Desnoes & Geddes Ltd.

ANNUAL REPORT
2014

MISSION STATEMENT

OUR PURPOSE

Celebrating and enriching Jamaica; inspiring the world

OUR VALUES

Valuing each other
Be the best
Proud of what we do
Passionate about consumers and customers
Freedom to succeed

OUR STRATEGY

Brand value creation
End to end efficiencies
Profitable export growth


Red Stripe
LAGER BEER
BREWED IN JAMAICA
NET 341 mL - 4.7% ALC.VOL
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COMPANY **PROFILE**

Red Stripe is one of Jamaica's leading corporate entities, employing close to 300 permanent staff members and producing the world famous Red Stripe™ beer.

The company's legacy began in 1918 when Eugene Desnoes and Thomas Geddes merged their carbonated soft drinks business to form Desnoes and Geddes Limited. In the ensuing years, the company became a well-established manufacturer of popular sodas, including Pepsi-Cola™, 7Up™ and D&G™ soft drinks, and the distributor of the best imported spirits.

The award-winning Red Stripe beer was first brewed in 1928 and later perfected to the golden lager we know today. Internationally, Red Stripe beer has received the prestigious Monde Selection Gold Medal 11 times for its fine quality and taste.

In 1993 Guinness Plc acquired majority of the company's shares and in 1997 merged with UK-based Grand Metropolitan to become Diageo (Dee-AH-Gee-O), which is the parent company of Red Stripe.
Diageo is the world's leading premium drinks business with an outstanding collection of beverage alcohol brands across spirits, wine and beer. These brands include Buchanan's™, Johnnie Walker™, Old Parr™, Guinness™, Smirnoff™, J&B™, Baileys™, Tanqueray™, Red Stripe Beer, Zacapa™, Pampero™ and Navarro Correas™ wine. Diageo is a global company, trading in some 180 countries around the world.

Locally, Red Stripe has been recognised as a major player in the manufacturing business, having received the Jamaica Exporters Association Champion Exporter award in 2010, 2011 and 2012.

Red Stripe is the trading name of Desnoes and Geddes Limited in which Diageo Plc holds the majority shares.

Diageo is listed both on the London and New York Stock Exchanges. Red Stripe, located at 214 Spanish Town Road, in Kingston, is listed on the Jamaica Stock Exchange.


Red Stripe
LAGER BEER
BREWED IN JAMAICA
Net 1 Litre - 4.7% alc./vol.
Red Stripe
LAGER BEER
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341 mL - 4.7% ALC VOL
Red Stripe
LAGER BEER

WHAT'S INSIDE


Red Stripe
BREWED IN JAMAICA
GUINNESS
ESTD 1759


Heineken
QUALITY
DRAGON

2014 PERFORMANCE REVIEW

	2014	2013
TURNOVER	14,085,101	12,732,391
PROFIT BEFORE TAX	3,676,908	1,871,325
PROFIT ATTRIBUTED TO STOCKHOLDERS	3,153,163	1,211,244
PROFIT PER STOCK UNIT *(CALCULATED ON NET PROFIT ATTRIBUTABLE TO STOCKHOLDERS)*	112.25 ₵	43.12 ₵
DIVIDENDS PER STOCK UNIT	50.00₵	30.00₵
STOCKHOLDERS EQUITY	2,174,980	2,174,980
SHARE CAPITAL	1,056,129	1,440,990
CAPITAL AND OTHER RESERVES	5,779,518	4,054,824
REVENUE RESERVES	9,010,627	7,670,794

AWARDS & ACCOLADES

Jamaica Chamber of Commerce Environmental Protection Award

FSSC 22000 certification (The world's top food safety certification for manufacturing companies.)

JMA special recognition award for HIV/AIDS Advocacy

JMA special recognition award for Community Development

Top 13 placement in Best Place to Work Survey

TEN YEAR STATISTICAL SUMMARY

Financial Year	2014 $'000	2013 $'000	2012 $'000	2011 $'000	2010 $'000	2009 $'000	2008 $'00t0	2007 $'000	2006 $'000	2005 $'000
OPERATING DATA										
Turnover	14,085,101	12,732,391	13,154,054	13,272,380	13,332,436	13,447,889	12,488,766	11,313,276	10,114,372	9,135,115
Profit before taxation	3,676,908	1,871,325	1,455,176	1,510,060 ****	1,182,374	2,211,442	1,670,350	2,093,226 **	2,324,401	2,503,442
Provision for taxation	(523,745)	(660,081)	(225,619)	(431,251)	(392,976)	(660,118)	(627,901)	(684,686) **	(112,554)	(150,388)
PROFIT AFTER TAXATION	3,153,163	1,211,244	1,229,558	1,078,809 ****	789,398	1,551,323	1,042,449	1,408,540 **	2,211,847	2,353,054
Dividend	1,404,586	846,752	561,834	-	702,293	983,208	1,123,668	1,488,860	1,601,227	2,163,061
Net dividend cover	2.24	1.43	2.19	-	1.12	1.58	0.93	0.95 **	1.38	1.09
BALANCE SHEET DATA										
Net current assets /(liabilities)	2,016,111	1,634,149	1,277,648	631,733	(415,922)	(402,938) *	(753,650) *	248,829	940,008	745,412
Property, plant and equipment	5,495,994	4,553,635	4,674,345	4,877,245 ****	6,644,362	6,661,480 *	6,531,660 *	5,682,522	3,550,418	3,379,297
Long term liabilities	-	-	-	-	-	-	-	-	-	-
Stockholders' equity	9,010,627	7,670,794	7,235,015	6,361,458 ****	6,677,079	6,246,636	6,332,871	6,537,303 **	4,784,763	4,147,944
No. of stock units in issue	2,809,171	2,809,171	2,809,171	2,809,171	2,809,171	2,809,171	2,809,171	2,809,171	2,809,171	2,809,171
PER ORDINARY STOCK UNIT										
Profit for the year	112.25¢	43.12¢	43.77¢	36.16¢ ****	28.10¢	55.22¢	37.11¢	50.14¢ **	78.74¢	83.76¢
Stockhoders' equity	$3.21	$2.73	$2.58	$2.26 ****	$2.38	$2.22	$2.25	$2.33 **	$1.70	$1.48
Dividends										
Oridnary - Interims	25¢	10¢	20¢	-	25¢	35¢	40¢	53¢	57¢	77¢
finals	25¢	20¢	-	-	-	-	-	-	-	-
OTHER										
Return on Equity	34.99%	15.79%	16.99%	16.96% ****	11.82%	24.83%	16.46%	21.52%**	46.23%	56.73%
Closing Stock Price	$4.51	$4.80	$3.80	$3.30	$4.70	$4.00	$7.15	$7.05	$7.79	$9.50
Number of employees	322	455	587	624	694	759	767	762	734	750

* Restated due to change in accounting treatment of returnable packaging
** Restated due to prior year adjustments.
*** Restated on account of dividend paid and IFRS reported profit.
**** Restated due to the change in accounting treatment of certain items of PPE from Fair Value to Cost Measurement.

Dividend Cover = P A T/Dividend
Profit for the year per stock unit = PA T / No. of shares
Return on Equity = PAT/Stockholder's Equity
Stockholders Equity per stock unit = SHE/No. of shares

CHAIRMAN'S STATEMENT

"Our performance this year was outstanding."

Over the last 12 months Red Stripe has recorded excellent results, navigating a year marked by substantial economic reform, depreciation of the Jamaican dollar and tightened consumer purchasing power. The Red Stripe strategy of Brand Value Creation, End to End Efficiencies and Profitable Export Growth, once again delivered attractive growth of 11% in sales, 160% in net profit and 4% improvement in cash flow after $1.7 billion capital investment and $1.4 billion dividend payout.

The combined impact of these achievements sets Red Stripe on the right trajectory to deliver our Performance Ambition of becoming "the best performing, most trusted and respected consumer products company in Jamaica."

Best performing

Among our brands we saw the continuing appeal of Red Stripe and Dragon™ Stout, which both grew at double digit rates. We also saw measured growth in Smirnoff which maintained its number one position in the vodka category. Our investment behind key consumption moments in sports and music continue to drive our connection with our grass-roots consumers allowing us to compete effectively.

Much of our growth this year has been delivered by our agile innovation efforts, creating multiple new-to-world products and renovating some of our existing brands. This was again a record year with nine new product launches which created great excitement throughout our portfolio while driving our net sales growth of $1,128m.

Celebration Brands Ltd. (CBL), our route to market 50:50 joint venture with Pepsi-Cola Jamaica, is now fully operational with six Distribution Centers and sales offices island wide; Kingston, Mandeville, Discovery Bay, Montego Bay, Savanna-La-Mar and Annotto Bay. With over 700 employees and contractors, CBL now boasts the largest distribution network offering a structured pre-sale execution and a 24 hour delivery service. In the year under review the company continued to deliver our expected sales results, and we are committed to strengthening the platform to serve our customers better.

Although Red Stripe International volumes were below that of the prior year, it recovered in the last quarter of this fiscal which resulted from an aggressive drive to regain lost distribution in the Great Britain Pubs and USA Groceries. Our new Head of Red Stripe International recruited in February will ensure renewed focus on profitable growth in major markets, Caricom, Continental Europe, and emerging markets for FY15.

Our positive returns and cash flow position are also a result of our continued focus on driving out costs and investing in transformational projects: the installation of a Combined Heat and Power plant, Phase One of our Brewery Modernization and a Flexible Packaging Line; the renovation of Red Stripe House and the Desnoes & Geddes Conference Centre; and Project Grow. These investments represent Red Stripe's commitment to generate long-term business value which will have a positive impact on the communities and environment in which we operate, eventually leading to many jobs for Jamaicans and to the saving of US$ millions in overall operating costs.

For several years we have pointed to the inequity of the tax on alcohol, where beer was singled out to be more highly taxed per unit of alcohol than any other alcoholic product. In April 2014 the tax was finally equalized and all products with alcohol now pay tax on the same basis, that of the volume of alcoholic content.

We are pleased to report that our pilot cassava growing project has been operating to expectation and we will be harvesting the 36 acre plot in December. It will provide planting material for a 300 acre plot we are currently in negotiations to secure and put into production before the end of 2014.

Most trusted

Beyond just growing profitability, at Red Stripe we set for ourselves the highest possible standards of integrity, probity and prudence. To that end we continue to insist that all our employees are fully compliant with our Code of Business Conduct in every aspect of their work.

We also seek to maintain those rigorous standards in our relationships with Governments and international organizations. Our industry remains closely watched by regulators and critics. Our discussions with governments on the place of alcohol in society, tax and excise duty, and marketing freedoms go to the heart of the environment in which our products will be served and therefore influence the shape of our future.

Our Prime Minister endorsed Responsible Drinking Campaign, "Drink Right"; Project Grow, which in partnership with farmers promotes sustainable farming practices and secures local supply networks; as well as our Learning for Life skills training Programmes for unemployed young adults, are key to ensuring our reputation as a trusted business which invests significantly in national development, sustainability and responsibility.

Most respected

In addition to our personal and corporate behaviour, we are judged by the quality of our people, our brands and our performance. Red Stripe is proud to have been recognized by our industry peers with numerous industry awards and certification in the year under review:

- JMA Special Recognition Awards for HIV/AIDS Advocacy & Community Development
- JCC Environmental Award
- FSSC22000 accreditation
- Top 13 placement in Best Place to Work

The Board of Directors is fully committed to ensuring that Red Stripe continues to deliver value for you, our shareholders, share successes with our customers, delight consumers with our brands and create a great place to work for all employees. During the year, The Board met seven times, the Audit Committee convened on four occasions and the Governance Committee met four times. One change was made to the Audit Committee with the resignation of Jed Dryer. I'd like to thank Jed for his combination of clarity of thought and wisdom during his tenure.

In closing, this has been a year of real accomplishment for Red Stripe. The team, ably led by Cedric Blair, must be commended for this outstanding performance. They have once again demonstrated tremendous effort, energy and sacrifice to deliver the year despite a continued challenging economic environment.

Richard Byles
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

I am pleased to present a composite summary of the performance of Desnoes & Geddes Limited for the financial year July 2013 - June 2014. Despite steep currency depreciation which adversely impacted consumer confidence and purchasing power, a market slowdown, a volatile input cost environment and heightened competitive intensity we were still able to strengthen the position of our brands in the hearts and minds of consumers across the island.

We made strong progress in driving growth in both volumes and revenues resulting in a trading profit of $2,725 million representing a 47% growth compared to last year and profit before tax of $3,677 million representing $1,806 million or 96% growth compared to the last fiscal year. The growth is mainly attributable to increased sales in the domestic market, efficiency through cost saving initiatives, revaluation of the investment properties and the gains from the sale of shares in Brasserie Nationale d' Haiti and Windward and Leeward Brewery. Profit after tax is $3,153 million, a 160% growth compared to last year; this increased the earnings per stock unit to 112.25 cents (43.12 cents or 160% growth).

Revenue

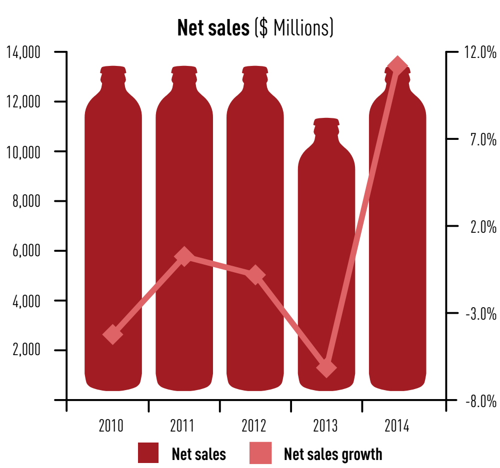
Net sales amounted to $11,497 million and grew 11% compared to last year's financial results. The domestic segment of our business represents 84% of our net sales, which was 15% ahead of last year. This was driven by our sales volume on selected brands along with new innovations launched in the market within the year. Our Joint Venture, Celebration Brands Limited (CBL) is fully embedded and contributed to the growth of our business. As a result of moving the production of Red Stripe sold in the USA to North America there was a 7% decline in export sales.

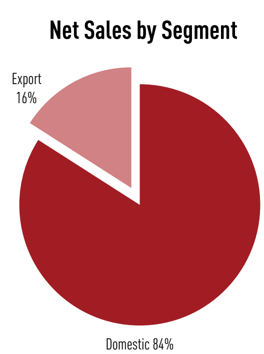
Cost of sales

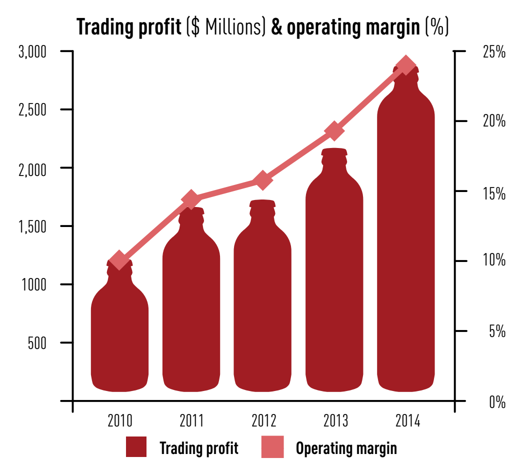
Full year cost of sales of $6,779 million increased by 11% versus the previous year. The main drivers of the increase are the devaluation of the Jamaican dollar on foreign currency-denominated inputs, local inflation and the cost of direct distribution fees under the new outsourced selling and distribution model involving the joint venture business, Celebration Brands Limited.

Overheads

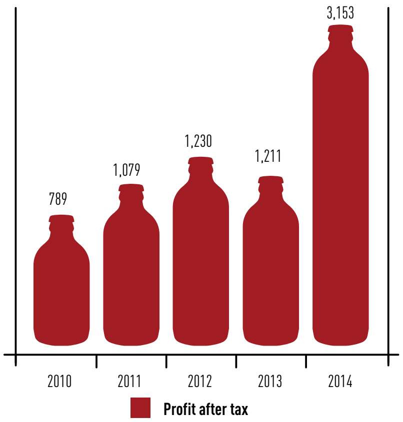
General, selling and administrative expenses of $1,223 million reduced by $114 million versus last year. Despite economic conditions such as inflation and devaluation of the Jamaican dollar, we have implemented cost savings initiatives, inclusive of the savings associated with our outsourced selling and distributions activities.



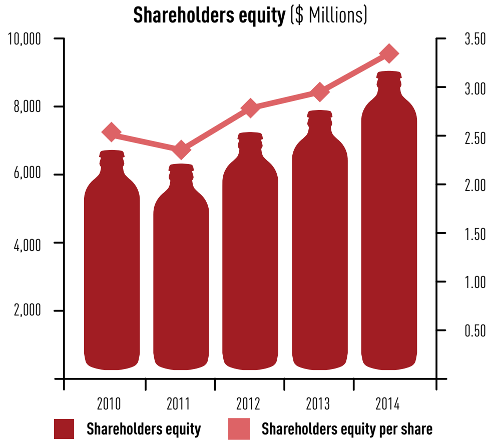




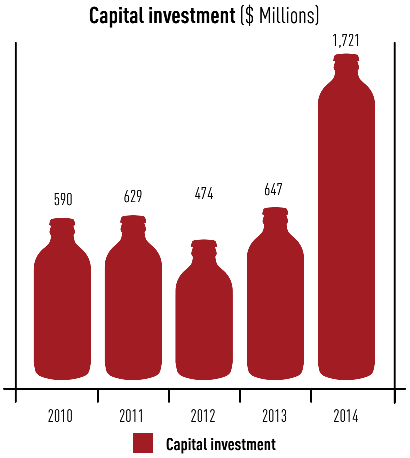
Profit after tax ($ Millions)



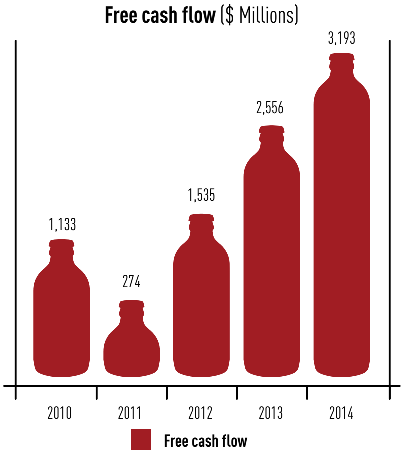
Shareholders equity ($ Millions)



Capital investment ($ Millions)



Free cash flow ($ Millions)



Other income

The full year net results include other income of $232 million, which mainly represent revaluation gains on investment properties, foreign exchange gains and dividend income from overseas investment.

Balance sheet and cash flow

Our closing balance sheet and cash flow show the strength of our business to meeting our strategic objectives.

Property, plant and equipment grew by $942 million to $5,496 million, mainly due to capital expenditure on Combined Heat and Power (CHP) Plant and Brewery Consolidation Phase 1.

Shareholders' equity for the full year is $9,011 million and shareholders' equity per stock unit is $3.21, which is 17% above last year.

Cash for the full year closed at $1,789 million, a 4% increase versus last year, net of capital investment ($1,721 million) and dividend payout ($1,405 million). Our free cash flow which represents cash generated by our business to fund dividend payment grew year on year by $637 million to $3,193 million.

Reflecting on the company's performance we have increased the dividend payment during the year by 67%, to 50 cents per stock unit. This includes a special dividend of 15 cents relating to the cash windfall from the sale of shares. The dividend paid last year amounts to 30 cents per stock unit. At the end of the financial year the Desnoes and Geddes Limited share price closed at $4.51, which represents a market capitalization of $12,669 million.

Our return on equity grew to 35% for the year, compared to 16% last year. The improvement highlights the financial strength and our ability to generate returns on our capital employed. It is also a positive sign that our strategic business priorities based on our unique assets and core competencies are delivering; End to End Efficiencies, Brand Value Creation and Profitable Export Growth.

Brand value creation

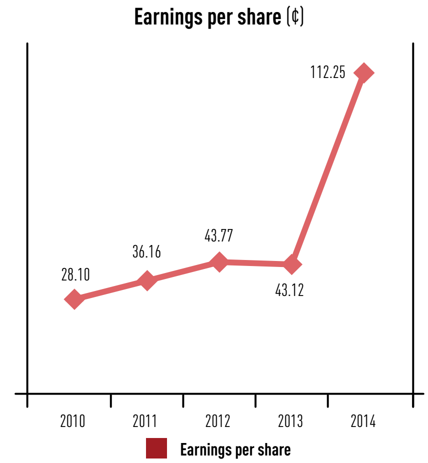
No other strategic activity is more important to business growth than creating new value for consumers. As such Red Stripe moved to reinvigorate the beer category with a focus on Vibrancy, Consistent Communication and Innovation. This year we launched our market transformation agenda through the establishment of flagship accounts with some of our customers, putting in place functional Point of Sale, ensuring cold serve, and conducting staff training.

As part of this initiative we also created new beer drinking occasions including our Beer Festival slated to become an annual event and Beer Wednesdays, a weekly on trade execution.

We also unleashed nine new products and packaging to the Jamaican market that increased our portfolio offerings to meet consumer needs. These included 1 litre Red Stripe, 1 litre Guinness, Red Stripe Cans, Smirnoff Fluffed Marshmallow and Iced Cake Vodka.

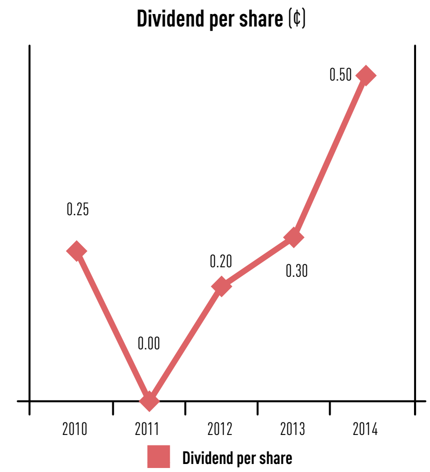
Our continued sponsorship of the Red Stripe Premier League allowed us to celebrate and reconnect with our consumers in the communities. This partnership has resulted in improved brand equity and consumer loyalty. We see this as a long term commitment to grow the sport in Jamaica to the benefit of the players, the communities and football fans.

Marketing cost for the full year was $1,003 million, an 8% increase compared to last year. The strategic investments that we have made and the returns we are generating highlight the resilience of Red Stripe in the face of the current economic challenges. The result reflects our commitment to invest in our brands and to deliver organic growth in our business.



