

# **LION BREWERY (CEYLON) PLC**

Interim Report

Second Quarter **2**  
Six months ended 30th September, 2009

## Board of Directors

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

Hari Selvanathan (*Deputy Chairman*)

Mano Selvanathan (Resigned w.e.f. 2nd September 2009)

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

Krishna Selvanathan (Appointed w.e.f. 2nd September 2009)

# Income Statement

In Sri Lankan Rs. '000s

	Quarter Ended			Six Months Ended			Year ended
	30.09.2009	30.09.2008	Change %	30.09.2009	30.09.2008	Change %	
<b>Revenue</b>	<b>1,880,520</b>	1,488,906	26	<b>3,546,064</b>	2,829,850	25	6,094,726
Cost of sales	<b>(1,245,742)</b>	(1,040,029)	20	<b>(2,405,060)</b>	(1,976,261)	22	(4,145,532)
<b>Gross profit</b>	<b>634,778</b>	448,877	41	<b>1,141,004</b>	853,589	34	1,949,194
Other operating income	<b>2,598</b>	–	100	<b>2,626</b>	15	17,407	1,625
	<b>637,376</b>	448,877	42	<b>1,143,630</b>	853,604	34	1,950,819
Distribution expenses	<b>(273,240)</b>	(272,937)	–	<b>(532,266)</b>	(515,125)	3	(1,097,204)
Administrative expenses	<b>(92,062)</b>	(75,019)	23	<b>(163,410)</b>	(135,762)	20	(285,526)
Other operating expenses	<b>(28,024)</b>	(24,603)	14	<b>(45,192)</b>	(42,369)	7	(94,861)
<b>Profit from operations</b>	<b>244,050</b>	76,317	220	<b>402,762</b>	160,348	151	473,228
Finance expenses	<b>(77,089)</b>	(95,562)	(19)	<b>(177,662)</b>	(187,109)	(5)	(391,339)
<b>Profit/(loss) before taxation</b>	<b>166,961</b>	(19,245)	968	<b>225,100</b>	(26,761)	941	81,889
Taxation	<b>3,386</b>	2,175	56	<b>11,964</b>	4,861	146	6,924
<b>Profit/(loss) after taxation</b>	<b>170,347</b>	(17,070)	1,098	<b>237,064</b>	(21,900)	1,183	88,813
<b>Earnings/(loss) per ordinary share (Rs.)</b>	<b>3.19</b>	(0.56)		<b>4.30</b>	(0.88)		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 September

	2009	2008	31.03.2009 (Audited)
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant & equipment	2,390,187	2,339,685	2,398,093
Intangible assets	31,104	20,011	38,007
Long-term investment	1,318,827	961,043	1,091,677
<b>Total Non-Current Assets</b>	<b>3,740,118</b>	<b>3,320,739</b>	<b>3,527,777</b>
<b>Current Assets</b>			
Inventories	788,478	891,027	915,118
Trade and other receivables	1,037,755	980,315	1,014,226
Amounts due from related companies	808	12,229	16,192
Cash & cash equivalents	107,625	149,314	69,316
<b>Total Current Assets</b>	<b>1,934,666</b>	<b>2,032,885</b>	<b>2,014,852</b>
<b>Total Assets</b>	<b>5,674,784</b>	<b>5,353,624</b>	<b>5,542,629</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Capital &amp; Reserves</b>			
Stated capital	1,337,801	1,337,801	1,337,801
Pending allotment of shares	1,200,000	-	-
Capital reserves	232,553	232,372	232,479
Revenue reserves	826,257	522,230	611,068
<b>Total Equity</b>	<b>3,596,611</b>	<b>2,092,403</b>	<b>2,181,348</b>
<b>Non-Current Liabilities</b>			
Payables due after one year	640,443	579,033	626,824
Retirement benefit obligations	30,836	20,931	28,829
Deferred taxation	398,064	411,339	410,104
<b>Total Non-Current Liabilities</b>	<b>1,069,343</b>	<b>1,011,303</b>	<b>1,065,757</b>
<b>Current Liabilities</b>			
Trade and other payables	153,573	231,070	166,134
Amounts due to related companies	53,158	100,947	92,731
Current taxation	358,467	272,691	329,618
Long-term loans repayable within one year	10,687	86,401	37,447
Short-term loans	-	574,900	400,000
Bank overdrafts (Unsecured)	432,945	983,909	1,269,594
<b>Total Current Liabilities</b>	<b>1,008,830</b>	<b>2,249,918</b>	<b>2,295,524</b>
<b>Total Liabilities</b>	<b>2,078,173</b>	<b>3,261,221</b>	<b>3,361,281</b>
<b>Total Equity &amp; Liabilities</b>	<b>5,674,784</b>	<b>5,353,624</b>	<b>5,542,629</b>
<b>Net assets per ordinary share (Rs.)</b>	<b>64.93</b>	<b>34.85</b>	<b>36.63</b>

