

DESNOES & GEDDES LIMITED
UNAUDITED OPERATING RESULTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2013

The Directors of Desnoes & 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 September 30, 2013.

(Results in J\$ millions)	Profit and Loss Summary		
	3-months ended September 30		
	FY14	FY13	% change
	J\$m	J\$m	%
Net sales value	2,692	2,563	5 %
Trading profit	539	511	6 %
Profit before tax	559	510	10 %
Profit after tax	368	340	8 %
Earnings per stock unit (cents)	13.09	12.09	8 %

Performance Highlights

Profit after tax for the quarter ended September 30, 2013 increased by 8% when compared to the same period last year. This had a corresponding impact on the increase in earning per stock to 13.09 cents versus 12.09 cents the previous year.

Net Sales Value (NSV) for the quarter was \$2,692 million, representing a 5% increase compared to the same period last year. The domestic portfolio performance continued to grow, increasing by 16% due to growth in our brewed portfolio as well as improved pricing while export sales declined by 9% as we exported less due to US export production being shifted from Jamaica.

Cost of sales for the quarter at \$1,590 million increased by 7% versus the previous year. Apart from the impact of the devaluing dollar on the cost of inputs, the company incurred transition costs in the outsourcing of its selling and distribution to Celebration Brands Ltd. ('CBL'), including a period where it had to run parallel operations.

Marketing expenses of \$266 million for the quarter decreased by \$44 million (14%) when compared to last year, which featured higher than usual expenditure due to our participation in the Jamaica 50 independence celebrations as well as the Olympic Games.

General, selling and administrative (GS&A) expenses for the quarter were \$22m (7%) below last year largely due to savings associated with our now outsourced selling and distributions activities, which are now being undertaken by CBL .

Our improved performance is reflected in our cash flow, which continues to be strong despite some adverse movements in working capital, primarily as a result of our changed route-to-market system that features 100% credit sales to CBL.

Enriched Communities

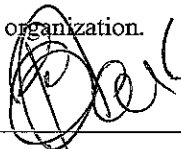
Red Stripe copped two highly-prized, Diageo Global Supply and Procurement Awards in Dublin, Ireland in September. These were:

1. The Zero Harm Most Improved Site award, which recognizes outstanding performance improvement across key criteria of leadership, teamwork and evidence of a strong health and safety culture. In financial year 2013, the company boasted zero Loss Time Accidents (LTA), which is down from nine in 2012.
2. Most improved site for Enhanced brand & Diageo reputation. Red Stripe was recognized for annualised Year on Year water savings of greater than 200 million litres, a 15% increase in Quality index score and moved six places up the Guinness League of Excellence to No. 23 worldwide.

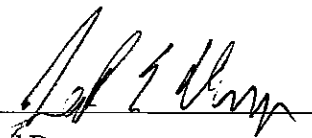
On the heels of winning these two global awards for excellence, Red Stripe also bagged two local awards(for the third consecutive time), for the role it plays in community development and HIV/AIDS advocacy. These were announced at the recently concluded 45th Annual Jamaica Manufacturers Association (JMA) Awards.

The Red Stripe Learning for Life (DL4L) programmes continue to benefit residents all across Jamaica with 500 students in Mandeville and Old Harbour enrolled in programmes in the areas of Merchandising, Customer Service, Bartending and Food & Beverage Service in July 2014. The company aims to add another 5,000 students to this group for the 2014 financial year, which will bring to 16,000 the number of students enrolled in the programmes since inception in 2008. The company also graduated close to 3,000 students in the last two months with back to back ceremonies in Port Antonio, Montego Bay, Ocho Rios and Mandeville. All graduates received their certificates of completion and HEART Trust NTA Statements of Competence.

