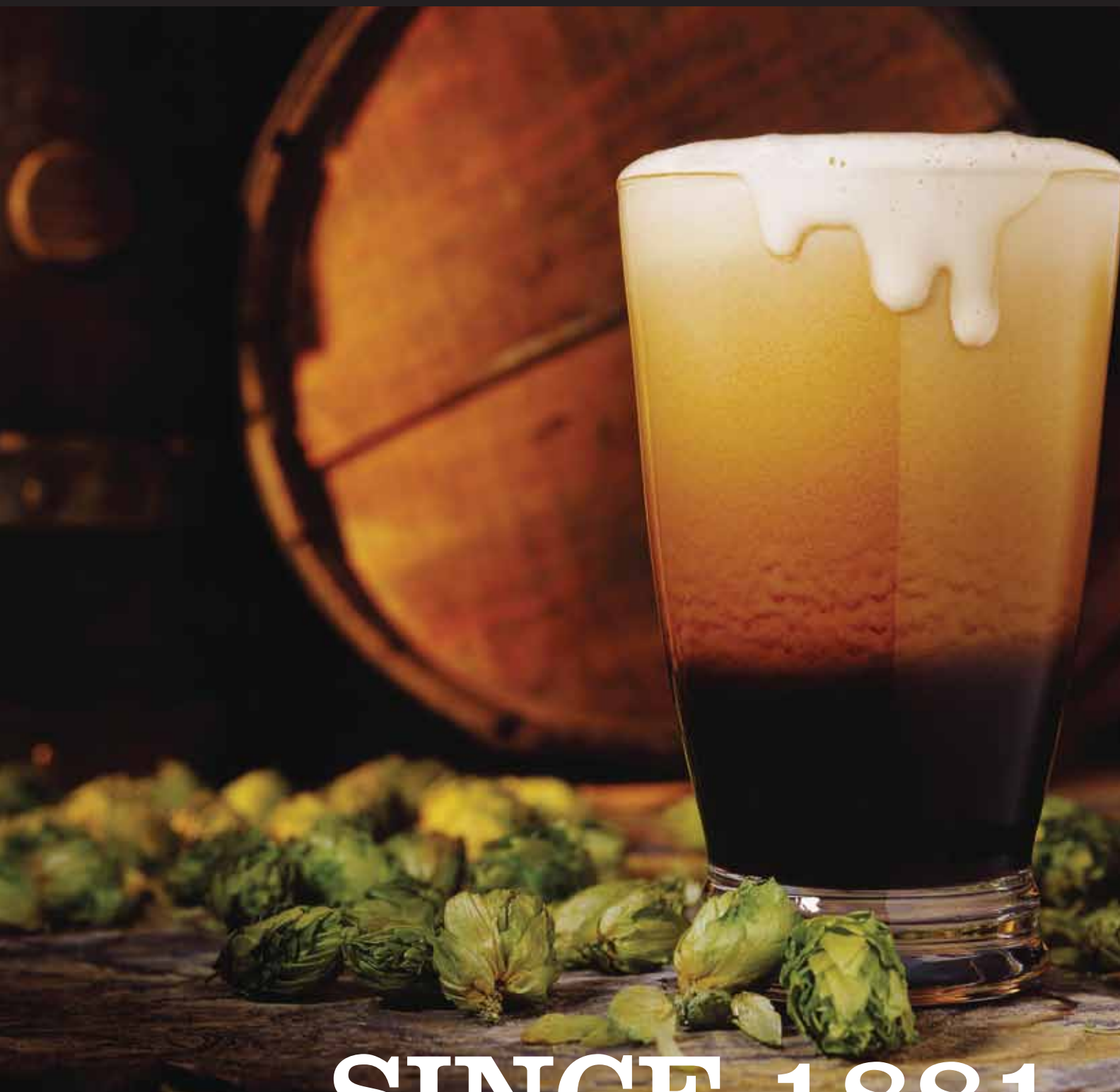


CEYLON BEVERAGE HOLDINGS PLC
Annual Report 2012/13



...SINCE 1881

A HERITAGE OF 132 YEARS IN THE BREWING INDUSTRY



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Financial Highlights

	2013 Rs.'000	2012 Rs.'000	Change %
Revenue	22,983,570	18,130,734	26.77
Profit from operations	1,603,988	2,393,873	(33.00)
Profit for the year	1,019,414	1,263,667	(19.33)
Dividend	125,929	83,923	50.00
Equity Attributable To Equity Holders of the Company	3,069,901	2,688,786	14.17
Total assets	17,616,468	10,507,002	67.66
Earnings per ordinary share (Rs.)	24.78	31.72	(21.89)
Net assets per ordinary share (Rs.)	146.27	128.11	14.17
Dividends per share (Rs.)	6	4	50.00
Market capitalisation	9,967,244	7,343,733	35.72

the
year at a
glance

- Lion Brewery (Ceylon) PLC, rated AA- (lk) by Fitch
- LION ranked 9th - by Brand Finance - the global experts in brand value
- Lion Strong and Lion Stout won Grand Gold at the 2012 Monde Selection Awards
- Group was appointed as the sole importer and distributor for Sri Lanka of the world renowned Diageo brand portfolio
- Group obtained the right to import and distribute the iconic Moet Hennessey portfolio of brands in Sri Lanka
- Group commissioned a new Brew house
- Group consolidated its IT infrastructure by migrating to world class ERP
- Group restructured the secondary distribution system



Pride of our position.

CHAIRMAN'S STATEMENT

I am pleased to welcome the shareholders to the 102nd Annual General Meeting of the Company & to present to you its Annual Report for the year ended 31st March 2013. Since the CEO's review contained in this Annual Report covers the performance of the Group in detail, I will restrict myself to a few salient points.

The country's GDP recorded a growth of 6.4% in 2012 down from 8% and 8.3% respectively in 2010 and 2011. Inflation was 7.6% though in some months it came close to double digits. Interest rates fluctuated between 14% & 16% during the year, whilst a credit ceiling was in operation for most of the financial year. Effectively there were two excise duty increases during the year; one on the 30th of March 2012 – just before the commencement of the financial year - and the other in October 2012. As a result of both the Excise Duty increase & some growth in volume, turnover was Rs. 23.0 billion, 27% above that of the previous year. Profit after tax at Rs. 1.0 billion was however, 19% below that of last year. This year too we were compelled to import canned beer from Carlsberg's facilities in India & Vietnam to supplement a shortfall in supply due to capacity limitations in our canning line. This was at a considerable cost to the Group & contributed significantly to the reduction in profitability along with other cost increases in both manufacturing inputs & overheads. To make matters worse, the duty on imported beers increased by 100% during the year.

During the year the Group completed upgrading its brewing facilities. What remains now is the upgrading of its canning & bottling facilities and supporting

infrastructure. Once these are done, the Group will once again be in a position to supply demand in full via the local production. In addition to upgrading the brewing facilities, two major projects were completed during the year. Firstly, the secondary distribution system was revamped & appropriately resourced and secondly, the ERP system that was in operation since 1999 was replaced with a solution that is integrated end to end giving users timely & quality information whilst enabling efficient operations. The benefits of these two projects will be experienced in the years ahead.

Your Group is the third largest tax payer in the Country. During the financial year 2012/13, taxes amounted to Rs. 14.8 billion an increase of 33% over the previous year. The income tax rate applicable to the subsidiary Lion Brewery (Ceylon) PLC is a discriminatory 40% since other corporates - other than alcobev & tobacco businesses - are liable entities at 28%.

Based on the results achieved during the year, I am pleased to inform shareholders that a first & final dividend of Rs. 7/- per share is proposed by your Board, which will be paid consequent to receiving your approval at the AGM.

The year ahead will continue to pose challenges to our business. An increase in electricity rates have been announced, the full impact of which will be experienced during the next financial year. Uncertainty prevails with regard to exchange & interest rates both of which are two key factors impacting your Group. As the Group is in the stage of upgrading & modernising its current facilities



& infrastructure, any movement in either of these will have an impact. Costs in other areas are also likely to rise. The primary focus this year will be on upgrading & modernising the facilities which once complete, will re-establish a solid foundation to seize future potential.

Your Board & I wish to acknowledge & appreciate all employees for their efforts in making this year's results possible under less than conducive conditions. Appreciation & gratitude is due to our valued consumers, customers, suppliers and bankers whose support is crucial to your group. Our grateful thanks are also extended to our loyal shareholders & business partners including Carlsberg, Corona, Diageo & Moet Hennessy for their continued confidence in the Group. Finally, I wish to extend my appreciation & gratitude to the members of the Audit, Remuneration, Nomination Committees and to my colleagues on the Board for their guidance & support.

(Sgd.)

L. C. R. de C. Wijetunge

Chairman

Colombo

3rd May 2013

Management Discussion & Analysis

CHIEF EXECUTIVE'S REVIEW

It was a year of mixed results. The year started well with double digit growth but ended on a whimper with industry volumes barely keeping up to the previous year's numbers. The tough – but necessary – measures undertaken in February 2012 to reign in an overheating economy took hold & industry volume growth kept trending downwards each quarter. The Group's performance reflected this trend. This together with cost incurred in importing cans to meet market demand meant that Profit after Tax reduced 19.3% from the previous year to Rs 1.0 billion. Group turnover for the year was up 26.8% on the back of two excise duty increases in April & October 2012.

The Company's share price ended the financial year at Rs 474/90, compared to Rs 349/90 at the start; an increase of 35.7%. In comparison the ASPI & S&P SL20 increased by 6.0% & 10.3% respectively, during the same period.

As at 31st March 2013, Your Company's market capitalisation stood at Rs. 10.0 billion.

Three major projects were carried out by the Group during the year, namely, capacity expansion, rationalising the supply chain from Consignment Agent warehousing to retailers & migrating the IT platform to a new, world class ERP system. These will be discussed in greater detail in the latter part of this review.

Operating Environment

After two years of 8%+, Sri Lanka recorded a GDP growth of 6.4% in 2012. The slowing down was not unexpected since the Government was compelled to introduce some tough measures in the form of a currency depreciation & a credit ceiling in the early part of 2012 to bring the country's balance of payments under control. The measures did take hold & imports declined as expected. The currency too stabilised, ending the period under review marginally ahead of its value at the start of the year. However, at times during the year, the Rupee depreciated to approx. Rs 135/- to the USD thus increasing input costs significantly.

Inflation stood at 7.6% during the period although during some months it reached almost double digits. Fuel prices were revised upwards on two occasions during the year. The full force of the 80% increase in the price of furnace fuel announced in January 2012 was felt during the year. The cost increase to the Group on just this input alone was almost Rs 100 million. As a result of both global price trends & a weaker currency, the cost of malt & empty cans – the main inputs of the Group in value terms – increased by 46% & 34% respectively. In addition, excise duty on beer was increased twice during the year; the cumulative impact amounted to 15% & 18% depending on the strength of the brew. Taxes on imported beer rose by 100% during the period. As can be seen it was a year in which prices of many input items & taxes rose very significantly.

Sri Lanka continued to attract an increasing number of tourists during the year. The Country passed a million in tourist arrivals in 2012, a significant first for the industry which recorded a 17.5% growth over the previous year. However, occupancy in Tourist Board graded hotels declined during the year signalling a preference amongst tourists for more informal lodgings & boutique style accommodations. Since tourists – especially from the western countries – tend to prefer beer to other alcoholic beverages, higher arrivals translate into greater business opportunities for groups such as yours. Yet the changing trends in accommodation have meant new challenges to which the Group has responded by sharpening its strategy in this sector.

The weather was not kind to the agriculture sector during 2012. First the Yala season was badly effected as a result of a severe drought. Subsequently, heavy rains during December flooded many paddy growing areas damaging the crop due for harvesting in the 2013 Maha season. Tea production too contracted during the year due to unusual weather whilst the fisheries sector recorded some growth. Overall, cash constraints in the hands of consumers outside the Western Province compounded the upward movements in prices of essential goods. As a result, sales volumes were negatively impacted.



the
right
value

the
right
mix





Management Discussion & Analysis

The Alcohol Industry

The policy of “mathata thitha” remained in force during the year. If the practical application of this policy intends to reduce per capita consumption of pure alcohol & prevent alcohol related harm, then your Group extends its fullest & wholehearted support to it. Indeed in a country where consumption of hard liquor – be it legal or illegal - is the norm, there is a pressing need to prevent alcohol related harm, both to the consumer & to those in his vicinity. There is sufficient evidence to suggest that soft alcohols such as beer are viable means by which alcohol consumption & related harm can be reduced in environments where hard liquor is heavily consumed. Indeed, recent trends do suggest a movement from spirits to beer and a consequent slowing down of the growth in the consumption of pure alcohol. Yet more can be done if the implementation of the “mathata thitha” policy is viewed from a practical rather than from an ideological perspective. For instance, mild beer remains 50% more expensive on a “kick per buck basis” than spirits, although in alcohol terms the latter has 7 times the former. In terms of availability, both soft & hard alcohols are treated as equal; hardly the case considering the vast disparity in their respective alcohol contents. Since affordability plays such a crucial role in a lower middle income country such as ours & since availability plays a crucial role everywhere, less expensive mild beer which is easier accessed will help reduce per capita consumption of pure alcohol in the country.

There is a perceived reduction in the consumption of illicit alcohol in the country. A lack of data means that the reduction cannot be estimated with any degree of accuracy although ‘market speak’ suggests that it is significant. Three factors have likely contributed, of which, increased efforts at enforcement have played the crucial role so far. Secondly, the widespread availability of very cheap legal arracks – carrying wafer thin margins when considering the excise taxes that must be paid helped. Thirdly,

improving income levels amongst the underprivileged helped them upgrade to a safer product. Yet the risk to reward ratio in the illicit alcohol business is still so skewed towards the latter that this menace is likely to remain in the country for some time to come. Illicit alcohol can be completely eliminated only if the associated rewards are reduced to a level that makes the activity unattractive. Thus, whilst enforcement addresses the supply of illicit alcohol, pragmatic policies are needed to counter its demand. Towards this end, legal alcohols particularly soft alcohols - bearing in mind health related issues - need to be more affordable & less difficult to access.

Overall, from a policy perspective, taxation & availability must be linked to alcohol content. This will help keep per capita consumption of pure alcohol at moderate levels whilst - together with enforcement – eliminating the supply & use of illicit liquor. Results will not be evident overnight. Yet the quicker the start, the earlier the results will be seen.

This year marks the centenary of the principal law governing the manufacture, sale & distribution of alcohol products in Sri Lanka, i.e. the Excise Ordinance of 1913. This law was enacted in an era far removed from today's business & regulatory environment & over the years there has been little or no effort to modernise it. At least now, 100 years after it was first introduced, the Excise Ordinance should be amended to make it appropriate to the modern day.

Operating Results & Financial Position

On a turnover of Rs 23.0 billion, the Group returned a pre-tax profit of Rs 1.6 billion. The Group's gross margin was 23.0%, down from 28.9% during the previous year. Two factors contributed to the drop in margins. Firstly, the increases in excise duty & other input costs were not passed on in full to consumers

Management Discussion & Analysis

since beer is a price sensitive product. Secondly, the Group was faced with a significant capacity constraint particularly in its canning line. This shortfall was met via imports, the landed cost of which is much higher than local production due to prohibitive customs duties. However, consumer pricing remained the same irrespective of origin of production & resulted in a significant erosion in gross margins.

The burden cast by importing, also meant that operating margins declined to 7.0% from that of the previous year. A general increase in the cost of overheads – driven by inflation & a weaker currency - also contributed towards the lowering of operating margins. Some of these overheads – for instance multiple stores locations – are not of a permanent nature & will be eliminated once the Group's infrastructure is upgraded.

The Group's balance sheet remained strong during the financial year. Its gearing was 42%. The higher debt in the Group's balance sheet at the end of the financial year was a result of the investments made in capacity expansion. In the meanwhile, the subsidiary Lion Brewery was assigned a AA- (lk) rating by Fitch during the course of the year under review.

Marketing & Sales in Sri Lanka

The “feel good” factor that drove growth across most business sectors, especially FMCG, was palpably lower than in the previous 24 months. With security concerns no longer an issue, people were still out and about but the spend per trip appeared lower than before. With each passing quarter, patterns of consumption and associated growth trended downwards.

In the beer category, Your Group, with its enviable portfolio of brands – Lion, Carlsberg & Corona - and benchmark distribution system, continued to set the trends and the pace.

Across the portfolio Your Group's brands maintained their respective dominant market position. In terms of SKU's cans

outperformed the others, a clear indication that consumers are willing to pay a realistic premium for convenience. The draught beer category also did well. Overall, the shift to one-way packaging makes your Group's operations less complex & is therefore a welcome development. All trade channels with one exception performed well in the context of a market that was under pressure. The exception was the hotel segment, where volumes were lower than in the previous year, notwithstanding the higher tourist arrivals. Clearly the informal sector & boutique properties are attracting a significant share of tourist traffic. Sales in the traditional on and off premise channels within the tourist belts were up significantly during the “season” confirming this trend. In the meanwhile, growth in modern off-trade outperformed the market by some distance. The off-take in the North remains on a higher growth path when compared to the rest of the Country. However, it is much below the growth rates achieved in the previous two years and will likely reach a level more reflective of countrywide trends in the not too distant future.

Sri Lankan beer consumers have always held Your Group's brands in high esteem. This trust, confidence & bonding have been amply confirmed by a recent study undertaken by Brand Finance, the global experts on brand value. Amongst listed Sri Lankan enterprises, Your Group's brands are placed 9th, the highest rank achieved by an FMCG. That Lion is ranked above a number of other household names notwithstanding the restrictions faced by it in terms of price, promotion & distribution is truly gratifying.

