

DESNOES & GEDDES LIMITED

AUDITED OPERATING RESULTS

FOR THE PERIOD ENDING JUNE 30, 2003

Highlights

	Year ending 30/6/2003 J' \$m	Year ending 30/6/2002 * J' \$m	change %
Turnover	6,926	5,650	23%
Trading Profit	1,516	1,176	29%
Profit before tax	1,460	1,101	33%
Profit after Tax	1,328	1,389	-4%
Earnings per share	47.28 cents	49.43 cents	-4%
Interim Ordinary dividends	20.0 cents	15.0 cents	33%

* The financials for the year ended June 30, 2003 have been prepared in accordance with the International Financial Reporting Standards (IFRS), with a full restatement of prior year.

Operating Performance

Sales

The fourth quarter saw a pick up in revenues to leave turnover for the year up by 23%, which was an excellent performance in difficult circumstances. Domestic volumes came under further pressure, mainly as a result of a significant increase (averaging 45%) in SCT, which necessitated the second price increase this year. Overall domestic volumes for the

year were 3% above last year, which was well behind the more positive trend from earlier in the year. The only brands which showed growth were Guinness and the newly introduced Smirnoff Ice.

Domestic volumes	YTD Growth % vs 2002
Red Stripe	(3%)
Guinness	6%
Heineken	(6%)
Dragon Stout	(6%)
Malta	0%
Smirnoff Ice	823%

There was a strong focus on exports in the fourth quarter and this resulted in volume growth for the full year of 12% vs last year. This was driven by a 14% increase in our exports to the USA as a result of significant investment and good work by our distributor.

Export Volumes	YTD Growth % vs 2002
USA	14.00%
Other	4.00%

Profit and Loss

Trading profit grew by 29% as a result of the 23% increase in net turnover. This growth was driven by a significant increase in investments behind the brands (with marketing spend increasing by 111 %). The increase in cost of sales was limited to 11 % as the impact of inflation plus the devaluation of the Jamaican dollar were partially offset by cost savings resulting from the implementation of the new bottling line and other investments to modernise our plant. This year's exceptional item represents the write-off of bottles and loss on disposal of fixed assets which were made obsolete by the investment in the new bottling line. The net result was a 33% increase in Profit Before Tax. Tax provisions of J\$131 million include amounts payable on our non-operating income as well as deferred tax adjustments. Last year the after tax results benefited from some positive deferred tax movements so this year's net profit was 4% lower.

Balance Sheet and Cash Flow

The balance sheet reflected strength and stability year on year. Investments in fixed assets during the year amounted to \$570 million as the company continued to transform the technology base of the plant by investing in new equipment including a new filter, ready-to-drink equipment, wort-cooler and boiler. These are in addition to the major investment in the new state of the art bottling line and are in line with the company's commitment to inject \$2.5 billion in plant and equipment over a five-year period.

Inventories increased in value as a result of higher cost of imported materials and the decision to carry a higher level of stocks into July.

At the end of the year the company held cash reserves of J\$1.2 billion. During the next year, this will be used to pay further dividends and creditors and to continue the investment in fixed assets.

Dividends

Shareholders will be asked at the Annual General Meeting to confirm the interim dividend of 20 cents per stock unit paid on June 6, 2003 as the final dividend for the year ended June 30, 2003. At the board meeting held on September 24, 2003 the directors declared a first interim dividend (for the year ending June 30, 2004) of 25 cents per stock unit to be paid on December 10, 2003 to stockholders on record as at November 26, 2003.

GPOUP PROFIT AND LOSS ACCOUNT

Audited 12	Audited 12
months to	months to
30.06.03	30.06.03
\$'000	\$'000

Turnover	6,926,253	5,650,264
Special Consumption Tax	(850,699)	(694,141)
Net Sales Value	6,075,554	4,956,123
Cost of Sales	(3,236,878)	(2,920,841)
Gross Profit	2,838,676	2,035,282
Marketing Costs	(689,747)	(326,811)
Contribution after Marketing	2,148,929	1,708,471
General, Selling and Administrative Expenses	(657,575)	(659,774)
Other Income / Expenses	24,639	127,478
Trading Profit	1,515,993	1,176,175
Interest Income	72,711	103,881
Interest Expense	(3,738)	(4,092)
Profit before exceptional item	1,584,966	1,275,964
Exceptional item	(125,365)	(175,117)
Profit before taxation	1,459,601	1,100,847
Taxation	(131,489)	(287,797)
Profit after Tax	1,328,112	1,388,644
	=====	=====

