



Individual strength. Corporate stature.

Ceylon Beverage Holdings PLC ■ Annual Report 2011 - 2012

LION LAGER . CARLSBERG . STRONG BEER . SPECIAL BREW . LION STOUT

The beverage sector of the Carson Cumberbatch Group stakes claim to a heritage of over 100 years in the brewing industry. Strengthening the solid foundation built by its parent, Lion Brewery has continued the legacy maintaining the leadership position by far in the Sri Lankan beer industry. Its current 750,000 hectoliter/annum brewery was initially commissioned in 1998 with a capacity of 300,000 hectoliters. Its fully automated, sophisticated plant which uses cutting edge German technology sourced from Krones & Teinecker, brews Sri Lanka's No 1 beer brands under the "Lion" umbrella and the internationally renowned global brand "Carlsberg" which it produces under license from Carlsberg-Denmark. Very recently it acquired distribution rights for the iconic Mexican beer brand "Corona" which is now distributed along with its own beer brands. Ceylon Beverage remains as a holding Company.

GROUP HIGHLIGHTS 2011 - 2012

Rs. 18,131Mn	Rs. 1,267Mn	Rs. 10,512Mn
Revenue	Profit	Total Assets
57% growth	51% growth	19% growth

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The quality of our brands is dictated by the legacy and traditions that took root 130 years ago. Our future is dictated by dynamism and the agility that sees and seizes opportunities to grow.



Financial Highlights

REVENUE

Rs. 18,131Mn

2011: Rs. 11,583 Mn

PROFIT FOR THE YEAR

Rs. 1,267Mn

2011: Rs. 840 Mn

EARNINGS PER SHARE (EPS)

Rs. 31.94

2011: Rs. 21.40

TOTAL ASSETS

Rs. 10,512Mn

2011: Rs. 8,804 Mn

TOTAL EQUITY

Rs. 5,181Mn

2011: Rs. 4,418 Mn

NET ASSETS PER ORDINARY SHARE

Rs. 128.37

2011: Rs. 108.43

Revenue

Rs. Bn

20

15

10

5

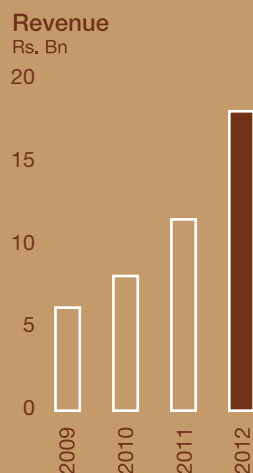
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2009

2010

2011

2012



Profit for the year

Rs. Mn

1,500

1,200

900

600

300

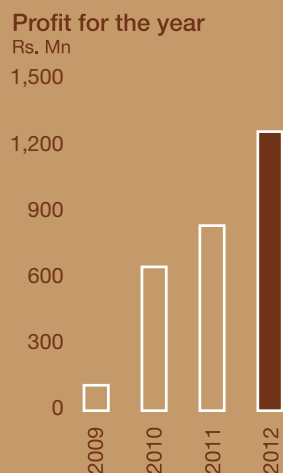
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2009

2010

2011

2012



Revenue

+57%

EPS

+49%



Individual strength





Management Information

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Chairman's Statement

It is with great pleasure that I welcome the shareholders to the 101st Annual General Meeting of our Company & to present to you its audited financial statements along with the Report of the Directors & the Chief Executive's Review. The Chief Executive Officers review covers in detail the performance of the Group and hence I will restrict my comments to salient issues.

During 2011, Sri Lanka's GDP grew at an impressive 8.3%, the highest ever recorded in the recent history of our Country. The resulting consumer confidence together with increasing tourist arrivals, helped increase your Group's turnover to Rs. 18.1 bn, up from Rs.11.6 bn in the previous financial year. Your Group's net profit post tax improved to Rs.1.3 bn from Rs.0.8 bn in the previous year. This year we were constrained by a lack of production capacity. In order to cater to the demand for our brands, we were compelled to supplement local supply by importing the short fall from Carlsberg facilities in India & Vietnam. Since imports are more expensive than locally produced beers, cost of sales & hence margins were impacted during the year. In order to overcome supply constraints, your Group has embarked on an extensive expansion program. The enhanced capacity will come on stream during the on-going financial year. As approved by shareholders of the subsidiary Lion at a recent EGM, the proceeds from the Rights Issue made in 2009 of Rs. 1.2 bn will be used to partly fund this expansion. The Rights Issue was made to fund the Group's investment in India which was sold to the Carlsberg group during the year.

Your Group's results were adversely affected by the sharp devaluation in the currency between November 2011 & March 2012. The impact of the depreciation on the Group's Dollar borrowing alone amounted to Rs. 207 mn. The weaker currency & higher energy & fuel costs also contributed to lower margins since mid - February 2012 although the full

impact from these items will be felt only during the on-going financial year. Similarly, the impact of the Rs. 5/- per liter Excise Duty increase announced w.e.f 30th March 2012 will be felt in the ensuing financial year.

Your Group continues to be a significant contributor to Government coffers. During the year under review, with both excise duties & corporate tax rates being increased, Your Group contributed Rs. 11.1 bn as taxes to the Government, an improvement of 48% from the previous year. Available records suggest that Your Group is the 3rd largest contributor to Government revenue & based on payments during the year under review, its taxes per working day amounted to Rs. 45 mn.

Based on the results achieved during the year, I am pleased to inform shareholders that a first & final dividend of Rs. 6/- per share is proposed by your Board which will be paid consequent to receiving your approval at the AGM. This entire dividend will be received free of tax in the hands of the shareholders.

Growth is expected to slow down during 2012 due to a number of factors. However, at a projected rate of close to 7%, the economy will remain robust. Nevertheless businesses will have a difficult period adjusting to a weaker currency, higher interest rates & energy prices & restricted credit all of which are aimed at controlling a deteriorating balance of payments position. Increasing prices & tighter cash flows may dampen consumer sentiment & reduce discretionary consumption thus exerting pressure on Your Group's top line. In the meanwhile margins too will come under pressure as a result of rising costs on account of the weaker currency & higher fuel & energy prices.

Thus the year ahead will pose new challenges to our business. However, I take confidence from the strong foundations of your Group; it has excellent brands with strong equity, a highly productive, state of the art, production facility, an efficient & integrated supply chain from sourcing of inputs to distribution of finished products & a talented and energized workforce. Your Group is an end to end business system where the focus is on maximizing opportunities notwithstanding the challenges that it may face from time to time.

Your Board & I wish to acknowledge & appreciate all employees, especially the Management Teams, for it is their skill, dedication & commitment that made the years' results possible. Appreciation & gratitude is due to our valued consumers, customers, suppliers and bankers whose support was pivotal in the year concluded. Our grateful thanks are also extended to our loyal shareholders & business partners for their continued confidence in the Group. Finally, whilst welcoming Mr. Graham Fewkes, Commercial Vice President for Asia Region, Carlsberg Group to Your Board, I wish to extend my appreciation & gratitude to the members of the Audit & Remuneration Committees and to my colleagues on the Board for their guidance & support.

(Sgd.)

L.C.R. de C. Wijetunge
Chairman

8th May 2012

Chief Executive's Review

Overview

Your Group responded positively to the strong economic growth during 2011 - as did most businesses across the country - recording a much improved performance over the previous year. During the year under review, Turnover & Profit after Tax increased to Rs.18.131 bn & Rs.1.267 bn respectively as against Rs.11.583 bn & Rs.0.840 bn in the previous year. These results were notwithstanding the very stringent regulations that continue to govern the Alcobev industry. Marketing, distribution & pricing remain beyond the effective control of management due to prevailing policies that regulate groups such as Yours. During the year under review the Alcobev industry was put under further pressure when income taxes applicable to the sector were increased to 40% at a time when rates relating to other businesses were reduced to 28%.

At the end of the financial year, Your Company's share price stood at Rs. 349/90 a decline of Rs. 20/- when compared to the close of the previous year. The decline in the share price is more a reflection of the external environment rather than the performance of the Company since both the ASPI & MPI declined by 25% & 29% respectively during the year.

As at 31st March 2012, Your Company's market capitalization stood at Rs. 7.344 bn.

Operating Environment

In 2011 Sri Lanka's GDP grew at an impressive 8.3%, the highest recorded in the country's recent history. The services & industry sectors contributed significantly to the growth in the economy. The contribution from agriculture was significantly below its potential as unfavorable weather conditions limited its output.

During the year, the Government continued its investment in infrastructure. The roads across the country are being systematically improved, Sri Lanka's first highway was opened as was a new harbor in Hambantota, work on a second international airport is well underway & the national power grid has been augmented with new capacity. In the meanwhile, reconstruction activities in the North & East continue apace. The simplified tax structure announced in the November 2010 National Budget gave confidence to the private sector to expand capacities & increase output.

The Tourism sector continued to perform impressively when compared to the previous year with arrivals increasing by 27% to 900,000. This is the highest ever number of tourist arrivals recorded in the country. The cricket world cup co-hosted by Sri Lanka during 2011 also helped boost arrivals.

The factors discussed above, helped Your Group increase its revenue during the financial year to Rs.18.13 bn.

Most commodity prices reflected an upward trend during the year. However, as a result of effective procurement, Your Group succeeded in sourcing its main raw material at very reasonable rates. To some extent this off-set price increases in other input materials.

The last quarter of the financial year brought with it significant changes to the operating environment. The first indicator of this change came with the devaluation of the Rupee via the National Budget in November 2011. Whilst the currency was defended at this level for a few more months, imbalances in the Country's Balance of Payments meant that the Government had to make the difficult but necessary call to let the currency float. The financial year ended with the currency at Rs.129/57 to the US Dollar, a depreciation of almost Rs.18/51 since November. As a result of this, Your Group accounted for a loss of Rs. 206.934 million on its Dollar based borrowings.

A combination of panic & uncertainty in the markets post the free float of the Rupee led to a sizable devaluation of 13% between mid February & end March. No doubt a more considered response from the market may very well have stabilized the currency at a somewhat lower rate. Yet, it was the slow response by the authorities to the impending Balance of Payments difficulties that caused the panic & uncertainty. Had the currency been floated gradually at an earlier date, it is likely that the Rupee would have lost less of its value than it did by end of the financial year under review.

In addition to the free float of the currency, the Government took other measures to control imports. Controlling credit, increasing interest rates & removing the subsidies on fuel were some such measures. These were all necessary considering the circumstances but from both a consumer & business perspective, the period after mid-February was a difficult one.

Alcohol Policy

There were two excise duty increases during the year, in October 2011 & March 2012. Since the latter increase took place on the last day of the financial year, its impact will be felt only in the on-going operating period. The cumulative excise duty increases during the year were significantly above the level of inflation.

During the financial year, new corporate tax rates came into force. Here too whilst rates across the board reduced from 35% to 28%, corporates involved in Alcobev - and also tobacco - businesses were subjected to a significantly higher rate of 40%. Thus, the subsidiary Lion Brewery is now levied a corporate tax that is almost 45% higher than the standard rate. As a result Alcobev company margins are now squeezed at both the top & the bottom by excise duties & corporate taxes respectively.

Price is just one of the tools used by the administration in its efforts to control the consumption of alcohol. Restrictions on promotion, distribution & hours of sale are some of the other tools that are applied under the policy commonly referred to as "Mathata Thitha". Those reaching the age of majority - or adulthood - can vote to elect a Government. They can also help conceive but must wait 3 more years to consume! However, none of these methods are of much use; they do constrain the legal Alcobev companies but have little impact in curbing demand for alcohol. The gap between demand & legal supply is comfortably filled by the deep rooted illicit alcohol business that is widespread across the country. Illicit alcohol producers & sellers are hardly constrained by the rules of the Excise Department nor do they respect the National Alcohol & Tobacco Act.

Due to the impact of taxation, legal alcohol is beyond the reach of the economically under privileged, the segment that still accounts for the largest numbers in the Country. Further, those outside urban areas have little or no access to legal alcohol due to regulations that restrict distribution. Due to these two reasons, illicit alcohol is in wide spread use across the country.

Of late, there have been some efforts at controlling the spread of illicit alcohol through more effective enforcement. However, enforcement addresses only the supply side. Yet the driver of the supply is demand - in turn a result of higher prices & poor availability of legal alcohols - and enforcement cannot address this aspect of illicit alcohol consumption. If the blight of illicit alcohol is to be addressed in a sustainable manner, it is essential that demand for the product is eliminated. This can be achieved if practical & pragmatic policies that address the issues of pricing & availability of legal alcohols are implemented.

Chief Executive's Review

Amongst legally marketed alcohols, hard liquor is more affordable than the milder beers since the latter is taxed at a higher rate than the former. In terms of distribution & promotion the two products are treated as equals although they are hardly that. The result is that hard liquors are more popular amongst consumers than mild alcohols. This is not ideal; logically the reverse is more appropriate. Policies that link taxation, availability & promotion to alcohol content will help achieve a more appropriate balance in alcohol consumption.

Today Sri Lanka is in a unique position; the most dangerous form of alcohol - illicit - is the cheapest whilst the least harmful - beer - is the most expensive. Legal hard alcohols lie in between the two. With price driving the consumption of hard alcohols - both licit & illicit - it is no surprise that the country has multiple alcohol related issues. The vast majority of alcohol related health issues for instance, arise as a result of illicit alcohol consumption. Addressing these issues is possible & an appropriate policy response incorporating the recommendations discussed above will help resolve most of them.

Operating Results & Financial Position

During the year under review, Your Group's revenue increased by approx. 57% to Rs. 18.131 bn. However, gross margins declined to approx. 29% from the previous year's 33%. Two factors contributed to the drop in margins, firstly the excise duty increase which was not fully passed down to consumers & secondly, the need to supplement a shortfall in local production with imported beer at a higher cost (details of which are dealt with in this review under the section titled Supply Chain). Nevertheless, Operating Margins remained stable as a result of the stringent cost controls in place during the year.

Beer - unlike spirits - is a capital intensive business since it converts basic raw materials into a finished product via an involved process that requires

much attention to detail. However, in a low to middle income operating environment, it is difficult to drive prices up & margins tend to decline over time. Thus managing costs is a key imperative in a business such as ours, a fact that management is extremely conscious of & has diligently worked on over the past few years.

During the year, Your Group earned Rs. 203.802 mn as income from short to medium term deposits & is reflected under Other Income. The cash received from the sale of the investment in Carlsberg India constituted a major part of the deposits. These deposits will be utilized in full during the on-going financial year to fund Your Group's expansion program.

During the year under review, Your Group modified the classification of returnable containers – i.e. bottles, crates, pallets & kegs – from inventories to long term assets since these items are used for periods in excess of a year. This new treatment reflects both industry practice & also the manner in which these containers are used in the business. As a result of this new treatment, Your Group's Pre-Tax & Post-Tax profits have been reduced by Rs. 139.120 mn & Rs. 84.194 mn respectively.

Your Group achieved a Pre-Tax profit of Rs. 2.181 bn during the year, up from Rs.1.416 bn the previous year. After accounting for corporate tax at the rate of 40% for Lion Brewery, Profit After Tax stood at Rs.1.267 bn up from Rs. 840 mn the previous year. A Deferred Tax of Rs. 97.216 mn (Rs.53.624 mn in the previous year) is included in the Income Tax Expenses for the year under review.

In total, Your Group's tax bill this year amounted to Rs. 11.13 bn. Based on available records, Your Group is the third largest tax payer in Sri Lanka. Each hour Your Group works, it contributes Rs. 5.7 mn to Government coffers as tax revenue. This is a 48% increase when compared to the previous year.

Your Group's Return on Equity (including Reserves) for the financial year under review was 25% up from 20% in the previous year. Earnings per ordinary share increased 49% during the year under review to Rs. 31/94

Your Group's cash flows remained robust during the year under review. By the end of the financial year, positive cash balances had been built up. This will be used to partly fund the capacity expansion program planned for the ensuing financial year. During the last quarter of the financial year, your Company received in full Rs. 350 mn due from the redemption of Preference Shares it held of the subsidiary, Lion Brewery (Ceylon) PLC. Your Company's consolidated balance sheet had no gearing at the end of the financial year; not for long however, since the expansion program will require borrowings to partly fund it.

Marketing & Sales

Almost all consumer goods businesses took advantage of the buoyant economic conditions that prevailed during most of the financial year to grow volumes & revenue. The Alcobev sector as a whole - & Your Group - was no different; growth was substantial & was underpinned by a significant increase in tourist arrivals, a growing economy & an end to hostilities in the North East. Amongst local consumers, an increasing trend in search of entertainment was evident & this too helped Alcobev companies to increase revenue.

Your Group's enviable brand portfolio - well supported by its benchmark distribution system - was ideally placed to take advantage of the favorable market conditions. The addition during the year of the iconic Mexican brand Corona to Your Group's portfolio gave it additional strength. Corona has a small but devoted customer base & fills a gap at the very top of the portfolio in the super premium category.

The worth of Your Group's portfolio was amply demonstrated when Lion was ranked the 9th most valuable amongst the Country's brands by

Brand Finance in its 8th Annual Sri Lankan Review. This is a remarkable achievement for a brand that is prohibited from communicating with its consumers via advertising & promotions. What is even more remarkable is that Lion was the only FMCG brand in the top 10, a grouping that included 6 banks & 2 telecoms companies.

Your Group takes special pride in the quality of its brands. Whilst local consumers readily acknowledge the superiority of Your Group's brands, they have been consistently recognized on the global stage as well. Over the years the Lion brand has won many international awards & the year under review was no exception. Two brands, Lion Lager & Lion Strong were awarded gold at the Monde Selections of 2011 whilst a third, Lion Stout was awarded the Grande Gold. In addition, Lion Stout received the International High Quality Award for winning gold or better for 3 consecutive years.

