

**DISTILLERIES COMPANY OF SRI LANKA PLC
INCOME STATEMENTS**

Rs.'000s For the 6 months ended 30th September	CONSOLIDATED			COMPANY		
	Unaudited 2009	Unaudited 2008	Variance %	Unaudited 2009	Unaudited 2008	Variance %
Gross Turnover	<u>19,595,342</u>	<u>31,219,730</u>	(37.23)	<u>14,491,631</u>	<u>14,382,568</u>	0.76
Net Turnover	9,692,213	19,820,506	(51.10)	5,110,446	5,263,769	(2.91)
Cost of Sales, Benefits & Losses	<u>(5,353,727)</u>	<u>(12,984,825)</u>	(58.77)	<u>(3,145,970)</u>	<u>(3,501,399)</u>	(10.15)
Gross Profit / Underwriting Revenue	4,338,486	6,835,681	(36.53)	1,964,476	1,762,370	11.47
Investments Income & Other Income	300,600	3,695,699	(91.87)	334,073	162,722	105.30
Distribution Cost	<u>(1,080,638)</u>	(1,302,718)	(17.05)	<u>(94,004)</u>	(96,799)	(2.89)
Administrative Expenses	<u>(1,425,617)</u>	(2,513,494)	(43.28)	<u>(222,256)</u>	(197,678)	12.43
Increase in Life Fund	-	(3,079,953)	(100.00)	-	-	
Other Operating Gain / (Loss)	-	(325,032)	(100.00)	-	-	
Profit from Operations	<u>2,132,831</u>	<u>3,310,183</u>	(35.57)	<u>1,982,289</u>	<u>1,630,615</u>	21.57
Financing Income/(Cost)	<u>(324,466)</u>	(217,536)	49.16	<u>(2,965)</u>	55,341	(105.36)
Share of Profit of Equity Accounted Investees	<u>109,010</u>	<u>241,159</u>	(54.80)	<u>-</u>	<u>-</u>	
Profit Before Taxation	1,917,375	3,333,806	(42.49)	1,979,324	1,685,956	17.40
Income Tax Expenses	<u>(735,148)</u>	<u>(821,390)</u>	(10.50)	<u>(683,909)</u>	<u>(561,412)</u>	21.82
Profit for the Period	1,182,227	2,512,416	(52.94)	1,295,415	1,124,544	15.19
Attributable to Equity Holders of the Company	1,156,785	2,260,467	(48.83)	1,295,415	1,124,544	15.19
Minority Interest	25,442	251,949	(89.90)	-	-	
Net Profit for the Period	<u>1,182,227</u>	<u>2,512,416</u>	(52.94)	<u>1,295,415</u>	<u>1,124,544</u>	15.19
Earnings Per Share	3.86	7.53		4.32	3.75	

