

Ceylon Brewery PLC

**Interim Financial Statements
for the 12 months ended
31st March 2010**

CEYLON BREWERY PLC

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

S.Hansen (Appointed w.e.f. 19.03.2010)

G. Brockett(Alternate Director to S.Hansen - Appointed w.e.f. 19.03.2010)

CEYLON BREWERY PLC

INCOME STATEMENT

Company

In Sri Lankan Rs.'000s

	Quarter Ended		Change %	12 months ended		Change %
	31.03.2010	31.03.2009		31.03.2010 (Audited)	31.03.2009 (Audited)	
Revenue	28,418	28,645	(1)	114,918	114,416	-
Cost of sales	-	-	-	-	-	-
Gross Profit	28,418	28,645	(1)	114,918	114,416	-
Other operating income	-	-	-	-	-	-
Indirect operating expenses	28,418	28,645	(1)	114,918	114,416	-
Administrative expenses	(2,676)	(5,337)	(50)	(8,546)	(12,745)	(33)
Other operating expenses	-	-	-	-	(1,907)	(100)
Profit from operations	25,742	23,308	10	106,372	99,764	7
Finance expenses	(12,829)	(9)	142,444	(30,244)	(250)	11,998
Profit before taxation	12,913	23,299	(45)	76,128	99,514	(24)
Taxation	(1,546)	(4,721)	(67)	(14,330)	(22,269)	(36)
Profit after taxation	11,367	18,578	(39)	61,798	77,245	(20)
Earnings per ordinary share (Rs.)	0.54	0.89		2.94	3.68	
Dividends per ordinary share (Rs.)	-	-		3.00	3.00	

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

Figures in brackets indicate deductions/negative changes.

CEYLON BREWERY PLC

INCOME STATEMENT

In Sri Lankan Rs. '000s

Group

	Quarter Ended		Change %	12 months ended		Change %
	31.03.2010	31.03.2009		31.03.2010 (Audited)	31.03.2009 (Audited)	
Revenue	2,325,002	1,598,156	45	8,155,266	6,240,851	31
Cost of sales	(1,579,516)	(1,048,703)	51	(5,482,618)	(4,229,539)	30
Gross Profit	745,487	549,453	36	2,672,648	2,011,312	33
Other operating income	90	127	(29)	4,325	2,228	94
Indirect operating expenses	745,577	549,581	36	2,676,973	2,013,540	33
Distribution costs	(336,580)	(258,431)	30	(1,176,423)	(1,097,205)	7
Administrative expenses	(110,247)	(83,338)	32	(379,973)	(310,530)	22
Other operating expenses	(41,460)	(31,822)	30	(198,616)	(96,768)	105
Profit from operations	257,290	175,990	46	921,961	509,037	81
Finance costs	(42,296)	(92,798)	(54)	(262,484)	(378,158)	(31)
Profit before taxation	214,994	83,192	158	659,477	130,879	404
Taxation	(4,383)	(7,381)	(41)	(6,522)	(15,345)	(57)
Profit after taxation	210,611	75,811	178	652,955	115,534	465
Profit attributable to						
Equity holders of the company	110,135	46,019	139	357,025	93,187	283
Minority shareholders	100,476	29,792	(237)	295,930	22,347	(1,224)
	210,611	75,811		652,955	115,534	
Earnings per ordinary share (Rs.)	5.25	2.19		17.01	4.44	
Dividends per ordinary share (Rs.)	-	-		3.00	3.00	

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

Figures in brackets indicate deductions/negative changes.