Whilst the Alcobev category as a whole recorded growth during the year under review, Your Group outperformed the industry thus further increasing its market share.

Supply Chain

During the year under review Your Group faced a significant shortfall in capacity. To augment local production, beer was imported from Carlsberg facilities in Vietnam & India at a higher cost. However, consumer prices were not adjusted to reflect the higher cost & hence margins were curtailed. Expansion of capacity is currently under way with the first stage scheduled for completion shortly.

A primary focus of Supply Chain operations during the year was procurement. Sourcing alternate suppliers, keeping a close tab of commodity markets & working on new methods of procurement were some of the key activities during the year. Following commodity markets closely

Chief Executive's Review

has returned rich dividends since annual contracts on some raw materials have been finalized at advantageous prices to Your Group.

Waste minimization & efficiency gains were other areas of focus during the year. Reducing energy consumption per unit of beer produced was also a key focus area.

Your Group has always been extremely conscious of its obligations vis-à-vis the environment & its effluent discharge remains well below the norms stipulated by the relevant European standards.

Support Services

Technology is used extensively throughout the operations of Your Group. Our production processes are highly automated & technology intensive. Similarly, sales processes, HR systems, procurement & accounting are all backed by sophisticated IT systems. To streamline internal operations & processes further, Your Group will shortly move its primary IT platform to an SAP ERP system. This will help rationalize & consolidate a number of software programs currently in use to a single platform thereby streamlining the IT management process as well.

Your Group has an extremely strong & talented team that thrives on opportunities & challenges. Further, it is well balanced in terms of both experience & skills. 33% of the team has contributed to the growth of Your Group for 10 years or more. More than 50% of the team has either professional or vocational qualifications and / or a university degree.

During the year under review Your Group continued to invest in its people. Employees from all sections of the Group underwent training to enhance job related skills & competencies. Employee personal development was also a key driver of the year's training program with special focus on communication & IT skills.

Exports

During the financial year under review, Your Group exported the equivalent of 250 containers to different parts of the world. This was a 55% increase over the exports made during the previous year and amounted to more than 1 container per working day. Both revenues & profits from exports improved significantly notwithstanding the difficult economic conditions in both the US & Europe. Maldives remained the largest single market where Your Group is now the clear market leader. Exports to most markets performed well whilst strong growth was recorded from Maldives, Canada, Switzerland, Japan & Malaysia. During the year, our brands were exported to 18 destinations including 4 new markets, namely, UAE, Korea, Sudan & Belgium.

Shareholder Returns

As at 31st March 2012 Your Company's Net Assets Value per share stood at Rs.128/37 up from Rs.108/43 as at 1st April 2011. In the meantime the market price of Your Company's share closed the financial year at Rs. 349/90 down from Rs.370/- at the start of the year. Since the ASPI & MPI declined by 25% & 29% respectively during this same period, Your Company's share holding its value is noteworthy.

As at year end, Your Company's Price to Earnings (PE) ratio stood at 10.95 times.

Your Board has recommended a dividend of Rs.6/- per share to be distributed after the conclusion of the AGM if approval is received from shareholders. If approved, this dividend will be free of tax in the hands of the share holders and account for 52% of the Company's post tax profit. In recommending this dividend, Your Board was conscious of the significant outflows that will take place in the months ahead on account of the on-going capacity expansion.

Community Service

Since inception, Your Group has supported the community in the area with special emphasis on education. As in the past, School books were distributed to students of all ages in December 2011, on this occasion numbering 1,700. In addition, Your Group continues to fund an on-going IT training program for community in the vicinity.

During the year under review, Your Group conducted programs in Hambantota & Killinochchi to enhance the employability of youth. In all, 500 youths completed these two programs. 40 such youth who obtained full time employment are scheduled to leave on overseas training shortly. This is an on-going program which will be continued in the future.

The Year Ahead

The year ahead will be a difficult one. After two years of impressive growth which was seemingly sustainable, the economy will slow down significantly in the year ahead. Growth will still remain robust at or just below 7% but citizens including corporates who were caught by surprise with the new policy framework will take time to adjust. The measures that the Government took were necessary. However, adjusting overnight to a free-floating currency, credit restrictions, higher interest rates & significantly more expensive energy & fuel will be difficult.

With the economy expected to grow at close to 7%, opportunities to grow volumes & revenue remain to be exploited. Growth in tourism is one such opportunity with arrivals during 2012 expected to reach & exceed a million. Other opportunities too exist & Your Group has strategies in place to take advantage of them during the ensuing financial year.

Whilst opportunities remain, the new economic realities both at home & abroad are likely to put challenges center stage during the next financial year. Commodity prices in the world market are expected to rise during the year ahead. In addition, imports will be more expensive in the coming

year on account of the now depreciated currency. Energy & fuel prices too will be higher as will be the cost of borrowings. However, passing on these cost increases in full to consumers likely to be weighed down with a higher level of inflation will not be possible. Hence, it is likely that operating margins will decline during the year ahead. Growth in revenues will also be under pressure as consumers adjust to the new economic realities.

Notwithstanding the unsettled conditions that are likely to prevail in the year ahead, Your Group will press ahead with its expansion plan. The expansion will be partly funded by receipts from the sale of shares in Carlsberg India as approved by shareholders of Lion Brewery (Ceylon) PLC at an EGM on 28th March 2012. The rest of the funding required to complete the expansion is now available with Your Group.

The proposed investments in IT will also take place during the year ahead. This investment will help further consolidate & streamline Your Group's operations, particularly its supply chain processes.

Whilst the year ahead will be difficult, Sri Lanka remains a country of immense potential. Yet the Country will not reach its full potential until a sustainable solution is found to what is possibly its economic "Achilles' heel", the Balance of Payments. A possible short term fix is a significant increase in FDI but in the longer term an export centric economy is the likely answer. Government expenditure is another aspect that needs urgent attention if high economic growth is to be sustained & if the Country is to achieve the laudable goal of doubling its per capita income in the medium term. A possible solution is the privatization of under-performing state owned enterprises. In the alternative, the Government may consider listing up to 49% of such businesses on the stock exchange whilst retaining majority control.

Chief Executive's Review

Sri Lanka will not reach its full potential until a permanent solution to the ethnic conflict is found. It is now 3 years since the end of the war & it is unfortunate that the solution which must necessarily be political still remains elusive. It is hoped at all political parties come together without delay to find a lasting solution to this conflict which over the years has caused so much pain & destruction within the Country.

Pubs & Retail

Through its subsidiary, CBL Retailers (Private) Ltd, Your Group is engaged in two streams of related businesses.

One such business is a diversification into liquor retailing. Here it owns & operates 3 liquor retailers whilst it manages a fourth. Each retail point operates at a profit although expansion into more shops has been difficult due to the non availability of appropriate licenses.

Ownership of pubs is the second line of business CBL Retailers is involved in. Three pub brands are in operation catering to different segments of consumers. Of the three "Machang" is the most wide-spread with 15 currently in place. Three pubs are owned under the "8.8" brand & one under the name "O!". The latter was opened at the end of 2011 at the Dutch Hospital premises, a new entertainment complex in the heart of the business district in Colombo. The operations & management of all the pubs are outsourced via a franchise model with Your Group's revenue stream arising from a monthly royalty fee. Other revenue generating activities are being considered to help generate appropriate returns.

In order to provide better focus for each of these two businesses, the retailing arm of CBL Retailers will be transferred to a new entity, Retail Spaces (Private) Limited, which was formed on 2nd March 2012. Retail Spaces (Private) Limited is a fully owned subsidiary of Your Company.

Conclusion

The year under review was a good one. The year ahead will pose greater challenges. Yet Your Group is well geared to meet & overcome whatever challenges that come before it. It has a superb portfolio of brands, a benchmark distribution system & state of the art manufacturing processes that will be further augmented in the coming year with greater capacity. These are all significant competitive advantages. Your Group's greatest competitive advantage though remains its human resources; it is our people that give us the aggressive intent & edge that will ensure that notwithstanding a remarkable year, the best still remains firmly in the future.

(Sgd.)

Suresh K. Shah
Chief Executive Officer

8th May 2012

Profiles of Directors

Cubby Wijetunge

Cubby Wijetunge is the Chairman of Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC, Union Residencies Ltd., and Chairman Emeritus, Nestle Lanka PLC. He is also a Director of Hunter & Co. Ltd, Janashakthi Insurance, Swiss Trading Company, East India Retailing Company (Pvt) Ltd., Heath & Co.Ltd. and Lanka Canneries Ltd. Also serves as Trustee of Joseph Fraser Hospital. In addition he is a member of the Monetary Policy Consultative Committee of the Central Bank of Sri Lanka and President of the Swiss Business Club of Colombo.

Hari Selvanathan

Hari Selvanathan is Deputy Chairman of Carson Cumberbatch PLC and President Commissioner of the palm oil related companies in Indonesia. He holds Directorships in several subsidiary companies within the Carsons Group and is also a Director of Sri Krishna Corporation (Private) Limited. He is also the Chairman of Express Newspapers (Ceylon) Ltd and Carsons Management Services (Private) Limited, the Groups Management company. Past President of the National Chamber of Commerce and Past Vice Chairman of the International Chamber of Commerce (Sri Lanka).

Counts over 20 years experience in commodity trading in International Markets. He holds a Bachelor of Commerce Degree.

Mano Selvanathan

Mano Selvanathan is the Chairman of Sri Krishna Corporation (Private) Limited, Ceylon Finance & Securities (Private) Ltd. and Selinsing PLC and is a Group Director of most Companies in the Carson Cumberbatch Group in Sri Lanka, Indonesia, Malaysia, Singapore & India and is an active Member of its Executive Management Forums. He is also the Deputy Chairman of Ceybank Asset Management Limited.

He is a Director of Holcim (Lanka) PLC. Past Chairman of the Indo Lanka Chamber of Commerce & Industry and has served as the Chairman of the Ceylon Chamber of Commerce and as the President of the Rotary Club of Colombo North.

Mano Selvanathan was conferred the highest National Honours in Sri Lanka the 'DESAMANYA' title by H.E. The President of Sri Lanka, in recognition of the services rendered to the Nation.

In January 2011 he was awarded with the prestigious 'PRAVASI BHARATIYA SAMMAN AWARD' by the President of India in Delhi.

He holds a Bachelors Degree in Commerce. He is also the Hon. Consul of the Republic of Chile in Sri Lanka.

Chandima Gunawardena

Chandima Gunawardena is a Director of Carson Cumberbatch Plc. He serves as a Director in most of the Carsons Group Companies in Sri Lanka and overseas. Since assuming Non Executive status in the group he currently serves as an advisor to the group's strategic planning and management forums and serves on Board Committees including its Audit Committees of the Group.

Mr. Gunawardena has over four decades of experience in varied fields of business and commercial activities and has held senior positions in the Corporate, Mercantile and State Institutions. He was appointed to the Carsons Group Directorate in 1990.

He has served in the Management committee of the Ceylon Chamber of Commerce for over 10 years, and was a Founder Council member of the Sri Lanka Institute of Directors (SLID) and continued to serve in the council for over 10 years. He is a Fellow of the Chartered Institute of Management Accountants, UK.

Profiles of Directors

Suresh Shah

Director and Chief Executive Officer of Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC. Also Director of Carson Cumberbatch PLC and The Sri Lanka Business Development Centre. Currently serves as the Vice Chairman of the Ceylon Chamber of Commerce and is a Vice President of the Confederation of Asia Pacific Chambers of Commerce & Industry (CACCI).

He also serves on the council of The Employers Federation of Ceylon and The Mercantile Services Provident Society. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka.

Soren Hansen (Resigned w.e.f.01.10.2011)

Director of Ceylon Brewery PLC and also Director of Mergers & Acquisitions and Business Development in Carlsberg Breweries A/S. Prior to joining Carlsberg, worked with Deloitte & Touche, Copenhagen, Denmark. During his tenor in Carlsberg has held finance and Project Managerial positions in Vietnam and Hong Kong, as well as being involved in/responsible for the majority of Carlsberg's expansion projects in Emerging Markets since 2000. Mr. Hansen is based in Copenhagen.

Mr. Hansen holds a Masters degree in Business Administration and Auditing and a Bac.Degree in International Trade.

Graham J. Fewkes

Graham Fewkes has over Twenty years of commercial experience in the global drinks industry. He currently serves with the Carlsberg Group as Commercial Vice President for Asia Region, based in Hong Kong.

Upon graduating with a BA (Hons) degree from the University of York in 1990, Mr Fewkes worked for Grand Metropolitan PLC and Foster's Group in the UK. From 1996, he joined Scottish & Newcastle PLC, taking a range of sales and marketing roles within the UK and Western Europe.

Immediately prior to his Asian role, he worked extensively across Eastern Europe with Carlsberg Group's market-leading businesses in Russia, Ukraine, Kazakhstan, Uzbekistan and the Baltic States. Since 2008, he has lived in Malaysia and now Hong Kong with responsibility for commercial development of the Carlsberg Group's wide-ranging Asian operations and their famous premium international brand portfolio.

Mr. Fewkes holds a range of non-executive board positions in Malaysia, Vietnam, India, Nepal and Laos.

Senior Management Team

Standing left to right

Preethi De Silva - Manager Business Development
Prasanna Amerasinghe - Head of Marketing
Suresh K. Shah - Director/Chief Executive Officer
Ranil Goonetilleke - Head of Finance
Chan Liyanage - Head of Supply Chain
Roshan Bandara - Head of Operations-Pub chain



Annual Report of the Board of Directors on the Affairs of the Company

The Board of Directors of Ceylon Beverage Holdings PLC (the Company) have pleasure in presenting to the shareholders its report together with the audited Consolidated Financial Statements of the Company and its subsidiaries (the Group) for the financial year ended 31st March 2012.

The details set out herein provide the pertinent information required by Companies Act No. 07 of 2007, the Colombo Stock Exchange Listing Rules and are guided by recommended accounting best practices. The Annual Report was approved by the Directors on 8th May 2012.

General

Ceylon Beverage Holdings PLC is a public limited liability Company incorporated in Sri Lanka in 1910. Ceylon Beverage Holdings PLC operates as an investment holding Company.

The Name of the Company was changed from Ceylon Brewery PLC to Ceylon Beverage Holdings PLC on the 4th of July 2011.

Principal Activity of the Group

The Principal activity of the Group is brewing and marketing of beer for the local & export markets and retailing of alcohol products for the local market through owned and/or managed wine shops & pubs. The Group also imports and markets both locally and overseas high quality renowned global beer brands.

Changes to the Group Structure

The retailing business of the Group is carried out under CBL Retailers (Private) Limited (a fully owned subsidiary). The off premise segment of the business will be transferred to a newly formed subsidiary, named Retail Spaces (Private) Limited, whilst the pub operations will remain with CBL Retailers (Private) Limited. The transfer of the operations will be done after 1st April 2012.

Review of Operations and Future Developments

The Chairman's Statement and the Review of Operations describe in detail the performance during the year together with comments on the financial results and future developments of the Group.

Significant Events During the Financial Year

Details of significant events during the year are contained in the Chief Executive's Review on pages 8 to 14 of this Report.

Statement of Directors Responsibilities

The responsibilities of the Directors, in relation to the Financial Statements, are detailed in the following paragraphs, whilst the responsibilities of the Auditors are set out in the Report of the Auditors.

According to Companies Act No. 07 of 2007 and Sri Lanka Accounting and Auditing Standards Act No.15 of 1995, Directors are required to prepare Financial Statements for each financial year, giving a true and fair view of the state of affairs of the Company and of the Group at the end of the financial year and of the financial performance for the said period.

In preparing these Financial Statements the Directors are required to ensure that;

- Appropriate Accounting Policies have been selected and applied consistently while material departures, if any, have been disclosed and explained.
- All applicable Accounting Standards have been complied with and,
- Reasonable and prudent judgments and estimates have been made.

The Directors are responsible for ensuring that the Company maintains sufficient accounting records to disclose with reasonable accuracy, the

financial position of the Company in order to ensure that its Financial Statements meet with the requirements of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. They are also responsible for taking reasonable measures to safeguard the assets of the Company and in this regard to give proper consideration to the establishment of appropriate systems of internal control with a view to prevent, detect and rectify frauds and other irregularities.

These Financial Statements have been prepared on a going concern basis, since the Directors are of the view that the Company has adequate resources to continue in operation for the foreseeable future from the date of signing these Financial Statements.

The Directors are also of the view that they have discharged their responsibilities as set out in this statement.

Financial Statements

The Financial Statements which includes Income Statements, Balance Sheets, Cash Flow Statements, Statement of Changes in Equity and Notes to the Financial Statements of the Company and the Group for the year ended 31st March 2012 are set out on pages 32 to 62 of this report.

Financial Results

For the year ended 31st March In Rs.'000s	Company		Group	
	2012	2011	2012	2011 (Re-stated)
The profit available for appropriation is:				
- Current year	239,554	180,669	573,146	374,510
- Brought forward	432,589	314,884	994,246	682,700
	672,143	495,553	1,567,392	1,057,210
From which the following appropriations have been made				
Dividends -				
Ordinary - Rs. 4/- per share (2011 - Rs. 3/- per share)	(83,952)	(62,964)	(83,952)	(62,964)
Leaving a balance to be carried forward of	588,191	432,589	1,483,440	994,246

Reserves

After the above mentioned appropriations, the total Group Reserves stand at Rs. 2,160.87 mn (2011 - Rs. 1,742.33 mn) comprising Capital Reserves of Rs. 493.26 mn (2011 - Rs. 563.91 mn) and Revenue Reserves of Rs. 1,667.62 mn (2011 - Rs. 1,178.42 mn). The movements are shown in the Statement of Changes in Equity and Notes 24 and 25 to the Financial Statements.

