

CEYLON BREWERY PLC

Interim Report

First Quarter 
Three months ended 30th June, 2009

Board of Directors

L.C.R. de C. Wijetunge (*Chairman*)

Hari Selvanathan (*Deputy Chairman*)

Mano Selvanathan

Suresh K. Shah (*Chief Executive Officer*)

D.C.R. Gunawardena

Income Statements

In Sri Lankan Rs. '000s

	Company				Group			
	Quarter ended 30.06.2009	Quarter ended 30.06.2008	Change %	Year ended 31.03.2009 (Audited)	Quarter ended 30.06.2009	Quarter ended 30.06.2008	Change %	Year ended 31.03.2009 (Audited)
Revenue	30,615	28,508	7	114,416	1,729,445	1,374,800	26	6,240,851
Cost of sales	-	-	-	-	(1,205,790)	(955,521)	26	(4,229,539)
Gross profit	30,615	28,508	7	114,416	523,655	419,279	25	2,011,312
Other operating income	-	-	-	-	359	2,037	(82)	2,228
	30,615	28,508	7	114,416	524,014	421,316	24	2,013,540
Indirect Operating Expenses								
Distribution expenses	-	-	-	-	(259,026)	(242,190)	7	(1,097,205)
Administrative expenses	(1,594)	(3,073)	(48)	(12,745)	(76,685)	(66,698)	15	(310,530)
Other operating expenses	-	-	-	(1,907)	(17,168)	(19,660)	(13)	(96,768)
Profit from operations	29,021	25,435	14	99,764	171,135	92,768	84	509,037
Finance expenses	(45)	(86)	(48)	(250)	(95,018)	(87,014)	9	(378,158)
Profit before taxation	28,976	25,349	14	99,514	76,117	5,754	1,223	130,879
Taxation	(6,904)	(6,133)	13	(22,269)	1,674	(3,447)	(149)	(15,345)
Profit after taxation	22,072	19,216	15	77,245	77,791	2,307	3,272	115,534
(Loss)/Profit attributable to								
Equity holders of the Company	22,072	19,216	15	77,245	50,130	10,126		93,187
Minority shareholders	-	-	-	-	27,661	(7,819)		22,347
	22,072	19,216	15	77,245	77,791	2,307		115,534
Earnings per ordinary share (Rs.)	1.05	0.92		3.68	2.39	0.48		4.44
Dividends per ordinary share (Rs.)	3.00	3.00		3.00	3.00	3.00		3.00

The above figures are provisional and subject to audit.

Change % represents the percentage change in the current year results compared to the comparative period.

Figures in brackets indicate deductions/negative changes.

Balance Sheets

In Sri Lankan Rs. '000s

As at 30th June

	Company			Group		
	2009	2008	31.03.2009 (Audited)	2009	2008	31.03.2009 (Audited)
ASSETS						
Non-Current Assets						
Property, plant & equipment	7,611	7,720	7,639	2,397,562	2,329,500	2,409,011
Intangible assets	-	-	-	53,477	34,228	57,337
Investment in subsidiary	866,362	866,362	866,362	-	-	-
Long-term Investments	-	-	-	1,318,827	744,843	1,091,677
Total non-current assets	873,973	874,082	874,001	3,769,866	3,108,571	3,558,025
Current Assets						
Inventories	-	-	-	884,368	857,577	923,135
Trade & other receivables	2,751	22,059	2,516	967,925	1,072,709	1,022,904
Amounts due from related companies	137,285	80,775	15,072	-	-	-
Cash & cash equivalents	66,650	49,043	165,120	146,978	202,432	239,410
Total current assets	206,686	151,877	182,708	1,999,271	2,132,718	2,185,449
Total assets	1,080,659	1,025,959	1,056,709	5,769,137	5,241,289	5,743,474
EQUITY & LIABILITIES						
Equity						
Stated capital	533,384	533,384	533,384	533,384	533,384	533,384
Capital reserve	8,935	8,903	8,927	126,146	126,039	126,119
Revenue reserve	459,332	442,195	500,224	780,192	710,008	793,044
Equity attributable to equity holders						
of the Company	1,001,651	984,482	1,042,535	1,439,722	1,369,431	1,452,547
Minority interest	-	-	-	935,793	877,935	908,131
Total Equity	1,001,651	984,482	1,042,535	2,375,515	2,247,366	2,360,678
Non-Current Liabilities						
Payables due after one year	-	-	-	642,907	505,379	626,824
Retirement benefit obligation	-	-	-	30,154	20,297	28,905
Deferred taxation	1,346	2,294	1,329	402,833	415,844	411,433
Total non-current liabilities	1,346	2,294	1,329	1,075,894	941,520	1,067,162
Current Liabilities						
Trade & other payables	69,407	27,535	7,304	242,356	235,815	180,702
Amounts due to related companies	-	-	-	94,357	34,141	92,731
Current taxation	8,255	11,091	5,541	342,306	272,127	335,160
Long-term loans repayable within one year	-	-	-	10,687	80,282	37,447
Short-term loans	-	-	-	550,000	200,000	400,000
Bank overdrafts	-	557	-	1,078,023	1,230,038	1,269,594
Total current liabilities	77,662	39,183	12,845	2,317,728	2,052,403	2,315,634
Total liabilities	79,008	41,477	14,174	3,393,623	2,993,923	3,382,796
Total equity & liabilities	1,080,659	1,025,959	1,056,709	5,769,137	5,241,289	5,743,474
Net assets per ordinary share (Rs.)	47.72	46.91	49.67	68.60	65.25	69.21