The accolades were not restricted to the brand strength of Your Group. The quality of the products that are brewed by the Group was once again recognised during the year. At the 2012 Monde Selections, Lion Stout & Lion Strong were both awarded the much coveted Grand Gold, the highest rating in this annual competition.



Exports

Whilst the main focus remains on the market in Sri Lanka, Your Group continues to make gradual but steady progress overseas. During the year under review, revenue from exports reached Rs. 283.8 million from which Rs. 29.1 million accrued to the Group as profits after meeting all related expenditure. On average Your Group now exports approx. 22 containers per month to a wide cross-section of markets.

The Maldives continues to be the main stay of the Group's export revenue. Your Group's brands lead the market in that country, a position that was further consolidated during the year under review.

During the year under review, the Group put in place a new strategy to generate volumes from the US market. A sales person has been recruited with the intention of establishing a professional distribution network in the very competitive space that is New York. The objective is to get deep – rather than wide – distribution within a manageable geographical area; i.e. volume via regular repeat orders as against through new retailers. If the strategy works, the intention is to replicate it across more US states on a prioritised basis & also to other markets with potential such as the UK.

The Diageo & Moët Hennessey Brands

During the year under review, Your Group was appointed Sri Lanka's sole importer & distributor of the Diageo portfolio of brands. Diageo is the world's largest premium alcohol business and is headquartered in London. Its portfolio includes such iconic brands as Johnnie Walker, J&B, Talisker, Smirnoff, Tanqueray, Ciroc, Bailey's & Guinness.

The Group also obtained the rights to import & distribute the Moët Hennessey portfolio in Sri Lanka during the last quarter of the year under review. Moët Hennessey is part of the French

luxury goods business, LVMH. The alcohol brands in this portfolio are as iconic as those of Diageo & include amongst others, Hennessey, Glenmorangie, Moët-Chandon & Dom Perignon.

Whilst your Group imports & distributes these brands through its established network, the marketing of the two portfolios is the responsibility of a new subsidiary, Luxury Brands (Private) Limited.

Supply Chain

During the year under review, the Group commissioned a new brewhouse at its plant in Biyagama at a cost of Rs. 913 million. This was a turnkey supply of a brand new, state of the art brewhouse from the global leader in brewery equipment, Krones AG of Germany. It incorporates the very latest in technology making your Group more productive & energy efficient than it was before.

Along with the new brewhouse, the Group added to its fermenter farm during the year. Work also commenced to expand the beer processing sections and utilities all of which will be completed during the on-going financial year.

To complement the new brewhouse and processing sections, the Group will modernise and expand its packaging lines during the on-going financial year. Once completed, your Group's plant at Biyagama will be a truly world-class facility and will probably be the most up to date brewery in South Asia.

So far the Group has utilised internally generated funds and bank borrowings to finance its programme of modernising and upgrading. Going forward, it will also consider issuing listed debentures and at the time of writing discussions are underway with relevant financial institutions. Fitch has assigned a rating of AA- (lk) to a listed debenture that the subsidiary Lion Brewery may issue.

Whilst plant upgrading took priority, the Group had to contend with capacity shortages during the year under review.

Management Discussion & Analysis

As mentioned previously, these shortages were overcome via imports and supply to the market did not suffer. However, operating efficiencies and inventory management were compromised since priority was given to meet demand even at a higher cost.

Procurement continued to be a key focus area during the year under review. The Group now has strong, pro-active procurement systems including the use of new technologies, some of which were implemented during the year. These new technologies delivered substantial savings across a number of procurement categories. Although costs across categories have been rising, Your Group succeeded in lessening their impact as a result of the strong in-house procurement systems.

During the course of the financial year, the Group restructured its secondary distribution system (i.e. from Agents to Retailers) making it more efficient and cost effective. The new system is expected to serve the Group well in the years ahead.

Support Services

Over the years, the Group has put in place an extensive IT system that has helped it achieve operational excellence across the value chain. During the year, the Group further consolidated its IT infrastructure by migrating to the world class ERP system, SAP. The new IT environment comprehensively integrates end to end operations across the supply chain into a single transparent system. Previously, whilst many sections of the Group's operations were automated – for instance, the brewing process and the on-field sales systems – the data and information that originated from them were not integrated. This is no longer the case. This integrated system is now fully complemented by the extensive use of mobile technologies including smart phones and other types of handhelds.

Shareholder Returns

As at 31st March 2013 Your Company's Net Assets Value per share stood at Rs. 146/27 up from Rs. 128/11 as at 1st April

2012. Thus the book value of the Company at the financial year end stands at Rs. 3.1 billion. In the meantime, the market value of Your Company at the same date amounted to Rs. 10.0 billion. As mentioned previously, the Company's share price has moved up from Rs. 349/90 to Rs. 474/90 during the course of the financial year and has outperformed the market.

The Group achieved a reasonable return of 16.9% on equity & reserves for the financial year under review. However, this return was somewhat below what was achieved in the previous year as a result of the drop in profits. Earnings per share at the yearend amounted to Rs. 24/78 whilst the Company's price to earnings (PE) ratio at that date was 19.

Your Board has recommended a dividend of Rs 7/- per share to be distributed after the conclusion of the AGM if approval is received from shareholders. If approved, this dividend remains in line with the declaration of the previous year and will account for 14.4% of the Group'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.

Taxation

Your Group is the third largest taxpayer in the country. During the year under review, your Group's contribution to the exchequer amounted to Rs. 14.8 billion up 32.8% (Rs. 11.1 billion) from the previous year.

Excise taxes & duty on imported beer amounted to Rs. 11.3 billion, an increase of 44.9% from Rs. 7.8 billion paid in the previous year.

Corporate taxes for the year amounted to Rs. 570.6 million based on the discriminatory 40% rate applicable to the subsidiary Lion Brewery. Other corporates (excluding those involved in tobacco) are taxed at the much lower rate of 28%. This discriminatory rate – approx. 45% higher than the



standard rate of corporate tax – takes alcohol taxation closer to shareholders than previously.

Community Service

Since inception, Your Group has supported the community in the vicinity of the brewery with special emphasis on education. As in the past, schoolbooks were distributed whilst the Group’s long standing IT training program remained on-going.

During the year under review, Your Group conducted programmes in Hambantota & Killinochchi to enhance the employability of youth. In all, 652 youths completed these two programs. It is pleasing to note that 84 youth who underwent this programme have obtained full time employment.

In the Galenbindunuwewa area in the North Central Province, Your Group work with 2000 paddy farmers helping them to increase yields and reduce input costs. Field level instructors with skills in agriculture have been recruited. The Group’s expertise in managing distribution networks has been used to deploy these instructors in a planned manner. The results of this intervention have been very satisfying; on average, the yields of these farmers have more than doubled from the national average whilst some have even gone beyond the 200 bushels per acre mark. Farmer input costs too have declined, since Your Group has encouraged the use of organic materials and some traditional – but very effective - farming techniques to reduce the use of chemical based products.

Retails Spaces

Your Group operates 4 retail outlets via a subsidiary, Retail Spaces (Private) Limited. These outlets are located in Negombo, Battaramulla, Aluthgama and Moratuwa. During the year under review, the management of these outlets was outsourced. However, ownership of the relevant licenses remains with the Group.

Pubs 'N Places

Your Group’s very successful restaurant chain is owned by a subsidiary Pubs 'N Places (Private) Limited. Three restaurant brands are in operation, namely, Machang, O! & 8.8. The Machang & 8.8 franchises offer a similar experience throughout their many locations. The two O!’s on the other hand – both based in Colombo – offer patrons a unique ambience in each location. As in the case of the retail shops, the management of the restaurants is also outsourced.

Luxury Brands

As mentioned previously, Your Group was appointed sole importer & distributor of the Diageo & Moet Hennessy portfolios of brands during the financial year under review. These brands will be imported by Your subsidiary, Lion Brewery. The established distribution of that company will also be responsible for the physical distribution of these brands. However in order to provide focused attention across the full portfolio of Your Group, the marketing of the Diageo & Moet Hennessy brands will be the responsibility of a newly formed subsidiary, Luxury Brands (Private) Limited.

The Year Ahead

There is no doubt that the “honeymoon” period that came with the conclusion of the separatist war 4 long years ago in 2009, has come to an end. Whilst the economy was driven by pent up demand and consumer exuberance in the immediate aftermath of the war, the Country will have to work hard if it is to achieve 8%+ growth rates in the future. It is unlikely that Sri Lanka can sustain high rates of growth unless the export sector becomes a cornerstone of the economy. The persistent fiscal deficit too needs to be addressed. However, the top most priority remains harmony amongst the diverse cultures that call Sri Lanka home. After a near 30 year conflict ended in 2009, there was much expectation that peace and harmony will finally dawn in Sri Lanka. Whilst the violence has stopped, there yet remains a

Management Discussion & Analysis

level of unease around cultural diversity. The beauty of Sri Lanka is in her diversity & this must be celebrated rather than feared.

To predict the shape of the year ahead is difficult. It could very well turn into a good one if GDP growth were to reach the forecasted 7%+. However, if the likely cost increases to come dampen consumer sentiment, it could negatively affect the FMCG sector including Your Group. At the time of writing, a substantial increase in electricity tariffs has been announced. Your Group's electricity costs are likely to increase by approx. 18% as a result. Costs in other areas too are likely to increase. In addition to input costs, two further areas of concern remain namely interest rates and the exchange rate. In which direction will these two critical factors move? It is the lack of predictability that causes the greater concern, far more in fact than the direction of the trend.

With consumer sentiment at a 4 year low, Your Group will be stretched to the maximum to grow profits and cash flows. Opportunities do remain, with the tourism sector being top of mind. Weather patterns permitting, the agriculture sector too should perform well since increased acreages are now under cultivation.

From an internal perspective, the major area of focus will be to complete the expansion and modernisation programme. Once completed, the Biyagama brewery will undergo a remarkable transformation and Your Group's technical capabilities will be anchored on a solid foundation. These technical capabilities will give the Group's marketing and sales team the freedom to create opportunities through innovation & other means.

Conclusion

The year under review was a mixed one. The year ahead looks no different. However, Your Group's excellent portfolio of brands, benchmark distribution systems, state of the art manufacturing process and outstanding human resources are more than capable of meeting the challenges that are in store in the years ahead.

(Sgd.)

Suresh K. Shah

Chief Executive Officer

Colombo

3rd May 2013

Profiles of Directors

Cubby Wijetunge

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 & Company PLC, Janashakthi Insurance PLC, Swiss Trading Company, East India Retailing Company (Pvt) Ltd., Heath & Co. Ltd. and Lanka Canneries Ltd. He also serves as a 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. Mr. Selvanathan is a past President of the National Chamber of Commerce and past Vice Chairman of the International, Chamber of Commerce (Sri Lanka). He 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 and 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) Ltd. Past Chairman of the Indo Lanka Chamber of Commerce and 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 'DESHAMANYA' 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 serves as a Non-Independent Non-Executive Director of Carson Cumberbatch PLC and in most of the Carsons Group companies in Sri Lanka and overseas. He is also a Director of Bukit Darah PLC. Since assuming Non-Executive status in the Group in 2011, he serves as an advisor to the Group's strategic planning and management forums in Sri Lanka and serves on Board Committees including the Audit Committees of the Group in Sri Lanka and overseas covering all operating sectors of the Group.

Chandima Gunawardena has over 4 decades of experience in varied fields of business and commercial activities and has held senior positions in 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. He is also a Director of The Sri Lanka Business Development Centre. He currently serves as the Vice Chairman of the Ceylon Chamber of Commerce and is a member of the Business Advisory Council of UNESCAP (EBAC).

Mr. Shah 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.

Graham Fewkes

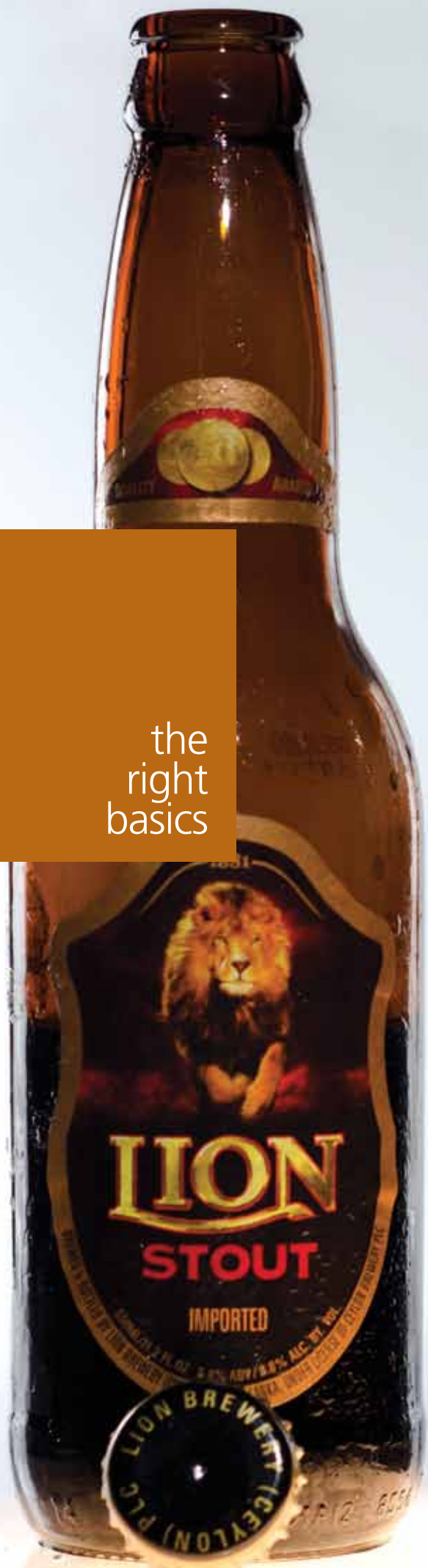
Graham Fewkes has over 20 years of commercial experience in the global drinks industry. He currently serves with the Carlsberg Group as Commercial Vice President for Asia Region, based in Hong Kong.

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.

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

the
right
basics



Senior Management team



Seated left to right

Chan Liyanage - Head of Supply Chain

Suresh K. Shah - Director/Chief Executive Officer

Standing left to right

Preethi De Silva - GM - Retail Spaces (Private) Limited

Jeremy David - GM - Luxury Brands (Private) Limited

Prasanna Amerasinghe - Head of Marketing

Ranil Goonetilleke - Head of Finance

Roshan Bandara - GM - Pubs 'N Places (Private) Limited



the
right
people

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 2013.

The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange and are guided by recommended best Accounting Practices. The Annual Report was approved by the Directors on 3rd May 2013.

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.

Principal activity of the group

The principal activities of the Group is brewing and marketing of high quality beers for both local & export markets and retailing of beer & alcohol products through its owned/managed wine shops and pubs. The Group is also engaged in the import & marketing of globally renowned high quality beer and spirits brands. Whilst some imported beer brands are marketed overseas, the imported spirits brands are exclusively for the local market.

Changes to the group structure

On 31st July 2012 the name of CBL Retailers (Private) Limited (a Subsidiary Company) was changed to Pubs 'N Places (Private) Limited.

Wine shop operations of the Group hitherto carried out by Pubs 'N Places (Private) Limited [previously known as CBL Retailers (Private) Limited], was transferred to the newly formed subsidiary Retail Spaces (Private) Limited. The pub operations however remained within Pubs 'N Places (Private) Limited [previously known as CBL Retailers (Private) Limited.]

The Group was appointed the sole distributor for the world renowned Diageo Brands in Sri Lanka. Diageo PLC is a British multinational alcoholic beverages company headquartered in London, United Kingdom. Diageo's brands include Smirnoff, Johnnie Walker, Baileys and Guinness. Diageo sells its brands in over 180 countries across the world. During the year the Group was also appointed the sole distributors in Sri Lanka of Moet Hennessy brands. The marketing of both Diageo brands and Moet Hennessy brands is handled through a fully owned subsidiary Luxury Brands (Private) Limited which was incorporated on 2nd August 2012.

Chief Executive's Review and future developments

The Chairman's Statement and the Chief Executive's Review 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 6 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.

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 conformity with the requirement of the followings :

- Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka.

- Companies Act No. 07 of 2007.
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.
- Listing Rules of the Colombo Stock Exchange.

Accounting Policies and changes during the year

The Institute of Chartered Accountants of Sri Lanka issued new Sri Lanka Accounting Standards which became effective from 1st April 2012 which have been adopted in presenting these financial statements for the period ended 31st March 2013. Accordingly, appropriate Accounting Policies have been selected and applied consistently while material departures, if any, have been disclosed and explained. Required adjustments have also been made for the previously reported financial periods in accordance with the respective standards. The effect of the transition from SLASs to SLFRS/LKAS has been presented herewith in the reconciliation statement provided in Notes 35.2 to 35.11 in the notes to these Financial Statements.

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 the said requirements. 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 Statement of Financial Position, Statement of Comprehensive Income, Cash Flow Statement, Statement of Changes in Equity and Notes to the Financial Statements of the Company and the Group for the year ended 31st March 2013 are set out on pages 32 to 71 of this report.

