

# DESNOES AND GEDDES LIMITED 1998

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## UNAUDITED OPERATING RESULTS

HALF YEAR ENDED DECEMBER 31, 1998

The highlights for the unaudited results for the half year ended December 31 1998 when compared to the same period last year are as follows:

- Turnover down by (4.2%) to \$3,264
- Operating Profit down by (27. 1%) to \$409 million
- Profit Before Tax down by (26.6%) to \$326 million

Turnover declined over the same period last year driven primarily by a lower turnover during the key period of October to December. The 1997 comparatives reflect a non-recurring one-off income item which when adjusted for comparative purposes reflects Operating Profit down by (13.5%) and Profit Before Tax down by (8.4%).

The total volumes are on par with the same period last year, with Red Stripe export volumes doing particularly well, up 15% on last year.

The fall in turnover, however, reflects the necessary competitive pricing in place in both the local soft drinks and Export markets for D&G to be able to sustain and grow market shares.

Redundancy charges for the period amounted to \$83m (\$117m in 1997). These are the results of the continued cost reduction initiatives. The continued decline in the local economy with the additional threat from low cost imports, in conjunction with the buoyancy and potential of the overseas market emphasizes the need for D&G to continue with its strategy to become a globally competitive producer.

Interest cost savings of \$76m over the same period, reflects significantly improved working capital and therefore an overall reduction in debt.

## UNAUDITED GROUP PROFIT AND LOSS STATEMENT

HALF YEAR ENDED 31ST DECEMBER, 1998

	31.12.98	31.12.97
	\$M	\$M
TURNOVER	3,264	3,407
OPERATING PROFIT	409	561
After charging :		
Depreciation	102	78
Interest Expense	27	94
Redundancy Costs	(83)	(117)
PROFIT BEFORE TAXATION	326	444
Taxation Charge	-	-
PROFIT AFTER TAXATION	<u>326</u>	<u>444</u>
Number of Stock Units issued	365,064,492	365,064,492
Earnings per Stock Unit*	\$0.89	\$1.32

The calculation of earnings per stock unit is based on the group's profit and the average number of stock units in issue (after the rights issue) weighted on a time basis (31.12.98 - 365,064,492; 31.12.97 - 335,263,309)

### Earnings Per Share Calculation Half Year Ended December 1998

> EPS six months to December 1998

1.	Current Year Profit	326,000,000
2.	Shares in issue and ranking for dividend	365,064,492
	1 divide by 2	0.89

> EPS Six months to December 1997

-1	Share Volume in 1997 Prior To Issue		182,532,246
-2	Months concluded before Issue	1/6	30,422,041
-3	X Adjustment Fraction	*1 5 *2 4.9	
a	Applying Fraction To (2) Above		31,042,899
	Volume after Issue		365,064,492
b	Months Concluded after Issue	5/6	304,220,410
a+b	Equivalent Shares		335,263,309

$$\text{EPS per unit} = \frac{444,000,000}{335,263,309} = 1.32$$

Notes:                   \*1 equal Share price on the last day before the issue.  
                          \*2 equal theoretical ex-rights price.

#### UNAUDITED GROUP BALANCE SHEET

AS AT 31ST DECEMBER, 1998

	31.12.98	31.12.97
	\$M	\$M
NET ASSETS EMPLOYED		
Fixed Assets	2,905	2,811
Investments	34	107
	2,940	2,918
CURRENT ASSETS		
Inventories	8,851	879
Receivables	6,861	769
Short Term Deposits	164	0
Cash and Bank	3	93
Taxation Recoverable	18	8
	<u>1,757</u>	<u>1,748</u>
CURRENT LIABILITIES		
Payables	849	793
Guinness Group Companies	136	220
Bank Borrowings	147	315
Taxation	-	0
	<u>1,132</u>	<u>1,328</u>
NET CURRENT ASSETS	625	420
National Housing Trust	1	1
	<u><b>3,566</b></u>	<u><b>3,339</b></u>
FINANCED BY		
Share Capital	183	183
Capital Reserves	2,022	2,126
Retained Earnings	<u>1,070</u>	<u>754</u>
SHAREHOLDERS EQUITY	<u>3,275</u>	<u>3,063</u>
Deferred Taxation	283	271
Minority Interest	<u>7</u>	<u>5</u>

3,566

3,339

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