

# **Lion Brewery (Ceylon) PLC**

**Interim Financial Statements  
for the 12 months ended  
31<sup>st</sup> March 2010**

**LION BREWERY (CEYLON) PLC**  
**BOARD OF DIRECTORS**

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

Hari Selvanathan (*Deputy Chairman*)

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

K.Selvanathan

R.E.Bagattini (Appointed w.e.f. 19.03.2010)

G. Brockett (Alternate Director to R.E.Bagattini-Appointed w.e.f. 19.03.2010)

**LION BREWERY (CEYLON) PLC**  
**INCOME STATEMENT**

*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	2,271,321	1,578,960	44	7,919,292	6,094,726	30
Cost of sales	(1,546,631)	(1,044,206)	48	( 5,324,940)	( 4,145,532)	28
<b>Gross Profit</b>	<b>724,690</b>	<b>534,754</b>	<b>36</b>	<b>2,594,352</b>	<b>1,949,194</b>	<b>33</b>
Other operating income	(348)	53	(754)	2,624	1,625	61
	<b>724,342</b>	<b>534,808</b>	<b>35</b>	<b>2,596,976</b>	<b>1,950,819</b>	<b>33</b>
Distribution expenses	(336,580)	(258,430)	30	( 1,176,423)	( 1,097,204)	7
Administrative expenses	(102,442)	(76,634)	34	( 351,038)	( 285,526)	23
Other operating expenses	(39,559)	(29,915)	32	( 196,715)	( 94,861)	107
<b>Profit from operations</b>	<b>245,761</b>	<b>169,829</b>	<b>45</b>	<b>872,800</b>	<b>473,228</b>	<b>84</b>
Finance expenses	(29,373)	(96,991)	(70)	( 240,105)	( 391,339)	(39)
<b>Profit before taxation</b>	<b>216,388</b>	<b>72,838</b>	<b>197</b>	<b>632,695</b>	<b>81,889</b>	<b>673</b>
Taxation	(2,837)	(1,824)	56	7,808	6,924	13
<b>Profit after taxation</b>	<b>213,551</b>	<b>71,013</b>	<b>201</b>	<b>640,503</b>	<b>88,813</b>	<b>621</b>
<b>Earnings per ordinary share (Rs.)</b>						
- as originally reported	<b>2.53</b>	1.20		<b>7.46</b>	0.90	
- as restated for rights issue	<b>2.53</b>	1.03		<b>8.69</b>	0.78	

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

*Figures in brackets indicate deductions/negative changes.*

**LION BREWERY (CEYLON) PLC**  
**BALANCE SHEET**

*In Sri Lankan Rs. '000s*

As at 31st March

	<b>2010</b>	<b>2009</b>
	<b>(Audited)</b>	<b>(Audited)</b>
<b>ASSETS</b>		
<b>Non - Current Assets</b>		
Property, plant & equipment	2,391,921	2,398,093
Intangible assets	24,448	38,007
Long Term investment	1,447,415	1,091,677
<b>Total Non-Current Assets</b>	<b>3,863,784</b>	<b>3,527,777</b>
<b>Current Assets</b>		
Inventories	860,710	915,118
Trade and other receivables	1,213,328	1,014,226
Amounts due from related companies	33,680	16,192
Cash and cash equivalents	151,545	69,316
<b>Total Current Assets</b>	<b>2,259,263</b>	<b>2,014,852</b>
<b>Total Assets</b>	<b>6,123,047</b>	<b>5,542,629</b>
<b>EQUITY &amp; LIABILITIES</b>		
<b>Capital &amp; Reserves</b>		
Stated capital	2,537,801	1,337,801
Capital reserves	232,628	232,479
Revenue reserves	1,207,821	611,068
<b>Total Equity</b>	<b>3,978,250</b>	<b>2,181,348</b>
<b>Non - Current Liabilities</b>		
Payables due after one year	650,102	626,824
Retirement benefit obligations	34,715	28,829
Deferred taxation	398,475	410,104
<b>Total Non - Current Liabilities</b>	<b>1,083,292</b>	<b>1,065,757</b>
<b>Current liabilities</b>		
Trade and other payables	210,414	166,134
Amounts due to related companies	33,183	92,731
Current taxation	475,547	329,618
Long term loans repayable within one year	10,687	37,447
Short -term loans	-	400,000
Bank overdrafts (Unsecured)	331,674	1,269,594
<b>Total Current Liabilities</b>	<b>1,061,505</b>	<b>2,295,524</b>
<b>Total Liabilities</b>	<b>2,144,797</b>	<b>3,361,281</b>
<b>Total Equity &amp; Liabilities</b>	<b>6,123,047</b>	<b>5,542,629</b>
<b>Net assets per ordinary share (Rs.)</b>	<b>45.35</b>	<b>36.63</b>

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 & Signed on behalf of the Managers,

