

DESNOES & GEDDES LIMITED

UNAUDITED OPERATING RESULTS

FOR THE 1ST QUARTER

ENDED 30 SEPTEMBER, 2002

The Directors are pleased to present the unaudited results of the Group for the three-month period ended September 30th, 2002.

Highlights

	<u>J\$ Millions</u>	
	3 months to September 30, 2002	3 months to September 30, 2001
Turnover	1,472	1,379
Operating profit	304	344
Profit before tax	311	274
Profit after tax	311	274
Earnings per share	11.05 cents	13.9 cents

Operating profit is before interest received, redundancies and exceptional items

Operating Performance

Sales

The company had a strong first quarter with sales revenue for the 3 months ending September 30th, 2002 showing an increase of 7% over the same period last year. The company has continued to hold prices steady and the increase in revenue is attributable to increased volumes resulting from energetic marketing activity. Domestic volume grew by 5% with the recently introduced Smirnoff Ice performing better than expectation.

Profit and Loss

The company has continued to hold the selling prices for its products. Operating Profit fell by 12% mainly due to an increase in and the phasing of marketing investments. Profit after tax increased by 13% as the completed redundancy exercise gave rise to exceptional cost in the previous year.

Balance Sheet and Cash Flow

The balance sheet continues to be strong and liquidity remains demonstrating well-managed cash resources. Accounts Receivables increased as the company extended additional credit to some customers as a result of a revised credit policy. Following an extensive review, it was decided that sales were being unnecessarily held back because of restricted credit limits offered to key customers.

Our fixed asset acquisition plan continues and will accelerate as the year progresses. During the first quarter, major payments were made to Group Companies for capital equipment relating to the investment in the new packaging line. The company continues to operate with extremely low levels of external debt thereby minimising its financial risk

GROUP PROFIT AND LOSS ACCOUNT**Quarter ended September 30, 2002**

	Unaudited 3 months to September 30, 2002	Unaudited 3 months to September 30, 2001
	\$000's	\$000's
Turnover	<u>1,472,352</u>	<u>1,378,709</u>
Cost of Sales	(923,833)	(861,126)
Gross Profit	<u>548,519</u>	<u>517,583</u>
Marketing and Distribution Costs	(115,988)	(57,418)
Administration & General Expenses	(155,976)	(139,748)
Other Operating Income (Expense)	27,656	23,461
Profit before interest expenses	304,211	343,878
Interest (expense)/income	6,324	22,999
Profit before exceptional item	<u>310,535</u>	<u>366,877</u>
Exceptional item	-	(92,435)
Profit before taxation	<u>310,535</u>	<u>274,442</u>
Taxation	-	-
Profit after Tax	<u>310,535</u>	<u>274,442</u>
Number of Stock Units issued	2,809,171,266	1,971,348,257

Earnings per Stock Unit (cents)	<u>11.05</u>	<u>13.90</u>
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GROUP BALANCE SHEET

As at September 30, 2002

	Unaudited as at 30.09.02 \$M	Unaudited as at 30.09.01 \$M	Audited as at 30.06.02 \$M
NET ASSETS EMPLOYED			
Fixed Assets	2,661	2,229	2,694
Investments	7	29	7
	<u>2,667</u>	<u>2,258</u>	<u>2,700</u>
CURRENT ASSETS			
Inventories	738	586	734
Receivables	629	470	465
Short Term Deposits	781	1,473	1,085
Cash and Bank	335	144	389
Taxation Recoverable	0	0	0
	<u>2,484</u>	<u>2,673</u>	<u>2,673</u>
CURRENT LIABILITIES			
Payables	392	390	406
Guinness Group Companies	107	40	560
Bank Borrowings	0	0	0
Taxation	(38)	115	27

Current Portion LTD	5	0	5
Proposed Dividend	983	591	983
	<u>1,449</u>	<u>1,136</u>	<u>1,980</u>
NET CURRENT ASSETS	1,035	1,537	693
National Housing Trust	0	1	0
	<u>3,702</u>	<u>3,796</u>	<u>3,393</u>
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FINANCED BY			
Share Capital	1,405	986	1,405
Share Premium	770	770	770
Capital Reserves	936	936	936
Retained Earnings	535	783	224
	<u>3,646</u>	<u>3,475</u>	<u>3,335</u>
SHAREHOLDERS EQUITY	3,646	3,475	3,335
Deferred Taxation	44	298	44
Long Term Liabilities	5	16	7
Minority Interest	7	7	7
	<u>3,702</u>	<u>3,796</u>	<u>3,393</u>
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GROUP STATEMENT OF CASHFLOWS

3 months ended September 30, 2002

Unaudited **Unaudited**
30/09/02 **30/09/01**

	\$ 000	\$ 000
CASHFLOW FROM OPERATING ACTIVITIES		
Net profit for the period	282,879	250,981
Adjustment to reconcile profit for the period to net cash provided/(used) by operating activities:		
Depreciation	42,115	50,024
Loss/(Profit) on sale of fixed assets	0	0
Deferred taxation charge	0	0
Translation gains	0	0
	<u>324,994</u>	<u>301,005</u>
 (Increase)/decrease in current asset		
Securities purchased under agreements to resell	0	484,871
Accounts receivable	(163,840)	(65,610)
Inventories	(4,734)	(19,571)
 Increase/(decrease) in current liabilities		
Accounts payable	(13,684)	(45,225)
Taxation payable	(64,700)	(60,373)
Guinness group companies	(453,070)	11,690
Net cash provided by operating activities	<u>(375,034)</u>	<u>606,787</u>
 CASHFLOW FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	(9,022)	(22,541)
Proceeds from disposal of fixed assets	0	0
Proceeds from disposal of investments	7	0
Dividend payments	0	0
Net cash used by investment activities	<u>(9,015)</u>	<u>(22,541)</u>
 CASHFLOWS FROM FINANCING ACTIVITIES		
Bank borrowings	0	0
Long term liabilities repaid	(1,518)	0
Net cash used by financing activities	<u>(1,518)</u>	<u>0</u>

Net increase in cash balances	<u>(385,568)</u>	<u>584,246</u>
Net cash at beginning of period	<u>1,474,114</u>	<u>1,009,293</u>
Net cash at end of period	<u>1,088,546</u>	<u>1,593,539</u>
Comprised of:-		
Cash	335,184	144,000
Short-term deposits	<u>781,018</u>	<u>1,473,000</u>

GROUP STATEMENT OF CHANGES IN EQUITY

3 months ended September 30, 2002

	Share Capital	Share Premium	Capital Reserves	Retained Earnings	Total
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Balances at					
June 30, 2001	985,674	770,394	935,997	508,633	3,200,698
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)
Balances at June 30, 2002	<u>1,404,586</u>	<u>770,394</u>	<u>935,997</u>	<u>224,315</u>	<u>3,335,292</u>

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Balances at					
June 30, 2002	1,404,586	770,394	935,997	224,315	3,335,292
Net profit for the period	-	-	-	282,879	282,879
Translation gains	-	-	-	-	-
Dividends	-	-	-	-	-
Bonus shares issued	-	-	-	-	-
Balances at Sept. 30, 2002	<u>1,404,586</u>	<u>770,394</u>	<u>935,997</u>	<u>507,194</u>	<u>3,618,171</u>
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