

DESNOES AND GEDDES LIMITED
UNAUDITED OPERATING RESULTS
FOR THE PERIOD ENDED DECEMBER 31, 2005

The Directors are pleased to present the unaudited results of the Group for the second quarter and six months ended December 31, 2005.

Highlights

	J\$ Millions		Change %
	unaudited 6 months ended		
	December 31st		
	2005	2004	
Turnover	5,069	4,670	9%
Trading Profit	879	863	2%
Profit after Tax	831	1,184	(30%)
Earnings per stock unit (cents)	29.58	42.15	(30%)

The 2004 profit after tax includes \$378m gain on disposal of property, plant and equipment in last year's results.

Operating Performance

Segment	Year-to-date volume growth (vs same period in previous year)	Volume Growth (vs same quarter in previous year)
	6 months ended December 31, 2005	3 months ended Dec. 31, 2005
Domestic	(7%)	(9%)
Export: USA	47%	37%
Other	17%	(10%)
Total Exports	37%	17%
Total volumes	4%	(4%)

Sales

Growth in export shipments of 37% was the key driver of the 4% increase in total volumes for the first 6-month period, compared to last year. The 2nd quarter's sales in the category 'Export Other' were down 10% as the similar period last year benefited from one-off shipments to the Caribbean region. Domestic volumes were 7% below last year's comparative period, affected to a large extent by the unusually bad weather conditions which continued up to October 2005. The company was encouraged by the sales performance in December 2005, which was 2% up on December 2004's performance.

Profit and Loss

Total turnover for the first half-year was \$5,069m. The 8.5% increase was attributable mainly to growth in the exports segment.

Cost of sales was \$2,500m or 10% higher than last year, being influenced directly by the increased export volumes.

Total marketing costs were \$633m, an increase of \$132m or 26% compared to the same 6-months last year. Marketing spend in the export segment increased by 35%.

Trading profit was \$879m, an increase of \$16m or 2%. Net profit after taxation was \$831m or 30% below last year's 6-months result which included \$378m gain on disposal of property, plant and equipment.

Interim Dividends

An interim dividend of \$0.28 per stock unit or \$787m was paid to stockholders on December 15, 2005.

Note:

- 1. There has been no change in accounting policies used in the interim financial statements compared with those used in the audited financial statement as at June 30, 2005.*
- 2. Under the Companies Act 2004 (the "Act"), which became effective on February 1, 2005, all shares in issue are deemed to be shares without a par (or nominal) value, unless the company, by ordinary resolution, elects to retain its shares with a par value. The share capital is comprised of the sum of the par value of shares in issue and share premium.*

DESNOES AND GEDDES LIMITED

GROUP BALANCE SHEET

December 31, 2005

	Unaudited December 2005 \$'000	Unaudited December 2004 \$'000	Audited June 2005 \$'000
ASSETS			
Investments	45,131	45,131	45,131
Investment properties	35,652	39,900	39,900
Property, plant and equipment	3,434,461	3,227,566	3,379,297
Employee benefits asset	638,000	947,000	638,000
Total non-current assets	4,153,244	4,259,597	4,102,328
Cash and cash equivalents	743,389	688,014	295,280
Short-term deposits	360,845	1,040,957	594,678
Accounts receivable	527,979	494,410	351,423
Inventories	1,150,466	857,575	1,073,453
Total current assets	2,782,679	3,080,956	2,314,834
Accounts payable	1,560,619	1,020,997	1,239,804
Taxation payable	83,046	74,852	38,767
Diageo group companies	400,261	563,948	290,851
Total current liabilities	2,043,926	1,659,797	1,569,422
Net current Assets	738,753	1,421,160	745,412
Total assets less current liabilities	4,891,997	5,680,756	4,847,740
EQUITY			
Share capital	2,174,980	1,404,586	2,174,980
Share premium	-	770,394	-
Capital reserves	846,828	863,180	872,958
Other reserves	463,807	669,807	463,807
Retained earnings	706,586	1,108,546	636,199
Shareholders' equity	4,192,201	4,816,512	4,147,944
Minority interest	7,447	7,447	7,447
Total equity	4,199,648	4,823,959	4,155,391
LIABILITIES			
Deferred tax liabilities	692,349	856,797	692,349
Total non-current liabilities	692,349	856,797	692,349
Total equity and liabilities	4,891,997	5,680,756	4,847,740

Chairman
Hon. Patrick H. O. Rousseau, O. J.

