

DESNOES & GEDDES LIMITED
UNAUDITED OPERATING RESULTS
FOR THE PERIOD ENDED DECEMBER 31, 2014

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 six-month period ended December 31, 2014.

(Results in J\$ millions)	Profit and Loss Summary					
	6 months ended December 31			3 months ended December 31		
	FY15	FY14	% change	FY15	FY14	change
	J\$m	J\$m	%	J\$m	J\$m	%
Net sales value	6,661	5,942	12 %	3,893	3,250	20 %
Trading profit	1,632	1,471	11 %	981	932	5 %
Profit before tax - inorganic	1,557	2,449	(36)%	917	1,890	(51)%
Profit before tax - organic	1,557	1,479	5 %	917	920	(0)%
Profit after tax - inorganic	1,151	1,947	(41)%	675	1,579	(57)%
Profit after tax - organic	1,151	977	18 %	675	609	11 %
Earnings per stock unit - inorganic (cents)	40.98	69.31	(41)%	24.03	56.22	(57)%
Earnings per stock unit - organic (cents)	40.98	34.77	18 %	24.03	21.68	11 %

Performance Highlights

Trading profit for the half year ended December 31, 2014 increased by \$161 million or 11% compared to the same period last year, primarily driven by the domestic sales performance. Profit after tax of \$1,151 million reduced by 41% compared to the similar period last year; due primarily to the proceeds from sale of investments of \$970 million in December 2013. The organic growth in profit after tax was 18%.

Net Sales Value for the half year was \$6,661 million, representing a 12% increase compared to the same period last year. Revenue from our domestic portfolio of brewed beverages grew by 10% as a result of increased sales and a price increase taken earlier in the period. Export sales also improved by 14% compared to last year.

Cost of sales for the period at \$3,788 million increased by 9% relative to the previous year due to increase sales, the impact of inflation on local costs and the increase in the cost of imported inputs due to the depreciation of the Jamaican dollar.

Marketing investments in our brands of \$653 million increased by 31% compared to last year, which was mainly driven by the increase in sponsorships and innovations in the package formats for both Guinness and Heineken.

General, selling and administration costs for the half year were \$595 million, 10% above the same period last year, primarily due to inflation and inflation-linked adjustments.

Our cash balance stood at \$1,438 million at the end of December. Capital investment in our brewery optimization project continues and this amounted to \$980 million for the half year.

A final dividend payment of \$758 million (27 cent per share) was made on December 15, 2014 for the year ended June 30, 2014. \$702 million was paid in dividend last year.

Enriched Communities

The first cohort of students from the Diageo Learning for Life Project Grow program completed their nine-week course in cassava cultivation with 29 students passing their final assessment in one sitting. The students have now become full time contracted employees working on our cassava farm and playing a key role in helping us shape the future of cassava agronomy in Jamaica. This result as well as the feedback from the students has given us the confidence that this model is a winning one and ripe for further development.

Along with Project Grow, 65 working bartenders were trained and certified through the Project Bartender program. The focus for this particular unit was to develop the skills of bartenders working within our existing customer base and demonstrate how bar owners can increase their profitability by practicing fundamental professional skills such as great customer service and consistently mixing quality drinks.

Our Responsible Drinking program, Drink Right, was also up-scaled in the month of December, reminding persons to take extra care during the festive season to not drink and drive. We also developed an engaging platform called 'Make the Cut' inviting the public to create a 30 second TV commercial that delivers the message of responsible drinking. The winner received a trip and a one week course to the New York Film Academy to further his filmmaking skills.



