974**	**3,016,405**
Current Liabilities			
Accounts payable	1,560,562	1,699,763	1,816,617
Short-term loans	250,000	300,000	-
Taxation payable	351,123	132,557	267,243
Due to fellow subsidiaries	238,818	649,932	299,872
Total current liabilities	**2,400,503**	**2,782,252**	**2,383,732**
Net current assets/(liabilities)	**636,626**	**81,722**	**632,673**
Total assets less current liabilities	**8,817,029**	**8,144,887**	**8,921,863**
EQUITY			
Share capital	2,174,980	2,174,980	2,174,980
Capital reserves	2,007,936	2,046,871	2,046,369
Other reserves	1,094,800	1,092,547	1,108,467
Retained earnings	2,197,561	1,494,878	2,241,056
Total equity	**7,475,277**	**6,809,276**	**7,570,872**
NON-CURRENT LIABILITIES			
Employee benefit obligation	130,500	88,000	128,000
Long-term liabilities	157,235	157,235	157,235
Deferred tax liabilities	1,054,017	1,090,376	1,065,756
Total non-current liabilities	**1,341,752**	**1,335,611**	**1,350,991**
Total equity and non-current liabilities	**8,817,029**	**8,144,887**	**8,921,863**

DESNOES AND GEDDES LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

As at December 31, 2011

	Unaudited December 31, 2011 $'000	Unaudited December 31, 2010 $'000	Audited June 30, 2011 $'000
ASSETS			
Investments	401,907	405,370	401,907
Investment properties	152,650	96,500	152,650
Property, plant and equipment	6,450,691	6,432,140	6,536,478
Employee benefit asset	1,174,000	1,128,000	1,197,000
Total non-current assets	**8,179,248**	**8,062,010**	**8,288,035**
Current Assets			
Cash resources	369,897	498,886	271,972
Short-term deposits	2,448	18,083	2,083
Accounts receivable	975,640	746,669	559,516
Due from fellow subsidiaries	234,075	433,488	812,501
Inventories	1,456,825	1,168,604	1,372,089
Total current assets	**3,038,885**	**2,865,730**	**3,018,161**
Current Liabilities			
Accounts payable	1,563,270	1,702,469	1,819,323
Short-term loans	250,000	300,000	-
Taxation payable	351,111	132,547	267,233
Due to fellow subsidiaries	238,818	649,932	299,872
Total current liabilities	**2,403,199**	**2,784,948**	**2,386,428**
Net current assets/(liabilities)	**635,686**	**80,782**	**631,733**
Total assets less current liabilities	**8,814,934**	**8,142,792**	**8,919,768**
EQUITY			
Share capital	2,174,980	2,174,980	2,174,980
Capital reserves	2,015,706	2,054,641	2,054,139
Other reserves	1,094,800	1,092,547	1,108,467
Retained earnings	2,337,484	1,634,801	2,380,979
Shareholders' equity	**7,622,970**	**6,956,969**	**7,718,565**
Minority interest	7,447	7,447	7,447
Total equity	**7,630,417**	**6,964,416**	**7,726,012**
NON-CURRENT LIABILITIES			
Employee benefit obligation	130,500	88,000	128,000
Deferred tax liabilities	1,054,017	1,090,376	1,065,756
Total non-current liabilities	**1,184,517**	**1,178,376**	**1,193,756**
Total equity and non-current liabilities	**8,814,934**	**8,142,792**	**8,919,768**

DESNOES AND GEDDES LIMITED

Company and Group Income Statements

6 month period ended December 31, 2011

	Unaudited 6 months to Dec. 31, 2011 $'000	Unaudited 6 months to Dec. 31, 2010 $'000	Unaudited 3 months to Dec. 31, 2011 $'000	Unaudited 3 months to Dec. 31, 2010 $'000
Turnover	6,493,626	6,891,708	3,388,272	3,704,863
Special Consumption Tax (SCT)	(1,075,037)	(1,191,161)	(594,188)	(695,121)
Net sales	5,418,589	5,700,547	2,794,084	3,009,742
Cost of sales	(3,365,416)	(3,650,788)	(1,662,780)	(1,882,865)
Gross profit	2,053,173	2,049,759	1,131,304	1,126,877
Marketing costs	(742,079)	(960,663)	(315,927)	(464,773)
Contribution after marketing	1,311,094	1,089,096	815,377	662,104
General, selling and administration expenses	(603,776)	(660,453)	(310,544)	(361,943)
Other income / (expenses), net	38,905	27,924	36,866	26,765
Trading profit	746,223	456,567	541,699	326,926
Employee benefit (expense)/ income, net	(10,500)	(5,000)	(5,250)	(4,000)
Non-operating (expenses)/income	3,540	-	694	0
Finance income - interest	4,063	2,949	1,791	1,483
(Loss)/Profit on disposal of property, plant & equipment	(24,697)	55,917	(1,448)	-
Profit before finance cost	718,629	510,433	537,486	324,409
Finance cost	(877)	(29,549)	(877)	(16,853)
Profit before taxation	717,752	480,884	536,609	307,556
Taxation	(234,346)	(161,540)	(178,869)	(102,939)
Profit for the period attributable to equity holders of the parent company, all dealt with in the financial statements of the company	483,406	319,344	357,740	204,617
Earnings per stock unit	17.21 ¢	11.37 ¢	12.73 ¢	7.28 ¢

