

**DESNOES & GEDDES LIMITED**  
**AUDITED OPERATING RESULTS**  
**FOR THE PERIOD ENDED JUNE 30, 2014**

The Directors of Desnoes & Geddes Limited, producers of Jamaica's beer, Red Stripe, and distributors of leading spirits Johnnie Walker and Smirnoff, are pleased to present the audited results of the Group for the period ended June 30, 2014.

	<b>Profit and Loss Summary</b>					
	<b>12-months ended June 30</b>			<b>3-months ended June 30</b>		
	FY14	FY13	change	FY14	FY13	change
	J\$m	J\$m	%	J\$m	J\$m	%
Net sales	11,497	10,369	11 %	3,080	2,682	15 %
Trading profit	2,725	1,859	47 %	913	346	163 %
Profit before tax	3,677	1,871	96 %	928	359	159 %
Profit after tax	3,153	1,211	160 %	1,011	149	578 %
Earnings per stock unit (cents)	112.25	43.12	160 %	35.97	5.31	578 %

**Performance Highlights**

Trading profit for the year ended June 30, 2014 increased by 47% compared to last year, mainly driven by the domestic business, efficient cost management and revaluation of investment properties. Profit after tax of \$3,153 million was 160% above last fiscal year, reflecting strong domestic performance as well as the gains from the sale of shares in Brasserie Nationale d' Haiti and Windward and Leeward Brewery Limited (\$973 million). This resulted in improved reported earnings per stock of 112.25 cents.

Net Sales for the fourth quarter were \$3,080 million, representing a 15% increase compared to the same period last year. Full year net sales grew by \$1,128 million to \$11,497 million, representing an 11% increase over the prior fiscal year, primarily attributable to the domestic business which increased by 15%. This was mainly driven by strong growth of our brewed and spirit portfolios, including our new innovation on 1litre Red Stripe and Guinness brands.

Cost of sales was \$1,724 million for the fourth quarter and \$6,779 million for the full year, which increased by 3% and 11% respectively compared to the previous year. The cost of sales was impacted by the depreciating dollar on foreign currency-denominated inputs, local inflation and the cost of direct distribution fees under the new outsourced selling and distribution model involving the joint venture business, Celebration Brands Ltd.

Marketing cost of \$265 million for the fourth quarter increased by \$76 million (40%) when compared to the previous year, which resulted from quarterly spend phasing and increased promotional brand building activities. Marketing spend for the full year was 8% up on prior year.

General, selling and administrative expenses for the fourth quarter reduced by \$31million and \$114 million for the full year, representing 8% and 9% respectively compared to the last year. This resulted largely due to cost savings initiatives as well as savings associated with our outsourced selling and distributions activities.

Our closing cash balance of \$1,789 million reflects an improved organic performance as well as gains from investment disposals. The business invested \$1,721 million in strategic capital projects and also paid dividends amounting to \$1,405 million (50 cents per share) during the year.

## Transformational Agenda

In order to create a sustainable business for the future, we continued to make significant investments in the business to transform our operations. This investment will lead to modernization, step change efficiencies and will take cost out of production. This will help mitigate against cost driving risks we face relating to currency devaluation and inflation and ultimately ensure we remain competitive in the years to come.

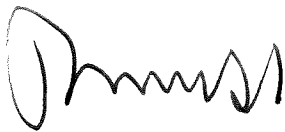
As part of our initiative to becoming more energy efficient and ecologically friendly, we commissioned a newly acquired Combined Heat and Power (CHP) Plant in April 2014. This is part of the company's plans to reduce cost, its carbon footprint and environmental impact through a 50% reduction in greenhouse gas emissions levels by 2016. Modular in design and the first of its kind in Jamaica, this CHP plant will provide electrical power, steam and chilled water to the brewery. In addition we have embarked on a brewery consolidation project. This project reconfigures the brewery and process layout to ensure more cost effective production. By closing down the cellars, and moving from horizontal to vertical processing vessels, we will reduce the operating costs of the brewery as well as improve Health, Safety and Quality. This project in itself will also allow Red Stripe to become totally self-sufficient in CO<sub>2</sub>, taking further costs out of the business.

Red Stripe continues to be committed to the Project Grow pilot, using sustainability as the pathway to innovation and growth. The Project continued unabated with the planting of high-yielding sweet cassava cultivars on the 36 acre pilot farm. We will work to expand and commercialize Project Grow to not only help reduce our reliance on imported raw materials but also create local sustainable jobs and as supporting the local community.

Sustainability and Corporate Responsibility are central to Red Stripe's core business and our commitment to responsible socio-economic development. We take a full value chain perspective always considering, responsible drinking, water and the environment, our communities, our people, governance & ethics.

In our continued efforts to meet the challenges of increased unemployment and poverty, particularly among the 18-35 age group, Red Stripe enrolled 500 Jamaicans in the Learning for Life programmes in FY14. All unemployed young adults registered in the programmes are equipped with skills, knowledge and attitudes for productive activities and employment opportunities (wage employment, self-employment and income generation activities).

As an alcohol beverage company Red Stripe has a corporate responsibility to ensure that our products are marketed and consumed responsibly. Drink Right is a social movement that strives to create a culture and attitude of responsibility in how we consume alcohol. It takes a 360° degree approach encompassing detailed plans of action, in partnership with government, law enforcement bodies, public health communities, and others. This is done to achieve the commitment to reduce underage drinking, prevent drink driving and increase retailer engagement.



---

Richard Byles

Chairman

August 26, 2014



---

Cedric Blair

Managing Director

August 26, 2014