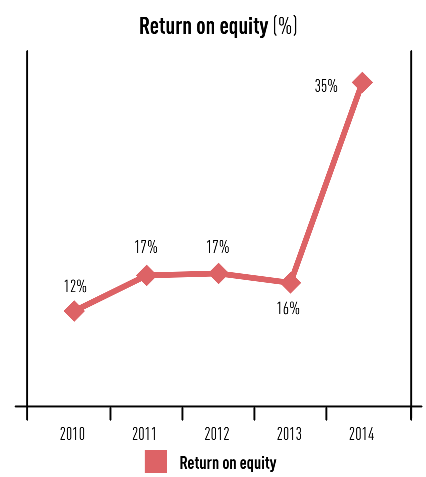
End to end efficiencies

Driving out costs to invest in growth and create a sustainable business for the future remains a key focus area for our business. In April 2014, we commissioned a newly acquired Combined Heat and Power (CHP) Plant which is expected to generate a 40% reduction in our energy costs, our carbon footprint and environmental impact by 2016. In addition, we have embarked on a brewery consolidation project to reconfigure the brewery and process layout which will contribute to a further reduction in our operating expenses.



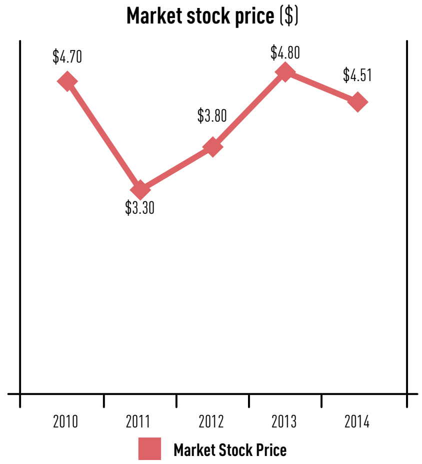
One of the greatest accomplishments for FY14 was the launch of our cassava project, Project Grow.

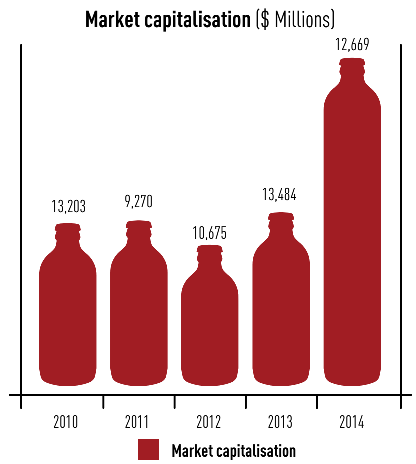
The project represents Red Stripe's biggest commitment to import substitution through local raw material sourcing and our aim of fully commercializing cassava in Jamaica. Red Stripe seeks to quadruple the yield of cassava from the current yield of 10 - 15 tonnes/hectare to 40 – 60 tonnes/hectare through our 36-acre pilot farm. At this level of production we are confident we can replace 10% - 20% of our imported brewing raw material by 2016. A best in class starch processing plant will be built here at Red Stripe in Q3 of FY15 capable of processing up to 300 acres/year of cassava planted with best in class practices. Our target is to produce our first full scale brew in FY15.



This pilot project will be used as a blueprint to further expand the programme up to the next milestone of 300 acres in F15 and then to 2500 acres in three years. Results thus far, along with our experience of using cassava in beer in other markets, put us on track to ensuring the highest standards of quality and consistency in taste for the brands that will use cassava starch in the future. We will work to expand and commercialize Project Grow, not only to help reduce our reliance on imported raw materials but also for the creation of jobs and support of the local community.

Red Stripe also continues to benefit from higher levels of efficiency, through Celebration Brands Ltd., our 50:50 joint venture with Pepsi-Cola Jamaica. The decision to move our sales and distribution to that model and the results to date reflect the impact we expected. While there are areas we seek to strengthen, we are committed to this joint venture and the additional benefits we believe we will accrue in the coming years.





Profitable export growth

Export continues to be a critical focus for our company's strategy. While the full year FY14 performance was below last year, which resulted from reduced beer consumption during the prolonged winter season and delisting in major supermarket chains in the US as well as pubs in Great Britain, Red Stripe International rebounded with year on year volume growth in the last quarter. The aggressive drive to regain lost distribution in the Great Britain Pubs and USA Groceries, significantly contributed to the improved performance.

Sustainability & responsibility

In our efforts to create shared value for our business and all our stakeholders, we operate our business responsibly while ensuring the sustainability of the communities in which we operate. Core to this is a priority around alcohol in society, our Diageo Learning for Life programmes, and our own codes of business conduct.

I am proud of the approach we have taken to promote responsible drinking and to help tackle alcohol misuse through our Drink Right Campaign. Making a tangible difference in alcohol-related harm is not only smart business, it is the right thing to do. We recognize that alcohol related harm is a complex issue requiring multifaceted approaches and we will continue to enlist partners to help us in this space.

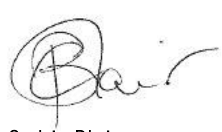
In addition to this, framing our behaviours with strong codes of governance and ethics, developing talent and skills in local communities through our Learning for Life programmes and ensuring the long term sustainability of resources, are critical to our business and being true partners in the communities in which we operate.

Our people

One of the enduring qualities of Red Stripe is our people and the culture that we have created. The team is resilient and, in the face of adversity, acts like owners and is bold in execution. We have the best talent in our industry and we are committed to creating the best conditions for them to thrive and succeed. I would like to take the opportunity to thank every single Red Stripe employee for their commitment and contribution during the year. I also want to thank our 700 employees at Celebration Brands Ltd.(CBL) who have worked tirelessly to sell and distribute our products in FY14. The success of this organization is due to the combined hard work and sacrifice of our team at Red Stripe and CBL. Together they have supported the delivery of our Performance Ambition "to create the best performing, most trusted and respected consumer products company in the world."

Outlook

I am confident that we have the strategy to deliver consistent and efficient growth in FY15. Through strengthening and accelerating our beer brands, innovating at scale, extending our route to consumer, driving out costs, ensuring profitable export growth, and investing in the capabilities of our people, we are creating a sustainable business that will deliver our FY18 Performance Ambition. We will ensure that we can build on the momentum that has been created in how we think about and conduct our business through enduring stakeholder partnerships and exemplary conduct. We have created genuine motivation behind our aim to create value across society as a whole and will continue to broaden our footprint in FY15.



Cedric Blair
Managing Director

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Ninety-Fifth Annual General Meeting of Desnoes & Geddes Limited will be held at 214 Spanish Town Road, Kingston 11 on Wednesday October 29, 2014 at 10:00 a.m. for the following purposes:

1. Audited accounts for the year ended June 30, 2014

To receive the Audited Financial Statements for the year ended June 30, 2014 together with the reports of the Directors and Auditors thereon. To consider and, (if thought fit) to pass the following resolution:

"THAT the Audited Financial Statements for the year ended June 30, 2014 together with the reports of the Directors and the Auditors thereon, be and are hereby adopted."

2. Declaration of dividend

To declare the first and second interim dividends of $0.50 paid during the year as final for the year ended 30 June 2014.

To consider and (if thought fit) pass the following resolution:

"THAT as recommended by the Directors, the interim dividends of twenty cents and a special dividend of five cents per stock units paid 20 December 2013, and ten cents together with a special dividend of fifteen cents per stock unit paid 16 May 2014 making a total of fifty cents ($0.50) be and is hereby declared as final dividend for the year under review.

3. Remuneration of directors

To fix the remuneration of the Non-Executive Directors: To consider and, (if thought fit) pass the following resolution:

"THAT Directors' fees in the amount of $7,918,000 payable for the year to all Non-Executive Directors of the company, be and are hereby approved."

4. Election of directors

In accordance with Article 108 of the Company's Articles of Incorporation, the directors retiring by rotation are Messrs. Jed Dryer, Damien King and Peter Melhado who being eligible, offer themselves for re-election.

To consider and (if thought fit) pass the following resolutions:

4(a) "THAT the retiring director Mr. Jed Dryer be and is hereby re-elected a Director of the company."

4(b) "THAT the retiring director Dr. Damien King be and is hereby re-elected a Director of the company."

4(c) "THAT the retiring director Mr. Peter Melhado be and is hereby re-elected a Director of the company."

In accordance with Article 109 of the Articles of Incorporation, Mr. Bruce Kidner who was appointed to the Board of Directors with effect from 7 February 2014 must retire at this Annual General Meeting, and being eligible offers himself for election.

To consider and (if thought fit) pass the following resolution:

4(d) "THAT the retiring director Mr. Bruce Kidner be and is hereby elected a Director of the company."

5. Remuneration of auditors

To fix the remuneration of the Auditors or to determine the manner in which such remuneration is to be fixed.

To consider and (if thought fit) pass the following resolution:

"THAT KPMG, having agreed to continue in office as Auditors, the Directors be and are hereby authorised to agree their remuneration in respect of the period ending with the conclusion of the next Annual General Meeting be and is hereby approved."

By Order of the Board

Gene M. Douglas
Corporate Secretary
Dated this 31st day of August 2014

Any member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll, vote instead of the member. A proxy need not be a member of the Company. An appropriate form of proxy is enclosed.

The proxy form must be signed, stamped and deposited at the registered office of the Company situated at 214 Spanish Town Road, Kingston 11 addressed to "The Company Secretary" not less than 48 hours before the time of holding the meeting. The stamp duty is $100.00 and may be paid by affixing a postage stamp to the proxy form.

BOARD OF DIRECTORS

RICHARD BYLES CHAIRMAN

Richard Byles is the President and CEO of Sagicor Group Jamaica Limited. He is the Chairman of the Board of Sagicor Bank Jamaica Limited, and Sagicor Real Estate X-Fund, a recently launched listed company which owns the Jewel Hotel chain in Jamaica and a large portfolio of prime commercial and office space. He is also a Director of Pan Jamaican Investment Trust Limited, Vice President of the Private Sector Organisation of Jamaica and Co-Chair of the Economic Programme Oversight Committee (EPOC) which is charged with oversight of the implementation of the IMF Agreement with the Government of Jamaica since 2013. He holds a Bachelor's degree in Economics from the University of the West Indies and a Masters in National Development from the University of Bradford, England.

CEDRIC BLAIR

Cedric Blair was appointed Managing Director of Red Stripe in September 2012. Since joining Red Stripe in 1995, he has worked in various roles in Engineering and Supply Chain Management. In 2005 Cedric was seconded to Diageo North America where he worked in the spirits industry for 5 years. He spent 18 months in Diageo Relay, Maryland as a Change Manager and close to 4 years in Menlo Park, California as Director of Operations. Cedric returned to Jamaica in August, 2009 as Operations Manager and a year later was appointed Supply Chain Director, joining the Jamaica Executive Team and the Desnoes & Geddes Board. Over the years he has acquired a wealth of experience across Diageo in process improvement, change management and business transformation. Cedric has a Bachelor of Science with Honours in Chemical Engineering from the University of the West Indies, St Augustine. In June 2011 he completed the Kellogg School of Business Executive Development Programme.

NOEL daCOSTA

Noel daCosta is a management consultant, previously employed to Desnoes & Geddes (D& G)/Diageo in many roles including; Central American and Caribbean Corporate Relations Director for Diageo, Chief Engineer, Brewmaster, Technical Director, and Corporate Relations Director for D&G. A Chartered Engineer, he is a Fellow and past President of the Jamaica Institution of Engineers. He has postgraduate degrees in Engineering, Business Administration and Insurance. He is a director and former President of the Jamaica Chamber of Commerce and has previously served on the boards of many companies in the public and private sectors. He currently serves on the board of the Victoria Mutual Building Society, the Bureau of Standards and the Petroleum Corporation of Jamaica. He is the Chairman of the Desnoes & Geddes Foundation, and also chairman of the Caribbean Council of United Way. In 2012 he was awarded the National honour of Commander of the Order of Distinction for his services to the nation.

JED DRYER

Jed Dryer was appointed Finance Director of Red Stripe in September 2010. Prior to this he was the Diageo Finance Director of Northern Latin America and Caribbean and the Financial Controller for Latin America and Caribbean. He also worked on Strategy, Business Development and Decision Support projects in the Global Business Support Group in Miami and London. Prior to joining Diageo, Jed worked in the Financial Services industry in London and New York. He holds a Bachelors degree from the University of Texas at Austin and a Master of Business Administration from the University of Chicago.

ALBERTO **GAVAZZI**

Alberto Gavazzi currently serves as President for DIAGEO Latin America & the Caribbean (LAC) and is a member of the Diageo Global Executive. A Brazilian native, Alberto has held various senior leadership roles across North America, Europe and South America throughout his successful twenty-year career within Diageo. He is fluent in English, Italian, Spanish, and Portuguese. Alberto studied for his undergraduate degree in São Paulo, Brazil and in Milan, Italy, earning his Business Administration degree at The Catholic University of São Paulo. He is married with two children and is based in Miami.

RENATO **GONZALEZ**

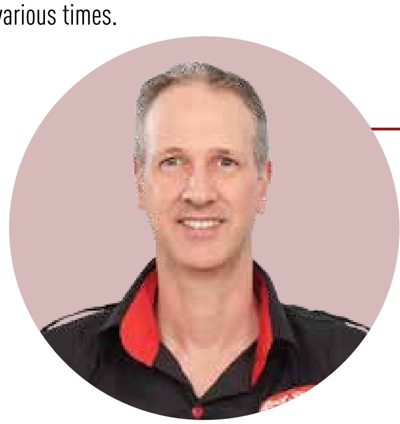
Renato Gonzalez has 20 years' experience in the consumer goods market in large multinationals across the world. He has a wide range of experience in supply chain management having designed and successfully implemented procedures and processes. General Manager Transformation, for Argentina, Chile, Peru, Ecuador and Bolivia. Prior to this appointment, Renato served as the managing director of the recently acquired Diageo company in Brazil, Ypioca. He has held progressive senior management roles within Diageo including Managing Director of Red Stripe 2011 – 2012. He is the recipient of two leadership awards for excellence in execution and inspirational leadership. Renato has a degree from the Universidade de Cidade, Rio de Janiero, Brazil and speaks fluent English, Portuguese and Spanish.

JAMIE **GRAÑA**

Jaime Graña has occupied the post of Managing Director of Diageo WestLAC since July 2013. Jaime joined Diageo in 2001 as General Manager, Diageo Peru, a role which expanded in 2005 to include Argentina, Bolivia and Chile. In 2007 Jaime was appointed Managing Director, Mexico, where over six and a half years, he built Diageo Mexico into a strong market-leading operation with significant growth rates. In his almost 12 years with Diageo, Jaime has delivered business growth through transforming people, building our brands and solidifying Diageo's culture and reputation as a company of high performance and integrity. He also helped Diageo Mexico rise to fourth place on the list of best companies to work for in Mexico.

GARY "BUTCH" **HENDRICKSON**

Gary "Butch" Hendrickson is the Chairman and CEO of Continental Baking Co. Ltd. manufacturers and distributors of NATIONAL, HTB and HOMADE baked products. Butch is also Chairman and CEO of Coconut Bay Beach Resort & Spa in St Lucia. He sits on the Boards of Rainforest Seafoods and The King's House Foundation. Butch attended Jamaica College, Miami Military Academy and Fordham University. He has also been sighted on the campus of Wharton at various times.



BRUCE **KIDNER**

Bruce Kidner was appointed Finance Director of Red Stripe in January 2014. Bruce has been employed by Diageo for 17 years having held the position of Finance Director for Namibia Breweries and Guinness Ghana Breweries. Bruce is a qualified Chartered Accountant gaining his qualification whilst working six years in a chartered accountancy practice based in London. He also holds a Bachelor of Science with Honours in Economics & Business received from Cardiff Business School, University of Wales.

DR. DAMIEN **KING**

Dr. Damien King is currently a Senior Lecturer and Head of the Department of Economics at the University of the West Indies, Mona. He is also Executive Director of the Caribbean Policy Research Institute, a public policy think tank. Damien's career has been mostly in academia but includes work for and consultations with the United Nations Development Programme, the World Bank, and the Planning Institute of Jamaica. He previously served on the boards of Dyoll Group, Dyoll Insurance Company, the National Export-Import Bank of Jamaica, the Jamaica Mutual Life Assurance Society, and the University Hospital of the West Indies.

HANS **van MAMEREN**

Hans van Mameren has been working for Heineken for 35 years. He has worked in Europe, Africa and the Far East with his last job before retirement being MD of Democratic Republic of the Congo where he stayed for nine years.

OLIVER **MCINTOSH**

Oliver McIntosh is the President and CEO of SportsMax Limited since the company's start-up in 2003. He has over 10 years' experience in business development and investment banking. He was previously a Vice President at Merrill Lynch International in London, a business development and mergers & acquisitions officer for Home Depot, U.S.A. and has worked at Salomon Brothers Inc, where he focused on the Diversified Industrials and Media & Entertainment sectors. He holds an M.B.A. from Harvard Business School and a B.B.A. in actuarial science from Howard University.

PETER **MELHADO**

Peter Melhado is the President and CEO of the ICD Group, a Jamaican-based conglomerate with interests in real estate, construction, property management, general insurance and business process outsourcing. He began his career as a project engineer with the UK-based construction firm, Kier International. He subsequently worked in the manufacturing sector with brewer and beverage producer Desnoes and Geddes, before entering the banking sector in 1993 with the Manufacturers Group where he became the CEO in 1995. During his tenure he led the company's acquisition of Sigma Investment Managers in 2001 and held that position until merging Manufacturers Sigma with Pan Caribbean in 2004. Peter currently serves as Chairman of Sagicor Bank Jamaica, West Indies Home Contractors, Industrial Chemical Company, CGM Gallagher Group, Kingston Container Terminal and American International School of Kingston. His current directorships include British Caribbean Insurance Company, Desnoes & Geddes Ltd., Sagicor Investments Jamaica and Port Authority of Jamaica. Peter holds a B.Sc. in Mechanical Engineering from McGill University (1985) and an MBA from Columbia University Graduate School of Business (1990), with a concentration in Finance.

DIRECTORS' REPORT

The Directors are pleased to submit their Report and Audited Accounts for the year ended 30 June 2014

	2014 $ Million	2013 $ Million
The profit of the Company before tax was	3,854	1,859
Net Profit of the Company after tax was	3,331	1,199

Dividends

The Directors have recommended that the interim dividends of $0.25 paid to stockholders on 20 December 2013 and $0.25 paid on 16 May 2014 be declared as final dividend for the year ended 30 June 2014. No further dividend was recommended.

The Board

Pursuant to Article 108 of the Articles of Incorporation of the Company, one-third of the Directors or the number nearest to one-third, where their number is not a multiple of three, shall retire from office each year. Messrs. Jed Dryer, Damien King and Peter Melhado will retire, and being eligible, offer themselves for re-election.

The Directors of the Board as at June 30, 2014 comprised:

Mr. Richard O. Byles - Chairman
Mr. Cedric M. Blair - Managing Director
Mr. Noel daCosta
Mr. Jed Dryer
Mr. Alberto Gavazzi
Mr. Renato Gonzalez
Mr. Jaime Graña
Mr. Gary C. "Butch" Hendrickson
Mr. Bruce Kidner
Dr. Damien W. King
Mr. J. Hans van Mameren
Mr. Oliver L. S. McIntosh
Mr. Peter K. Melhado

Pursuant to Article 109 of the Articles of Incorporation, Mr. Bruce Kidner who was appointed to the Board of Directors with effect from 7 February 2014 must retire at this Annual General Meeting, and being eligible offers himself for election. .

Auditors

Messrs. KPMG, the present Auditors have indicated their willingness to continue in office and offer themselves for re-election.

The Directors wish to express their appreciation to the management and staff for the work they have done during the year.

By order of the Board

Gene M. Douglas
Corporate Secretary

Dated this 31st day of August 2014

DISCLOSURE OF SHAREHOLDINGS

SHAREHOLDINGS OF DIRECTORS

AS AT 30 JUNE 2014

NAME	NO. OF UNITS
RICHARD O.BYLES (CHAIRMAN)	3,484,323
CEDRIC M. BLAIR (MANAGING DIRECTOR)	500,000
NOEL DACOSTA	440,000
JED DRYER	NIL
ALBERTO GAVAZZI	NIL
RENATO GONZALEZ	NIL
JAIME GRAÑA	600,000
GARY C. HENDRICKSON	NIL
BRUCE A KIDNER	1,971,000
DAMIEN W. KING	NIL
JOHAN H VAN MAMEREN	NIL
OLIVER L.S. MCINTOSH	NIL
PETER K. MELHADO	NIL

DESNOES & GEDDES LIMITED 10 LARGEST SHAREHOLDERS

AS AT 30 JUNE 2014

SHAREHOLDERS	STOCK	HELD OWNERSHIP
		%
1. UDIAM HOLDINGS AB	1,625,549,827	57.87
2. HEINEKEN BEVERAGES SWITZERLAND AG	434,033,141	15.45
3. BARDI LIMITED	84,255,986	3.00
4. NATIONAL COMMERCIAL BANK PROPRIETORY A/C	62,554,968	2.23
5. SAGICOR POOLED EQUITY FUND	50,177,245	1.79
6.IDEAL PORTFOLIO SERVICES	32,514,647	1.16
7. NATIONAL INSURANCE FUND	31,709,129	1.13
8. INV NOM LTD A/C LAS. HENRIQUES ET AL S/F	29,094,181	1.04
9. JETTE LIMITED	26,254,292	0.93
10. JCSD TRUSTEE SERVICES LTD.- SIGMA OPTIMA	23,112,942	0.82
TOTAL TOP TEN SHAREHOLDINGS	**2,399,256,358**	**85.41**
REMAINING SHAREHOLDINGS	**409,913,836**	**14.59**
TOTAL ISSUED SHARES	**2,809,170,194**	**100.00**
TOTAL NUMBER OF SHAREHOLDERS	**3,206**	

SHAREHOLDINGS OF SENIOR MANAGERS

AS AT 30 JUNE 2014

NAME	NO. OF UNITS
CEDRIC BLAIR	500,000
DIANNE ASHTON SMITH	NIL
SHANE HEALY	NIL
MELVERINE HEMMINGS	NIL
BRUCE A KIDNER	1,971,000
BRIAN PENGELLEY	NIL
JEAN LOOK TONG	NIL
MONIQUE MALCOLM	NIL
DIANE WILLIS-REID	NIL

CORPORATE DATA

DESNOES & GEDDES LIMITED

30 JUNE 2014

Board of Directors:
Richard O. Byles – Chairman
Cedric M. Blair – Managing Director
Noel daCosta
Jed Dryer
Alberto Gavazzi
Renato Gonzalez
Jaime Graña
Gary C. Hendrickson
Bruce Kidner
Dr. Damien W. King
Johan H. van Mameren
Oliver L. S. McIntosh
Peter K. Melhado

Company Secretary: Gene M. Douglas, F.C.I.S.; M.B.A.