Cedric Blair
Managing Director
February 13, 2015



Richard Byles
Chairman
February 13, 2015

DESNOES & GEDDES LIMITED
GROUP STATEMENT OF FINANCIAL POSITION

As at December 31, 2014

	Unaudited December 31, 2014 \$'000	Unaudited December 31, 2013 \$'000	Audited June 30, 2014 \$'000
Non-current assets			
Investments	-	18	-
Investment in joint venture	98,606	203,819	181,033
Investment properties	889,600	275,650	889,599
Property, plant and equipment	6,090,729	4,652,194	5,495,994
Employee benefit asset	1,044,000	639,000	1,046,000
Total non-current assets	8,122,935	5,770,681	7,612,626
Current assets			
Cash and bank	1,438,274	1,708,822	1,788,523
Short-term deposits	-	1,131	-
Accounts receivable	2,284,491	2,950,926	1,368,754
Due from fellow subsidiaries	266,837	210,058	407,208
Inventories	1,165,470	952,460	1,076,485
Total current assets	5,155,072	5,823,397	4,640,970
Current liabilities			
Accounts payable	2,351,208	2,092,749	2,014,807
Taxation payable	633,624	527,678	416,451
Due to fellow subsidiaries	275,739	419,079	193,601
Total current liabilities	3,260,571	3,039,506	2,624,859
Net current assets	1,894,501	2,783,891	2,016,111
Total assets less current liabilities	10,017,436	8,554,572	9,628,737
Equity			
Share capital	2,174,980	2,174,980	2,174,980
Capital reserves	378,129	72,918	378,129
Other reserves	675,749	384,300	678,000
Retained earnings	6,170,719	5,300,660	5,779,518
Shareholders' equity	9,399,577	7,932,858	9,010,627
Minority interest	-	7,447	-
Total equity	9,399,577	7,940,305	9,010,627
Non-current liabilities			
Employee benefit obligation	143,000	90,000	142,000
Deferred tax liabilities	474,859	524,267	476,110
Total non-current liabilities	617,859	614,267	618,110
Total equity and non-current liabilities	10,017,436	8,554,572	9,628,737

DESNOES & GEDDES LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
As at December 31, 2014

	Unaudited December 31, 2014 \$'000	Unaudited December 31, 2013 \$'000	Audited June 30, 2014 \$'000
Non-current assets			
Investments	-	-	-
Investment in joint venture	191,500	191,500	191,500
Investment properties	889,600	275,650	889,599
Property, plant and equipment	6,090,729	4,652,194	5,495,994
Employee benefit asset	1,044,000	639,000	1,046,000
Total non-current assets	<u>8,215,829</u>	<u>5,758,344</u>	<u>7,623,093</u>
Current assets			
Cash and bank	1,438,274	1,707,066	1,788,523
Short-term deposits	-	1,131	-
Accounts receivable	2,284,491	2,950,926	1,368,754
Due from fellow subsidiaries	266,837	210,058	407,208
Inventories	1,165,470	952,460	1,076,485
Total current assets	<u>5,155,072</u>	<u>5,821,641</u>	<u>4,640,970</u>
Current liabilities			
Accounts payable	2,351,208	2,088,871	2,014,807
Taxation payable	633,624	527,688	416,451
Due to fellow subsidiaries	275,739	419,079	193,601
Total current liabilities	<u>3,260,571</u>	<u>3,035,638</u>	<u>2,624,859</u>
Net current assets/(liabilities)	<u>1,894,501</u>	<u>2,786,003</u>	<u>2,016,111</u>
Total assets less current liabilities	<u>10,110,330</u>	<u>8,544,347</u>	<u>9,639,204</u>
Equity			
Share capital	2,174,980	2,174,980	2,174,980
Capital reserves	378,129	67,755	378,129
Other reserves	675,749	384,300	678,000
Retained earnings	6,263,613	5,244,638	5,789,985
Total equity	<u>9,492,471</u>	<u>7,871,673</u>	<u>9,021,094</u>
Non-current liabilities			
Employee benefit obligation	143,000	90,000	142,000
Long-term liabilities	-	58,407	-
Deferred tax liabilities	474,859	524,267	476,110
Total non-current liabilities	<u>617,859</u>	<u>672,674</u>	<u>618,110</u>
Total equity and non-current liabilities	<u>10,110,330</u>	<u>8,544,347</u>	<u>9,639,204</u>

