

DESNOES AND GEDDES LIMITED
UNAUDITED OPERATING RESULTS
FOR THE 9-MONTH PERIOD ENDED MARCH 31, 2006

The Directors are pleased to present the unaudited results of the Group for the 9 months ended March 31, 2006.

Highlights

	J\$ Millions		
	9 months ended March 31st		
	2006	2005	Change %
Turnover	7,510	6,879	9%
Trading Profit	1,265	1,370	(8%)
Profit after Tax	1,202	1,683	(29%)
Earnings per stock unit (cents)	42.80	59.90	(29%)

- Increase in turnover attributable to the 33% growth in export volumes.
- Reduction in profit mainly due to increased marketing support in the export segment.
- The 2005 profit after tax included \$378m gain on disposal of property, plant and equipment.

Operating Performance

Sales

Segment	Year-to-date volume growth (vs same period in previous year)	Volume Growth (vs same quarter in previous year)
	9 months ended March 31, 2006	3 months ended Mar. 31, 2006
Domestic	(4%)	3%
Export: USA	34%	15%
Other	32%	76%
Total Exports	33%	27%
Total volumes	6%	11%

- Sales volumes registered quarter-on-quarter growth of 3% and 27% in the domestic and export sectors respectively, behind strong marketing and promotional campaigns. Total year-to-date volumes were 6% higher than last year driven also by the export performance.
- Year-to-date shipments to the United States were 34% higher than in the similar period last year. This reflects greater demand in that market following increased distribution, advertising and promotional activities.
- ‘Other exports’ include significant shipments of Guinness to Trinidad as that island’s main brewery was under renovation.

Profit and Loss

Year-to-date turnover increased by 9% reflecting higher export volumes as well as domestic price movements in the second and third quarters of last year.

Total cost of sales was \$3,758m or 12% more than last year, attributable mainly to the higher volumes which had a greater proportion of export volumes. Goods produced for export bear its full share of overheads and are more costly than domestic output. In addition, there were increases in operational costs including fuel, insurance, payroll expenses and port and security charges.

Total marketing costs were \$937m or \$271m (or 41%) more than the same period last year. Investments in the export segment accounted for the increased spend (\$271m) which helped to secure the significant volume growth.

General, selling and administrative expenses were \$81m or 18% higher than the comparative period last year, with increases in payroll and contractors costs.

Against this background, trading profit for the period was \$1,265m, a reduction of \$105m or 8%. Net profit after taxation was \$1,202m or 29% below last year's result which included \$378m gain on disposal of property, plant and equipment.

Balance Sheet and Cash Flows

By the end of the 3rd quarter, \$220m was invested in property, plant and equipment. The balance sheet remained liquid and the company continued to meet all financial obligations.

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

March 31, 2006

	Unaudited March 2006 \$'000	Unaudited March 2005 \$'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	3,407,748	3,212,280	3,379,297
Employee benefits asset	638,000	947,000	638,000
Total non-current assets	4,126,531	4,244,311	4,102,328
Cash and cash equivalents	487,628	835,380	295,280
Short-term deposits	630,402	935,533	594,678
Accounts receivable	437,605	331,292	351,423
Inventories	1,073,997	941,693	1,073,453
Total current assets	2,629,632	3,043,898	2,314,834
Accounts payable	1,543,490	972,641	1,239,804
Taxation payable	74,392	72,676	38,767
Diageo group companies	(120,267)	512,811	290,851
Total current liabilities	1,497,615	1,558,126	1,569,422
Net current Assets	1,132,017	1,485,772	745,412
Total assets less current liabilities	5,258,548	5,730,083	4,847,740
EQUITY			
Share capital	2,174,980	1,404,586	2,174,980
Share premium	-	770,394	-
Capital reserves	835,588	851,496	872,958
Other reserves	463,807	669,807	463,807
Retained earnings	1,084,377	1,169,555	636,199
Shareholders' equity	4,558,752	4,865,838	4,147,944
Minority interest	7,447	7,447	7,447
Total equity	4,566,199	4,873,285	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	5,258,548	5,730,082	4,847,740

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

Managing Director
Mark McKenzie

DESNOES AND GEDDES LIMITED

PROFIT AND LOSS ACCOUNT

9 months ended March 31, 2006

	Unaudited 9 months to 31.03.2006 \$'000	Unaudited 9 months to 31.03.2005 \$'000	Unaudited 3 months to 31.03.2006 \$'000	Unaudited 3 months to 31.03.2005 \$'000
Turnover	7,509,957	6,878,946	2,441,138	2,208,970
Special Consumption Tax (SCT)	(1,045,871)	(1,006,819)	(325,865)	(302,530)
Net sales	6,464,086	5,872,127	2,115,273	1,906,440
Cost of sales	(3,757,541)	(3,358,991)	(1,257,241)	(1,093,790)
Gross profit	2,706,545	2,513,136	858,032	812,650
Marketing costs	(937,222)	(666,616)	(304,032)	(165,781)
Contribution after marketing	1,769,323	1,846,520	554,000	646,869
General, selling and administrative expenses	(532,629)	(451,937)	(176,171)	(149,011)
Other income	27,886	(24,926)	7,601	8,388
Trading profit	1,264,580	1,369,658	385,430	506,246
Interest income / (expenses)	37,480	34,770	14,960	12,910
Gain on disposal of property, plant & equipment	10,779	378,100	-	10
Profit before finance cost	1,312,839	1,782,528	400,390	519,167
Finance cost	(2,895)	(2,161)	(950)	(636)
Profit before taxation	1,309,944	1,780,367	399,440	518,531
Taxation	(107,568)	(97,570)	(27,889)	(19,737)
Profit after tax	1,202,376	1,682,797	371,551	498,793
Earnings per stock unit	<u>42.80</u> ¢	<u>59.90</u> ¢	<u>13.23</u> ¢	<u>17.76</u> ¢