Registrar & Transfer Agent:
Sagicor Bank Jamaica Limited,
Corporate Trust Department,
60 Knutsford Boulevard,
Kingston 5.

Auditors:
KPMG,
6 Duke Street,
Kingston.

Bankers:
Bank of Nova Scotia Jamaica Ltd.,
Corner Duke & Port Royal Streets,
Kingston.

Citibank NA,
19 Hillcrest Avenue,
Kingston 6.

National Commercial Bank Jamaica Ltd.,
37 Duke Street,
Kingston.

Attorneys-at-law:
Patterson Mair Hamilton,
Temple Court,
85 Hope Road,
Kingston 6.

Myers Fletcher & Gordon,
Park Place,
21 East Street,
Kingston.

Registered Office:
214 Spanish Town Road,
Kingston 11.

BOARD ATTENDANCE

DESNOES & GEDDES LIMITED REPORT CARD

	BOARD	AUDIT	GOVERNANCE
Number of Meetings held during the year	7	4	4
RICHARD O. BYLES	7		3
CEDRIC BLAIR	7		4
NOEL daCOSTA	6		
JED DRYER	7	2/3	2
ALBERTO GAVAZZI	4		
RENATO GONZALES	4		
JAIME GRAÑA	6		
GARY "BUTCH" HENDRICKSON	5		2
BRUCE KIDNER	2/2	1/1	1/1
DR. DAMIEN KING	7		
J. HANS MAMEREN	6		1
OLIVER McINTOSH	7	4	
PETER MELHADO	5	4	3

BOARD SUB-COMMITTEE AND COMPOSITION

	Executive/Non-Executive/Independence	AUDIT	GOVERNANCE
Richard B. Byles	Chairman - I		
Cedric Blair	E		*
Noel daCosta	NE		
Jed Dryer	E	*	*
Alberto Gavazzi	NE		
Renato Gonzalez	NE		
Jaime Graña	NE		
Gary 'Butch' Hendrickson	I		*
Bruce Kidner	E	*	*
Dr. Damien King	I	Chairman	
J. Hans van Mameren	NE		*
Oliver McIntosh	I	*	
Peter Melhado	I	*	Chairman

MEMBERS OF THE AUDIT COMMITTEE

Dr. Damien King - Chairman

Bruce Kidner

Oliver McIntosh

Peter K. Melhado

MEMBERS OF THE GOVERNANCE COMMITTEE

Peter Melhado - Chairman

Cedric M. Blair

Richard O. Byles

Gary C. Hendrickson

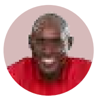
Bruce Kidner

J. H. van Mameren

EXECUTIVE TEAM

Market Transformation outlet Gee Wee Sports Bar

EXECUTIVE LEADERSHIP TEAM



CEDRIC **BLAIR**

Managing Director (See Board of Directors Page 15)

DIANNE **ASHTON-SMITH**

Head of Corporate Relations

Dianne is an expert Corporate Relations practitioner with close to 20 years' experience. She joined Red Stripe in 2008 as Communications Manager leading the Alcohol in Society agenda through DrinkIQ and responsible drinking initiatives. She has been credited with a number of communications innovations which contributed to embedding and reinforcing our strategy. Under her leadership, we have enrolled over 11,000 Jamaicans in our award winning Learning for Life programmes, consistently exceeding our year on year targets. In 2013, Dianne joined the Red Stripe Executive team as Head of Corporate Relations. She holds a Bachelor of Arts (Honours) in Literature & Economics from the University of the West Indies and a Master of Science degree in Human Resources Management from the Milano School of International Affairs, Management, and Urban Policy at The New School. She is also a Board Member of the D&G Foundation.

SHANE **HEALY**

Head of Supply

Shane first joined Diageo 17 years ago, when he worked for Guinness Ireland from 1996 to 1999. In 2007 he rejoined Diageo in Scotch Malt Distilling operating distilleries that make the whiskies for the Johnnie Walker portfolio, including the famous Cardhu distillery. Shane joined Red Stripe in 2011, firstly as Operations Manager and since September 2012 as Head of Supply. He holds a first class Honours degree in Biological Sciences from the University of Ulster and an MSc in Brewing and Distilling from Heriot Watt, the International Centre for Brewing and Distilling. Shane was awarded the Master Brewer qualification in 2005 after completing the exams of the Institute of Brewing and Distilling. He is also a trained Black Belt in Six Sigma and trained in World Class Manufacturing.

MELVERINE **HEMMINGS**

Head of Human Resource

Melverine joined Red Stripe in March 2001 and since then has held a number of senior roles within the HR function. In 2007 she was seconded to Diageo International as Resourcing Manager and in April 2013 she was seconded to Celebration Brands Ltd. as Human Resource and Communications Director. During that time she played a critical role in developing the newly formed joint venture. Her most significant achievements include the recruitment of over 400 staff members in an eight month period and the selection of key third party suppliers for contract labour and employee benefits. Melverine also led the implementation of a number of key HR processes and procedures within the new organization. In March 2014, Marie returned to Red Stripe as Head of Human Resources and a member of the Jamaica Executive team. She holds a Master of Science (MSc.), Human Resource Development (1999), University of the West Indies, Mona.

BRUCE **KIDNER**

Finance Director (See Board of Directors Page 16)

JEAN **LOOK TONG**

Head of Red Stripe International and Licensed Breweries

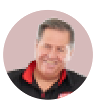
Jean joined Diageo in February 2014 and has over 10 years' senior leadership experience in areas such as business development, strategy, sales, marketing and corporate affairs in Jamaica and the wider Caribbean. Her career has spanned a variety of industry sectors, most notably telecommunications and cable television. Jean was a member of the team that created the telecommunications brand 'Flow' and was instrumental in launching and building the business. She holds a First Class Honours BSc Degree in Management Studies, an MBA with Distinction from the University of the West Indies and project management certification.

MONIQUE **MALCOLM**

Acting Head of Marketing

Monique is a seasoned Marketing strategist with a broad of range of experience in multiple industries and countries across Latin America & the Caribbean. She officially started with the organization in 2008; however she headed up the Red Stripe Account in her capacity as Strategic Planning Director at our advertising agency prior to joining. As such she has been a part of the Red Stripe team for close to 10 years.

As a marketeer, her focus has always been on the development of consumer insight based initiatives that drive growth for the business and has been able to do so in multiple capacities. Monique worked first as Consumer Planning Manager for Jamaica and then went on to lead the function at different levels regionally. Most recently, she served as Head of Consumer Planning for WestLAC and is currently acting as Head of Marketing for Jamaica.



BRIAN **PENGELLEY**

Sales Director

Brian was appointed Sales Director in September 2009. He joined Red Stripe in 1996 and has over the years, variously managed the company's Distribution, Sales and Supply Chain functions. His current role gives him responsibility for Red Stripe's domestic sales and islandwide distribution. He is the President of the Jamaica Manufacturers' Association, representing Red Stripe there for the past seven years. Brian has worked in North America in the industrial chemical industry for over 25 years. His early training was in veterinary medicine for which he holds a Diploma. Brian resigned as Sales Director at the end of the financial year.

DIANE **WILLIS-REID**

Administrative & Special Projects Manager

Diane joined Red Stripe in 1995 as an Administrative Assistant and a year later was appointed Executive Assistant to the President. Since then Diane has worked with successive Managing Directors and has been a key contributor to the Red Stripe Executive team through her expertise in business operations, culture transformation and project management. Due to her profound institutional knowledge, Diane brought rounded insights to the Executive Team and became an official member in 2010. She is credited with establishing the first-ever records and information management business unit and service centre within Diageo Latin America and Caribbean region. In 2014 Diane lead major transformational projects including the inaugural Employee Conference and phase one of Red Stripe's office rationalization.

DELIVERING DIAGEO'S PERFORMANCE AMBITION

WHAT

PURPOSE
Celebrating Life, Every Day, Everywhere

AMBITION
To create the best performing, most trusted and respected consumer products company in the world

WHERE WE WILL WIN
Premium: unleash full potential of our core
Luxury: double Reserve

OUTCOMES WE WILL ACHIEVE
Equity + Price + Share growth in every priority brand market unit
Annual operating margin expansion across every activity
Transformed reputation in every market through enduring stakeholder partnerships and exemplary conduct
Super-engaged people everywhere

HOW

WHAT WILL BE DIFFERENT

'Must Dos'
Strengthen and accelerate our premium core brands
Win in Reserve in every market
Innovate at scale to meet new consumer needs
Build and then constantly extend our advantage in route to consumer
Drive out costs to invest in growth
Guarantee our plans with the right people and capabilities

'Behaviours'
Act like an owner
Be restless and agile
Be bold in execution
Be obsessed with winning: everyone sells or helps sell

OUR LEADERSHIP STANDARD
Be Authentic
Create Possibilities
Bring the Diageo Purpose to Life
Create the Conditions for People to Succeed
Consistently Deliver Great Performance
Grow Yourself

OUR VALUES
Passionate about customers & consumers
Be the best
Freedom to succeed
Proud of what we do
Valuing each other

SUPPLY

"The ambition set out 12 months ago was to drive out costs to invest in growth while innovating at scale to meet new consumer needs. This ambition delivered amazing outcomes in year on year volume growth, cost reduction, installation of a new power plant, construction of new energy efficient brewing tanks, installation of a flexible packaging line, procurement of a cassava farm and the development of the new Heineken K2 bottle. These achievements have positioned us for continued growth in years to come." Shane Healy, Head of Supply.

Best performing

The Supply department had a year marked by bold ambitions in order to achieve our FY18 vision.

Chief among them was the modernization of our Brewery through the installation of a Combined Heat and Power Plant (CHP), seven fermenting vessels and a Flex Line.

These three main upgrades to the brewery, which represent significant capital investments, will result in greater operational and cost efficiencies allowing us to re-invest into making our brands the most desired and sought after.

Our newly installed CHP plant, which simultaneously generates electricity, hot water and cold water will contribute to a 40% reduction in our energy bill while drastically reducing our carbon and greenhouse gas emissions. Modular in design and the first of its kind in Jamaica, this leading edge technology is in service of creating a step change in our performance and reducing the environmental impact of our site.

The new tanks are state of the art and can be used for either fermenting or maturing beer. Built in Europe to the highest of engineering and quality standards, these cylindro-conical vessels are very large stainless steel vessels with jackets, each with a capacity of 360,000 litres. They give us the advantage of greatly reducing our energy consumption and water usage while positioning us to compete with any brewery in the world.

The new flex line which was installed earlier in the year, gives Red Stripe the capacity to innovate at scale and introduce new concept packages, such as returnable 1 litre beer bottles and cans.

CHP PLANT

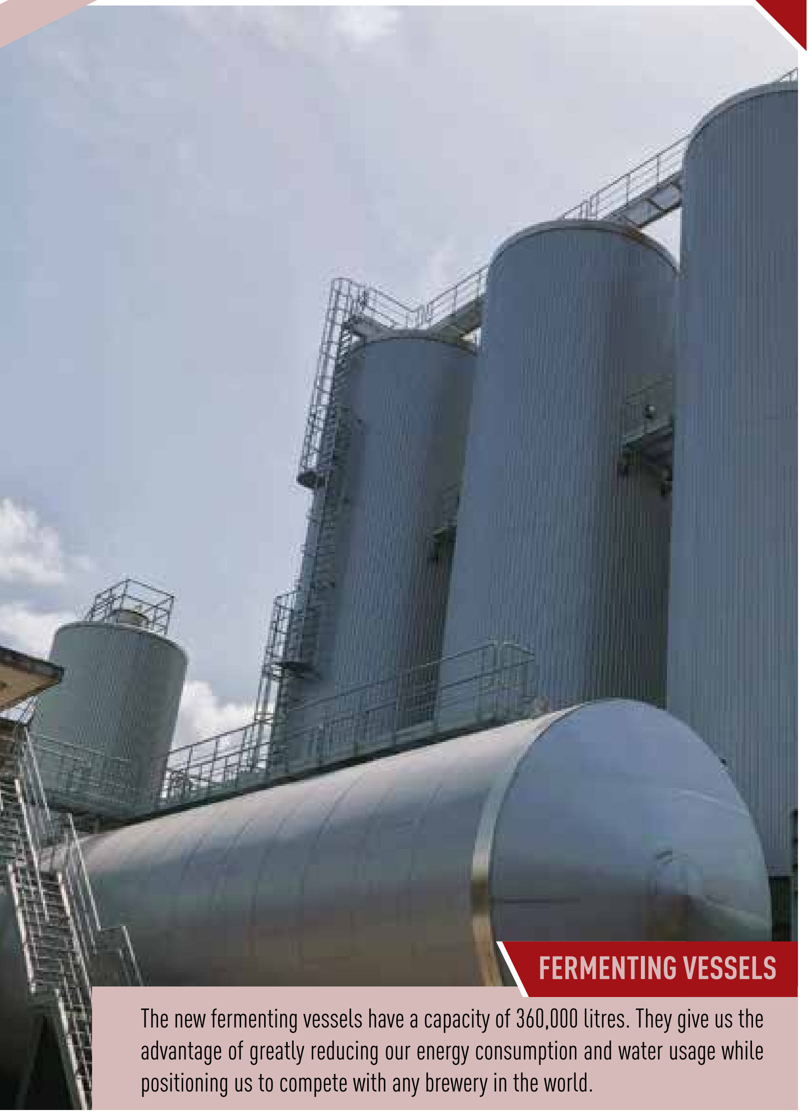
Engineering Services Operator, Ian Thompson, watches over the monstrous Caterpillar engine that powers the CHP Plant.

Most trusted

At Red Stripe we design and produce brands in a way that ensures they are always safe to drink and that they meet the expectations of our consumers. By doing so we protect both our brands' and the company's reputation.

We do this through our rigorous Global Quality Policy which applies to all Diageo businesses and majority joint ventures. Our standards are designed to match or exceed local market regulations as such all our products go through a full regulatory review prior to launch.

We are proud of the improvements in quality we have made this year. We are determined to drive improvements through all stages of our value chain, from product design to our manufacturing processes and finally through to our customers and consumers.



FERMENTING VESSELS

The new fermenting vessels have a capacity of 360,000 litres. They give us the advantage of greatly reducing our energy consumption and water usage while positioning us to compete with any brewery in the world.

This year, we focused heavily on improving quality during the manufacturing process and as a result we achieved a huge win in F14 with the award of the world's top food safety certification for manufacturing companies, the Food Safety System Certification (FSSC 22000). This certification, which boasts worldwide credibility, demonstrates Red Stripe's robust Food Safety Management System that meets the requirements of our customers and consumers and provides confidence to other stakeholders that our company has the ability to identify and control food safety hazards. Quality is fundamental to Red Stripe and continues to support our export growth agenda.

Additionally, we were reaccredited ISO 9001 and ISO 14000 certification for quality systems and environment respectively. Our steps in reducing our carbon emissions and greenhouse gases and conservative efforts in water usage and reduction in waste to landfill influenced our re-accreditation.

As a brewer of the world's leading international premium beer, Heineken, we were again recognized for our high standards having successfully completed the Heineken Audit. We also received the license to package Pepsi in glass bottles, a testament to our operational standards.

The safety of our people is our highest priority. Wherever a Red Stripe employee or contractor works - whether in the brewery or the office - our Zero Harm programme is designed to ensure they can go home safe, every day. Safety is central to our values and our culture, and our safety model is based on strict health and safety controls, robust risk assessments, and a desire to improve safety standards continuously. For the year under review we saw one lost time accident which represents a significant reduction over the past seven years. We regret each and every accident suffered by our employees and contractors, and continue to look for ways to ensure that everyone goes home safe, every day, everywhere.

We are proud to say that this year our local supply team copped three awards at the Diageo 2014 Spirit of Supply Awards; the Innovate at Scale Award, the Building Advantage in Route to Consumer Award and the Zero Harm Individual Award to Cleve Henry, our Safety Manager.

Most respected

One of the greatest accomplishments during this period was the launch of Project Grow. Using sustainability as the pathway to innovation and growth, Project Grow represents Red Stripe's biggest commitment to local raw material sourcing with the aim of fully commercializing cassava in Jamaica.

Red Stripe seeks to quadruple the yield of cassava from the current yield of 10 -15 tonnes/hectare to 40 – 60 tonnes/hectare beginning with our 36-acre pilot farm. Our goal is to use this as a blueprint to further expand the program up to the next milestone of 300 acres in F15 and then to 2,500 acres in three years.

As part of Project Grow's remarkable opportunities, we will provide training to young adults interested in cassava cultivation and becoming successful agricultural entrepreneurs through our Diageo Learning for Life programme. We expect that over the five year plan, 2,500 Jamaicans will be enrolled in the programme, will receive Level 1 certification from Heart Trust NTA and will be among those employed on the farm.

When this supply chain is fully established, we expect that in addition to these 2,500 new jobs the Project will also create an additional 3,750 indirect jobs.

PROJECT GROW

SECURING OUR FUTURE THROUGH SUSTAINABLE PRACTICES

One of the most significant outcomes of this past financial year was the launch of **Project Grow**. The project represents **Red Stripe's** commitment to using sustainability as the pathway to innovation and growth. This means that imported raw material will be substituted by local raw material, namely cassava.

Red Stripe's sustainability agenda is in service of Diageo's global vision of "generating long-term business value for Diageo with locally and sustainably sourced raw materials which meet quality standards and have a positive impact on the communities and environment in which we operate."

With that bold vision, we went about securing our Pilot farm, signing a lease agreement in January with the Jamaican Government through the Agro-Investment Corporation (AIC). The agreement paved the way for us to begin our pilot project on 36 acres in Bernard Lodge, St Catherine. Planting began in April and the first yield is expected to be ready by December 2014. A starch processing plant will also be installed by the end of the 2014 calendar year capable of processing up to 300 acres per year of cassava.

The pilot farm is the initial phase of the project targeting some 300 acres for cultivation over an 24-month period, with US$1 million earmarked for this segment of the undertaking. A successful implementation of the pilot project is expected to pave the way for an increase in cassava production by Red Stripe to some 2,500 acres over a three-year period.

Dr. Nickeisha Reid, hired as farm manager in March is now responsible for effectively overseeing and managing the Red Stripe farm and outsourced farm production, engaging the key stakeholders, creating and developing plans and executing these brilliantly to develop a sustainable Local Raw Material (LRM) supply chain. In addition to leading the implementation of the 36 acre pilot cassava farm, she is also in charge of training in the first and second phase of the project to deliver clear range Genetically Modified Organism (GMO) free cassava cultivars. With attention to all elements such as yield and price, Dr. Reid will also forecast and plan the agro-production and expansion of the pilot from 36 acres up to 300 acres, then 2,500 acres. Dr. Reid has a strong passion for agriculture, with a wealth of knowledge and experience that spans the biological sciences. She holds a Ph.D in Botany with further specialization in weed ecology, organic farming, and roots and tubers.

To ensure sustainability of the project, a formal training program under the Diageo Learning for Life is being chartered to provide life-long certification and skills to farmers and farm workers who are involved in the programme. The training curriculum, developed in conjunction with Caribbean Agricultural Research and Development Institute, will include classroom and field exercises and carry a Level 1 certification from HEART Trust/NTA. Together, the farm and training program will provide a blueprint to further expand the programme up to the next milestone of 300 and 2,500 acres over the next one to three years respectively.

Project Grow is geared towards replacing 10% - 20% of imported inputs used in the production of our flagship product Red Stripe Beer, by 2016. The economic impact expected from this programme is direct employment of approximately 2,500 stakeholders, including farmers and factory workers.

Former Minister of Agriculture, Roger Clarke (right), raises a toast with Red Stripe Chairman Richard Byles (centre) and president of JAMPRO, Diane Edwards at the launch of Project Grow.

2014 – A YEAR OF TRANSFORMATION AT RED STRIPE

The 2014 financial year represented bold thinking and audacious actions as we underwent our Brewery Optimization. The following images highlight the major transformational projects undertaken in 2014 in service of **Red Stripe's** ambition, "to create the best performing, most trusted and respected consumer products company in the world."

Project Grow

Farm manager, Dr. Nickeisha Reid (centre) is flanked by workers on the 36-acre cassava farm in Bernard Lodge, St Catherine. To Dr. Reid's left is Denise Erskine-Jones of the Caribbean Agricultural Research and Development Institute, which has been contracted to manage Project Grow.

Old vs New

The new fermenting vessels tower over the original ones and is symbolic of our growth and the future possibilities of our brew products.

Combined Heat & Power Plant

A panoramic view of the US$7 million Combined Heat and Power Plant. This plant will allow us to cut our energy bills by approximately 40% as well as reduce our carbon emissions.

Office Rationalization

Callers to Red Stripe are greeted by the pleasant voice of receptionist Barbara Robinson. The newly renovated Red Stripe House is occupied by the HR, CR, Finance, Sales and Marketing departments as well as the MD's office. This new set up has allowed us to relocate teams from Desnoes House into one larger space, promoting a more integrated way of working.

Multi Flex Line

The new multi flex line which was installed in April 2014 packages 330 ml cans and 1 Litre Red Stripe and Guinness allows us to offer more brand variety to meet consumer needs.


Red Stripe

MARKETING

In an age of information overload and unlimited choices, our brand engagement has to be driven by attracting and holding the attention of our consumers. While remaining committed to responsible marketing, we work tirelessly to engage and delight existing and new adult consumers, constantly innovating with our products and how we market.

In FY14 we focused on connecting to consumers through ways that were both relevant and welcomed; step-changing our level of integration between mainstream media, digital and trade activations. Our integrated approach connected through many inherently Jamaican experiences in music, sports, epicureanism and social entrepreneurship. This focus delivered a stellar year for a number of our brands; contributing to one of our best performances in the last six years.

Best Performing

The Red Stripe trademark continues to grow year on year. National platforms such as Reggae Sumfest, the Red Stripe Premier League and the FIFA World Cup TV broadcast sponsorships contributed to keeping the brand top of mind and helped drive the growth of the entire category.

FY14 was also a big year for innovation for Red Stripe brands as we remain committed to surprising and delighting our consumers with different formats and variants. In this year alone, we introduced Red Stripe Burst, Red Stripe cans and the 1 Litre Red Stripe. All launches helped to drive growth for the well established trademark.

Heineken™ continued to own the premium beer segment through its international interpretation of local activities. Activations such as the global sponsorship of the UEFA Champions League and Heineken Inspire not only engaged and rewarded our consumers, but have helped to build the equity and strengthen the premiumness of the brand.