Value of The Investment Portfolio

The Market Value/ Director's value of the Company's investment portfolio as at 31st March 2012 was Rs. 8,350.85 mn (2011- Rs. 8,171.80 mn) as disclosed under Note 19 on page 52 to the Financial Statements.

Annual Report of the Board of Directors on the Affairs of the Company

Capital Expenditure

The total expenditure on the purchase of capital assets by the Group during the year amounted to Rs. 1,378.39 mn (2011 - Rs. 912.12 mn). The movements during the year are set out in Notes 17 and 18 to these Financial Statements.

Market Value of Freehold Properties

Freehold properties of the Group are stated in the books at their revalued amounts. The valuation has been carried out by an independent professional valuer, as further explained in Note 17 to these Financial Statements.

Statutory Payments

The Directors to the best of their knowledge and belief are satisfied that all statutory dues have been paid up to date, or have been provided for in the Financial Statements except as disclosed in Note 35 to these Financial Statements.

Outstanding Litigation

The outstanding litigations related to the Company are shown in Note 35 to these Financial Statements.

Risk Management/Material Foreseeable Risk Factors

The need for risk management has been identified and action plans to monitor and manage risks are incorporated into the business plans and are reviewed on a continuous basis.

Material Issues Pertaining to Employees and Industrial Relations

There were no issues pertaining to employees and industrial relations during the year ended 31st March 2012.

Going Concern

The Board of Directors is satisfied that the Company and its subsidiaries have adequate resources to continue its operations in the foreseeable future. Accordingly these Financial Statements are prepared based on the going concern concept.

Independent Auditors' Report

The Independent Auditors' Report on the Financial Statements is given on page 31 of this Annual Report.

Significant Accounting Policies

The accounting policies have been applied by the Company consistent with the previous year. The accounting policies have been applied by the Group consistent with the previous years except in the instance of returnable containers where previous classification adopted by the subsidiary Lion Brewery (Ceylon) PLC has been modified as disclosed in Notes 3.4 (iv), 17 (c), 20.2 and 21.2. The said change has been applied retrospectively.

Interests Register

Directors Interest's

The Company maintains an Interests Register conforming to the provisions of the Companies Act No.7 of 2007.

All Directors have made declarations as provided for in Section 192(2) of the Companies Act aforesaid.

The relevant details as required by the Companies Act No. 07 of 2007 have been entered in the Interests Register during the year under review.

The Interests Register is available for inspection as required under the Companies Act.

Remuneration of Directors

Directors' remuneration, in respect of the Group for the financial year ended 31st March 2012 is given in Note 11 to the Financial Statements.

Directors' Interest In Contracts and Shares

Directors' interests in transactions of the Company are disclosed in Note 37 to these Financial Statements and have been declared at meetings of the Directors. The Directors had no direct or indirect interest in any other contracts or proposed contracts in relation to the business of the Company, while they had the following interests in the Ordinary shares of the Company.

Directors' Shareholdings

	No. of Shares As at 31st March 2012	No. of Shares As at 1st April 2011
Mr. L.C.R. de C. Wijetunge (Chairman)	-	-
Mr. H. Selvanathan (Deputy Chairman)	690	690
Mr. M. Selvanathan	690	690
Mr. S.K. Shah (Chief Executive Officer)	2,632	2,632
Mr. D.C.R. Gunawardena	15	15
Mr. S. Hansen - Resigned w.e.f. 1st October 2011	-	-
Mr. G. Brockett (Alternate Director to Mr. S.Hansen) - Ceased w.e.f. 1st October 2011	-	-
Mr. G.J. Fewkes - Appointed w.e.f. 1st October 2011	-	-

Directors

The names of the Directors who served during the year are given under Corporate Information provided in the inner back cover of the Annual Report.

Appointments

Mr. G.J. Fewkes was appointed as a Non-Executive Director of the Company on 1st October 2011.

Resignations

Mr. S. Hansen who was a director of the Company resigned from the Board on 1st October 2011.

Mr. G. Brockett, Alternate Director to Mr. S. Hansen ceased to be the Alternate Director w.e.f. 1st October 2011.

Director to Retire by Rotation

In terms of Articles 72 and 73 of the Articles of Association of the Company, Mr. D.C.R. Gunawardena retires by rotation and being eligible offers himself for re-election.

Appointment of Director who is over 70 years of age

Upon the recommendation of the Nomination Committee of the Company and the Board, it is recommended that Mr. L.C.R.de C. Wijetunge who is over 70 years of age be re-appointed as a Director of the Company for a further period of one year from the conclusion of the Annual General Meeting and that the age limit stipulated in Section 210 of the Companies Act No.7 of 2007 shall not be applicable.

Auditors

The Company's Auditors during the year under review were Messrs. KPMG, Chartered Accountants.

A sum of Rs. 525,000/- was paid to them by the Company as audit fees for the year ended 31st March 2012 (2011 - Rs. 525,000/-).

Annual Report of the Board of Directors on the Affairs of the Company

Further, a sum of Rs. 45,000/- was paid to them by the Company as audit related service fees for the year ended 31st March 2012. (2011-Rs. 40,000/-).

The retiring auditors have expressed their willingness to continue in office. A Resolution to re-appoint them as Auditors of the Company and authorising the Directors to fix their remuneration will be proposed at the Annual General Meeting.

The Audit Committee reviewed the appointment of the Auditors, its effectiveness and its relationship with the group, including the level of audit and non-audit fees paid to the Auditor.

Auditors' relationship or any interest with the Company

The Directors are satisfied that, based on written representations made by the Independent Auditors to the Board, the auditors did not have any interest with the Company and its subsidiaries that would impair their independence.

Related Party Transactions Exceeding 10% of the Equity or 5% of the Total Assets of the Company

The transactions carried out by the Company with its related parties during the year ended 31st March 2012 did not exceed 10% of the shareholders equity or 5% of the total assets as at 31st March 2012 other than those disclosed in note 37.1 (a) iii.

The details of the related party transactions are given in Note 37 on page 61 to 62 the Financial Statements

Corporate Governance

Compliance of corporate governance rules as per Listing Rules of the Colombo Stock Exchange (CSE).

Board of Directors

The following Directors held office as at the Balance Sheet date and their brief profiles are given on pages 15 to 16 of the Annual Report.

Directors	Executive/Non Executive/Independent
Mr. L.C.R. de C. Wijetunge (Chairman)	Non-Executive/Independent*
Mr. H. Selvanathan (Deputy Chairman)	Executive
Mr. M. Selvanathan	Executive
Mr. S.K. Shah	Executive
Mr. D.C.R. Gunawardena	Non-Executive
Mr. S.Hansen - Resigned w.e.f. 1st October 2011	-
Mr. G. Brockett (Alternate Director to Mr. S. Hansen) - Ceased w.e.f. 1st October 2011	-
Mr. G.J. Fewkes - Appointed w.e.f. 1st October 2011	Non-Executive

* The Board has determined that Mr. L.C.R.de C. Wijetunge is an independent non executive Director in spite of being on the Board for more than 9 years and being a Director of Lion Brewery (Ceylon) PLC, in which a majority of the other Directors of the Board are also Directors, since he is not directly involved in the management of the Company.

The Board is working towards meeting the CSE criteria in respect of Non-executive/Independent Directors on the Board.

Remuneration Committee

As per the Rule 7.10.5 of the Listing Rules of the Colombo Stock Exchange the Remuneration Committee of Carson Cumberbatch PLC (CCPLC), the parent Company, functions as the Remuneration Committee of the Company.

Remuneration Committee members	Executive/ Non-Executive/ Independent
Mr. I. Paulraj (Chairman)	Non Executive/Independent Director of CCPLC
Mr. M. Moonesinghe	Non-Executive/Independent Director of CCPLC
Mr. D.C.R. Gunawardena	Non Executive Director of CCPLC

A remuneration policy has been formulated based on market and industry factors and individual performance for all group Companies.

Aggregated remuneration paid to the Non-Executive Directors of the company is disclosed under Note 11 to the Financial Statements.

Executive Directors are not compensated for their role on the Board.

Audit Committee

As per the Rule 7.10.6 of the Listing Rules of the Colombo Stock Exchange the Audit Committee of Carson Cumberbatch PLC (CCPLC), the parent Company functions as the Audit Committee of the Company and comprises of the following members.

Audit Committee members	Executive/ Non-Executive/ Independent
Mr. V.P. Malalasekera (Chairman)	Non Executive/ Independent Director of CCPLC
Mr. F. Mohideen	Non Executive/ Independent Director of CCPLC
Mr. D.C.R. Gunawardena	Non Executive Director of CCPLC

Additionally Mr. R. de Lanerolle acted as the Expert Advisory member to the Brewery sector. In May 2012 Mr. R. de Lanerolle stepped down from the position of Expert Advisory member to the Audit Committee in respect of the Brewery sector.

The report of the Audit Committee is given on page 26 to 27 of this Report.

Directors' Meeting Attendance

Four Board Meetings were convened during the financial year and the attendance of the Directors were as follows.

Director	Meetings attended (out of 4)
Mr. L.C.R. de C. Wijetunge (Chairman)	4
Mr. H. Selvanathan (Deputy Chairman)	4
Mr. M. Selvanathan	4
Mr. S.K. Shah	4
Mr. D.C.R. Gunawardena	3
Mr. S. Hansen - Resigned w.e.f. 1st October 2011	-
Mr. G. Brockett (Alternate Director to Mr. S.Hansen) - Ceased w.e.f. 1st October 2011	-
Mr. G.J. Fewkes - Appointed w.e.f. 1st October 2011	2

Nomination Committee

Carson Cumberbatch PLC, the parent Company formed a Nomination Committee on the 1st of January 2012. The Nomination Committee of Carson Cumberbatch PLC (CCPLC) functions as the Nomination Committee of the Company and comprise of the following members.

Annual Report of the Board of Directors on the Affairs of the Company

Nomination Committee members	Executive / Non-Executive/ Independent
Mr. T. de Zoysa (Chairman)	Non Executive/ Independent Director of CCPLC
Mr. D.C.R. Gunawardena	Non Executive Director of CCPLC
Mr. M. Moonesinghe	Non Executive/ Independent Director of CCPLC

The primary objective of the Nomination committee is to recommend the appointment of new Directors to the Board and the nomination of members to represent the company in group Companies/Investee Companies.

Dividend

Subject to the approval of the shareholders at the Annual General Meeting, a first and final dividend of Rs. 6/- per Ordinary share is recommended by the Directors for the year ended 2012. The dividend payable has not been accounted for until it is approved at the forthcoming Annual General Meeting.

The details of the dividends paid during the year are set out in Note 15 to the Financial Statements.

Solvency Test

Taking into account the said distribution, the Directors are satisfied that the Company would meet the solvency test requirement under Section 56(2) of the companies Act No.07 of 2007 immediately after the distribution. The Company's Auditors, KPMG, Chartered Accountants have issued a Certificate of Solvency confirming the same.

Corporate Donations

No donations were made by the Company and its subsidiaries during the year. (2011 - Nil)

Stated Capital

The Stated Capital of the Company as at 31st March 2012 was Rs. 533,384,288/- consisting of 20,988,090 Ordinary shares. There was no change in the Stated Capital of the Company during the year.

Events Occurring 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 for the event disclosed in Note 15.

Share Information

Information relating to share trading is given on pages 72 to 73 of this Report.

Twenty Major Shareholdings With Comparatives

As at 31st March

In Rs.'000s

	2012		2011	
	No.of Shares	%	No.of Shares	%
Carson Cumberbatch PLC A/C No. 02	15,726,912	74.93	15,726,912	74.93
Carlsberg A/S	1,676,440	7.99	1,676,440	7.99
GF Capital Global Limited	1,537,220	7.32	1,537,220	7.32
HINL-JPMCB-Butterfield Trust (Bermuda) Limited	800,000	3.81	800,000	3.81
Sri Lanka Insurance Corporation Ltd-Life Fund	283,400	1.35	283,400	1.35
HSBC International Nominees Ltd-SSBT - Deutsche Bank	135,000	0.64	135,000	0.64
Tranz Dominion, L.L.C.	68,500	0.33	66,000	0.31
Mr. H.A. Van Starrex	42,300	0.20	53,800	0.26
Mr. H.W.M. Woodward	40,065	0.19	40,065	0.19
Mrs. J.K.P. Singh	37,400	0.18	37,400	0.18
Mr. M. Radhakrishnan	24,400	0.12	24,400	0.12
Guinness Morison International Limited	20,953	0.10	20,953	0.10
Mr. H.A. Pieris	19,500	0.09	19,500	0.09
Secretarial Services Limited	12,100	0.06	12,100	0.06
Mrs. L.A.S. Moldrich	9,900	0.05	9,900	0.05
Bartleet Finance Limited/Hans Anton Van Starrex	9,300	0.04	9,300	0.04
Mr. N.J. Gamadia	8,786	0.04	8,786	0.04
Seylan Bank Limited/Priyani Dharshini Ratnagopal	8,650	0.04	8,650	0.04
Seylan Bank PLC/H.A. Van Starrex	8,500	0.04	-	-
The Cey. Desiccated Coconut & Oil Co. Ltd	8,276	0.04	8,276	0.04

Annual Report

The Board of Directors approved the Company and the Consolidated Financial Statements together with the Reviews which forms a part of the Annual Report, on 8th May 2012. The appropriate number of copies of the Report would be submitted to the Colombo Stock Exchange, Sri Lanka Accounting and Auditing Standard Monitoring Board and the Registrar of Companies within the given time frames.

The Notice of the Annual General Meeting is on page 75 of the Annual Report.

Signed on behalf of the Board,

Annual General Meeting

The 101st Annual General Meeting of the Company will be held on Friday, the 8th day of June 2012 at 4.00 p.m. at the Taj Samudra Hotel, 'Crystal Room', Upper Floor, No. 25, Galle Face Centre Road, Colombo 3, Sri Lanka.

(Sgd.)

M. Selvanathan

Director

8th May 2012

(Sgd.)

Suresh K. Shah

Director

Audit Committee Report

As provided by the Colombo Stock Exchange Listing Rules, the Audit Committee of Carson Cumberbatch PLC (CCPLC), the Parent Company is the Audit Committee of the Company.

The members of the Audit Committee are as follows :

Audit Committee members	Executive / Non-Executive/ Independent
Mr. V.P. Malalasekera (Chairman)	Non-Executive, Independent (CCPLC)
Mr. D.C.R. Gunawardena	Non-Executive (CCPLC)
Mr. F. Mohideen	Non-Executive, Independent (CCPLC)

Mr.V.P. Malalasekera is a Non-Executive, Independent Director of CCPLC and a former Director of Ceylon Tobacco Company PLC.

Mr.D.C.R. Gunawardena is a Non-Executive Director of CCPLC and in most of its Group Companies.

Mr.F. Mohideen, a Non-Executive, Independent Director of CCPLC, was the former Deputy Secretary to the Treasury and a former Director of Bank of Ceylon and Securities and Exchange Commission of Sri Lanka.

The audit aspects of Ceylon Beverage Holdings PLC are conducted within the Agenda of CCPLC-Audit Committee and the Committee was advised by Mr.R. de Lanerolle as a member of the Panel of Expert Advisors to the Audit Committee of CCPLC, for the Beverage Sector of the Group. Mr. de Lanerolle is a Director of Overseas Realty (Ceylon) PLC.

In May 2012, Mr. R. de Lanerolle stepped down from the position of Expert Advisor to the Audit Committee.

CCPLC-Audit Committee held 06 Meetings during the financial year to discuss matters relating to the Company and the attendance of the

Members of the Audit Committee was as follows :

Meetings attended (out of six)	
Mr. V.P. Malalasekera (Chairman)	06
Mr. D.C.R. Gunawardena	05
Mr. F. Mohideen	06

The Audit Committee Meetings were attended by the internal auditors, as well as the senior management staff members.

The Committee met the external auditors twice during the year, i.e. to discuss the audit scope and to deliberate the draft Financial Report and Accounts. The Audit Committee also met the external auditors, Messrs. KPMG and discussed the draft Financial Report and Accounts, without the management being present.

The interim financial statements of Ceylon Beverage Holdings PLC have been reviewed by the Audit Committee Members at Audit Committee Meetings. The draft financial statements of Ceylon Beverage Holdings PLC for the year ended 31st March 2012 were also reviewed at a Meeting of the Audit Committee, together with the External Auditors, Messrs.KPMG, prior to release of same to the Regulatory Authorities and to the shareholders. The Audit Committee was provided with confirmations and declarations as required, by the Director/CEO and Head of Finance of the Company that the said financial statements were prepared in accordance with the Sri Lanka Accounting Standards and the information required by the Companies Act No. 7 of 2007 therein and presented a true and fair view of the Company's state of affairs as at that date and the Company's activities during the year under review.

The Audit Committee has determined that Messrs.KPMG, Auditors are independent on the basis that they do not carry out any management related functions of the Company.

The Audit Committee has concurred to recommend to the Board of Directors the re-appointment of Messrs. KPMG, as Auditors for the financial year ending 31st March 2013, subject to the approval of the shareholders of Ceylon Beverage Holdings PLC at the Annual General Meeting.

The purpose of the Audit Committee of CCPLC is as follows:

To assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process and the Company's process for monitoring compliance with laws and regulations, Company policies and procedures and the code of conduct.

To ensure that the internal audit activity is well managed, so that it adds value to the organization by being objective in providing relevant assurance, contributing to the effectiveness and efficiency of governance, risk management and control processes.