The above figures are provisional and subject to audit.

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

(Sgd.)

D.R.P. Goonetilleke

Head of Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved & signed on behalf of the Managers,

Approved & signed on behalf of the Board,

(Sgd.)

D. C. R. Gunawardena

Director

(Sgd.)

M. Selvanathan

Director

(Sgd.)

S. K. Shah

Director

Carsons Management Services (Private) Limited

Secretaries

30th July 2009

Statement of Changes in Equity

In Sri Lankan Rs. '000s

	Attributable to Equity Holders of the Company					Minority Shareholders' Interest	Total Equity
	Stated Capital	Capital Reserves	Revenue Reserves	Retained Earnings	Total		
Company							
Balance as at 1st April 2008	533,384	8,895	184,174	301,769	1,028,222	-	1,028,222
Adjustment for deferred tax liability	-	8	-	-	8	-	8
Profit for the period	-	-	-	19,216	19,216	-	19,216
Dividend - Ordinary	-	-	-	(62,964)	(62,964)	-	(62,964)
Balance as at 30th June 2008	533,384	8,903	184,174	258,021	984,482	-	984,482
Balance as at 1st April 2008	533,384	8,895	184,174	301,769	1,028,222	-	1,028,222
Adjustment for deferred tax liability	-	32	-	-	32	-	32
Profit for the period	-	-	-	77,245	77,245	-	77,245
Dividend - Ordinary	-	-	-	(62,964)	(62,964)	-	(62,964)
Balance as at 31st March 2009 (Audited)	533,384	8,927	184,174	316,050	1,042,535	-	1,042,535
Balance as at 1st April 2009	533,384	8,927	184,174	316,050	1,042,535	-	1,042,535
Adjustment for deferred tax liability	-	8	-	-	8	-	8
Profit for the period	-	-	-	22,072	22,072	-	22,072
Dividend - Ordinary	-	-	-	(62,964)	(62,964)	-	(62,964)
Balance as at 30th June 2009	533,384	8,935	184,174	275,158	1,001,651	-	1,001,651
Group							
Balance as at 1st April 2008	533,384	126,012	184,174	578,673	1,422,243	885,737	2,307,980
Adjustment for deferred tax liability	-	27	-	-	27	18	45
Profit/(Loss) for the period	-	-	-	10,126	10,126	(7,819)	2,307
Dividend	-	-	-	(62,964)	(62,964)	-	(62,964)
Inter-company unrealised profit	-	-	-	(1)	(1)	(1)	(2)
Balance as at 30th June 2008	533,384	126,039	184,174	525,834	1,369,431	877,935	2,247,366
Balance as at 1st April 2008	533,384	126,012	184,174	578,673	1,422,243	885,737	2,307,980
Adjustment for deferred tax liability	-	107	-	-	107	74	181
Profit for the period	-	-	-	93,187	93,187	22,347	115,534
Dividend	-	-	-	(62,964)	(62,964)	-	(62,964)
Inter-company unrealised profit	-	-	-	(26)	(26)	(27)	(53)
Balance as at 31st March 2009 (Audited)	533,384	126,119	184,174	608,870	1,452,547	908,131	2,360,678
Balance as at 1st April 2009	533,384	126,119	184,174	608,870	1,452,547	908,131	2,360,678
Adjustment for deferred tax liability	-	27	-	-	27	18	45
Profit for the period	-	-	-	50,130	50,130	27,661	77,791
Dividend	-	-	-	(62,964)	(62,964)	-	(62,964)
Inter-company unrealised profit	-	-	-	(18)	(18)	(17)	(35)
Balance as at 30th June 2009	533,384	126,146	184,174	596,018	1,439,722	935,793	2,375,515

The above figures are provisional and subject to audit.