Financial results

For the year ended 31st March	Company		Group	
	2013	2012	2013	2012
In Rs.'000s				
The profit available for appropriation is:				
- Current year	198,740	246,979	507,044	568,603
- Brought forward	595,616	432,589	1,478,897	994,246
	794,356	679,568	1,985,941	1,562,849
From which the following appropriations have been made Dividends -				
Ordinary - dividends	(125,929)	(83,952)	(125,929)	(83,952)
Leaving a balance to be carried forward of	668,427	595,616	1,860,012	1,478,897

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

Reserves

After the above mentioned appropriations, the total Group Reserves stand at Rs. 2,536.5 million (2012 - Rs. 2,155.4 million) comprising Capital Reserves of Rs. 492.3 million (2012 - Rs. 492.3 million) and Revenue Reserves of Rs. 2,044.2 million (2012 - Rs. 1,663.1 million). The movements are shown in the Statement of Changes in Equity and Notes 19 and 20 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 2013 was Rs. 14,027.25 million (2012- Rs. 8,407.30 million) as disclosed under Note 10 to the Financial Statements.

Capital expenditure

The total expenditure on the purchase of capital assets by the Group during the year amounted to Rs. 3,671.55 million (2012 - Rs. 1,378.38 million). The movements during the year are set out in Notes 8 and 9 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 8 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 38 to these Financial Statements.

Outstanding litigation

The outstanding litigations related to the Company are shown in Note 38 to these Financial Statements.

Risk management/material foreseeable risk factors

The Company and the Group's activities were exposed to variety of financial risk, market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk and those have been disclosed in Note 37 to these Financial Statements. 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 2013.

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 Group consistent with the previous years except in the areas as described in order to be compliant with (SLFRS/LKAS).

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 2013 is given in Note 30 to the Financial Statements.

Directors' interest in contracts and shares

The related Party transactions of the Company as required by the Sri Lanka Accounting Standard LKAS 24 Related Party Disclosures are disclosed in Note 39 to these Financial Statements and have been declared at Meetings of the Directors. The Directors have 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

Directors	No. of shares as at	
	31st March 2013	31st March 2012
Mr. L. C. R. de C. Wijetunge (Chairman)	-	-
Mr. H. Selvanathan (Deputy Chairman)	690	690
Mr. M. Selvanathan (Director/Appointed Alternate Director to H. Selvanathan w.e.f. 20 - Dec - 2012)	690	690
Mr. S. K. Shah (Chief Executive Officer)	2,632	2,632
Mr. D. C. R. Gunawardena	15	15
Mr. G. J. Fewkes	-	-

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 of Directors

Mr. M. Selvanathan was appointed as the Alternate Director to Mr. H. Selvanathan with effect from 20th December 2012.

Directors to Retire by Rotation

In terms of Articles 72 and 73 of the Articles of Association of the Company, Mr. M. Selvanathan 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. 550,000/- was paid to them by the Company as audit fees for the year ended 31st March 2013. (2012 -Rs 525,000/-).

Further, a sum of Rs. 175,000/- was paid to them by the Company as audit related service fees for the year ended 31st March 2013.(2012 -Rs 45,000/-).

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

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 2013 did not exceed 10% of the shareholders equity or 5% of the total assets as at 31st March 2013.

The details of the related party transactions as required by Sri Lanka Accounting Standard LKAS 24 Related Party Disclosures are given in Note 39 to the Financial Statements

Corporate governance

The Board has ensured that the Company has complied with the Corporate Governance rules as per the Listing Rules of the Colombo Stock Exchange (CSE).

Board of Directors

The following Directors held office as at the reporting 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 (Director/Appointed Alternate Director to H. Selvanathan w.e.f. 20 - Dec - 2012)	Executive
Mr. S. K. Shah (Chief Executive Officer)	Executive
Mr. D. C. R. Gunawardena	Non-Executive
Mr. G. J. Fewkes	Non-Executive

Each of the Non-Executive Directors of the Company has submitted a signed declaration on Independence/ Non-Independence as per Rule 7.10.2.(b) of the Listing Rules of the Colombo Stock Exchange. The said declarations were tabled at a Board Meeting held on 3rd May 2013, in order to enable the Board of Directors to determine the Independence/ Non-Independence of the Non-Executive Directors.

* 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 nine 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 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 30 on page 57 of this Report. Executive Directors are not compensated for their role on the Board.

Audit Committee

As per 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

The Audit Committee Report is given on pages 28 - 29 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)	3
Mr. M. Selvanathan (Director/Appointed Alternate Director to H. Selvanathan w.e.f. 20 - Dec - 2012)	4
Mr. S. K. Shah (Chief Executive Officer)	4
Mr. D. C. R. Gunawardena	4
Mr. G. J. Fewkes	2

Nomination Committee

The Nomination Committee of Carson Cumberbatch PLC (CCPLC) functions as the Nomination Committee of the Company and comprises of the following Members.

Nomination Committee Members

Nomination Committee Member	Executive / Non-Executive Independent
-----------------------------	---------------------------------------

Mr. T. de Zoysa (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

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.

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

Dividend

Subject to the approval of shareholders at the Annual General Meeting, the Board of Directors recommended a First and Final dividend of Rs. 7/- per Ordinary share for the year ended 31st March 2013. 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 34 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 same.

Corporate donations

No donations were made by the Company and its subsidiaries during the year. (2012 - Nil)

Stated capital

The Stated Capital of the Company as at 31st March 2013 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 reporting date

Subsequent to the reporting date, no circumstances have arisen which would require adjustments to or disclosure in the Financial Statements except for the event disclosed in Note 34.

Share information

Information relating to share trading is given on pages 80 and 81 of this Report.

Twenty major shareholdings with comparatives

As at 31st March	2013		2012	
	No. of shares	%	No. of shares	%
Carson Cumberbatch PLC A/C No.2	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
Caceis Bank Luxembourg S/A Barca Global Master Fund LP	289,074	1.38	-	-
HSBC International Nominees Ltd-SSBT-Deutsche Bank AG Singapore A/C 01	135,000	0.64	135,000	0.64
Tranz Dominion, L.L.C.	71,723	0.34	68,500	0.33
Pershing LLC S/A Chambers Street Global Fund , LP	50,291	0.24	-	-
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
HSBC Intl Nom Ltd-UBS AG Zurich	28,361	0.14	-	-
Est of Late M. Radhakrishnan (Deceased)	24,400	0.12	24,400	0.12
Mr. H.A. Van Starrex	22,000	0.10	42,300	0.20
Guinness Morison International Limited	20,953	0.10	20,953	0.10
Mr. H.A. Pieris	17,500	0.08	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
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
Miss R.E.W. Jayasuriya	8,276	0.04	4,138	0.02

Annual Report

The Board of Directors on 3rd May 2013 approved the Company and the Consolidated Financial Statements together with the Reviews which forms part of the Annual Report. 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.

Annual General Meeting

The 102nd Annual General Meeting of the Company will be held on Friday, the 7th day of June 2013 at 4.00 P.M. at The Ceylon Chamber of Commerce, 'Ground Floor Auditorium', No. 50, Nawam Mawatha, Colombo 2, Sri Lanka.

The Notice of the Annual General Meeting is on page 83 of the Annual Report.

Signed on behalf of the Board,

(Sgd.)
M. Selvanathan
Director

(Sgd.)
Suresh K. Shah
Director

(Sgd.)
K. D. De Silva (Mrs)
Director
Carsons Management Services (Private) Limited
Secretaries
3rd May 2013

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 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 organisation by being objective in providing relevant assurance, contributing to the effectiveness and efficiency of governance, risk management and control processes.

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. He is a Fellow of the Chartered Institute of Management Accountants, U.K.

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.

CCPLC-Audit Committee held 05 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 five)	
Mr. V. P. Malalasekera (Chairman)	05
Mr. D. C. R. Gunawardena	05
Mr. F. Mohideen	05

The Chief Executive Officer-Brewery Sector, Head of Finance of the Company, internal auditors and senior management staff members also attended the Audit Committee Meetings by invitation.

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.

In accordance with the audit plan formulated and approved by the Audit Committee for the financial year 2012/2013, the Group Internal Audit (GIA) carried out twelve audits of processes of the Brewery Sector companies.

The findings and contents of the Group Internal Audit reports have been discussed with the management and subsequently the audit reports were circulated to the Audit Committee and to the management.

The objectives of the GIA work was to have an independent review of the system of internal controls as established by the management, its adequacy and integrity vis-à-vis objectives served and to determine the extent of adherence to the controls by staff responsible for the function and to take corrective/preventive action where necessary.

The interim financial statements of Ceylon Beverage Holdings PLC have been reviewed by the Audit Committee Members at Audit Committee Meetings.

For all periods up to and including the year ended 31st March 2012, the Company and the Group prepared their financial statements in accordance with the Sri Lanka Accounting Standards, which were in effect up to that date. Following the convergence of the Sri Lanka Accounting Standards with the International Financial Reporting Standards (IFRSs), all existing / new Sri Lanka Accounting Standards were prefixed as SLFRS and LKAS (referred to as "SLFRS" in these financial statements) and with effect from the financial periods beginning on or after 1st January 2012, it was mandatory for the Company and the Group to comply with the requirements of the said new / revised Sri Lanka Accounting Standards (LKAS/SLFRS). The adoption of new/revised accounting framework required amendments to the basis of recognition, measurement and disclosure of transactions and balances in the financial statements of the Company and the Group, which are duly addressed in the financial statements for the year ended 31st March 2013. The transition and the resultant impact arising from the adoption of new/revised accounting standards on the financial statements of the Company and the Group were audited by Messrs. KPMG, Chartered Accountants, the Auditors, during the year end audit.

The draft financial statements of Ceylon Beverage Holdings PLC for the year ended 31st March 2013 were 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, Chartered Accountants, Auditors were independent on the basis that they did 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, Chartered Accountants, as Auditors for the financial year ending 31st March 2014, subject to the approval of the shareholders of Ceylon Beverage Holdings PLC at the Annual General Meeting.

(Sgd.)

V. P. Malalasekera

Chairman – Audit Committee

Carson Cumberbatch PLC

3rd May 2013



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culture

Financial Calendar

Financial Year 31st March 2013

Announcement of Results

1st Quarter 30th June 2012
Issued to Colombo Stock Exchange 14th August 2012

2nd Quarter 30th September 2012
Issued to Colombo Stock Exchange 14th November 2012

3rd Quarter 31st December 2012
Issued to Colombo Stock Exchange 14th February 2013

Meetings

101st Annual General Meeting 8th June 2012
102nd Annual General Meeting 7th June 2013

Independent Auditors' Report



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300,
Sri Lanka.

Tel : +94 - 11 542 6426
Fax : +94 - 11 244 5872
+94 - 11 244 6058
+94 - 11 254 1249
+94 - 11 230 7345
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") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statements of financial position as at March 31, 2013, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information set out on pages 32 to 71 of the 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 March 31, 2013 and the financial statements give a true and fair view of the financial position of the Company as at March 31, 2013 and of its financial performance and its 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 financial position of the Company and its subsidiaries dealt with thereby as at March 31, 2013, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

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

03rd May 2013

Colombo

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 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 Ms. B.K.D.T.N. Rodrigo ACA
Principals - S.R.I. Perera ACMA, LLB, Attorney-at-Law, H.S. Goonewardene ACA

Statements of Financial Position

In Rs.'000s As at	Note	Company			Group		
		31st March 2013	31st March 2012	01st April 2011	31st March 2013	31st March 2012	01st April 2011
ASSETS							
Non-Current Assets							
Property, plant & equipment	8	125,065	125,532	126,048	8,322,402	5,122,297	4,216,879
Intangible assets	9	-	-	-	49,970	46,541	41,409
Investments in subsidiaries	10	1,518,357	1,478,537	1,242,883	-	-	-
Loans and receivables	11	-	-	350,000	-	-	-
Investments	12	-	-	-	-	-	2,187,086
Amounts due from related companies	13.1	327,782	184,977	69,792	-	-	-
Total Non-Current Assets		1,971,204	1,789,046	1,788,723	8,372,372	5,168,838	6,445,374
Current Assets							
Inventories	14	-	-	-	2,406,716	1,341,247	668,348
Trade & other receivables	15	11,586	142	132	3,101,079	1,141,086	584,398
Amounts due from related companies	13.2	23,288	-	-	-	-	-
Short term investments	16	-	-	-	1,578,014	-	-
Cash and cash equivalents	17	1,131	4,638	6,338	2,158,287	2,855,831	1,106,216
Total Current Assets		36,005	4,780	6,470	9,244,096	5,338,164	2,358,962
Total Assets		2,007,209	1,793,826	1,795,193	17,616,468	10,507,002	8,804,336
EQUITY AND LIABILITIES							
Equity							
Stated capital	18	533,384	533,384	533,384	533,384	533,384	533,384
Capital reserves	19	126,414	126,414	126,414	492,331	492,331	563,905
Revenue reserves	20	852,601	779,790	616,763	2,044,186	1,663,071	1,178,420
Equity Attributable To Equity Holders of the Company		1,512,399	1,439,588	1,276,561	3,069,901	2,688,786	2,275,709
Non Controlling Interest		-	-	-	2,822,132	2,487,346	2,142,501
Total Equity		1,512,399	1,439,588	1,276,561	5,892,033	5,176,132	4,418,210
Non Current Liabilities							
Loans and borrowings	21.1	15,000	45,000	75,000	2,738,907	1,148,802	1,251,727
Employee benefits	22	-	-	-	79,694	66,331	51,648
Deferred taxation	23	-	-	465	789,578	575,475	408,931
Total Non- Current Liabilities		15,000	45,000	75,465	3,608,179	1,790,608	1,712,306
Current Liabilities							
Trade and other payables	24	9,812	5,994	6,403	800,312	631,861	261,537
Amounts due to related companies	25	-	-	2,228	40,613	15,189	19,656
Refundable deposits	26	-	-	-	980,333	858,665	744,254
Current taxation	27	11,430	11,266	2,871	1,026,651	1,225,392	999,543
Loans and borrowings	21.3	30,000	30,000	30,000	1,394,077	358,470	85,322
Bank overdraft		428,568	261,978	401,665	3,874,270	450,685	563,508
Total Current Liabilities		479,810	309,238	443,167	8,116,256	3,540,262	2,673,820
Total Liabilities		494,810	354,238	518,632	11,724,435	5,330,870	4,386,126
Total Equity and Liabilities		2,007,209	1,793,826	1,795,193	17,616,468	10,507,002	8,804,336
Net assets per ordinary share (Rs.)		72.06	68.59	60.82	146.27	128.11	108.43

The Notes to the Financial Statements from pages 36 to 71 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. Weeratunge
Director

Carsons Management Services (Private) Limited

(Sgd.)

M. Selvanathan
Director

(Sgd.)

Suresh K. Shah
Director

3rd May 2013

Statements of Comprehensive Income

In Rs.'000s For the year ended 31st March	Note	Company		Group	
		2013	2012	2013	2012
Revenue	28	278,905	319,791	22,983,570	18,130,734
Cost of sales		-	-	(17,695,809)	(12,887,421)
Gross Profit		278,905	319,791	5,287,761	5,243,313
Other income	29	-	-	59,640	26,948
		278,905	319,791	5,347,401	5,270,261
Distribution expenses		-	-	(2,700,177)	(2,099,273)
Administrative expenses		(17,232)	(12,753)	(876,898)	(630,241)
Other expenses		-	-	(166,338)	(146,874)
Profit from Operations	30	261,673	307,038	1,603,988	2,393,873
Finance income	31	17,566	7,425	534,212	210,870
Finance costs	31	(62,477)	(49,054)	(548,166)	(429,591)
Net finance costs	31	(44,911)	(41,629)	(13,954)	(218,721)
Profit Before Taxation		216,762	265,409	1,590,034	2,175,152
Income tax expenses	32	(18,022)	(18,430)	(570,620)	(911,485)
Profit for the Year		198,740	246,979	1,019,414	1,263,667
Profit attributable to					
- Equity holders of the Company		198,740	246,979	519,994	665,761
- Non controlling interest		-	-	499,420	597,906
Profit Available for Appropriation		198,740	246,979	1,019,414	1,263,667
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income for the Year		198,740	246,979	1,019,414	1,263,667
Earnings per ordinary share (Rs.)	33	9.47	11.77	24.78	31.72
Dividend per ordinary share (Rs.)	34	6.00	4.00	6.00	4.00

The Notes to the Financial Statements from pages 36 to 71 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Changes in Equity