(Sgd.)

V.P. Malalasekera

Chairman - Audit Committee

Carson Cumberbatch PLC

8th May 2012

Corporate stature.





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Financial Calendar

Financial Year	31st March 2012
Announcement of Results	
1st Quarter	30th June 2011
Issued to Colombo Stock Exchange	12th August 2011
2nd Quarter	30th September 2011
Issued to Colombo Stock Exchange	14th November 2011
3rd Quarter	31st December 2011
Issued to Colombo Stock Exchange	14th February 2012
Meetings	
100th Annual General Meeting	24th June 2011
101st Annual General Meeting	8th June 2012

Independent Auditors' Report



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
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Internet : www.lk.kpmg.com

TO THE SHAREHOLDERS OF CEYLON BEVERAGE HOLDINGS PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Ceylon Beverage Holdings PLC (the "Company"), the consolidated financial statements of the Company and its subsidiaries as at 31st March 2012 which comprise the balance sheet as at 31st March 2012, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 32 to 62 of this Annual Report.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made

by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31st March 2012 and the financial statements give a true and fair view of the Company's state of affairs as at 31st March 2012 and its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs as at 31st March 2012 and the profit and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Sections 153(2) to 153(7) of the Companies Act No. 07 of 2007.

CHARTERED ACCOUNTANTS

Colombo.

08th May 2012

KPMG, a Sri Lankan Partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International cooperative ("KPMG International"), a Swiss entity.

M.R. Mihular FCA	Ms. M. P. Perera FCA	P.Y.S. Perera FCA
C.P. Jayatilake FCA	T.J.S. Rajakarier FCA	W.W.J.C. Perera FCA
Ms. S. Joseph FCA	Ms. S.M.B. Jayasekara ACA	W.K.D.C. Abeyrathne ACA
S.T.D.L. Perera FCA	G.A.U. Karunaratne ACA	R.M.D.B. Rajapakse ACA

Principals - S.R.I. Perera ACMA, LLB, Attorney-at-Law, H.S. Goonewardene ACA

Income Statement

For the year ended 31st March In Rs.'000s	Note	Company		Group	
		2012	2011	2012	2011 (Re-stated)
Revenue	9	319,791	244,319	18,130,734	11,583,356
Cost of sales		-	-	(12,887,421)	(7,797,614)
Gross profit		319,791	244,319	5,243,313	3,785,742
Other income	10	-	-	230,750	16,652
Distribution expenses		319,791	244,319	5,474,063	3,802,394
Administrative expenses		-	-	(2,092,205)	(1,593,873)
Other expenses		(12,753)	(8,030)	(624,769)	(437,916)
Profit from operations	11	-	-	(146,874)	(151,764)
Finance expenses		307,038	236,289	2,610,215	1,618,841
Income tax expenses	12	(49,054)	(43,278)	(429,591)	(203,040)
Profit before taxation		257,984	193,011	2,180,624	1,415,801
Profit for the year	13	(18,430)	(12,342)	(913,263)	(575,336)
Profit attributable to		239,554	180,669	1,267,361	840,465
- Equity holders of the company		239,554	180,669	670,304	449,215
- Minority shareholders		-	-	597,057	391,250
Profit for the year		239,554	180,669	1,267,361	840,465
Earnings per ordinary share (Rs.)	16	11.41	8.61	31.94	21.40
Dividend per ordinary share (Rs.)		4.00	3.00	4.00	3.00

The Notes to the Financial Statements from pages 36 to 62 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Balance Sheet

As at 31st March In Rs.'000s	Note	Company		Group	
		2012	2011	2012	2011 (Re-stated)
ASSETS					
Non-Current Assets					
Property, plant & equipment	17	125,532	126,048	5,122,297	4,216,879
Intangible assets	18	-	-	46,541	41,409
Investments in subsidiaries	19 (a)	1,422,084	1,570,693	-	-
Long term investments	19 (b)	-	-	-	2,187,086
Amounts due from related companies	22 (a)	234,005	-	-	-
Total Non-Current Assets		1,781,621	1,696,741	5,168,838	6,445,374
Current Assets					
Inventories	20	-	-	1,341,247	668,348
Trade & other receivables	21	142	132	1,146,558	584,398
Amounts due from related companies	22 (b)	-	91,982	-	-
Cash and cash equivalents		4,638	6,338	2,855,831	1,106,216
Total Current Assets		4,780	98,452	5,343,636	2,358,962
Total Assets		1,786,401	1,795,193	10,512,474	8,804,336
EQUITY AND LIABILITIES					
Equity					
Stated capital	23	533,384	533,384	533,384	533,384
Capital reserves	24	126,414	126,414	493,260	563,905
Revenue reserves	25	772,365	616,763	1,667,614	1,178,420
Equity Attributable To Equity Holders of the Company		1,432,163	1,276,561	2,694,258	2,275,709
Minority interest		-	-	2,487,346	2,142,501
Total Equity		1,432,163	1,276,561	5,181,604	4,418,210
Non Current Liabilities					
Loans and borrowings	26	45,000	75,000	1,148,802	1,251,727
Refundable deposits	27	-	-	858,665	744,254
Employee benefits	28	-	-	66,331	51,648
Deferred tax liabilities	29	-	465	575,475	408,931
Total Non- Current Liabilities		45,000	75,465	2,649,273	2,456,560
Current Liabilities					
Trade and other payables	30	5,994	6,403	631,861	261,537
Amounts due to related companies	31	-	2,228	15,189	19,656
Current tax liabilities	32	11,266	2,871	1,225,392	999,543
Loans and borrowings	26	30,000	30,000	358,470	85,322
Bank overdraft		261,978	401,665	450,685	563,508
Total Current Liabilities		309,238	443,167	2,681,597	1,929,566
Total Liabilities		354,238	518,632	5,330,870	4,386,126
Total Equity and Liabilities		1,786,401	1,795,193	10,512,474	8,804,336
Net assets per ordinary share (Rs.)		68.24	60.82	128.37	108.43

The Notes to the Financial Statements from pages 36 to 62 form an integral part of these Financial Statements.

I certify that the above Financial Statements comply with the requirements of 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 and signed on behalf of the Managers

Approved and signed on behalf of the Board

(Sgd.)

A. Weeraturunge

Director

Carsons Management Services (Private) Ltd.

8th May 2012

(Sgd.)

M. Selvanathan

Director

(Sgd.)

Suresh K. Shah

Director

Statement of Changes in Equity

In Rs.'000s	Attributable to Equity Holders of the Parent						Total	Minority Shareholders' Interest	Total Equity
	Stated Capital	Revaluation Reserve	Capital Redemption Reserve	General Capita Reserve	Revenue Reserve	Retained Profits			
Company									
Balance as at 1st April 2010	533,384	3,183	-	5,776	184,174	314,884	1,041,401	-	1,041,401
Revaluation during the year	-	116,385	-	-	-	-	116,385	-	116,385
Adjustment for deferred tax liability	-	1,070	-	-	-	-	1,070	-	1,070
Profit for the year	-	-	-	-	-	180,669	180,669	-	180,669
Dividends	-	-	-	-	-	(62,964)	(62,964)	-	(62,964)
Balance as at 31st March 2011	533,384	120,638	-	5,776	184,174	432,589	1,276,561	-	1,276,561
Profit for the year	-	-	-	-	-	239,554	239,554	-	239,554
Dividends	-	-	-	-	-	(83,952)	(83,952)	-	(83,952)
Balance as at 31st March 2012	533,384	120,638	-	5,776	184,174	588,191	1,432,163	-	1,432,163
Group									
Balance as at 1st April 2010 as originally reported	533,384	85,163	35,287	5,776	184,174	902,922	1,746,706	1,799,206	3,545,912
Retrospective adjustment	-	-	-	-	-	(220,222)	(220,222)	(211,586)	(431,808)
Balance as at 1st April 2010-(Re-stated)	533,384	85,163	35,287	5,776	184,174	682,700	1,526,484	1,587,620	3,114,104
Revaluation during the year	-	433,631	-	-	-	-	433,631	304,805	738,436
Adjustment for deferred tax liability	-	4,048	-	-	-	-	4,048	2,862	6,910
Profit for the year	-	-	-	-	-	449,215	449,215	391,250	840,465
Dividends	-	-	-	-	-	(62,964)	(62,964)	(119,016)	(181,980)
Share of loss of holding	-	-	-	-	-	-	-	(24,855)	(24,855)
Cost of increase in holding	-	-	-	-	-	(74,539)	(74,539)	-	(74,539)
Inter-Company unrealised profit	-	-	-	-	-	(166)	(166)	(165)	(331)
Balance as at 31st March 2011	533,384	522,842	35,287	5,776	184,174	994,246	2,275,709	2,142,501	4,418,210
Adjustments	-	-	-	-	-	3,784	3,784	3,635	7,419
Adjustment for deferred tax liability	-	(35,358)	-	-	-	-	(35,358)	(33,971)	(69,329)
Adjustment on redemption of Preference shares	-	-	(35,287)	-	-	35,287	-	-	-
Profit for the year	-	-	-	-	-	670,304	670,304	597,057	1,267,361
Dividends	-	-	-	-	-	(83,952)	(83,952)	(156,800)	(240,752)
Share of loss of holding	-	-	-	-	-	-	-	(65,118)	(65,118)
Cost of increase in holding *	-	-	-	-	-	(136,273)	(136,273)	-	(136,273)
Inter company unrealized profit	-	-	-	-	-	44	44	42	86
Balance as at 31st March 2012	533,384	487,484	-	5,776	184,174	1,483,440	2,694,258	2,487,346	5,181,604

*Ceylon Beverage Holdings PLC acquired further controlling interest (1.25%) of Lion Brewery (Ceylon) PLC investing Rs. 201 Mn on which Goodwill amounting to Rs. 136 Mn was recognized as excess of the purchase price over Net Assets acquired and which was written-off against the Cumulative Reserves.

The Accounting Policies and Notes from pages 36 to 62 form an intergral part of these Financial Statements.
Figures in brackets indicate deductions.

Cash Flow Statement

For the year ended 31st March In Rs.'000s	Note	Company		Group	
		2012	2011	2012	2011 (Re-stated)
Cash Flows From Operating Activities					
Profit before Taxation		257,984	193,011	2,180,624	1,415,801
Adjustments for:					
Finance expenses	12	49,054	43,278	429,591	203,040
Depreciation on property, plant & equipment	17	516	186	444,955	335,236
Amortisation of intangible assets	18	-	-	16,229	15,461
Interest cost capitalised		-	-	-	(537)
Gratuity provision	28	-	-	15,179	17,723
Inventory provisions and write offs		-	-	(257)	385
Interest income	10	-	-	(203,802)	(9,510)
Profit on disposal of property, plant & equipment		-	-	6,400	(543)
Unrealised exchange loss on foreign currency term Loan	26.1	-	-	206,935	2,484
Adjustment on property, plant & equipment		-	-	7,418	-
Operating cash flow before working capital changes		307,554	236,475	3,103,272	1,979,540
Increase in inventories		-	-	(672,555)	(187,401)
Increase/(Decrease) in trade & other receivables		(10)	498	(558,441)	22,976
Decrease in amounts due from related companies		91,982	-	-	5,627
Decrease in amounts due to related companies		(2,227)	(23,751)	(4,467)	(13,527)
Increase/(Decrease) in trade & other payables		(419)	(2,020)	453,885	295,119
Cash generated from operations		396,880	211,202	2,321,694	2,102,334
Finance expenses		(49,054)	(43,278)	(429,591)	(203,040)
Current tax paid		(9,245)	(10,922)	(554,531)	(136,679)
Economic service charge paid		(1,781)	(1,793)	(123,881)	(77,985)
Gratuity paid	28	-	-	(496)	(926)
Net cash generated from operating activities		336,800	155,209	1,213,195	1,683,704
Cash Flows from Investing Activities					
Purchase and construction of property, plant & equipment	17	-	(2,319)	(1,357,017)	(907,834)
Purchase of intangible assets		-	-	(21,361)	(4,289)
Proceeds from sale of property, plant & equipment		-	-	241	7,224
Agent deposits received	27	-	-	126,560	117,558
Agent deposits refunded	27	-	-	(12,149)	(1,069)
Interest received		-	-	203,802	9,510
Equity Investment in subsidiary	19 (a)	(201,391)	(99,399)	(201,391)	(99,399)
Redemption of preference shares	19 (a)	350,000	-	-	-
Proceeds from sale of investment	19 (b)	-	-	2,187,086	-
Increase in amounts due from related companies		(234,005)	(19,092)	-	-
Long term investments		-	-	-	(739,671)
Net cash (used in)/generated from investing activities		(85,396)	(120,810)	925,771	(1,617,970)
Cash Flows from Financing Activities					
Proceeds from long term borrowings	26.1	-	-	117,467	1,244,821
Repayment of long term borrowings	26.1	(30,000)	(30,000)	(154,179)	(78,205)
Dividends paid		(83,417)	(62,519)	(239,816)	(181,398)
Net cash used in financing activities		(113,417)	(92,519)	(276,528)	985,218
Net increase/(decrease) in cash & cash equivalents		137,987	(58,120)	1,862,438	1,050,952
Cash & cash equivalents at the beginning of the year		(395,327)	(337,207)	542,708	(508,244)
Cash & cash equivalents at the end of the year		(257,340)	(395,327)	2,405,146	542,708
Analysis of Cash and Cash Equivalents					
Cash and cash equivalents		4,638	6,338	2,855,831	1,106,216
Bank overdrafts		(261,978)	(401,665)	(450,685)	(563,508)
		(257,340)	(395,327)	2,405,146	542,708

The Accounting Policies and Notes from pages 36 to 62 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

Notes to the Financial Statements

1 Corporate Information

1.1 Reporting Entity

Ceylon Beverage Holdings PLC is a public limited liability company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The parent company is Carson Cumberbatch PLC (CCPLC).

The consolidated Financial Statements for the year ended 31st March 2012 comprise of the Company and its subsidiaries (together referred to as the "Group" and individually Group entities). The Subsidiaries of the Company are set out in note 3.1 (i) below.

The principal activity of the Group continues to be brewing and retailing of high quality beers for the local and export markets and retailing of alcohol products for the local market through owned and/or managed wine shops & pubs. The Group also imports and markets both locally and overseas high quality renowned global beer brands. Ceylon Beverage Holdings PLC operates as an investment holding company.

There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

The registered office of the Company is situated at No 61, Janadhipathi Mawatha, Colombo 01 and the principal business is situated at No 254, Colombo Road, Biyagama.

There were no employees in the Company as at the Balance Sheet date (2011 - Nil).

2 Basis of Preparation

2.1 Statement of Compliance

The Financial Statements of Ceylon Beverage Holdings PLC, and its subsidiaries (Group) comprise of the Balance Sheets, Income Statements, Statements of Changes in Equity, Cash Flow Statements, and Notes to the Financial Statements. These Statements are prepared in accordance with the Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka and comply with the requirements of the Companies Act No 7 of 2007.

The Consolidated Financial Statements were authorised for issue by the Board of Directors on 8th May 2012.

2.2 Basis of Measurement

The Consolidated Financial Statements have been prepared on a historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the Financial Statements, except for the following;

- Freehold Land and buildings are measured at cost at the time of acquisition and subsequently at revalued amounts, which are the fair values at the date of revaluation less accumulated depreciation and impairment losses, if any.
- Employee Benefits is recognized as the net total of the plan assets, plus unrecognized past service cost and unrecognized actuarial losses, less unrecognized actuarial gains and the present value of the employee benefits.

2.3 Functional Currency and Presentation Currency

All values presented in the Financial Statements are in Sri Lankan Rupees which is the Company's functional currency, unless otherwise indicated.

2.4 Comparative Information

The comparative information have been reclassified and restated wherever necessary with the current year's figures in order to provide better presentation and reflect changes in accounting policies.

2.5 Use of Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

- Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

- Information about significant areas of estimation and uncertainty that have a probability of having a major impact on the amounts recognised in the Financial Statements are described below.

2.5.1 Assessment of Impairment

The Company assesses at each Balance Sheet date whether there is objective evidence that an asset or portfolio of assets is impaired. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell.

In assessing value in use, the estimated future cash flows are discounted to present value using appropriate discount rates that reflects the current market assessments of the time value of money and risks specific to the asset.

2.5.2 Employee Benefits

The liability as at Balance Sheet date was actuarially valued based on the assumptions set out in Note No 28 in the Financial Statements.

2.5.3 Value of Unquoted Investments

The unquoted equity investments have been valued based on the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics. This valuation requires the Company to make estimates about expected future cash flows and discount rates, and hence are subject to uncertainty.

2.5.4 Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgment is required to determine the amount of assets that can be recognised, based upon the level of future taxable profits together with future tax planning strategies.

3 Significant Accounting Policies

The accounting policies set out below have been applied by the Company consistent with the previous year. The accounting policies set out below have been applied by the Group consistent with the previous years except in the instance of returnable containers where

previous classification adopted by the subsidiary Lion Brewery (Ceylon) PLC has been modified as disclosed in Notes 3.4 (iv) , 17 (c), 20.2 and 21.2. The said change has been applied retrospectively.

3.1 Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities that are controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights, that presently are exercisable are taken in to account. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date that control effectively commences until the date that control effectively ceases.

During the year the Company has held the following subsidiaries:

Subsidiary	Controlling interest
Lion Brewery (Ceylon) PLC	52.25%
CBL Retailers (Private) Limited	100%
*Retail Spaces (Private) Limited	100%

*The retailing business of the Group is carried out under CBL Retailers (Private) Limited. The off premise segment of the business will be transferred to a newly formed subsidiary, named Retail Spaces (Private) Limited, whilst the pub operations will remain with CBL Retailers (Private) Limited. The transfer of the operations will be done after 1st April 2012.