Approved & Signed on behalf of the Board,

*(Sgd.)*

**D.C.R. Gunawardena**

*Director*

**Carsons Management Services (Private) Limited**

2nd June 2010

*(Sgd.)*

**S.K. Shah**

*Director*

*(Sgd.)*

**C.P.Amerasinghe**

*Director*

**LION BREWERY (CEYLON) PLC**  
**STATEMENT OF CHANGES IN EQUITY**

*In Sri Lankan Rs. '000s*

	<b>Stated Capital</b>	<b>Capital Reserves</b>	<b>Retained Earnings</b>	<b>Total Equity</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>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
Adjustment for deferred tax liability	-	149	-	149
Profit for the period	-	-	640,503	640,503
New share issue	1,200,000	-	-	1,200,000
Dividend - Preference	-	-	(43,750)	(43,750)
<b>Balance as at 31st March 2010 (Audited)</b>	<b>2,537,801</b>	<b>232,628</b>	<b>1,207,821</b>	<b>3,978,250</b>

*Figures in brackets indicate deductions.*

**LION BREWERY (CEYLON) PLC**  
**CASH FLOW STATEMENT**

*In Sri Lankan Rs. '000s*

**for the 12 months ended**

	<b>31.03.2010</b>	<b>31.03.2009</b>
	<b>(Audited)</b>	<b>(Audited)</b>
Net cash generated from operating activities	738,854	7,783
Net cash used in investing activities	(437,363)	(397,756)
Net cash generated from/(used in) financing activities	1,118,658	(80,395)
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>1,420,149</b>	<b>(470,368)</b>
Cash & cash equivalents at the beginning of the period	(1,600,278)	(1,129,910)
<b>Cash &amp; cash equivalents at the end of the period</b>	<b>(180,129)</b>	<b>(1,600,278)</b>
<b>Analysis of Cash &amp; cash equivalents</b>		
Cash and cash equivalents	151,545	69,316
	151,545	69,316
Short term loans	-	(400,000)
Bank overdraft	(331,674)	(1,269,594)
	<b>(180,129)</b>	<b>(1,600,278)</b>

*Figures in brackets indicate deductions.*

**LION BREWERY (CEYLON) PLC**  
**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 31st March 2010 amount to Rs.37,138,035/-, 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.

**(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 and two others (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)** 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.

**4) Stated Capital**

The company's stated capital consists of 80,000,000 ordinary shares and 35,000,000 12.5% redeemable cumulative preference shares.

**5) Segmental Analysis**

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

**LION BREWERY (CEYLON) PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**

**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**

<b>For the quarter ended 31st March</b>	<b>2010</b>	<b>2009</b>
	<b>Rs.</b>	<b>Rs.</b>
Market value per share (Rs.)	<b>86.50</b>	55.00
Highest traded (Rs.)	<b>86.75</b>	55.00
Lowest traded (Rs.)	<b>86.25</b>	55.00

<b>For the 12 months ended 31st March</b>	<b>2010</b>	<b>2009</b>
	<b>Rs.</b>	<b>Rs.</b>
Market value per share (Rs.)	<b>86.50</b>	55.00
Highest traded (Rs.)	<b>93.00</b>	61.00
Lowest traded (Rs.)	<b>74.50</b>	41.00

**8) Twenty Major Shareholders as at 31st March 2010**

<b>Name of Shareholder</b>	<b>No.of Shares</b>	<b>%</b>
Ceylon Brewery Plc	40,328,788	50.41
Carlsberg Brewery Malaysia Berhad	19,680,000	24.60
Hsbc Intl Nom Ltd-Bbh Genesis Smaller Companies	7,884,556	9.86
Ceylon Guardian Investment Trust Plc	2,341,672	2.93
The Gilpin Fund Limited	1,265,199	1.58
Bukit Darah Plc	1,000,000	1.25
Ceylon Investment Plc	915,200	1.14
Sri Lanka Insurance Corporation Ltd-Life Fund	560,640	0.70
Carson Cumberbatch Plc	525,921	0.66
Employees Trust Fund Board	508,800	0.64
Seylan Bank Limited/Priyani Dharshini Ratna Gopal	290,206	0.36
Associated Electrical Corporation Ltd	250,000	0.31
Deutsche Bank Ag-Comtrust Equity Fund	200,000	0.25
Mr. C.D. Kohombanwickremage	181,427	0.23
Portelet Limited	161,920	0.20
Mr. A. Sithampalam	151,500	0.19
Waldock Mackenzie Ltd/ Mr.S.N.P.Palihena And Mrs. A.S. Paliheha	150,000	0.19
Tranz Dominion,L.L.C.	124,951	0.16
Mr. A.J. Johnpillai	100,000	0.13
Newgreens Limited	83,200	0.10

**9) Public Holding**

Percentage of shares held by the public as at 31st March 2010 was 18.99%.

**10) Director's shareholdings**

<b>As at 31st March 2009</b>	<b>No. of Shares</b>
L.C.R. de C. Wijetunge (Chairman)	-
H.Selvanathan (Deputy Chairman)	1,579
S.K. Shah (Chief Executive Officer)	6,017
D.C.R. Gunawardena	34
Dato' Chin Voon Loong D.S.P.N.	-
C. P. Amerasinghe	1
C.T. Liyanage	2,500
D. R. P. Goonetilleke	-
K.Selvanathan	-
R.E.Bagattini (Appointed w.e.f. 19.03.2010)	-
G. Brockett(Alternate Director to R.E.Bagattini-Appointed w.e.f. 19.03.2010)	-

## CORPORATE INFORMATION

### NAME OF COMPANY

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

### COMPANY REGISTRATION NUMBER

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  
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 3, 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

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E-Mail : carsons@carcumb.com

### BREWERY

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)