Financial Information by Geographical Segment

	Domestic		Export		Group	
	Audited 12 months to 30.06.03 \$'000	Audited 12 months to 30.06.02 \$'000	Audited 12 months to 30.06.03 \$'000	Audited 12 months to 30.06.02 \$'000	Audited 12 months to 30.06.03 \$'000	Audited 12 months to 30.06.02 \$'000
Turnover	5,984,202	5,042,624	942,052	607,640	6,926,253	5,650,264
Special Consumption Tax	(850,699)	(694,141)	-	-	(850,699)	(694,141)
Net Sales value	5,133,503	4,348,483	942,052	607,640	6,075,554	4,956,123
Cost of Sales	(2,498,694)	(2,352,536)	(738,184)	(568,306)	(3,236,878)	(2,920,841)

Gross Profit	2,634,809	1,995,947	203,868	39,334	2,838,676	2,035,282
Marketing costs	<u>(510,630)</u>	<u>(317,964)</u>	<u>(179,117)</u>	<u>(8,847)</u>	<u>(689,747)</u>	<u>(326,811)</u>
Segment result	2,124,179	1,677,983	24,751	30,487	2,148,929	1,708,471
General, Selling & Administrative Expenses					(657,575)	(659,774)
Other Income and Expenses					<u>24,639</u>	<u>127,478</u>
Trading Profit					1,515,993	1,176,175
Interest Income					72,711	103,881
Interest Expense					<u>(3,738)</u>	<u>(4,092)</u>
Profit before exceptional items					1,584,966	1,275,964
Exceptional item					<u>(125,365)</u>	<u>(175,117)</u>
Profit before Taxation					1,459,601	1,100,847
Taxation					<u>(131,489)</u>	<u>287,797</u>
Net Profit for the year					<u>1,328,112</u>	<u>1,388,644</u>
Segment Assets	<u>5,777,643</u>	<u>5,686,157</u>	<u>645,414</u>	<u>579,700</u>	<u>6,423,057</u>	<u>6,265,857</u>
Depreciation	<u>(153,796)</u>	<u>(208,986)</u>	<u>(24,133)</u>	<u>(33,999)</u>	<u>(177,929)</u>	<u>(242,985)</u>
Capital Expenditure	<u>529,268</u>	<u>662,262</u>	<u>40,434</u>	<u>9,575</u>	<u>569,702</u>	<u>671,837</u>

GROUP BALANCE SHEET

	Audited as at 30.06.03 \$'000	Audited as at 30.06.02 \$'000
CURRENT ASSETS		
Cash Resources	446,403	388,765
Short -term deposits	727,681	1,085,349
Accounts Receivable	491,727	465,444
Inventories	929,099	735,551
	<u>2,594,910</u>	<u>2,675,109</u>
CURRENT LIABILITIES		
Accounts Payable	777,040	423,287
Taxation Payable	42,167	80,988
Current portion of long-term liabilities Diageo group companies	4,553	4,553
	573,579	559,776
	<u>1,397,339</u>	<u>1,068,604</u>
WORKING CAPITAL	1,197,571	1,606,505
INVESTMENTS	45,167	45,269
INVESTMENT PROPERTIES	39,900	39,900
FIXED ASSETS	3,064,080	2,778,579
EMPLOYEE BENEFITS	679,000	727,000
	<u>5,025,718</u>	<u>5,197,253</u>
Financed by:	=====	=====
STOCKHOLDERS EQUITY		
Share Capital	1,404,586	1,404,586
Share Premium	770,394	770,394
Capital Reserves	1,028,014	1,041,889
Investment Revaluation reserve	38,474	38,474
Retained Earnings	1,218,119	1,435,051
	<u>4,459,587</u>	<u>4,690,394</u>
	=====	=====
LONG-TERM LIABILITY	2,277	6,830