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.)

**S.K. Shah**

Director

(Sgd.)

**C.P. Amerasinghe**

Director

**Carsons Management Services (Private) Limited**

Secretaries

9th November 2009

# Statement of Changes in Equity

<i>In Sri Lankan Rs. '000s</i>	Stated Capital	Pending Allotment of Shares	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	–	–	42	–	42
Loss for the period	–	–	–	(21,900)	(21,900)
Dividend - Preference	–	–	–	(21,875)	(21,875)
<b>Balance as at 30th September 2008</b>	<b>1,337,801</b>	<b>–</b>	<b>232,372</b>	<b>522,230</b>	<b>2,092,403</b>
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)
<b>Balance as at 31st March 2009 (Audited)</b>	<b>1,337,801</b>	<b>–</b>	<b>232,479</b>	<b>611,068</b>	<b>2,181,348</b>
Balance as at 1st April 2009	1,337,801	–	232,479	611,068	2,181,348
Pending allotment of shares	–	1,200,000	–	–	1,200,000
Adjustment for deferred tax liability	–	–	74	–	74
Profit for the period	–	–	–	237,064	237,064
Dividend - Preference	–	–	–	(21,875)	(21,875)
<b>Balance as at 30th September 2009</b>	<b>1,337,801</b>	<b>1,200,000</b>	<b>232,553</b>	<b>826,257</b>	<b>3,596,611</b>

## Pending Allotment of Shares\*

Rs. 1,200,000,000/- was received from the existing shareholders on account of the right issue of Three (3) fully paid ordinary shares for every Five (5) ordinary shares held as at 28th August 2009 at Rs. 40/- each. These new shares were allotted on the 6th October 2009. Accordingly the stated capital as at 6th October 2009 increased to Rs. 2,537,801,309/-.

The above figures are provisional and subject to audit.

*Figures in brackets indicate deductions.*

# Cash Flow Statement

In Sri Lankan Rs. '000s

	Six Months ended 30.09.2009	Six Months ended 30.09.2008	Year ended 31.03.2009 (Audited)
Net cash generated from/(used in) operating activities	<b>387,953</b>	(82,742)	7,783
Net cash used in investing activities	<b>(259,015)</b>	(183,808)	(397,756)
Net cash generated from/(used) in financing activities	<b>1,146,021</b>	(13,035)	(80,395)
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b><u>1,274,959</u></b>	<u>(279,585)</u>	<u>(470,368)</u>
Cash & cash equivalents at the beginning of the year	<b>(1,600,279)</b>	(1,129,910)	(1,129,910)
<b>Cash &amp; cash equivalents at the end of the year</b>	<b><u>(325,320)</u></b>	<u>(1,409,495)</u>	<u>(1,600,278)</u>
<b>Analysis of cash &amp; cash equivalents</b>			
Cash & cash equivalents	<b><u>107,625</u></b>	149,314	69,316
	<b>107,625</b>	149,314	69,316
Short-term loans	–	(574,900)	(400,000)
Bank overdraft	<b>(432,945)</b>	(983,909)	(1,269,594)
	<b><u>(325,320)</u></b>	<u>(1,409,495)</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 except as disclosed in Statement of Changes in Equity.

## 3. Contingent Liabilities

(a) Contingent liabilities as at 30th September 2009 amount to Rs. 21 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.