In Rs.'000s	Attributable to Equity Holders of the Parent							Non-Controlling Interests	Total Equity
	Stated Capital	Revaluation Reserve	Capital Redemption Reserve	General Capital Reserve	Revenue Reserve	Retained Profits	Total		
COMPANY									
Balance as at 1st April 2011	533,384	120,638	-	5,776	184,174	432,589	1,276,561	-	1,276,561
Profit for the year	-	-	-	-	-	246,979	246,979	-	246,979
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the Year	533,384	120,638	-	5,776	184,174	679,568	1,523,540	-	1,523,540
Transactions with owners, recorded directly in equity contribution by and distribution to owners									
Dividends	-	-	-	-	-	(83,952)	(83,952)	-	(83,952)
Balance as at 31st March 2012	533,384	120,638	-	5,776	184,174	595,616	1,439,588	-	1,439,588
Balance as at 1st April 2012	533,384	120,638	-	5,776	184,174	595,616	1,439,588	-	1,439,588
Profit for the period	-	-	-	-	-	198,740	198,740	-	198,740
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the Year	533,384	120,638	-	5,776	184,174	794,356	1,638,328	-	1,638,328
Transactions with owners, recorded directly in equity contribution by and distribution to owners									
Dividends	-	-	-	-	-	(125,929)	(125,929)	-	(125,929)
Balance as at 31st March 2013	533,384	120,638	-	5,776	184,174	668,427	1,512,399	-	1,512,399
GROUP									
Balance as at 1st April 2011	533,384	522,842	35,287	5,776	184,174	994,246	2,275,709	2,142,501	4,418,210
Profit for the year	-	-	-	-	-	665,761	665,761	597,906	1,263,667
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the Year	533,384	522,842	35,287	5,776	184,174	1,660,007	2,941,470	2,740,407	5,681,877
Transactions with owners, recorded directly in equity contribution by and distribution to owners									
Adjustments on returnable containers	-	-	-	-	-	3,784	3,784	3,635	7,419
Adjustment for deferred tax liability	-	(36,287)	-	-	-	-	(36,287)	(34,820)	(71,107)
Adjustment on redemption of Preference shares	-	-	(35,287)	-	-	35,287	-	-	-
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 unrealised profit	-	-	-	-	-	44	44	42	86
Balance as at 31st March 2012	533,384	486,555	-	5,776	184,174	1,478,897	2,688,786	2,487,346	5,176,132
Balance as at 1st April 2012	533,384	486,555	-	5,776	184,174	1,478,897	2,688,786	2,487,346	5,176,132
Profit for the year	-	-	-	-	-	519,994	519,994	499,420	1,019,414
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the Year	533,384	486,555	-	5,776	184,174	1,998,891	3,208,780	2,986,766	6,195,546
Transactions with owners, recorded directly in equity contribution by and distribution to owners									
Adjustments on returnable containers	-	-	-	-	-	(13,121)	(13,121)	(11,991)	(25,112)
Dividends	-	-	-	-	-	(125,929)	(125,929)	(152,800)	(278,729)
Inter company unrealised profit	-	-	-	-	-	171	171	157	328
Balance as at 31st March 2013	533,384	486,555	-	5,776	184,174	1,860,012	3,069,901	2,822,132	5,892,033

Cash Flow Statement

In Rs.'000s For the year ended 31st March	Note	Company		Group	
		2013	2012	2013	2012
Cash Flows From Operating Activities					
Profit before Taxation		216,762	265,409	1,590,034	2,175,152
Adjustments for:					
Finance expenses	31	62,477	49,054	548,166	429,591
Depreciation on property, plant & equipment	8	532	516	529,557	444,955
Interest cost capitalised	8	-	-	(148,891)	-
Amortisation of intangible assets	9	-	-	10,701	16,229
Provision for employee benefits	22	-	-	15,209	15,179
Inventory provisions	14	-	-	20,926	(257)
Interest income	31	(17,566)	(7,425)	(534,212)	(210,870)
Profit on disposal of property, plant & equipment	29	-	-	(3,765)	6,400
Unrealised exchange loss on foreign currency term Loan	21	-	-	(5,268)	206,935
Adjustment on property, plant & equipment		-	-	-	7,418
Operating cash flow before working capital changes		262,205	307,554	2,022,457	3,090,732
Increase in inventories		-	-	(1,086,726)	(672,555)
Increase in trade & other receivables		(11,445)	(10)	(1,958,336)	(552,969)
Increase in amounts due from related companies		(23,288)	-	-	-
(Decrease)/Increase in amounts due to related companies		-	(2,227)	25,424	(4,467)
Increase/(Decrease) in trade & other payables		3,016	(419)	414,479	453,885
Cash generated from operations		230,488	304,898	(582,702)	2,314,626
Finance expenses	31	(62,477)	(49,054)	(548,166)	(429,591)
Tax paid		(17,413)	(9,245)	(786,794)	(554,531)
Economic service charge paid		(428)	(1,781)	(31,380)	(123,881)
Gratuity paid	22	-	-	(1,846)	(496)
Net cash generated from/(used in) operating activities		150,170	244,818	(1,950,888)	1,206,127
Cash Flows from Investing Activities					
Purchase and construction of property, plant & equipment	8	(65)	-	(3,610,822)	(1,357,017)
Purchase of Intangible assets	9	-	-	(11,565)	(21,361)
Proceeds from sale of property, plant & equipment		-	-	6,138	241
Agent deposits received	26	-	-	148,776	126,560
Agent deposits refunded	26	-	-	(27,107)	(12,149)
Investment in fixed deposits		-	-	(1,578,014)	-
Interest received		-	-	534,211	210,870
Equity Investment in subsidiary		-	(201,391)	-	(201,391)
Redemption of preference shares	11	-	350,000	-	-
Proceeds from sale of investment		-	-	-	2,187,086
Increase in amounts due from related companies		(165,059)	(142,023)	-	-
Net cash (used in)/ generated from investing activities		(165,124)	6,586	(4,538,383)	932,839
Cash Flows from Financing Activities					
Proceeds from long term borrowings	21.1	-	-	2,472,410	117,467
Proceeds from short term borrowings	21.3	-	-	450,000	-
Repayment of long term borrowings	21.1	(30,000)	(30,000)	(291,430)	(154,179)
Dividends paid		(125,143)	(83,417)	(262,838)	(239,816)
Net cash used in financing activities		(155,143)	(113,417)	2,368,142	(276,528)
Net increase in cash & cash equivalents		(170,097)	137,987	(4,121,129)	1,862,438
Cash & cash equivalents at the beginning of the year		(257,340)	(395,327)	2,405,146	542,708
Cash & cash equivalents at the end of the year		(427,437)	(257,340)	(1,715,983)	2,405,146
Analysis of Cash and Cash Equivalents					
Cash and cash equivalents	17	1,131	4,638	2,158,287	2,855,831
Bank overdraft	17	(428,568)	(261,978)	(3,874,270)	(450,685)
		(427,437)	(257,340)	(1,715,983)	2,405,146

The Accounting Policies and Notes from pages 36 to 71 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 2013 comprise of the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Subsidiaries of the Company are set out below.

Subsidiary	Controlling interest
Lion Brewery (Ceylon) PLC	52.25%
Pubs 'N Places (Private) Limited	99.9%
Retail Spaces (Private) Limited	100%
Luxury Brands (Private) Limited	100%

The principal activities of the Group are brewing and marketing of high quality beers for both local and export markets and retailing of beer and alcohol products through its owned/managed wine shops and pubs. The Group is also engaged in the import and marketing of globally renowned high quality beer and spirits brands. Whilst some imported beer brands are marketed overseas the imported spirits brands are exclusively for the local market.

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 reporting date.(2012 -Nil)

2 BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of Ceylon Beverage Holdings PLC, and its subsidiaries (Group) comprise the Statements of Financial Position, Statements of Comprehensive Income, Statements of Changes in Equity, Cash Flow Statements, and Notes to the Financial Statements. The Financial Statements have been prepared in accordance with new Sri Lanka Accounting Standards (hereinafter referred to as SLFRS) as laid down by the Institute of Chartered Accountants of Sri Lanka, the requirements of the Company's Act No. 07 of 2007 and the listing rules of the Colombo Stock Exchange.

These are the Group's first financial statements prepared in accordance with Sri Lanka Accounting Standards - SLFRSs and LKASs and Sri Lanka Accounting Standard - SLFRS 1 First - time adoption of Sri Lanka Accounting Standards has been complied.

An explanation on how the transition to Sri Lanka Accounting Standards - SLFRSs, has affected the previously reported financial position and the financial performance of the Company is provided in Note 35 to the Financial Statements.

The Consolidated Financial Statements were authorised for issue by the Board of Directors on 3rd May 2013.

2.2 Basis of Measurement

The Consolidated Financial Statements have been prepared on a historical cost basis except for the following;

Land & Building	- Fair Value
Defined benefit obligation-	Actuarially valued and recognised at present value of the defined benefit obligation

2.3 Functional Currency and Presentation Currency

All values presented in the Financial Statements are in Sri Lankan Rupees which is the Group's functional currency, unless otherwise indicated. All financial information presented in Sri Lanka Rupees has been rounded to the nearest rupee thousand.

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 in conformity with SLFRSs 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. Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual results may differ from these judgments and estimates.

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in following notes.

- Note 15.1 – Assessment of Impairment
- Note 8 – Revaluation of Land & Building
- Note 23 – Deferred tax liabilities/assets
- Note 22 – Employee Benefits

3 SIGNIFICANT ACCOUNTING POLICIES

The Accounting policies set out below have been applied consistently applied to all periods presented in these financial statements.

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 Company has held the following subsidiaries:

Subsidiary	Controlling interest
Lion Brewery (Ceylon) PLC	52.25%
Pubs 'N Places (Private) Limited	99.9%
Retail Spaces (Private) Limited	100%
Luxury Brands (Private) Limited	100%

(ii) Non Controlling Interest

The Non controlling Interest is presented in the Consolidated Statements of Financial Position within equity, separated from the equity attributable to the Equity Holders to the Company. Non controlling Interest in the profit or loss of the Group is disclosed separately in the Consolidated Statements of Comprehensive Income.

(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 entity ceases to be a Subsidiary would be regarded as the cost of initial measurement of a financial asset.

(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.

Goodwill will be tested for impairment annually and assessed for any indication of impairment at each reporting date, to ensure its carrying amount does not exceed its recoverable amount. If an impairment loss is identified, it will be recognised immediately in the Statements of Comprehensive Income.

(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 recognised as a subsidiary for consolidation only on commencement of commercial operations.

3.2 Foreign Currency Transactions

Transactions in foreign currencies are translated to Sri Lankan Rupees at the foreign exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to Sri Lankan Rupees at the foreign exchange rate ruling as at the reporting date. Foreign exchange differences arising on the settlement or reporting of the Company's monetary items at rates

Notes to the Financial Statements

different from those which were initially recorded are dealt with in the Statements of Comprehensive Income.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost at the reporting date are translated to Sri Lankan Rupees at the foreign exchange rate ruling at the date of initial transaction.

Non monetary assets & liabilities that are stated at fair value, denominated in foreign currencies are translated to Sri Lanka Rupees at the exchange rate ruling at the dates that the values were determined. Foreign exchange differences arising on translation are recognised in the Statements of Comprehensive Income.

ASSETS AND BASES OF THEIR VALUATION

3.3 Classification

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

3.4 Property, Plant & Equipment

(i) Valuation

Valuation of property, plant & equipment is at cost or valuation less accumulated depreciation and accumulated impairment losses, 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 items classified under 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 Years	Lion Brewery (Ceylon) PLC Years	Pubs 'N Places (Private) Limited Years	Retail Spaces (Private) Limited Years
Freehold buildings	40	40	-	-
Plant & machinery	-	10-20	10-20	10-20
Furniture & fittings	-	10	5	5
Office equipment	4	3-10	5	5
Computer equipment	-	3	3	3
Returnable containers	-	5	-	-
Motor vehicles	-	4-5	-	-
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 derecognised, whichever comes first.

No depreciation is provided on freehold land.

(iv) Returnable containers

Returnable containers are classified under Property, Plant and Equipment. All purchases of Returnable Containers (except bottles used in export operations) 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 Group, the written down value, on a First in First out (FIFO) basis will be charged to profit or loss as breakages.

Deposits are collected from the agents for the Returnable Containers in their possession and is classified under Current Liabilities. 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 Group 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 realisable 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 capitalised. Other subsequent expenditure is capitalised 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 recognised in the Statements of Comprehensive Income as and when the 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.

Subsidiaries 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 exceeds the estimated recoverable amount, the assets are written down to their recoverable amount. Impairment losses are recognised in the Statements of Comprehensive Income unless it reverses a previous revaluation surplus for the same asset.

(ix) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time the assets are substantially ready for their intended use. Borrowing Cost includes foreign exchange differences to the extent that such differences

are regarded as an adjustment to interest cost as permitted by the accounting standards.

3.5 Intangible Assets

All software licenses and liquor licenses used by the Group are included in the Statements of Financial Position under the category Intangible Assets and carried at cost less accumulated amortisation and accumulated impairment losses, if any.

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 Comprehensive Income Statement.

Amortisation rates are as follows:

	Ceylon Beverage Holdings PLC Years	Lion Brewery (Ceylon) PLC Years	Pubs 'N Places (Private) Limited Years	Retail Spaces (Private) Limited Years
Computer equipment-software	5	5	5	5
Liquor licenses	-	-	10	10

3.6 Investments

Long term investments and investments in subsidiaries of the Group are classified as non-current investments, which are stated in the Statements of Financial Position at cost less accumulated impairment losses, if any.

Notes to the Financial Statements

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.

(l) 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 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.

3.9 Non - derivative Financial Assets

3.9.1 Initial recognition and measurement

Financial Assets are recognised when and only when the Group becomes a party to the contractual provisions of the financial instruments. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised they are measured at fair value plus directly attributable transaction costs, however in the case of financial assets classified as fair value through profit & loss, the directly attributable costs are not considered. The financial assets include cash and short term deposits and trade and other receivables.

3.9.2 Subsequent measurement

The Group classifies non derivative financial assets into the following categories: financial assets at fair value through profit or loss, held to maturity financial assets, loans and receivables and available for sale financial assets and the subsequent measurement of non-derivative financial assets depends on their classification. Financial assets of the

Group are limited to loans and receivables and subsequent measurement is as follows;

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise of cash and cash equivalents, and trade and other receivables, including service concession receivables.

3.9.3 Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

3.9.4 Impairment

The Group assesses at each reporting date whether there is any objective evidence that financial assets or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if and only if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

3.9.5 Impairment losses on financial assets carried at amortised cost

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective

interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and advances. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The Group considers evidence of impairment for loans and receivable on a specific asset basis. Therefore all loans and receivables are assessed individually and specific impairment provisions are made.

LIABILITIES AND PROVISIONS

3.10 Classification

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

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

3.11 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.

3.12 Employee Benefits

(i) Employee Benefit Plan - Gratuity

A defined benefit plan is a post employment benefit plan other than a defined contribution plan.

The calculation is performed annually by a qualified actuary using the projected unit credit method. The obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value.

However, under the payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continuous service.

The Group applies faster recognition of actuarial gains/losses in the profit or loss. Accordingly all expenses related

to defined benefit plans is recognised immediately in profit or loss.

The liability is not externally funded.

(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 Comprehensive Income when incurred.

Employees Trust Fund

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund contributions to defined contribution plans are recognised as an expense in the Statements of Comprehensive Income as incurred.

3.13 Provisions

A provision is recognised if the Group 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.

3.14 Non - Derivative Financial Liabilities

3.14.1 Initial recognition and measurement

Financial liabilities within the scope of SLFRS are recognised when and only when the Group becomes a party to the contractual provisions of the financial instrument. Financial Liabilities are recognised initially at fair value plus directly attributable transaction costs, however in the case of financial liabilities classified as fair value through profit & loss the directly attributable costs are not considered.

3.14.2 Subsequent measurement

The Group classifies non derivative financial liabilities into other financial liabilities. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Such financial liabilities measured at amortised cost includes trade and other payables, amounts due to related companies and bank overdrafts.

Notes to the Financial Statements

3.14.3 Derecognition

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statements of Comprehensive Income.

STATEMENTS OF COMPREHENSIVE INCOME

3.15 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

- Sale of Goods

Revenue from sale is recognised upon delivery/collection of products and customer acceptance, if any where by significant risks and rewards of ownership are passed on the buyer or performance of services net of sales taxes and discounts.

- 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.

- Others

Other income is recognised on an accrual basis. Net losses of a revenue nature arising from the disposal of Property, Plant and Equipment and other non-current assets, including investments, are accounted for in the statements of comprehensive income, after deducting from the proceeds from disposal, the carrying amount of such assets and the related selling expenses.

Gains and Losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

3.16 Expenditure Recognition

(i) Operating Expenses

All expenditure incurred in running 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 for the year. For the purpose of presentation of Statement of Comprehensive Income, the Directors are of the opinion that function of expense method present fairly the elements of the enterprise's performance, hence such presentation method is adopted.

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

Repairs and renewals are charged to revenue in the year in which the expenditure is incurred.

(ii) Finance expenses & Finance cost

Finance income comprises interest income on funds invested (including available for sale financial assets), gains on the disposal of available for sale financial assets. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance cost comprise interest expenses on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available for sale financial assets, impairment losses recognized on financial assets (other than trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest rate method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(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.

3.17 Income Tax expenses

Income tax expenses comprises current and deferred tax. An Income tax expense is recognised directly in statement of comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

(a) Current Taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

(b) Deferred Taxation

Deferred tax is provided using the balance sheet liability method, providing for the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted by the reporting date.

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 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. SEGMENTAL REPORTING

An operating segment is a component of the group that engages in the business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. No separate reportable segment has been identified. Hence, performance of the Group is reported together.

7. CASH FLOW STATEMENT

For the purpose of the Cash Flow Statement, cash and cash equivalents comprise of cash in hand and deposits held for less than 3 months 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."

Interests paid are classified as operating cash flows, interests received are classified as investing cash flows while dividends paid are classified as financing cash flows for the purpose of presenting of Cash Flow Statement.

