

DESNOES & GEDDES LIMITED

AUDITED OPERATING RESULTS

FOR THE PERIOD ENDING JUNE 30, 2002

Highlights

	Year ending 30/6/2002	Year ending 30/6/2001	Change
	\$m	\$m	%
Turnover	5,555	5,130	8%
Operating Profit	1,339	1,213	10%
Profit before tax	1,264	1,319	-4%
Profit after Tax	1,503	951	58%
Earnings per Share	53.50 cents	33.84 cents	58%
Interim Ordinary Dividend	\$0.15	\$0.15	0%
Proposed final dividend	\$0.35	\$0.30	17%

Note 1: Operating profit is before interest received, redundancies and exceptional items

Operating Results

Volumes

Total volumes grew by 10%, which was a very creditable performance in the circumstances. Sales were undoubtedly lost as a result of the poor weather condition in the last quarter and the economic repercussions of September 11th attacks were felt, particularly in the tourist areas

Export volumes to the United States of America, the biggest export market

for the company's flagship brand Red Stripe, grew by 29% year-on-year. This was a result of increased focus and investment in this market coupled with efforts to dramatically improve service. Other exports grew by 6%, bringing the growth of the total export category to 20% over the previous year.

During the second half of the year, the company launched its first ready-to-drink product, Smirnoff Ice. This popular world-class brand has made a commendable start and is expected to continue to do very well in the Jamaican market.

Volumes 2002 vs 2001	
	<u>%var to LY</u>
Red Stripe	3%
Ped Stripe Light	93%
Dragon Stout	16%
Guinness	5%
Heineken	1%
Malta	8%
Total domestic brewed	6%
Smirnoff Ice	- *
Total domestic	6%
Exports: USA	29%
Other	6%
Total export	20%
Total volumes	10%

* Smirnoff Ice was launched on the Jamaican market in April 2002

Profit & Loss

Turnover grew by 8% as a result of the efforts to grow volumes. Prices were again held flat in spite of inflation.

Operating Profit grew by 10% due to cost saving / efficiency initiatives combined with the volume growth. The cost performance would have been even better had it not been for the very high insurance increases following the tragic events of September 11, 2001 and unexpected legal costs associated

with the Fair Trading Commission's investigation into the company's commercial activities.

Profit before Tax decreased by 4% mainly due to a significant increase in redundancy costs as the company reduced its production workforce and introduced New Ways of Working in the plant. This was in preparation for the commissioning of the new packaging line, which represents one of the biggest capital investments in the company's history. Interest income was also lower as the company took the decision to invest more of its spare funds in US dollars to reduce risk.

Profit after Tax, however, increased by 58% year-on-year as the company benefited from an approval granted under the provisions of Section 86 of the Income Tax Act for income tax payable by the company to be remitted. This includes an adjustment of deferred tax which would have crystallized during the five year period of the relief, hence the credit in the current year.

Balance Sheet / Cash Flow

The company spent \$671 million in the acquisition of fixed assets, which included the first phase of the substantial upgrading of the packaging and brewing facilities. This represents a 289% increase over the investments made during the year ending June 30, 2001. A significant portion of the equipment will be paid for in the first month of the upcoming financial year, hence the surplus of funds and the high level of debt owed to the Diageo Group as at the year-end will be short-lived.

At June 30th, 2002, the installation of the new packaging line was well advanced and on target to be fully commissioned by the end of the first quarter in the new financial year. In preparation for the implementation of the new line, the company introduced New Ways of Working among the production workforce which saw the plant operating on a 24 hours per day, 7 days per week basis.

Dividends

The Board of Directors proposed a final dividend of 35 cents (gross) per stock unit, to be paid to the stockholders on the company's register of members at the close of business on November 27, 2002. This brings the total ordinary dividends

to 50 cents, representing an 11% increase on the previous year's payments.

Group Profit & Loss Account

Year ended june30, 2002

	Audited 12 months to June 30, 2002 \$000's	Audited 12 months to June 30, 2001 \$000's
Turnover	5,554,998	5,129,571
Cost of Sales	<u>(3,391,091)</u>	<u>(3,172,930)</u>
Gross Profit	<u>2,163,907</u>	<u>1,956,641</u>
Other Operating Income (Expense)	217,952	154,986
Distribution Costs	(375,849)	(350,881)
Administration & General Expense	(666,765)	(547,905)
Profit before interest expenses	<u>1,339,245</u>	<u>1,212,841</u>
Interest (expense)/income	99,789	182,273
Profit before exceptional item	<u>1,439,034</u>	<u>1,395,114</u>
Exceptional item	(174,649)	(75,796)
Profit before taxation	<u>1,264,385</u>	<u>1,319,318</u>
Taxation	238,620	(368,742)
Net profit for period, all dealt with in the financial statements of the company	<u>1,503,005</u>	<u>950,576</u>
Number of Stock Units issued	2,809,171,266	1,971,348,256
Earnings per Stock Unit (cents)	53.50	33.84