DESNOES AND GEDDES LIMITED
Company and Group Statement of Comprehensive Income
6 month period ended December 31, 2011

	Unaudited December 31, 2011	Unaudited December 31, 2010
	$'000	$'000
Profit for the period	483,406	319,344
Other comprehensive income/ (loss):		
Sale of revalued property, plant and equipment	-	(38,790)
Deferred taxation on revalued property, plant and equipment	-	4,003
Change in unrecognised employee benefit asset	(232,000)	96,000
Deferred taxation on employee benefit asset	6,833	2,333
Actuarial losses recognised in equity	208,000	(103,000)
Total other comprehensive (loss)	(17,167)	(39,454)
Total comprehensive income for the period	466,239	279,890

DESNOES & GEDDES LIMITED

Unaudited Company Statement of Changes in Equity

6 month period ended December 31, 2011

	Share capital	Capital reserves	Other reserves	Retained earnings	Total
	$'000	$'000	$'000	$'000	$'000
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	-	(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
Balances at June 30, 2011	2,174,980	2,046,369	1,108,467	2,241,056	7,570,872
Total comprehensive income for the period:	-	-	-	466,239	466,239
Movement between reserves:					
Transfer of depreciation charge on revaluation surplus of property, plant and equipment	-	(11,624)	-	11,624	-
Transfer to pension equalisation reserve	-	-	(13,667)	13,667	-
Transfer of realized gain of disposal of property plant and equipment	-	(26,809)	-	26,809	-
Transactions with owners recorded directly in equity:					
Dividends	-	-	-	(561,834)	(561,834)
Balances at December 31, 2011	2,174,980	2,007,936	1,094,800	2,197,561	7,475,277

DESNOES & GEDDES LIMITED
Unaudited Group Statement of Changes in Equity
6 month ended December 31, 2011

	Attributable to equity holders of the parent company					
	Share capital $'000	Capital reserves $'000	Other reserves $'000	Retained earnings $'000	Minority interest $'000	Total $'000
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	-	(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
Balances at June 30, 2011	2,174,980	2,054,139	1,108,467	2,380,979	7,447	7,726,012
Total comprehensive income for the period:	-	-	-	466,239	-	466,239
Movement between reserves:						
Transfer of depreciation charge on revaluation surplus of property, plant and equipment	-	(11,624)	-	11,624	-	-
Transfer to pension equalisation reserve	-	-	(13,667)	13,667	-	-
Transfer of realized gain of disposal of property plant and equipment	-	(26,809)	-	26,809	-	-
Transactions with owners recorded directly in equity:						
Dividends	-	-	-	(561,834)	-	(561,834)
Balances at December 31, 2011	2,174,980	2,015,706	1,094,800	2,337,484	7,447	7,630,417