DESNOES & GEDDES LIMITED

Group Income Statements

6 months period ended December 31, 2014

	Unaudited 6 months to December 31, 2014 \$'000	Unaudited 6 months to December 31, 2013 \$'000	Unaudited 3 months to December 31, 2014 \$'000	Unaudited 3 months to December 31, 2013 \$'000
Turnover	8,062,195	7,299,484	4,694,873	4,016,898
Special Consumption Tax (SCT)	(1,401,176)	(1,357,105)	(802,011)	(766,637)
Net sales	6,661,019	5,942,379	3,892,862	3,250,261
Cost of sales	(3,787,926)	(3,478,392)	(2,176,243)	(1,887,949)
Gross profit	2,873,093	2,463,987	1,716,619	1,362,312
Marketing costs	(652,911)	(496,938)	(384,422)	(230,821)
Contribution after marketing	2,220,182	1,967,049	1,332,197	1,131,491
General, selling and administration expenses	(595,236)	(541,546)	(333,815)	(253,312)
Other income/(expense)	7,527	45,618	(16,946)	53,521
Trading profit	1,632,473	1,471,121	981,436	931,699
Employee benefit expense	(5,000)	(6,000)	(3,000)	(3,000)
Non-operating income/(expenses)	(159)	1,975	(1,055)	1,288
Finance income - interest	12,120	11,458	5,543	5,100
Share of loss in joint venture	(82,427)	417	(66,317)	(18,790)
Gain on disposal of property, plant & equipment & investment	-	970,251	-	973,549
Profit before taxation	1,557,007	2,449,222	916,607	1,889,846
Taxation	(405,831)	(502,299)	(241,703)	(310,601)
Profit for the period attributable to equity holders of the parent company, all dealt with in the financial statements of the company	1,151,176	1,946,923	674,904	1,579,246
Earnings per stock unit	<u>40.98</u> ¢	<u>69.31</u> ¢	<u>24.03</u> ¢	<u>56.22</u> ¢

DESNOES & GEDDES LIMITED

Company Income Statements

6 months period ended December 31, 2014

	Unaudited 6 months to December 31, 2014 \$'000	Unaudited 6 months to December 31, 2013 \$'000	Unaudited 3 months to December 31, 2014 \$'000	Unaudited 3 months to December 31, 2013 \$'000
Turnover	8,062,195	7,299,484	4,694,873	4,016,898
Special Consumption Tax (SCT)	(1,401,176)	(1,357,105)	(802,011)	(766,637)
Net sales	6,661,019	5,942,379	3,892,862	3,250,261
Cost of sales	(3,787,926)	(3,478,392)	(2,176,243)	(1,887,949)
Gross profit	2,873,093	2,463,987	1,716,619	1,362,312
Marketing costs	(652,911)	(496,938)	(384,422)	(230,821)
Contribution after marketing	2,220,182	1,967,049	1,332,197	1,131,491
General, selling and administration expenses	(595,236)	(541,546)	(333,815)	(253,312)
Other income/(expense)	7,527	144,445	(16,946)	53,521
Trading profit	1,632,473	1,569,947	981,436	931,699
Employee benefit expense	(5,000)	(6,000)	(3,000)	(3,000)
Non-operating income/(expenses)	(159)	1,975	(1,055)	1,288
Finance income - interest	12,120	11,458	5,543	5,100
Gain on disposal of property, plant & equipment & investment	-	970,251	-	973,549
Profit before taxation	1,639,434	2,547,631	982,924	1,908,636
Taxation	(405,831)	(502,299)	(241,703)	(310,601)
Profit for the period attributable to equity holders of the parent company, all dealt with in the financial statements of the company	1,233,603	2,045,332	741,221	1,598,035
Earnings per stock unit	<u>43.91</u> ¢	<u>72.81</u> ¢	<u>26.39</u> ¢	<u>56.89</u> ¢

DESNOES & GEDDES LIMITED
Group Statement of Comprehensive Income
6 months period ended December 31, 2014

	Unaudited 6 months December 31, 2014 \$'000	Unaudited 6 months December 31, 2013 \$'000	Unaudited 3 months December 31, 2014 \$'000	Unaudited 3 months December 31, 2013 \$'000
Profit for the period	<u>1,151,176</u>	<u>1,946,923</u>	<u>674,904</u>	<u>1,579,246</u>
Other comprehensive income/ (loss):				
Realised gains transferred to profit on available-for-sale investments	-	(954,565)	-	(954,565)
Change in unrecognised employee benefit asset	(235,000)	(8,000)	(105,000)	(4,000)
Deferred taxation on employee benefit asset	1,250	12,000	(3,500)	6,000
Actuarial gain/(loss) recognised in equity	230,000	(32,000)	119,000	(16,000)
Total other comprehensive loss	<u>(3,750)</u>	<u>(982,565)</u>	<u>10,500</u>	<u>(968,565)</u>
Total comprehensive income for the period	<u>1,147,426</u>	<u>964,358</u>	<u>685,404</u>	<u>610,681</u>