DESNOES & GEDDES LIMITED

UNAUDITED GROUP STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

9 months ended March 31, 2006

	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	-	-	-	-	1,197,376	1,197,376
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	-	-	(33,722)	-	33,722	-
Balances at March 31, 2006	2,174,980	-	835,588	463,807	1,084,377	4,558,752
Reflected in the financial statements of:						
The company	2,174,980	-	827,818	463,807	944,454	4,411,059
Subsidiaries	-	-	7,770	-	139,923	147,693
March 31, 2006	2,174,980	-	835,588	463,807	1,084,377	4,558,752
The company	2,174,980	-	865,188	463,807	496,276	4,000,251
Subsidiaries	-	-	7,770	-	139,923	147,693
June 30, 2005	2,174,980	-	872,958	463,807	636,199	4,147,944

DESNOES & GEDDES LIMITED

STATEMENT OF CASHFLOWS

9 months ended March 31, 2006

	Unaudited 9 months to 31.03.06 \$'000	Unaudited 9 months to 31.03.05 \$'000
CASHFLOW FROM OPERATING ACTIVITIES		
Net profit for the period	1,197,376	1,682,797
Adjustments for:		
Items not involving cash:		
Depreciation	192,149	190,255
Gain on disposal/write-off of property, plant and equipment	-	(522,985)
Gain on disposal/write-off of investment property	(10,779)	-
Deferred taxation	-	2
	<u>1,378,746</u>	<u>1,350,069</u>
(Increase)/decrease in current assets:		
Accounts receivable	(86,182)	23,778
Inventories	(544)	(135,724)
Increase/(decrease) in current liabilities:		
Accounts payable	303,685	380,021
Taxation payable	35,625	40,731
Diageo group companies	(411,118)	31,020
Net cash provided by operating activities	<u>1,220,211</u>	<u>1,689,895</u>
CASHFLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(220,251)	(125,975)
Proceeds from disposal of property, plant and equipment	9	626,724
Proceeds from disposal of investment property	14,670	-
Net cash used by investing activities	<u>(205,572)</u>	<u>500,749</u>
CASHFLOWS FROM FINANCING ACTIVITIES		
Long term liabilities repaid	-	(2,277)
Dividend payments	(786,568)	(1,151,760)
Net cash used by financing activities	<u>(786,568)</u>	<u>(1,154,037)</u>
Net increase in cash resources	228,072	1,036,607
Cash and cash equivalents at beginning of period	889,958	734,306
Cash and cash equivalents at end of period	<u>1,118,030</u>	<u>1,770,913</u>
Comprised of:-		
Cash and cash equivalents	487,628	835,380
Short-term deposits	630,402	935,533
	<u>1,118,030</u>	<u>1,770,913</u>

DESNOES AND GEDDES LIMITED

Geographical Segment (unaudited)

9 months ended March 31, 2006

	Domestic		Export		Total	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Turnover	5,695,098	5,556,871	1,814,859	1,322,075	7,509,957	6,878,946
Special Consumption Tax	(1,045,871)	(1,006,819)	-	-	(1,045,871)	(1,006,819)
Net sales value	4,649,227	4,550,051	1,814,859	1,322,075	6,464,086	5,872,127
Cost of sales	(2,330,698)	(2,182,482)	(1,426,843)	(1,176,509)	(3,757,541)	(3,358,991)
Gross profit	2,318,529	2,367,569	388,016	145,566	2,706,545	2,513,136
Marketing costs	(495,832)	(495,844)	(441,390)	(170,772)	(937,222)	(666,616)
Segment result	1,822,697	1,871,726	(53,374)	(25,206)	1,769,323	1,846,520
General, selling & administrative expenses					(532,629)	(451,937)
Other income/(expense)					27,886	(24,926)
Trading profit					1,264,580	1,369,658
Interest income					37,480	34,770
Gain on disposal of property, plant and equipment					10,779	378,100
Profit before finance cost					1,312,839	1,782,528
Finance cost					(2,895)	(2,161)
Profit before taxation					1,309,944	1,780,367
Taxation					(107,568)	(97,570)
Net profit for the period					1,202,376	1,682,797
Segment assets	4,924,331	6,132,843	1,831,832	1,155,367	6,756,163	7,288,209
Segment liabilities	2,290,234	1,808,996	(105,269)	613,376	2,184,964	2,422,371
Depreciation	(119,190)	(144,404)	(72,959)	(45,851)	(192,149)	(190,255)
Capital expenditure	136,622	95,615	83,629	30,360	220,251	125,975