Notes to the Financial Statements

8 PROPERTY, PLANT & EQUIPMENT

(a) Company

In Rs.'000s	Freehold Land	Freehold Buildings	Office Equipment	31st March 2013	31st March 2012	1st April 2011
Cost / Valuation						
As at 1st April 2012	112,464	11,342	2,319	126,125	126,125	8,431
Revaluation	-	-	-	-	-	115,375
Additions	-	-	65	65	-	2,319
As at 31st March 2013	112,464	11,342	2,384	126,190	126,125	126,125
Accumulated Depreciation						
As at 1st April 2012	-	284	309	593	77	901
Charge for the year	-	284	248	532	516	186
Transfers to Revaluation	-	-	-	-	-	(1,010)
As at 31st March 2013	-	568	557	1,125	593	77
Carrying Amount						
As at 31st March 2013	112,464	10,774	1,827	125,065	-	-
As at 31st March 2012	112,464	11,058	2,010	-	125,532	-
As at 1st April 2011	112,464	11,342	2,242	-	-	126,048

(b) Group

In Rs.'000s	Freehold Land	Freehold Buildings	Plant & Machinery	Furniture & Fittings	Office Equipment
Cost / Valuation					
As at 1st April 2012	1,020,329	895,433	2,923,033	56,822	35,378
Additions	-	26	21,064	1,497	1,331
Transfers [Note 8 (c)]	37,639	96,079	955,885	9,654	11,094
Revaluation	-	-	-	-	-
Disposals/ Breakages	-	-	-	-	(123)
Interest Capitalised [Note 3.4.(ix)]	-	-	-	-	-
As at 31st March 2013	1,057,968	991,538	3,899,982	67,973	47,680
Accumulated Depreciation					
As at 1st April 2012	-	26,685	1,034,575	20,554	13,895
Charge for the year	-	30,902	154,800	10,174	5,783
Disposals/ Breakages	-	-	(9)	-	(123)
On Revaluation	-	-	-	-	-
As at 31st March 2013	-	57,587	1,189,366	30,728	19,555
Carrying Amount					
As at 31st March 2013	1,057,968	933,951	2,710,616	37,245	28,125
As at 31st March 2012	1,020,329	868,748	1,888,508	36,267	21,483
As at 1st April 2011	1,020,329	739,133	1,512,819	15,870	7,970

Computer Equipment	Motor Vehicles	Laboratory Equipment	Returnable Containers	Capital Work- in-Progress	31st March 2013	31st March 2012	1st April 2011
87,533	69,838	31,116	1,559,696	407,855	7,087,033	5,845,566	4,298,785
19,829	863	2,190	604,691	3,019,577	3,671,068	1,357,017	907,834
4,487	1,548	-	-	(1,138,132)	(21,746)	-	(8,549)
-	-	-	-	-	-	-	672,057
-	(16,423)	-	(42,527)	-	(59,073)	(17,869)	(25,102)
-	-	-	-	148,891	148,891	-	537
111,849	55,826	33,306	2,121,860	2,438,191	10,826,173	7,184,714	5,845,562
55,057	27,880	28,214	783,040	-	1,989,900	1,628,682	1,378,240
20,151	12,900	1,065	293,782	-	529,557	444,957	335,236
-	(15,079)	-	(475)	-	(15,686)	(11,222)	(18,416)
-	-	-	-	-	-	-	(66,377)
75,208	25,701	29,279	1,076,347	-	2,503,771	2,062,417	1,628,683
36,641	30,125	4,027	1,045,513	2,438,191	8,322,402	-	-
32,477	41,958	2,903	801,768	407,856	-	5,122,297	-
25,794	26,006	-	537,836	331,122	-	-	4,216,879

Notes to the Financial Statements

- (c) Software and Excise Licences of Rs.13,645,646/- have been transferred from Property, Plant & Equipment to intangible assets based on its nature and other classification changes have been made resulting adjustments of Rs. 8,100,583/-.
- (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 arising therefrom was transferred to the revaluation reserve and included under revaluation reserves.
- (e) Carrying value of the revalued assets of the Group as at 31st March 2013, if they were carried at cost are given below:

In Rs.'000s	Company		Group	
	Land	Buildings	Land	Buildings
Cost - As at 1st April 2012	141	4,066	338,400	805,129
Additions during the year	-	-	37,639	7,848
Disposals during the year	-	-	-	88,257
Accumulated depreciation	-	(837)	-	(192,396)
Carrying value of assets at cost - As at 31st March 2013	141	3,229	376,039	708,838
Appreciation due to revaluation				
Revaluation amount	112,323	7,276	681,929	90,304
Accumulated depreciation on cost as at revaluation date	-	451	-	136,529
Revaluation surplus	112,323	7,727	681,929	226,833
Accumulated depreciation on revaluation amount	-	(182)	-	(1,720)
Net appreciation	112,323	7,545	681,929	225,113
Carrying Amount	112,464	10,774	1,057,968	933,951

(f) Extents, locations, valuations and number of buildings and land holdings

In Rs.'000s	Company	Location	As at 31st March 2013			As at 31st March 2012				
			Extent of Lands	Cost / Valuation of Lands	Number of buildings/ Blocks	Cost/ Valuation of Buildings	Extent of Lands	Cost / Valuation of Lands	Number of buildings/ Blocks	Cost/ Valuation of Buildings
	Ceylon Beverage Holdings PLC	Land - Nuwara Eliya	3A.2R.4P	98,700	1	8,771	3A.2R.4P	98,700	1	8,771
		Land - Trincomalee	0A.1R.00.5P	13,764	1	2,571	0A.1R.00.5P	13,764	1	2,571
			3A.3R.4P	112,464	2	11,342	3A.3R.4P	112,464	2	11,342
	Lion Brewery (Ceylon) PLC	Factory & Office Premises -Biyagama	10A.1R.05P	490,732	7	765,862	10A.1R.05P	490,732	7	758,040
		Yard Six Land -Biyagama	6A.3R.14.40P	326,825	4	27,817	6A.3R.14.40P	326,825	4	27,817
		Yard One Land -Biyagama	1A.0R.0P	76,658	1	33,545	1A.0R.0P	76,658	1	33,545
		Keerthi Mawatha Land -Biyagama	3A.0R.4.73P	51,289	1	2,569	2A.1R36.064P	13,650	1	2,569
	Pubs 'N places (Private) Limited	No Lands	-	-	25	150,403	-	-	11	62,120
	Total		24A.3R.28.13P	1,057,968	40	991,538	23A.1R.19.46P	1,020,329	26	895,433

A : Acres

R : Roods

P : Perches

9 INTANGIBLE ASSETS - GROUP

In Rs.'000s	Computer Software	Excise Licenses	31st March 2013	31st March 2012	1st April 2011
Cost					
Beginning of the year	79,718	54,839	134,557	113,196	100,358
Transfers from Property, Plant & Equipment [Note 8c]	3,772	9,874	13,646	-	8,549
Additions for the year	484	-	484	21,361	4,289
End of the year	83,974	64,713	148,687	134,557	113,196
Amortisation					
Beginning of the year	77,832	10,184	88,016	71,787	56,326
Amortisation for the year	5,270	5,431	10,701	16,229	15,461
End of the year	83,102	15,615	98,717	88,016	71,787
Carrying Amount	872	49,098	49,970	46,541	41,409

(a) Intangible assets consist of the software licences and Excise licenses used by the Group

Notes to the Financial Statements

10 INVESTMENT IN SUBSIDIARIES

In Rs.'000s	No. of Shares '000	% holding	Cost as at 31st March 2013	Market Value/ Directors Value as at 31st March 2013
Lion Brewery (Ceylon) PLC				
- Ordinary shares	41,799	52.25	1,410,084	13,918,976
Pubs 'N Places (Private) Limited				
- Ordinary shares	1,200	99.90	12,000	12,000
- Deemed Investment (Note 10.2)			96,273	96,273
Retail Spaces (Private) Limited				
- Ordinary shares	1	100.00	0.01	0.01
Luxury Brands (Private) Limited				
- Ordinary shares	1	100.00	0.01	0.01
			1,518,357	14,027,249

10.1 Ordinary shares of Pubs 'N Places (Private) Limited, Retail Spaces (Private) Limited & Luxury Brands (Private) Limited are unquoted, hence valued at cost.

10.2 Interest free funds transferred to Pubs 'N Places (Private) Limited by Ceylon Beverage Holdings PLC were recognised at fair value and difference between funds transferred and its fair value has been recorded as a component of the overall investment made in the said subsidiary.

11 LOANS AND RECEIVABLE

As required by Sri Lanka Accounting Standard - LKAS 39 Financial Instruments; Recognition and Measurements, investment in the cumulative redeemable preference shares of Lion Brewery (Ceylon) PLC with fixed payments that are not quoted in an active market has been re-stated as Loans and Receivables. All of these Unquoted preference shares of Lion Brewery (Ceylon) PLC were redeemed as at 31st March 2012.

12 INVESTMENTS

In Rs.'000s	No. of Shares '000	% holding	Cost as at 31st March 2013	Market Value/ Directors Value as at 31st March 2013
South Asian Breweries Pte Ltd (Note 12.1)	-	-	-	-
International Grocers Alliance (Private) Limited	6,120	18.0	61,200	61,200
Provision for the diminution in value	-	-	(61,200)	(61,200)
	-	-	-	-

12.1 On the 18th of August 2011, Lion Brewery (Ceylon) PLC (a subsidiary) disposed its investment in South Asian Breweries Pte Limited, Singapore (22.5 % holdings), 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.

	No. of Shares	% holding	Cost as at 31st March 2012	Market Value/Directors Value as at 31st March 2012	No. of Shares '000	% holding	Cost as at 1st April 2011	Market Value/Directors Value as at 1st April 2011
	41,709	52.25	1,410,084	8,338,846	40,799	51.00	1,208,693	8,159,800
	1,200	100.00	12,000	12,000	1,200	100.00	12,000	12,000
	-	-	56,453	56,453	-	-	22,190	22,190
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
			1,478,537	8,407,299			1,242,883	8,193,990

	No. of Shares	% holding	Cost as at 31st March 2012	Market Value/ Directors Value as at 31st March 2012	No. of Shares '000	% holding	Cost as at 1st April 2011	Market Value/ Directors Value as at 1st April 2011
	-	-	-	-	-	22.5	2,187,086	2,187,086
	6,120	18.0	61,200	61,200	6,120	18.0	61,200	61,200
	-	-	(61,200)	(61,200)	-	-	(61,200)	(61,200)
	-	-	-	-	-	-	2,187,086	2,187,086

Notes to the Financial Statements

13 AMOUNTS DUE FROM RELATED COMPANIES

In Rs.'000s <i>As at 31st March</i>	Company			Group		
	2013	2012	1st April 2011	2013	2012	1st April 2011
13.1 Fair Value of Intercompany Fundings						
Pubs 'N Places (Private) Limited						
Funds transferred	399,064	234,005	91,982	-	-	-
Investment adjustment on fair value (Note 13.3)	(96,273)	(56,453)	(22,190)	-	-	-
Interest adjustment of fair value	24,991	7,425	-	-	-	-
	327,782	184,977	69,792	-	-	-

13.2 Amounts Due from Related Companies

Lion Brewery (Ceylon) PLC	11,131	-	-	-	-	-
Retail Spaces (Private) Limited	12,157	-	-	-	-	-
	23,288	-	-	-	-	-

13.3 Interest free funds transferred to Pubs 'N Places (Private) Limited by Ceylon Beverage Holdings PLC were recognised at fair value and difference between funds transferred and its fair value has been recorded as a component of the overall investment made by Ceylon Beverage Holdings PLC.

14 INVENTORIES

In Rs.'000s <i>As at 31st March</i>	Company			Group		
	2013	2012	1st April 2011	2013	2012	1st April 2011
Raw and packing materials	-	-	-	372,641	241,287	146,781
Work in progress	-	-	-	97,672	69,018	59,534
Finished goods	-	-	-	1,763,434	680,632	318,382
Maintenance spares	-	-	-	149,259	125,817	107,301
Others	-	-	-	135,526	315,383	127,498
				2,518,532	1,432,137	759,496
Provision for slow moving items (Note 14.1)	-	-	-	(111,816)	(90,890)	(91,148)
	-	-	-	2,406,716	1,341,247	668,348

14.1 Provision for Slow Moving Items

Balance as at beginning of the year	-	-	-	90,891	91,148	90,763
Provisions during the year	-	-	-	71,836	37,182	9,737
Write offs during the year	-	-	-	(50,911)	(37,440)	(9,352)
Balance as at end of the year	-	-	-	111,816	90,890	91,148

15 TRADE AND OTHER RECEIVABLES

In Rs.'000s As at 31st March	Company			Group		
	2013	2012	1st April 2011	2013	2012	1st April 2011
Trade receivables	-	-	-	1,556,947	799,713	320,625
Impairment of trade receivables (Note 15.1)	-	-	-	(15,065)	(15,065)	(13,632)
Advances, prepayments & other receivables	11,586	142	132	1,559,197	356,438	277,405
	11,586	142	132	3,101,079	1,141,086	584,398

15.1 Impairment of Trade Receivables

Balance as at beginning of the year	-	-	-	15,065	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	15,065	13,632

16 SHORT TERM INVESTMENTS

Fixed deposits	-	-	-	1,500,000	-	-
Interest receivable	-	-	-	78,014	-	-
	-	-	-	1,578,014	-	-

17 CASH AND CASH EQUIVALENTS

Fixed deposits	-	-	-	2,001,339	2,301,139	1,125
Savings accounts	-	-	-	1,528	6,045	-
Short term deposits	-	-	-	58,719	360,936	970,427
Cash at bank	1,131	4,638	6,338	94,761	186,634	133,737
Cash in hand	-	-	-	1,940	1,077	927
	1,131	4,638	6,338	2,158,287	2,855,831	1,106,216

Cash and cash equivalents includes the following for the purpose of the Statement of Cash Flows.

Cash at bank balances	1,131	4,638	6,338	2,158,287	2,855,831	1,106,216
Bank overdrafts	(428,568)	(261,978)	(401,665)	(3,874,270)	(450,685)	(563,508)
	(427,437)	(257,340)	(395,027)	(1,715,983)	2,405,146	542,708

Notes to the Financial Statements

18 STATED CAPITAL

In Rs.'000s <i>As at 31st March</i>	Company			Group		
	2013	2012	1st April 2011	2013	2012	1st April 2011
20,988,090 ordinary shares	533,384	533,384	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.

19 CAPITAL RESERVES

In Rs.'000s <i>As at 31st March</i>	Company			Group		
	2013	2012	1st April 2011	2013	2012	1st April 2011
Balance as at beginning of the year	126,414	126,414	11,039	492,331	563,905	131,284
Deferred tax on revaluation of property	-	-	-	-	(36,287)	-
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	126,414	492,331	492,331	563,905
Represented by :						
Revaluation reserve (Note 19a)	120,638	120,638	120,638	486,555	486,555	522,842
General capital reserve (Note 19b)	5,776	5,776	5,776	5,776	5,776	5,776
Capital redemption reserve (Note 19c)	-	-	-	-	-	35,287
	126,414	126,414	126,414	492,331	492,331	563,905

19.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.

19.b General capital reserve consists of such amounts that have been transferred from time to time from retained earnings.

19.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 upon redemption of such Preference shares.

20 REVENUE RESERVES

In Rs.'000s <i>As at 31st March</i>	Company			Group		
	2013	2012	1st April 2011	2013	2012	1st April 2011
Revenue Reserve						
Balance as at the beginning of the year	184,174	184,174	184,174	184,174	184,174	184,174
Balance as at the end of the year	184,174	184,174	184,174	184,174	184,174	184,174
Retained profits						
Balance as at the end of the year	668,427	595,616	432,589	1,860,012	1,478,897	994,246
Total revenue reserves	852,601	779,790	616,763	2,044,186	1,663,071	1,178,420
Represented by:						
Revenue reserve	184,174	184,174	184,174	184,174	184,174	184,174
Retained profits - Company	668,427	595,616	432,589	634,436	588,191	432,589
- Subsidiaries	-	-	-	1,225,576	890,535	561,613
Intercompany unrealised profits	-	-	-	-	171	44
	852,601	779,790	616,763	2,044,186	1,663,071	1,178,420

21 LOANS AND BORROWINGS

21.1 Long Term Loans and Borrowings

Balance as at the beginning of the year	75,000	105,000	135,000	1,507,272	1,337,049	167,949
Loan obtained during the year	-	-	-	2,472,410	117,467	1,244,821
Repayments during the year	(30,000)	(30,000)	(30,000)	(291,430)	(154,179)	(78,205)
Exchange (gain)/loss on USD Term Loan Payables	-	-	-	(5,268)	206,935	2,484
Balance as at the end of the year	45,000	75,000	105,000	3,682,984	1,507,272	1,337,049
Less:						
Repayable within one year	30,000	30,000	30,000	944,077	358,470	85,322
Repayable after one year	15,000	45,000	75,000	2,738,907	1,148,802	1,251,727

Notes to the Financial Statements

21.2 Details of Long Term Borrowings (Group)

Name of the Lender	Loan Amount	Interest Rate p.a	31st March 2013	31st March 2012	1st April 2011	Repayment Terms	Security Offered
Ceylon Brewery PLC							
Hatton National Bank	Rs. 150 Mn	AWPLR + 1.25%	45,000	75,000	105,000	Payable in equal monthly installments commencing from October 2009	Unsecured
Lion Brewery (Ceylon) PLC							
DFCC	Rs. 50 Mn.	10.50%	890	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%	8,565	60,466	96,485	Payable in equal monthly installments USD 33,333/33 commencing from July 2010	Unsecured
HSBC	USD 11.051 Mn.	3 month LIBOR + 3.17%	1,156,119	1,360,229	1,113,300	Payable in 20 equal quarterly installments commencing from March 2012.	Unsecured
DFCC	Rs. 1 Bn	3 month AWDR +3%	1,000,000	-	-	Payable in 60 equal monthly installments commencing from April 2013	Unsecured
HSBC	Up to Rs. 2.2 Bn	1 month SLIBOR + 2.25%	1,472,410	-	-	Payable in 42 equal monthly installments commencing from April 2013	Unsecured
Total			3,682,984	1,507,272	1,337,049		

In Rs.'000s As at 31st March	Company			Group		
	2013	2012	1st April 2011	2013	2012	1st April 2011

21.3 Short Term Loans and Borrowings Repayable

Long term loans and borrowings repayable within one year	30,000	30,000	30,000	944,077	358,470	85,322
Short term borrowings obtained during the year	-	-	-	450,000	-	-
Balance as at the end of the year	30,000	30,000	30,000	1,394,077	358,470	85,322

In Rs.'000s As at 31st March	Company			Group		
	2013	2012	1st April 2011	2013	2012	1st April 2011

22 EMPLOYEE BENEFITS

The amounts recognised in the statement of financial position are as follows:

Present value of unfunded obligation	-	-	-	79,694	66,331	51,648
Liability in the financial position	-	-	-	79,694	66,331	51,648

The movement in the defined benefit obligation over the year as follows:

At 1 April	-	-	-	66,331	51,648	34,851
Interest cost	-	-	-	6,589	5,140	4,166
Current service cost	-	-	-	8,369	7,110	5,864
Actuarial loss	-	-	-	251	2,929	7,693
Benefits paid	-	-	-	(1,846)	(496)	(926)
As at 31st March	-	-	-	79,694	66,331	51,648

The amounts recognised in the statement of financial position are as follows:

Interest cost	-	-	-	6,589	5,140	4,166
Current service cost	-	-	-	8,369	7,110	5,864
Actuarial loss	-	-	-	251	2,929	7,693
Total included under personnel expenses	-	-	-	15,209	15,179	17,723

22.1 The requirement for the Company to provide for gratuity payments does not arise as it had no employees on its payroll as at the reporting date.