DESNOES & GEDDES LIMITED
Company Statement of Comprehensive Income
6 months period ended December 31, 2014

	Unaudited 6 months December 31, 2014 \$'000	Unaudited 6 months December 31, 2013 \$'000	Unaudited 3 months December 31, 2014 \$'000	Unaudited 3 months December 31, 2013 \$'000
Profit for the period	<u>1,233,603</u>	<u>2,045,332</u>	<u>741,221</u>	<u>1,598,035</u>
Other comprehensive income/ (loss):				
Realised gains transferred to profit on available-for-sale investments	-	(954,565)	-	(954,565)
Change in unrecognised employee benefit asset	(235,000)	(8,000)	(105,000)	(4,000)
Deferred taxation on employee benefit asset	1,250	12,000	(3,500)	6,000
Actuarial gain/(loss) recognised in equity	230,000	(32,000)	119,000	(16,000)
Total other comprehensive loss	<u>(3,750)</u>	<u>(982,565)</u>	<u>10,500</u>	<u>(968,565)</u>
Total comprehensive income for the period	<u>1,229,853</u>	<u>1,062,767</u>	<u>751,721</u>	<u>629,470</u>

DESNOES & GEDDES LIMITED
Unaudited Group Statement of Changes in Equity
6 months period ended December 31, 2014

	Attributable to equity holders of the parent company				Non-controlling interest	Total
	Share capital	Capital reserves	Other reserves	Retained earnings		
	\$'000	\$'000	\$'000	\$'000		
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 period:						
Profit for the period	-	-	-	1,946,923	-	1,946,923
Other comprehensive income:						
Items that may be reclassified to profit or loss						
Fair value adjustment on available-for-sale investment	-	-	(954,565)	-	-	(954,565)
Items that may not be reclassified to profit or loss						
Change in unrecognised employee benefit asset	-	-	-	(8,000)	-	(8,000)
Deferred taxes on employee benefit asset/obligation	-	-	-	12,000	-	12,000
Actuarial gains recognised in equity	-	-	-	(32,000)	-	(32,000)
Total other comprehensive loss	-	-	(954,565)	(28,000)	-	(982,565)
Total comprehensive income	-	-	(954,565)	1,918,923	-	964,358
Movement between reserves:						
Transfer to pension equalisation reserve	-	-	(26,600)	26,600	-	-
Elimination of capital reserves for companies dissolved to retain earning	-	(2,607)	-	2,607	-	-
Balances at December 31, 2013	-	(2,607)	(26,600)	1,948,130	-	964,358
Transactions with owners recorded directly in equity:						
Dividends	-	-	-	(702,294)	-	(702,294)
Balances at December 31, 2013	2,174,980	72,918	384,300	5,300,660	7,447	7,940,305
Balances at June 30, 2014	2,174,980	378,129	678,000	5,779,518	-	9,010,627
Total comprehensive income for the period:						
Profit for the period	-	-	-	1,151,176	-	1,151,176
Other comprehensive income:						
Items that may not be reclassified to profit or loss						
Change in unrecognised employee benefit asset	-	-	-	(235,000)	-	(235,000)
Deferred taxes on employee benefit asset/obligation	-	-	-	1,250	-	1,250
Actuarial gains recognised in equity	-	-	-	230,000	-	230,000
Total other comprehensive loss	-	-	-	(3,750)	-	(3,750)
Total comprehensive income	-	-	-	1,147,426	-	1,147,426
Movement between reserves:						
Transfer to pension equalisation reserve	-	-	(2,251)	2,251	-	-
Transactions with owners recorded directly in equity:						
Dividends	-	-	-	(758,476)	-	(758,476)
Balances at December 31, 2014	2,174,980	378,129	675,749	6,170,719	-	9,399,577

DESNOES & GEDDES LIMITED
Unaudited Company Statement of Changes in Equity
6 months period ended December 31, 2014