Managing Director
Mark McKenzie

DESNOES AND GEDDES LIMITED

PROFIT AND LOSS ACCOUNT

6 months ended December 31, 2005

	Unaudited 6 months to 31.12.2005 \$'000	Unaudited 6 months to 31.12.2004 \$'000	Unaudited 3 months to 31.12.2005 \$'000	Unaudited 3 months to 31.12.2004 \$'000
Turnover	5,068,819	4,669,976	2,675,042	2,655,333
Special Consumption Tax (SCT)	(720,006)	(704,289)	(407,096)	(406,094)
Net sales	4,348,813	3,965,687	2,267,946	2,249,239
Cost of sales	(2,500,300)	(2,265,201)	(1,272,669)	(1,247,876)
Gross profit	1,848,513	1,700,486	995,277	1,001,363
Marketing costs	(633,190)	(500,835)	(249,578)	(208,588)
Contribution after marketing	1,215,323	1,199,651	745,699	792,775
General, selling and administrative expenses	(356,458)	(302,926)	(200,188)	(200,851)
Other income	20,285	(33,314)	16,404	11,735
Trading profit	879,150	863,411	561,915	603,659
Employee benefits income	-	-	-	(25,000)
Interest income / (expenses)	22,520	21,860	14,274	11,889
Gain on disposal of property, plant & equipment	10,779	378,090	9	378,087
Profit before finance cost	912,449	1,263,361	576,198	968,635
Finance cost	(1,945)	(1,525)	(1,027)	(1,395)
Profit before taxation	910,504	1,261,836	575,171	967,240
Taxation	(79,679)	(77,832)	(36,953)	(35,647)
Profit after tax	830,825	1,184,004	538,218	931,593
Earnings per stock unit	<u>29.58</u> ¢	<u>42.15</u> ¢	<u>19.16</u> ¢	<u>33.16</u> ¢

DESNOES & GEDDES LIMITED

UNAUDITED GROUP STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

6 months ended December 31, 2005

	Share capital \$'000	Share premium \$'000	Capital reserves \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000
Balances at June 30, 2004	1,404,586	770,394	948,842	669,807	541,172	4,334,801
Transfer of share premium	770,394	(770,394)				-
Profit for the period	-	-	-	-	2,353,054	2,353,054
Dividends	-	-	-	-	(2,163,061)	(2,163,061)
Deferred taxation on employee benefits asset				(201,333)		(201,333)
Transfer to pension equalisation reserve				202,667	(202,667)	-
Actuarial gains no longer recognised in employee benefits asset				(207,334)		(207,334)
Realised gain on disposal of property, plant and equipment	-	-	(62,185)	-	62,185	-
Deferred taxation on revalued property plant and equipment	-	-	31,817	-	-	31,817
Transfer of depreciation charge on revaluation surplus of property, plant and equipment	-	-	(45,516)	-	45,516	-
Balances at June 30, 2005	2,174,980	-	872,958	463,807	636,199	4,147,944
Net profit for the period	-	-	-	-	830,825	830,825
Dividends	-	-	-	-	(786,568)	(786,568)
Realised gain on disposal of property, plant and equipment	-	-	(3,649)		3,649	-
Transfer of depreciation charge on revaluation surplus of property, plant and equipment	-	-	(22,482)		22,482	-
Balances at December 31, 2005	2,174,980	-	846,828	463,807	706,586	4,192,201
Reflected in the financial statements of:						
The company	2,174,980	-	839,058	463,807	566,663	4,044,508
Subsidiaries	-	-	7,770	-	139,923	147,693
December 31, 2005	2,174,980	-	846,828	463,807	706,586	4,192,201
The company	2,174,980	-	865,188	463,807	496,276	4,000,251
Subsidiaries	-	-	7,770	-	139,923	147,693
Associated companies	-	-	-	-	-	-
June 30, 2005	2,174,980	-	872,958	463,807	636,199	4,147,944