22.2 The Gratuity Liability of Lion Brewery (Ceylon) PLC as at 31st March 2013 amounting to Rs. 79,315,042/- (2012 - Rs. 65,890,162/-) is based on an Actuarial Valuation carried out by Mr M Poopalanathan, AIA of M/s. Actuarial and Management Consultants (Private) Limited, a firm of professional actuaries.

The valuation method used and principle assumptions made are given below;

- Rate of discount 10% p.a. (2012 - 10%)
- Rate of pay increase 10% p.a. (2012 - 10%)
- Retirement age 55 years
- The Company will continue in business as a going concern.

22.3 The Gratuity Liability of Pubs N' Places (Private) Limited as at 31st March 2013 amounting to Rs. 45,038/- (2012 - Rs. 330,692/-) has been computed using the formula method in accordance with LKASs.

22.4 The Gratuity Liability of Retail Spaces (Private) Limited as at 31st March 2013 amounting to Rs. 334,025/- has been computed using the formula method in accordance with LKASs.

22.5 The above provisions are not externally funded.

Notes to the Financial Statements

23 DEFERRED TAXATION

In Rs.'000s <i>As at 31st March</i>	Company			Group		
	2013	2012	1st April 2011	2013	2012	1st April 2011
Deferred Tax Liability (Note 23.1)	-	-	465	789,578	575,475	408,931
Balance as at the end of the year	-	-	465	789,578	575,475	408,931
23.1 Deferred Tax Liability						
Balance as at the beginning of the year	-	465	1,546	575,475	408,931	403,110
Retrospective adjustment	-	-	-	-	-	(37,804)
Balance as at the beginning of the year after adjustment	-	465	1,546	575,475	408,931	365,306
(Reversing)/originating during the year	-	(465)	(11)	215,881	95,438	(8,197)
Impact on revaluation of property	-	-	(1,070)	(1,778)	71,106	(6,910)
Effect on tax rate change	-	-	-	-	-	58,732
Balance as at the end of the year	-	-	465	789,578	575,475	408,931
23.2 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	-	-	-	-	-	-
24 TRADE AND OTHER PAYABLES						
Trade payables	-	-	-	458,151	99,673	73,815
Others, including accrued expenses	4,823	1,954	2,898	336,196	527,390	187,369
Unclaimed dividends	4,989	4,040	3,505	5,965	4,798	353
	9,812	5,994	6,403	800,312	631,861	261,537
25 AMOUNTS DUE TO RELATED COMPANIES						
Lion Brewery (Ceylon) PLC	-	-	2,228	-	-	-
Carlsberg A/S	-	-	-	40,613	15,189	14,083
Carsons Management Services (Private) Limited	-	-	-	-	-	5,573
	-	-	2,228	40,613	15,189	19,656
26 REFUNDABLE DEPOSITS						
Balance as at the beginning of the year	-	-	-	858,664	744,254	627,766
Deposits received during the year	-	-	-	148,776	126,560	117,557
Deposits refunded during the year	-	-	-	(27,107)	(12,149)	(1,069)
Balance as at the end of the year	-	-	-	980,333	858,665	744,254
Refundable deposits are taken from Agents as security against the returnable containers held with them.						
27 CURRENT TAXATION						
Excise Duty	-	-	-	896,201	641,649	580,474
Value Added Tax	1,515	1,543	1,014	128,792	131,615	117,103
Income tax	9,903	9,723	1,854	(35,455)	425,801	280,098
PAYE	12	-	3	12	-	3
Nation Building Tax	-	-	-	37,101	26,327	21,865
	11,430	11,266	2,871	1,026,651	1,225,392	999,543

28 REVENUE

In Rs.'000s For the year ended 31st March	Company		Group	
	2013	2012	2013	2012
(A) Dividend income	150,476	202,570	-	-
Royalty income	128,429	117,221	-	-
Interest income	-	-	-	-
Brewery	-	-	22,191,670	17,649,146
Retail Trade	-	-	805,059	548,076
Less: Intra group transactions	-	-	(13,159)	(66,488)
	278,905	319,791	22,983,570	18,130,734
(B) Local / Export Revenue				
Local revenue	278,905	319,791	22,699,774	17,903,435
Export revenue	-	-	283,796	227,299
	278,905	319,791	22,983,570	18,130,734
29 Other Income				
Profit /(Loss) on disposal of PPE	-	-	3,765	(6,400)
Royalty income	-	-	33,136	-
Other income	-	-	22,739	33,348
	-	-	59,640	26,948
30 Profit from Operations				
Profit from operations is stated after charging all expenses including the following;				
Directors' fees and emoluments	1,400	240	51,208	40,352
Auditors' remuneration - Audit services	550	525	1,890	1,525
- Audit related services	175	45	995	210
- Non audit services	300	300	3,330	1,600
Audit committee fees	-	-	-	200
Depreciation on property, plant equipment (Note 8)	532	516	529,557	444,957
Amortisation of intangible assets (Note 9)	-	-	10,701	16,229
Management & Secretarial fees	-	-	117,860	117,462
Research & development	-	-	12,790	12,755
Personnel expenses (Note 30.1)	-	-	460,891	421,775
30.1 Personnel Expenses				
Salaries, wages and other related expenses	-	-	412,330	378,381
Employee benefits - Gratuity	-	-	15,209	15,179
Defined contribution plan costs- EPF & ETF	-	-	33,352	28,215
	-	-	460,891	421,775

Notes to the Financial Statements

31 Finance Income and Costs

In Rs.'000s For the year ended 31st March	Company		Group	
	2013	2012	2013	2012
Finance Income:				
Interest income - Fixed deposits	-	-	514,837	203,724
Interest income - FCBU deposits	-	-	2,985	78
Interest income - other	-	-	93	-
Notional income on below market rate loans	-	-	16,297	7,068
Interest income - Intercompany	17,566	7,425	-	-
Total Finance income	17,566	7,425	534,212	210,870
Finance costs :				
Interest expenses -term loans	53,360	39,041	220,292	230,924
Interest expenses -bank overdrafts & charges	9,117	10,013	154,673	10,013
Interest expenses - others	-	-	185,607	-
Net foreign exchange transaction (loss) / gain :	-	-	(12,406)	188,654
Total Finance costs	62,477	49,054	548,166	429,591
Net Finance Costs	44,911	41,629	13,954	218,721
32 Income Tax Expenses				
Current tax expense - (Note 32.1)	18,022	18,895	339,797	811,672
Dividend tax	-	-	16,720	4,375
Deferred tax (reversal)/expense - (Note 23.1)	-	(465)	214,103	95,438
	18,022	18,430	570,620	911,485
32.1 Reconciliation of the Accounting Profit and Tax Expenses				
Accounting profits before taxation	216,762	265,409	1,590,034	2,175,152
Aggregate of disallowable expenses	15,080	12,071	922,790	830,398
Aggregate of allowable claims	(168,041)	(209,995)	(1,379,476)	(923,522)
Tax adjusted profit	63,801	67,485	1,133,348	2,082,028
Less: Exempt interest income	-	-	(49)	(78)
Royalty	-	-	(205,178)	(174,970)
Taxable income	63,801	67,485	928,121	1,906,980
Current tax	17,864	18,895	382,136	811,789
Over provision	158	-	(42,339)	(117)
Total Current Tax Expense	18,022	18,895	339,797	811,672

32.2 Income Tax

Company

(a) Income tax provision of Ceylon Beverage Holdings PLC, has been calculated on its adjusted profit at 28% (2012- 28%) in terms of Inland Revenue Act No. 10 of 2006 and amendments thereto.

Subsidiaries

Lion Brewery (Ceylon) PLC (LBCPLC)

(b) 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%. (2012 - 40%) and profits attributable to export turnover are liable at 12% (2012 - 12%). Income arising on interest are considered as a separate source of income and is taxed at 28%.

(c) No tax liability arises on interest earned on FCBU deposits as such is exempt from income tax.

Pubs 'N Places (Private) Limited

(d) In terms of the provisions of the Inland Revenue Act No. 10 of 2006 and amendments thereto, Pubs 'N Places (Private) Limited is liable to income tax at the rate of 28% (2012- 28%).

(e) The company had a tax loss of Rs. 102,137,939/- as at 31st March 2013 (2011 - Rs. 54,410,540/).

(f) During the year, the Company paid Economic Service Charge amounting to Rs. 1,417,625/- (2012-Rs. 1,370,192/-). Payment made hereunder is available as an income tax credit for the period in which the payment is made and another four years.

Retail Spaces (Private) Limited

(g) In terms of the provisions of the Inland Revenue Act No. 10 of 2006 and amendments thereto, company is liable to income tax at the rate of 28%.

Luxury Brands (Private) Limited

(h) In terms of the provisions of the Inland Revenue Act No. 10 of 2006 and amendments thereto, company is liable to income tax at the rate of 28%.

33 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:

In Rs.'000s	Company		Group	
	2013	2012	2013	2012
<i>For the year ended 31st March</i>				
Amount used as the Numerator:				
Profit for the year	198,740	246,979	1,019,414	1,263,667
Minority interest	-	-	(499,420)	(597,906)
Net Profit Attributable to equity holders of the company	198,740	246,979	519,994	665,761
Number of ordinary shares used as denominator	20,988	20,988	20,988	20,988
Earnings per ordinary share (Rs.)	9.47	11.77	24.78	31.72

Notes to the Financial Statements

34 Dividend - Ordinary

In Rs.'000s For the year ended 31st March	Company	
	2013	2012
First and Final Paid - 2012 - Rs. 6/- per share (2011- Rs. 4/- per share)	125,929	83,952

The Directors have recommended the payment of a First and Final ordinary dividend of Rs. 7/- per share amounting to Rs. 146,916,630/- for the year ended 31st March 2013, which will be declared at the Annual General Meeting subject to approval by shareholders.

This dividend is to be paid out of dividends received from Lion Brewery (Ceylon) PLC. In accordance with Sri Lanka Accounting Standard No. 10 Events after the reporting period, this proposed final dividend has not been recognised as a liability as at 31st March 2013.

As required by Section 56 of the Companies Act No 7 of 2007, the Board of Directors of the Company satisfied the solvency test 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 Directors.

35 EXPLANATIONS OF TRANSITION FROM SLASs TO SLFRSs/LKASs

35.1 First Time Adoption of SLFRS/LKAs

The Financial Statements for the year ended 31st March 2013 were the first financial statements prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRSs/LKAs). In conjunction with that opening statement of financial position was prepared as at 1st April 2011, being the date of transition to SLFRS/LKAs. Required adjustments have also been made for the previously reported financial periods in accordance with the respective standards. The effect of the transition from SLASs to SLFRSs/LKAs has been presented herewith in the reconciliation statement provided in Notes 35.2 to 35.11 in the notes to these Financial Statements.

35.2 Optional Exemptions and Exceptions applied

SLFRS 1 First-Time Adoption of Sri Lanka Financial Reporting Standards allows first -time adopters certain exemptions from the retrospective application of certain SLFRS/LKAs. The Group has applied the following optional exemption:

SLFRS 3 - Business Combinations

SLFRS provides the option to apply SLFRS 3 " Business Combinations", prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The Group elected to apply SLFRS 3 prospectively to business combinations occurring after its transition date. Accordingly, Business combinations occurring prior to the transition date have not been restated.

35 EXPLANATIONS OF TRANSITION FROM SLASs TO SLFRSs/LKASs (Contd.)

35.3 Reconciliation of Statement of Financial Position - Company

Rs.'000s	Note	Equity as at 31 March 2012			Equity as at 01st April 2011		
		As per SLAS	Effect of Transition	As per SLFRS/LKAS	As at 31st March 2011	Effect of Transition	As per SLFRS/LKAS
ASSETS							
Non - Current Assets							
Property, plant & equipment		125,532	-	125,532	126,048	-	126,048
Investments in subsidiaries - Equity	35.7	1,422,084	56,453	1,478,537	1,220,693	22,190	1,242,883
Investments in subsidiaries							
- Redeemable Preference shares	35.9	-	-	-	350,000	(350,000)	-
Loans and receivables	35.9	-	-	-	-	350,000	350,000
Amounts due from related companies	35.7	234,005	(49,028)	184,977	91,982	(22,190)	69,792
Total Non-Current Assets		1,781,621	7,425	1,789,046	1,788,723	-	1,788,723
Current Assets							
Trade and other receivables		142	-	142	132	-	132
Cash and cash equivalents		4,638	-	4,638	6,338	-	6,338
Total Current Assets		4,780	-	4,780	6,470	-	6,470
TOTAL ASSETS		1,786,401	7,425	1,793,826	1,795,193	-	1,795,193
EQUITY & LIABILITIES							
Capital & Reserves							
Stated capital		533,384	-	533,384	533,384	-	533,384
Capital reserves		126,414	-	126,414	126,414	-	126,414
Revenue reserves	35.7	772,365	7,425	779,790	616,763		616,763
Total Equity		1,432,163	7,425	1,439,588	1,276,561	-	1,276,561
Non - Current Liabilities							
Loans and borrowings		45,000	-	45,000	75,000	-	75,000
Deferred taxation		-	-	-	465	-	465
Total Non - Current Liabilities		45,000	-	45,000	75,465	-	75,465
Current liabilities							
Trade and other payables		5,994	-	5,994	6,403	-	6,403
Amounts due to related companies		-	-	-	2,228	-	2,228
Current taxation		11,266	-	11,266	2,871	-	2,871
Loans and borrowings		30,000	-	30,000	30,000	-	30,000
Bank overdrafts		261,978	-	261,978	401,665	-	401,665
Total Current Liabilities		309,238	-	309,238	443,167	-	443,167
Total Liabilities		354,238	-	354,238	518,632	-	518,632
TOTAL EQUITY AND LIABILITIES		1,786,401	7,425	1,793,826	1,795,193	-	1,795,193

Notes to the Financial Statements

35 EXPLANATIONS OF TRANSITION FROM SLASs TO SLFRSs/LKASs (Contd.)

35.4 Reconciliation of Statement of Financial Position - Group

In Rs.'000s	Equity as at 31 March 2012			Equity as at 01st April 2011		
	As per SLAS	Effect of Transition	As per SLFRS/LKAS	As at 31st March 2011	Effect of Transition	As per SLFRS/LKAS
ASSETS						
Non - Current Assets						
Property, plant & equipment	5,122,297	-	5,122,297	4,216,879	-	4,216,879
Intangible assets	46,541	-	46,541	41,409	-	41,409
Investments	-	-	-	2,187,086	-	2,187,086
Total Non-Current Assets	5,168,838	-	5,168,838	6,445,374	-	6,445,374
Current Assets						
Inventories	1,341,247	-	1,341,247	668,348	-	668,348
Trade and other receivables	1,141,086	-	1,141,086	584,398	-	584,398
Cash and cash equivalents	2,855,831	-	2,855,831	1,106,216	-	1,106,216
Total Current Assets	5,338,164	-	5,338,164	2,358,962	-	2,358,962
Total Assets	10,507,002	-	10,507,002	8,804,336	-	8,804,336
EQUITY & LIABILITIES						
Capital & Reserves						
Stated capital	533,384	-	533,384	533,384	-	533,384
Capital reserves	492,331	-	492,331	563,905	-	563,905
Revenue reserves	1,663,071	-	1,663,071	1,178,420	-	1,178,420
Equity Attributable To Equity Holders of the Company	2,688,786	-	2,688,786	2,275,709	-	2,275,709
Non Controlling Interest	2,487,346	-	2,487,346	2,142,501	-	2,142,501
Total Equity	5,176,132	-	5,176,132	4,418,210	-	4,418,210
Non - Current Liabilities						
Loans and borrowings	1,148,802	-	1,148,802	1,251,727	-	1,251,727
Employee benefits	66,331	-	66,331	51,648	-	51,648
Deferred taxation	575,475	-	575,475	408,931	-	408,931
Refundable deposits	858,665	(858,665)	-	744,254	(744,254)	-
Total Non - Current Liabilities	2,649,273	-	1,790,608	2,456,560	-	1,712,306
Current liabilities						
Trade and other payables	631,861	-	631,861	261,537	-	261,537
Amounts due to related companies	15,189	-	15,189	19,656	-	19,656
Refundable deposits	-	858,665	858,665	-	744,254	744,254
Current taxation	1,225,392	-	1,225,392	999,543	-	999,543
Loans and borrowings	358,470	-	358,470	85,322	-	85,322
Bank overdrafts	450,685	-	450,685	563,508	-	563,508
Total Current Liabilities	2,681,597	-	3,540,262	1,929,566	-	2,673,820
Total Liabilities	5,330,870	-	5,330,870	4,386,126	-	4,386,126
TOTAL EQUITY AND LIABILITIES	10,507,002	-	10,507,002	8,804,336	-	8,804,336