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



Cedric Blair
Managing Director
November 1, 2013



Jed Dryer
Director
November 1, 2013

DESNOES & GEDDES LIMITED
GROUP STATEMENT OF FINANCIAL POSITION

As at September 30, 2013

	Unaudited September 30, 2013 \$'000	Unaudited September 30, 2012 \$'000	Audited June 30, 2013 \$'000
ASSETS			
Investments	960,672	889,740	960,672
Investment in joint venture	222,609	-	203,402
Investment properties	275,650	152,650	275,650
Property, plant and equipment	4,498,331	4,651,442	4,553,635
Employee benefit asset	659,000	780,000	679,000
Total non-current assets	<u>6,616,262</u>	<u>6,473,832</u>	<u>6,672,359</u>
Cash resources	1,382,402	1,236,387	1,712,439
Short-term deposits	1,131	1,948	1,131
Accounts receivable	1,886,487	738,857	1,120,302
Due from fellow subsidiaries	267,428	595,672	317,990
Inventories	1,028,084	1,356,886	1,020,884
Total current assets	<u>4,565,532</u>	<u>3,929,750</u>	<u>4,172,746</u>
Accounts payable	1,865,518	1,755,393	2,020,449
Taxation payable	350,230	290,638	269,262
Due to fellow subsidiaries	312,862	241,475	248,886
Total current liabilities	<u>2,528,610</u>	<u>2,287,506</u>	<u>2,538,597</u>
Net current assets	<u>2,036,922</u>	<u>1,642,244</u>	<u>1,634,149</u>
Total assets less current liabilities	<u>8,653,184</u>	<u>8,116,076</u>	<u>8,306,508</u>
EQUITY			
Share capital	2,174,980	2,174,980	2,174,980
Capital reserves	72,918	7,770	75,525
Other reserves	1,352,165	1,391,383	1,365,465
Retained earnings	4,424,407	3,991,575	4,054,824
Shareholders' equity	<u>8,024,470</u>	<u>7,565,708</u>	<u>7,670,794</u>
Minority interest	7,447	7,447	7,447
Total equity	<u>8,031,917</u>	<u>7,573,155</u>	<u>7,678,241</u>
NON-CURRENT LIABILITIES			
Long Term Liability	-		
Employee benefit obligation	91,000	103,000	92,000
Deferred tax liabilities	530,267	439,921	536,267
Total non-current liabilities	<u>621,267</u>	<u>542,921</u>	<u>628,267</u>
Total equity and non-current liabilities	<u>8,653,184</u>	<u>8,116,076</u>	<u>8,306,508</u>

DESNOES & GEDDES LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
As at September 30, 2013

	Unaudited September 30, 2013 \$'000	Unaudited September 30, 2012 \$'000	Audited June 30, 2013 \$'000
ASSETS			
Investments	960,654	890,895	960,654
Investment in joint venture	191,500	-	191,500
Investment properties	275,650	152,650	275,650
Property, plant and equipment	4,498,331	4,651,442	4,553,635
Employee benefit asset	659,000	780,000	679,000
Total non-current assets	<u>6,585,135</u>	<u>6,474,987</u>	<u>6,660,439</u>
Cash and bank	1,380,646	1,234,631	1,710,683
Short-term deposits	1,131	1,948	1,131
Accounts receivable	1,886,487	738,857	1,120,302
Due from fellow subsidiaries	267,429	595,672	317,990
Inventories	1,028,084	1,356,886	1,020,884
Total current assets	<u>4,563,777</u>	<u>3,927,994</u>	<u>4,170,990</u>
Accounts payable	1,861,640	1,752,685	2,016,570
Taxation payable	350,241	290,650	269,272
Due to fellow subsidiaries	312,862	241,475	248,886
Total current liabilities	<u>2,524,743</u>	<u>2,284,810</u>	<u>2,534,728</u>
Net current assets/(liabilities)	<u>2,039,034</u>	<u>1,643,184</u>	<u>1,636,262</u>
Total assets less current liabilities	<u>8,624,169</u>	<u>8,118,171</u>	<u>8,296,701</u>
EQUITY			
Share capital	2,174,980	2,174,980	2,174,980
Capital reserves	67,755	-	67,755
Other reserves	1,352,165	1,391,383	1,365,465
Retained earnings	4,349,594	3,851,652	3,902,999
Total equity	<u>7,944,494</u>	<u>7,418,015</u>	<u>7,511,199</u>
NON-CURRENT LIABILITIES			
Employee benefit obligation	91,000	103,000	92,000
Long-term liabilities	58,408	157,235	157,235
Deferred tax liabilities	530,267	439,921	536,267
Total non-current liabilities	<u>679,675</u>	<u>700,156</u>	<u>785,502</u>
Total equity and non-current liabilities	<u>8,624,169</u>	<u>8,118,171</u>	<u>8,296,701</u>