	Share capital \$'000	Capital reserves \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000
Balances at June 30, 2013	2,174,980	67,755	1,365,465	3,902,999	7,511,199
Total comprehensive income for the period:					
Profit for the period	-	-	-	2,045,333	2,045,333
Other comprehensive income:					
Items that may be reclassified to profit or loss					
Fair value adjustment on available-for-sale investment	-	-	(954,565)	-	(954,565)
Revaluation surplus on property, plant and equipment	-	-	-	-	-
Items that may not be reclassified to profit or loss					
Change in unrecognised employee benefit asset	-	-	-	(8,000)	(8,000)
Deferred taxes on employee benefit	-	-	-	12,000	12,000
Actuarial gains and losses	-	-	-	(32,000)	(32,000)
Total other comprehensive loss	-	-	(954,565)	(28,000)	(982,565)
Total comprehensive income	-	-	(954,565)	2,017,333	1,062,768
Movement between reserves:					
Transfer of depreciation charge on revaluation surplus of property, plant and equipment	-	-	-	-	-
Transfer to pension equalisation reserve	-	-	(26,600)	26,600	-
Transactions with owners recorded directly in equity:					
Dividends	-	-	-	(702,294)	(702,294)
Balances at December 31, 2013	2,174,980	67,755	384,300	5,244,638	7,871,673
Balances at June 30, 2014	2,174,980	378,129	678,000	5,789,985	9,021,094
Total comprehensive income for the period:					
Profit for the period	-	-	-	1,233,603	1,233,603
Other comprehensive income:					
Items that may not be reclassified to profit or loss					
Change in unrecognised employee benefit asset	-	-	-	(235,000)	(235,000)
Deferred taxes on employee benefit	-	-	-	1,250	1,250
Actuarial gains and losses	-	-	-	230,000	230,000
Total other comprehensive income	-	-	-	(3,750)	(3,750)
Total comprehensive income	-	-	-	1,229,853	1,229,853
Movement between reserves:					
Transfer to pension equalisation reserve	-	-	(2,251)	2,251	-
Transactions with owners recorded directly in equity:					
Dividends	-	-	-	(758,476)	(758,476)
Balances at December 31, 2014	2,174,980	378,129	675,749	6,263,613	9,492,471

DESNOES & GEDDES LIMITED**Group Statement of Cash Flows****6 months period ended December 31, 2014**

	Unaudited December 31, 2014 \$'000	Unaudited December 31, 2013 \$'000
CASHFLOWS FROM OPERATING ACTIVITIES		
Profit for the period	1,151,176	1,946,923
Adjustments for:		
Items not involving cash:		
Interest income	(12,120)	(11,459)
Depreciation	376,569	373,072
Loss on disposal of property, plant and equipment	-	3,447
Gain on disposal of investment	-	(973,698)
Legal fees - disposal of investments	-	(847)
Taxation	405,831	502,299
Increase in employee benefit asset and obligation	5,000	6,000
Share of (profit)/loss in Joint Venture	82,427	(417)
	<u>2,008,883</u>	<u>1,845,319</u>
Changes in working capital:		
Accounts receivable	(915,737)	(1,830,624)
Due from fellow subsidiary	140,371	107,932
Inventories	(80,025)	81,534
Accounts payable	336,402	72,300
Due to fellow subsidiaries	82,136	170,192
Cash generated from operations	<u>1,572,030</u>	<u>446,654</u>
Pension contribution	(7,000)	(8,000)
Income taxes paid	<u>(188,658)</u>	<u>(219,525)</u>
Net cash provided by operating activities	<u>1,376,372</u>	<u>219,128</u>
CASHFLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(980,265)	(490,100)
Proceeds from disposal of property, plant and equipment	-	1,911
Proceeds from disposal of investments	-	956,277
Interest received	12,120	11,459
Net cash provided/used by investing activities	<u>(968,145)</u>	<u>479,548</u>
CASHFLOWS FROM FINANCING ACTIVITY		
Dividend paid	(758,476)	(702,293)
Net cash used by financing activity	<u>(758,476)</u>	<u>(702,293)</u>
Net decrease in cash and cash equivalents	(350,249)	(3,617)
Cash and cash equivalents at beginning of period	1,788,523	1,713,570
Cash and cash equivalent at end of period	<u>1,438,274</u>	<u>1,709,953</u>
Comprised of:-		
Cash resources	1,438,274	1,708,822
Short-term deposits	-	1,131
	<u>1,438,274</u>	<u>1,709,953</u>