DEFERRED TAXATION	556,407	492,582
MINORITY INTEREST	7,447	7,447
	5,025,718	5,197,253
	=====	=====

GROUP STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	Share Capital \$'000	Share Premium \$'000	Capital Reserves \$'000	Investment Rev. Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balances at June 30, 2001						
As Previously reported using Jamaican GAAP	985,674	770,394	935,997	-	508,633	3,200,698
Effect of adoption of International Financial Reporting Standards (IFRS)	-	-	67,874	38,474	933,288	1,039,636
Balances at June 30, 2001 as restated using IFRS	985,674	770,394	1,003,871	38,474	1,441,921	4,240,334
Restated Net profit for the period	-	-	-	-	1,388,644	1,388,644
Deferred taxation On revalued fixed assets	-	-	33,930	-	-	33,930
Write back of depreciation on fixed assets of associated company	-	-	4,088	-	-	4,088
Bonus shares issued	418,912	-	-	-	(418,912)	-
Losses eliminated on write-off of subsidiaries	-	-	-	-	36,178	36,178
Dividends	-	-	-	-	(1,012,780)	(1,012,780)
Restated balances at June 30, 2002	1,404,586	770,394	1,041,889	38,474	1,435,051	4,690,394
Net profit for the period	-	-	-	-	1,328,112	1,328,112
Dividends	-	-	-	-	(1,545,044)	(1,545,044)
Deferred taxation on revalued fixed assets	-	-	33,930	-	-	33,930

Property, plant and equipment			(47,805)			(47,805)
Balances at June 30, 2003	1,404,586	770,394	1,028,014	38,474	1,218,119	4,459,587
Reflected in the financial statements of:						
The Company	1,404,586	770,394	1,020,244	38,474	1,078,196	4,311,894
Subsidiaries	-	-	7,770	-	139,923	147,693
June 30, 2003	1,404,586	770,394	1,028,014	38,474	1,218,119	4,459,587
The Company	1,404,586	770,394	1,034,119	38,474	1,295,128	4,542,701
Subsidiaries	-	-	7,770	-	139,923	147,693
June 30, 2002	1,404,586	770,394	1,041,889	38,474	1,435,051	4,690,394

GROUP STATEMENT OF CASH FLOWS

	Audited as at 30.06.03 \$'000	Audited as at 30.06.02 \$'000
CASHFLOW FROM OPERATING ACTIVITIES		
Net profit attributable to stockholders	1,328,112	1,388,644
Adjustment to reconcile profit for the period to net cash provided / (used) by operating activities:		
Depreciation	177,929	242,985
Depreciation on fixed assets in associated company	-	4,088
Loss/(Profit) on disposal /write-off of fixed assets	102,662	(25,455)
Deferred taxation charge	97,755	(357,480)
Retirement of benefit asset (net)	48,000	88,000

Reduction in value of property, plant and equipment	(47,805)	-
Investment written off	-	57,355
	<u>1,706,653</u>	<u>1,398,137</u>
(Increase) /decrease in current asset		
Securities purchased under agreements to resell	-	484,871
Accounts receivable	(26,283)	(61,053)
Inventories	(193,548)	(151,622)
Increase/(decrease) in current liabilities		
Accounts payable	353,753	(20,738)
Taxation payable	(38,821)	(94,385)
Diageo group companies	13,803	531,466
Net cash provided by operating activities	<u>1,815,557</u>	<u>2,086,676</u>
CASHFLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of investments	102	82
Acquisition of fixed assets	(569,702)	(671,837)
Dividend payments	(1,545,044)	(1,012,780)
Proceeds from disposal of fixed assets	3,610	66,207
Repayment of National Housing Trust Contributions	-	1,026
Net cash used by investment activities	<u>(2,111,034)</u>	<u>(1,617,302)</u>
CASHFLOWS FROM FINANCING ACTIVITIES		
Long term liabilities repaid	(4,553)	(4,553)
Net increase in cash resources	(300,030)	464,821
Net cash at beginning of period	1,474,114	1,009,293
Net cash at end of period	<u>1,174,084</u>	<u>1,474,114</u>
	=====	=====
Comprised of:-		
Cash	446,403	388,765
Short-term deposits	727,681	1,085,349
	<u>1,174,084</u>	<u>1,474,114</u>
	=====	=====