DESNOES & GEDDES LIMITED

Group Income Statements

3 months period ended September 30, 2013

	Unaudited 3 months to September 30, 2013 \$'000	Unaudited 3 months to September 30, 2012 \$'000
Turnover	3,282,586	3,121,249
Special Consumption Tax (SCT)	(590,468)	(558,077)
Net sales	2,692,118	2,563,172
Cost of sales	(1,590,443)	(1,487,962)
Gross profit	1,101,675	1,075,210
Marketing costs	(266,117)	(312,913)
Contribution after marketing	835,558	762,298
General, selling and administration expenses	(288,234)	(310,144)
Other income/expense	(7,903)	59,098
Trading profit	539,421	511,252
Employee benefit expense	(3,000)	(5,000)
Non-operating (expenses)/income	687	(2,871)
Finance income - interest	6,358	6,160
Share of profit in joint venture	19,207	-
(Loss)/Profit on disposal of property, plant & equipment	(3,299)	-
Profit before finance cost	559,374	509,540
Finance cost	-	-
Profit before taxation	559,374	509,540
Taxation	(191,698)	(169,847)
Profit for the period attributable to equity holders of the parent company, all dealt with in the financial statements of the company	367,676	339,693
Earnings per stock unit	<u>13.09</u> ¢	<u>12.09</u> ¢

DESNOES & GEDDES LIMITED

Company Income Statements

3 months period ended September 30, 2013

	Unaudited 3 months to September 30, 2013 \$'000	Unaudited 3 months to September 30, 2012 \$'000
Turnover	3,282,586	3,121,249
Special Consumption Tax (SCT)	(590,468)	(558,077)
Net sales	2,692,118	2,563,172
Cost of sales	(1,590,443)	(1,487,962)
Gross profit	1,101,675	1,075,210
Marketing costs	(266,117)	(312,913)
Contribution after marketing	835,558	762,298
General, selling and administration expenses	(288,234)	(310,144)
Other income/expense	90,923	59,098
Trading profit	638,247	511,252
Employee benefit expense	(3,000)	(5,000)
Non-operating (expenses)/income	687	(2,871)
Finance income - interest	6,358	6,160
(Loss)/Profit on disposal of property, plant & equipment	(3,299)	-
Profit before finance cost	638,993	509,540
Finance cost	-	-
Profit before taxation	638,993	509,540
Taxation	(191,698)	(169,847)
Profit for the period attributable to equity holders of the parent company, all dealt with in the financial statements of the company	447,295	339,693
Earnings per stock unit	<u>15.92</u> ¢	<u>12.09</u> ¢

DESNOES & GEDDES LIMITED
Group Statement of Comprehensive Income
3 months period ended September 30, 2013

	Unaudited \$'000	Unaudited \$'000
Profit for the period	<u>367,676</u>	<u>339,693</u>
Other comprehensive income/ (loss):		
Change in unrecognised employee benefit asset	(4,000)	62,000
Deferred taxation on employee benefit asset	6,000	3,000
Actuarial (loss)/gain recognised in equity	(16,000)	(74,000)
Total other comprehensive (loss)	<u>(14,000)</u>	<u>(9,000)</u>
Total comprehensive income for the period	<u>353,676</u>	<u>330,693</u>

DESNOES & GEDDES LIMITED
Company Statement of Comprehensive Income
3 months period ended September 30, 2013

	Unaudited September 30, 2013 \$'000	Unaudited September 30, 2012 \$'000
Profit for the period	<u>447,295</u>	<u>339,693</u>
Other comprehensive income/ (loss):		
Change in unrecognised employee benefit asset	(4,000)	62,000
Deferred taxation on employee benefit asset	6,000	3,000
Actuarial (loss)/gain recognised in equity	(16,000)	(74,000)
Total other comprehensive (loss)	<u>(14,000)</u>	<u>(9,000)</u>
Total comprehensive income for the period	<u>433,295</u>	<u>330,693</u>

DESNOES & GEDDES LIMITED
Unaudited Group Statement of Changes in Equity
3 months ended September 30, 2013