The Stouts & Maltas portfolio had a particularly good year with the return of the flagship Guinness™ brand to solid growth. Our consumers continue to connect to this iconic brand through their favorite music genres and the signature event, Arthur Guinness Day, has become a much anticipated staple in the annual calendar. There was also very strong performance for our other local favorites, Dragon™ and D&G Malta™ helping to drive the growth of their respective categories.

Strong performance of our core premium spirit brands - Smirnoff™, Cîroc™, Johnnie Walker™ and Baileys™ assure us that consumers continue to look for occasions to celebrate and enjoy the finer things in life. The strong showing for these brands was particularly positive in the face of intense competition amongst the Spirits categories. We will continue to focus on bringing world-class premium options to consumers both through experiential activation and ground-breaking innovation. The success of the new flavours – Smirnoff™ Iced Cake and Fluffed Marshmallow – speaks volumes to the category's potential.

Most trusted and respected

In its fourth year, the Arthur Guinness Fund (AGF) continues to reward social entrepreneurs who combine passion with ingenuity to enrich the lives of Jamaicans. This year three causes were celebrated for carrying on the philanthropic legacy of Sir Arthur Guinness.

The Bridging the Gap project, run by Lyden Buchanan, provides transitional support services in housing, mentorship, and continuing studies for men 18-21 who have matured out of the tertiary child protection system and have no familial support for reintegration into the wider society.

The second awardee was the Mike Town Horticultural Skills Training Centre which provides training for young adults between the ages of 18-25 in vocational skills such as Ornamental Horticulture, Turf Management, Floral Arrangement, Tractor and Lawn Mower Operations and Maintenance, and Horticultural Tourism programmes.

The third awardee was a mobile clinic operated by Havalee Henry. In partnership with the Shipping Association of Jamaica, the Mobile clinic provides healthcare to underserved communities in Jamaica.
It has been our honor and a great source of pride to ensure that nation-building projects of this nature were supported and funded. We will continue to partner with the innovative Jamaicans on making a difference in the country.

Outlook:
As we look forward to FY15 we aim to redefine the alcohol beverage category for future generations, keeping our products relevant and differentiated. We will do this by continually refreshing our brands, and driving appeal amongst our discerning consumers who have a number of options available.

We will continue to anticipate and respond to new trends in how and where people drink. We will innovate to produce products and formats for adult social occasions and to appeal to new adult consumers. We will develop cutting-edge advertising in both traditional and social media, innovations, and ensure engaging commercial activations that will drive number one positioning and choice in the market.

At Red Stripe, we remain committed to providing options for every occasion and our brands and variants will continue to play a role in the lives of Jamaicans as together, we celebrate life every day, everywhere responsibly.

INNOVATION GOES **BIG**

F14 REPRESENTED THE BIGGEST YEAR FOR INNOVATION IN RED STRIPE'S HISTORY.

Supported by a new multi-flex line, nine new formats emerged during the year under review. Aimed at meeting consumers' needs and keeping the brands top of mind in a highly competitive market place, these innovations played a key role in transforming the concepts of strategy into winning realities in the market place.

Innovation is crucial to growth of the beer category, with new liquids, packs and experiences helping to engage consumers with a greater range of flavours, beer styles and strengths, whatever their drinking preference and occasion. In FY 15 we maintained focus in this area with the biggest innovations being the 1 Litre Guinness and Red Stripe which created a sharing opportunity for consumers.

In our efforts to provide a differentiated and hard to duplicate spirit, as well as to target the female market in Jamaica, we introduced **Smirnoff Fluffed Marshmallow** and **Smirnoff Iced Cake** to rave reviews.

We further extended the Smirnoff line with the launch of **Smirnoff Blueberry** leveraging the success created by the introduction of its predecessor, **Smirnoff Green Apple.**

The new flex line also allowed for the introduction of **Red Stripe cans**, long a staple in the UK and the USA, cans provide portability, allow for faster cooling and offer more choices for the discerning consumer.

As we continued to maintain relevance and appeal, we launched **Red Stripe Burst**, a Raspberry flavoured brew. In addition to contributing to increased variety in the market, the new Red Stripe flavor also added vibrancy to the Red Stripe portfolio.

Smirnoff Ice Red Berry Crush was also developed following the success of **Smirnoff Ice Green Apple** which was launched in F13. This innovation provides choice and more flavor options for consumers.

We fundamentally believe that our innovation capability combined with our geographic reach and category breadth, is a huge growth lever to drive our core brands and reach new customers.

In FY15 we will continue to focus on new-to-world product launches which will allow us to accelerate growth and truly make a difference to our Performance Ambition; "To create the best performing, most trusted and respected consumer products company in the world."

SALES

Despite a challenging economic environment, the Red Stripe sales team delivered positive results in "building and then constantly extending our advantage in route to consumer." During the year under review we were able to strengthen the positions of our brands with our customers across all our sales channels.

Best performing

Delivering the essential execution standards

'Essentials' is an initiative implemented in F14 that focused on the delivery of our core sales drivers; quality, distribution and visibility. Aimed at ensuring every consumer and shopper has easy access to our brands & we enhance their experience with our brands , a number of strategies were deployed, including:

Bar academy

A Diageo conceived training programme, Bar Academy works with select bars, stakeholders and bartenders to develop their professional capabilities and heighten standards of guest experience in these bars. The programme, which covers two areas, introduces participants to a series of modules supporting our ambition to raise standards throughout Jamaica:

1. **Bar skills:** Refines bar staff talent and ability for creating great drinks, and delivering best in class customer service.
2. **Know your product:** Gives bar staff the knowledge, confidence and enthusiasm to effectively recommend perfect drinks suited to their customers tastes.

Over **170** bartenders from across Jamaica were enrolled in the programme in FY14 resulting in more skilled and motivated employees who unlock profitable growth for their businesses and the Red Stripe business.

Brand availability & visibility

To meet shopper and consumer motivations, we worked closely with Celebration Brands Ltd, our sales and distribution joint venture, ensuring that the right brands and variants were available in all the right channels and outlets. We also invested in making our brands and brand messages visible where the purchase decision is made in order to engage consumers and drive conversion to sale.

So as to deliver the biggest return on these investments for the year under review, we ensured all our resources were targeted at the right activities and in all the right channels. These channel-specific strategies and activities resulted in commercial growth in the trade. We put in place prominent visibility and value added promotions that increased shopper motivation, driving them to the alcohol aisle. We delivered consistent executions in key drinking occasions, making our extensive portfolio of brands come alive in new and exciting ways.

Effective pricing and promotion strategy

In our efforts to drive volume growth and value for our customers, we optimized our investments through effective pricing and promotion mechanisms. Our extensive 'measurement and evaluation' (M&E) process also supported this strategy ensuring a comprehensive understanding value chain economics of that would deliver benchmarked return on investment (ROI) on all our customer programmes.

Delivering and maximizing profitable channel growth

Efficient and effective strategies, ways of working and processes have resulted in profitable growth in all our channels. Our Trade Strategy built the foundation to develop clear priorities for our business. This clear direction allowed us to focus resources, investment and activities in areas that delivered the biggest returns.

Most trusted

Building & Extending the Entire Customer Service Experience

The formation of celebration brands limited (CBL)

In FY14 the sales team primarily focused on continuing to build and strengthen our ways of working with our new distributor, CBL. This partnership is a critical component of our 'route to consumer' and covers every aspect of selling; from order capture, through to delivery and receivables management.

Our unrelenting commitment to ensuring that our transition to working with a national distributor was delivered seamlessly has resulted in efficient sales delivery, improved customer satisfaction and reductions in our cost to serve.

Through this joint venture between Red Stripe and Pepsi-Cola Jamaica, we are now able to reach more customers with greater frequency and penetrate the most commercially attractive geographies and channels. This is further buttressed by the implementation of a pre-order process which allows customers to receive orders within 24 hours.

Effective customer partnerships and alliances

The key to winning in our tough economy is with building and sustaining solid relationships with our customers. By understanding how to create value for them and developing joint business plans that grow both our businesses, we develop mutual trust and strengthen our position in the market.

At the start of the year, we engaged our key customers and co-created our plans and strategies for growth in F14. These plans ensured that we delivered maximum results for both entities, while ensuring that our consumer and shopper needs were being met.

Capability building

With a wide range of alcohol beverage products meeting a diverse range of consumer tastes and preferences, Red Stripe's strong customer management capabilities and world class in-store execution enables us to create value for our customers and drive long-term business success. Developing individual and organizational capabilities through consistent training programs has been key to our greatly improved customer service experience. For the year under review we continued our focus on building the commercial capabilities of the team with a combination of new online and class room training for Sales people at all levels. This, along with our reward programme developed to recognize superior performance, represents a bigger investment of time and resources to the capability building agenda with the aspiration of making us truly world class in the delivery of our commercial strategy.

Most respected

Celebrating our customers

Customer retention and respect starts with a company culture that recognizes that customers should be acknowledged, thanked, and recognized for their loyalty. Our Annual Customer Appreciation Event is an example of Red Stripe's continued quest to engage customers, genuinely connect with our trade partners and celebrate their success.

On November 13 & 14 and December 4 & 5, 2013, Red Stripe co-created this special event with Pepsi. We saluted 550 customers and their guests in four different locations island wide: Montego Bay, Secrets Resort & Spa; St. Ann, Jewel Runaway Bay; Kingston, the lawns of the Terra Nova Hotel and Mandeville, Bloomfield Great House. These cocktail parties provided the ideal occasion for customers to feel valued and recognized for their role in growing the Red Stripe business and to share their own pride and confidence in the future of our mutual business.

Outlook

Everyone at Red Stripe is encouraged to sell or to help to sell. This is just one expression of the world-class customer focus that is at the heart of our business. Our founders and all those who followed were obsessed with providing the best quality products to their customers in markets at home and abroad. Today we are no different and in the year ahead we will continue to ensure our products are available to consumers in every appropriate shop or bar. We will continue in our efforts to deliver amazing consumer experiences and to extend our sales reach.

HUMAN RESOURCES

EMPLOYEE CONFERENCE

Employees listen keenly to career consultant, Oliver MacDonald at our Employee Conference at Iberostar hotel.

"We believe that our people are our enduring advantage. Our success is driven by each of the 290 people we employ. We believe that better business decisions – and stronger business performance – are driven by groups of competent, highly motivated and engaged individuals led by talented management, operating in a stimulating and attractive work environment. The Red Stripe People Strategy sets out the critical areas that are essential for us to successfully grow our business and to deliver our Performance Ambition." Melverine Hemmings, Head of Human Resources.

Best performing

Engaging our employees to deliver "One team, one amazing outcome'

In the year under review, we maintained focus on **high employee engagement.** To deliver this and to start the year right we staged our two day Employee Conference at the Iberostar Resort and Spa with all 290 employees, under the theme "One Team; One Amazing Outcome." In addition to celebrating our successes of the past year, we shared the company's Performance Ambition and how it relates to Red Stripe's strategic pillars, our current and long-term values and vision, as well as the role each employee will play to deliver a strong business performance in FY14. We employed a variety of interactive tools to inspire and empower our employees to become our biggest advocates.

To maintain the momentum created at the start of the year and to ensure our employees consistently feel valued as an integral part of shaping the success and future of the organization, we continued our monthly Town Hall meetings. These sessions allow the leadership team to present company goals, awards and recognition; engage in planning sessions; and provide inspiration for the month ahead. It is an open forum for all employees to ask questions, provide feedback and share their views and insights. At the end of each session every employee is clear on the 'big' expected outcomes for the upcoming month, how we are tracking against our yearlong targets and how what we do contributes to the delivery of these.

Another key measure which supports our goal of maintaining high employee engagement is employee feedback. As such, every year we solicit employees' views and ideas through our Diageo Values Survey (DVS). As we look at the responses to our Survey questions, we gather feedback from employees on the extent to which they feel the values are embedded in the business, and build them into our business strategy. Upon receipt of the survey results, each department identifies development areas and creates plans to address each. Continuous follow-up actions take place throughout the year and in all departments. This year 99% of our employees participated which marked our highest ever response rate. Such a high response rate is extremely helpful in accurately assessing how our employees are feeling. We also achieved a 9% increase in employees' Super-Engaged rating. This represents the highest engagement score amongst all other business units in Latin America and the Caribbean.

Delivering business success through high performance

Understanding that balance between what employees contribute to an organization and what they get back in return is fundamental to sustaining the extra efforts that come with an engaged workforce, Red Stripe also implemented the Breakthrough Awards. The programme, which is staged every six months, is intrinsically linked to acknowledging outstanding performance against our three strategic pillars; Brand value creation, Profitable export growth, and End to end efficiencies.

In addition, each year, all employees set themselves stretching individual objectives in conjunction with their managers. These goals are linked to company objectives, ensuring that each individual has clear accountability for delivering against the business strategy. Bonus payments and salary increases are linked to performance against these individual goals. They are calculated against a combination of both individual achievement and overall company performance.

1st Prize: Champion Grillers Allison Walker and Emelio Brown along with a supporter.

Developing our people

We understand that development is a critical part of keeping our employees engaged and building a successful business. For FY14 we implemented key strategies to deliver strong outputs against our business plans.

- Multi-year talent plans that guarantee we have the right people with the right capabilities in the right roles
- 100% of employees trained on Workday, our internal HR business sytem, embedding usage rates for benefits administration, data validation and performance management.
- Functional Capabilities assessed as 'experienced' for 50% of Level 5 and above via iDevelop a global capability assessment and development tool and ICATs self-assessment.

We aim to offer appropriate and continuous career development opportunities to all our employees. Each individual is encouraged to take ownership of, and manage their own development, supported by their manager.

During the year, in keeping with our people strategy "to release the potential of every employee to deliver Red Stripe's performance goals", we launched the **Line Manager Essentials** programme. Designed to equip Line Managers with the capability to be more effective leaders, they were exposed to a range of key topics, from how to have great career conversations to understanding reward decisions.

Identifying and training leaders with the potential for senior management is also critical to the growth of our business and takes place worldwide. The Future Leaders programme, for example, is an initiative that aims to nurture the best talent in our operations. The programme takes identified candidates through a programme of events designed to accelerate career development and helps bridge the gap between management and business leadership. One of our bright talents Michelle Brown, who started her career at Red Stripe as Trade Intelligence Manager, is now one of 40 persons globally selected to be a part of Diageo's inaugural Future leaders Program.

Promoting employee safety, health and wellbeing

Our first priority is to ensure the safety of our employees, contractors and visitors to our premises applying our system of governance for health and safety, with standards for managing risk areas such as road transport, security, occupational health, and health and safety management processes.

We also recognize the importance of exercise and relaxation, and the benefits they bring to productivity and wellbeing in the workplace. In addition to our on-site fitness centre, which all employees can enjoy, we offer a health and wellbeing programme called the Wellness Club which promotes wellbeing in the office, team competitions, exercise and healthy eating. Managed by our Occupational Health Department, the programme focuses on behaviour change strategies that stimulate

2nd Place: Head of HR Melverine Hemmings presents the 2nd place trophy to Tameika Grant, Stephanie Small and Patroy Dixon.

GRILL OFF: Damo Graham sprinkles some of the world's coolest beer on his jerk chicken.

employees to take responsibility for their health. Employees were engaged through the selection of a cross-functional committee to share ideas on how to improve the programmes reach. As a result we embarked on a number of competitive individual and group activities:

- **Grill Fest**
  This first ever employee Grill Fest competition was held at the Red Stripe Oval on Friday, June 6, 2014. Employees from both Red Stripe and Celebration Brands Ltd. participated in the event and were judged on visual appeal, sensory impression and culinary artistry to achieve the accolade of Grill Fest Top Chef. The judges included a representative from our title sponsor CB Chicken, celebrity Culinary Artist Oji Jaja, Melverine Hemmings, Head of HR, and a representative from our concessionaire, B&E Catering. The team from CBL walked away with the title of "Top Chef", the Champion's Trophy and a Gift Certificate valued at $6,000.

- **Health Fair: "Be aware, Show you care"**
  With over eight health screenings, 15 informational booths and complimentary food, Red Stripe's health fair held on April 15, 2014 offered a great opportunity for employees, contractors and other participants to refocus on health. The over 100 participants in attendance at the fair were able to undergo numerous checks including vision, cholesterol, HIV, blood pressure, prostate, papsmear and dental. These services were provided by Sagicor, Eyeland Eyewear, Dental Club, Jamaica National Family Planning Board, Jamaica Cancer Society, Newport Medical and Microlabs. Participants also had the opportunity to obtain information on varying topics including responsible drinking, wellness and safety. The on-site gym was also transformed into a relaxing space where Bella Spa offered 40 massages, facials and eyebrow waxing to lucky participants who showed awareness of various health topics in the weeks prior to the Health Fair. With MC Jenny Jenny engaging employees with fitness, weight and food challenges, employees were able to win prizes throughout the day. Employees also had opportunities to win more prizes through the charity wheel which raised $13,250.00 for our Diageo Learning for Life programmes.

- **Fitness Competition**

- **Holywell Hike** which included staff from our Joint Venture Company-Celebrations Brands Ltd.

- **Weekly 'dancer-size' classes**

- **Lunch and Learn demos on healthy eating**

Most trusted

People want to trust the company behind the brands that they love. Red Stripe's reputation is critical to supporting the success of our brands and can only be sustained if we try to act with integrity in everything we do, every day, everywhere. Doing business the right way isn't only the right thing to do, it's essential for commercial success.

To help our employees make the right decisions in their everyday work, we have a comprehensive corporate governance structure and robust compliance and ethics programme, with our Code of Business Conduct at its centre. However, doing business with integrity goes beyond having a good corporate governance framework and compliance with policies, procedures and regulations. It is about creating a culture in which each of us behaves with integrity on behalf of Red Stripe, every day, in whatever situation we find ourselves. By establishing a culture that demands the very best from all of us, we hope to make Red Stripe one of the world's most trusted and respected companies.

HEALTH FAIR A Gymkhana instructor shows employees the correct way to do a squat.

HR assumes ownership of all policies and the responsibility of ensuring that this information is cascaded to all members of staff so that they can make informed decisions.

The department works closely with our CARM and Risk Management team to ensure that all Employee Relations (ER) cases are handled in compliance with RS/Diageo policies and accurate data management is maintained.

Most respected

At Red Stripe we have a guiding purpose: to celebrate life every day, everywhere. We want our people to thrive, and are committed to running a business that is safe, fair, diverse and inclusive – and a great place to work. Great workplaces are built through the day-to-day relationships that employees experience and is measured based on the trust and respect employees have about their workplace; **TRUST** the people they work for; Have **PRIDE** in what they do; and **ENJOY** the people they work with. These are the defining principles of great workplaces — created through management's credibility, the respect with which employees feel they are treated, and the extent to which employees expect to be treated fairly. The degree of pride and levels of authentic connection and camaraderie employees feel with one are additional essential components in the Great Place to Work Survey. Red Stripe placed 13th in the Latin America & The Caribbean Great Place To Work Survey for 2013. Over the years we have invested in a high-trust workplace culture through:

1. Our performance driven culture.
2. A safe, comfortable and appealing work environment.
3. Focus on occupational health and safety.
4. Clear and specific expectations for what success looks like in any given job with the freedom to succeed.
5. Two-way performance reviews, where employees not only receive regular feedback about how they are performing, in ways that support their growth, but are also given the opportunity to provide feedback to their supervisors, anonymously if they so choose, to avoid recrimination.
6. The accountability of leaders and managers for treating all employees with respect and care, all of the time.
7. Consistent reward and recognition for positive contributions.
8. Opportunities and incentives to learn, develop and grow, both in establishing new job-specific hard skills, as well as softer skills that serve them well as individuals, and as managers and leaders.

Outlook

We are proud of Red Stripe as an employer of choice for a growing number of people– and we want to keep improving our business as a place for talented people to fulfil their potential. We will ensure a supportive workplace for all employees and leadership as our business continues to grow.

RED STRIPE **INTERNATIONAL**

A street musician entertains consumers at a Red Stripe event in Europe.

Red Stripe International (RSI) faced significant challenges in the beginning of F14 which were attributed to market dynamics in North America and Great Britain. This impacted overall volume performance. In Q4, however, the brand had rebounded and showed volume growth over operating plan and the previous year in our top market of the USA.

Our North American markets experienced a major reduction in consumer beer demand during the prolonged winter season and the USA specifically was further impacted by a falloff in grocery listings given a bottle shortage in the summer.

Our on trade presence in Great Britain was also impacted as a result of the changeover of distribution from Wells and Youngs to Diageo Great Britain. This caused the withdrawal of the brand from several hundred Wells and Youngs owned pubs.

Despite these challenges, we saw signs of recovery in H2, attributed primarily to an aggressive drive to regain lost distribution in the Great Britain Pubs and USA Groceries.
In February we recruited a new Head of Red Stripe International to renew focus on profitable growth in major markets, Caricom, Continental Europe and emerging markets. Our footprint in Continental Europe and Asia expanded through new distribution in France and Hong Kong.

FY14 Highlights

Global Red Stripe Beer Campaign
For the first time both the USA and Jamaica collaborated to develop a strong global Red Stripe campaign to achieve grander scale and a universally relevant brand purpose. This campaign will be introduced in F15 to major territories where Red Stripe is distributed. Its primary intent is to attract new consumers to the brand and drive a strong platform for current and future growth in all our beer markets.

United States
Red Stripe gained more than 100 new points of distribution in five of its six top chains. Excluding Light, which is generally on the decline in the USA, Red Stripe's performance improved in its top 25 chains. This was primarily driven by its 12 pack in Key Regions of the Pacific and South Atlantic. For the year under review, distribution grew in high volume at off premise chains with our display driving 'Hooray Jamaica pack'. Positive feedback from distributors led to initial conversations on permanent packaging refresh. In H2, we partnered with Smirnoff Ice to drive the Stripey Shandy and Best Beach Party Promo pack to leverage Smirnoff Ice distribution and introduce new ways to drink Red Stripe.

The new Red Stripe campaign will drive brand awareness to those who have limited exposure to the brand, and create a platform to further grow distribution, particularly in the on-trade. Additionally, our focus on innovation through flavours will give Red Stripe increased display space in groceries and capitalise on the rapidly growing flavoured beer market.

Great Britain
Red Stripe Stubby was introduced in the on-trade as a point of differentiation and is available in over 1,300 pubs across the UK. Stubby was also launched in major retail store Asda and is being introduced to other groceries in line with listing windows. The stubby re-launch was supported by a strong viral campaign which recreated the classic Rock the

Calabash, featuring the sounds of Brixton Market. This gained over 1.15 million views on YouTube, surpassing KPIs of 700,000 views.