(ii) Minority Interest

The Minority Interest is presented in the Consolidated Balance Sheet within equity, separated from the equity attributable to the Equity Holders to the Company. Minority Interest in the profit or loss of the Group is disclosed separately in the Consolidated Income Statement.

Notes to the Financial Statements

(iii) Financial Period

The Consolidated Financial Statements are prepared to a common financial year ended 31st March. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

In the Company's Financial statements, investments in subsidiaries are carried at cost less impairment if any.

The carrying amount of the Investment at the date that such an entity ceases to be a Subsidiary would be regarded as the cost of initial measurement of a financial asset in accordance with Sri Lanka Accounting Standard 22 "Accounting for Investments".

(iv) Intra-Group Transactions

Intra-group balances, intra-group transactions and resulting unrealised profits are eliminated in full in the Financial Statements. Unrealised losses resulting from intra-group transactions are eliminated unless the cost cannot be recovered.

(v) Goodwill

Goodwill reflects the excess of the purchase price over the fair value of the net assets as at the date of purchase.

Upon transition to revised SLAS 25 "Business Combinations" goodwill will be tested for impairment annually and assessed for any indication of impairment at each balance sheet date, to ensure its carrying amount does not exceed its recoverable amount. If an impairment loss is identified, it will be recognized immediately in the Income Statement.

(vi) Consolidation of Subsidiaries in the Pre-Production Stage

The Financial Statements of the subsidiaries in its pre-production stage is not consolidated with the Group and will be recognized as a subsidiary for consolidation only on commencement of commercial operations.

3.2 Foreign Currency Transactions

All foreign currency transactions are converted at the rate of exchange prevailing at the time the transactions were effected.

Monetary assets and liabilities denominated in foreign currencies have been translated to Sri Lankan rupees at rates of exchange prevailing at the Balance Sheet date. The exchange differences arising there from have been dealt within the Income Statement.

Assets And Bases Of Their Valuation

3.3 Classification

Assets classified as Current Assets in the Balance Sheet are cash and those which are expected to be realized in cash during the normal operating cycle of the Company's business or within one year from the Balance Sheet date, whichever is shorter. Assets other than Current Assets are those which the Company intends to hold beyond a period of one year from the Balance Sheet date.

3.4 Property, Plant & Equipment

(i) Valuation

Valuation of property, plant & equipment is at cost or valuation less accumulated depreciation and accumulated impairment, if any, provided on the basis stated in (iii) below.

The Group applies the revaluation model for freehold land and buildings while cost model is applied for other property, plant and equipment.

(ii) Cost

Cost of capital assets is the cost of acquisition or construction together with any expenses incurred in bringing the asset to its working condition for its intended use.

Expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature by means of which to carry on the business or to increase the earning capacity of the business is treated as capital expenditure.

(iii) Depreciation

Depreciation is provided for on a straight-line basis over periods appropriate to the estimated useful lives of different types of assets on their costs or revalued amounts which are as follows:

	Ceylon Beverage Holdings PLC	Lion Brewery (Ceylon) PLC	CBL Retailers (Private) Limited
	Years	Years	Years
Freehold Buildings	40	40	-
Plant & Machinery	10	10-20	10-20
Furniture & Fittings	10	10	5
Office Equipment	4	3-10	5
Computer Equipment	4	3	3
Returnable Containers	-	5	-
Motor Vehicles	5 - 4	5 - 4	-
Laboratory Equipment	-	4	-

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale or on the date that the asset is derecognized or whichever comes first.

No depreciation is provided on freehold land.

(iv) Returnable Containers

Returnable containers of Lion Brewery (Ceylon) PLC are classified under Property, Plant and Equipment. All purchases of Returnable Containers will be recognised at cost and depreciated over a period of 5 years. In the event a returnable container breaks within the premises of the company, the written down value, on a First in First out (FIFO) basis, will be charged to Income Statement as breakages.

Deposits are collected from the agents for the Returnable Containers in their possession and is classified under Non Current Liabilities as explained in Note 3.12. The said deposit will be refunded to the Agent only upon them returning these Returnable Containers due to cessation of their operation or due to contraction in sales.

(v) Revaluation of Land and Buildings

The freehold land and buildings of the Company and a subsidiary have been revalued and revaluation of these assets are carried out at least once every five years in order to ensure that the book values

reflect the realizable values. Any surplus or deficit that arises is adjusted in the revaluation reserve.

(vi) Subsequent Expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalized. Other subsequent expenditure is capitalized only if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other expenditure is recognized in the income statement as and when expense is incurred.

(vii) Capital work-In-Progress

The cost of self constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to a workable condition of their intended use and capitalised borrowing cost. Capital Work-in-progress is transferred to the respective asset accounts when the asset is available for use and all work connected to construction is completed.

A subsidiary capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The subsidiary has capitalised borrowing costs with respect to capital work in progress.

(viii) Impairment of Property, Plant and Equipment

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognised in the Income Statement unless it reverses a previous revaluation surplus for the same asset.

3.5 Intangible Assets

All software licenses and liquor licenses for use by the Group are included in the Balance Sheet under the category Intangible Assets and carried at cost less accumulated amortization and accumulated impairment losses, if any.

Notes to the Financial Statements

The initial acquisition cost comprises fee paid at the inception, non-refundable taxes and levies, professional charges and other directly attributable expenditure in preparing the asset for its intended use. In the case of software, cost of customising to meet the specific requirements of the Group is also recognised as an initial cost.

The initial cost of software is enhanced by subsequent expenditure incurred by further customisation to meet ancillary transaction processing and reporting requirements tailor-made for the use of the Group constituting an improvement to the software.

The cost is amortised using the straight-line method commencing from the date the asset is available for use. The amortised amount is based on the best estimate of its useful life and the amortisation cost is recognised as an expense in the Income Statement.

Amortisation rates are as follows:

	Ceylon Beverage Holdings PLC	Lion Brewery (Ceylon) PLC	CBL Retailers (Private) Limited
	Years	Years	Years
Computer equipment-software	4	5	5
Liquor licenses	-	-	10

3.6 Investments

(i) Classification

Long term investments and investments in subsidiaries of the Group are classified as non-current investments, which are stated in the Balance Sheet at cost.

(ii) Valuation

All non-current investments are stated in the Balance Sheet at cost less any amounts written off to reflect any permanent diminution in the value of such investments.

(iii) Cost

Cost of investments is the cost of acquisitions inclusive of brokerage, commission and fees.

3.7 Inventories

Inventories are recognised at cost or net realisable value whichever is lower after making due allowance for obsolete and slow moving items.

The cost of each category of inventory is derived on the following bases:

- Raw material - cost of purchase together with any incidental expenses.
- Work-in-progress - raw material cost and a proportion of manufacturing expenses.
- Finished goods - raw material cost and manufacturing expenses in full.
- Maintenance stock - on a weighted average basis.

Appropriate provisioning will be made for the value of any stocks where there has been no movement for a period greater than 365 days.

Net realisable value is the estimated selling price in the ordinary course of business, less any estimated costs of completion and selling expenses.

3.8 Trade and other Receivables

Trade and other receivables are stated at the amounts estimated to be realised. Where necessary, provision has been made for bad and doubtful debts.

3.9 Cash & Cash Equivalents

Cash and cash equivalents are defined as cash in hand, bank demand deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of the Cash Flow Statement, cash & cash equivalents comprise of cash in hand and deposits at banks, net of bank overdrafts. Investments with short maturities, i.e. three months or less from the date of acquisition, are also treated as cash equivalents.

The Cash Flow Statement has been prepared using the "Indirect Method."

3.10 Impairment of Assets

Identifiable Assets of the Group are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated and shown in the Balance Sheet. The impairment loss is recognised to Income Statement.

Liabilities and Provisions

3.11 Classification

Liabilities classified as Current Liabilities in the Balance Sheet are those obligations payable on demand or within one year from the Balance Sheet date. Items classified as Non-Current Liabilities are those obligations which will be repaid after a period of one year from the Balance Sheet date.

All known liabilities are accounted for in preparing the Financial Statements.

3.12 Agent Deposits

Returnable containers issued to Agents are secured against a refundable deposit representing the cost. Refunding of deposits could arise due to a discontinuance of an agency or due to contraction in sales.

3.13 Employee Benefits

(i) Employee Benefits Plan - Gratuity

The Company and its subsidiaries are liable to pay gratuity in terms of the Payment of Gratuity Act. No. 12 of 1983.

Gratuity Provision for employees has been made on the basis of an actuarial valuation as at 31st March 2012 which was carried out by

Mr M Poopalanathan, (AIA), Actuarial and Management Consultants (Pvt.) Limited. As recommended by the related Sri Lanka Accounting Standard No 16 (Revised 2010) " Employee Benefits", the 'Projected Unit Credit' (PUC) method has been used in this valuation.

The assumptions based on which the results of the actuarial valuation was determined is included in Note 28 to the Financial Statements.

(ii) Defined Contribution Plans

Employees' Provident Fund and Employees' Trust Fund

All employees who are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions are covered by relevant contribution funds in line with the respective statutes. Contributions to the defined contribution plans are recognised as an expense in the Statements of Income when incurred.

3.14 Capital Commitments and Contingent Liabilities

All material capital commitments and contingencies which exist as at the Balance Sheet date are disclosed in the respective Notes to the Financial Statements.

3.15 Trade and Other Payables

Trade and other payables are stated at their cost.

3.16 Provisions

A provision is recognised if the company has a legal or constructive obligation as a result of a past event which can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

Income Statement

3.17.1 Revenue

The Revenue represents the amounts derived from customers outside the Company, on the provision of goods and services which fall within the ordinary activities. Value Added Tax (VAT) is excluded in arriving at the Turnover.

Notes to the Financial Statements

- **Royalty**

Income arising from the use of the Company's brands based on volume sold.

- **Dividend**

Income is recognised upon its receipt.

- **Interest**

Income is recognised on an accrual basis.

3.17.2 Revenue Recognition

Revenue is principally accrued and matched with the related expenditure and is recognised in accordance with Sri Lanka Accounting Standard 29, "Revenue".

- (i) **Sale of Goods**

Revenue from sales are recognised upon delivery of products and customer acceptance, if any, whereby significant risks and rewards of ownership are passed on to the buyer, or performance of services, net of sales taxes.

- (ii) **Other Income**

Gains or loss on disposal of property, plant & equipment.

Net Gains and Losses of a revenue nature resulting from disposal of property, plant & equipment are accounted as other income in the Income Statement.

3.18 Expenditure Recognition

- (i) **Operating Expenses**

All expenses incurred in day-to-day operations of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to revenue in arriving at the profit or loss for the year. provision has been made for bad and doubtful debts and all known liabilities and depreciation on property, plant & equipment.

- (ii) **Finance Expenses**

Interest expenses are recognised on an accrual basis.

- (iii) **Borrowing Costs**

All borrowing costs are recognised as an expense in the period in which they are incurred, except those that are directly attributable to the acquisition / construction of property, plant & equipment which are capitalised as a part of the cost of the asset during the period of construction/development.

3.19 Income Tax Expenses

Income tax expense comprises of current and deferred taxation.

- (i) **Current Taxation**

The Group liability to taxation has been computed in accordance with the provisions of the Inland Revenue Act. No 10 of 2006 and amendments thereto as stated in the respective notes to these Financial Statements.

- (ii) **Deferred Taxation**

Deferred Taxation is provided on the liability method for all temporary differences as at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The balance in the deferred taxation account represents income tax applicable to the difference between the written down values for tax purpose of the assets on which tax depreciation has been claimed and the net book values of such assets, offset by the provision for retirement benefit which is deductible for tax purposes only on payment.

Deferred tax assets, including those related to temporary tax effects of income tax losses and credits available to be carried forward are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4 Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

5 Related Party Transactions

Disclosures are made in respect of transactions in which one party has the ability to control or exercise significant influence over the financial and operating decisions / policies of the other, irrespective of whether a price is being charged or not.

6 Events Occuring After The Balance Sheet Date

All material events occurring after the Balance Sheet date are considered and where necessary adjustments and / or disclosures are made to the Financial Statements.

7 Segmental Reporting

A segment is a distinguishable component of an enterprise that is engaged in either providing products or services (Business Segment) or in providing products or services within a particular economic environment (Geographical Segment) which is subject to risk and rewards that are different from those of the other segment.

8 New Accounting Standards Issued but not Effective at the Reporting Date

The Institute of Chartered Accountants of Sri Lanka has issued a new volume of Sri Lanka Accounting Standards which have become applicable for financial periods beginning on or after 01st January 2012. However, these standards have not been applied in preparing these financial statements as they were not effective for the year ended 31st March 2012.

These Sri Lanka Accounting Standards comprise accounting standards prefixed both SLFRS (Corresponding IFRS) and LKAS (Corresponding IAS). Application of Sri Lanka Accounting Standards prefixed SLFRS and LKAS for the first time shall be deemed to be an adoption of SLFRSs.

The said new/revised standards will become applicable to the Company/Group from 1st April 2012 and accordingly the reporting framework for the year ending 31st March 2013.

The Company/Group has evaluated the potential effects of these standards on its Financial Statements on adoption with the assistance of an independent consultant. Based on the management's assesment there will not be any significant financial impact on the Financial Statement of the Company/Group on adoption of these standards.

Notes to the Financial Statements

9 Revenue

For the year ended 31st March In Rs.'000s		Company		Group	
		2012	2011	2012	2011 (Re-stated)
(a)	Dividend income	202,570	164,736	-	-
	Royalty income	117,221	79,583	-	-
	Interest income	-	-	-	-
	Brewery	-	-	17,649,146	11,250,330
	Retail Trade	-	-	548,076	370,661
	Less: Intra group transactions	-	-	(66,488)	(37,635)
		319,791	244,319	18,130,734	11,583,356
(b)	Local / Export Revenue				
	Local revenue	319,791	244,319	17,903,435	11,443,805
	Export revenue	-	-	227,299	139,551
		319,791	244,319	18,130,734	11,583,356
10	Other Income				
	Interest income - FCBU deposits	-	-	78	289
	Interest income - Others	-	-	203,724	9,221
	(Loss)/Profit on disposal of PPE	-	-	(6,400)	543
	Other income	-	-	33,348	6,599
		-	-	230,750	16,652
11	Profit From Operations				
	Profit from operations is stated after charging all expenses including the following;				
	Executive Directors' fees and emoluments	-	-	39,066	33,148
	Non Executive Directors' fees and emoluments	240	412	1,286	1,192
	Auditors' remuneration - Audit services	525	525	1,525	1,410
	- Other audit services	45	40	210	100
	- Non audit services	300	-	1,600	-
	Internal audit fee	-	-	5,655	5,000
	Audit committee fees	-	-	200	200
	Depreciation (Note 17)	516	186	444,956	335,236
	Amortisation (Note 18)	-	-	16,229	15,461
	Management & secretarial fees	-	-	117,462	157,770
	Research & Development	-	-	12,755	17,487
	Personnel expenses - (Note 11.1)	-	-	421,775	337,926

11.1 Personnel Expenses

For the year ended 31st March In Rs.'000s	Company		Group	
	2012	2011	2012	2011 (Re-stated)
Salaries, wages and other related expenses	-	-	378,381	297,108
Defined benefit plan costs- Gratuity	-	-	15,179	17,723
Defined contribution plan costs- EPF & ETF	-	-	28,215	23,095
	-	-	421,775	337,926
12 Finance Expenses				
Interest expenses	49,054	43,278	429,591	203,040
	49,054	43,278	429,591	203,040
13 Income Tax Expenses				
Current tax expense (Note 13.1)	18,895	12,353	811,672	521,712
Dividend tax	-	-	4,375	-
Net Deferred tax (reversal)/expense - (Note 29.1 & 29.2)	(465)	(11)	97,216	53,624
	18,430	12,342	913,263	575,336
13.1 Reconciliation of the Accounting Profit and Tax Expenses				
Accounting profits before taxation	257,984	193,011	2,180,624	1,415,801
Aggregate of disallowable expenses	12,071	6,670	830,398	504,885
Aggregate of allowable claims	(202,570)	(164,736)	(923,522)	(345,807)
Tax adjusted profit	67,485	34,945	2,087,500	1,574,879
Add : Unutilised tax loss	-	-	-	13,717
Less : Exempt operational profit	-	-	-	(317,735)
Exempt interest income (Note 13.e)	-	-	(78)	(289)
Utilisation of tax loss	-	-	-	(8,842)
Royalty	-	-	(174,970)	(143,646)
Taxable income	67,485	34,945	1,912,452	1,118,084
Current tax (Note 13.2 a/13.2 d)	18,895	12,414	811,789	514,246
Over provision in respect of prior years	-	(61)	(117)	(61)
Social Responsibility Levy	-	-	-	7,527
Total current tax expense	18,895	12,353	811,672	521,712

Notes to the Financial Statements

13.2 Income Tax

Company

- (a) Income tax provision of Ceylon Beverage Holdings PLC, has been calculated on its adjusted profit at 28% (2011 - 35%) in terms of Inland Revenue Act No.10 of 2006 and amendments thereto.
- (b) Social Responsibility Levy payable on the income tax liability of the Company was withdrawn with effect from 1st April 2011. (2011- 1.5%).
- (c) During the year the Company paid Economic Service Charge (ESC) amounting to Rs. 1,973,950/- (2011 - Rs. 1,207,666/-). Payment made hereunder is available as income tax credit.