	Attributable to equity holders of the parent company				Minority interest	Total
	Share capital	Capital reserves	Other reserves	Retained earnings		
	\$'000	\$'000	\$'000	\$'000		
Balances at June 30, 2012	2,174,980	7,770	1,401,883	3,650,382	7,447	7,242,462
Total comprehensive income for the year:	-	-	-	330,693	-	330,693
Movement between reserves:						
Transfer to pension equalisation reserve	-	-	(10,500)	10,500	-	-
Balances at September 30, 2012	2,174,980	7,770	1,391,383	3,991,575	7,447	7,573,155
Balances at June 30, 2013	2,174,980	75,525	1,365,465	4,054,824	7,447	7,678,241
Total comprehensive income for the year:	-	-	-	353,676	-	353,676
Movement between reserves:						
Transfer to pension equalisation reserve	-	-	(13,300)	13,300	-	-
Elimination of capital reserves for companies dissolved	-	(2,607)	-	2,607	-	-
Balances at September 30, 2013	2,174,980	72,918	1,352,165	4,424,407	7,447	8,031,917

DESNOES & GEDDES LIMITED
Unaudited Company Statement of Changes in Equity
3 months period ended September 30, 2013

	Share capital \$'000	Capital reserves \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000
Balances at June 30, 2012	2,174,980	-	1,401,883	3,510,459	7,087,322
Total comprehensive income for the year:				330,693	330,693
Movement between reserves:					
Transfer to pension equalisation reserve	-	-	(10,500)	10,500	-
Balances at September 30, 2012	2,174,980	-	1,391,383	3,851,652	7,418,015
Balances at June 30, 2013	2,174,980	67,755	1,365,465	3,902,999	7,511,199
Total comprehensive income for the year:				433,295	433,295
Movement between reserves:					
Transfer to pension equalisation reserve	-	-	(13,300)	13,300	-
Balances at September 30, 2013	2,174,980	67,755	1,352,165	4,349,594	7,944,494

DESNOES & GEDDES LIMITED**Group Statement of Cash Flows****3 months period ended September 30, 2013**

	Unaudited September 30, 2013 \$'000	Unaudited September 30, 2012 \$'000
CASHFLOWS FROM OPERATING ACTIVITIES		
Profit for the period	367,676	339,693
Adjustments for:		
Items not involving cash:		
Interest income	(6,359)	(5,858)
Depreciation	152,995	172,227
Loss on disposal of property, plant and equipment	3,299	-
Deferred taxation	-	3,000
Income tax charge	191,698	169,847
Increase in employee benefit asset and obligation	3,000	5,000
Share of profit in Joint Venture	(19,207)	-
	<u>693,102</u>	<u>683,909</u>
Changes in working capital		
Accounts receivable	(766,185)	(132,629)
Due from fellow subsidiary	50,563	(59,360)
Inventories	5,908	(101,259)
Accounts payable	(154,931)	(32,929)
Due to fellow subsidiaries	63,976	141,740
Cash generated from operations	<u>(107,567)</u>	<u>499,472</u>
Pension contribution	(4,000)	(3,000)
Income taxes paid	(110,729)	(87,563)
Net cash provided by operating activities	<u>(222,296)</u>	<u>408,909</u>
CASHFLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(116,011)	(149,324)
Proceeds from disposal of property, plant and equipment	1,911	-
Interest received	6,359	5,858
Net cash used/provided by investing activities	<u>(107,740)</u>	<u>(143,466)</u>
Net decrease/increase in cash and cash equivalents	(330,037)	265,442
Cash and cash equivalents at beginning of period	<u>1,713,570</u>	<u>972,893</u>
Cash and cash equivalent at end of period	<u><u>1,383,533</u></u>	<u><u>1,238,335</u></u>
Comprised of-		
Cash and bank balances	1,382,402	1,236,387
Short-term deposits	1,131	1,948
	<u><u>1,383,533</u></u>	<u><u>1,238,335</u></u>