Red Stripe continues to have strong visibility through major events such as the Notting Hill Carnival and the Field Day Music Festival. In our continued efforts to raise awareness of Red Stripe and drive distribution in East London Hubs, we launched an influencer campaign featuring sampling and influencer engagement at carefully selected events.

The market continues to increase trade presence for draught and Stubby, reinforcing brand image and focusing on outlet activations. Through the trade distribution growth driver, hot spots are being created for Red Stripe in major towns. Our cost drivers have been carefully assessed in order to deliver more attractive price pack deals in groceries during F15.

Canada

In Canada Red Stripe's 473 ml cans experienced double digit growth. Logistical challenges were experienced with the changeover from Moosehead Canada to USA's City Brewing, which impacted the quantity of stock in trade. With the resolution of these challenges, significant year on year growth is anticipated for cans and moderate growth for 330ml bottles. There remains potentially significant untapped opportunity for Red Stripe distribution and in F15 we will actively assess new areas to further extend Red Stripe's reach.

Outlook

Looking towards F15, we remain bullish in delivering our strategy of profitable export growth. Our strong focus on distribution, developing new markets, combined with a global communications platform for Red Stripe, puts the brand in a solid position to drive the recruitment needed to meet our F18 growth targets.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY

"As a company in existence for 96 years we understand the importance of doing business sustainably and creating the long-term value and trust that are critical to ongoing business success. Sustainability and corporate responsibility (CR) are central to Red Stripe's core business and our commitment to environmental and socio-economic development. Our approach seeks to heighten our positive impact and minimize negative effects. CR is about managing environmental, social and ethical risks, while creating positive business impacts for our stakeholders and our business. Conducting business responsibly through high standards is a top priority." Dianne Ashton-Smith, Head of Corporate Relations

DRINK RIGHT Minister of Youth and Culture, the Honourable Lisa Hanna, signs the pledge board at the launch of the Drink Right WE ID initiative.

For us at Red Stripe there are certain social and environmental activities that are particularly important to focus on given the nature of our business, where we operate, with whom we do business, and our global and local stakeholders. At the core of our approach is a commitment to create a positive role for alcohol in society, which is fundamental to Diageo's purpose of celebrating life, every day, everywhere, and a critical expectation our stakeholders have of our business. However, meeting stakeholder concerns also involves creating a positive role for our business and industry as a whole. This includes investing in community programmes that empower stakeholders throughout our value chain and ensuring we are operating our business in the right way.

Our key focus areas in FY14 were Alcohol in Society, Governance & Ethics and our Diageo Learning for Life programmes.

Alcohol In Society

As an alcohol beverage company Red Stripe has a corporate responsibility to ensure that our products are marketed and consumed responsibly. We understand the problems that harmful drinking can cause. We also know that the most effective solutions to harmful drinking combine smart policy, strong enforcement, and a broader complement of community actions, including those by industry. Engaging all stakeholders maximizes the resource pool. As such on Friday, December 13, 2014 Red Stripe, under the patronage of the Prime Minister; the Most Honourable Portia Simpson Miller, launched the National Drink Right Campaign at Jamaica House.

'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.

Since the launch we have increased awareness around responsible drinking particularly among the 18 – 24 year olds. The evidence: 20,000 views on YouTube; 160,000 Facebook views and 3800 likes; 2000 consumers following Instagram; the over 100,000 Jamaicans who have taken the Drink Right pledge online and signed the iPledge board at events and the 1000 individuals who have been trained in our DrinkiQ programme.

We are particularly sensitive to and share concerns about the extent and harmful consequences of underage drinking. In Jamaica, there is a minimum age for purchase and/or consumption of alcohol, yet drinking by those under the minimum age is a concern. We therefore undertake through our own enhanced efforts and working together with other interested parties, including the National Council on Drug Abuse, party promoters and retailers, to significantly reduce underage purchase and underage consumption of alcohol beverages. This action has resulted in significant reduction in underage children gaining access to 18+ parties. Through the implementation of ID checks we have issued Drink Right armbands to over 300,000 party goers, and refused entry to 300 underage patrons.

Additionally, through Drink Right, we are advocating and supporting a number of public policy initiatives – for example, mandatory DRINKiQ or similar alcohol-awareness training for those preparing to take their driving test, and working with parents, teachers and universities to reduce underage drinking and ensure young people are educated about alcohol.

Diageo Learning for Life

Education is acknowledged as a means of transforming and empowering communities. The skills development is important for economic growth, poverty alleviation, young adult empowerment and social inclusion. It contributes to sustainable development, and is recognized by Red Stripe as a priority area of socio-economic intervention as is reflected in our Diageo Learning for Life programmes.

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. The YOY decline in enrolled numbers was a strategic decision to ensure 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).

Our skills development programmes encompass a broad range of core competences (Events Management, Merchandising, Food and Beverage Service, Bartending, Customer Service and Cashiering) which fall under four board project areas: Entrepreneurship, Bartender, Retailer and Hospitality.

In Q2 of the year under review, these 500 students successfully graduated from the programme along with 3500 students who commenced classes at the end of FY13. If numbers tell a story, here is the story of the Diageo Learning for Life graduates:

- 63.4% did not complete high school
- More than half of them are female
- All are inner city youths from across Jamaica
- And three in four are the first in their family to graduate from an accredited programme

LEARNING FOR LIFE Learning for Life graduates wave their certificates proudly.

The 500 graduates bring to 11,000 the number of Learning for Life alumni in Jamaica alone, since the first graduation of 35 students in 2008. At the ceremony held at the National Arena in Kingston, Guest Speaker, Dr. the Honorable Peter Phillips encouraged the graduates to make a meaningful impact on society by using the skills garnered in the Learning for Life programme. "The end of every journey is the start of a new journey. As graduates, you are now embarking on a new phase of life's journey. You will encounter difficulties and challenges. But, one thing is certain. If you have the will to overcome, you will achieve success."

The Minister of Finance and Planning also lauded Red Stripe for "recognizing that the challenges resulting from the massive debt we owe as a country cannot be tackled by Government alone, but every single corporate citizen. You [Red Stripe] have risen to this challenge through your skills training programme. You are investing to make Jamaica good, not only through producing more locally and putting more people to work, but also empowering our citizens with the skills necessary to strengthen their economic condition and the country as a whole."

Of the 11,000 students enrolled since 2008, approximately 40% are gainfully employed on cruise lines, hotels, restaurants and bars or running their own micro businesses.

Governance and ethics

People want to trust the company behind the brands that they love. Red Stripe's reputation is critical to supporting the success of our brands and can only be sustained if we try to act with integrity in everything we do, every day, everywhere. Doing business the right way isn't only the right thing to do, it's essential for commercial success.

To help our employees make the right decisions at work, we have a sound corporate governance structure and a robust compliance and ethics programme, with our Code of Business Conduct at the heart of our business.

However, doing business with integrity goes beyond having a good corporate governance framework and compliance with policies, procedures, and regulations. It is about creating a culture that demands integrity.

We are working hard to engage our employees, with training for more of our managers, as well as our new joiners, so that a culture of integrity is woven throughout the business. Our compliance and ethics programme focuses on seven key areas:

- Organizational leadership and culture
- Standards and procedures
- Due care in delegating authority
- Monitoring, auditing, and reporting
- Response and continuous improvement
- Enforcement and incentives
- Training and communications

We have made further strides this year in helping employees understand what it means to do business with integrity, through new programmes, simplified policies and procedures and inspiring communications. Most significantly we rolled out Project Reputation to every single employee through interactive training sessions which offered a comprehensive review of all our critical policies.

Project Reputation aimed at:

1. Strengthening employee understanding of the Code of Business Conduct
2. Exposing employees to the very real business risks and ethical dilemmas when there are breaches
3. Fostering application and focus in their daily ways of working
4. Reinforcing both the consequences of poor choices and the benefits of good ones
5. Sharing key breaches or control failures and celebrate right behaviours
6. Allowing employees to reconnect to the "One Team: One Amazing Outcome" ambition

At the end of the session each team member signed, as a show of commitment, the "I will live the values everyday, everywhere" board which is now permanently displayed in the on-site sports bar, "The Vibes."

Outlook

There has been growing debate over the past 12 months about the role of alcohol in society, with a focus on interventions like advertising restrictions and discussion of the role of alcohol producers in promoting public health. Red Stripe will continue to play its part, working with others to implement effective programmes and policies to address alcohol misuse. This includes working in partnership with the Jamaica Alcohol Beverage Association (JABA), and leveraging the trusted relationship we enjoy with customers and consumers to ensure that our drinks are enjoyed sensibly. It also means arguing for effective policies and regulations targeted at those who misuse alcohol.

We will also maintain our strong commitment to our communities and we will continue to focus on our Diageo Learning for Life programmes that meet the needs of our stakeholders.

Doing business the right way comes down to each of us making the right decisions at the right moments. We help our employees make good choices for themselves, their colleagues, our customers and our business by giving them clear and simple guidance on our Code and policies which have a close connection with our values. Looking ahead, we want to reinforce this connection to make it even easier for employees to decide what is the right thing to do. We will continue to find engaging ways to bring the words of our Code and policies to life through reward and recognition incentives, communications around breaches, and effective and tailored training.

EMPLOYEE ALCOHOL POLICY

We believe that alcohol should always be enjoyed responsibly and our employees can enhance our reputation by showing a responsible attitude to drinking

Our commitment

Diageo brands are enjoyed by millions of consumers around the world every day. For most people, drinking responsibly is a pleasurable part of a balanced and healthy lifestyle. Responsible drinking is at the heart of our business and we are committed to providing leadership on this agenda both internally, and in society at large.

Diageo recognises that most of its employees drink responsibly but as a company we need to set out the standards that are required; the serious consequences, both for the individual and for the business, when these standards are breached; and the support that will be provided to employees who are unable to meet these standards.

Scope of this policy

The Diageo Employee Alcohol Policy applies to all Diageo employees and employees of subsidiaries and joint ventures where Diageo has a controlling interest. It also covers agency workers and contractors acting on Diageo's behalf or working on Diageo sites.

In joint ventures where Diageo does not have overall control, the leaders and managers of those businesses are strongly encouraged to adopt the same or similar standards.

Principles

Employee education & support

We are committed to ensuring that our employees understand the nature and effects of alcohol and that this will support them in drinking responsibly at all times.

To this end, we have a global programme called DRINKiQ which is a resource to promote responsible alcohol consumption through communication and the sharing of best practice tools, information, and initiatives. It is our intention that all employees will have the opportunity to experience the DRINKiQ programme.

Alcohol and the workplace

All employees must ensure that their judgement and performance at work are never impaired by alcohol, especially those employees whose jobs involve activities which impact significantly upon the safety of themselves or others.

For example, drivers or operators of moving machinery must ensure that their consumption of alcohol never threatens the safe performance of their duties and that their behaviour never puts themselves or others at risk.

For safety reasons, it will be appropriate that some Diageo locations apply a zero tolerance approach to alcohol consumption in the workplace.

Alcohol related offences

Any conviction for an alcohol related offence is considered a breach of this Policy and it is mandatory that employees report any such conviction to the company through the HR function. Our first concern will be to support employees, especially to avoid any recurrence, and we will seek to provide guidance or counselling. However, depending on the severity of the offence and its potential impact on Diageo's reputation, it may be considered a disciplinary matter. For example, a work related drink driving conviction would be considered gross misconduct and likely to result in dismissal. More detailed guidance is available through the HR function and all cases will be treated individually based on the circumstances. A second conviction for any alcohol related offence, however, would almost certainly result in dismissal.

Diageo does not condone drinking and driving, even in countries where drink-drive legislation is not in force. We expect our general managers to put appropriate arrangements in place so that all their employees, especially sales staff, can operate effectively, without putting themselves or others at risk. Employees should never feel that the nature of their job makes it difficult for them to avoid drink driving.

We will fully respect the legal drinking age in all markets and will take care not to encourage or condone underage purchase or consumption of alcohol. This is especially the case for any employees under the legal drinking age.

Problem drinking

If an employee has difficulty in meeting Diageo's required standards because of any alcohol related problem, however minor, or is concerned about their drinking, then Diageo strongly encourages the individual to seek medical advice or counselling, either from their occupational health centre, or from an external agency. A dependency problem may be identified by the employee, by colleagues or by managers. We do our utmost to provide support to any employee in this situation.

Diageo's reputation

The image and reputation of any company is determined in part by the way its employees are seen to behave. This is particularly true for a company which is in the premium drinks business. Our employees are our ambassadors and can enhance our reputation by showing a responsible attitude to drinking. In contrast, if our employees drink irresponsibly, they put Diageo's reputation at risk.

Employees are expected to act as role models for responsible drinking at all times, whether on company business or not. Putting Diageo's reputation at risk by not drinking responsibly may be viewed as a breach of this Policy and could result in disciplinary action.

How does this policy apply to me?

ï Responsible drinking is at the heart of our business and we understand our duty to act as role models for consumers. We are proud of the way we carry out our business and will not act in a way that damages Diageo's reputation.

- We should never allow alcohol to affect our performance at work or to put others at risk. We will follow a zero-alcohol policy when required to do so.
- We will always obey any alcohol-related legislation applicable to our market and will encourage others to do the same. We will report any conviction for an alcohol-related offence.
- We do not condone drink driving, even in countries where there is no drink-drive legislation.
- We will seek medical advice or counselling if we are concerned about our own or a colleague's alcohol consumption.

Responsibility

We are all individually responsible for making sure that we comply with this Policy in addition to Diageo's Code of Business Conduct and all laws, regulations and industry standards. If you manage people, you are expected to ensure that the individuals who report to you receive the guidance, resources and training they need to enable them to do their jobs in compliance with this Policy.

Monitoring

Any breach of this Policy is also considered to be a breach of the Diageo Code of Business Conduct and should be reported promptly through one of the routes described in the Code. You can also discuss concerns or make a confidential report using SpeakUp.

Breaches of this Policy will be dealt with in accordance with the Diageo internal investigations policy and local disciplinary policies, as permitted by law.

Further information & contacts

For further information and support related to this policy, please contact your local HR team.

The Global Compliance & Ethics team manages the Diageo Compliance & Ethics programme and is available to provide help and guidance on all issues relating to the Code and Diageo policies.

For further information on responsible drinking choices, please visit:www.drinkiq.com

CORPORATE SOCIAL RESPONSIBILITY POLICIES

1. Policy Development and Compliance

As part of Diageo, we benefit from a comprehensive collection of world-class codes and policies, which often go further than Jamaican legislation. Policy development involves referring to external codes and best practice and consulting widely both outside and within the business. Broad dialogue with external groups ensures that our policies address the legitimate concerns of stakeholders and where possible, incorporate their expectations as to how we should act on particular issues. We are subject to the Diageo Code of Business Conduct that sets out standards on issues such as conflicts of interest, competition law, insider trading, corrupt payments, money laundering and other illegal practices. In addition, the code acts as an overarching compliance instrument by including a requirement to comply with the company's other main policies. Each year, all Red Stripe employees are required to confirm compliance with the code and other Diageo policies.

2. Risk Management

Our aim is to manage risk and control our activities cost-effectively. We do so in a manner that enables us to take up profitable business opportunities, avoid or reduce risks that can cause loss, reputation damage or business failure, support operational effectiveness and enhance resilience to external events. We have established a Risk Management Committee, which meets on a quarterly basis to carry out this objective.

3. Diageo Marketing Code

The Code provides marketing and advertising practitioners with guidance on the naming, packaging and promotion of our brands, setting standards, which are in addition to Jamaican laws and regulations. We staged workshops with both external and internal stakeholders that included our sponsors, advertising agencies, and media among others.

4. Digital Marketing Code

Diageo's commitment to responsible marketing and promoting responsible drinking extends across all media including digital channels. As more opportunities in the digital environment emerge there is an increasing need for guidance beyond our Diageo Marketing Code (DMC). Recognising this, we created a digital code to help our marketing teams navigate the complexities of operating in a dynamic digital environment. Diageo's digital code provides detailed guidance and clarification on the interpretation of the DMC principles that apply to digital marketing activity including websites, mobile, email, social network sites, blogs, text messaging.

5. Records Retention Policy

The purpose of this records retention policy (and associated retention schedules and procedures) is to protect the interests of the company by ensuring the consistent and orderly maintenance and retention of adequate, unaltered and accurate company records for the appropriate periods of time to satisfy relevant statutory and contractual legal, regulatory, financial, operational and research requirements. It is also to ensure the prompt and confidential disposal of records when such requirements have ceased so as to avoid unnecessary costs relating to records maintenance.

6. Supplier Standards

The high levels we aspire to in our own behaviour are reflected in the expectations we have of our suppliers. The standards outline Diageo's position on corporate citizenship issues that are currently being phased into our relationship with suppliers.

7. Employee Alcohol Policy

The policy ensures that employees fully understand the nature and effects of alcohol and sets out the expectations Red Stripe has for their behaviour.

8. Occupational Health And Safety Policy

The policy sets standards for risk assessment, occupational health, hazardous substances, first aid, noise, ergonomics, protective equipment, emergency evacuation, work permits, visitors and contractors and accident reporting.

9. Quality Policy

The policy sets a framework for quality management systems and commits every business to continuous improvement in performance.

10. HIV/AIDS Policy

This is an enabling policy, which sets out the minimum standards which will be adopted by the company. The objective is to ensure the employees' fundamental rights are not infringed in any way and to ensure that Red Stripe is equipped with the methodology to implement high quality HIV/AIDS workplace objectives.

11. External Codes And Charters

Diageo is a signatory to certain external codes that define corporate citizenship principles and standards of conduct. These include the Business Charter for Sustainable Development, the UN Global Compact, the World Economic Forum Leadership Challenge and the Dublin Principles. Further information on these codes is available in the Diageo global corporate citizenship report.

12. Measuring Performance

We have measures of our progress covering corporate citizenship and other areas of concern to our stakeholders. The data required for each of these measures are collected at least annually. This allows the integration of corporate citizenship measures into business strategy and forms the basis for monitoring performance improvement.

13. Environmental Policy

Red Stripe, being a producer of alcohol and non-alcohol beverages and ready to drink products, is an environmentally responsible company that operates in a way that protects and enhances our people, brands and the communities in which we work and live. We are committed to supporting environmental sustainability and biodiversity. We comply with all applicable legal and other requirements such as the DIAGEO Global Risk Management and Licence to Operate Standards governing Environmental Management and ensure continual improvement and prevention of pollution.

14. Harassment Policy

The Company is committed to promoting and providing a working environment where individuals are treated with respect and courtesy by ensuring the fair and equitable treatment of all employees. The company in keeping with our Values considers unacceptable any conduct involving harassment of any employee for any reason. Whilst sexual harassment is one form of harassment, there are many types of harassment in the workplace. Harassment at work is not acceptable on ethical, moral and, in some instances, legal grounds, and its existence in the workplace is a barrier to the effective running of the business.

BOARD CHARTER AND CORPORATE GOVERNANCE GUIDELINES

Board Mission

1) Mission Statement

- The Desnoes & Geddes (D&G) Board of Directors represents the owners' interest in maintaining and growing a successful business, including optimizing long-term financial returns and lowering cost of capital. The Board is committed to achieving the highest standards of corporate governance, corporate responsibility and risk management in directing and controlling the business.

- The Board is responsible for determining that D&G is managed in such a way to ensure this result. This is an active, not a passive, responsibility. The Board has the responsibility to ensure that management is capably executing its responsibilities. The Board's responsibility is to regularly monitor the effectiveness of management policies and decisions including the execution of its strategies.

- In addition to fulfilling its obligations for increased stockholder value, the Board has a responsibility to deliver holistic performance embracing corporate responsibility towards D&G customers, employees, suppliers and to the communities where it operates -- all of whom are essential to a successful business. All of these responsibilities, however, are founded upon the successful perpetuation of the business.

Board Functions

1) Areas of responsibilities

The Board makes decisions and reviews and approves key policies and decisions of the Company in particular in relation to:

- Corporate governance;
- Compliance with laws, regulations and the Company's code of business conduct;
- Corporate citizenship, ethics, environment;
- Strategy and operating plans;
- Business development including major investments and disposals;
- Financing and treasury;
- Appointment or removal of Directors;
- Remuneration of Directors;
- Risk management;
- Financial reporting and audit;
- Pensions.

2) Specific responsibilities for Chairman, Company Secretary and Directors

The Chairman is principally responsible for the effective operation and chairing of the Board and for ensuring that information that it receives is sufficient to make informed judgments. He also provides support to the Managing Director, particularly in relation to external affairs.

The Company Secretary is responsible for ensuring that Board processes and procedures are appropriately followed and support effective decision-making and governance. He is appointed by, and can only be removed by the Board. He is also responsible for ensuring that new Directors receive appropriate training and induction into D&G. All Directors have access to the Company Secretary's advice and services and there is also a formal procedure for Directors to obtain Independent professional advice in the course of their duties, if necessary, at the Company's expense.

Each Board member is expected to commit sufficient time for preparing and attending meetings of the Board, its Committees and, if applicable, of the Independent Directors. Regular attendance at Board meetings is a prerequisite therefore unless explicitly agreed upfront, a Director should not miss two consecutive regular Board meetings.

Because in-depth knowledge of the particulars of the Company's business is vital for each Director in making informed and objective decisions, management is to allow direct involvement and review of operational activities. Similarly, management also is to communicate to Board members opportunities to interact in strategy and day-to-day business settings. Board members are strongly encouraged to take advantage of such opportunities as frequently as feasible. The Directors have complete access to the Leadership of the Company.

Selection and Composition of the Board

The Board is responsible for the over viewing of the interest of all stakeholders on the matters as outlined above. The composition of the Board should be such that these interests are best served and therefore the Directors require a diversity in skills and characteristics.

1) Size of the Board

The Board will have a minimum of 10 and a maximum of 15 Directors. Considering the size of the organization and the environment in which it operates, the Board believes such numbers are adequate.

2) Executive and Non-Executive Directors

At any time the number of Executive Directors should not exceed 50 % of the total number of Directors.

3) Conflicts of Interest/Disclosure

Any dealings in the Company's shares by any Director must be promptly reported to the Company Secretary who is obliged to disclose such information on a regular basis to the Jamaica Stock Exchange.

With respect to 'block out ' dates, no director should trade in the Company's shares during the period from which the Company declares the payment of a dividend to the payment date of such dividend.