Subsidiaries

Lion Brewery (Ceylon) PLC (LBCPLC)

- (d) In terms of the Inland Revenue Act No. 10 of 2006, the profits & income from operating profits of local operations are liable to income tax at the rate of 40% with effect from 1st April 2011. (2011 - 35%) and profits attributable to export turnover are liable at 12% (2011 - 15%). Income arisen on interest are considered as separate source of income and is taxed at 28%.
- (e) No tax liability arises on interest earned on FCBU deposits as such is exempt from income tax.
- (f) Social Responsibility Levy payable on the income tax liability of the Company was withdrawn with effect from 1st April 2011. (2011- 1.5%).
- (g) LBCPLC is liable to pay Economic Service Charge at 1% (2011- 1%) on local operational turnover and at 0.25% on export turnover and payments made during the year amounted to Rs. 120,000,000/- (2011 - 97,699,323/-). Payment made hereunder was set off against the income tax liability arisen on self assessment basis.

CBL Retailers (Private) Limited (CBLR)

- (h) In terms of the provisions of the Inland Revenue Act No. 10 of 2006 and amendments thereto , CBLR is liable to income tax at the rate of 28% (2011- 35%).
- (i) CBLR has a tax loss of Rs. 14,142,474/- as at 31st March 2012 (2011 - Rs. 7,504,983/-).
- (j) Social Responsibility Levy payable on the income tax liability of the Company was withdrawn with effect from 1st April 2011. (2011- 1.5%).
- (k) During the year, CBLR paid Economic Service Charge amounting to Rs. 1,370,192/- (2011 - Rs. 3,835,329/-). Payment made hereunder is available as income tax credit for the period in which payment made and another four years.

14 Dividend - Preference

A dividend of 12.5% per annum amounting to Rs.43,750,000/- (2011 - Rs.43,750,000/-) was received by the Company for the year from Lion Brewery (Ceylon) PLC on the investment of Rs.350,000,000/- in preference shares.

15 Dividend - Ordinary

For the year ended 31st March In Rs.'000s	Company	
	2012	2011
First and final Rs. 4/- per share (2011- Rs. 3/- per share)	83,923	62,964

An ordinary dividend of Rs.4/- per share amounting to Rs.83,952,360/-, which was declared at the last Annual General Meeting, was paid during the year. This dividend was paid out of tax free profits received from Lion Brewery (Ceylon) PLC. The Directors have recommended the payment of an ordinary dividend of Rs. 6/- per share amounting to Rs. 125,928,540/- for the year ended 31st March 2012, which will be declared at the Annual General Meeting subject to approval by shareholders. This dividend is to be paid out of tax free profits received from Lion Brewery (Ceylon) PLC. In accordance with Sri Lanka Accounting Standard No.12 (Revised), Events after the Balance Sheet Date, this proposed final dividend has not been recognised as a liability as at 31st March 2012.

As required by Section 56 of the Companies Act No 7 of 2007, the Board of Directors of the Company satisfied that the solvency of the Company in accordance with the Section 57, prior to recommending the final dividend. A statement of solvency was completed and was duly signed by the Board of Directors.

16 Earnings Per Ordinary Share

The calculation of Earnings per Ordinary Share is based on profit for the year attributable to the ordinary shareholders and number of ordinary shares outstanding during the year.

The following reflects the income and share data used for the computation of Earnings per Ordinary Share:

For the year ended 31st March In Rs.'000s	Company		Group	
	2012	2011	2012	2011 (Re-stated)
Amount used as the Numerator:				
Profit after taxation	239,554	180,669	1,267,361	840,465
Minority interest	-	-	(597,057)	(391,250)
Net Profit Attributable to equity holders of the company	239,554	180,669	670,304	449,215
Number of ordinary shares used as denominator	20,988	20,988	20,988	20,988
Earnings per ordinary share (Rs.)	11.41	8.61	31.94	21.40

Notes to the Financial Statements

17 Property, Plant & Equipment

(a) Company

In Rs.'000s	Freehold Land	Freehold Buildings	Office Equipment	31st March 2012	31st March 2011
Cost / Valuation					
As at 1st April 2011	112,464	11,342	2,319	126,125	8,431
Revaluation	-	-	-	-	115,375
Additions	-	-	-	-	2,319
As at 31st March 2012	112,464	11,342	2,319	126,125	126,125
Accumulated depreciation					
As at 1st April 2011	-	-	77	77	901
Charge for the year	-	284	232	516	186
Transfers to Revaluation	-	-	-	-	(1,010)
As at 31st March 2012	-	284	309	593	77
Net Book Value					
As at 31st March 2012	112,464	11,058	2,010	125,532	-
As at 31st March 2011	112,464	11,342	2,242	-	126,048

(b) Group

In Rs.'000s	Freehold Land	Freehold Buildings	Plant & Machinery	Furniture & Fittings	Office Equipment	Computer Equipment	Motor Vehicles	Laboratory Equipment	Returnable Containers	Capital Work-in-Progress	31st March 2012	31st March 2011 (Re-stated)
Cost / Valuation												
As at 1st April 2011 as previously reported	1,020,329	739,133	2,429,141	29,815	18,595	67,365	44,570	28,061	-	331,124	4,708,133	3,398,417
Adjustments	-	-	-	-	-	-	-	-	1,137,433	-	1,137,433	900,368
As at 1st April 2011 - (Re -stated)	1,020,329	739,133	2,429,141	29,815	18,595	67,365	44,570	28,061	1,137,433	331,124	5,845,566	4,298,785
Additions	-	62,120	6,793	26,639	8,022	10,509	2,646	866	519,559	719,862	1,357,017	907,834
Transfers	-	51,662	546,673	2,086	7,417	10,478	22,622	2,189	-	(643,131)	-	(8,549)
Revaluation	-	-	-	-	-	-	-	-	-	-	-	672,057
Disposals/ Breakages	-	-	(17,006)	(94)	(290)	(475)	-	-	-	-	(17,869)	(25,102)
Interest Capitalised	-	-	-	-	-	-	-	-	-	-	-	537
Adjustments	-	42,518	(42,518)	(1,624)	1,634	(10)	-	-	-	-	-	-
As at 31st March 2012	1,020,329	895,433	2,923,083	56,822	35,378	87,867	69,838	31,116	1,656,992	407,855	7,184,714	5,845,562
Depreciation												
As at 1st April 2011 as previously reported	-	-	916,322	13,943	10,625	41,572	18,563	28,060	-	-	1,029,085	983,363
Adjustments	-	-	-	-	-	-	-	-	599,597	-	599,597	394,877
As at 1st April 2011 - (Re -stated)	-	-	916,322	13,943	10,625	41,572	18,563	28,060	599,597	-	1,628,682	1,378,240
Charge for the year	-	23,750	131,746	6,692	3,560	14,112	9,317	153	255,627	-	444,957	335,236
Disposals/ Breakages	-	-	(10,558)	(81)	(290)	(294)	-	-	-	-	(11,223)	(18,416)
On Revaluation	-	-	-	-	-	-	-	-	-	-	-	(66,377)
Adjustments	-	2,935	(2,935)	-	-	-	-	-	-	-	-	-
As at 31st March 2012	-	26,685	1,034,575	20,554	13,895	55,390	27,880	28,213	855,224	-	2,062,416	1,628,683
Net Book Value												
As at 31st March 2012	1,020,329	868,748	1,888,508	36,268	21,483	32,477	41,958	2,903	801,768	407,855	5,122,298	-
As at 31st March 2011 (Re- stated)	1,020,329	739,133	1,512,819	15,870	7,970	25,794	26,006	-	537,836	331,121	-	4,216,879

Notes to the Financial Statements

(c) Change in classification

During the year Lion Brewery (Ceylon) PLC (a Subsidiary) modified the classification of returnable containers comprising of bottles, crates, pallets and kegs from Inventories to Property, Plant and Equipment to reflect more appropriately the nature and the way in which the said assets are used in business operations.

Up to 31st March 2011, Returnable Containers were classified under inventories at its cost/net realisable value and was written off to the Income Statement only in the event they broke within the premises of the company. All Returnable Containers in the custody of the Agents were supported by deposits which represents its cost / net realisable value in full. These deposits are returned by an Agent upon them ceasing operations or in the event of a contraction in sales.

During the year the company reclassified Returnable Containers under Property, Plant and Equipment as explained above. Accordingly, the accounting treatment adopted for Returnable Containers has been changed. The policy now applicable to Returnable Containers is explained in Note 3.4 (iv). This change in classification and accounting treatment has been applied retrospectively. Accordingly the comparatives have been re-stated.

Had the Subsidiary continued with the previous classification for Returnable Containers the impact on current year Consolidated Financial Statements would have been as follows.

For the year ended 31st March In Rs.'000s	Group	
	2012 After re- classification	2012 Befor re- classification
Income statement		
Profit before taxation	2,180,624	2,319,744
Income tax expense	(913,263)	(968,192)
Profit for the year	1,267,361	1,351,552
As at 31st March In Rs.'000s	Group	
	2012 After re- classification	2011 Befor re- classification
Balance sheet		
Non Current Assets	5,168,838	4,367,077
Current Assets	5,343,636	6,951,517
Total Assets	10,512,474	11,318,584
Total Equity	5,181,604	5,871,330
Total Liabilities	5,330,870	5,447,254
Total Equity & Liabilities	10,512,474	11,318,584

- (d) Freehold properties of the Group were revalued and incorporated in the books to conform to the market values as at 31st March 2011 which were assessed on a going concern basis by Messers K. Arthur Perera, A.M.I.V. (Sri Lanka) a independent Valuer & Consultant , and the resultant surplus/ impairment arising therefrom was transferred to the revaluation reserve and included under capital reserves.
- (e) Carrying value of the revalued assets of the Group as at 31st March 2012, if they were carried at cost are given below:

In Rs.'000s	Company		Group	
	Land	Buildings	Land	Buildings
Cost - as at 1st April 2011	141	4,066	338,400	648,829
Additions during the year	-	-	-	156,300
Disposals during the year	-	-	-	-
Accumulated depreciation	-	(553)	-	(163,604)
Carrying value of assets at cost - as at 31st March 2012	141	3,513	338,400	641,525
Appreciation due to revaluation				
Revaluation amount	112,323	7,276	112,323	90,304
Accumulated depreciation on cost as at revaluation	-	451	569,606	136,529
Revaluation surplus	112,323	7,727	681,929	226,833
Accumulated depreciation on revaluation amount	-	(182)	-	391
Net appreciation	112,323	7,545	681,929	227,224
Carrying amount	112,464	11,058	1,020,329	868,749

18 Intangible Assets - Group

In Rs.'000s	Computer Software	Excise Licenses	31st March 2012	31st March 2011
Cost				
Beginning of the year	78,687	34,509	113,196	100,358
Transfers during the year	-	-	-	8,549
Additions for the year	1,031	20,330	21,361	4,289
End of the year	79,718	54,839	134,557	113,196
Amortisation				
Beginning of the year	66,055	5,732	71,787	56,326
Amortisation for the year	11,777	4,452	16,229	15,461
End of the year	77,832	10,184	88,016	71,787
Net Book Value	1,886	44,655	46,541	41,409

Notes to the Financial Statements

19 (a) Investment In Subsidiaries

In Rs.'000s	No. of Shares	% holding	Cost as at 31st March	Market Value/ Directors Value as at 31st March	No. of Shares	% holding	Cost as at 31st March	Market Value/ Directors Value as at 31st March
	'000		2012	2012	'000		2011	2011
Lion Brewery (Ceylon) PLC								
- Ordinary shares	41,799	52.25	1,410,084	8,338,846	40,799	51.00	1,208,693	8,159,800
- Preference shares	-	-	-	-	35,000	100.00	350,000	-
CBL Retailers (Private) Limited								
- Ordinary shares	1,200	100.00	12,000	12,000	1,200	100.0	12,000	12,000
			1,422,084	8,350,846			1,570,693	8,171,800

- During the year ended 31st March 2012 the Company invested Rs. 201,390,577/- (2011 - Rs. 99,398,620/-) in ordinary shares of Lion Brewery (Ceylon) PLC.
- All Unquoted preference shares of Lion Brewery (Ceylon) PLC were redeemed during the year ended 31st March 2012.
- Ordinary shares of CBL Retailers (Private) Limited are unquoted, and hence valued at cost.

(b) Long Term Investments

In Rs.'000s	No. of Shares	% holding	Cost as at 31st March	Directors Value as at 31st March	No. of Shares	% holding	Cost as at 31st March	Directors Value as at 31st March
	'000		2012	2012	'000		2011	2011
South Asian Breweries Pte Ltd		-	-	-		22.5	2,187,086	2,187,086
International Grocers Alliance (Private) Limited	6,120	18.00	61,200	61,200	6,120	18.0	61,200	61,200
Provision for the diminution in value of investment			(61,200)	(61,200)			(61,200)	(61,200)
			-	-			2,187,086	2,187,086

On the 18th of August 2011, Lion Brewery (Ceylon) PLC (a subsidiary) disposed its investment in South Asian Breweries Pte Limited, Singapore, to Carlsberg South Asia (Pte) Limited at its book value as at that date of Rs.2,187,085,815/-. The sales proceeds of this disposal has been set off against the investment in the books of Lion Brewery (Ceylon) PLC.

20 Inventories

As at 31st March In Rs.'000s	Company		Group	
	2012	2011	2012	2011 (Re-stated)
Raw and packing materials	-	-	241,287	146,781
Work in progress	-	-	69,018	59,534
Finished goods	-	-	680,632	318,382
Maintenance spares	-	-	125,817	107,301
Others	-	-	315,383	127,498
			1,432,137	759,496
Provision for slow moving items (Note 20.1)	-	-	(90,890)	(91,148)
	-	-	1,341,247	668,348
20.1 Provision for slow moving items				
Balance as at beginning of the year			91,148	90,763
Provisions during the year	-	-	37,182	9,737
Write offs during the year			(37,440)	(9,352)
Balance as at end of the year	-	-	90,890	91,148

20.2 Change in classification

As explained in Notes 3.4 (iv) and 17 (c) , the classification of bottles and crates has been amended. Accordingly the comparatives have been re-stated.

21 Trade and Other Receivables

As at 31st March In Rs.'000s	Company		Group	
	2012	2011	2012	2011 (Re-stated)
Trade receivables	-	-	799,713	320,625
Provision for doubtful debts (Note 21.1)	-	-	(15,065)	(13,632)
Containers with distributors	-	-	-	-
Advances, prepayments & other receivables	142	132	361,910	277,405
	142	132	1,146,558	584,398
21.1 Provision for doubtful debts				
Balance as at beginning of the year	-	-	13,632	14,538
Provisions during the year	-	-	1,748	595
Write-offs during the year	-	-	(315)	(1,501)
Balance as at end of the year	-	-	15,065	13,632

Notes to the Financial Statements

21.2 Change in classification

As explained in Notes 3.4 (iv) and 17 (c) , Containers with agents were classified under Trade and Other Receivables in the prior years. The classification has been amended during the year to better reflect the nature and use of the asset. Accordingly the comparatives have been re-stated.

22 (a) Amounts Due From Related Companies

As at 31st March In Rs.'000s	Company		Group	
	2012	2011	2012	2011
CBL Retailers (Pvt) Limited	234,005	-	-	-

Assessing the operational expansion and revenue realization, receivable from CBL Retailers (Pvt) Limited (a subsidiary) was transferred from Current Assets to Non current Assets.

22 (b) Amounts Due From Related Companies

As at 31st March In Rs.'000s	Company		Group	
	2012	2011	2012	2011 (Re-stated)
CBL Retailers (Pvt) Limited	-	91,982	-	-
International Grocers Alliance (Pvt.) Limited	28,157	28,157	28,157	28,157
Provision for doubtful debts	(28,157)	(28,157)	(28,157)	(28,157)
	-	91,982	-	-
23 Stated Capital				
20,988,090 ordinary shares	533,384	533,384	533,384	533,384

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings of the Company. All ordinary shares rank equally with regard to the right to the Company's residual assets, at the point of distribution.

24 Capital Reserves

As at 31st March In Rs.'000s	Company		Group	
	2012	2011	2012	2011 (Re-stated)
Balance as at beginning of the year	126,414	8,959	563,905	126,226
Deferred tax on revaluation of property	-	2,080	(35,358)	5,058
Adjustment on redemption of Preference shares	-	-	(35,287)	-
Revaluation of property	-	115,375	-	432,621
Balance as at end of the year	126,414	126,414	493,260	563,905
Represented by :				
Revaluation reserve (Note 24a)	120,638	120,638	487,484	522,842
General capital reserve (Note 24b)	5,776	5,776	5,776	5,776
Capital redemption reserve (Note 24c)	-	-	-	35,287
	126,414	126,414	493,260	563,905

- 24 a** The revaluation reserve relates to revaluation of land and buildings. It comprises of the increase in the fair value of land and buildings at the date of revaluation.
- 24 b** The General capital reserve consists of such amounts that have been transferred from time to time from retained earnings.
- 24 c** The capital redemption reserve kept for the purpose of redeeming the non- voting 12.5% redeemable cumulative preference shares of the Lion Brewery (Ceylon) PLC was fully utilised during the year upon redemption of such Preference shares.