CEYLON BREWERY PLC
BALANCE SHEETS

In Sri Lankan Rs. '000s
As at 31st March

	Company		Group	
	2010	2009	2010	2009
	(Audited)	(Audited)	(Audited)	(Audited)
Assets				
Non-Current Assets				
Property, plant & equipment	7,530	7,639	2,404,234	2,409,011
Intangible assets	-	-	44,032	57,337
Investment in subsidiary	1,471,294	866,362	-	-
Long term Investments	-	-	1,447,415	1,091,677
Total Non-Current Assets	1,478,824	874,001	3,895,681	3,558,025
Current Assets				
Inventories	-	-	870,835	923,135
Trade and other receivables	630	2,516	1,254,520	1,022,904
Amounts due from related companies	72,890	15,072	5,627	-
Cash and cash equivalents	4,202	165,120	164,839	239,410
Total Current Assets	77,722	182,708	2,295,821	2,185,449
Total Assets	1,556,546	1,056,709	6,191,502	5,743,474
EQUITY & LIABILITIES				
Equity				
Stated capital	533,384	533,384	533,384	533,384
Capital reserves	8,959	8,927	126,226	126,119
Revenue reserves	499,058	500,224	1,087,096	793,044
Equity attributable to equity holders of the company	1,041,401	1,042,535	1,746,706	1,452,547
Minority interest	-	-	1,799,206	908,131
Total Equity	1,041,401	1,042,535	3,545,911	2,360,678
Non - Current Liabilities				
Payables due after one year	105,000	-	755,101	626,824
Retirement benefit obligation	-	-	34,851	28,905
Deferred taxation	1,546	1,329	400,021	411,433
Total Non - Current Liabilities	106,546	1,329	1,189,973	1,067,162
Current liabilities				
Trade & other payables	8,180	7,304	230,022	180,702
Amounts due to related companies	25,979	-	33,183	92,731
Current taxation	3,031	5,541	478,642	335,160
Long term loans repayable within one year	30,000	-	40,687	37,447
Short term loans	-	-	-	400,000
Bank overdrafts	341,409	-	673,083	1,269,594
Total Current Liabilities	408,599	12,845	1,455,617	2,315,634
Total Liabilities	515,145	14,174	2,645,590	3,382,796
Total Equity & Liabilities	1,556,546	1,056,709	6,191,502	5,743,474
Net assets per ordinary share (Rs.)	49.62	49.67	83.22	69.21

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,

(Sgd.)

D.C.R. Gunawardena
Director
Carsons Management Services (Private) Limited
2nd June 2010

(Sgd.)

M. Selvanathan
Director

(Sgd.)

S.K. Shah
Director

CEYLON BREWERY PLC
STATEMENT OF CHANGES IN EQUITY

In Sri Lankan Rs. '000s

Company	Attributable to Equity Holders of the company				Total	Minority Shareholders' interest	Total Equity
	Stated Capital	Capital Reserves	Revenue Reserve	Retained Profit			
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	-	32	-	-	32	-	32
Profit for the period	-	-	-	61,798	61,798	-	61,798
Dividend - Ordinary	-	-	-	(62,964)	(62,964)	-	(62,964)
Balance as at 31st March 2010 (Audited)	533,384	8,959	184,174	314,884	1,041,401	-	1,041,401
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	-	107	-	-	107	74	181
Profit for the period	-	-	-	93,187	93,187	22,347	115,534
Dividend - Ordinary	-	-	-	(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	-	107	-	-	107	74	181
Profit for the period	-	-	-	357,025	357,025	295,930	652,955
Rights issue of Subsidiary	-	-	-	-	-	595,080	595,080
Dividend - Ordinary	-	-	-	(62,964)	(62,964)	-	(62,964)
Inter-company unrealised profit	-	-	-	(9)	(9)	(9)	(18)
Balance as at 31st March 2010 (Audited)	533,384	126,226	184,174	902,922	1,746,706	1,799,206	3,545,912

Figures in brackets indicate deductions.

CEYLON BREWERY PLC**CASH FLOW STATEMENTS**

In Sri Lankan Rs.'000s

for the 12 months ended 31st March	Company		Group	
	2010 (Audited)	2009 (Audited)	2010 (Audited)	2009 (Audited)
Net cash generated from operating activities	30,172	61,037	733,822	60,522
Net cash used in investing activities	(604,932)	-	(441,792)	(415,885)
Net cash generated from /(used in) financing activities	72,433	(62,611)	629,910	(99,256)
Net increase/(decrease) in cash & cash equivalents	(502,327)	(1,574)	921,940	(454,619)
Cash & cash equivalents at the beginning of the year	165,120	166,694	(1,430,184)	(975,565)
Cash & cash equivalents at the end of the year	(337,207)	165,120	(508,244)	(1,430,184)
Analysis of cash and cash equivalents				
Cash and cash equivalents	4,202	165,120	164,839	239,410
	4,202	165,120	164,839	239,410
Short term loans	-	-	-	(400,000)
Bank overdrafts	(341,409)	-	(673,083)	(1,269,594)
	(337,207)	165,120	(508,244)	(1,430,184)

Figures in brackets indicate deductions.