The above figures are provisional and subject to audit

DISTILLERIES COMPANY OF SRI LANKA PLC INCOME STATEMENTS

Rs.'000s For the Quarter ended 30th September	CONSOLIDATED			COMPANY		
	Unaudited 2009	Unaudited 2008	Variance %	Unaudited 2009	Unaudited 2008	Variance %
Gross Turnover	9,869,820	15,142,719	(34.82)	7,296,698	7,033,360	3.74
Net Turnover	4,820,721	9,646,375	(50.03)	2,593,455	2,621,796	(1.08)
Cost of Sales, Benefits & Losses	(2,796,732)	(5,761,878)	(51.46)	(1,650,213)	(1,761,653)	(6.33)
Gross Profit/Underwriting Revenue	2,023,989	3,884,497	(47.90)	943,242	860,143	9.66
Investments Income & Other Income	152,219	2,018,172	(92.46)	226,987	107,930	110.31
Distribution Cost	(392,343)	(677,540)	(42.09)	(45,706)	(49,096)	(6.90)
Administrative Expenses	(817,176)	(1,296,257)	(36.96)	(127,684)	(104,685)	21.97
Increase in Life Fund	-	(1,989,280)	(100.00)	-	-	
Other Operating Gain / (Loss)	91,702	(182,577)	(150.23)	-	-	
Profit from Operations	1,058,391	1,757,015	(39.76)	996,839	814,292	22.42
Financing Income/(Cost)	(146,190)	(82,430)	77.35	(1,118)	(3,361)	(66.74)
Share of Profit of Equity Accounted Investee	70,682	125,907	(43.86)	-	-	
Profit Before Taxation	982,883	1,800,492	(45.41)	995,721	810,931	22.79
Income Tax Expenses	(366,022)	(541,179)	(32.37)	(343,383)	(280,275)	22.52
Profit for the Period	616,861	1,259,313	(51.02)	652,338	530,656	22.93
Attributable to Equity Holders of the Company	588,059	1,109,113	(46.98)	652,338	530,656	22.93
Minority Interest	28,802	150,200	(80.82)	-	-	
Net Profit for the Period	616,861	1,259,313	(51.02)	652,338	530,656	22.93
Earnings Per Share	1.96	3.70		2.17	1.77	

The above figures are Provisional and subject to audit

DISTILLERIES COMPANY OF SRI LANKA PLC
BALANCE SHEETS

BALANCE SHEETS AS AT Rs. '000s	CONSOLIDATED			COMPANY		
	30-09-2009	30-09-2008	31-03-2009	30-09-2009	30-09-2008	31-03-2009
ASSETS						
Non Current Assets						
Property Plant and Equipment	8,350,353	17,605,236	8,496,467	1,218,564	939,198	1,190,868
Investment in Subsidiaries	-	-	-	10,062,660	9,482,001	10,062,660
Investment in Equity Accounted Investees	1,682,677	3,447,067	3,368,294	1,573,417	548,904	1,571,601
Other Long Term Investments	44,196	28,390,996	46,420	15,750	-	15,750
Goodwill on Acquisition	255,196	2,371,100	255,446	-	-	-
Policyholder Loans & Other Loans	-	2,664,704	-	-	-	-
Intangible Assets	2,688,576	120,284	2,787,008	-	-	-
Advance Lease Premium	-	86,724	3,800	-	-	-
Deferred Tax Assets	13,912	44,064	-	-	-	-
	13,034,910	54,730,175	14,957,435	12,870,391	10,970,103	12,840,879
Current Assets						
Short Term Investments	1,649,855	23,159,033	1,927,338	1,344,225	2,732,839	1,325,803
Inventories	4,307,010	5,131,615	4,271,757	2,097,360	1,774,983	1,851,658
Trade and Other Receivables	5,185,268	7,249,119	4,245,350	1,471,775	1,203,257	2,177,333
Amounts Due from Subsidiaries	-	-	-	106,639	241,605	106,679
Amounts Due from Related Companies	208,493	544,085	479,007	130,908	253,625	322,188
Short Term Deposits	1,323,904	487,045	335,561	346,780	63,827	41,980
Cash and Cash Equivalents	1,527,041	518,836	884,678	1,336,393	475,268	327,550
	14,201,571	37,089,733	12,143,691	6,834,080	6,745,404	6,153,191
Net Asset in Sri Lanka Insurance Corporation Lt	10,542,011	-	10,542,011	-	-	-
Total Assets	37,778,492	91,819,908	37,643,137	19,704,471	17,715,507	18,994,070
EQUITY AND LIABILITIES						
Capital and Reserve						
Stated Capital	300,000	300,000	300,000	300,000	300,000	300,000
Capital Reserve	2,499,892	1,954,438	2,499,892	107,882	107,882	107,882
Revenue Reserve	20,789,787	18,527,653	19,633,002	14,004,744	11,349,226	12,709,329
	23,589,679	20,782,091	22,432,894	14,412,626	11,757,108	13,117,211
Minority Interest	2,169,794	2,937,737	2,157,591	-	-	-
Non Current Liabilities						
Insurance Provision - Life	-	38,173,117	-	-	-	-
Insurance Provision - Non Life	-	9,590,432	-	-	-	-
Interest Bearing Loans & Borrowings	1,766,256	1,994,346	1,219,625	-	-	-
Deferred Taxation	98,233	622,849	84,832	73,095	-	73,095
Retirement Benefit Obligations	564,054	1,102,419	570,984	90,851	104,225	98,429
Deferred Income	227,311	291,863	205,097	-	-	-
	2,655,854	51,775,026	2,080,538	163,946	104,225	171,524
Current Liabilities						
Trade and Other Payables	3,862,582	10,193,772	5,994,302	3,798,390	2,749,550	3,695,380
Amount Due to Related Companies & Subsidiari	373,013	664,359	94,648	214,520	745,074	228,625
Income Tax Payable	630,938	1,016,794	925,586	548,094	657,835	861,176
Interest Bearing Loans & Borrowings	4,496,632	4,450,129	3,957,578	566,895	1,701,715	920,154
	9,363,165	16,325,054	10,972,114	5,127,899	5,854,174	5,705,335
Total Equity and Liabilities	37,778,492	91,819,908	37,643,137	19,704,471	17,715,507	18,994,070
Net assets Value per Share	85.86	79.07	81.97	48.04	39.19	43.72

