

# DESNOES & GEDDES LIMITED

## Unaudited Operating Results

For the 3rd Quarter Ended 31st March 2003

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The Directors are pleased to present the unaudited results of the Company for the 9 months ended March 31st, 2003.

### Highlights

	J\$ Millions	
	9 months ended	
	March 31st	
	2003	2002
Turnover	4,684	4,266
Operating Profit (Note 1)	1,070	990
Profit before Tax	1,120	1,069
Earnings per share (cents)	38.43	38.04

### *Operating Performance*

#### Sales

Operating profit has grown by 8%. Revenue has increased by 14\$ over last year as a result of a January price increase. The increase in revenue over last year is partly attributable to overall domestic volume growth in the Guinness and Malta Brands. However, volumes were disappointing in the third quarter as a result of international and domestic influences.

Exports to the United States market fell by 9% as a result of the timing of shipments to our Distributor there. Consumer demand in the United States however continues to grow and our exports to other markets grew by 20%

We will continue our high level of focused marketing activity and compelling promotions in order to maintain consumer demand for our brands in spite of the present economic challenges.

<b>Domestic volumes</b>	<b>YTD Growth % vs 2002</b>
Red Stripe	(0%)
Dragon Stout	(6%)
Guinness	4%
Heineken	(8%)
Malta	2%
Smirnoff ice	n/a

  

<b>Export Volumes</b>	<b>YTD Growth % vs. 2002</b>
Other	20%
USA	(9%)

### **Profit and Loss**

The growth in profit before tax was less than the growth in revenue. This was as a result of some margin decline due to increased costs, the continued investment in marketing and lower interest income.

### **Balance Sheet and Cash Flow**

During the nine months under review significant cash payments were made as we continue our investment in brewery modernisation and marketing. However the company still has adequate cash reserves.

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**GROUP PROFIT AND LOSS ACCOUNT**

	Unaudited 9 months to March 31, 2003 \$000's	Unaudited 9 months to March 31, 2002 \$000's
<b>Turnover</b>	<b><u>4,863,634</u></b>	<b><u>4,265,621</u></b>
Cost of Sales	(2,869,760)	(2,582,001)
<b>Gross Profit</b>	<b><u>1,993,874</u></b>	<b><u>1,683,620</u></b>
Marketing and Distribution Costs	(501,697)	(273,894)
Administration & General Expenses	(553,002)	(526,439)
Other Operating Income (Expense)	131,112	106,574
<b>Profit before interest expenses</b>	<b><u>1,070,287</u></b>	<b><u>989,861</u></b>
Interest (expense)/income	49,492	78,693
<b>Profit before exceptional item</b>	<b><u>1,119,779</u></b>	<b><u>1,068,554</u></b>
Exceptional item	(40,134)	0

<b>Profit before taxation</b>	<u>1,079,645</u>	<u>1,068,554</u>
Taxation	0	0
	=====	=====
<b>Profit after Tax</b>	<u>1,079,645</u>	<u>1,068,554</u>
	=====	=====
Number of Stock Units issued	2,809,171,266	2,809,171,266
Earnings per Stock Unit -(cents)	38.43	38.04
	=====	=====

**GROUP BALANCE SHEET**

	Unaudited as at 31.03.03 \$M	Unaudited as at 31.03.02 \$M	Audited as at 30.06.02 \$M
<b>NET ASSETS EMPLOYED</b>			
Fixed Assets	<u>2,745</u>	<u>2,279</u>	<u>2,694</u>
Investments	<u>7</u>	28	<u>7</u>
	<u>2,751</u>	<u>2,308</u>	<u>2,700</u>
<b>CURRENT ASSETS</b>	_____	_____	_____

Inventories	791	740	734
Receivables	596	499	465
Short Term Deposits	839	1,265	1,085
Cash and Bank	196	379	389
Taxation Recoverable	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2,423</u>	<u>2,884</u>	<u>2,673</u>

**CURRENT LIABILITIES**

Payables	<u>565</u>	<u>240</u>	<u>406</u>
Guinness Group Companies	178	333	560
Bank Borrowings	0	0	0
Taxation	(42)	32	27
Current Portion LTL	5	5	5
Proposed Dividend	<u>0</u>	<u>0</u>	<u>983</u>
	705	610	1,980