A Director who has an interest in the Company or in any transactions with the Company which could create or appear to create a conflict of interest must disclose such interests to the Company. These would include:

Any Interest in contracts or proposed contracts with the company
General disclosure on interest in a firm, which does business with the company
Interest in securities held in the Company
Emoluments received by the Company
Loans or Guarantees granted by the Company to/for the Director.

Disclosure shall be made at the first opportunity at a Board Meeting in writing and such disclosure shall be recorded in the Minutes of the Board Meeting.

The Director shall then excuse himself from the Board meetings when the Board is deliberating over any such contract and shall not vote on any such issue. The Disclosure of Director's interest shall include interests of his family and affiliates.

4) Election, terms, re-election and retirement

Election, terms, re-election and retirement of each Board member is conducted in line with the articles of association of the Company, articles 92 to 100, with the exception that each Board member is to retire during the financial year, when the Director reaches the age of 70 years, unless a special resolution of exemption to this rule is passed by the Board.

Equally the maximum number of terms of the Chairman should not exceed 10 successive years, unless a special resolution of exemption of this rule is passed by the Board.

5) Board Compensation

The level of compensation of the Non-Executive Directors reflects the time commitment and responsibilities of the role. It consist of a package appropriate to attract, retain and motivate Non-Executive Directors of the quality required. The compensation is competitive and subject to regular review to what is paid in comparable situations elsewhere.

No remuneration committee shall be in effect. A review by the Board of the remuneration policies for Executive Directors and the members of the central leadership team as applied by the ultimate parent to the Company, will take place during a regular Board meeting annually.

6) Director Orientation and Education

The Board and Management will conduct a comprehensive orientation process for new Directors to become familiar with the Company's vision, strategic direction, core values, financial matters, corporate governance practices and other key policies and practices through a review of background material, meetings with senior management and visits to the Company's facilities.

The Board also recognizes the importance of education for its Directors. It is the responsibility of the Board to advise the Non-Executive Directors about their education, including corporate governance issues. Directors are encouraged to participate in continuing Director education programs.

7) Access to outside advisors and funds

The Company will make such funds available to the Board and in particular the Non-Executive Directors as is reasonably required for those Directors to objectively make decisions. This may include providing funds to access outside advisors and cover cost associated with travel and the gathering of relevant information for the execution of their responsibilities.

8) Code of Conduct

The Board expects all Directors, as well as officers and employees, to act ethically at all times and to adhere to all Diageo codes and policies specifically including 'The Diageo Code of Business Conduct', 'The Diageo Marketing Code' and the 'Employee Alcohol Policy.' The Board will not permit any waiver of any of these policies for any Director or Executive officer. If an actual or potential conflict of interest arises for a Director, the Director shall promptly inform the Chairman. If a conflict exists and cannot be resolved, the Director should resign.

Board Committees

The Board has established several Committees, each with clearly defined terms of reference, procedures, responsibilities and powers.

1) Audit Committee

On behalf of the Board, the audit Committee shall:

- Monitor the adequacy and effectiveness of the Company's systems of risk management and control, the Business Risk Assurance function and external auditors; and
- Review the Company's annual and interim financial statements and related policies and assumptions and any accompanying reports or related policies and statements.
- Monitor and review the effectiveness of the Company's internal audit function.
- Monitor and review the external auditor's independence, objectivity and effectiveness.
- Develop and implement policy on the engagement of the external auditor to supply Non-audit services.

The Audit Committee shall consist of Non-Executive Directors of the Company duly appointed by the Board. The Chairman and Secretary of the Audit Committee shall also be appointed by the Board. The Board Chairman shall not be a member of the Committee. The Committee shall consist of not less than three members.

The Audit Committee shall meet at least four (4) times a year, within twenty (20) days of the end of each quarter and at such other times as any member of the Committee or the external auditors may request.

2) Nomination Committee

This Committee comprises of two Non-Executive Directors and one Executive Director. The Committee is responsible for keeping under review the composition of the Board and succession to it. It makes recommendations to the Board concerning appointments to the Board of Non-Executive Directors, having regard to the balance and structure of the Board and the required blend of skills and experience. The Committee has responsibility to:

- nominate potential candidates and evaluates the suitability of those candidates for future Board membership;
- proposes suitable candidates to the board for approval prior to approaching the candidate;
- approaches the future candidate and upon positive response, introduces the future board member to the board.

The nomination of one Non-Executive Director through Diageo and one Non-Executive Director through Heineken are exempt from nomination through the nomination Committee.

The Nomination Committee shall meet in line with election and re-election procedures determine and at such other times as any member of the Committee may request.

3) Evaluation Committee

This Committee comprises of the Chairman, the Managing Director and the Company Secretary. The Committee is responsible for keeping under review the performance of all Board members. It develops, maintains and executes an annual process of self-evaluation and 360 degrees feedback between Board members. Results of the self-evaluation are discussed annually in a Board meeting.
The Chairman and the Managing Director will present results of the 360 degrees feedback to the relevant Board member individually.
The Evaluation Committee shall meet annually to initiate and assess the outcome of the evaluations and at such other times as any member of the Committee may request.

4) Ad Hoc Committees

The Board may call any Ad Hoc Committee as it deems necessary. The rules under which such Committee governs will be set out at each occasion by the Board. All Committees including those explicitly mentioned above will be subject to the annual evaluation process, similar as applied to the Board itself.

Meetings

1) Frequency of meetings

During each financial year, there will be a minimum of 4 regular Board meetings. Special Board meetings may occur at such other times as any member of the Board may request.

2) Non-Executive Director meetings

The Company is to provide opportunity for the Non-Executive Directors to meet Independently of the Executive Directors. On the decision of the Non-Executive Directors, the managing Director may be invited if they desire so.

3) Operational Review Meetings

To further engage the Board and strengthen its in-depth knowledge of the particulars of the Company's business a monthly one hour (virtual) meeting on the past month's performance is conducted. This meeting allows direct involvement and review of operational activities. Attendance to these meetings is on a voluntary basis.

4) Strategy and Operating Plan setting Meeting

The Board is consulted on a regular basis on matters which are of strategic importance to the Company. Annually the Company will set, in coordination with the Chairman, a meeting to review the Company's strategy in depth prior to final agreement of such strategy and annual operating plan with the Company's parent Company.

5) Selection of Agenda Items for Board Meetings

The Chairman and Company Secretary will establish the agenda for each Board meeting. Each Board member may suggest the inclusion of item(s) on the agenda.

Information important to the Board's understanding of the business will be distributed electronically and or in writing to the Board before the Board meetings. As a general rule, presentations on specific subjects should be sent to the Board members in advance to save time at Board meetings and focus discussion on the Board's questions. On those occasions in which the subject matter is extremely sensitive, the presentation will be discussed at the meeting.

6) Additional attendees to the meeting

Furthermore, the Board encourages the Management to, where it assist the ability of the Board members to execute their responsibilities, bring managers into Board meetings who: (a) can provide additional insight into the items being discussed because of personal involvement in these areas, and/or (b) are managers with future potential that the senior management believes should be given exposure to the Board.

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INDEPENDENT AUDITORS' REPORT

To the Members of
DESNOES & GEDDES LIMITED

Report on the financial statements

We have audited the separate financial statements of Desnoes & Geddes Limited ("the company") and the consolidated financial statements of the company and its subsidiaries ("the group"), set out on pages 3 to 48, which comprise the company's and group's statements of financial position as at June 30, 2014, the company's and group's income statements, statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

INDEPENDENT AUDITORS' REPORT

To the Members of
DESNOES & GEDDES LIMITED

Report on the financial statements (continued)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company and group as at June 30, 2014, and of the company's and group's financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Jamaican Companies Act.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

KPMG

Chartered Accountants
Kingston, Jamaica

August 26, 2014

DESNOES & GEDDES LIMITED

Company Statement of Financial Position
As at June 30, 2014

	Notes	2014 $'000	2013 $'000
Non-current assets			
Investments	4	-	960,654
Investment in joint venture	5	191,500	191,500
Investment properties	6	889,599	275,650
Property, plant and equipment	7	5,495,994	4,553,635
Employee benefits asset	8	1,046,000	679,000
Total non-current assets		**7,623,093**	**6,660,439**
Current assets			
Cash and cash equivalents		1,788,523	1,711,814
Accounts receivable	9	1,368,754	1,120,302
Due from fellow subsidiaries	10	407,208	317,990
Inventories	11	1,076,485	1,020,884
Total current assets		**4,640,970**	**4,170,990**
Current liabilities			
Accounts payable	12	2,014,807	2,016,570
Taxation payable		416,451	269,272
Due to fellow subsidiaries	10	193,601	248,886
Total current liabilities		**2,624,859**	**2,534,728**
Net current assets		**2,016,111**	**1,636,262**
Total assets less current liabilities		**9,639,204**	**8,296,701**
Equity			
Share capital	13	2,174,980	2,174,980
Capital reserves	14	378,129	67,755
Other reserves	15	678,000	1,365,465
Retained earnings		5,789,985	3,902,999
Total equity		**9,021,094**	**7,511,199**
Non-current liabilities			
Employee benefits obligation	8	142,000	92,000
Long-term liabilities	16	-	157,235
Deferred tax liabilities	17	476,110	536,267
Total non-current liabilities		**618,110**	**785,502**
Total equity and non-current liabilities		**9,639,204**	**8,296,701**

The financial statements on pages 58 to 103 were approved for issue by the Board of Directors on August 26, 2014 and signed on its behalf by:

________________________ Director
Richard O. Byles

________________________ Director
Cedric Blair

The accompanying notes form an integral part of these financial statements.

DESNOES & GEDDES LIMITED

Group Statement of Financial Position
As at June 30, 2014

	Notes	2014 $'000	2013 $'000
Non-current assets			
Investments	4	-	960,672
Investment in joint venture	5	181,033	203,402
Investment properties	6	889,599	275,650
Property, plant and equipment	7	5,495,994	4,553,635
Employee benefits asset	8	1,046,000	679,000
Total non-current assets		**7,612,626**	**6,672,359**
Current assets			
Cash and cash equivalents		1,788,523	1,713,570
Accounts receivable	9	1,368,754	1,120,302
Due from fellow subsidiaries	10	407,208	317,990
Inventories	11	1,076,485	1,020,884
Total current assets		**4,640,970**	**4,172,746**
Current liabilities			
Accounts payable	12	2,014,807	2,020,449
Taxation payable		416,451	269,262
Due to fellow subsidiaries	10	193,601	248,886
Total current liabilities		**2,624,859**	**2,538,597**
Net current assets		**2,016,111**	**1,634,149**
Total assets less current liabilities		**9,628,737**	**8,306,508**
Equity			
Share capital	13	2,174,980	2,174,980
Capital reserves	14	378,129	75,525
Other reserves	15	678,000	1,365,465
Retained earnings		5,779,518	4,054,824
Attributable to equity holders of the parent		**9,010,627**	**7,670,794**
Non-controlling interest		-	7,447
Total equity		**9,010,627**	**7,678,241**
Non-current liabilities			
Employee benefits obligation	8	142,000	92,000
Deferred tax liabilities	17	476,110	536,267
Total non-current liabilities		**618,110**	**628,267**
Total equity and non-current liabilities		**9,628,737**	**8,306,508**

The financial statements on pages 58 to 103 were approved for issue by the Board of Directors on August 26, 2014 and signed on its behalf by:

_________________________ Director
Richard O. Byles

_________________________ Director
Cedric Blair

The accompanying notes form an integral part of these financial statements.

DESNOES & GEDDES LIMITED

Company Income Statement
Year ended June 30, 2014

	Notes	2014 $'000	2013 $'000
Gross sales	18	14,085,101	12,732,391
Special Consumption Tax		(2,587,620)	(2,362,977)
Net sales		11,497,481	10,369,414
Cost of sales		(6,778,859)	(6,117,884)
Gross profit		4,718,622	4,251,530
Marketing costs		(1,003,439)	(926,091)
Contribution after marketing costs		3,715,183	3,325,439
General, selling and administration expenses		(1,222,601)	(1,336,424)
Other income/(expenses), net		387,066	(129,930)
Trading profit		2,879,648	1,859,085
Gain on disposal of investments	4	973,697	-
Pension and medical benefits expense, net	8(d)	(1,000)	(19,000)
Finance income – interest		23,953	27,811
Loss on disposal of property, plant and equipment		(21,881)	(8,473)
Profit before taxation	19	3,854,417	1,859,423
Taxation	20	(523,745)	(660,081)
Profit for the year		**3,330,672**	**1,199,342**

The accompanying notes form an integral part of these financial statements.

DENOES & GEDDES LIMITED

Group Income Statement
Year ended June 30, 2014

	Notes	2014 $'000	2013 $'000
Gross sales	18	14,085,101	12,732,391
Special Consumption Tax		(2,587,620)	(2,362,977)
Net sales		11,497,481	10,369,414
Cost of sales		(6,778,859)	(6,117,884)
Gross profit		4,718,622	4,251,530
Marketing costs		(1,003,439)	(926,091)
Contribution after marketing costs		3,715,183	3,325,439
General, selling and administration expenses		(1,222,601)	(1,336,424)
Other income/(expenses), net		231,926	(129,930)
Trading profit		2,724,508	1,859,085
Gain on disposal of investments	4	973,697	-
Pension and medical benefits expense, net	8(d)	(1,000)	(19,000)
Finance income – interest		23,953	27,811
Share of (loss)/profit in joint venture		(22,369)	11,902
Loss on disposal of property, plant and equipment		(21,881)	(8,473)
Profit before taxation	19	3,676,908	1,871,325
Taxation	20	(523,745)	(660,081)
Profit for the year		**3,153,163**	**1,211,244**
Earnings per stock unit	21	**112.25¢**	**43.12¢**

The accompanying notes form an integral part of these financial statements.

DESNOES & GEDDES LIMITED

Company and Group Statements of Profit or Loss and other Comprehensive Income
Year ended June 30, 2014

	Notes	Company 2014 $'000	Company 2013 $'000
Profit for the year		3,330,672	1,199,342
Other comprehensive income:			
Realised gains on disposal of available-for-sale investment transferred to profit		(954,565)	-
Fair value adjustment on available-for-sale investments		-	70,932
Revaluation surplus on property, plant and equipment		310,374	67,755
Actuarial losses on employee benefits assets obligation	8(e)	(796,000)	(220,000)
Change in unrecognised employee benefits asset	8(e)	1,100,000	118,000
Deferred taxation on employee benefits assets/obligation	17	(76,000)	30,600
		(416,191)	67,287
Total comprehensive income for the year		**2,914,481**	**1,266,629**

	Notes	Group 2014 $'000	Group 2013 $'000
Profit for the year		3,153,163	1,211,244
Other comprehensive income:			
Realised gains on disposal of available-for-sale investment transferred to profit		(954,565)	-
Fair value adjustment on available-for-sale investments		-	70,932
Revaluation surplus on property, plant and equipment		310,374	67,755
Actuarial losses on employee benefits assets/ obligation	8(e)	(796,000)	(220,000)
Change in unrecognised employee benefits asset	8(e)	1,100,000	118,000
Deferred taxation on employee benefits asset/obligation	17	(76,000)	30,600
		(416,191)	67,287
Total comprehensive income for the year		**2,736,972**	**1,278,531**

The accompanying notes form an integral part of these financial statements.

DESNOES & GEDDES LIMITED

Company Statement of Changes in Equity
Year ended June 30, 2014

	Share capital $'000 (Note 13)	Capital reserves $'000 (Note 14)	Other reserves $'000 (Note 15)	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:					
Profit for the year	-	-	-	1,199,342	1,199,342
Other comprehensive income:					
Items that may be reclassified to profit or loss					
Fair value adjustment on available-for-sale investments	-	-	70,932	-	70,932
Revaluation surplus on property, plant and equipment	-	67,755	-	-	67,755
Items that will never be reclassified to profit or loss					
Change in unrecognised employee benefits asset	-	-	-	118,000	118,000
Deferred taxation on employee benefits asset/ obligation	-	-	-	30,600	30,600
Actuarial losses recognised in equity	-	-	-	(220,000)	(220,000)
Total other comprehensive income	-	67,755	70,932	(71,400)	67,287
Total comprehensive income	-	67,755	70,932	1,127,942	1,266,629
Movement within equity:					
Transfer to pension equalisation reserve	-	-	(107,350)	107,350	-
Transactions with owners recorded directly in equity					
Dividends (note 22)	-	-	-	(842,752)	(842,752)
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:					
Profit for the year	-	-	-	3,330,672	3,330,672
Other comprehensive income:					
Items that may be reclassified to profit or loss					
Fair value adjustment on available-for-sale investments	-	-	(954,565)	-	(954,565)
Revaluation surplus on property, plant and equipment	-	310,374	-	-	310,374
Items that will never be reclassified to profit or loss					
Change in unrecognised employee benefits asset	-	-	-	1,100,000	1,100,000
Deferred taxation on employee benefits asset/ obligation	-	-	-	(76,000)	(76,000)
Actuarial losses recognised in equity	-	-	-	(796,000)	(796,000)
Total other comprehensive income	-	310,374	(954,565)	228,000	(416,191)
Total comprehensive income	-	310,374	(954,565)	3,558,672	2,914,481
Movement within equity:					
Transfer to pension equalisation reserve	-	-	267,100	(267,100)	-
Transactions with owners recorded directly in equity					
Dividends (note 22)	-	-	-	(1,404,586)	(1,404,586)
Balances at June 30, 2014	2,174,980	378,129	678,000	5,789,985	9,021,094

The accompanying notes form an integral part of these financial statements.

DESNOES & GEDDES LIMITED

Group Statement of Changes in Equity
Year ended June 30, 2014

	Attributable to equity holders of the company					
	Share capital $'000 (Note 13)	Capital reserves $'000 (Note 14)	Other reserves $'000 (Note 15)	Retained earnings $'000	Non-controlling interest $'000	Total $'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:						
Profit for the year	-	-	-	1,211,244	-	1,211,244
Other comprehensive income:						
Items that may be reclassified to profit or loss						
Fair value adjustment on available-for-sale investments	-	-	70,932	-	-	70,932
Revaluation surplus on property, plant and equipment	-	67,755	-	-	-	67,755
Items that will never be reclassified to profit or loss						
Change in unrecognised employee benefits asset	-	-	-	118,000	-	118,000
Deferred taxation on employee benefits asset/obligation	-	-	-	30,600	-	30,600
Actuarial losses recognised in equity	-	-	-	(220,000)	-	(220,000)
Total other comprehensive income	-	67,755	70,932	(71,400)	-	67,287
Total comprehensive income	-	67,755	70,932	1,139,844	-	1,278,531
Movements within equity:						
Transfer to pension equalisation reserve	-	-	(107,350)	107,350	-	-
Transactions with owners recorded directly in equity						
Dividends (note 22)	-	-	-	(842,752)	-	(842,752)
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:						
Profit for the year	-	-	-	3,153,163	-	3,153,163
Other comprehensive income:						
Items that may be reclassified to profit or loss						
Fair value adjustment on available-for-sale investments	-	-	(954,565)	-	-	(954,565)
Revaluation surplus on property, plant and equipment	-	310,374	-	-	-	310,374
Items that will never be reclassified to profit or loss						
Change in unrecognised employee benefits asset	-	-	-	1,100,000	-	1,100,000
Deferred taxation on employee benefits asset/obligation	-	-	-	(76,000)	-	(76,000)
Actuarial losses recognised in equity	-	-	-	(796,000)	-	(796,000)
Total other comprehensive income	-	310,374	(954,565)	228,000	-	(416,191)
Total comprehensive income	-	310,374	(954,565)	3,381,163	-	2,736,972
Movements within equity:						
Transfer to pension equalisation reserve	-	-	267,100	(267,100)	-	-
Elimination of minority interest for subsidiaries dissolved	-	-	-	7,447	(7,447)	-
Transfer of capital reserves to retained earnings for subsidiaries dissolved	-	(7,770)	-	7,770	-	-
Total movements within equity	-	(7,770)	267,100	(251,883)	(7,447)	-
Transactions with owners recorded directly in equity						
Dividends	-	-	-	(1,404,586)	-	(1,404,586)
Balances at June 30, 2014	2,174,980	378,129	678,000	5,779,518	-	9,010,627

The accompanying notes form an integral part of these financial statements.

DESNOES & GEDDES LIMITED

Company Statement of Cash Flows
Year ended June 30, 2014

	2014 $'000	2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	3,330,672	1,199,342
Adjustments for:		
Depreciation	631,679	667,803
Loss on disposal of property, plant and equipment	21,881	8,473
Employee benefits expense, net	1,000	19,000
Gain on disposal of investment	(973,697)	-
Revaluation of investment properties	(194,949)	-
Write back of long-term liabilities	(157,235)	-
Investments written off	-	1,173
Finance income - interest	(23,953)	(27,811)
Taxation	523,745	660,081
	3,159,143	2,528,061
Changes in:		
Accounts receivable	(248,452)	(513,773)
Due from fellow subsidiaries	(89,218)	218,321
Inventories	(42,492)	269,714
Accounts payable	(1,763)	233,662
Due to fellow subsidiaries	(55,285)	149,150
Cash generated from operations	2,721,933	2,885,135
Pension contributions	(14,000)	(17,000)
Income taxes paid	(489,212)	(475,235)
Net cash provided by operating activities	2,218,721	2,392,900
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(1,720,822)	(647,205)
Investment in joint venture	-	(191,500)
Proceeds from disposal of property, plant and equipment	3,166	1,423
Proceeds from disposal of investments	956,277	-
Interest received	23,953	27,811
Net cash used in investing activities	(737,426)	(809,471)
CASH FLOWS FROM FINANCING ACTIVITY		
Dividends paid, being net cash used in financing activity	(1,404,586)	(842,752)
Net increase in cash and cash equivalents	76,709	740,677
Cash and cash equivalents at beginning of year	1,711,814	971,137
Cash and cash equivalents at end of year	1,788,523	1,711,814

The accompanying notes form an integral part of these financial statements.

