

DESNOES AND GEDDES LIMITED
AUDITED OPERATING RESULTS
FOR THE PERIOD ENDED JUNE 30, 2013

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 period ended June 30, 2013.

	Profit and Loss Summary					
	12-months ended June 30			3-months ended June 30		
	2013	2012	change	2013	2012	change
	J\$m	J\$m	%	J\$m	J\$m	%
Net sales value	10,369	11,032	(6)%	2,682	2,831	(5)%
Trading profit	1,891	1,458	30 %	372	303	23 %
Profit before tax	1,871	1,455	29 %	359	333	8 %
Profit after tax	1,211	1,230	(1)%	149	472	(68)%
Earnings per stock unit (cents)	43.12	43.77	(1)%	5.31	16.81	(68)%

Performance Highlights

Trading profit increased by 30% when compared to last year due to growth in domestic volumes and improved margin performance attributable to our new export model. Despite the higher trading profit, profit after tax was negatively impacted by a higher overall effective tax rate compared to 2012, down 1% versus the same period last year to \$1,211 million. In 2012, the tax charge was positively impacted primarily by a deferred tax credit associated with the unwinding of the accounting treatment which previously revalued certain items of plant, property and equipment.

Net Sales Value (NSV) for the fourth quarter and full year ended was \$2,682 million (5% lower than the similar period in 2012) and \$10,369million (6% below last year), respectively.. The lower overall NSV was primarily a result of the change to our export model in the latter part of F12; domestic NSV grew by 13% in the quarter and 11% for the full year but we exported less due to US export production being shifted from Jamaica. The improved domestic performance was buoyed by new innovations in both our brewed portfolio and a stronger performing spirits portfolio.

Cost of sales for the fourth quarter at \$1,666 million and full year of \$6,118 decreased by 6% and 12%, respectively versus the previous year.

Marketing expenses of \$190 million for the fourth quarter decreased by \$42 million (18%) when compared to last year mainly as a result of our new export model (whereby expenditure to promote our US exports is provided by the licensee in America). The effectiveness of our marketing campaigns remains a competitive advantage for us and this year we have seen these campaigns extend the leadership of our brands.

General, selling and administrative (GS&A) expenses for the quarter were \$29m (8%) above last year despite inflationary pressures as we continue our efforts on cost management. Other income and expenses of (\$98m) is shown net of separation cost provisions of \$312m for the full year, largely attributable to the outsourcing of our domestic sales and distribution business units to our new joint venture company, Celebrations Brands Ltd.

The breadth of our improved performance is reflected in the strength of our cash flow and improved dividend payments. Red Stripe's new 50:50 joint venture company Celebrations Brands Ltd, formed with partner Pepsi Cola Jamaica, began successful operations in most distribution hubs previously operated by Red Stripe. Celebration Brands is designed to deliver superior service to our customers across the Island, while benefitting from improved internal efficiencies.

Enriched Communities

Red Stripe again entered yet another phase of strategic intervention in FY13, aimed at human capital development through the further expansion of its Diageo Learning for Life programmes.

Through these programmes, unskilled and unemployed youth living in depressed communities across the island are provided skills training resources and on-going support to become employable or to start their own businesses.

Since inception in 2008, over 11,000 Jamaicans have been impacted and for FY13 alone more than 6,000 residents across the country were enrolled in the programmes. This was achieved in partnership with two of Jamaica's leading vocational educational institutions – Bars to Go Training Academy and The Institute for Workforce Education and Development, Ltd.

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



Cedric Blair
Managing Director
August 23, 2013



Richard Byles
Chairman
August 23, 2013