

DESNOES & GEDDES LIMITED 1999

AUDITED OPERATING RESULTS

FOR THE PERIOD ENDED JUNE 30, 2000

Highlights of the Audited Results for the year ended June 30, 2000, compares with last year.

TOTAL GROUP	2000	1999	% VAR
Turnover	\$5,498M	\$6,308M	(13%)
Operating Profits (note 1)	\$1,012M	\$1,119M	(10%)
Profit Before Taxation	\$1,212M	\$946M	28%
Profit After Taxation	\$1,004M	\$841M	19%
Proposed Final Dividends	\$0.60 per unit	\$0.50 per unit	20%
Interim Ordinary Dividend	\$0.20 per unit	-	-
Interim Capital Distribution	\$0.55 per unit	-	-

CONTINUED OPERATIONS

Turnover	4,886	4,880	0%
Operating Profits (Note 1)	1,073	980	9%
Profit Before Tax	1,149	907	27%

Note 1: Operating Profits have been stated before interest, redundancy payments and profit on the sale of soft drinks.

OPERATIONS

I am pleased to report that the improved volume performance continued during the fourth quarter resulting in total brewed volumes finishing the year up at 3.0% on last year.

VOLUME PERFORMANCE	% VARIANCE TO LAST YEAR
Domestic	
Red Stripe	+3.8%
Guinness	(1.4%)
Heineken	+2.0%
Dragon	(2.9%)
Malta	(1.9%)
Export	
USA	+12.2%
Other Caribbean	-
Total Brewed Volumes	+3.0%

Overall volume performance has been very encouraging and has benefited from greater management focus following the soft drinks disposal combined with increased marketing investment. This improved performance has been driven by our flagship brand Red Stripe and Heineken. Whilst Guinness, Dragon and Malta all showed small declines in the year, it was pleasing to note that the rate of decline had slowed. We expect the benefits of the recently-launched 'Michael Power Campaign' to come through in the Guinness volumes in the next quarter.

Exports to the USA continued to show strong growth driven primarily by distribution expansion. Recent tests with a twelve-pack variant look encouraging and should help the rate of the sale drivers. Exports to the remainder of the Caribbean showed steady progress in the fourth quarter, primarily due to some one-off orders for Antigua where our brewing partners suffered mechanical problems and supplemented stock with imported product.

The Group experienced a significant amount of change during the year and I am pleased to report that this was managed with minimal interruption to our day to day operations. Significant credit must go to all employees involved.

FINANCIAL

Turnover for the year ended June 30, 2000 was down 13%, driven primarily by the sale of the soft drinks business. Turnover for the brewed-only business was flat year on year.

Operating profits at \$1,012M were only 10% down on last year despite only enjoying six months income from the soft drinks business. The brewed business reflected a year-one-year improvement of 9% which was primarily due to improved efficiencies.

Profits before tax at \$1.212M was 28% up on last year, due mainly to improved interest receipts and an exceptional profit of \$154M on the sale of the soft drinks business.

BALANCE SHEET

Working capital requirements have been significantly reduced, due in the main to the soft drinks disposal and significant focus on debt recovery. Overall, creditor days have been reduced following the implementation of improved purchase processes and procedures.

The cash balance improved significantly during the year, driven in part by the proceeds of the soft drinks sale, better working capital management, and increased business activity.

DIVIDEND

The Board of Directors has proposed a final dividend of \$0.60 per stock unit of paid up capital stock of the Company to stockholders on record as at the close of business November 17, 2000 and the same payable on December 1, 2000 subject to shareholders' approval. This brings the total dividend (related to the business) to \$0.80 which represents a 60% increase on last year. In addition to this, a capital distribution of \$0.55 was also paid as a result of the soft drinks disposal.

BONUS SHARE ISSUE

The Directors have recommended for the approval of the stockholders at the 2000 Annual General Meeting:

- i) An increase of \$428,500,000 in the authorised share capital by the creation of 857,000,000 Ordinary Shares of 50 cents each, such shares to rank pari passu in all respects with the existing ordinary stock units of the company.
- ii) The capitalisation of \$438,077,391 out of the profits of the company for the year

ended June 30, 2000, to be applied in paying up in full, 876,154,781 unissued shares of the company, to be allotted, as fully paid up bonus shares (to be converted into stock units at the time of issue), to members of the company in the ratio of 4 shares to every 5 ordinary stock units held at the closure of the register of members on December 29, 2000.

ROUND ROBIN RESOLUTIONS

BOARD OF DIRECTORS

RESOLVED: September 13, 2000

1. "That the Authorised Share Capital of the Company be increased from \$557,500,000.00 to \$986,000,000.00 by the creation of 857,000,000 Ordinary Shares of \$0.50 each, to rank pari passu with the existing ordinary shares of the Company in all respects."
2. "That the sum of \$438,077,391 be fully capitalized out of the profits of the Company for the year ended June 30, 2000 and that accordingly the said sum be applied in making payment in full at par for 876,154,781 unissued shares of \$0.50 each in the capital of the Company, such shares to be distributed as fully paid among the persons who are registered as holders of the ordinary stock units in the capital of the Company at the close of the books of the Company on December 28, 2000 at the rate of 4 fully paid shares for every 5 stock units of \$0.50 held by such holders respectively provided that fractional entitlements should be ignored and holders of ordinary stock units shall not be entitled to fractional certificates or to payment in lieu of them, such fully paid shares aforesaid to rank for all purposes immediately upon their issue pari passu with the existing ordinary stock units of the Company, the same to be converted to stock units of \$0.50 as soon as they are fully paid up"

BOARD OF DIRECTORS

RESOLVED: September 13, 2000

1. "That the Draft Accounts for the Financial Year ended June 30, 2000 be and are hereby approved."
2. "That out of the net profits of the Company the sum of \$657,116,085.60 be transferred to reserves and that the Company declare a final ordinary dividend of sixty cents (\$0.60) per stock unit making a total ordinary dividend to be paid in the year of eighty cents (\$0.80) inclusive of the interim ordinary dividend of twenty cents (\$0.20) per stock unit earlier declared and paid, such final ordinary dividend to be paid to the stockholders on the Company's Register at the close of business on

November 17, 2000 and such payment to be made on December 1, 2000."