DESNOES & GEDDES LIMITED

Company Statement of Cash Flows

3 months period ended September 30, 2013

	Unaudited September 30, 2013 \$'000	Unaudited September 30, 2012 \$'000
CASHFLOWS FROM OPERATING ACTIVITIES		
Profit for the period	447,295	339,693
Adjustments for:		
Items not involving cash:		
Interest income	(6,359)	(5,858)
Depreciation	152,995	172,227
Loss on disposal of property, plant and equipment	3,299	-
Deferred taxation	-	3,000
Income tax charge	191,698	169,847
Increase in employee benefit asset and obligation	3,000	5,000
Companies dissolved - D&G Wines & FOJ	(98,826)	-
	<u>693,101</u>	<u>683,909</u>
Changes in working capital		
Securities purchased under agreements to resell		
Accounts receivable	(766,185)	(132,629)
Due from fellow subsidiaries	50,563	(59,360)
Inventories	5,907	(101,259)
Accounts payable	(154,931)	(32,929)
Due to fellow subsidiaries	63,977	141,740
Cash generated from operations	<u>(107,568)</u>	<u>499,472</u>
Pension contribution	(4,000)	(3,000)
Income taxes paid	<u>(110,729)</u>	<u>(87,564)</u>
Net cash used/provided by operating activities	<u>(222,297)</u>	<u>408,908</u>
CASHFLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(116,011)	(149,324)
Proceeds from disposal of property, plant and equipment	1,911	-
Interest received	6,359	5,858
Net cash used by investing activities	<u>(107,740)</u>	<u>(143,466)</u>
CASHFLOWS FROM FINANCING ACTIVITIES		
Net decrease/increase in cash and cash equivalents	(330,037)	265,442
Cash and cash equivalents at beginning of period	<u>1,711,814</u>	<u>971,137</u>
Cash and cash equivalent at end of period	<u><u>1,381,777</u></u>	<u><u>1,236,579</u></u>
Comprised of-		
Cash and bank balances	1,380,646	1,234,631
Short-term deposits	1,131	1,948
	<u><u>1,381,777</u></u>	<u><u>1,236,579</u></u>

DESNOES & GEDDES LIMITED
Financial Information by Geographical Segment
3 months period ended September 30, 2013

	Domestic		Export		Group	
	Unaudited Sept 30, 2013 \$'000	Unaudited Sept 30, 2012 \$'000	Unaudited Sept 30, 2013 \$'000	Unaudited Sept 30, 2012 \$'000	Unaudited Sept 30, 2013 \$'000	Unaudited Sept 30, 2012 \$'000
Turnover	2,817,263	2,477,991	465,323	643,259	3,282,586	3,121,249
Special consumption tax	(590,468)	(558,077)	-	-	(590,468)	(558,077)
Net external revenue	2,226,795	1,919,914	465,323	643,259	2,692,118	2,563,173
Cost of sales	(1,415,708)	(1,058,887)	(174,735)	(429,074)	(1,590,443)	(1,487,962)
Gross profit	811,088	861,027	290,587	214,185	1,101,675	1,075,211
Marketing costs	(258,329)	(309,118)	(7,788)	(3,795)	(266,117)	(312,913)
Segment profit	552,759	551,909	282,799	210,390	835,558	762,299
General, selling & administration expenses					(288,234)	(310,144)
Other income					(7,903)	59,098
Trading profit					539,421	511,252
Employee benefit expense					(3,000)	(5,000)
Non-operating (expenses)/income					687	(2,871)
Finance income - interest					6,358	6,160
Share of profit in joint venture					19,207	-
(Loss)/Profit on disposal of property, plant and equipment					(3,299)	-
Profit before finance cost					559,374	509,540
Finance cost					-	-
Profit before taxation					559,374	509,540
Taxation					(191,698)	(169,847)
Profit after taxation					367,676	339,693
Segment assets					11,181,794	10,403,582
Segment liabilities					3,149,877	2,830,427
Depreciation					152,995	172,227
Capital expenditure					116,011	149,324

DESNOES & GEDDES LIMITED

Notes to the Financial Statements
September 30, 2013

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). The accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements for the year ended June 30, 2013.

(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), and investment properties.

(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.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
September 30, 2013

2. Basis of preparation (cont'd)

(e) 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.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
September 30, 2013

3. Significant accounting policies (cont'd)

(b) Property, plant and equipment:

(i) Items of property, plant and equipment are measured at cost, 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 other comprehensive income.

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 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

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
September 30, 2013

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 MD 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.