The above figures are Provisional and subject to audit

I certify that the Financial Statements have been prepared in compliance with the requirements of Companies Act No. 07 of 2007

sgd/-
N.N. Nagahawatte
Head of Finance

The Directors are responsible for the preparation and presentation of these Financial Statements.
Signed for and on behalf of the Board.

sgd/-
D.H.S. Jayawardena
Chairman/Managing Director

sgd/-
C.F. Fernando
Director

9th November 2009

DISTILLERIES COMPANY LANKA PLC
STATEMENT OF CHANGES IN EQUITY

For the 6 months ended 30th September 2009

Consolidated	Stated Capital	Capital Reserve	Capital Reserve on Script Issue	General Reserve	Exchange Fluctuation Reserve	Retained Earnings	Total
Rs.'000s							
Balance as at 1st April 2008	300,000	858,900	1,095,538	7,565,097	76,297	8,635,792	18,531,624
Dividend Paid						(10,000)	(10,000)
Net Profit for the Period	-	-	-	-	-	2,260,467	2,260,467
Balance as at 30th September 2008	300,000	858,900	1,095,538	7,565,097	76,297	10,886,259	20,782,091
Balance as at 1st April 2009	300,000	1,404,354	1,095,538	7,567,255	89,603	11,976,144	22,432,894
Net Profit for the Period	-	-	-	-	-	1,156,785	1,156,785
Balance as at 30th September 2009	300,000	1,404,354	1,095,538	7,567,255	89,603	13,132,929	23,589,679

STATEMENT OF CHANGES IN EQUITY

For the 6 months ended 30th September 2009

Company

	Stated Capital	Capital Reserve	General Reserve	Retained Earnings	Total
Rs.'000s					
Balance as at 1st April 2008	300,000	107,882	8,210,000	2,014,682	10,632,564
Net Profit for the Period				1,124,544	1,124,544
Balance as at 30th September 2008	300,000	107,882	8,210,000	3,139,226	11,757,108
Balance as at 1st April 2009	300,000	107,882	8,210,000	4,499,329	13,117,211
Net Profit for the Period				1,295,415	1,295,415
Balance as at 30th September 2008	300,000	107,882	8,210,000	5,794,744	14,412,626