DESNOES & GEDDES LIMITED

Company Statement of Cash Flows

6 month period ended December 31, 2011

	Unaudited December 31, 2011 $'000	Unaudited December 31, 2010 $'000
CASHFLOWS FROM OPERATING ACTIVITIES		
Profit for the year	483,406	319,344
Adjustments for:		
Items not involving cash:		
Interest income	(4,063)	(2,949)
Interest expense	877	29,549
Depreciation	333,085	338,390
Loss/(Gain) on disposal of property, plant and equipment	24,697	(55,917)
Deferred taxation	(4,905)	5,379
Income tax charge	239,251	156,161
Increase in employee benefit asset and obligation	10,500	5,000
	1,082,848	794,957
Changes in working capital		
Accounts receivable	(416,125)	(292,363)
Due from fellow subsidiaries	578,426	292,300
Inventories	(84,735)	(9,095)
Accounts payable	(256,303)	(108,791)
Due to fellow subsidiaries	(61,054)	84,687
Cash generated from operations	843,057	761,695
Pension contribution	(9,000)	(7,000)
Interest paid	(629)	(30,990)
Income taxes paid	(155,370)	(132,101)
Net cash provided by operating activities	678,058	591,604
CASHFLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(294,480)	(223,081)
Proceeds from disposal of property, plant and equipment	22,483	114,588
Interest received	4,063	2,949
Net cash used by investing activities	(267,934)	(105,544)
CASHFLOWS FROM FINANCING ACTIVITIES		
Short term loan	250,000	(400,000)
Dividend payments	(561,834)	-
Net cash used by financing activities	(311,834)	(400,000)
Net (decrease)/ increase in cash and cash equivalents	98,290	86,060
Cash and cash equivalents at beginning of year	272,299	429,153
Cash and cash equivalent at end of year	**370,589**	**515,213**
Comprised of:-		
Cash and bank balances	368,141	497,130
Short-term deposits	2,448	18,083
	370,589	**515,213**

DESNOES & GEDDES LIMITED

Group Statement of Cash Flows

6 month period ended December 31, 2011

	Unaudited December 31, 2011 $'000	Unaudited December 31, 2010 $'000
CASHFLOWS FROM OPERATING ACTIVITIES		
Profit for the year	483,406	319,344
Adjustments for:		
Items not involving cash:		
Interest income	(4,063)	(2,949)
Interest expense	877	29,549
Depreciation	333,085	338,390
Loss/(Gain) on disposal of property, plant and equipment	24,697	(55,917)
Deferred taxation	(4,905)	5,379
Income tax charge	239,251	156,161
Increase in employee benefit asset and obligation	10,500	5,000
	1,082,848	794,957
Changes in working capital		
Accounts receivable	(416,125)	(292,363)
Due from fellow subsidiary	578,426	292,300
Inventories	(84,735)	(9,095)
Accounts payable	(256,303)	(108,791)
Due to fellow subsidiaries	(61,054)	84,687
Cash generated from operations	843,057	761,695
Pension contribution	(9,000)	(7,000)
Interest paid	(629)	(30,990)
Income taxes paid	(155,370)	(132,101)
Net cash provided by operating activities	678,058	591,604
CASHFLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(294,480)	(223,081)
Proceeds from disposal of property, plant and equipment	22,483	114,588
Interest received	4,063	2,949
Net cash used by investing activities	(267,934)	(105,544)
CASHFLOWS FROM FINANCING ACTIVITIES		
Short term liabilities	250,000	(400,000)
Dividend payments	(561,834)	
Net cash used by financing activities	(311,834)	(400,000)
Net increase in cash and cash equivalents	98,290	86,060
Cash and cash equivalents at beginning of year	274,055	430,909
Cash and cash equivalent at end of year	**372,345**	**516,969**
Comprised of:-		
Cash and bank balances	369,897	498,886
Short-term deposits	2,448	18,083
	372,345	**516,969**

DESNOES AND GEDDES LIMITED

Financial Information by Geographical Segment

6 month period ended December 31, 2011

	Domestic		Export		Group	
	Unudited	Unudited	Unudited	Unudited	Unudited	Unudited
	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010
	$'000	$'000	$'000	$'000	$'000	$'000
Turnover	5,016,239	5,053,283	1,477,387	1,838,425	6,493,626	6,891,708
Special consumption tax	(1,075,037)	(1,191,161)	-	-	(1,075,037)	(1,191,161)
Net external revenue	3,941,203	3,862,122	1,477,387	1,838,425	5,418,589	5,700,547
Segment profit	1,283,069	1,026,053	28,025	63,043	1,311,094	1,089,096
General, selling & administration expenses					(603,776)	(660,453)
Other income, net					38,905	27,924
Trading profit					746,223	456,567
Employee benefit expense, net					(10,500)	(5,000)
Non-operating income					3,540	-
Finance income - interest					4,063	2,949
(Loss) / profit on disposal of property, plant and equipment					(24,697)	55,917
Profit before finance cost					718,629	510,433
Finance cost					(877)	(29,549)
Profit before taxation					717,752	480,884
Taxation					(234,346)	(161,540)
Profit after taxation					483,406	319,344
Segment assets					11,218,133	10,927,740
Segment liabilities					3,587,716	3,963,324
Depreciation					(333,086)	(338,390)
Capital expenditure					(294,480)	(223,081)

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, stouts and spirits.

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

(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%
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.