

LION BREWERY (CEYLON) PLC

Interim Report

First Quarter **1**
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

Dato' Voon Loong Chin D.S.P.N.

C. Prasanna Amerasinghe

C.T. Liyanage

D. Ranil P. Goonetilleke

Income Statement

In Sri Lankan Rs. '000s

	Quarter ended		Change %	Year ended 31.03.2009 (Audited)
	30.06.2009	30.06.2008		
Revenue	1,665,544	1,340,944	24	6,094,726
Cost of sales	(1,159,318)	<u>(936,232)</u>	24	<u>(4,145,532)</u>
Gross profit	506,226	404,712	25	1,949,194
Other operating income	28	<u>1,909</u>	(99)	<u>1,625</u>
	506,254	406,621	25	1,950,819
Distribution expenses	(259,026)	(242,188)	7	(1,097,204)
Administrative expenses	(71,348)	(60,742)	17	(285,526)
Other operating expenses	(17,168)	<u>(19,660)</u>	(13)	<u>(94,861)</u>
Profit from operations	158,712	84,031	89	473,228
Finance expenses	(100,573)	<u>(91,547)</u>	10	<u>(391,339)</u>
Profit/(Loss) before taxation	58,139	<u>(7,516)</u>	874	81,889
Taxation	8,578	<u>2,686</u>	219	<u>6,924</u>
Profit/(Loss) after taxation	66,717	<u>(4,830)</u>	1,481	<u>88,813</u>
Earnings/(Loss) per ordinary share (Rs.)	1.12	(0.32)		0.90

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 Sheet

In Sri Lankan Rs. '000s
As at 30th June

	2009	2008	31.03.2009 (Audited)
ASSETS			
Non-Current Assets			
Property, plant & equipment	2,386,382	2,319,823	2,398,093
Intangible assets	34,555	20,671	38,007
Long-term investment	1,318,827	744,843	1,091,677
Total Non-Current Assets	3,739,764	3,085,337	3,527,777
Current Assets			
Inventories	875,985	851,578	915,118
Trade and other receivables	955,986	1,038,358	1,014,226
Amounts due from related companies	19,524	10,429	16,192
Cash & cash equivalents	73,782	149,522	69,316
Total Current Assets	1,925,277	2,049,887	2,014,852
Total Assets	5,665,041	5,135,224	5,542,629
EQUITY & LIABILITIES			
Capital & Reserves			
Stated capital	1,337,801	1,337,801	1,337,801
Capital reserves	232,516	232,367	232,479
Retained earnings	666,847	550,237	611,068
Total Equity	2,237,164	2,120,405	2,181,348
Non-Current Liabilities			
Payables due after one year	642,907	505,379	626,824
Retirement benefit obligations	30,090	20,289	28,829
Deferred taxation	401,487	413,551	410,104
Total Non-Current Liabilities	1,074,484	939,219	1,065,757
Current Liabilities			
Trade and other payables	167,425	202,584	166,134
Amounts due to related companies	216,570	102,217	92,731
Current taxation	330,688	261,036	329,618
Long-term loans repayable within one year	10,687	80,282	37,447
Short-term loans	550,000	200,000	400,000
Bank overdrafts (Unsecured)	1,078,023	1,229,481	1,269,594
Total Current Liabilities	2,353,393	2,075,601	2,295,524
Total Liabilities	3,427,877	3,014,820	3,361,281
Total Equity & Liabilities	5,665,041	5,135,224	5,542,629
Net assets per ordinary share (Rs.)	37.74	35.41	36.63

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

Director - Finance

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

Approved and signed on behalf of the Managers,

Approved and 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

<i>In Sri Lankan Rs. '000s</i>	Stated Capital	Capital Reserves	Retained Earnings	Total Equity
Balance as at 1st April 2008	1,337,801	232,330	566,005	2,136,136
Adjustment for deferred tax liability	–	37	–	37
Loss for the period	–	–	(4,830)	(4,830)
Dividend - Preference	–	–	(10,938)	(10,938)
Balance as at 30th June 2008	<u>1,337,801</u>	<u>232,367</u>	<u>550,237</u>	<u>2,120,405</u>
Balance as at 1st April 2008	1,337,801	232,330	566,005	2,136,136
Adjustment for deferred tax liability	–	149	–	149
Profit for the period	–	–	88,813	88,813
Dividend - Preference	–	–	(43,750)	(43,750)
Balance as at 31st March 2009 (Audited)	<u>1,337,801</u>	<u>232,479</u>	<u>611,068</u>	<u>2,181,348</u>
Balance as at 1st April 2009	1,337,801	232,479	611,068	2,181,348
Adjustment for deferred tax liability	–	37	–	37
Loss for the period	–	–	66,717	66,717
Dividend - Preference	–	–	(10,938)	(10,938)
Balance as at 30th June 2009	<u>1,337,801</u>	<u>232,516</u>	<u>666,847</u>	<u>2,237,164</u>

The above figures are provisional and subject to audit.

Figures in brackets indicate deductions.