35 EXPLANATIONS OF TRANSITION FROM SLASs TO SLFRSs/LKASs (Contd.)

35.5 Reconciliation of Income Statement - Company

In Rs.'000s	Note	Year ended 31st March 2012		
		As per SLAS	Effect of Transition	As per SLFRS/LKAS
Revenue		319,791	-	319,791
Cost of sales		-	-	-
Gross Profit		319,791	-	319,791
Administrative expenses		(12,753)	-	(12,753)
Profit from operations		307,038	-	307,038
Finance income	35.7	-	7,425	7,425
Finance costs		(49,054)	-	(49,054)
Net Finance costs and income		(49,054)	7,425	(41,629)
Profit before taxation		257,984	7,425	265,409
Taxation		(18,430)	-	(18,430)
Profit for the Year		239,554	7,425	246,979

35.6 Reconciliation of Income Statement - Group

Revenue		18,130,734	-	18,130,734
Cost of sales		(12,887,421)	-	(12,887,421)
Gross Profit		5,243,313	-	5,243,313
Other operating income		26,948	-	26,948
		5,270,261	-	5,270,261
Distribution expenses	35.8	(2,092,205)	(7,068)	(2,099,273)
Administrative expenses		(630,241)	-	(630,241)
Other operating expenses		(146,874)	-	(146,874)
Profit from operations		2,400,941	(7,068)	2,393,873
Finance income	35.8	203,802	7,068	210,870
Finance costs		(429,591)	-	(429,591)
Net Finance Costs and Income		(225,789)	-	(218,721)
Profit before taxation		2,175,152	-	2,175,152
Taxation		(911,485)	-	(911,485)
Profit for the Year		1,263,667	-	1,263,667

35.7 Fair value of Intercompany Fundings

Interest free funds transferred to Pubs 'N Places (Private) Limited were recognised at fair value and difference between fund transferred and its fair value recorded as a component of the overall investment. Accordingly interest income of Rs. 7.4 million has been re-measured.

The remeasurement/ re-stating relating to these are as follows;

Notes to the Financial Statements

35 EXPLANATIONS OF TRANSITION FROM SLASs TO SLFRSs/LKASs (Contd)

35.7.1 Recognised in the Statement of Comprehensive Income

Company Rs.'000s	Year ended 31st March 2012
---------------------	----------------------------------

Notional Interest income - As per IFRSs	7,425
Notional Interest income - As per SLASs	-
Remeasurements	7,425

35.7.2 Recognised in the Statement of Financial Position

Company Rs.'000s	As at 31st March 2012	As at 01st April 2011
---------------------	-----------------------------	-----------------------------

Fair value of intercompany fundings - As per IFRSs	184,977	69,792
Fund transferred - As per SLASs	234,005	91,982
Remeasurements	(49,028)	(22,190)

35.8 Fair Value of Below – Market Rate Loans

Due to the application of LKAS 32 and 39, loans given to business partners by Lion Brewery (Ceylon) PLC, which were previously recognised at cost were re measured and recognised at amortised cost, with the resulting debit being amortised over the period of loan. A notional interest computed at market rates will be recognised as an income under finance income & loan will be debited by the same amount over the period of the loan.

The remeasurement/ re-stating relating to these are as follows;

35.8.1 Recognised in the Statement of Comprehensive Income

Company & Group Rs.'000s	Year ended 31st March 2012
-----------------------------	----------------------------------

Notional Interest income - As per IFRSs - Classified under finance income	7,068
Notional Interest income - As per SLASs	-
Remeasurements	7,068

Prepaid Retailer Benefit Amortisation - As per IFRSs - Classified under distribution expenses	7,068
Prepaid Retailer Benefit Amortisation - As per SLASs	-
Remeasurements	7,068

35.8.2 Recognised in the Statement of Financial Position

Company Rs.'000s	As at 31st March 2012	As at 01st April 2011
---------------------	-----------------------------	-----------------------------

Fair value of Below – Market Rate Loans	34,900	14,768
Un amortised Prepaid Retailer benefit	6,215	2,456
Total	41,115	17,224

35.9 Investments in Cumulative Redeemable Preference Shares in Lion Brewery (Ceylon) PLC

As required by Sri Lanka Accounting Standard - LKAS 39 Financial Instruments; Recognition and Measurements, investment in the cumulative redeemable preference shares of Lion Brewery (Ceylon) PLC with fixed payments that are not quoted in an active market has been re-stated as Loans and Receivables. All of these Unquoted preference shares of Lion Brewery (Ceylon) PLC were redeemed as at 31st March 2012.

35.10 Preference shares included under Stated Capital in Lion Brewery (Ceylon) PLC

As per LKAS/SLFRS requirement, preference share capital which is redeemable as per the terms of an agreement need to be classified as borrowings though as per terms of Companies Act No.7 of 2007 such preference share capital would fall into the classification of Stated Capital even after its redemption in part or in full. Hence, for the purpose of these Financial Statements Lion Brewery (Ceylon) PLC has classified the fully redeemable preference shares under Borrowings.

35.11 Consolidation of Ran Sahal (Private) Limited

Ran Sahal (Private) Limited. was incorporated with the principal activity of milling paddy. With the adoption of SLFRS, Ran Sahal (Private) Limited was identified as a special purpose vehicle (SPV). However, the financial results of Ran Sahal (Private) Limited is not consolidated with that of the Company as the impact to the financial statements are immaterial.

36 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts of the financial assets and financial liabilities reasonably approximates their fair values.

37 FINANCIAL RISK MANAGEMENT

The Group is exposed to a range of financial risks through its number of financial instruments.

In particular, the key financial risk categories are:

- A. Credit risk
- B. Liquidity risk and
- C. Market risk

This note presents information about the Group's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk and management of capital. Further quantitative disclosures are included throughout these financial statements.

37.1 Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Group risk management processes are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management systems are reviewed regularly to reflect changes in market conditions and the group activities.

The Audit Committees oversee how management monitors compliance with the Group risk management processes/guidelines and procedures and reviews the adequacy of the risk management framework in relation to the risks. The Audit Committees are assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Notes to the Financial Statements

37 FINANCIAL RISK MANAGEMENT (Contd)

37.2 Credit Risk/Counterparty Risk

Credit /Counterparty risk is the risk that at a future date , the other party to a financial transaction may cause a financial loss to the Group by failing to discharge an obligation.

Key areas where the Group is exposed to counterparty risk as a part of its operations are:

- (i) Fixed deposits
- (ii) Trade and other receivables
- (iii) Amounts due from related companies
- (iv) Cash and cash equivalents

Group funds are placed only with Licensed Commercial & Specialised banks under Fixed and short term deposits.

37.2.1 Management of Credit Risk

The Group manages its credit risk with different types of instruments as follows.

Item	Procedure
Fixed deposits	Deposits are placed only with reputed and established commercial banks namely Peoples Bank, DFCC and NDB bank.
Trade and other receivables	95% of the trade receivables are covered through either bank guarantees or as a discounting arrangement without recourse.
Due from related companies	Monitor the balance outstandings regularly
Cash and cash equivalents	Monitor the outstandings frequently

37.2.2 Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was as follows.

<i>As at 31st March</i> (Rs.000)	2013	2012	1st April 2011
Investments	-	-	2,187,086
Trade and other receivables	3,101,079	1,141,086	584,938
Short term investments	1,578,014	-	-
Cash and cash equivalents	2,158,287	2,855,831	1,106,216
	6,837,380	3,996,917	3,878,240
The maximum exposure to credit risk at the reporting date by type of counterparty was:			
Financial institutions	3,736,301	2,855,831	1,106,216
Customers and other parties	3,101,079	1,141,086	584,938
Related parties	-	-	2,187,086
	6,837,380	3,996,917	3,878,240

37 FINANCIAL RISK MANAGEMENT (Contd)

37.2.3 Trade & Other Receivable

The Group has a very well established credit policy for both International customers and Domestic customers to minimise credit risk. A separate credit team has been established to evaluate and recommend the credit worthiness of the customers. The Group takes a bank guarantee from all the agents to cover their outstandings and monitor regularly the limits and outstandings.

37.2.4 Impairment Losses

The aging of trade receivables at the reporting date that were impaired are as follows:

<i>As at 31st March</i> (Rs.000)	2013	2012	1st April 2011
Past due 0 - 365 days	1,556,947	799,713	320,625
More than 365 days	15,065	15,065	13,632
	1,572,012	814,778	334,257

37.3 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or other financial assets.

37.3.1 Management of Liquidity Risk

The Group's approach to managing liquidity is to ensure, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. The Group's approach to managing its liquidity risk is as follows:

- a). Regularly monitoring of the Group's assets and liabilities in order to forecast cash flows for up to future period
- b). Arrange adequate facilities with banks as contingency measures.
- c). Daily monitoring the facility limits i.e. overdrafts with banks.

37.3.2 The Maturity Analysis of Liabilities

(Rs.000)	Carrying Value	Up to Year 1	Above year 1
Bank Overdrafts	3,874,270	3,874,270	-
Loans and borrowings	4,132,984	1,394,077	2,738,907
Trade & other payables	2,649,917	1,780,645	869,272
Amount payable to related parties	40,613	40,613	-
Tax payables	1,026,651	1,026,651	-
	11,724,435	8,116,256	3,608,179

37.4 Market Risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Notes to the Financial Statements

37.4.1 Management of Market Risks

All borrowing rates are linked to a combination of value AWDR, AWPLR, SLIBOR and LIBOR. Hence it provides hedge against the interest rates fluctuations.

The repayment of the foreign currency loan is matched with the receipts from exports sales proceeds in foreign currency.

37.4.2 Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. As protection against exchange rate fluctuations, the Group backs its commitments in local currency. The Group does not use any derivative financial instruments to hedge the risk. The currency risk attached to financial instruments is minimal as it represents local currency.

37.4.3 Interest Rate Risk

Interest rate risk is the risk to the earnings and economic value of equity ("EVE") arising from adverse movements in interest rates.

The Group short-term investments are at fixed interest rates and mature within one year. Investments in Government bonds which are for trading purposes, is exposed to interest rate risk depending on market volatility.

37.4.4 Management of Interest Rate Risk

The facility limits given by banks are reviewed annually or whenever required. These limits are monitored on a daily basis and a regular reporting to the top management on the market rates/values, trends & movement are done. A daily reporting is made to the Financial Controller giving the outstanding balances and interest rates.

38 CONTINGENT LIABILITIES AND COMMITMENTS

38.1 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. A sum of Rs. 23,062,080/43 being the duty amount in dispute was paid to Sri Lanka Customs by the Company as required before submitting its appeal. Subsequently the CA Application was dismissed and the Company appealed against the order to the Supreme Court and was granted Special Leave to Appeal by the Court. The Court also ordered the staying all further proceedings in the MC Case until final hearing and determination of the appeal. No provision has been made for the penalty of Rs. 25,059,553/86 pending an outcome in the Supreme Court matter.

(b) Lion Brewery (Ceylon) PLC

(i) Contingent liabilities as at 31st March 2013 amount to Rs. 128,876,247/- (2012 - 717,204,525), being bank guarantees given to government bodies for operational purposes and shipping guarantees for clearing cargo pending the receipt of original documents.

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

38 CONTINGENT LIABILITIES AND COMMITMENTS (Contd.)

38.2 Finance Commitments

Lion Brewery (Ceylon) PLC

Document credits effected for foreign purchases of the Company as at 31st March 2013 amounting to Rs. 1,230,812,683/- (2012 - Rs. 10,957,677/-).

38.3 Contracts for Capital Expenditure

As at the reporting date, the Lion Brewery (Ceylon) PLC has entered in to contract with regard to capital expenditure commitments, an amount of Rs. 1,230,812,683/- (2012 - Rs. 723,354,839/-). Further, it has incurred an amount of Rs. 2,418,564,757/- (2012 - Rs. 393,401,778/-) being payments made on Capital Work in Progress.

39 RELATED PARTY TRANSACTIONS

The Group carries out transactions in the ordinary course of business with parties who are defined as related parties in Sri Lanka Accounting Standard LKAS 24 - Related Party Disclosures the details of which are reported below.

39.1 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. 128,429,445/- (2012 - Rs. 117,221,133/-) as royalty in accordance with the licensed brewing agreement with the Company.

(ii) As at 31st March 2013 the balance receivable to the Company is Rs. 11,131,040/-. (2012 - Nil)

(b) Pubs 'N Places (Private) Limited

(i) Mr. S. K. Shah, Director of the Company is also a Director of Pubs 'N Places (Private) Limited (previously known as CBL Retailers (Private) Limited, to which the LBCPLC sold beer for a total value of Rs. 166,708,404/- (2012 - Rs. 66,488,189/-) during the year.

(ii) An amount of Rs. 399,063,554/- was receivable from Pubs 'N Places (Private) Limited as at 31st March 2013. (2012 - Rs. 234,005,812/-)

(b) Retail Spaces (Private) Limited

(i) Messrs. S. K. Shah, C. P. Amerasinghe and D. R. P. Goonetilleke, Directors of the LBCPLC are also Directors of Retail Spaces (Private) Limited, to which the company sold beer for a total value of Rs. 81,400,544 /- (2012 - Nil) during the year.

(ii) An amount of Rs. 12,156,720/- was receivable from Pubs 'N Places (Private) Limited as at 31st March 2013. (2012 - Nil)

(b) Luxury Brand (Private) Limited

Messrs. S. K. Shah, C. P. Amerasinghe and D. R. P. Goonetilleke, Directors of the LBCPLC are also Directors of Luxury Brand (Private) Limited, from which the Company obtains management services for a management fee amounting to Rs. 13,158,565 /- (2012 - Nil).

(ii) An amount of Rs. 17,149,658/- was payable to LBCPLC as at 31st March 2013. (2012 - Nil)

Notes to the Financial Statements

39.2 Transactions with group entities

Messrs. M. Selvanathan, H. Selvanathan and S. K. Shah Directors of the Company, are also Directors of Carsons Management Services (Private) Limited, which provides management and secretarial services to the Group. An amount of Rs. 240,510,089/- (2012 - Rs. 204,669,027/-) was paid by the Group during the year to Carsons Management Services (Private) Limited which included management and secretaries fees of Rs. 117,860,484/- (2012 - 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) Limited as at 31st March 2013 (2012 - Nil).

39.3 Transactions with other related entities

(i) 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.

(a) As per the licensed brewing agreement, a sum of Rs. 76,749,028/- (2012 - Rs. 57,748,658/-) was paid by LBCPLC as royalty during the year to Carlsberg A/S.

An amount of Rs. 40,613,226/- is payable to Carlsberg A/S by LBCPLC as at 31st March 2013 (2012 - Rs. 15,189,011/-).

(b) Messrs. G. J. Fewkes, Director of the Company and Messrs. K. Selvanathan, R. E. Bagattini and S. G. Lauridsen Directors of Lion Brewery (Ceylon) PLC, are also Directors of Carlsberg India Private Limited from which Lion Brewery (Ceylon) PLC purchased finished beer cans for Rs. 397,853,928/- (2012 - Rs. 243,937,889/-) for the purpose of resale.

(ii) 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 against future purchases. As at the reporting date, an amount of Rs. 124,851,146/- (2012 - Rs. 105,344,983/-) has been advanced to Ran Sahal (Private) Limited which remains to be settled. As at the reporting date, an amount of Rs. 57,719,133/- (2012 - Rs. 68,386,039/-) has been advanced to Ran Sahal (Private) Limited which remains to be settled from future purchases.

(iii) Messrs D. C. R. Gunawardene, Director of LBCPLC, is also a Director of Equity Two PLC & Equity One PLC with which the entered into transactions.

(a) An amount of Rs. 41,142/- has been paid as parking fees to Equity Two PLC. (2012 - Rs. 30,285/-)

(b) An amount of Rs. 194,127/- has been paid as rental to Equity One PLC. (2012 - Rs. 16,742/-)

(iv) Messrs D. C. R. Gunawardene and H. Selvanathan, Directors of LBCPLC, are also Directors of Carsons Airline Services (Private) Limited and Pegasus Hotels of Ceylon PLC which Company entered into transactions.

(a) The Company has purchased Airline tickets and obtained other services from Carsons Airline Services (Private) Limited which amounted to Rs. 9,274,114/- (2012 - Rs. 5,752,186/-) has been paid.

(b) The Company has obtained services from Pegasus Hotels of Ceylon PLC for which an amount of Rs. 747,884/- (2012 Rs. 856,758/-) has been paid.

39.4 Transactions with Key Management Personnel (KMP)

Accounting Standard 24 "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 KMP as short-term employment benefits is disclosed in aggregate in Note 30 to the Financial Statements. No other payments such as post-employment benefits, termination benefits, share based payments and any non cash benefits have been paid to KMP during the year.

