

Lion Brewery (Ceylon) PLC

**Interim Financial Statements
for the first quarter ended
30th June 2012**

LION BREWERY (CEYLON) PLC
BOARD OF DIRECTORS

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

H. Selvanathan (*Deputy Chairman*)

S. K. Shah (*Chief Executive Officer*)

D.C.R.Gunawardena

C. Prasanna Amerasinghe

C.T. Liyanage

D. Ranil P. Goonetilleke

K.Selvanathan

R.E.Bagattini

Ms. Susan.J.F.Evans

S. Ravn (Appointed w.e.f 06.04.2012)

Y.F.Lew (Appointed Alternate Director to S. Ravn w.e.f. 06.04.2012)

Review

A turnover of Rs.5.2 billion was recorded for the quarter ended 30th June 2012 compared to Rs.3.8 billion for the same period last year. This partly is a reflection of two Excise Duty increases of Rs.5/- per liter each, which came into force in October 2011 and March 2012.

Pre-tax profits were 12% below the first quarter of last year as a result of higher financing charges & losses on account of borrowings made in foreign currency. Post-tax profits however were marginally higher than the same period of the previous year and stood at Rs 313.4 million.

LION BREWERY (CEYLON) PLC
INCOME STATEMENT

In Sri Lankan Rs. '000s

	Quarter Ended		Change %	Year ended 31.03.2012 (Audited)
	30.06.2012	30.06.2011 (Re stated)		
Revenue	5,163,345	3,761,433	37	17,649,146
Cost of sales	(3,932,319)	(2,560,418)	54	(12,596,394)
Gross Profit	1,231,026	1,201,015	2	5,052,752
Other operating income	116,709	20,819	461	227,937
	1,347,735	1,221,834	10	5,280,689
Distribution expenses	(551,367)	(506,288)	9	(2,092,205)
Administrative expenses	(140,141)	(118,922)	18	(512,642)
Other operating expenses	(43,791)	(34,527)	27	(146,874)
Profit from operations	612,436	562,097	9	2,528,968
Finance expenses	(92,124)	(42,658)	116	(187,624)
Foreign exchange (loss) / Gain	(55,399)	11,464	(583)	(188,654)
Profit before taxation	464,913	530,903	(12)	2,152,690
Taxation	(151,495)	(229,455)	(34)	(890,458)
Profit after taxation	313,418	301,448	4	1,262,232
Earnings per ordinary share (Rs.)	3.92	3.63		15.23
Dividend per ordinary share (Rs.)	4.00	4.00		4.00

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.

LION BREWERY (CEYLON) PLC
BALANCE SHEET

In Sri Lankan Rs. '000s

As at 30th June

	2012	2011 (Re stated)	31.03.2012 (Audited)
ASSETS			
Non - Current Assets			
Property, plant & equipment	5,360,085	4,254,780	4,879,912
Intangible assets	9,311	17,080	9,844
Long Term investment	-	2,187,086	-
Total Non-Current Assets	5,369,396	6,458,946	4,889,756
Current Assets			
Inventories	1,408,999	539,981	1,316,880
Trade and other receivables	1,256,318	596,723	1,071,873
Amounts due from related companies	64	13,935	-
Cash and cash equivalents	3,591,949	1,112,358	2,848,178
Total Current Assets	6,257,330	2,262,997	5,236,931
Total Assets	11,626,726	8,721,943	10,126,687
EQUITY & LIABILITIES			
Capital & Reserves			
Stated capital	2,537,801	2,537,801	2,537,801
Capital reserves	721,633	860,518	721,189
Retained Earnings	1,918,755	1,343,490	1,950,451
Total Equity	5,178,189	4,741,809	5,209,441
Non - Current Liabilities			
Payables due after one year	2,043,320	1,026,057	1,103,802
Refundable deposits	902,513	776,293	858,664
Retirement benefit obligations	72,632	53,452	65,890
Deferred taxation	585,505	400,295	575,476
Total Non - Current Liabilities	3,603,970	2,256,097	2,603,832
Current liabilities			
Trade and other payables	385,453	281,225	596,421
Amounts due to related companies	56,597	46,075	15,189
Current taxation	1,188,050	1,091,344	1,215,218
Long term loans repayable within one year	362,471	181,745	328,470
Bank overdrafts	851,996	123,648	158,116
Total Current Liabilities	2,844,567	1,724,037	2,313,414
Total Liabilities	6,448,537	3,980,134	4,917,246
Total Equity & Liabilities	11,626,726	8,721,943	10,126,687
Net assets per ordinary share (Rs.)	64.73	54.90	65.12

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 & Signed on behalf of the Managers,

Approved & Signed on behalf of the Board,

(Sgd.)

