

DESNOES & GEDDES LIMITED

UNAUDITED OPERATING RESULTS

FOR THE 1ST QUARTER

ENDED 30 SEPTEMBER, 2004

Highlights

	J\$ Millions		Change %
	3 months ended September 30th		
	2004	2003	
Turnover	2,015	1,764	14%
Trading Profit	260	330	(21%)
Profit after Tax	252	293	(14%)
Earnings per stock unit (cents)	8.99	10.44	(14%)

Operating Performance

Sales

Segment	YTD Volume Growth%
	3 months ended Sept. 30, 2004
Domestic	6%
Export: USA	27%
Other	160%
Total	14%

Total domestic volumes grew by 6% when compared to the same quarter last year, with Red

Stripe, Guinness and Heineken registering strong increases. This was a good performance especially against the context of disruptions to trading and production caused by Hurricanes Charley and Ivan during August and September respectively.

The exports segment showed significant growth over the same period last year, with shipments to the USA increasing by 27% as the company continued its marketing investments in that country. The increases in the 'Other Exports' category was driven by increased sales of Dragon to the UK market as well as temporarily supplying Smirnoff Ice and Guinness to some areas of the Caribbean market.

Profit and Loss

The improved volume performance generated turnover of \$2,015m (an increase of \$251m or 14% over the same quarter last year).

Quarter-on-quarter, total cost of sales increased by \$215m or 27% commensurate with the domestic and export volume growth as well as the increases in utility costs (impacted by oil prices) and insurance expenses. The company spent \$69m or 31% more on total marketing with the most of this additional amount directed at the exports sector. Overheads were lower than last year due to the timing of some local spends and strong spend control. Other income and expenses include foreign exchange losses and redundancy expenses.

Trading profit declined by \$70m or 21% given the increases in cost of sales, marketing investments and the reduction in other income / expenses, ending the 1st quarter at \$190m.

Balance Sheet and Cash Flow

The balance sheet remained healthy and the company continued to finance its commitments without external borrowing

GROUP BALANCE SHEET

As at September 30, 2004

Unaudited as at	Unaudited as at	Audited
30.09.04	30.09.03	June 30, 2004
\$'000	\$'000	\$'000

CURRENT ASSETS			
Cash resources	461,779	83,993	163,237
Short-term deposits	600,046	1,010,548	571,069
Accounts receivable	468,926	619,327	355,070
Inventories	843,063	928,965	805,969
	<u>2,373,814</u>	<u>2,642,833</u>	<u>1,895,345</u>
CURRENT LIABILITES			
Accounts payable	762,196	766,528	592,620
Taxation payable	59,737	(10,352)	31,945
Current portion of long-term liabilities	1,138	4,553	2,277
Diageo group companies	518,826	318,334	481,791
	<u>1,341,897</u>	<u>1,079,063</u>	<u>1,108,633</u>
WORKING CAPITAL	1,031,917	1,563,770	786,712
INVESTMENTS	45,131	45,148	45,131
INVESTMENT PROPERTIES	39,900	39,900	39,900
PROPERTY, PLANT AND EQUIPMENT	3,357,896	3,012,043	3,380,300
EMPLOYEE BENEFITS ASSET	972,000	669,500	947,000
	<u>5,446,845</u>	<u>5,330,361</u>	<u>5,199,043</u>
	=====	=====	=====
FINANCED BY:			
STOCKHOLDERS EQUITY			
Share Capital	1,404,586	1,404,586	1,404,586
Share Premium	770,394	770,394	770,394
Capital Reserves	937,048	1,028,014	948,842
Other reserves	669,807	599,142	669,807
Retained Earnings	805,377	950,730	541,172
	<u>4,587,212</u>	<u>4,752,867</u>	<u>4,334,801</u>
LONG-TERM LIABILITIES	0	1,139	0
DEFERRED TAX LIABILITIES	852,185	568,908	856,795
MINORITY INTEREST	7,447	7,447	7,447
	<u>5,446,844</u>	<u>5,330,361</u>	<u>5,199,043</u>
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Hon. Patrick H. O. Rousseau, O.J.
Chairman

Mark McKenzie
Managing Director

GROUP PROFIT AND LOSS ACCOUNT

3 months ended September 30, 2004

	Unaudited 3 months to 30.09.04 \$'000	Unaudited 3 months to 30.09.03 \$'000
Turnover	2,014,643	1,763,519
Special Consumption Tax (SCT)	(298,195)	(279,771)
Net Sales	<u>1,716,448</u>	<u>1,483,748</u>
Cost of Sales	<u>(1,017,325)</u>	<u>(802,374)</u>
Gross Profit	699,123	681,374
Marketing Costs	<u>(292,247)</u>	<u>(223,454)</u>
Contribution after Marketing	406,876	457,920
General, selling and administrative expenses	(102,075)	(123,571)
Other Income / (Expense)	<u>(45,046)</u>	<u>(4,058)</u>
Trading Profit	259,755	330,291
Employee benefits income/(expense)	25,000	(9,500)
Interest income	9,971	9,919
Interest expense	(130)	(734)
Profit before taxation	294,596	329,976
Taxation	<u>(42,185)</u>	<u>(36,697)</u>
Profit after Tax	<u>252,411</u>	<u>293,279</u>
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Earnings per stock unit (cents)	8.99c	10.44c