(iii) During the year the LBCPLC sold a motor vehicle to Mr. C. P. Amerasinghe for Rs. 625,000/-. When the disposal was made the carrying value of the motor vehicle was Rs. 844,632/56.

40 FOREIGN CURRENCY TRANSACTIONS

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

31st March	Closing Rate		Average Rate	
	2013	2012	2013	2012
	Rs.	Rs.	Rs.	Rs.
US Dollar	128.47	129.57	130.98	116.47
Euro	164.86	173.87	169.34	158.92

41 EVENTS OCCURRING AFTER THE REPORTING DATE

Subsequent to the reporting date, no circumstances have arisen which required adjustments to or disclosure in these Financial Statements except for the events disclosed in Note 34.

42 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 2013.

43 SEGMENTAL ANALYSIS

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

Statement of Value Added - Group

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

2013

2012

VALUE ADDED					
Revenue	22,983,570			18,130,734	
Other income	59,640			26,948	
Value Added Tax	2,683,177			2,118,692	
	25,726,387			20,276,374	
Cost of material and services bought from outside	(8,246,568)			(6,486,153)	
	17,479,819			13,790,221	
DISTRIBUTED AS FOLLOWS:			%		%
To Employees					
As remuneration and other employee costs	460,891		2.64	421,775	3.06
To Government					
As Excise duty & import Duty	11,309,633		64.70	7,758,627	56.26
As Value Added Tax	2,683,177		15.35	2,118,692	15.36
As Income tax	382,294		2.19	809,765	5.87
As Economic service charge	2,041		0.01	123,344	0.89
As Nation Building Tax	408,016		2.33	319,622	2.32
To Providers' of Capital					
As Dividends to shareholders	125,929		0.72	83,952	0.61
As Finance expenses	548,166		3.14	429,591	3.12
Retained in the Business					
As Depreciation/amortisation	540,258		3.09	461,186	3.34
As Minority interest	499,420		2.86	597,906	4.34
As Profit for the year	519,994		2.98	665,761	4.83
	17,479,819		100.00	13,790,221	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	2013	2012
Value Added Tax (paid but not included under Net Revenue)	2,683,177	2,118,692
Excise Duty & Import Duty	11,309,633	7,758,627
Income Tax expenses	382,294	809,765
Economic Service Charge	2,041	123,344
Nation Building Tax	408,016	319,622
Total Taxes	14,785,161	11,130,050

Five Year Summary - Group

Year ended 31st March
In Rs.'000s

OPERATING RESULTS

	2013	2012	2011	2010	2009
Revenue	22,983,570	18,130,734	11,583,356	8,155,266	6,240,851
Other income	59,640	26,948	7,142	2,719	1,695
	23,043,210	18,157,682	11,590,498	8,157,985	6,242,546
Total expenditure	(21,439,222)	(15,763,809)	(9,979,988)	(7,237,213)	(5,733,860)
Profit from Operations	1,603,988	2,393,873	1,610,510	920,772	508,686
Net finance costs	(13,954)	(218,721)	(194,709)	(261,295)	(377,807)
Profit Before Taxation	1,590,034	2,175,152	1,415,801	659,477	130,879
Income tax expenses	(570,620)	(911,485)	(575,336)	(6,522)	(15,345)
Profit for the year	1,019,414	1,263,667	840,465	652,955	115,534

Dividends - Ordinary	125,929	83,923	62,964	62,964	62,964
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As at 31st March
In Rs.'000s

BALANCE SHEET

Stated capital	533,384	533,384	533,384	533,384	533,384
Capital reserve	492,331	492,331	563,905	126,226	126,119
Revenue reserve	2,044,186	1,663,071	1,178,420	1,087,096	793,044
	3,069,901	2,688,786	2,275,709	1,746,706	1,452,547
Non Controlling Interest	2,822,132	2,487,346	2,142,501	1,799,206	908,131
	5,892,033	5,176,132	4,418,210	3,545,912	2,360,678
Loans and borrowings	2,738,907	1,148,802	1,251,727	127,263	32,951
Capital Employed	8,630,940	6,324,934	5,669,937	3,673,175	2,393,629

Represented by:

Non-current assets	8,372,372	5,168,838	6,445,374	3,895,681	3,558,025
Current assets	9,244,096	5,338,164	2,358,962	2,295,821	2,185,449
Current liabilities	(8,116,256)	(3,540,262)	(2,673,820)	(2,083,455)	(2,909,509)
Employee benefits	(79,694)	(66,331)	(51,648)	(34,851)	(28,905)
Deferred tax liabilities	(789,578)	(575,475)	(408,931)	(400,021)	(411,431)
	8,630,940	6,324,934	5,669,937	3,673,175	2,393,629

Year ended 31st March
In Rs.'000s

CASH FLOW STATISTICS

Net cash (outflows)/inflows from operating activities	(1,950,888)	1,206,127	1,683,704	733,822	60,521
Net cash (outflows)/inflows from investing activities	(4,538,383)	932,839	(1,617,970)	(441,792)	(415,885)
Net cash inflows/ (outflows) from financing activities	2,368,142	(276,528)	985,218	629,910	(99,256)
Net cash movement for the year	(4,121,129)	1,862,438	1,050,952	921,940	(454,620)

Five Year Summary - Group

RATIOS & STATISTICS	2013	2012	2011	2010	2009
Operational Ratios					
Return on shareholders' funds (%)	16.94	24.76	19.74	20.44	6.42
Assets turnover (times)	1.30	1.73	1.32	1.32	1.09
Gearing ratio (%)	42.02	-	15.24	16.2	9.52
Interest cover (times)	2.86	9.94	7.93	3.51	1.35
Current ratio (times)	1.14	1.51	0.88	1.10	0.75
Quick ratio (times)	0.84	1.13	0.50	0.68	0.43
Earnings per share (Rs.)	24.78	31.72	21.40	17.01	4.44
Price earnings ratio (times)	19.17	11.03	17.29	10.58	11.49
Earnings yield (%)	5.22	9.07	5.78	9.45	8.71
Market price per share (Rs.)	474.90	349.90	370.00	180.00	51.00
Dividends per share (Rs.)	6.00	4.00	3.00	3.00	3.00
Dividend cover (times)	4.13	7.93	7.13	5.67	1.48
Net assets per share (Rs.)	146.27	128.11	108.43	83.22	69.21
Market capitalisation (Rs. '000)	9,967,244	7,343,733	7,765,593	3,777,856	1,070,393

A photograph of two glasses of beer on a bar counter. The glasses are filled with golden beer and have a thick head of white foam. The background is blurred, showing a bar setting with a glowing lamp and a person's silhouette.

US\$
Financials

Statement of Financial Position

As at 31st March

US\$ '000s

	Company		Group	
	2013	2012	2013	2012
ASSETS				
Non-Current Assets				
Property, plant & equipment	973	969	64,781	39,532
Intangible assets	-	-	387	359
Investments in subsidiaries	11,819	11,412	-	-
Amounts due from related companies	2,551	1,428	-	-
Total Non-Current Assets	15,343	13,809	65,168	39,891
Current Assets				
Inventories	-	-	18,734	10,352
Trade & other receivables	90	1	24,139	8,807
Amounts due from related companies	181	-	-	-
Short term investments	-	-	12,283	-
Cash and cash equivalents	9	35	16,800	22,041
Total Current Assets	280	36	71,956	41,200
Total Assets	15,623	13,845	137,124	81,091
EQUITY AND LIABILITIES				
Equity				
Share capital	9,198	9,198	9,198	9,198
Capital reserves	984	976	3,832	3,800
Currency fluctuations	(5,046)	(5,081)	(5,046)	(5,081)
Revenue reserves	6,637	6,018	15,912	12,835
	11,773	11,111	23,896	20,752
Equity Attributable To Equity Holders of the Company				
Non Controlling Interest	-	-	21,967	19,197
Total Equity	11,773	11,111	45,863	39,949
Non Current Liabilities				
Loans and borrowings	117	347	21,319	8,866
Employee benefits	-	-	620	512
Deferred tax liabilities	-	-	6,146	4,441
Total Non- Current Liabilities	117	347	28,085	13,819
Current Liabilities				
Trade and other payables	74	46	6,230	4,877
Amounts due to related companies	-	-	316	117
Refundable deposits	-	-	7,631	6,627
Current tax liabilities	89	87	7,991	9,457
Loans and borrowings	234	232	10,851	2,767
Bank overdraft	3,336	2,022	30,157	3,478
Total Current Liabilities	3,733	2,387	63,176	27,323
Total Liabilities	3,850	2,734	91,261	41,142
Total Equity and Liabilities	15,623	13,845	137,124	81,091

* Gains or losses on conversion are accounted for under "Capital & Reserves" in the statement of financial position.

Statement of Comprehensive Income

As at 31st March		Company		Group	
US\$ '000s	Note	2013	2012	2013	2012
Revenue	2	2,129	2,746	175,474	155,675
Cost of sales		-	-	(135,103)	(110,655)
Gross profit		2,129	2,746	40,371	45,020
Other income		-	-	455	231
		2,129	2,746	40,826	45,251
Distribution expenses		-	-	(20,615)	(18,025)
Administrative expenses		(132)	(110)	(6,695)	(5,411)
Other expenses		-	-	(1,270)	(1,261)
Profit from operations		1,997	2,636	12,246	20,554
Finance income		134	64	4,079	1,811
Finance costs		(477)	(421)	(4,185)	(3,689)
Net Finance Costs and Income		(343)	(357)	(106)	(1,878)
Profit before taxation		1,654	2,279	12,140	18,676
Income tax expenses		(138)	(158)	(4,357)	(7,826)
Profit for the Year		1,516	2,121	7,783	10,850
Profit attributable to					
- Equity holders of the company		1,516	2,121	3,970	5,716
- Non Controlling Interest		-	-	3,813	5,134
Profit Available for Appropriation		1,516	2,121	7,783	10,850

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:

		2013	2012
Income statement	Average rate	130.98	116.47
Monetary assets and liabilities	Closing rate	128.47	129.57
Non-current assets and liabilities	Closing rate	128.47	129.57
Ordinary share capital	Historical rate	57.99	57.99

For the year ended 31st March US\$ '000s	Company		Group	
	2013	2012	2013	2012
2 Revenue				
(A) Dividend income	1,149	1,739	-	-
Royalty income	981	1,007	-	-
Interest income	-	-	-	-
Brewery	-	-	169,428	151,540
Retail Trade	-	-	6,146	4,706
Less: Intra group transactions	-	-	(100)	(571)
	2,130	2,746	175,474	155,675
(B) Local / Export Revenue				
Local revenue	2,130	2,746	173,307	153,724
Export revenue	-	-	2,167	1,951
	2,130	2,746	175,474	155,675

Five Year Summary - Group

Year ended 31st March
US\$ '000s

Operating Results

	2013	2012	2011	2010	2009
Revenue	175,474	155,675	102,517	70,334	56,163
Other income	455	231	147	37	20
	175,929	155,906	102,664	70,371	56,183
Total expenditure	(163,683)	(135,352)	(88,337)	(62,420)	(51,602)
Profit from operating activities before finance cost	12,246	20,554	14,327	7,951	4,581
Net finance costs and income	(106)	(1,878)	(1,797)	(2,264)	(3,403)
Profit from ordinary activities before tax	12,140	18,676	12,530	5,687	1,178
Income tax expenses	(4,357)	(7,826)	(5,092)	(56)	(138)
Profit for the year	7,783	10,850	7,438	5,631	1,040

Dividends - Ordinary	961	721	557	543	567
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As at 31st March
US\$ '000s

BALANCE SHEET

Share capitals	9,198	9,198	9,198	9,198	9,198
Capital reserves	3,832	3,800	5,065	1,099	1,084
Currency fluctuations	(5,046)	(5,081)	(4,407)	(4,553)	(4,610)
Revenue reserves	15,912	12,835	10,585	9,466	6,820
	23,896	20,752	20,441	15,210	12,492
Non Controlling Interest	21,967	19,197	19,245	15,667	7,810
	45,863	39,949	39,686	30,877	20,302
Loans and borrowings	21,319	8,866	11,243	1,108	283
Capital Employed	67,182	48,815	50,929	31,985	20,585
Represented by:					
Non-current assets	65,168	39,891	57,894	33,923	30,599
Current assets	71,956	41,200	21,189	19,991	18,795
Current liabilities	(63,176)	(27,323)	(24,017)	(18,143)	(25,022)
Employee benefits	(620)	(512)	(464)	(303)	(249)
Deferred taxation	(6,146)	(4,441)	(3,673)	(3,483)	(3,538)
	67,182	48,815	50,929	31,985	20,585

Information to Shareholders and Investors

1. Stock Exchange Listing

Ceylon Beverage Holdings PLC is a Public Quoted Company, the ordinary shares of which are listed on the Main Board of the Colombo Stock Exchange of Sri Lanka.

2. Share Valuation

The market price of the Company's share as at 31st March 2013 was Rs. 474/90 per share. (31st March 2012 - Rs. 349/90).

3. Ordinary Shareholders

As at 31st March	2013	2012
Number of shareholders	987	985

Frequency Distribution of Shareholdings as at 31st March 2013.

Distribution of Shares	Residents			Non - Residents			Total		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1,000	788	134,029	0.64	64	16,765	0.08	852	150,794	0.72
1,001 - 10,000	88	268,198	1.28	31	79,659	0.38	119	347,857	1.66
10,001 - 100,000	4	76,000	0.36	6	248,793	1.19	10	324,793	1.55
100,001 - 1,000,000	-	-	-	3	1,224,074	5.83	3	1,224,074	5.83
Above 1,000,000	1	15,726,912	74.93	2	3,213,660	15.31	3	18,940,572	90.24
Total	881	16,205,139	77.21	106	4,782,951	22.79	987	20,988,090	100.00

Categories of Shareholders	No. of Shareholders	No. of Shares	%
Individuals	913	591,482	2.82
Institutions	74	20,396,608	97.18
Total	987	20,988,090	100.00

(b) The number of shares held by non-residents as at 31st March 2013 was 4,782,951 (2012 - 4,419,564) which amounts to 22.79% (2012 - 21.06%).

(c) Public Holding percentage i.e. the percentage of shares held by the public, as at 31st March 2013 was 17.05% (2012 - 17.06%).

4 Market Performance - Ordinary Shares

For The year ended 31st March	2013	2012
Highest (Rs.)	500.00	649.50
Lowest (Rs.)	240.00	305.00
Value of Shares Traded (Rs.'000)	153,952	23,054

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. 9,967,243,941/- as at 31st March 2013 (31st March 2012 - Rs. 7,343,732,691/-).

6 Dividends

A First & Final Ordinary dividend of Rs. 6/- per share for the year ended 31st March 2012, 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. 7/- per share for the year ended 31st March 2013, which will be declared at the Annual General Meeting subject to approval by shareholders. The details are shown in Note 34 to the Financial Statements

7 Number of Employees

There were no employees as at the reporting 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, less cash and cash equivalents

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.

Events Occurring after the Reporting Date

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

Gearing

Ratio of Borrowings to capital employed.

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 Second Annual General Meeting of CEYLON BEVERAGE HOLDINGS PLC will be held on Friday the 7th day of June 2013 at 4.00 P.M. at The Ceylon Chamber of Commerce, 'Ground Floor Auditorium', No.50, Nawam Mawatha, Colombo 2, 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 2013, together with the Report of the Independent Auditors thereon.
2. To declare a dividend as recommended by the Directors.
3. To re-elect Mr. M. Selvanathan, 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 74 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
(Sgd.)

K. D. De Silva (Mrs)

Director

CARSONS MANAGEMENT SERVICES (PRIVATE) LIMITED

Secretaries

Colombo

3rd May 2013

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 5th June 2013.
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
of bearing
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 Second Annual General Meeting of the Company to be held on Friday the 7th day of June 2013 at 4.00 P.M. at The Ceylon Chamber of Commerce, 'Ground Floor Auditorium', No.50, Nawam Mawatha, Colombo 2, 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 2013, together with the Report of the Independent Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To declare Rs.7/- per share as a First and Final dividend for the financial year ended 31st March 2013 as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. M. Selvanathan who retires by rotation in terms of Articles 72 and 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 Thirteen.

.....
Signature/s

Notes

- * Please delete the inapplicable 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.

Form of Proxy

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 5th June 2013.

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
Pubs 'N Places (Private) Limited [previously known as
CBL Retailers (Private) Limited]
Retail Spaces (Private) Limited
Luxury Brands (Private) Limited

Parent Company

Carson Cumberbatch PLC

Directors

L. C. R. de C. Wijetunge (Chairman)
H. Selvanathan (Deputy Chairman)
M. Selvanathan (Director / Appointed Alternate Director
to H. Selvanathan w.e.f. 20-Dec-2012)
S. K. Shah (Chief Executive Officer)
D. C. R. Gunawardena
G. J. Fewkes

Bankers

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

Legal Advisers

Messrs. F.J. & G. De.Saram
No.216, De Saram Place
Colombo 10
Sri Lanka
Tel: + 94 11 4718200
Fax:+ 94 11 4718220

Auditors

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) Limited
No. 61, Janadhipathi Mawatha
Colombo 1
Sri Lanka
Tel: +94 11 2039200
Fax: +94 11 2039300

Registered Office

No: 61, Janadhipathi Mawatha
Colombo 1
Sri Lanka
Tel: +94 11 2039200
Fax: +94 11 2039300

Corporate Office & Brewery

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

Group Website

www.carsoncumberbatch.com

CEYLON BEVERAGE HOLDINGS PLC
www.carsoncumberbatch.com