Notes to the Financial Statements

25 Revenue Reserves

As at 31st March In Rs.'000s	Company		Group	
	2012	2011	2012	2011 (Re-stated)
Revenue Reserve				
Balance as at the beginning of the year	184,174	184,174	184,174	184,174
Retained profits				
Balance as at the end of the year	588,191	432,589	1,483,440	994,246
Total revenue reserves	772,365	616,763	1,667,614	1,178,420
Represented by:				
Revenue Reserve	184,174	184,174	184,174	184,174
Retained profits - Company	588,191	432,589	588,191	432,589
- Subsidiaries	-	-	895,419	561,868
Intercompany unrealised profits	-	-	(170)	(211)
	772,365	616,763	1,667,614	1,178,420
26 Loans And Borrowings				
26.1 Long Term Loans and borrowings repayable				
Balance as at the beginning of the year	105,000	135,000	1,337,049	167,949
Loan obtained during the year	-	-	117,467	1,244,821
Repayments during the year	(30,000)	(30,000)	(154,179)	(78,205)
Exchange rate effect on USD Term Loan Payables	-	-	206,935	2,484
Balance as at the end of the year	75,000	105,000	1,507,272	1,337,049
Less:				
Repayable within one year	30,000	30,000	358,470	85,322
Repayable after one year	45,000	75,000	1,148,802	1,251,727

26.2 Details of Long Term Borrowings

Name of the Lender	Loan Amount	Interest Rate p.a	31st March 2012	31st March 2011	Repayment Terms	Security Offered
Ceylon Beverage Holdings PLC						
Hatton National Bank	150 Mn	AWPLR + 1.25%	75,000	105,000	Payable in equal monthly installments commencing from October 2009	Unsecured
Lion Brewery (Ceylon) PLC						
DFCC	Rs 50 Mn.	6.5%	11,577	22,264	Payable in 57 equal monthly installments commencing from June 2008	Unsecured
HSBC	USD 1.1 Mn.	1 month LIBOR + 3.87%	60,466	96,485	Payable in equal monthly instalments USD 33,333/33 commencing from July 2010	Unsecured
HSBC	USD 11.051 Mn.	3 month LIBOR + 3.17%	1,360,229	1,113,300	Payable in 20 equal quarterly installments commencing from March 2012.	Unsecured
			1,507,272	1,337,049		

27 Refundable Deposits

As at 31st March In Rs.'000s	Company		Group	
	2012	2011	2012	2011 (Re-stated)
Balance as at the beginning of the year	-	-	744,254	627,766
Deposits received during the year	-	-	126,560	117,557
Deposits refunded during the year	-	-	(12,149)	(1,069)
Balance as at the end of the year	-	-	858,665	744,254

Refundable deposits are taken from Agents as security against the returnable containers with them.

Notes to the Financial Statements

28 Employee Benefits

The amounts recognised in the balance sheet are as follows:

As at 31st March In Rs.'000s	Company		Group	
	2012	2011	2012	2011 (Re-stated)
Present value of unfunded obligation			66,331	51,648
Liability in the balance sheet	-	-	66,331	51,648
The movement in the defined benefit obligation over the year as follows:				
As at 1st April	-	-	51,648	34,851
Interest cost	-	-	5,140	4,166
Current service cost	-	-	7,110	5,864
Actuarial loss	-	-	2,929	7,693
Benefits paid	-	-	(496)	(926)
As at 31st March	-	-	66,331	51,648
The amounts recognised in the income statement are as follows:				
Interest cost	-	-	5,140	4,166
Current service cost	-	-	7,110	5,864
Actuarial loss	-	-	2,929	7,693
Total included under staff cost	-	-	15,179	17,723

- 28.1** The requirement for the Company to provide for gratuity payments does not arise as it had no employees on its payroll as at the Balance Sheet date.
- 28.2** The gratuity liability of Lion Brewery (Ceylon) PLC as at 31st March 2012 amounting to Rs. 65,890,162/- (2011 - Rs. 51,402,436/-) is based on an Actuarial Valuation carried out by Mr M Poopalanathan, AIA of M/s. Actuarial and Management Consultants (Pvt) Limited, a firm of professional actuaries. The valuation method used and principle assumptions made are given below;
- Rate of discount 10% p.a.
 - Rate of pay increase 10% p.a.
 - Retirement age 55 years
 - The Company will continue in business as a going concern.
- 28.3** The Gratuity Liability of CBL Retailers (Pvt) Limited as at 31st March 2012 amounting to Rs. 441,126/- (2011 - 246,338/-) has been computed using formula method in accordance with SLAS 16 " Employment Benefits" (Revised 2005).
- 28.4** The above provisions are not externally funded.

29 Deferred Taxation

As at 31st March In Rs.'000s	Company		Group	
	2012	2011	2012	2011 (Re-stated)
Deferred tax liability (Note 29.1)	-	465	575,475	408,931
Balance as at the end of the year	-	465	575,475	408,931
29.1 Deferred Tax Liability				
Balance as at the beginning of the year	465	1,546	408,931	403,110
Retrospective adjustment			-	(37,804)
Balance as at the beginning of the year after adjustment	465	1,546	408,931	365,306
Provision made/(released) during the year	(465)	(11)	97,216	(8,197)
Impact on revaluation of property	-	(1,070)	69,328	(6,910)
Effect on tax rate change	-	-	-	58,732
Balance as at the end of the year	-	465	575,475	408,931
29.2 Deferred Tax Asset				
Balance as at the beginning of the year	-	-	-	3,089
Reversal during the year	-	-	-	(3,089)
Balance as at the end of the year	-	-	-	-
30 Trade and Other Payables				
Trade payables	-	-	99,673	73,815
Others, including accrued expenses	1,954	2,898	527,390	187,369
Unclaimed dividends	4,040	3,505	4,798	353
	5,994	6,403	631,861	261,537
31 Amounts Due to Related Companies				
Lion Brewery (Ceylon) PLC	-	2,228	-	-
Carlsberg A/S	-	-	15,189	14,083
Carsons Management Services (Private) Limited	-	-	-	5,573
	-	2,228	15,189	19,656
32 Current Taxation				
Excise duty	-	-	641,649	580,474
Value Added tax	1,543	1,014	131,615	117,103
Income tax	9,723	1,854	425,801	280,098
Withholding tax	-	3	-	3
Nation Building tax	-	-	26,327	21,865
	11,266	2,871	1,225,392	999,543

Notes to the Financial Statements

33 Events Occuring after the Balance Sheet Date

Subsequent to the Balance Sheet date, no circumstances have arisen which required adjustments to or disclosure in these Financial Statements except for the events disclosed in Note 15.

34 Comparative Figures

Previous year's figures and phrases have been restated to conform to the changes in accounting policies classifications and presentations as at 31st March 2012.

35 Contingent Liabilities and Commitments

35.1 Contingencies

(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 (the '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 and 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 is 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) Contingent liabilities as at 31st March 2012 amounting to Rs. 717,204,525/- (2011 - Rs. 184,186,442/-), being bank guarantees given to government bodies for operational & shipping guarantees given for clearing imports pending original shipping documents.

(ii) Following legal matter is outstanding against the company and no provision has been made in the Financial Statements to this regard.

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.

35.2 Finance Commitments

Lion Brewery (Ceylon) PLC

Document credits effected for foreign purchases of the Company as at 31st March 2012 amounting to Rs. 10,957,677/- (2011 - 82,601,566/-).

36 Contracts for Capital Expenditure

As at the Balance Sheet date, Lion Brewery (Ceylon) PLC has entered in to contract with regard to capital expenditure commitments, amounting to Rs. 723,354,839/- (2011 - Nil). Further, it has incurred an amount of Rs. 393,401,778/- (2011 - Rs.331,123,972/-) being payments made on capital work in progress.

37 Related Party Transactions

The Company carries out transactions in the ordinary course of business with parties who are defined as related parties in Sri Lanka Accounting Standard No 30 "Related Party Disclosure (revised 2006)", the details of which are reported below.

37.1 Transactions with subsidiary companies

Messrs. L.C.R.de C. Wijetunge (Chairman), H.Selvanathan, S.K.Shah, D.C.R.Gunawardena, Directors of the Company, are also Directors of Lion Brewery (Ceylon) PLC, with which the following contracts/ transactions have been entered into during the year by the Company in the normal course of business.

(a) Lion Brewery (Ceylon) PLC (LBCPLC)

(i) was charged Rs. 117,221,133 /- (2011 - Rs. 79,582,472 /-) as royalty in accordance with the licensed brewing agreement with the Company.

(ii) paid the dividend of 12.5% per annum amounting to Rs. 43,750,000/- on Redeemable Cumulative Preference shares (2011 - Rs. 43,750,000/-).

(iii) During the year LBCPLC redeemed 35,000,000 Redeemable Cumulative Preference shares Rs. 10/- each of Ceylon Beverage Holdings PLC amounting to Rs. 350,000,000/-.

(iv) No balance was payable to /receivable from LBCPLC as at 31st March 2012 (2011 - Rs. 2,228,319/- was receivable from LBCPLC).

(b) CBL Retailers (Private) Limited

(i) Mr. S.K. Shah, Director of the Company is also a Director of CBL Retailers (Private) Limited, to which the LBCPLC sold beer for a total value of Rs. 66,488,189 /- (2011 - Rs. 37,635,441 /-) during the year.

(ii) An amount of Rs. 234,005,812/- was receivable from CBL Retailers (Private) Limited as at 31st March 2012. (2011 - Rs. 91,982,240/-)

(iii) A letter of comfort has been provided by Ceylon Beverage Holdings PLC to CBL Retailers (Private) Limited, confirming it will ensure that CBL Retailers (Private) Limited will continue as a going concern.

37.2 Transactions with group entities

Messrs. H. Selvanathan, M. Selvanathan and S.K.Shah Directors of the Company, are also Directors of Carsons Management Services (Private) Ltd., which provides management and secretarial services to the Group. An amount of Rs. 204,669,027 /- (2011 - Rs.157,769,957/-) was paid by the Group during the year to Carsons Management Services (Private) Limited which included management and secretaries fees of Rs. 117,462,059/- and other reimbursable expenses incurred by Carsons Management Services (Private) Limited on behalf of the Group.

No balances were payable to Carsons Management Services (Private) Ltd as at 31st March 2012 (2011 - 5,571,546/-)

37.3 Transactions with other related entities

Messrs. R.E.Bagattini and S. Ravn, Directors of LBCPLC represent Carlsberg Brewery Malaysia Berhad, while R.E.Bagattini is also an officer of Carlsberg A/S with which the following contracts/transactions have been entered into during the year by the Company in the normal course of business.

Notes to the Financial Statements

- (i) As per the licensed brewing agreement, a sum of Rs. 57,748,658/- (2011 - Rs. 64,063,828/-) was paid by LBCPLC as royalty during the year to Carlsberg A/S.
- (ii) An amount of Rs. 15,189,011/- is payable to Carlsberg A/S by LBCPLC as at 31st March 2012 (2011 - Rs. 14,085,517/-).
- (iii) Lion Brewery (Ceylon) PLC (LBCPLC) purchases a part of its requirement of the raw material rice from Ran Sahal (Private) Limited. The entire production of Ran Sahal (Private) Limited is exclusively sold to the LBCPLC. Towards this the LBCPLC advances funds to Ran Sahal (Private) Limited from time to time in against of future purchases. As at the Balance Sheet date an amount of Rs. 68,386,039/- (2011 - Rs. 56,205,933/-) has been advanced to Ransahal Limited which remains to be settled from future purchases.

37.4 Transactions with Key Management Personnel (KMP)

- (I) According to Sri Lanka Accounting Standard 30 (Revised 2006) "Related Party Disclosures", key management personnel are those having authority and responsibility for planning and controlling the activities of the entity. Accordingly, the Directors of the Company and its parent company (including executive and non executive directors) and their immediate family members have been classified as KMP of the Company.
- (II) The compensation paid to key management personnel as short-term employment benefits is disclosed in aggregate in Note 11 to the Financial Statements. No other payments such as post-employment benefits, termination benefits and share based payments have been paid to key management personnel during the year.

38 Segmental Analysis

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

39 Foreign Currency Transactions

The principle exchange rates used for conversion of foreign currency transactions/balances are as follows:

As at 31st March	Closing Rate		Average Rate	
	2012	2011	2012	2011
U.S.Dollar	129.57	111.33	114.31	112.99
Euro	173.87	158.32	159.31	150.20

Statement of Value Added - Group

For the year ended 31st March
In Rs.'000s

2012

2012

	2012		2012	
VALUE ADDED				
Revenue	18,130,734		11,583,356	
Other income	230,750		16,652	
Value Added Tax	2,118,692		1,916,608	
	20,480,176		13,516,616	
Cost of material and services bought from outside	(6,686,264)		(4,200,349)	
	13,793,912		9,316,267	
Distributed As Follows:		%		%
To Employees				
as remuneration and other employee costs	421,775	3.06	337,926	3.63
To Government				
as Excise duty	7,758,627	56.25	4,646,616	49.88
as Value Added Tax	2,118,692	15.36	1,916,608	20.57
as Income tax	809,765	5.87	521,712	5.60
as Economic service charge	123,344	0.89	102,742	1.10
as Social Responsibility Levy	-	-	39,575	0.42
as Nation Building Tax	319,622	2.32	293,922	3.15
To Providers' of Capital				
as Dividends to shareholders	83,952	0.61	62,964	0.68
as Finance expenses	429,591	3.11	203,040	2.18
Retained in the Business				
as Depreciation/amortisation	461,185	3.34	350,697	3.76
as Minority interest	597,057	4.33	391,250	4.20
as Profit for the year	670,302	4.86	449,215	4.82
	13,793,912	100.00	9,316,267	100.00

Notes:

- The Statement of Value Added shows the quantum of wealth generated by the activities of the Group and its applications.
- Value Added Tax is excluded in arriving at the above Turnover. Therefore, tax liability / payment made to the Government during the year include the following:

In Rs.'000s

	2012	2011
Value Added tax	2,118,692	1,916,608
Excise duty	7,758,627	4,646,616
Income tax	809,765	521,712
Social Responsibility Levy	-	39,575
Economic Service Charge	123,344	102,742
Nation Building tax	319,622	293,922
Total Taxes paid to the Government	11,130,050	7,521,175

Five year Summary - Group

Year ended 31st March In Rs.'000s	2012	2011	2010	2009	2008
Operating Results					
Net revenue	18,130,734	11,583,356	8,155,266	6,240,851	5,235,701
Other income	230,750	16,652	4,325	2,228	5,510
Total expenditure	18,361,484 (15,751,269)	11,600,008 (9,981,167)	8,159,591 (7,237,630)	6,243,079 (5,734,042)	5,241,211 (4,824,968)
Profit from operating activities before finance cost	2,610,215	1,618,841	921,961	509,037	416,243
Finance expenses	(429,591)	(203,040)	(262,484)	(378,158)	(219,512)
Profit from ordinary activities before tax	2,180,624	1,415,801	659,477	130,879	196,731
Income tax expenses	(913,263)	(575,336)	(6,522)	(15,345)	1,594
Profit for the year	1,267,361	840,465	652,955	115,534	198,325
Dividends - Ordinary	83,923	62,964	62,964	62,964	62,964
As at 31st March In Rs.'000s	2012	2011	2010	2009	2008
Balance Sheet					
Stated capital	533,384	533,384	533,384	533,384	533,384
Capital reserve	493,260	563,905	126,226	126,119	126,012
Revenue reserve	1,667,614	1,178,420	1,087,096	793,044	762,847
Minority interest	2,694,258 2,487,346	2,275,709 2,142,501	1,746,706 1,799,206	1,452,547 908,131	1,422,243 885,736
Loans and borrowings	5,181,604 1,148,802	4,418,210 1,251,727	3,545,912 127,263	2,360,678 32,951	2,307,979 27,893
Capital Employed	6,330,406	5,669,937	3,673,175	2,393,629	2,335,872
Represented by:					
Non-current assets	5,168,838	6,445,374	3,895,681	3,558,025	3,104,135
Current assets	5,343,636	2,358,962	2,295,821	2,185,449	2,020,136
Current liabilities	(2,681,597)	(1,929,565)	(1,455,617)	(2,315,635)	(1,913,533)
Refundable deposits	(858,665)	(744,254)	(627,838)	(593,874)	(436,736)
Retirement benefit obligations	(66,331)	(51,648)	(34,851)	(28,905)	(19,505)
Deferred tax liabilities	(575,475)	(408,931)	(400,021)	(411,433)	(418,624)
	6,330,406	5,669,937	3,673,175	2,393,629	2,335,872

Year ended 31st March In Rs.'000s	2012	2011	2010	2009	2008
Cash Flow Statistics					
Net cash inflows/(outflows)					
from operating activities	1,213,195	1,683,704	733,822	60,521	(134,908)
Net cash outflows					
from investing activities	925,771	(1,617,970)	(441,792)	(415,885)	(578,885)
Net cash inflows/(outflows)					
from financing activities	(276,528)	985,218	629,910	(99,256)	(92,850)
Net cash movement for the year	1,862,438	1,050,952	921,940	(454,620)	(806,643)

Figures in brackets indicate deductions.

Ratios & Statistics	2012	2011	2010	2009	2008
Operational Ratios					
Return on Shareholder's funds (%)	24.88	19.74	18.44	7.95	13.94
Assets turnover (times)	1.72	1.32	1.32	1.09	1.02
Equity to total assets (times)	3.90	3.87	3.54	3.95	3.60
Debt equity (%)	72.67	83.51	48.15	119.79	100.47
Gearing ratio (%)	42.09	45.51	32.50	54.50	50.12
Interest cover (times)	6.08	7.97	3.51	1.35	1.90
Borrowings to total assets (%)	18.63	21.59	13.58	30.30	27.89
Current ratio (times)	1.99	1.22	1.58	0.94	1.06
Quick ratio (times)	1.49	0.88	0.98	0.55	0.74
Earnings per share (Rs.)	31.94	21.40	17.01	4.44	6.27
Price earnings ratio (times)	10.96	17.29	10.58	11.49	10.69
Earnings yield (%)	9.13	5.78	9.45	8.71	9.36
Market price per share (Rs.)	349.90	370.00	180.00	51.00	67.00
Dividends per share (Rs.)	4.00	3.00	3.00	3.00	3.00
Dividend cover (times)	7.98	7.13	5.67	1.48	2.09
Net assets per share (Rs.)	128.37	108.43	83.22	69.21	67.76
Market capitalisation (Rs. '000)	7,343,733	7,765,593	3,777,856	1,070,393	1,406,202

US Financials

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PREPARATION OF US DOLLAR FINANCIALS

The translation of the Sri Lankan Rupee amounts into US Dollar amounts is included solely for the convenience of Shareholders, Investors, Bankers and other users of Financial Statements.