Figures in brackets indicate deductions.

Cash Flow Statements

In Sri Lankan Rs. '000s

	Company			Group		
	Quarter ended 30.06.2009	30.06.2008	Year ended 31.03.2009 (Audited)	Quarter ended 30.06.2009	30.06.2008	Year ended 31.03.2009 (Audited)
Net cash generated from/(used in)						
operating activities	(98,445)	(76,255)	61,037	206,178	(206,401)	60,521
Net cash used in investing activities	-	-	-	(234,272)	(1,745)	(415,885)
Net cash used in financing activities	(25)	(41,953)	(62,611)	(22,768)	(43,896)	(99,256)
Net decrease in cash &						
cash equivalents	(98,470)	(118,208)	(1,574)	(50,861)	(252,042)	(454,620)
Cash & cash equivalents at the						
beginning of the period	165,120	166,694	166,694	(1,430,184)	(975,564)	(975,564)
Cash & cash equivalents at						
the end of the period	66,650	48,486	165,120	(1,481,045)	(1,227,606)	(1,430,184)
Analysis of Cash & Cash Equivalents						
Cash and cash equivalents	66,650	49,043	165,120	146,978	202,432	239,410
	66,650	49,043	165,120	146,978	202,432	239,410
Short-term loans	-	-	-	(550,000)	(200,000)	(400,000)
Bank overdrafts	-	(557)	-	(1,078,023)	(1,230,038)	(1,269,594)
	66,650	48,486	165,120	(1,481,045)	(1,227,606)	(1,430,184)

The above figures are provisional and subject to audit.

Figures in brackets indicate deductions.

Notes to the Financial Statements

1. Basis of Preparation of Financial Statements

The Financial Statements of the Company and the Group have been prepared on the basis of the same accounting policies and methods applied for the year ended 31st March 2009 and are in compliance with Sri Lanka Accounting Standard No. 35 - 'Interim Financial Reporting'.

2. Contingent Liabilities

(a) Company

In January 2008 the Customs Department instituted a prosecution in the Fort Magistrate's Court (MC) against the Company and its Directors for the recovery of Rs. 48,121,634.29 comprising of Rs. 23,620,080.43 being the amount in dispute pertaining to the method of calculation of Excise (Special Provision) Duty prior to the period 2003 and Rs. 24,501,553.86 as its penalty. The Company and the Directors filed an application for Writ in the Court of Appeal (CA) to quash the Certificate of Excise Duty in Default issued by the Director General of Customs and Excise Duty to recover the said sum and obtained a Stay Order in respect of the proceedings of the Fort MC Case. Pending the conclusion of the CA case the Courts ordered the payment of Rs. 23,620,080.43 to Sri Lanka Customs which was the amount in dispute which has been paid by the Company. However, no provision has been made for the penalty of Rs. 24,501,553.86 since the CA case is still on going.

(b) Lion Brewery (Ceylon) PLC

(1) The Customs Department instituted a prosecution in the Magistrate's Court of Kaduwela against the Company and its Directors to recover Excise Duty amounting to LKR 58,753,582.94 comprising of the disputed Excise Duty of Rs. 29,376,791.47 and its penalty of Rs. 29,376,791.47. The Company and the Directors have filed an application for Writ in the Court of Appeal to quash the Certificate Excise Duty in Default issued by the DG of Customs and Excise Duty to recover the said sum and obtained a Stay Order in respect of the proceedings of the MC Kaduwela Case No. 11303/Customs. The Court of Appeal matter is currently pending.

(2) There are 14 cases filed in the District Court of Balapitiya against the Company (Case numbers 2816/M to 2819/M, 2682/MR, 3031/M to 3038/M and 3058/M) claiming damages for injuries and deaths caused due to a road accident which occurred at Induruwa, Balapitiya on 10th April 2007 involving a truck transporting products of the Company and a passenger bus. The aggregate of all the claims of said 14 cases amounts to LKR 46,000,000/-. All the cases are currently pending.