DESNOES & GEDDES LIMITED

Company Statement of Cash Flows

6 months period ended December 31, 2014

	Unaudited December 31, 2014 \$'000	Unaudited December 31, 2013 \$'000
CASHFLOWS FROM OPERATING ACTIVITIES		
Profit for the period	1,233,603	2,045,332
Adjustments for:		
Items not involving cash:		
Interest income	(12,120)	(11,458)
Depreciation	376,569	373,072
Loss on disposal of property, plant and equipment	-	3,447
Gain on disposal of investment	-	(973,698)
Legal fees - disposal of investments	-	(847)
Taxation	405,831	502,299
Increase in employee benefit asset and obligation	5,000	6,000
Companies dissolved - D&G Wines & FOJ	-	(98,826)
	<u>2,008,883</u>	<u>1,845,320</u>
Changes in working capital:		
Securities purchased under agreements to resell		
Accounts receivable	(915,737)	(1,830,625)
Due from fellow subsidiaries	140,371	107,932
Inventories	(80,025)	81,534
Accounts payable	336,402	72,300
Due to fellow subsidiaries	82,136	170,193
Cash generated from operations	<u>1,572,030</u>	<u>446,655</u>
Pension contribution	(7,000)	(8,000)
Income taxes paid	<u>(188,658)</u>	<u>(219,525)</u>
Net cash provided by operating activities	<u>1,376,372</u>	<u>219,130</u>
CASHFLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(980,265)	(490,100)
Proceeds from disposal of property, plant and equipment	-	1,911
Proceeds from disposal of investments	-	956,277
Interest received	12,120	11,458
Net cash used by investing activities	<u>(968,145)</u>	<u>479,546</u>
CASHFLOWS FROM FINANCING ACTIVITY		
Dividend paid	(758,476)	(702,293)
Net cash used by financing activities	<u>(758,476)</u>	<u>(702,293)</u>
Net decrease in cash and cash equivalents	(350,249)	(3,617)
Cash and cash equivalents at beginning of period	<u>1,788,523</u>	<u>1,711,814</u>
Cash and cash equivalent at end of period	<u><u>1,438,274</u></u>	<u><u>1,708,197</u></u>
Comprised of:-		
Cash resource	1,438,274	1,707,066
Short-term deposits	-	1,131
	<u><u>1,438,274</u></u>	<u><u>1,708,197</u></u>

DESNOES & GEDDES LIMITED
Financial Information by Geographical Segment
6 months period ended December 31, 2014

	Domestic		Export		Group	
	Unaudited Dec 31, 2014 \$'000	Unaudited Dec 31, 2013 \$'000	Unaudited Dec 31, 2014 \$'000	Unaudited Dec 31, 2013 \$'000	Unaudited Dec 31, 2014 \$'000	Unaudited Dec 31, 2013 \$'000
Turnover	7,114,579	6,473,763	947,616	825,721	8,062,195	7,299,484
Special consumption tax	(1,401,176)	(1,357,105)	-	-	(1,401,176)	(1,357,105)
Net external revenue	5,713,403	5,116,658	947,616	825,721	6,661,019	5,942,379
Cost of sales	(3,323,491)	(3,078,824)	(464,435)	(399,568)	(3,787,926)	(3,478,392)
Gross profit	2,389,912	2,037,834	483,181	426,153	2,873,093	2,463,987
Marketing costs	(640,246)	(473,027)	(12,665)	(23,911)	(652,911)	(496,938)
Segment profit	1,749,666	1,564,807	470,516	402,242	2,220,182	1,967,049
General, selling & administration expenses					(595,236)	(541,546)
Other income					7,527	45,618
Trading profit					1,632,473	1,471,121
Employee benefit expense					(5,000)	(6,000)
Non-operating (expenses)/income					(159)	1,975
Finance income - interest					12,120	11,458
Share of profit in joint venture					(82,427)	417
Gain on disposal of property, plant & equipment & investment					-	970,251
Profit before taxation					1,557,007	2,449,222
Taxation					(405,831)	(502,299)
Profit after taxation					1,151,176	1,946,923
Segment assets					13,278,007	11,594,078
Segment liabilities					3,878,430	3,653,773
Depreciation					376,569	373,072
Capital expenditure					980,265	490,100

DESNOES & GEDDES LIMITED

Notes to the Financial Statements
December 31, 2014

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, 2014.

(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 investment properties.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2014

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.

Investment property reflect fair value amounts, based on market valuations done by external independent valuers. On the instructions of management, the valuers have used valuation techniques such as the direct sales comparison approach, income approach and cost approach to determine fair value.

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)

December 31, 2014

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 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.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2014

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.