GROUP STATEMENT OF CASHFLOWS

For the 3 months ended September 30, 2004

Unaudited Unaudited

	3 months to 30.09.04 \$'000	3 months to 30.09.03 \$'000
CASHFLOW FROM OPERATING ACTIVITIES		
Net profit for the period	252,411	293,279
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation	64,123	65,385
(Gain)/loss on disposal/write-off of property, plant and equipment	(3)	(101)
Deferred taxation	(4,610)	12,500
(Increase)/decrease in employee benefits assets	<u>(25,000)</u>	<u>9,500</u>
	286,921	380,563
(Increase)/decrease in current assets:		
Accounts receivable	(113,856)	(127,600)
Inventories	(37,094)	134
Increase/(decrease) in current liabilities:		
Accounts payable	69,576	(10,511)
Taxation payable	27,792	(52,519)
Diageo group companies	<u>37,035</u>	<u>(255,245)</u>
Net cash provided by operating activities	<u>370,375</u>	<u>(65,177)</u>
CASHFLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(41,720)	(13,752)
Proceeds from disposal of property, plant and equipment	3	505
Proceeds from disposal of investments	<u>0</u>	<u>19</u>
Net cash provided by investing activities	<u>(41,717)</u>	<u>(13,228)</u>
CASHFLOWS FROM FINANCING ACTIVITIES		
Long term liabilities repaid	<u>(1,139)</u>	<u>(1,138)</u>
Net (decrease)/increase in cash resources	327,519	(79,543)
Cash resources at beginning of year	<u>734,306</u>	<u>1,174,084</u>
Cash resources at end of period	<u>1,061,825</u>	<u>1,094,541</u>
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Comprised of:		
Cash resources	461,779	83,993
Short-term deposits	<u>600,046</u>	<u>1,010,548</u>

1,061,825

1,094,541

GROUP STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

Unaudited 3 months ended September 30, 2004

Retained earnings	Total	Share capital \$'000	Share Premium \$'000	Capital reserves \$'000	Other reserves \$'000
\$'000	\$'000				
Balances at June 30, 2003		1,404,586	770,394	1,028,014	599,142
657,451	4,459,587				
Net profit for the year		-	-	-	-
1,552,958	1,552,958				
Deferred taxation on revalued property plant & equipment		-	-	(22,699)	-
- (22,699)					
Deferred taxation on employee benefits asset		-	-	-	(110,001)
- (110,001)					
Transfer to pension equalisation reserve (180,666)		-	-	-	180,666
-					
Realised gains on property, plant and equipment recognised in profit and loss account		-	-	(9,024)	-
9,024					
Transfer of depreciation charge on surplus of property, plant and equipment		-	-	(47,449)	-
47,449					
Dividends		-	-	-	-
(1,545,044)	(1,545,044)				

Balances at June 30, 2004		1,404,586	770,394	948,842	669,807
541,172	4,334,801				
Net profit for the period		-	-	-	-
252,411	252,411				
Transfer of depreciation charge on surplus of property, plant and equipment		-	-	(11,794)	-
11,794	-				
Balances at September 30, 2004		1,404,586	770,394	937,048	669,007
805,377	4,587,212				

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Financial Information by Geographical Segment

3 months ended September 30, 2004

Group	Domestic		Export		
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Unaudited					
3 months to	3 months to	3 months to	3 months to	3 months to	3 months to
30.09.03	30.09.04	30.09.03	30.09.04	30.09.03	30.09.04
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Turnover	1,584,760	1,517,817	429,883	245,702	2,014,643
1,763,519					
Special Consumption Tax	<u>(298,195)</u>	<u>(279,771)</u>	<u>-</u>	<u>-</u>	
(298,195)	(279,771)				
Net Sales value	1,286,565	1,238,046	429,883	245,702	1,716,448
1,483,748					
Cost of Sales	<u>(800,114)</u>	<u>(614,374)</u>	<u>(217,211)</u>	<u>(188,000)</u>	
(1,017,325)	(802,374)				
Gross Profit	486,451	623,672	212,672	57,702	699,123
681,374					

Marketing costs	<u>(180,946)</u>	<u>(175,454)</u>	<u>(111,302)</u>	<u>(48,000)</u>	
(292,247)	(223,454)				
Segment result	305,505	448,218	101,370	9,702	406,876
457,920					
General, Selling & Administrative Expenses					
(102,075)	(123,571)				
Other Income					
<u>(45,046)</u>	<u>(4,058)</u>				
Operating Profit					259,755
330,291					
Employee Benefits					25,000
(9,500)					
Interest income					9,971
9,919					
Interest expense					
<u>(130)</u>	<u>(734)</u>				
Profit before exceptional items					294,596
329,976					
Other Expense					<u>-</u>
-					
Profit before Taxation					294,596
329,976					
Taxation					
<u>(42,185)</u>	<u>(36,697)</u>				
Net profit for the period					252,411
293,279					

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