Income Statement

For the year ended 31st March US\$ '000s	Note	Company		Group	
		2012	2011	2012	2011 (Re-stated)
Revenue	2	2,798	2,162	158,610	102,517
Cost of sales		-	-	(112,741)	(69,012)
Gross profit		2,798	2,162	45,869	33,505
Other income		-	-	2,019	147
Distribution expenses		2,798	2,162	47,888	33,652
Administrative expenses		-	-	(18,303)	(14,106)
Other expenses		(112)	(71)	(5,466)	(3,876)
Profit from operations		-	-	(1,285)	(1,343)
Finance expenses		2,686	2,091	22,835	14,327
Profit before taxation		(429)	(383)	(3,758)	(1,797)
Income tax expense		2,257	1,708	19,076	12,530
Profit for the year		(161)	(109)	(7,989)	(5,092)
Profit attributable to		2,096	1,599	11,087	7,438
- Equity holders of the company		2,096	1,599	5,864	3,976
- Minority shareholders		-	-	5,223	3,462
Profit available for appropriation		2,096	1,599	11,087	7,438

Balance Sheet

As at 31st March US\$ '000s	Company		Group	
	2012	2011	2012	2011 (Re-stated)
ASSETS				
Non-Current Assets				
Property, plant & equipment	969	1,132	39,533	37,877
Intangible Assets	-	-	359	372
Investment in subsidiary	10,975	14,108	-	-
Other Investments	-	-	-	19,645
Amounts due from related companies	1,806	-	-	-
Total Non-Current Assets	13,750	15,240	39,892	57,894
Current Assets				
Inventories	-	-	10,352	6,003
Trade & other receivables	1	2	8,849	5,249
Amounts due from related companies	-	826	-	-
Cash and cash equivalents	36	57	22,041	9,936
Total Current Assets	37	885	41,241	21,189
Total Assets	13,787	16,125	81,134	79,083
EQUITY AND LIABILITIES				
Equity				
Share capital	9,198	9,198	9,198	9,198
Capital reserves	976	1,135	3,807	5,065
Currency fluctuations	(5,081)	(4,407)	(5,081)	(4,407)
Revenue reserves	5,961	5,540	12,870	10,585
Equity Attributable to Equity Holders of the Company	11,053	11,466	20,794	20,441
Minority interest	-	-	19,197	19,245
Total Equity	11,053	11,466	39,991	39,686
Non- Current Liabilities				
Loans and borrowings	347	674	8,866	11,243
Refundable deposits	-	-	6,627	6,685
Retirement benefit obligations	-	-	512	464
Deferred taxation	-	4	4,441	3,673
Total Non - Current Liabilities	347	678	20,447	22,066
Current Liabilities				
Trade and other payables	46	58	4,877	2,349
Amounts due to related companies	-	20	117	177
Current tax liabilities	87	26	9,457	8,978
Loans and borrowings	232	269	2,767	766
Bank overdraft	2,022	3,608	3,478	5,062
Total Current Liabilities	2,387	3,981	20,696	17,332
Total Liabilities	2,734	4,659	41,143	39,398
Total Equity and Liabilities	13,787	16,125	81,134	79,083

*Gains or losses on conversion are accounted under "Capital & Reserves" in the balance sheet

Notes to the Financial Statements

1 Basis Of Conversion

The translation of Sri Lankan Rupee amounts into US Dollar amounts is solely for the convenience of the shareholders, investors, bankers and other users of Financial Statements.

The translation of the Financial Statements into US Dollars were effected based on the following exchange rates:

				2012	2011
Income statement	Average rate			114.31	112.99
Monetary assets and liabilities	Closing rate			129.57	111.33
Non-current assets and liabilities	Closing rate			129.57	111.33
Ordinary share capital	Historical rate			57.99	57.99

For the year ended 31st March US\$ '000s	Company		Group	
	2012	2011	2012	2011 (Re-stated)
2 Revenue				
(A) Dividend income	1,772	1,458	-	-
Royalty income	1,026	704	-	-
Interest income	-	-	-	-
Brewery	-	-	154,397	99,569
Retail Trade	-	-	4,795	3,280
Less: Intra group transactions			(582)	(333)
	2,798	2,162	158,610	102,516
(A) Local/Export Revenue				
Local revenue	2,798	2,162	156,622	101,282
Export revenue	-	-	1,988	1,234
	2,798	2,162	158,610	102,516

Five year Summary - Group

Year ended 31st March US\$ '000s	2012	2011	2010	2009	2008
Operating Results					
Revenue	158,610	102,517	70,334	56,163	47,113
Other income	2,019	147	37	20	50
Total expenditure	160,629 (137,794)	102,664 (88,337)	70,371 (62,420)	56,183 (51,602)	47,163 (43,417)
Profit from operating activities before finance cost	22,835	14,327	7,951	4,581	3,746
Finance costs	(3,758)	(1,797)	(2,264)	(3,403)	(1,975)
Profit from ordinary activities before tax	19,076	12,530	5,687	1,178	1,771
Income tax expenses	(7,989)	(5,092)	(56)	(138)	14
Profit for the year	11,087	7,438	5,631	1,040	1,785
Dividends - Ordinary	734	557	543	567	567
As at 31st March US\$ '000s	2012	2011	2010	2009	2008
Balance Sheet					
Share capitals	9,198	9,198	9,198	9,198	9,198
Capital reserves	3,807	5,065	1,099	1,084	1,159
Currency fluctuations	(5,081)	(4,407)	(4,553)	(4,610)	(4,291)
Revenue reserves	12,870	10,585	9,466	6,820	7,018
Minority interest	20,794 19,197	20,441 19,245	15,210 15,667	12,492 7,810	13,084 8,148
Loans and borrowings	39,991 8,866	39,686 11,243	30,877 1,108	20,302 283	21,232 257
Capital Employed	48,857	50,929	31,985	20,585	21,489
Represented by:					
Non-current assets	39,892	57,894	33,923	30,599	28,556
Current assets	41,241	21,189	19,991	18,795	18,585
Current liabilities	(20,696)	(17,332)	(12,676)	(19,914)	(17,605)
Refundable deposits	(6,627)	(6,685)	(5,467)	(5,107)	(4,017)
Retirement benefit obligations	(512)	(464)	(303)	(249)	(179)
Deferred tax liabilities	(4,441)	(3,673)	(3,483)	(3,538)	(3,851)
	48,857	50,929	31,985	20,585	21,489

Information to Shareholders and Investors

1 Stock Exchange Listing

Ceylon Beverage Holdings PLC is a Public listed Company, the ordinary Shares of which are listed on the main board of the Colombo Stock Exchange

2 Share Valuation

The market price of the Company's share as at 31st March 2012 was Rs. 349/90 per share. (31st March 2011 - Rs. 370/-)

3 Ordinary Shareholders

As at 31st March

	2012	2011
Number of shareholders	985	995

(a) Frequency Distribution of Shareholdings as at 31st March 2012.

Distribution of Shares	Residents			Non - Residents			Total		
	No. of Share holders	No. of Shares	%	No. of Share holders	No. of Shares	%	No. of Share holders	No. of Shares	%
1-1,000	769	134,632	0.64	64	16,795	0.08	833	151,427	0.72
1,001-10,000	106	325,282	1.55	32	87,191	0.42	138	412,473	1.97
10,001-100,000	4	98,300	0.47	4	166,918	0.80	8	265,218	1.26
100,001-1,000,000	1	283,400	1.35	2	935,000	4.45	3	1,218,400	5.81
Above 1,000,000	1	15,726,912	74.93	2	3,213,660	15.31	3	18,940,572	90.24
Total	881	16,568,526	78.94	104	4,419,564	21.06	985	20,988,090	100.00

Categories of Shareholders	No. of Shares holders	No. of Shares	%
Individuals	921	643,964	3.07
Institutions	64	20,344,126	96.93
Total	985	20,988,090	100.00

(b) The number of shares held by non - residents as at 31st March 2012 was 4,419,564 (2011 - 4,417,646) which amounts to 21.06% (2011 - 21.05%).

(c) Public Holding percentage i.e. the percentage of shares held by the public, as at 31st March 2012 was 17.06 % (2011 - 17.06%).

4 Market Performance - Ordinary Shares

For The year ended 31st March

	2012	2011
Highest (Rs.)	649.50	420.00
Lowest (Rs.)	305.00	180.00
Value of Shares Traded (Rs.'000)	23,054	78,399

5 Market Capitalisation

The market capitalisation of the Company, which is the number of ordinary shares in issue multiplied by the market value of a share, was Rs. 7,343,732,691/- as at 31st March 2012 (31st March 2011 - Rs. 7,765,593,300/-).

6 Dividends

A First & Final Ordinary dividend of Rs.4/- per share for the year ended 31st March 2011, which was declared at the last Annual General Meeting, was paid during the year. The Directors have recommended the payment of a first & final Ordinary dividend of Rs. 6/- per share for the year ended 31st March 2012, which will be declared at the Annual General Meeting subject to approval by shareholders. The details are shown in Note 15 to the Financial Statements

7 Number of Employees

There were no employees as at the Balance Sheet date.

Glossary of Financial Terms

Appropriations

Apportioning of earnings as dividends, capital and revenue reserves.

Capital Reserves

Reserves identified for specified purposes and considered not available for distribution.

Cash Equivalents

Liquid investments with original maturities of six months or less.

Contingent Liabilities

Conditions or situations at the Balance Sheet date, the financial effects of which are to be determined by future events which may or may not occur.

Current Ratio

Current assets divided by current liabilities.

Debt

Total borrowings.

Dividend Cover

Post tax profit after preference dividend, divided by gross dividend. It measures the number of times dividends are covered by distributable profits.

Dividend Per Ordinary Share

Dividends paid and proposed, divided by the number of ordinary shares in issue which ranked for those dividends.

Earnings Per Ordinary Share

Profits attributable to ordinary shareholders divided by the number of ordinary shares in issue and ranking for dividend.

Equity

Ordinary share capital plus reserves.

Evenoccurring After The Balance Sheet Date

Significant events that occur between the Balance Sheet date and the date on which financial statements are authorised for issue.

Gearing

Ratio of Borrowings to capital employed. Borrowings include all interest bearing long term liabilities

Interest Cover

Profits before tax and interest charges divided by interest charges.

Market Capitalisation

The Market value of a company at a given date obtained by multiplying the market price of a share by the number of issued ordinary shares.

Net Assets Per Ordinary Share

Total assets less liabilities excluding preference share capital divided by the number of ordinary shares in issue. This represents the theoretical value per share if the Company is broken up.

Price Earnings Ratio - (P/ E)

Market price of a share divided by earnings per share

Related Parties

Parties who could control or significantly influence the financial and operating decisions / policies of the business.

Revenue Reserves

Reserves considered as being available for future distribution and appropriations.

Value Addition

The quantum of wealth generated by the activities of the Company

Working Capital

Capital required to finance the day-to-day operations (current assets less current liabilities).

Notice of Meeting

NOTICE IS HEREBY GIVEN that the One Hundred and First Annual General Meeting of CEYLON BEVERAGE HOLDINGS PLC will be held on Friday the 8th day of June 2012 at 4.00p.m. at the Taj Samudra Hotel, 'Crystal Room', Upper Floor, No. 25, Galle Face Centre Road, Colombo 3, Sri Lanka for the following purposes:

1. To adopt the Annual Report of the Board of Directors and the Financial Statements for the year ended 31st March 2012, together with the Report of the Independent Auditors thereon.
2. To declare a dividend as recommended by the Directors.
3. To re-elect Mr. D.C.R. Gunawardena, who retires in terms of Articles 72 and 73 of the Articles of Association of the Company.
4. To re-appoint Mr. L.C.R. de C. Wijetunge as a Director of the Company who is over Seventy years of age and to consider and if deemed fit to pass the following resolution:

"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not be applicable to Mr. L.C.R. de C. Wijetunge who is 73 years of age and that he be re-appointed a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."
5. To re-appoint Messrs KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act No. 7 of 2007 and to authorise the Directors to determine their remuneration.

By Order of the Board

CARSONS MANAGEMENT SERVICES (PRIVATE) LIMITED

Secretaries

Colombo,
8th May 2012

Notes

1. A Shareholder is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a Shareholder of the Company. A Form of Proxy accompanies this notice.
2. The completed Form of Proxy must be deposited at the Registered Office, No. 61, Janadhipathi Mawatha, Colombo 1, Sri Lanka not later than 4.00 p.m. on 6th June 2012.
3. A person representing a Corporation is required to carry a certified copy of the resolution authorising him/her to act as the representative of the Corporation. A representative need not be a Shareholder.
4. The transfer books of the Company will remain open.
5. Security Check
We shall be obliged if the shareholders/proxies attending the Annual General Meeting, produce their National Identity Card to the security personnel stationed at the entrance lobby.

Form of Proxy

* I/We.....of.....
.....being *a Shareholder/Shareholders of CEYLON BEVERAGE HOLDINGS PLC hereby appoint
.....ofbearing
NIC No./Passport No..... or failing him/her.

LIONEL CUTHBERT READ DE CABRAAL WIJETUNGE	Or failing him,
HARIHARAN SELVANATHAN	Or failing him,
MANOHARAN SELVANATHAN	Or failing him,
SURESH KUMAR SHAH	Or failing him,
DON CHANDIMA RAJAKARUNA GUNAWARDENA	Or failing him,
GRAHAM JAMES FEWKES	

As *my/our proxy to attend at the One Hundred and First Annual General Meeting of the Company to be held on Friday the 8th day of June 2012 at 4.00 p.m. at the Taj Samudra Hotel, 'Crystal Room', Upper Floor, No. 25, Galle Face Centre Road, Colombo 3, Sri Lanka and any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. To adopt the Annual Report of the Board of Directors and the Financial Statements for the year ended 31st March 2012, together with the Report of the Independent Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To declare Rs.6/-per share as a First & Final dividend for the financial year ended 31st March 2012 as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. D.C.R. Gunawardena who retires by rotation in terms of Articles 72 & 73 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Mr. L.C.R. de C. Wijetunge who is over Seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint M/s KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act No. 7 of 2007 and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day ofTwo Thousand and Twelve

.....
Signature/s

Notes

- * Please delete the inappropriate words.
- A shareholder entitled to attend and vote at a General Meeting of the Company, is entitled to appoint a proxy to attend and vote instead of him/her and the proxy need not be a shareholder of the Company. A proxy so appointed shall have the right to vote on a show of hands or on a poll and to speak at the General Meeting of the shareholders
- A shareholder is not entitled to appoint more than one proxy on the same occasion.
- Instructions are noted on the reverse hereof.

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the form of proxy after filling in legibly your full name and address, by signing in the space provided. Please fill in the date of signature.
2. If you wish to appoint a person other than the Directors as your proxy, please insert the relevant details in the space provided overleaf.
3. In terms of Article 54 of the Articles of Association of the Company:

The instrument appointing a proxy shall be in writing and;

(i) in the case of an individual shall be signed by the appointor or by his attorney; and

(ii) in the case of a Corporation shall be either under its common seal or signed by its attorney or by an authorised officer on behalf of the Corporation.

The Company may, but shall not be bound to, require evidence of the authority of any such attorney or officer.

A proxy need not be a Shareholder of the Company.

4. In the case of joint-holders of a share, the senior who tenders a vote, whether in person or by proxy or by attorney or by representative, shall be accepted to the exclusion of the votes of the other joint-holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
5. To be valid the completed form of proxy should be deposited at the Registered Office of the Company situated at No. 61, Janadhipathi Mawatha, Colombo 1, Sri Lanka not later than 4.00 p.m., on 6th June 2012.

Please fill in the following details:

Name :

Address :

Jointly with :

Share folio No. :

Corporate Information

Name of the Company

Ceylon Beverage Holdings PLC
(A Carson Cumberbatch Company)

Company Registration Number

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 (Private) Limited
Retail Spaces (Private) Limited

Parent Company

Carson Cumberbatch PLC

Directors

L.C.R. de C. Wijetunge (Chairman)
H. Selvanathan (Deputy Chairman)
M. Selvanathan
S.K. Shah (Chief Executive Officer)
D.C.R. Gunawardena
S. Hansen - Resigned w.e.f. 1st October 2011
G. Brockett (Alternate Director to S. Hansen)
- Ceased to be alternate w.e.f. 1st October 2011
G.J. Fewkes - Appointed w.e.f. 1st October 2011

Bankers

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

Messers. KPMG
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) Ltd
No: 61, Janadhipathi Mawatha
Colombo 1
Sri Lanka
Tel: + 94 11 2337665, +94 11 4739200
Fax:+ 94 11 2337685, +94 11 4739300

Registered Office

No. 61, Janadhipathi Mawatha
Colombo 1
Sri Lanka
Tel: + 94 11 2337665, +94 11 4739200
Fax:+ 94 11 2337685, +94 11 4739300

Corporate Office & Brewery

254, Colombo Road, Biyagama
Sri Lanka
Tel: +94 11 2465900 (10 Lines)
Fax:+94 11 2465901

Group Website

www.carsoncumberbatch.com