DESNOES & GEDDES LIMITED

Group Statement of Cash Flows
Year ended June 30, 2014

	2014 $'000	2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	3,153,163	1,211,244
Adjustments for:		
Depreciation	631,679	667,803
Loss on disposal of property, plant and equipment	21,881	8,473
Employee benefits expense, net	1,000	19,000
Share of profit in joint venture	22,369	(11,902)
Interest income	(23,953)	(27,811)
Gain on disposal of investment	(973,697)	-
Revaluation of investment properties	(194,949)	-
Investments written off	-	1,122
Taxation	523,745	660,081
	3,161,238	2,528,010
Changes in:		
Accounts receivable	(248,452)	(513,773)
Due from fellow subsidiaries	(89,218)	218,321
Inventories	(42,492)	269,714
Accounts payable	(5,642)	233,715
Due to fellow subsidiaries	(55,285)	149,151
Cash generated from operations	2,720,149	2,885,138
Pension contributions	(14,000)	(17,000)
Income taxes paid	(489,184)	(475,238)
Net cash provided by operating activities	2,216,965	2,392,900
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(1,720,822)	(647,205)
Investment in joint venture	-	(191,500)
Proceeds from disposal of property, plant and equipment	3,166	1,423
Proceeds from disposal of investments	956,277	-
Interest received	23,953	27,811
Net cash used in investing activities	(737,426)	(809,471)
CASH FLOWS FROM FINANCING ACTIVITY		
Dividends paid, being net cash used in financing activity	(1,404,586)	(842,752)
Net increase in cash and cash equivalents	74,953	740,677
Cash and cash equivalents at beginning of year	1,713,570	972,893
Cash and cash equivalents at end of year	1,788,523	1,713,570

The accompanying notes form an integral part of these financial statements.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements
June 30, 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. The company's subsidiaries are inactive [note 3(a)(i)]. The company and its subsidiaries are collectively referred to as "the group".

The number of employees at June 30, 2014 was 322 (2013: 455) for the company and the group.

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.

Certain new, revised and amended standards and interpretations became effective for the current financial year. The group has adopted the following new standards and amendments to the standards, including consequential amendments to other standards. The nature and effect of the changes are as follows:

(i) IFRS 13, *Fair Value Measurement*

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. Consequently, the group has included additional disclosures in this regard (see note 27).

Notwithstanding the above, the change had no significant impact on the measurements of the group's assets and liabilities.

(ii) IAS 1, *Presentation of Financial Statements*

As a result of the amendments to IAS 1, items of other comprehensive income that may be reclassified to profit or loss in the future are presented separately from those that would never be reclassified to profit or loss. Also, the title of the statement has changed from *Statement of Comprehensive Income* to *Statement of Profit or Loss and Other Comprehensive Income.*

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

2. **Basis of preparation (continued)**

(a) Statement of compliance (continued)

(iii) IAS 19, *Employee Benefits*

As a result of the adoption of the 2011 amendments to IAS 19, *Employee Benefits,* the Group has changed its accounting policy with respect to the basis for determining the income or expense relating to its post-employment defined benefit plans. The effect of this adjustment did not result in a restatement of the prior year financial statements, as the amount was not material.

As a consequence of the change, the group now determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the net defined benefit liability at the beginning of the year. Net interest also takes into account any changes in the net defined benefit liability during the year as a result of contributions and benefit payments.

The group has assessed the relevance of new standards, amendments, and interpretations which are not yet effective and have not been early adopted, with respect to its operations and have concluded as follows:

(i) IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2018 (previously January 1, 2015), retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. It also includes guidance on classification and measurement of financial liabilities designated as at fair value through profit or loss and incorporates certain existing requirements of IAS 39, *Financial Instruments: Recognition and Measurement,* on the recognition and de-recognition of financial assets and financial liabilities.

(ii) The amendment to IAS 32, *Financial Instruments: Presentation,* which is effective for annual reporting periods beginning on or after January 1, 2014, clarifies those conditions needed to meet the criteria specified for offsetting financial assets and liabilities. It requires the entity to prove that there is a legally enforceable right to set off the recognised amounts. Conditions such as whether the set off is contingent on a future event and the nature and right of set-off and laws applicable to the relationships between the parties involved should be examined. Additionally, to meet the criteria, an entity should intend to either settle on a net basis or to realise the asset and settle the liability simultaneously.

(iii) IAS 36, *Impairment of Assets*, was amended by the issue of *Recoverable Amount Disclosures for Non-financial Assets*, which is effective for accounting periods beginning on or after January 1, 2014. The amendment reverses the unintended requirement in IFRS 13, *Fair Value Measurement*, to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. The amendment requires the recoverable amount to be disclosed only when an impairment loss has been recognised or reversed.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

2. **Basis of preparation (continued)**

(a) Statement of compliance (continued)

(iv) *Improvements to IFRS*, *2010-2012 and 2011-2013* cycles contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendments applicable to the company are as follows:

- *IFRS 13, Fair Value Measurement*, has been amended to clarify that issuing of the standard and consequential amendments to IAS 39 and IFRS 9 did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

- *IAS 24*, *Related Party Disclosures*, has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.

The group is assessing the impact that these improvements and the new standards will have on its 2015 financial statements.

(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 which are carried at fair value. In addition:

- the employee-benefit asset is recognised as plan assets, less the present value of the defined-benefit obligation, and is restricted as explained in note 3(e); and

- the defined-benefit liability is the present value of the funded obligation.

(c) Functional and presentation currency

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. 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.

2. **Basis of preparation (continued)**

(d) Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies, the reported amounts 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 current and future periods.

The significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed below:

(i) Pension and other post-employment benefits

The amounts recognised in the statements of financial position and statement of profit or loss and other comprehensive income for pension and other post-employment benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include 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 discount rate is determined based on the estimated yield on long-term government securities that have maturity dates approximating the terms of the group's obligation. In the absence of such instruments in Jamaica, it has been necessary to estimate the rate by extrapolating from the longest-tenure security on the market. The estimate of expected rate of increase in medical costs is determined based on inflationary factors. Any changes in assumptions will impact the amounts recorded in the financial statements for these obligations.

(ii) Fair value of available-for-sale investments

The carrying amount for available-for-sale investments is determined by a professional valuator using a relevant market-based approach. Certain assumptions are made in respect of profitability, future tax rates, applicable multiples and discount rates for a minority share in an unquoted investment as detailed in note 4.

(iii) Investment property

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 as detailed in note 6.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

2. **Basis of preparation (continued)**

(d) Use of estimates and judgements (continued)

(iv) Allowance for impairment losses on accounts receivable

In determining amounts recorded for impairment losses in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that there may be a measurable decrease in the estimated future cash flows from receivables, for example, due to default or adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired receivables as well as the timing of such cash flows.

(v) Net realizable value of inventories

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realize. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing as at that date. Estimates of net realizable value also take into consideration the purpose for which the inventory is held.

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 amounts reflected in the financial statements.

3. **Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The consolidated financial statements include the financial statements of the company and its subsidiaries and interest in joint venture made up to June 30, 2014. The company'

3. **Significant accounting policies (continued)**

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

These companies are currently inactive and the shareholdings are the same for 2014 and 2013. The carrying value of the company's interest in these subsidiaries was previously reduced to $Nil.

(ii) Joint arrangements

Joint arrangements are arrangements of which the group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

- Joint operation – when the group has rights to the assets, and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.
- Joint venture – when the group has rights only to the net assets of the arrangements, it accounts for its interest using the equity method, as for associates in (ii) above,

(iii) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions jointly controlled entities are eliminated to the extent of the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, short-term deposits, related party balances, accounts payable and long-term liabilities.

Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised when the group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the group's contractual rights to the cash flows from the financial assets expire or when the group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised when the group's obligations specified in the contract expire, or are discharged or cancelled.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

Non-derivative financial instruments are subsequently measured as follows:

(i) Unquoted equity investments are classified as available-for-sale financial assets and are measured at fair value, except that where fair value cannot be reliably determined, they are measured at cost. Gains and losses arising from changes in fair value, except for impairment losses, are recognised in other comprehensive income. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. Fair value is estimated by a professional valuator using an appropriate valuation technique, maintainable earnings approach or by reference to recent bid price (note 4).

(ii) Debt securities are classified as loans and receivables and, after initial recognition, are measured at amortised cost, using the effective interest method, less impairment losses.

(iii) Other non-derivative financial instruments, including cash and cash equivalents, short-term deposits, trade and other receivables, related party balances, accounts payable and long-term liabilities, are measured at amortised cost using the effective interest method, less any impairment losses in respect of financial assets.

(c) Investment properties

Investment properties are measured at fair value determined annually by an independent registered valuator or the management using available market information (note 6). Fair value is based on current prices in an active market for similar properties in the same location and condition. Any gain or loss arising from changes in fair value is recognised in profit or loss.

(d) Property, plant and equipment:

(i) Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the group and the cost of the item can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

3. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(ii) Depreciation

Depreciation is calculated on the straight-line basis at annual rates to write down the carrying value of each asset to its estimated residual value 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.

(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.

(i) Short-term employee benefits

Short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognised over the period that the employee becomes entitled to the leave.

(ii) Defined-benefit plan

Employee benefits, comprising pensions and other post-employment obligations included in the financial statements, have been actuarially determined by a qualified independent actuary, appointed by management. The appointed actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuation was conducted in accordance with IAS 19, and the financial statements reflect the group's post-employment benefit asset and obligation as computed by the actuary. In carrying out their audit, the auditors rely on the actuary's report.

The group's net asset in respect of the defined-benefit pension plan is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that value is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is determined by reference to the yield at the reporting date on long-term government instruments of terms approximating those of the group's obligation. The calculation is performed by a qualified actuary, using the projected unit credit method.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

3. **Significant accounting policies (continued)**

(e) Employee benefits (continued)

(ii) Defined-benefit plan (continued)

Re-measurements of the net defined-benefit liability, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income. The group determines the net interest expense on the net defined-benefit liability for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the year as a result of the contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

When the fair value of plan assets exceeds the present value of the obligation, a pension asset is recorded to the extent of economic benefits which can be derived in the form of reductions in future contributions to the plan.

(iii) Other long-term employees benefits

The group also provides post-retirement health benefits to employees upon retirement. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for the defined-benefit pension plan and the present value of future benefits at the reporting date is shown as an obligation on the statement of financial position. Re-measurements are recognised in profit or loss in the period in which they arise.

(iv) Termination benefits

Termination benefits are expected at the earlier of when the group can no longer withdraw the offer of those benefits and when the group recognises cost for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(f) 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 first-in-first-out basis). Standard cost, where applicable, includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

3. **Significant accounting policies (continued)**

(g) 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 in other comprehensive income, 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 is provided 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.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(h) Provisions

A provision is recognised in the statement of financial position when the group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(i) Impairment

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original interest rate. Receivables with a short duration are not discounted. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

3. **Significant accounting policies (continued)**

(i) Impairment (continued)

(i) Financial assets (continued)

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in other comprehensive income is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash in flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) 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 tax. Revenue is recognised in the income statement 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)
June 30, 2014

3. **Significant accounting policies (continued)**

(k) Finance income and costs

Finance income comprises interest income on funds invested, dividend and foreign exchange gains. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the group's right to receive payment is established.

Finance costs comprise interest expense on borrowings and foreign currency losses. Borrowing costs are recognised in profit or loss using the effective interest method.

(l) Foreign currencies

Transactions in foreign currencies are converted at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rates ruling at the reporting date. Foreign exchange differences arising from fluctuations in exchange rates are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rates ruling at the dates of the transactions. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rates ruling at the dates that the values were determined.

(m) 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 revenues and expenses that relate to transactions with any of the group's other components. All operating segments' operating results are reviewed regularly by the group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(n) Earnings per stock unit

The group presents basic earnings per stock unit (EPS) data for its ordinary stock. Basic EPS is calculated by dividing the profit or loss attributable to ordinary stockholders of the company by the weighted average number of ordinary stock units in issue during the year.

(o) Cash and cash equivalents

Cash equivalents comprise short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments (these investments include short-term deposits where the maturities do not exceed three months from acquisition date).

Cash and cash equivalents are measured at amortised cost.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

3. **Significant accounting policies (continued)**

(o) Cash and cash equivalents (continued)

Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(p) Accounts receivable

Accounts receivable are carried at amortised cost less allowance for impairment losses. An allowance for impairment of receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the contract. The amount of the allowance is the difference between the carrying amount and the recoverable amount.

(q) Accounts payable

Accounts payable are stated at amortised cost.

(r) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

3. **Significant accounting policies (continued)**

(r) Fair value measurement (continued)

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 – Quoted market price (unadjusted) in an active market for identical assets or liabilities.

- Level 2 – Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- Level 3 – Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other factors used in estimating discount rates.

Considerable judgment is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

4. Investments

	Company		Group	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Available-for-sale:				
Unquoted				
Brasserie Nationale d' Haiti (i)	-	487,925	-	487,925
Windward and Leeward Brewery Limited (WLBL)(ii)	-	472,729	-	472,729
Loans and receivables	-	-	-	18
	-	960,654	-	960,672

(i) This represents a 5% interest in the investee. The fair value of the investment was determined by a professional business valuator with reference to a recent bid made by a third party for the shares.

(ii) This represents a 10% interest in the investee. The investment in WLBL was carried at fair value determined by a professional business valuator, using a maintainable earnings approach.

Certain assumptions are made in respect of profitability, future tax rates, applicable multiples and discount rates for a minority share in an unquoted investment. Changes in the fair value of the investments are recognised in other comprehensive income.

All of the investments held in the prior period was disposed of during the year.

5. Investment in joint venture

The company jointly controls Celebration Brands Limited (CBL), in which it holds a 50% shareholding and is party to a shareholders' agreement, which requires unanimous agreement on significant strategic and operating decisions. CBL is engaged in the distribution of the products of the venturers in Jamaica. This involves taking orders, delivery and collection, management of credit risk, maintaining coolers and trade dispensing equipment.

CBL is structured as a separate vehicle and provides the group rights to the net assets of the entity, accounted for using the equity method.

In accordance with the agreement under which CBL is established, the group and the other investor may make additional capital contributions as determined by the Board of CBL to be reasonably necessary for the conduct of the company's business. If either party fails to meet the capital call, the other may advance the funds and treat such advance as a deficiency loan to the venture, which would be repayable before any distributions to the non-contributing party.

	The company		The group	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Shares, at cost	191,500	191,500	191,500	191,500
Share of accumulated profits	-	-	(10,467)	11,902
	191,500	191,500	181,033	203,402

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

5. Investment in joint venture (continued)

The following tables summarise the financial information of CBL.

	2014 $'000	2013 $'000
Non-current assets	311,208	52,101
Current assets	3,435,503	1,542,524
Current liabilities	(3,384,644)	(1,187,821)
Net assets	362,067	406,804

	2014 $'000	2013 $'000
Revenue	18,873,358	1,816,482
Profit for the period	(44,738)	23,804

6. Investment properties

	Company and Group	
	2014 $'000	2013 $'000
Balance as at beginning of year	275,650	152,650
Revaluation gains	194,949	-
Transfer from property, plant & equipment (note 7)	419,000	123,000
Balance as at end of year	889,599	275,650

The carrying amount of investment properties is the fair value of the properties as determined in the current and prior years by Property Consultants Limited and Breakenridge & Associates, registered independent valuators having an appropriate recognised professional qualification and recent experience in the locations and category of the properties being valued. In estimating the fair values of the properties at the reporting date, management has used the independent valuations as a point of reference.

The transfer during the year represents the value of four (4) distribution centers which are leased to the joint venture (see note 5).

Income amounting to $45,613,908 (2013: Nil) was earned from these properties during the year. Expenses of $1,053,625 (2013: $349,000) were incurred in relation to these properties.

The fair value measurement for investment properties is classified as Level 3.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

6. Investment properties (continued)

Investment properties revalued during the year were valued at open market values in accordance with IFRS 13. The valuation techniques used in arriving at the market value, along with the significant assumptions, are described below:

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Direct sales comparison approach: The approach is based on the principle of substitution whereby the purchaser with perfect knowledge of the property market pays no more for the subject property than the cost of acquiring an existing comparable property, assuming no cost delay in making the substitution. The approach requires comparison of the subject property with others of similar design and utility, inter alia, which were sold in the recent past. However as no two properties are exactly alike, adjustment is made for the difference between the properties subject to valuation and comparable properties.	• Details of the sales of comparable properties based an estimated rental income potential. • Conditions influencing the sale of the comparable properties. • Comparability adjustment.	The estimated fair value would increase/(decrease) if: • Value of comparable properties were higher/(lower). • Comparability adjustment were higher/(lower).

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

6. Investment properties (continued)

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Income approach: The approach is based on income/utility expected to be derived from the ownership of the property. Actual or estimated net income and /reversions for comparable alternative investments of similar quality and durability as the subject property are adopted and capitalized/discounted to obtain the present market rates.	• Net annual income	The estimated fair value would increase/(decrease) if: • Annual net income was higher/(lower).
Cost approach: The approach is based on the principle of substitution whereby the purchaser with perfect knowledge of the property market pays no more for the subject property than the cost of constructing a similar facility of similar size and design. The approach requires the estimated replacement cost of improvements similar to those of the subject property and the deduction of accrued depreciation. The resulting depreciated amount is then added to the current estimated value of the unimproved land.	• Details of the cost of constructing a similar facility of similar size and design. • Estimated replacement cost of improvements similar to those of subject properties. • Depreciation rates.	The estimated fair value would increase/(decrease) if: • Cost of constructing comparable properties were higher/(lower). • Estimated replacement costs of improvements of comparable properties were higher/(lower). • Depreciation rates were higher/(lower).

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

7. Property, plant and equipment

	Company and Group					
	Freehold land and buildings $'000	Plant and equipment $'000	Furniture, fixtures and computer equipment $'000	Construction in progress (CIP) $'000	Returnable packaging $'000	Total $'000
Cost:						
June 30, 2012	1,708,542	5,360,128	620,720	143,692	1,949,208	9,782,290
Additions	4,368	40,325	3,997	291,216	307,299	647,205
Revaluation of buildings reclassified to investment property	67,755	-	-	-	-	67,755
Offset of accumulated depreciation on building reclassified to investment property	(23,687)	-	-	-	-	(23,687)
Reclassified to investment property	(114,472)	-	-	(8,528)	-	(123,000)
Transfers	-	127,946	6,224	(134,170)		-
Disposals/write- off	-	-	(19,227)	-	(39,716)	(58,943)
June 30, 2013	1,642,506	5,528,399	611,714	292,210	2,216,791	10,291,620
Additions	13,730	19,356	-	1,234,693	453,043	1,720,822
Revaluation of buildings reclassified to investment property	310,374	-	-	-	-	310,374
Offset of accumulated depreciation on building reclassified to investment property	(85,421)	(3,807)	-	-	-	(89,228)
Reclassified to investment property	(416,239)	(2,761)	-	-	-	(419,000)
Transfers	16,268	24,745	3,655	(44,668)		-
Disposals/write- off	(58,138)	(75)	(19,707)	-	(20,801)	(98,721)
June 30, 2014	1,423,080	5,565,857	595,662	1,482,235	2,649,033	11,715,867
Depreciation and impairment losses:						
June 30, 2012	123,770	3,296,319	397,990	-	1,289,866	5,107,945
Charge for the year	41,548	326,903	71,572	-	227,780	667,803
Eliminated on disposals/write-off	(23,687)	-	(9,331)	-	(4,745)	(37,763)
June 30, 2013	141,631	3,623,222	460,231	-	1,512,901	5,737,985
Charge for the year	34,867	291,890	55,193	-	249,729	631,679
Eliminated on disposals/write-off	(132,550)	(3,839)	(11,162)	-	(2,240)	(149,791)
June 30, 2014	43,948	3,911,273	504,262	-	1,760,390	6,219,873
Carrying amounts:						
June 30, 2014	1,379,132	1,654,584	91,400	1,482,235	888,643	5,495,994
June 30, 2013	1,500,875	1,905,177	151,483	292,210	703,890	4,553,635
June 30, 2012	1,584,772	2,063,809	222,730	143,692	659,342	4,674,345

8. Employee benefits asset/obligation

The company operates a defined-benefit pension scheme which is open to all permanent employees and is managed by an independent fund manager. The scheme is funded by employee contributions at rates varying between 6% and 10% of salary and employer contributions at rates recommended by independent actuaries from time to time. Retirement and other benefits are based on average salary for the last three years of pensionable service. The company also provides post-employment medical benefits to employees upon retirement.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

8. Employee benefits asset/obligation (continued)

(a) Employee benefit asset/(obligation)

	Company and Group			
	Pension asset		Medical obligation	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Present value of funded obligation	(4,730,000)	(3,889,000)	(142,000)	(92,000)
Fair value of plan assets	6,126,000	5,892,000	-	-
Asset not recognised due to limitation	(350,000)	(1,324,000)	-	-
Net asset/(obligation) at end of year	1,046,000	679,000	(142,000)	(92,000)

(b) Movements in the present value of funded and unfunded obligations

	Company and Group			
	Pension asset		Medical obligation	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Balance at beginning of year	(3,889,000)	(3,559,000)	(92,000)	(104,000)
Benefits	373,000	219,000	4,000	4,000
Service and interest costs	(409,000)	(405,000)	(13,000)	(18,000)
Contributions	(83,000)	(102,000)	-	-
Curtailment	-	43,000	-	29,000
Re-measurements	(722,000)	(85,000)	(41,000)	(3,000)
Balance at end of year	(4,730,000)	(3,889,000)	(142,000)	(92,000)

(c) Movement in pension plan assets

	Company and Group	
	2014	2013
	$'000	$'000
Fair value of plan assets at July 1	5,892,000	5,796,000
Contributions paid	93,000	115,000
Interest income on plan assets	547,000	546,000
Benefits paid	(373,000)	(219,000)
Re-measurements	(33,000)	(346,000)
Fair value of plan assets on June 30	6,126,000	5,892,000
Plan assets consist of the following:		
Equities	1,554,000	1,966,000
Foreign currency	1,118,000	949,000
Fixed income securities	1,960,000	1,631,000
Money market securities	45,000	39,000
Real estate	1,449,000	1,307,000
	6,126,000	5,892,000

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

8. Employee benefit asset/obligation (continued)

(d) Expense recognised for the year

	Company and Group			
	Pension asset		Medical obligation	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current service costs	57,000	67,000	4,000	8,000
Net interest cost:				
Interest on obligation	352,000	338,000	9,000	10,000
Interest income on plan asset	(547,000)	(546,000)	-	-
Interest on effect of asset ceiling	126,000	142,000	-	-
	(12,000)	1,000	13,000	18,000
Actual return on plan assets	9.0%	9.0%		

(e) Re-measurement effects recognised in other comprehensive income

	Company and Group			
	Pension asset		Medical obligation	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Change in demographic assumptions	238,000	-	11,000	-
Change in financial assumptions	184,000	-	9,000	-
Experience adjustment	333,000	431,000	21,000	3,000
Impact of curtailment	-	355,000	-	(29,000)
Change in effect of the asset ceiling	(1,100,000)	(660,000)	-	-
	(345,000)	126,000	41,000	(26,000)

(f) Principal actuarial assumptions at the reporting date (expressed as weighted averages)

	2014	2013
	%	%
Inflation rate	5.5	5.5
Discount rate	9.5	10
Future salary increases	5.5	5.5
Future pension increases	4.5	4.5
Medical claims growth	8.5	8.5

(i) The expected long-term rate of return is based on market expectation of inflation of 5.5% (2013: 5.5%) plus a margin for real returns (2%) on a balanced portfolio of equities and bonds.