DISTILLERIES COMPANY OF SRI LANKA PLC
CASH FLOW STATEMENTS

For the Period Ended 30th September	Consolidated	Consolidated	Company	Company
Rs.'000s	2009	2008	2009	2008
Cash Generated from Operations				
Profit from operations	1,917,375	3,333,806	1,979,324	1,685,956
Adjustments for				
Depreciation	803,536	593,813	62,722	49,000
Provision for Retiring Gratuity	29,075	64,739		-
(Gain)/ Loss on Disposal of P.P.E	(1,270)	(6,375)	(1,270)	(6,375)
Increase in LTAF during the year		3,079,953		-
Gain on Disposal of Investments		287,650		-
Provision for Bad Debts	279,453	118,114		-
Interest Expenses	322,333	229,068	4,223	33,465
Movement In Technical Reserve		(297,292)		-
Movement In LTAF		(2,478,764)		-
Amortization of Capital Grants	(5,917)	(2,092)		-
Written off the Development Expenditure		8,072		-
Provision for Fall in value of Investments		3,422		-
Dividend Income	(233,491)	(187,467)	(224,754)	(149,217)
Interest Income	(132,424)	(127,974)	(95,319)	(87,918)
Share of Profit of Equity Accounted Investees	(109,010)	(241,159)		-
Foreign Currency (Gain)/Loss	296	18,883		-
Operating Profit before Working Capital Changes	2,869,956	4,396,397	1,724,926	1,524,911
(Increase)/Decrease in Inventories	96,177	(455,035)	(245,703)	(357,129)
(Increase)/Decrease in Receivables	88,395	527,226	858,318	799,820
Increase/(Decrease) in Payables	30,593	581,750	127,565	(711,116)
Cash flows from Operating Activities	3,085,121	5,050,338	2,465,106	1,256,486
Interest paid	(325,931)	(229,068)	(4,223)	(33,465)
Income Tax paid	(1,033,687)	(836,499)	(996,990)	(525,953)
Retiring Gratuity paid	(34,291)	(63,889)	(7,578)	(5,375)
Net Cash flows from Operating Activities	1,691,212	3,920,882	1,456,315	691,693
Cash flows from Investing Activities				
Acquisition of Property Plant and Equipment	(389,210)	(2,678,061)	(90,417)	(70,268)
Purchase of Shares and Other Investments	(20,242)	(4,702,009)	(20,242)	-
Dividends Received	231,433	203,334	224,754	149,217
Proceeds on sale of P.P.E	1,270	27,236	1,270	6,375
Proceeds on Sale of Shares and Other Investments		913,847		6,196
Grant Received	14,694	15		-
Interest Received	131,377	127,974	95,319	87,918
Net Cash flows from Investing Activities	(30,678)	(6,107,664)	210,684	179,438
Cash flows from Financing Activities				
Term Loan Received	1,086,228	1,213,243		-
Dividend paid	(10,097)	(300,190)	(97)	(162,036)
Repayment of Loans	(666,028)	(18,575)		-
Lease Rentals paid	(13,760)	(11)		-
Net Cash flows from Financing Activities	396,343	894,467	(97)	(162,036)
Cash and Cash Equivalents				
At the Beginning of the year	(1,016,196)	(2,151,933)	(550,624)	(1,871,715)
Net Movement during the year	2,056,877	(1,292,315)	1,666,902	709,095
	1,040,681	(3,444,248)	1,116,278	(1,162,620)
At the End of the year				
Short Term Deposits	1,323,904	487,045	346,780	63,827
Cash in Transit	156,131	408,826	156,131	408,825
Cash in Hand and Bank	1,370,910	110,010	1,180,262	66,443
Bank & Other Borrowings	(1,810,264)	(4,450,129)	(566,895)	(1,701,715)
	1,040,681	(3,444,248)	1,116,278	(1,162,620)