CEYLON BREWERY PLC
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 2008 the Customs Department instituted a prosecution in the Fort Magistrate's Court (MC) in Case No. S/65898/07/B against the Company and its Directors for the recovery of Rs. 48,121,634/29 comprising of Rs.23,062,080/43 being the amount of Excise (Special Provision) duty purportedly in arrears during the period 1998/IVq to 2001/IIIq and Rs.25,059,553/86 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 thereby obtained a Stay Order in respect of the proceedings of the Fort MC Case. Pending the conclusion of the CA case the CA ordered the payment of Rs. 23,062,080/43 to Sri Lanka Customs which was the duty amount in dispute which has been paid by the Company. However, no provision has been made for the penalty of Rs.25,059,553/86 since the CA case is still on going.

(b) Lion Brewery (Ceylon) PLC

(i) The Customs Department instituted a prosecution in the Magistrate's Court of Kaduwela in Case No. 11303/Customs 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. The Court of Appeal matter is currently pending.

(ii) 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.

(iii) Lion Brewery (Ceylon) PLC's contingent liabilities as at 31st March 2010 on bank guarantees given to government bodies and foreign suppliers for operational purposes amount to Rs .37,138,035/-.

(iv) The gratuity liability as at 31st March 2010 amounting to Rs. 34,715,186/- (2009 - 28,828,548) is based on an Actuarial Valuation carried out by Mr M Poopalanathan, AIA, Messrs. Actuarial Management Consultants (Pvt) Limited. If the Company had provided for gratuity for employees on the basis of a half month salary for each completed year of service, the liability would have been Rs.39,207,862/- (2009 - 33,960,404). A contingent liability of Rs.4,492,676/- (2009 - 1,995,997) would arise if the Company ceases to be a going concern; as in that event the amount payable as per the Payment of Gratuity Act would be Rs. 34,658,834/-(2009 - 30,824,544). The principle assumptions made are given under Note 21 to these financial statements. The Company is of the view that no provision is required for the contingent liability.

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.

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.

CEYLON BREWERY PLC
NOTES TO THE FINANCIAL STATEMENTS

7) Investor Information

Share Valuation

For the quarter ended 31st March	2010	2009
	Rs.	Rs.
Market value per share. (Rs.)	180.00	51.00
Highest traded (Rs.)	180.50	51.00
Lowest traded (Rs.)	111.00	42.50

For the 12 months ended 31st March	2010	2009
	Rs.	Rs.
Market value per share. (Rs.)	180.00	51.00
Highest traded (Rs.)	180.50	51.00
Lowest traded (Rs.)	111.00	42.50

8) Twenty Major Shareholders as at 31st March 2010

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	1,537,220	7.32
Ceylon Guardian Investment Trust Plc	934,900	4.45
Ceylon Investment Plc	808,000	3.85
Hinl-Jpmcb-Butterfield Trust (Bermuda) Limited	800,000	3.81
Sri Lanka Insurance Corporation Ltd-Life Fund	283,400	1.35
Hsbc International Nominees Ltd-Ssbt-Deustche Bank	135,000	0.64
Tranz Dominion,L.L.C.	45,000	0.21
Mr. H.W.M. Woodward	40,065	0.19
Mrs. J.K.P. Singh	37,400	0.18
Mr. V.T. Dezoysa	28,000	0.13
Mr. H.A. Pieris	24,500	0.12
Mr. M. Radhakrishnan	24,400	0.12
Associated Electrical Corporation Ltd	22,500	0.11
Guinness Morison International Limited	20,953	0.10
Secretarial Services Limited.	12,100	0.06
Mr. M. Sritharan	10,500	0.05
Thurston Investments Limited	10,000	0.05
Mrs. L.A.S. Moldrich	9,900	0.05

9) Public Holding

Percentage of shares held by the public as at 31st March 2010 was 25.04%.

10) Director's shareholdings

As at 31st March 2010	No of Shares
L.C.R. de C Wijetunge (Chairman)	-
H. Selvanathan (Deputy Chairman)	690
M. Selvanathan	690
S. K. Shah (Chief Executive Officer)	2,632
D.C.R. Gunawardena	15
S. Hansen (Appointed w.e.f. 19.03.2010)	-
G. Brockett (Alternate Director to S. Hansen - Appointed w.e.f. 19.03.2010)	-

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 (Pvt) 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
Fax: +94 11 4739300
E-Mail : carsons@carcumb.com

COMPANY WEBSITE

www.lionbeer.com

CORPORATE WEBSITE

www.carsoncumberbatch.com