(ii) Assumptions regarding future mortality are based on American 1994 Group Annuitant Mortality (GAM94) table.

(iii) The company's best estimate of contributions expected to be paid to the plan during the next financial year is $104,000,000.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

8. Employee benefit asset/obligation (continued)

(g) As mortality continues to improve, estimates of life expectancy are expected to increase. The effect on the projected benefit obligation of an increase of one year in the life expectancy is approximately $93 million.

(h) Sensitivity analysis on projected benefit obligation

The calculation of the projected benefit obligation is sensitive to the assumptions used. The table below summarizes how the projected benefit obligation measured at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions by one percentage point. In preparing the analyses for each assumption, all others were held constant. The economic assumptions are somewhat linked as they are all related to inflation. Hence, for example, a 1% reduction in the long-term discount rate would cause some reduction in the medical trend rate.

	2014	
	1 % decrease	1 % increase
Discount rate	632	(493)
Future salary increases	(155)	176
Future pension increases	(339)	392

(i) Liability duration

	2014	2013
Active members and all participants	30 years	32 years

(j) Resulting from the change in IAS 19 [see note 2(a)] which became effective in the current year, a credit of $72,000,000 would have been reclassified from other comprehensive income to profit for the prior year. The financial statements have not been restated for the effect of this amount, as it is not considered material.

9. Accounts receivable

	Company and Group	
	2014 $'000	2013 $'000
Trade	1,208,539	1,037,191
Other	218,307	126,529
	1,426,846	1,163,720
Less: allowance for impairment	(58,092)	(43,418)
	1,368,754	1,120,302

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

9. Accounts receivable (continued)

The maximum exposure to credit risk for trade receivables, less allowance for impairment, at the reporting date by type of customer was:

	Company and group	
	2014	2013
	$'000	$'000
On-trade	42,098	96,407
Off-trade	970,335	833,507
Export	85,656	54,127
Other	52,358	9,732
	1,150,447	993,773

The ageing of trade receivables at the reporting date was:

	2014		2013	
	Gross	Impairment	Gross	Impairment
	$'000	$'000	$'000	$'000
Not past due	1,150,447	-	988,429	(3,648)
Past due 31-60 days	-	-	16,718	(7,726)
Past due 61-90 days	-	-	4,190	(4,190)
More than 90 days	58,092	(58,092)	27,854	(27,854)
Total	1,208,539	(58,092)	1,037,191	(43,418)

The movement in the allowance for doubtful debtors is as follows:

	Company and Group	
	2014	2013
	$'000	$'000
Balance at July 1, 2013	43,418	31,616
Debts recovered	(6,105)	(2,533)
Debts written-off – trade receivables	(3,415)	(7,412)
Charge for the year – trade receivables	24,194	21,747
Balance at June 30, 2014	58,092	43,418

10. Due from/to fellow subsidiaries

Due from:

This represents balances due on exports to related companies within the Diageo group.

Due to:

This represents balances with Diageo group companies arising in the ordinary course of business. The balances are unsecured and interest-free.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

11. Inventories

	Company and Group	
	2014	2013
	$'000	$'000
Raw materials	133,412	140,296
Work-in-progress	185,823	159,918
Finished goods	244,710	262,319
Consumables	318,886	267,609
Plant and equipment spares	193,654	190,742
	1,076,485	1,020,884

12. Accounts payable

	Company		Group	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade	959,419	610,204	959,419	610,204
Staff accruals	380,911	660,832	380,911	660,832
Deposits – returnables	277,885	167,558	277,885	167,558
Accrued charges	234,015	443,262	234,015	443,262
Other	162,577	134,714	162,577	138,593
	2,014,807	2,016,570	2,014,807	2,020,449

13. Share capital

	Company and Group	
Authorised: 2,810,500,000 ordinary shares of no par value		
	2014	2013
	$'000	$'000
Issued and fully paid: 2,809,170,386 ordinary stocks of no par value	2,174,980	2,174,980

14. Capital reserves

	Company		Group	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Realised gain on disposal of property, plant and equipment	-	-	-	7,770
Revaluation surplus on property, plant and equipment	378,129	67,755	378,129	67,755
	378,129	67,755	378,129	75,525

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

15. Other reserves

	Company and Group	
	2014	2013
	$'000	$'000
Investment revaluation reserve [see (a) below]	-	954,565
Pension equalisation reserve [see (b) below]	678,000	410,900
	678,000	1,365,465

(a) This represents the unrealised gains on the revaluation of available-for-sale investments, held in the prior year. The investments were disposed of during the current period.

(b) This represents the net employee benefits asset of $904,000,000 (2013: $587,000,000), less deferred tax of $226,000,000 (2013: $176,100,000), arising on the actuarial valuation, under IAS 19, of the group's pension scheme.

16. Long-term liabilities

This represented loans from subsidiaries that were unsecured, bore no interest for and had no fixed repayment date.

17. Deferred tax liabilities

	Company and group			
	2014			
	Balance at beginning of year	Recognised in income	Recognised in equity	Balance at end of year
	$'000	$'000 [Note 20(a) (ii)]	$'000	$'000
Accrued vacation leave	(11,776)	4,138	-	(7,638)
Unrealised foreign exchange (loss)/gain	3,601	(5,020)	-	(1,419)
Property, plant and equipment	368,342	(109,175)	-	259,167
Employee benefits asset	176,100	(26,100)	76,000	226,000
	536,267	(136,157)	76,000	476,110

	2013			
	Balance at beginning of year	Recognised in income	Recognised in equity	Balance at end of year
	$'000	$'000 [Note 20(a) (ii)]	$'000	$'000
Accrued vacation leave	(7,929)	(3,847)	-	(11,776)
Unrealised foreign exchange (loss)/gain	(212)	3,813	-	3,601
Property, plant and equipment	278,312	90,030	-	368,342
Employee benefits asset	172,750	33,950	(30,600)	176,100
	442,921	123,946	(30,600)	536,267

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

18. Gross sales

Gross sales represents the invoiced value of goods and services, including Special Consumption Tax (SCT) and royalties but excluding General Consumption Tax (GCT).

19. Profit before taxation

Profit before taxation is stated after charging/(crediting):

	Company and Group	
	2014	2013
	$'000	$'000
Auditors' remuneration	6,600	6,600
Depreciation	631,679	667,803
Directors' emoluments:		
Fees	7,918	6,774
Key management personnel	71,884	101,275
Staff costs	1,743,234	2,246,865
Redundancy expenses	40,306	311,941
Foreign exchange gains	(43,650)	(30,343)
Dividends received on overseas investments	(34,007)	(184,132)
Royalties earned	(525,392)	(556,193)
Bad debts	18,090	19,214
Inventories written off	60,313	28,117

20. Taxation

(a) The taxation charge is based on the company's and group's results for the year, as adjusted for taxation purposes, and comprises:

	Company and Group	
	2014	2013
	$'000	$'000
(i) Current tax expense:		
Income tax at 25% (2013: 30%)	637,039	544,174
Prior year over-provision	(22,674)	(8,039)
Capital gain tax on sale of overseas investments	45,537	-
	659,902	536,135
(ii) Deferred taxation:		
Origination and reversal of temporary differences (note 17)	(136,157)	123,946
Taxation	523,745	660,081

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

20. Taxation (continued)

(b) Reconciliation of actual taxation charge:

	Company	
	2014	2013
	$'000	$'000
Profit before taxation	3,854,417	1,859,423
Computed "expected" tax charge at 25% (2013: 30%)	963,604	557,827
Difference between profit for financial statements and tax reporting purposes on:		
Effect of change in tax rates	(89,378)	88,584
Gain on disposal of investments	(237,954)	-
Depreciation charge and capital allowances	(111,223)	38,592
Dividend income	(8,501)	(24,271)
Revaluation gain on investments properties	(48,737)	-
Capital gain tax on sale of overseas investment	45,537	-
Other	33,071	7,388
Prior year over-provision	(22,674)	(8,039)
Actual taxation charge	523,745	660,081

	Group	
	2014	2013
	$'000	$'000
Profit before taxation	3,676,908	1,871,325
Computed "expected" tax charge at 25% (2013: 30%)	919,227	561,398
Difference between profit for financial statements and tax reporting purposes on:		
Effect of change in tax rates	(89,378)	88,584
Gain on disposal of investment	(237,954)	-
Depreciation charge and capital allowances	(111,223)	38,592
Dividend income	(8,501)	(24,271)
Revaluation gain on investment, properties	(48,737)	-
Capital gain tax on sale of		-
overseas investment	45,537	-
Other	77,448	3,817
Prior year overprovision	(22,674)	(8,039)
Actual taxation charge	523,745	660,081

21. Earnings per stock unit

The calculation of earnings per stock unit is based on the group's profit for the year of $3,153,163,000 (2013: $1,211,244,000) and 2,809,170,386 stock units, being the number of stock units in issue for the year.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

22. Dividends

	2014 $'000	2013 $'000
Ordinary dividends:		
First interim dividend: 25¢ (2013: 20¢) per stock unit – gross	702,293	561,834
Second interim dividend: 25¢ (2013:10¢) per stock unit – gross	702,293	280,918
	1,404,586	842,752

23. Related party balances and transactions

(A) Definition of related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

A party is related to a reporting entity, if:

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled, or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

23. Related party balances and transactions (continued)

(B) Identity of related parties

The company has related party relationships with the parent company, fellow subsidiaries and directors.

(C) During the year, the (income)/expenses, arising in the ordinary course of business with related parties, were as follows:

	2014 $'000	2013 $'000
Fellow subsidiaries:		
Sales	(795,580)	(1,035,875)
Royalty income	(501,608)	(468,217)
Royalty expense	195,608	125,361
Marketing cost	33,276	37,440
Purchases of raw materials and finished goods	336,332	227,143
Joint venture:		
Sales	(11,152,685)	(1,254,345)
Cost of sales	1,065,180	88,101
Share of (losses)/profits	(22,369)	11,902
Key management personnel compensation:		
Short-term employment benefits	(165,212)	166,217
Post-employment benefits	(155)	(835)

(D) The statement of financial position includes balances arising in the ordinary course of business with related parties as follows:

	2014 $'000	2013 $'000
Key management personnel:		
Accounts receivable	150	222
Joint venture:		
Accounts receivable	999,241	614,432
Accounts payable	(26,490)	(24,409)

24. Segment reporting

The identification of business segments is based on the company's management and internal reporting structure. The group is managed based on its operating strategic business segments, which are domestic and export. Both segments are involved in the bottling and distribution of premium drinks.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

24. Segment reporting (continued)

Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

	Domestic		Export		Group	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Gross sales	12,289,265	10,803,071	1,795,836	1,929,320	14,085,101	12,732,391
Special Consumption Tax	(2,587,620)	(2,362,977)	-	-	(2,587,620)	(2,362,977)
Net external revenue	9,701,645	8,440,094	1,795,836	1,929,320	11,497,481	10,369,414
Segment profit	2,916,125	2,491,593	795,058	833,846	3,715,183	3,325,439
General, selling and administration expenses					(1,222,601)	(1,336,424)
Gain on disposal of investments					973,697	-
Other income/(expenses)					231,926	(129,930)
Employee benefits expense					(1,000)	(19,000)
Interest income					23,953	27,811
Share of profit in joint ventre					(22,369)	11,902
Loss on disposal of property, plant and equipment					(21,881)	(8,473)
Profit before taxation					3,676,908	1,871,325
Taxation					(523,745)	(660,081)
Profit for the year					3,153,163	1,211,244
Segment assets					12,253,596	10,845,105
Segment liabilities					3,242,969	3,166,864
Depreciation					631,679	667,803
Capital expenditure					1,720,822	647,205

Segment information below represents segment revenue based on the country receiving the benefit of our products.

	2014 $'000	2013 $'000
Jamaica	9,701,645	8,440,094
United States	300,114	565,720
Canada	369,342	404,438
Europe	166,321	108,974
Great Britain	461,412	424,959
Caribbean	337,007	288,403
Other	161,640	136,826
	11,497,481	10,369,414

All material non-current assets are geographically located in Jamaica.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

25. Contingent liabilities

(i) At the reporting date, the company had a contingent liability in respect of letters of credit issued in favour of the Collector of Customs, amounting to $47,500,000 (2013: $47,500,000), in the ordinary course of business.

(ii) Claims amounting to $13.5 million have been made against the company by former employees. Defence has been filed against these claims and no provision has been made in the financial statements with respect to these amounts, as management expects the defence to be successful.

26. Financial risk management

The company has exposure to credit risk, liquidity risk, and market risk from its use of financial instruments and its operations. This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the group's risk management framework. The Board has established a Risk Management Committee, which is responsible for developing and monitoring the group's risk management policies. The group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(i) Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's investments, cash resources and receivables from customers. The primary concentration of credit risk is within trade receivables, which is mitigated by the performance of regular credit evaluation of customers.

Trade receivables

Appropriate credit checks, references and analyses are performed and/or received in order to assess customers' credit risk prior to offering new credit or increasing existing credit limits. Customers who are in receivership or liquidation or exceeding their credit limits are identified and the appropriate actions taken. Key performance indicators are reviewed at least monthly, including the amount of cash collected, average debt collection period, percentage of customers with overdue balances and debts deemed uncollectible.

Credit limits and group limits for all customers are reviewed at least annually against the customers' payment history, assessment of customers' credit risk and sales department information.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

26. Financial risk management (continued)

(i) Credit risk (continued)

Cash and cash equivalents

The group maintains cash resources with reputable financial institutions. The credit risk is considered to be low. No allowance for impairment is deemed necessary.

Exposure to credit risk

The carrying amount of financial assets on the statement of financial position represents the maximum exposure to credit risk at the reporting date.

Management makes specific impairment allowance, irrespective of ageing for certain trade receivables, after assessing the circumstances relating to those receivables. The majority of the overall trade receivable balance relates to customers that have a good record of payment. The balance with the joint venture company, Celebration Brands Limited, accounts for approximately 73% of the trade receivables balance.

During 2014, the group did not renegotiate the terms of trade receivables with any of its customers.

The allowance account in respect of trade receivables is used to record impairment losses, unless management is satisfied that no recovery of the amount owing is possible. At that point, the amount considered irrecoverable is written off directly against the receivable balance.

There was no change to the group's exposure to credit risk or the manner in which it measures and manages this risk during the year.

(ii) Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it has sufficient funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group ensures that it has sufficient cash on demand to meet expected operational expenses. The group maintains two lines of unsecured credit which are available if the group does not have sufficient cash to settle its obligation, these are as follows:

(a) $600,000,000 facility with The Bank of Nova Scotia Jamaica Limited. Interest is negotiated or determined at the time the funds are accessed.

(b) US$9,000,000 line of credit with Citibank N.A. Jamaica Branch. The rate of interest per annum is determined at the time the funds are accessed.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

26. Financial risk management (continued)

(ii) Liquidity risk (continued)

The contractual outflows for accounts payable and the amounts due to fellow subsidiaries are represented by the carrying amounts and may require settlement within 12 months of the reporting date.

There was no change to the group's exposure to liquidity risk or the manner in which it measures and manages this risk during the year.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(a) Foreign currency risk

The group is exposed to currency risk on purchases and borrowings that are denominated in a currency other than the Jamaica dollar, the functional currency of the company.

Exposure to currency risk

At June 30, 2014 the group had net foreign currency assets/(liabilities) as follows:

	Jamaican dollar equivalent	
	2014	2013
	$'000	$'000
Currency		
United States dollars	(138,856)	629,201
Canadian dollars	57,224	23,317
Pounds sterling	(38,751)	(176)
Euro	(34,987)	(3,620)

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

26. Financial risk management (continued)

(iii) Market risk (continued)

(a) Foreign currency risk (continued)

Sensitivity analysis

The following table details the group's sensitivity to a 1% (2013:10%) strengthening and 15% (2013: 1%) weakening of the relevant currencies against the Jamaica dollar based on the effect that such changes would have on the reported profits for the year. This analysis assumes that all other variables, in particular interest rates, remain constant and were performed on the same basis as 2013.

	2014		2013	
	1% strengthening	15% weakening	10% strengthening	1%weakening
	\$'000	\$'000	\$'000	\$'000
Currency				
United States dollars	1,389	(20,828)	62,920	(6,292)
Canadian dollars	(572)	8,584	2,331	(233)
Pounds sterling	388	(5,813)	(20)	2
Euro	(350)	(5,248)	(362)	36

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The group materially contracts financial liabilities at fixed interest rates for the duration of the term. When utilised, bank overdrafts are subject to fixed interest rates, which may be varied with appropriate notice by the lender. At June 30, 2014 the long-term liabilities were interest-free.

There was no change to the group's exposure to market risk or the manner in which it measures and manages this risk during the year.

(iv) Capital management

Neither the company nor any of its subsidiaries is subject to externally imposed capital requirements. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the level of dividends to ordinary stockholders and the return on capital, which the group defines as total stockholders' equity, excluding minority interest.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the group's approach to capital management during the year.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

27. Fair values

(a) Accounting classfications and fair values

The following table shows the carrying amounts and classification of financial assets and liabilities. It does not include fair value information for financial assets and liabilities not measured at fair value, as the carrying amounts are a reasonable approximations of fair value.

	The Company			
	Carrying amount			
	2014			
	Loans and receivables $'000	Available-for-sale* $'000	Other financial liabilities $'000	Total $'000
Financial assets measured at fair value:				
Investment properties	-	889,599	-	889,599
Financial assets not measured at fair value:				
Cash and cash equivalents	1,788,523	-	-	1,788,523
Accounts receivable	1,368,754	-	-	1,368,754
Due from fellow subsidiaries	407,208	-	-	407,208
	3,564,485	-	-	3,564,485
Financial liabilities not measured at fair value:				
Accounts payable	-	-	2,014,807	2,014,807
Due to fellow subsidiaries	-	-	193,601	193,601
	-	-	2,208,408	2,208,408

	The Company			
	Carrying amount			
	2013			
	Loans and receivables $'000	Available-for-sale* $'000	Other financial liabilities $'000	Total $'000
Financial assets measured at fair value:				
Investments	-	960,654	-	960,654
Investment properties	-	275,650	-	275,650
	-	1,236,304	-	1,236,304
Financial assets not measured at fair value:				
Cash and cash equivalents	1,711,814	-	-	1,711,814
Accounts receivable	1,120,302	-	-	1,120,302
Due from fellow subsidiaries	317,990	-	-	317,990
	3,150,106	-	-	3,150,106
Financial liabilities not measured at fair value:				
Accounts payable	-	-	2,016,570	2,016,570
Due to fellow subsidiaries	-	-	248,886	248,886
Long term liabilities	-	-	157,235	157,235
	-	-	2,422,691	2,422,691

*Investments and investment properties are classified as level 3 in the fair value hierachy.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

27. Fair values (continued)

(a) Accounting classfications and fair values (continued)

	The Group			
	Carrying amount			
	2014			
	Loans and receivables $'000	Available-for-sale* $'000	Other financial liabilities $'000	Total $'000
Financial assets measured at fair value:				
Investment properties	-	889,599	-	889,599
Financial assets not measured at fair value:				
Cash and cash equivalents	1,788,523	-	-	1,788,523
Accounts receivable	1,368,754	-	-	1,368,754
Due from fellow subsidiaries	407,208	-	-	407,208
	3,564,485	-	-	3,564,485
Financial liabilities not measured at fair value:				
Accounts payable	-	-	2,014,807	2,014,807
Due to fellow subsidiaries	-	-	193,601	193,601
	-	-	2,208,408	2,208,408

	The Group			
	Carrying amount			
	2013			
	Loans and receivables $'000	Available-for-sale* $'000	Other financial liabilities $'000	Total $'000
Financial assets measured at fair value:				
Investment	-	960,672		960,672
Investment properties	-	275,650	-	275,650
	-	1,236,322	-	1,236,322
Financial assets not measured at fair value:				
Cash and cash equivalents	1,713,570	-	-	1,713,570
Accounts receivable	1,120,302	-	-	1,120,302
Due from fellow subsidiaries	317,990	-	-	317,990
	3,151,862	-	-	3,151,862
Financial liabilities not measured at fair value:				
Accounts payable	-	-	2,020,449	2,020,449
Due to fellow subsidiaries	-	-	248,886	248,886
	-	-	2,269,335	2,269,335

*Investments and investment properties are classified as level 3 in the fair value hierarchy.

DESNOES & GEDDES LIMITED

Notes to the Financial Statements (Continued)
June 30, 2014

27. Fair values (continued)

(a) Accounting classfications and fair values (continued)

The fair value of certain short-term financial instruments such as cash and cash equivalents, accounts receivable, due from and to fellow subsidiaries, accounts payable and long-term liabilities was determined to approximate their carrying value.

There were no transfers between levels during the year ended June 30, 2014 (2013: No transfers).

FORM OF PROXY

PLACE $100
STAMP HERE

I/We...of...
Being a member/members of Desnoes & Geddes Limited, hereby appoint

....of...

Or failing him, ...of...

As my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday October 29 2014 at 10:00 a.m. and any adjournment thereof.

Dated.. Signed ....

....

Please indicate by inserting "X" in the space below how you wish your vote to be cast. If no indication is given your proxy will vote for or against resolution or abstain as he/she thinks fit.

RESOLUTIONS

1.	Adopting the financial statements and reports of Directors and Auditors thereon		
2.	Declaration of Dividend		
3.	Approving Fees for Non-Executive Directors for the year		
4(a).	Re-electing Director Mr. Jed Dryer		
4(b).	Re-electing Director Dr. Damien King		
4(c).	Re-electing Director Mr. Peter Melhado		
4(d).	Electing Director Mr. Bruce Kidner		
5.	Remuneration of the Auditors		

Notes:

1. If a member is a corporation, this form must be done under common seal or under the hand of an officer or attorney duly authorised in writing.
2. To be valid, this form must be received at the Registered Office of the Company, 214 Spanish Town Road, Kingston 11, no later than 10:00 a.m. on October 28, 2014

DESNOES & GEDDES LIMITED • 214 SPANISH TOWN ROAD, PO BOX 190, KINGSTON 11, JAMAICA • TEL: (876) 923-9291 • FAX: (876) 675-2029