**NET CURRENT ASSETS**

**1,717                      2,274                      693**

National Housing Trust	<u>0</u>	<u>1</u>	<u>0</u>
	<u>4,469</u>	<u>4,582</u>	<u>3,393</u>
	=====	=====	=====

**FINANCED BY**

Share Capital	<u>1,405</u>	<u>1,405</u>	<u>1,405</u>
Share Premium	770	770	770
Capital Reserves	936	936	936
Retained Earnings	<u>1,304</u>	<u>1,158</u>	<u>224</u>

**SHAREHOLDERS EQUITY**

**4,415                      4,269                      3,335**

Deferred Taxation	44	298	44
Long Term Liabilities	3	8	7
Minority Interest	<u>7</u>	<u>7</u>	<u>7</u>

	4,469	4,582	3,393
	=====	=====	=====
Stockholder's funds per ordinary stock unit	\$0.00	\$0.00	\$0.00
	=====	=====	=====

**GROUP STATEMENT OF CASH FLOWS**

	<b>Unaudited 31/03/03</b>	<b>Unaudited 31/03/02</b>
	<b>\$</b>	<b>\$</b>
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>	<b>000</b>	<b>000</b>
Net profit for the period	1,079,645	1,068,554
Adjustment to reconcile profit for the period to net cash provided/(used) by operating activities:		
Depreciation	158,065	149,873
Loss/(Profit) on sale of fixed assets	(3,188)	(4,098)
Deferred taxation charge	0	0
Translation gains	0	
	<u>1,234,522</u>	1,214,329
(Increase)/decrease in current asset		
Securities purchased under agreements to resell	0	485,164
Accounts receivable	(130,940)	(95,109)
Inventories	(57,804)	(173,846)

Increase/(decrease) in current liabilities		
Accounts payable	158,710	(195,002)
Taxation payable	(68,951)	(143,004)
Guinness group companies	<u>(381,582)</u>	<u>304,808</u>
Net cash provided by operating activities	<u>753,955</u>	<u>1,397,340</u>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of fixed assets	(209,157)	(176,972)
Proceeds from disposal of fixed assets	3,410	9,087
Proceeds from disposal of investments	75	265
Dividend payments	(983,210)	(591,404)
Repayment of National Housing Trust	<u>0</u>	<u>0</u>
Net cash used by investment activities	<u>(1,188,882)</u>	<u>(759,024)</u>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>		
Bank borrowings	0	0
Long term liabilities repaid	<u>(4,174)</u>	<u>(3,414)</u>
Net cash used by financing activities	<u>(4,174)</u>	<u>(3,414)</u>
Net increase in cash balances	<u>(439,101)</u>	<u>634,902</u>
Net cash at beginning of period	<u>1,474,114</u>	<u>1,009,000</u>
Net cash at end of period	<u>1,035,013</u>	<u>1,643,902</u>
Comprised of:-		
Cash	196,155	379,295
Short-term deposits	<u>838,858</u>	<u>1,264,607</u>
	<u>1,035,013</u>	<u>1,643,902</u>

**GROUP STATEMENT OF CHANGES IN EQUITY**

	Share Capital	Share Premium	Capital Reserves	Retained Earnings	Total
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Balances at <b>June 30, 2001</b>	<b>985,674</b>	<b>770,394</b>	<b>935,997</b>	<b>508,633</b>	<b>3,200,698</b>
Net profit for the period	-	-	-	1,503,002	1,503,002
Translation gains	-	-	-		-
Dividends	-	-	-		-
Bonus shares issued	418,912	-	-	(418,912)	-
Losses eliminated on write off of subsidiaries				36,178	36,178
Dividends	0	-	-	(1,404,586)	(1,404,586)
<b>Balances at June 30, 2002</b>	<b>1,404,586</b>	<b>770,394</b>	<b>935,997</b>	<b>224,315</b>	<b>3,335,292</b>
Balances at <b>June 30, 2002</b>	<b>1,404,586</b>	<b>770,394</b>	<b>935,997</b>	<b>224,315</b>	<b>3,335,292</b>
Net profit for the period	-	-	-	1,079,645	1,079,645
Translation gains	-	-	-		-
Dividends	-	-	-		-
Bonus shares issued	-	-	-		-
<b>Balances at March 31, 2003</b>	<b>1,404,586</b>	<b>770,394</b>	<b>935,997</b>	<b>1,303,960</b>	<b>4,414,937</b>

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