(3) Lion Brewery (Ceylon) PLC's contingent liabilities as at 30th June 2009 on bank guarantees given to Government bodies and foreign suppliers for operational purposes amount to Rs. 20 Mn.

Apart from the above there were no other material contingent liabilities which would require adjustments to or disclosure in the Financial Statements.

3. Events after the Balance Sheet Date

Subsequent to the Balance Sheet date, no circumstances have arisen which would require adjustments to or disclosure in the Financial Statements.

Notes to the Financial Statements

4. Comparative Figures

The previous years'/periods' figures and phrases have been rearranged wherever necessary to conform to the current presentation.

5. Stated Capital

The Company's stated capital consists of 20,988,090 ordinary shares.

6. Segmental Analysis

The Company does not distinguish its products into significant components for different Geographical / Business segments as the differentiations are insignificant.

7. Investor Information

Share Valuation

For the three months ended 30th June

	2009	2008
Market value per share. (Rs.)	72.50	61.00
Highest traded (Rs.)	74.50	70.25
Lowest traded (Rs.)	52.00	60.00

8. Twenty Major Shareholders as at 30th June 2009

Name of Shareholder	No. of Shares	%
Carson Cumberbatch PLC	13,984,012	66.63
Carlsberg A/S	1,676,440	7.99
The Gilpin Fund Limited	1,330,220	6.34
HSBC Intl Nom Ltd. - SNFE-Arisaig India Fund Limited	1,021,900	4.87
Ceylon Guardian Investment Trust PLC	934,900	4.45
Ceylon Investment PLC	808,000	3.85
Sri Lanka Insurance Corporation Ltd. - Life Fund	283,400	1.35
HSBC International Nominees Ltd. - SSBT-Deutsche Bank	135,000	0.64
Madam. J. Kaur	37,400	0.18
Tranz Dominion, L.L.C	35,300	0.17
Mr. H.W.M. Woodward	32,965	0.16
Freudenberg Shipping Agencies Limited	25,200	0.12
Mr. H.A. Pieris	24,500	0.12
Mr. M. Radhakrishnan	24,400	0.12
Guinness Morison International Limited	20,953	0.10
Secretarial Services Limited	12,100	0.06
Mr. D.K. Weeratunga	11,000	0.05
Mrs. N.S. Senewiratne	10,000	0.05
Mrs. L.A.S. Moldrich	9,900	0.05
Mr. N.J. Gamadia	8,786	0.04

Notes to the Financial Statements

9. Public Holding

Percentage of shares held by the public as at 30th June 2009 was 25.04%.

10. Directors' Shareholdings

As at 31st March 2009	No of Shares
L.C.R. de C. Wijetunge (Chairman)	–
H. Selvanathan (Deputy Chairman)	690
M. Selvanathan	690
S. K. Shah	2,632
D.C.R. Gunawardena	15
P.C.P. Tissera (Resigned w.e.f. 31.03.2009)	15
J.B. Madsen (Resigned w.e.f. 01.03.2009)	–

CORPORATE INFORMATION

Name of Company

Ceylon Brewery PLC
(A Carson Cumberbatch Company)

Company Registration No.

PQ 35

Legal Form

A public quoted company with limited liability,
incorporated in Sri Lanka in 1910

Subsidiary Companies

Lion Brewery (Ceylon) PLC
CBL Retailers (Private) Limited

Parent Company

Carson Cumberbatch PLC

Bankers

Commercial Bank
Citibank
Deutsche Bank
Hatton National Bank
HSBC
Nations Trust Bank
Standard Chartered Bank
Bank of Ceylon
People's Bank

Legal Advisers

Messrs F.J. & G. De Saram

Auditors

Messrs KPMG Ford, Rhodes, Thornton & Co.
Chartered Accountants

Managers & Secretaries

Carsons Management Services (Private) Limited
No. 61, Janadhipathi Mawatha
Colombo 01, Sri Lanka
Tel: +94 11 4739200
Fax: +94 11 4739300
E-Mail: carsons@carcumb.com

Registered Office

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Colombo 01, Sri Lanka
Tel: +94 11 4739200
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E-Mail: carsons@carcumb.com

Company Website

www.lionbeer.com

Corporate Website

www.carsoncumberbatch.com