DISTILLERIES COMPANY OF SRI LANKA PLC
SEGMENTAL INFORMATION FOR THE PERIOD ENDED 30 SEPTEMBER 2009

	2009	2008
	Rs.'000	Rs.'000
<u>Segment Turnover</u>		
Beverages	15,314,133	14,554,200
Plantation Management	1,240,601	2,012,179
Financial Services	-	9,349,232
Telecommunication	2,638,255	3,508,268
Healthcare	-	1,169,414
Diversified	402,353	626,437
Gross Turnover	19,595,342	31,219,730
Less : Turnover based and Other Taxes	(9,903,129)	(9,566,294)
Less : Insurance Related Adjustment	-	(1,832,930)
Net Turnover	9,692,213	19,820,506
<u>Segment Profit before Taxation</u>		
Beverages	1,976,287	1,775,780
Plantation Management	105,764	234,089
Financial Services	-	755,107
Telecommunication	(240,434)	291,109
Healthcare	-	43,155
Diversified	(33,252)	(6,593)
	1,808,365	3,092,647
Share of Associate Company Profit	109,010	241,159
Net Profit Before Tax	1,917,375	3,333,806

Note : The comparative figures have not been restated as explained in the note 3.2 to the financial statements.

CORPORATE INFORMATION

NAME OF COMPANY

Distilleries Company of Sri Lanka PLC

REGISTERED OFFICE

No.110, Norris Canal Road,

Colombo 10, Sri Lanka.

Tel: 011-2695295-7, 011-5507000

Fax: 011-2696360

COMPANY REGISTRATION NUMBER

PQ 112

BOARD OF DIRECTORS

Mr.D.H.S.Jayawardena - Chairman / Managing Director

Mr.R.K.Obeyesekere

Mr.C.R.Jansz

Mr.N. De S. Deva Aditya

Mr K. J. Kahanda

Mr.C.F.Fernando

Dr.A.N.Balasuriya

Ms.V.J. Senaratne (Alternate Director to Mr.N. De S. Deva Aditya)

COMPANY SECRETARY

Ms.V.J.Senaratne

AUDITORS

KPMG Ford, Rhodes , Thornton & Co.

Chartered Accountants

No.32A, Sir Mohamed Macan Marker Mawatha,

Colombo 03, Sri Lanka.

REGISTRARS

Secretaries & Registrars Limited

1st Floor, No. 32A,

Sir Mohamed Macan Marker Mawatha,

Colombo 03, Sri Lanka.

LAWYERS

Prasanna Goonewardene & Company

No.26/1, Colonel T.G.Jayawardena Mawatha,

Colombo 03, Sri Lanka.

BANKERS

Bank of Ceylon

Hatton National Bank PLC

People's Bank

Sampath Bank PLC

Standard Chartered Bank

Hong Kong & Shanghai Banking Corporation

NOTES TO THE FINANCIAL STATEMENTS

1. The interim Financial Statements have been prepared in accordance with the Accounting Policies set out in the most recent Annual Report and are in compliance with Sri Lanka Accounting Standards 35 - Interim Financial Statements.
2. Where appropriate, the previous year's presentation has been amended to conform with current year classifications.
3. **Adjustments in respect of the Supreme Court Judgment regarding the privatisation of Sri Lanka Insurance Corporation Ltd**
- 3.1 Consequent to a judgment of Supreme Court of the Democratic Socialist Republic of Sri Lanka on 4th June 2009 Distilleries Consortium ceased to have control over Sri Lanka Insurance Corporation Limited (SLIC).

The Court also directed that;