A. Weeratunge

Director

Carsons Management Services (Pvt) Ltd.

8th August 2012

(Sgd.)

S.K. Shah

Director

(Sgd.)

C. P. Amerasinghe

Director

LION BREWERY (CEYLON) PLC
STATEMENT OF CHANGES IN EQUITY

In Sri Lankan Rs. '000s

	Stated Capital	Capital Reserves	Retained Earnings	Total Equity
Balance as at 1st April 2011	2,537,801	860,518	1,324,550	4,722,869
Retrospective Adjustment			48,430	48,430
Balance as at 1st April 2011 restated	2,537,801	860,518	1,372,980	4,771,299
Profit for the period	-	-	301,448	301,448
Dividend - Ordinary	-	-	(320,000)	(320,000)
Dividend - Preference	-	-	(10,938)	(10,938)
Balance as at 30th June 2011	2,537,801	860,518	1,343,490	4,741,809
Balance as at 1st April 2011	2,537,801	860,518	1,324,550	4,722,869
Adjustments	-	-	7,419	7,419
Adjustment for deferred tax liability	-	(69,329)	-	(69,329)
Redemption of preference shares	-	(70,000)	(280,000)	(350,000)
Profit for the period	-	-	1,262,232	1,262,232
Dividend - Ordinary	-	-	(320,000)	(320,000)
Dividend - Preference	-	-	(43,750)	(43,750)
Balance as at 31st March 2012 (Audited)	2,537,801	721,189	1,950,451	5,209,441
Balance as at 1st April 2012 as originally reported	2,537,801	721,189	1,950,451	5,209,441
Adjustments			(25,113)	(25,113)
Adjustment for deferred tax liability	-	444	-	444
Profit for the period	-	-	313,418	313,418
Dividend - Ordinary	-	-	(320,000)	(320,000)
Balance as at 30th June 2012	2,537,801	721,633	1,918,755	5,178,189

The above figures are provisional and subject to audit.

Figures in brackets indicate deductions.

LION BREWERY (CEYLON) PLC
CASH FLOW STATEMENT

	Quarter Ended		Year ended
	30.06.2012	30.06.2011 (Re stated)	31.03.2012 (Audited)
<i>In Sri Lankan Rs.'000s</i>			
Net cash generated from operating activities	3,788	532,664	1,167,286
Net cash (used in)/generated from investing activities	(577,326)	(191,429)	1,262,954
Net cash generated from/ (used in) financing activities	623,429	(332,404)	(720,057)
Net increase in cash & cash equivalents	49,891	8,831	1,710,183
Cash & cash equivalents at the beginning of the period	2,690,062	979,879	979,879
Cash & cash equivalents at the end of the period	2,739,953	988,710	2,690,062
Analysis of cash & cash equivalents			
Cash and cash equivalents	3,591,949	1,112,358	2,848,178
Bank overdraft	(851,996)	(123,648)	(158,116)
	2,739,953	988,710	2,690,062

The above figures are provisional and subject to audit.

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 2012 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) Financial Commitments and Contingent Liabilities

3.1 Finance Commitments

Document credits established for foreign purchases of the Company as at 30th June 2012 amounts to Rs.673,894/-.

3.2 Contingencies

(a) Contingent liabilities as at 30th June 2012 amount to Rs. 498.3Mn, being bank guarantees given to government bodies and foreign suppliers for operational purposes.

(b) Following legal matter is 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 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. The Court of Appeal matter is 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 80,000,000 ordinary 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

	First Quarter Ended		12 Months Ended
	30.06.2012 Rs.	30.06.2011 Rs.	31.03.2012 Rs.
Share Information			
Price as at the end of the period	209.50	202.10	199.50
Highest price	222.10	260.00	260.00
Lowest price	199.50	200.00	175.00
Trading Statistics			
No of Transactions	414	1,866	2,766
No of Shares traded	3,243,588	4,354,800	8,497,053
Value of all shares traded (Rs. Mn.)	669.22	999.13	1,817.70