DESNOES & GEDDES LIMITED

STATEMENT OF CASHFLOWS

6 months ended December 31, 2005

	Unaudited 6 months to 31.12.05 \$'000	Unaudited 6 months to 31.12.04 \$'000
CASHFLOW FROM OPERATING ACTIVITIES		
Net profit for the period	830,825	1,184,004
Adjustments for:		
Items not involving cash:		
Depreciation	128,288	126,619
Gain on disposal/write-off of property, plant and equipment	-	(378,093)
Gain on disposal/write-off of investment property	(10,770)	-
Deferred taxation	-	2
	<u>948,344</u>	<u>932,531</u>
 (Increase)/decrease in current assets:		
Accounts receivable	(176,556)	(139,340)
Inventories	(77,013)	(51,606)
Increase/(decrease) in current liabilities:		
Accounts payable	320,814	428,377
Taxation payable	44,279	42,907
Diageo group companies	109,410	82,157
Net cash provided by operating activities	<u>1,169,277</u>	<u>1,295,027</u>
 CASHFLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(183,103)	(77,572)
Proceeds from disposal of property, plant and equipment	-	481,780
Proceeds from disposal of investment property	14,670	-
Net cash used by investing activities	<u>(168,433)</u>	<u>404,208</u>
 CASHFLOWS FROM FINANCING ACTIVITIES		
Long term liabilities repaid	-	(2,277)
Dividend payments	(786,568)	(702,293)
Net cash used by financing activities	<u>(786,568)</u>	<u>(704,570)</u>
 Net increase in cash resources	214,276	994,665
Cash and cash equivalents at beginning of period	889,958	734,306
Cash and cash equivalents at end of period	<u>1,104,234</u>	<u>1,728,971</u>
 Comprised of:-		
Cash and cash equivalents	743,389	688,014
Short-term deposits	360,845	1,040,957
	<u>1,104,234</u>	<u>1,728,971</u>

DESNOES AND GEDDES LIMITED

Geographical Segment (unaudited)

6 months ended December 31, 2005

	Domestic		Export		Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Turnover	3,894,966	3,837,178	1,173,853	832,798	5,068,819	4,669,976
Special Consumption Tax	(720,006)	(704,289)	-	-	(720,006)	(704,289)
Net sales value	3,174,960	3,132,889	1,173,853	832,798	4,348,813	3,965,687
Cost of sales	(1,585,270)	(1,491,910)	(915,030)	(773,291)	(2,500,300)	(2,265,201)
Gross profit	1,589,690	1,640,979	258,823	59,507	1,848,513	1,700,486
Marketing costs	(363,288)	(361,685)	(269,902)	(139,151)	(633,190)	(500,835)
Segment result	1,226,402	1,279,295	(11,079)	(79,644)	1,215,323	1,199,651
General, selling & administrative expenses					(356,458)	(302,926)
Other income/(expense)					20,285	(33,314)
Trading profit					879,150	863,411
Interest income					22,520	21,860
Gain on disposal of property, plant and equipment					10,779	378,090
Profit before finance cost					912,449	1,263,361
Finance cost					(1,945)	(1,525)
Profit before taxation					910,504	1,261,836
Taxation					(79,679)	(77,832)
Net profit for the period					830,825	1,184,004
Segment assets	5,310,927	6,217,734	1,624,996	1,122,819	6,935,923	7,340,553
Segment liabilities	2,205,949	1,880,587	530,326	643,454	2,736,275	2,524,041
Depreciation	(82,412)	(96,104)	(45,876)	(30,515)	(128,288)	(126,619)
Capital expenditure	155,363	77,572	27,740	-	183,103	77,572