- (a) As per paragraph 3 of the Order, the purchase price of 90% of the shares of SLIC shall be returned to the Distilleries Consortium (respondents).
 - (b) As per paragraph the 4 of the Order the respondents are entitled to retain the profit derived by them from 11 April 2003 to 4 June 2009 in lieu of interest for the aforesaid purchase price.
 - (c) As per paragraph 6 of the Order any shares purchased by the respondents from employees of SLIC in terms of the SSPA shall also vest in the Secretary to the Treasury and payment shall be effected accordingly.
 - (d) Payment for the above shall be effected by way of issuing Treasury Bonds redeemable in 5 years from the date of the judgment at interest rates prevailing at the date.
- 3.2 The Company has separately disclosed the net book value of assets held in Sri Lanka Insurance Corporation Ltd as at 31 March 2009 in the consolidated Balance Sheet. Since the Secretary to the Treasury has not made a conclusive determination of the amounts due to the DCSL Group as per paragraph 4 of the Supreme Court Order, we are unable to finalize the accounting treatment in respect of the disposal of this investment. Therefore, the effect of this disposal has not been reflected in the Financial Statements for the quarter ended 30 September 2009, even though the Court order was made on 4 June 2009.
 - 3.3 The above mentioned Supreme Court judgment does not qualify as a prior period error under SLAS 10 as confirmed by the Urgent Issues Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka and therefore no adjustments have been done in respect of prior period Financial Statements

4. **Non Financial Information**

		30/09/2009	30/09/2008	31/03/2009
Net Assets Value per Share	- Group (Rs)	85.86	79.07	81.97
	- Company (Rs)	48.04	39.19	43.72
Market Price per Share	- Last Traded (Rs)	85.00	69.75	65.00
	- Highest (Rs)	100.75	110.25	110.25
	- Lowest (Rs)	65.25	69.75	50.00

5. 300,000,000 ordinary shares represent the Stated Capital

6. The results of Sri Lanka Insurance Corporation Limited from 1st January 2009 to 4th June 2009 have not been considered in the consolidated financial statements due to the unavailability of the relevant information.

7. **Events Occurring After the Balance Sheet Date**

Subsequent to the balance sheet date, no circumstances have arisen which would require adjustments to or disclosure in the financial statements.

8. **Contingent Liabilities**

There has not been a significant change in the nature of the contingent liabilities which were disclosed in the Annual Report for the year ended 31 March 2009.

9. Top 20 Shareholders - 30th September 2009

Rank	Name	Share Holding	%
1	Milford Exports (Ceylon) Limited	124,470,500	41.49
2	Lanka Milk Food (C.W.E.) PLC	37,961,500	12.65
3	Mrs. Lorraine Estelle Marlene Yaseen	26,409,200	8.80
4	Mr. Muzaffar Ali Yaseen	25,582,600	8.53
5	Sri Lanka Insurance Corporation Ltd. - Life Fund	22,269,200	7.42
6	Sri Lanka Insurance Corporation Ltd. - General Fund	7,285,500	2.43
7	Commercial Bank of Ceylon PLC / L.E.M. Yaseen	4,750,000	1.58
8	Mrs. Shantha Marie Chrysostom	3,047,000	1.02
9	BNY-J.P. Morgan Clearing Corporation	2,866,600	0.96
10	Mr. Kenneth Rudy Kamon	2,731,700	0.91
11	Caceis Bank Luxembourg S/A Barca Global	2,696,500	0.90
12	Pershing LLC S/A Averbach Grauson & Co.	2,116,800	0.71
13	Stassen Exports Limited	2,114,200	0.70
14	Ceylon Guardian Investment Trust PLC A/C	1,760,400	0.59
15	Ceylon Guardian Investment Trust PLC A/C 01	1,648,700	0.55
16	Hatton National Bank PLC A/C # 01	1,481,500	0.49
17	HSBC International Nominees Ltd - HSBC Bank PLC - CMG	1,144,300	0.38
18	The Ceylon Investment PLC A/C # 02	1,098,000	0.37
19	Employees Trust Fund Board	720,000	0.24
20	MAS Capital (Private) Limited	675,700	0.23
Total		272,829,900	90.94

Percentage of Shares held by the public – 34.3%

Directors' Shareholdings – 30th September 2009

	No. of Shares
Mr. D.H.S.Jayawardena	-
Mr. R.K.Obeyesekere	-
Mr. C.R.Jansz	-
Mr. N. De S. Deva Aditya	-
Mr. K. J. Kahanda	-
Mr. C.F.Fernando	2,062
Dr. A.N.Balasuriya	-