* Restated to give effect to the Bonus Issue in December 2001

GROUP STATEMENT OF CHANGES IN EQUITY

	Share Capital \$000s	Share Premium \$000s	Capital Reserves \$000s	Retained Earnings \$000s	Total \$000s
Balances at June 30, 2002	547,597	770,394	935,583	883,240	3,136,814
Net profit for the period	0	0	0	950,576	950,576
Translation gains	0	0	414		414
Dividends	0	0	0	(887,106)	(887,106)
Bonus shares issued	438,077	0	0	(438,077)	0
Balances at June 30, 2001	<u>985,674</u>	<u>770,394</u>	<u>935,997</u>	<u>508,633</u>	<u>3,200,698</u>
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Balances at June 30, 2001	985,674	770,394	935,997	508,633	3,200,698
Net profit for the period	0	0	0	1,503,005	1,503,005
Translation gains	0	0	0		0
Losses eliminated on write off of subsidiaries	0	0	0	36,178	36,178
Dividends	0	0	0	(1,404,586)	(1,404,586)
Bonus shares issued	418,912	0	0	(418,912)	0
Balances at June 30, 2002	<u>1,404,586</u>	<u>770,394</u>	<u>935,997</u>	<u>224,318</u>	<u>3,335,295</u>
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GROUP BALANCE SHEET

Audited	Audited
as at	as at
30/06/02	30/06/01
\$M	\$M
<u> </u>	<u> </u>

NET ASSETS EMPLOYED

Fixed Assets	2,693,673	2,257,100
Investments	6,795	28,722
	<u>2,700,468</u>	<u>2,285,822</u>

CURRENT ASSETS

Inventories	733,579	566,429
Receivables	465,443	404,390
Short Term Lending		484,871
Short Term Deposits	1,085,349	938,184
Cash and Bank	388,765	71,109
Taxation Recoverable	0	0
	<u>2,673,136</u>	<u>2,464,983</u>

CURRENT LIABILITIES

Payables	406,022	434,877
Diageo Group Companies	559,776	28,310
Bank Borrowings	0	0
Taxation	26,759	175,373
Current Portion LTL	4,553	4,553
Proposed Dividend	983,210	591,404
	<u>1,980,320</u>	<u>1,234,517</u>

NET CURRENT ASSETS

National Housing Trust	692,816	1,230,466
	0	1,026
	<u>3,393,284</u>	<u>3,517,314</u>
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FINANCED BY

Share Capital	1,404,586	985,674
Share Premium	770,394	770,394
Capital Reserves	935,997	935,997
Retained Earnings	224,318	508,633
SHAREHOLDERS EQUITY	<u>3,335,295</u>	<u>3,200,698</u>
Deferred Taxation	43,712	297,786
Long Term Liabilities	6,830	11,383
Minority Interest	7,447	7,447
	<u>3,393,284</u>	<u>3,517,314</u>

Group Statement of Cash Flows

12 months ended June 30, 2002

	Audited 30/06/02 \$'000	Audited 30/06/01 \$'000
CASHFLOW FROM OPERATING ACTIVITIES		
Net profit for the period	1,503,005	950,576
Adjustment to reconcile profit for the period to net cash provided/(used) by operating activities:		
Depreciation	195,180	203,504
Loss/(Profit) on sale of fixed assets	(25,455)	31,465
Deferred taxation charge	(254,074)	(15,455)
Translation gains	57,355	414
	1,476,011	1,170,504
(Increase)/decrease in current asset		
Securities purchased under agreements to resell	484,871	295,466
Accounts receivable	(61,053)	20,743
Inventories	(167,150)	53,460
Increase/(decrease) in current liabilities		
Accounts payable	(28,855)	27,065
Taxation payable	(148,614)	(74,488)
Diageo group companies	531,466	(72,980)
Net cash provided by operating activities	2,086,676	1,419,770
CASHFLOW FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	(671,837)	(172,536)
Proceeds from disposal of fixed assets	66,207	50,315
Proceeds from disposal of investments	82	73
Dividend payments	(1,012,780)	(952,818)
Repayment of National Housing Trust	1,026	-
Net cash used by investment activities	(1,617,302)	(1,074,966)
CASHFLOWS FROM FINANCING ACTIVITIES		

Bank borrowings	-	-
Long term liabilities repaid	<u>(4,553)</u>	<u>(4,553)</u>
Net cash used by financing activities	<u>(4,553)</u>	<u>(4,553)</u>
Net increase in cash balances	<u>464,821</u>	<u>283,507</u>
Net cash at beginning of period	<u>1,009,293</u>	<u>725,786</u>
Net cash at end of period	<u>1,474,114</u>	<u>1,009,293</u>
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Comprised of.--		
Cash	388,765	71,109
Short-term deposits	<u>1,085,349</u>	<u>938,184</u>
	<u>1,474,114</u>	<u>1,009,293</u>