8) Twenty Major Shareholders as at 30th June 2012

Name of Shareholder	No. of Shares	%
Ceylon Beverage Holdings Plc	41,798,788	52.25
Carlsberg Brewery Malaysia Berhad	19,680,000	24.60
Carson Cumberbatch Plc A/C No.2	4,107,793	5.13
HSBC Intl Nom Ltd-Msco-Route One Fund 1,L.P.	1,409,690	1.76
HSBC Intl Nom Ltd-Msco-Route One Offshore Master Fund, L.P.	1,338,135	1.67
Bukit Darah PLC A/C No 2	1,300,000	1.63
GF Capital Global Limited	1,265,199	1.58
BNY-CF Ruffer Investment Funds : CF Ruffer Pacific	1,000,000	1.25
Carson Cumberbatch PLC A/C No. 01	983,900	1.23
Deutsche Bank AG-National Equity Fund	600,000	0.75
Employees Trust Fund Board	543,954	0.68
Capital Development and Investment Company PLC A/C	540,000	0.68
Aardwolf Limited	351,500	0.44
HSBC Intl Nom Ltd -SSBT -Wasatch Frontier Emerging	303,935	0.38
Seylan Bank Limited/Priyani Dharshini Ratnagopal	300,000	0.38
Deutsche Bank AG as Trustee For Namal Acuity Value	200,000	0.25
HSBC International Nominees Ltd-Morgan Stanley and Co. Intl PLC-Own A/C	200,000	0.25
Waldock Mackenzie Limited/Mr. Chamila Damion Kohombanwickramage	198,526	0.25
Bank Of Ceylon No. 1 Account	189,900	0.24
Thurston Investments Limited	185,000	0.23

LION BREWERY (CEYLON) PLC
NOTES TO THE FINANCIAL STATEMENTS

9) Public Holding

Percentage of shares held by the public as at 30th June 2012 was 15.15%.

10) Director's shareholdings

As at 30th June 2012	No. of Shares
L.C.R. de C. Wijetunge (Chairman)	-
H.Selvanathan (Deputy Chairman)	1,579
S.K. Shah (Chief Executive Officer)	6,016
D.C.R. Gunawardena	34
C. P. Amerasinghe	1
C.T. Liyanage	2,500
D. R. P. Goonetilleke	-
K.Selvanathan	-
R.E.Bagattini	-
Ms. S.J.F.Evans	-
S. Ravn (Appointed w.e.f 06.04.2012)	-
Y.F.Lew (Appointed Alternate Director to S. Ravn w.e.f. 06.04.2012)	-

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

(11) Financial impact from these areas to the company's Financial Statements if the Company had prepared these interim financial Statement based on SLFRS/LKAS .

The Company has carried out a preliminary assessment of the potential impact of the revised/ new Standards and in the process of evaluating it in detail to check the final impact from implementing these Standards. The Company Appointed external consultants to assist and advise the management and the board on proper implementation of these accounting standards.

According to the work carried out so far , the Company has identified the following areas in which could have a approximate impact on Company's Financial Statements.

In Rs.'000s

(a) Impact to the earnings

Impact to the Statement of Comprehensive Income

Net profit for the 3 months ended 30th June 2012 (as per SLAS applicable immediately prior to 01st January 2012)	313,418
<i>Add/(less) : Impact on SLFRS/LKAS adoption</i>	
Prepaid Retailer Benefit Amortization (LKAS 39)	(2,429)
Interest income on Wineshop loans at market value (LKAS 39)	2,429
Presentation of Revenue net of volume rebate (LKAS 18)	(120,800)
Reclassification of Distribution expenses (LKAS 18)	120,800
Adjusted net profit for the 3 months ended 30th June 2012	<u>313,418</u>
Impact on Other Comprehensive Income	-
Total comprehensive income for the 3 months ended 30th June 2012	<u><u>313,418</u></u>

(b) Impact to the Net Assets

Net assets as at 30th June 2012 (as per SLAS applicable immediately prior to 01st January 2012)	5,178,189
<i>Add/(less) : Impact on SLFRS/LKAS adoption</i>	
Amortisation of prepaid Retailer benefit to the date LKAS 39 initially applied & then up to 31st March 2012	(5,884)
Interest income on loans at market value upto the date LKAS 39 initially applied & then up to 31st March 2012	5,884
Adjusted net assets as at 30th June 2012	<u><u>5,178,189</u></u>

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

PARENT COMPANY

Ceylon Beverage Holdings PLC

ULTIMATE PARENT COMPANY

Carson Cumberbatch PLC

DIRECTORS

L.C.R. de C. Wijetunge (**Chairman**)
H.Selvanathan (**Deputy Chairman**)
S.K. Shah (**Chief Executive Officer**)
D.C.R. Gunawardena
C. T. Liyanage
C.P. Amerasinghe
D. R. P. Goonetilleke
K. Selvanathan
R. E. Bagattini
Ms. S.J.F.Evans
S. Ravn (Appointed w.e.f 06.04.2012)
Y.F.Lew (Appointed Alternate Director to S. Ravn w.e.f. 06.04.2012)

BANKERS

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

LEGAL ADVISERS

Messrs. F. J. & G. De Saram
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AUDITORS

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Chartered Accountants
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MANAGERS & SECRETARIES

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REGISTERED OFFICE

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BREWERY

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Fax : +94 11 2465901

COMPANY WEBSITE

www.lionbeer.com

CORPORATE WEBSITE

www.carsoncumberbatch.com