Cash Flow Statement

In Sri Lankan Rs. '000s

	Quarter ended 30.06.2009	Quarter ended 30.06.2008	Year ended 31.03.2009 (Audited)
Net cash generated from/(used in) operating activities	313,924	(154,698)	7,783
Net cash generated from/(used in) investing activities	(234,207)	6,592	(397,756)
Net cash used in financing activities	(33,679)	(1,944)	(80,395)
Net increase/(decrease) in cash & cash equivalents	<u>46,038</u>	<u>(150,050)</u>	<u>(470,368)</u>
Cash & cash equivalents at the beginning of the period	<u>(1,600,279)</u>	<u>(1,129,910)</u>	<u>(1,129,910)</u>
Cash & cash equivalents at the end of the period	<u>(1,554,241)</u>	<u>(1,279,960)</u>	<u>(1,600,278)</u>
Analysis of cash & cash equivalents			
Cash and cash equivalents	<u>73,782</u>	149,521	69,316
	73,782	149,521	69,316
Short-term loans	(550,000)	(200,000)	(400,000)
Bank overdraft	(1,078,023)	(1,229,481)	(1,269,594)
	<u>(1,554,241)</u>	<u>(1,279,960)</u>	<u>(1,600,278)</u>

The above figures are provisional and subject to audit.

Figures in brackets indicate deductions.

Notes to the Financial Statements

1. Basis of Preparation of the Financial Statements

The Financial Statements of the Company 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. 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.

3. Contingent Liabilities

(a) Contingent liabilities as at 30th June 2009 amount to Rs. 20 million, being bank guarantees given to Government bodies and foreign suppliers for operational purposes.

(b) Following legal matters are outstanding against the Company and no provision has been made in the Financial Statements to this regard.

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 Rs. 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 Rs. 46,000,000/-. All the cases are currently pending.

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

4. Stated Capital

The Company's stated capital consists of 50,000,000 ordinary shares and 35,000,000 12.5% redeemable cumulative preference shares.

Notes to the Financial Statements

5. Segmental Analysis

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

6. Comparative Figures

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

7. Investor Information

Share Valuation

<i>For the three months ended 30th June</i>	2009	2008
	Rs.	Rs.
Market value per share	76.50	65.00
Highest traded	85.00	66.00
Lowest traded	55.00	58.00

8. Twenty Major Shareholders as at 30th June 2009

Name of Shareholder	No. of Shares	%
Ceylon Brewery PLC	25,205,493	50.41
Carlsberg Brewery Malaysia Berhad	12,300,000	24.60
HSBCIntl Nom Ltd. - BBH Genesis Smaller Companies	4,927,848	9.86
HSBC Intl Nom Ltd. - SNFE-Arisaig India Fund Limited	2,974,500	5.95
Ceylon Guardian Investment Trust PLC	1,341,857	2.68
The Gilpin Fund Limited	789,700	1.58
Ceylon Investment PLC	572,000	1.14
Sri Lanka Insurance Corporation Ltd. - Life Fund	350,400	0.70
Carson Cumberbatch PLC	328,701	0.66
Seylan Bank PLC/Priyani Dharshini Ratna Gopal	181,379	0.36
Portelet Limited	101,200	0.20
Tranz Dominion, L.L.C.	60,000	0.12
Newgreens Limited	52,000	0.10
Mr. S.A. Wickramanayake	39,000	0.08
DFCC Vardhana Bank Limited/Regent Plaza (Pvt) Limited	28,800	0.06
Mrs. N.S. Senewiratne	27,686	0.06
Mr. M.K. Chandrasiri	20,000	0.04
Miss E. De Fonseka	17,092	0.03
Mr. C.D. Kohombanwickremage	16,300	0.03
Mr. S.R. Mirchandani	16,000	0.03

Notes to the Financial Statements

9. Public Holding

Percentage of shares held by the public as at 30th June 2009 was 20.48%.

10. Directors' Shareholdings

As at 31st March 2009	No. of Shares
L.C.R. de C. Wijetunge (Chairman)	–
H. Selvanathan (Deputy Chairman)	987
M. Selvanathan	987
S.K. Shah	3,761
D.C.R. Gunawardena	22
Dato' Chin Voon Loong D.S.P.N.	–
M. Lightbown (Resigned w.e.f. 16.06.2008)	1,700
C.P. Amerasinghe	1
C.T. Liyanage	2,500
D.R.P. Goonetilleke	–
J.B. Madsen (Resigned w.e.f. 01.03.2009)	–

CORPORATE INFORMATION

NAME OF COMPANY

Lion Brewery (Ceylon) PLC
(A Carson Cumberbatch Company)

COMPANY REGISTRATION NO.

PQ 57

LEGAL FORM

A public quoted company with limited liability,
incorporated in Sri Lanka in 1996

BANKERS

Commercial Bank
Citibank
Deutsche Bank
Hatton National Bank
HSBC
Nations Trust Bank
Standard Chartered Bank

LEGAL ADVISERS

Messrs F.J. & G. De Saram
No. 216, De Saram Place
Colombo 10, Sri Lanka
Tel : +94 11 4718200
Fax : +94 11 4718220

AUDITORS

Messrs KPMG Ford, Rhodes, Thornton & Co.
Chartered Accountants
No. 32A, Sir Mohamed Macan Markar
Mawatha, Colombo 03, Sri Lanka
Tel : +94 11 5426426
Fax : +94 11 2445872

MANAGERS & SECRETARIES

Carsons Management Services
(Private) Limited
No. 61, Janadhipathi Mawatha
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Tel : +94 11 4739200
Fax : +94 11 4739300

REGISTERED OFFICE

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Colombo 01, Sri Lanka
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E-Mail : carsons@carcumb.com

BREWERY

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COMPANY WEBSITE

www.lionbeer.com

GROUP WEBSITE

www.carsoncumberbatch.com