## 5. Rights Issue

As per the approval received from the shareholders at the Extraordinary General Meeting held on 28th August 2009, the Company made a Rights Issue of 30,000,000 fully paid ordinary shares on the basis of Three (3) shares to Five (5) shares at Rs. 40/- each, held as at 28th August 2009 to the existing ordinary shareholders.

The issue was fully subscribed and Rs. 1,200,000,000/- was received as rights issue proceeds which is shown under Pending Allotment of Shares in the Balance Sheet.

## Notes to the Financial Statements

### 6. Segmental Analysis

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

### 7. Comparative Figures

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

### 8. Investor Information

#### Share Valuation

<i>For the six months ended 30th September</i>	<b>2009</b>	2008
	<b>Rs.</b>	Rs.
Market value per share (Rs.)	<b>58.50</b>	55.50
Highest traded (Rs.)	<b>86.50</b>	62.00
Lowest traded (Rs.)	<b>55.00</b>	55.00

### 9. Twenty Major Shareholders

(i) Aas at 30th September 2009 (before the allotment of shares of Right Issue):

<b>Name of Shareholder</b>	<b>No. of Shares</b>	<b>%</b>
Ceylon Brewery PLC	25,205,493	50.41
Carlsberg Brewery Malaysia Berhad	12,300,000	24.60
HSBC Intl. Nom. Limited - BBH Genesis Smaller Companies	4,927,848	9.86
HSBC Intl. Nom. Limited - 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 Limited - 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.	72,000	0.14
Newgreens Limited	52,000	0.10
Waldock Mackenzie Limited/Mr. Lalith Prabash Hapang	45,200	0.09
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. S.R. Mirchandani	16,000	0.03
Mr. H.R. Peries	13,250	0.03
Mr. S.C.R.A. Fernando	12,300	0.02

## Notes to the Financial Statements

(ii) As at 13th October 2009 (after the allotment of shares of Right Issue):

Name of Shareholder	No. of Shares	%
Ceylon Brewery PLC	40,328,788	50.41
Carlsberg Brewery Malaysia Berhad	19,680,000	24.60
HSBC Intl. Nom. Limited - BBH Genesis Smaller Companies	7,884,556	9.86
HSBC Intl. Nom. Limited - SNFE-Arisaig India Fund Limited	2,974,500	3.72
Ceylon Guardian Investment Trust PLC	2,341,672	2.93
The Gilpin Fund Limited	1,265,199	1.58
Ceylon Investment PLC	915,200	1.14
Sri Lanka Insurance Corporation Limited - Life Fund	560,640	0.70
Carson Cumberbatch PLC	525,921	0.66
Mr. P. Subasinghe	491,800	0.61
Seylan Bank PLC/Priyani Dharshini Ratna Gopal	290,206	0.36
Mr. C.D. Kohombanwickremage	207,427	0.26
Portelet Limited	161,920	0.20
Mr. A. Sithampalam	151,500	0.19
Tranz Dominion, L.L.C.	119,251	0.15
Prime Lands (Pvt) Limited	118,600	0.15
Thurston Investments Limited	100,000	0.13
Newgreens Limited	83,200	0.10
Mr. S. Abishek	58,000	0.07
Mr. A.R. Fernando	52,700	0.07

### 10. Public Holding

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

### 11. Directors' Shareholdings

As at 31st March 2009	No. of Shares
L.C.R. de C. Wijetunge (Chairman)	–
H. Selvanathan (Deputy Chairman)	987
M. Selvanathan (Resigned w.e.f. 02.09.2009)	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  
Colombo 01, Sri Lanka  
Tel: +94 11 4739200  
Fax: +94 11 4739300

## REGISTERED OFFICE

No. 61, Janadhipathi Mawatha  
Colombo 01, Sri Lanka  
Tel: +94 11 4739200  
Fax: +94 11 4739300  
E-Mail: [carsons@carcumb.com](mailto:carsons@carcumb.com)

## BREWERY

No. 254, Colombo Road, Biyagama  
Sri Lanka  
Tel: +94 11 2465900 (10 Lines)  
Fax: +94 11 2465901

## COMPANY WEBSITE

[www.lionbeer.com](http://www.lionbeer.com)

## CORPORATE WEBSITE

[www.carsoncumberbatch.com](http://www.carsoncumberbatch.com)