

DESNOES & GEDDES LIMITED
AUDITED OPERATING RESULTS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2015

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 audited results of the company for the six months ended December 31, 2015.

(Results in J\$ millions)	Profit and Loss Summary					
	6 months ended December 31			3 months ended December 31		
	FY16	FY15	% change	FY16	FY15	change
	J\$m	J\$m	%	J\$m	J\$m	%
Net sales value	7,621	6,661	14 %	4,206	3,893	8 %
Trading profit	1,979	1,632	21 %	1,098	980	12 %
Profit before tax	1,944	1,557	25 %	1,047	917	14 %
Profit after tax	1,581	1,151	37 %	908	675	35 %
Earnings per stock unit (cents)	56.28	40.98	37 %	32.32	24.02	35 %

Performance Highlights

Trading profit of \$1,979 million for the 6-month period ended 31st December 2015 was 21% or \$347 million higher than the comparative period. Profit after tax grew by 37% to \$1,581 million compared to the previous period. Strong domestic sales and the continued growth in our export markets supported these results. Earnings per share of 56.28 cents for the period was 37% higher than last year.

Net sales value for the quarter grew by 8% to \$4,206 million and benefited from domestic volume growth and a price increase taken at the end of September 2015.

Gross profit of \$3,476 million was 21% or \$603 million higher compared to the same period last year. The gross profit margin also improved by 2.5% to 45.6%, benefiting from an adjustment to prices and efficiency gains. These gains were driven by the introduction of the Perfect Plant Management System and the brewery modernization capital investment programmes.

Marketing expenses of \$815 million increased by \$162 million over last year. This increase was mainly attributable to the new 'What's Good' Red Stripe brand campaign, launched in October. In addition, the "Run the Summer" campaign in Quarter 1 and our new innovations such as Red Stripe Lemon Paradise, D&G Malta in a can and the 1-litre Dragon Stout format, also contributed to the increase in marketing spend.

General, selling and administration costs of \$656 million was 10% higher than last year due primarily to headcount increase and inflation.

Cash balances grew over the 6 month period by \$423 million to \$1,790 million despite capital expenditure of \$810 million, which was largely directed to the brewery optimization projects.

Enriched Communities

Red Stripe had another impactful quarter through its Corporate Social Responsibility initiatives.

On November 16, 2015, 150 students graduated from the Learning for Life programme, which focuses on Bartending, Entrepreneurship and Project Grow, our game-changing agriculture programme.

Two new programmes were also launched this period. Through our ongoing partnership with HEART Trust NTA, we launched Project Entertainment Management, a Level-2 programme administered by *Datz My DJ Entertainment*. This 10-week programme also includes a one month internship, which the students are now currently engaged in. Two more cohorts are scheduled for the rest of the year.

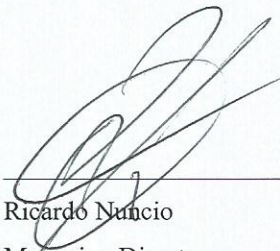
The Learning for Life programme explored another new training area in Filmmaking. Red Stripe partnered with the UWI Community Film Project and sponsored 12 students to participate in an introductory programme in Filmmaking. The programme covered the basics of editing, scriptwriting, production and directing.

Our commitment to our consumers to promote responsible drinking (RD) was reinforced with a new thrust to our RD campaign – Drink Right. In December we launched a new element of the Drink Right campaign led by a Mobile Application that advises consumers on alcohol content by drink as well as the number of drinks that put you over the alcohol limit. The campaign is also endorsed by local celebrities such as Wayne Marshall and Iba Mahr who are helping us to spread this important message to the public.

Our Project Grow initiative continues to make great headway with 25 of the 280 acres currently under cultivation at the Wallen Farm in St Catherine. This along with the 36 acres at Bernard Lodge also in St Catherine has allowed us to include 5% cassava starch in our beer production with the intent of increasing to 10% in the first quarter of 2017. A dedicated farm house for the Wallen farm was also opened, allowing for better productivity and comfort for the farm workers.



Richard Byles
Chairman
February 23, 2016



Ricardo Nuncio
Managing Director
February 23, 2016