

Lion Brewery (Ceylon) PLC

**Interim Condensed Financial Statements
for the Third quarter ended
31st December 2014**

LION BREWERY (CEYLON) PLC

Review

On a turnover of Rs. 22.9 billion for the 9 months ended 31st December 2014, the Company recorded a pre-tax profit of Rs. 2.3 billion. The improvement in the profitability over the previous year is mainly a result of the Company ceasing the import of canned beer to meet market demand. Last year, the import of canned beer was necessitated to fill a void between production capacity and market demand and was done at a substantial expense to the Company. This void has now been addressed and since September 2013 the Company no longer imports canned beer.

In the month of October 2014, Government taxes on the Company increased twice, firstly on the 10th of October and secondly on the 25th of October with the presentation of the budget. In the first instance excise duties were increased and the Company revised its prices to recoup the additional costs. In the second instance, alcohol and tobacco businesses were exempted from VAT and NBT and in order to compensate for the loss in Government revenue, excise duty was increased. However, the exemption from VAT meant that Your Company could no longer claim input VAT and as a result faced an across the board cost increase which would amount to approx. Rs 600 million on an annual basis. Prices were not adjusted to compensate for this cost increase since it was felt that two such increases in a space of two weeks would be counter-productive. The overall Excise Duty increase was 36% and 42% for beers with alcohol volume of <5% and >5% respectively. In the meanwhile, for the 9 months ended 31st December 2014, your Company has paid Rs. 13.8 billion to the Government as taxation and remains the 3rd largest tax payer in Sri Lanka.

In addition to the cost implications discussed above, the exemption from VAT & NBT has led to greater operating complexity in the supply chain. Since the Company can no longer issue VAT invoices, customers liable for VAT, particularly, hotels, restaurants & supermarkets, can no longer claim input VAT on beer.

Acquisition of Millers Brewery

As announced previously, the Company together with its newly formed subsidiary Pearl Springs (Private) Limited (PSPL) entered into a Sale & Purchase Agreement with Cargills (Ceylon) PLC & Millers Brewery Limited (MBL) to acquire the trade marks & shareholding of the latter Company. After due-diligence, the transaction was concluded on 30th October 2014. All liabilities of MBL were fully settled by the previous management prior to the acquisition. The MBL brewery at Meegoda which had ceased operations prior to the conclusion of the transaction will remain thus pending a final evaluation by the Board.

With the acquisition of trademarks, the brands of MBL have now been consolidated with those of the Company. Thus the Company will soon commence brewing of Sando Power, Irish Dark, Sando Stout, Three Coins Lager and Grande Blond at its production facility in Biyagama. These brands together with the Lion & Carlsberg range will be distributed & sold through the Company's well-established network. Thus, this acquisition provides Lion the opportunity of taking advantage of supply chain synergies whilst ensuring that loyal consumers of MBL continue to have access to their brands of choice.

LION BREWERY (CEYLON) PLC

BOARD OF DIRECTORS AS AT 31ST DECEMBER 2014

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

Mr. H. Selvanathan (**Deputy Chairman**)

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

Mr. D.C.R.Gunawardena

Mr. C. P. Amerasinghe

Mr. C.T. Liyanage

Mr. D. R. P. Goonetilleke

Mr. K. Selvanathan (Director / Alternate Director to H. Selvanathan)

Mrs. S.J.F.Evans

Mr. H.J.Andersen

Mr. D. A. Cabraal

Mr. Y.F.Lew

LION BREWERY (CEYLON) PLC
CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31st December In Rs. '000s	Company			Group
	2014	2013	31.03.2014 (Audited)	2014
ASSETS				
Non- Current Assets				
Property, plant & equipment	13,728,748	10,072,288	11,658,310	15,064,838
Intangible assets (Note 5)	4,217,565	11,733	257,133	4,217,565
Investments in Subsidiaries	1,150,000	-	-	-
Total Non-Current Assets	19,096,313	10,084,021	11,915,443	19,282,403
Current Assets				
Inventories	3,211,194	2,581,192	2,695,021	3,211,194
Trade and other receivables	2,000,244	3,842,737	2,384,727	2,032,741
Amounts due from related companies	352,702	207,221	214,071	247,289
Cash and cash equivalents	2,055,461	7,512,281	6,857,302	2,057,788
Total Current Assets	7,619,601	14,143,431	12,151,121	7,549,012
Total Assets	26,715,914	24,227,452	24,066,564	26,831,415
EQUITY AND LIABILITIES				
Equity				
Stated capital	2,537,801	2,537,801	2,537,801	2,537,801
Capital reserves	719,411	719,411	719,411	719,411
Revenue reserves	4,897,195	3,281,092	3,675,154	4,928,422
Total Equity	8,154,407	6,538,304	6,932,366	8,185,634
Non- Current Liabilities				
Debentures (Note 4)	4,597,600	2,798,800	2,798,800	4,597,600
Loans and borrowings	3,169,851	2,435,687	2,307,690	3,169,851
Employee benefits	93,830	85,504	93,313	93,830
Deferred taxation	1,377,298	979,515	1,204,097	1,451,766
Total Non- Current Liabilities	9,238,579	6,299,506	6,403,900	9,313,047
Current Liabilities				
Trade and other payables	820,633	1,262,501	774,473	830,440
Amounts due to related companies	160,676	46,186	67,401	160,675
Refundable deposits	1,100,121	1,001,544	1,044,123	1,100,121
Current taxation	863,290	828,590	886,473	863,290
Debentures (Note 4)	295,489	302,281	294,974	295,489
Loans and borrowings	4,851,867	6,128,297	6,861,650	4,851,867
Bank overdrafts	1,230,852	1,820,243	801,204	1,230,852
Total Current Liabilities	9,322,928	11,389,642	10,730,298	9,332,734
Total Liabilities	18,561,507	17,689,148	17,134,198	18,645,781
Total Equity and Liabilities	26,715,914	24,227,452	24,066,564	26,831,415
Net assets per ordinary share (Rs.)	101.93	81.73	86.65	102.32

The above figures are provisional and subject to audit.

These financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

(Sgd.)
D.R.P. Goonetilleke
 Director - Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and signed on behalf of the Managers

Approved and signed on behalf of the Board

(Sgd.)
A. Weeratunge
 Director

(Sgd.)
S.K. Shah
 Director

(Sgd.)
C.T. Liyanage
 Director

Carsons Management Services (Private) Limited

6th February 2015

LION BREWERY (CEYLON) PLC
CONDENSED STATEMENT OF COMPREHENSIVE INCOME - COMPANY

<i>In Sri Lankan Rs. '000s</i>	Quarter Ended		Change %	Nine Months Ended		Change %	Year ended 31.03.2014 (Audited)
	31.12.2014	31.12.2013		31.12.2014	31.12.2013		
Revenue	8,558,680	6,818,530	26	22,877,269	19,182,745	19	25,804,319
Cost of sales	(6,343,149)	(5,287,510)	20	(16,884,538)	(14,908,474)	13	(19,817,748)
Gross Profit	2,215,531	1,531,020	45	5,992,731	4,274,271	40	5,986,571
Other income	4,119	5,730	(28)	9,201	10,204	(10)	15,433
	2,219,650	1,536,750	44	6,001,932	4,284,475	40	6,002,004
Distribution expenses	(938,274)	(670,654)	40	(2,541,083)	(2,056,676)	24	(2,948,066)
Administrative expenses	(217,147)	(140,576)	54	(623,384)	(481,351)	30	(624,112)
Other expenses	(28,109)	(40,033)	(30)	(105,261)	(116,436)	(10)	(76,829)
Profit From Operations	1,036,120	685,487	51	2,732,204	1,630,012	68	2,352,997
Finance income	18,465	149,189	(88)	196,306	462,812	(58)	632,375
Finance costs	(191,751)	(163,533)	17	(601,557)	(578,430)	4	(784,578)
Net Finance (Costs)/Income	(173,286)	(14,344)	1108	(405,251)	(115,618)	251	(152,203)
Profit Before Taxation	862,834	671,143	29	2,326,953	1,514,394	54	2,200,794
Income tax expenses	(306,587)	(269,299)	14	(784,912)	(566,323)	39	(857,540)
Profit After Taxation	556,247	401,844	38	1,542,041	948,071	63	1,343,254
Remeasurement of employee benefit obligations	-	-	-	-	-	-	(1,121)
Total Comprehensive Income for the period	556,247	401,844	38	1,542,041	948,071	63	1,342,133
Earnings per ordinary share (Rs.)	6.95	5.02		19.28	11.85		16.79
Dividend per share (Rs.)							4.00

The above figures are provisional and subject to audit.

LION BREWERY (CEYLON) PLC
CONDENSED STATEMENT OF COMPREHENSIVE INCOME - GROUP

<i>In Sri Lankan Rs. '000s</i>	Nine Months Ended 31.12.2014
Revenue	22,877,269
Cost of sales	(16,884,538)
Gross Profit	5,992,731
Negative Goodwill (Note 6)	153,892
Other income	10,372
	6,156,995
Distribution expenses	(2,541,083)
Administrative expenses	(739,113)
Other expenses	(105,261)
Profit From Operations	2,771,538
Finance income	196,306
Finance costs	(601,557)
Net Finance (Costs)/Income	(405,251)
Profit Before Taxation	2,366,287
Income tax expenses	(784,911)
Profit After Taxation	1,581,376
Total Comprehensive Income for the period	1,581,376
Earnings per ordinary share (Rs.)	19.77
Dividend per share (Rs.)	

The above figures are provisional and subject to audit.

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

<i>In Rs.'000s</i>	Stated Capital	Revaluation Reserve	Retained Earnings	Total Equity
Balance as at 1st April 2013	2,537,801	719,411	2,653,021	5,910,233
Total Comprehensive income for the period				
Profit for the period	-	-	948,071	948,071
Total other comprehensive income	-	-	-	-
Total Comprehensive income for the period	-	-	948,071	948,071
Transactions with owners, recorded directly in equity contribution by				
Adjustments on returnable containers	-	-	-	-
Ordinary dividends	-	-	(320,000)	(320,000)
Balance as at 31st December 2013	2,537,801	719,411	3,281,092	6,538,304
Balance as at 1st April 2013	2,537,801	719,411	2,653,021	5,910,233
Total Comprehensive income for the year				
Profit for the year	-	-	1,343,254	1,343,254
Total other comprehensive income	-	-	(1,121)	(1,121)
Total Comprehensive income for the year	-	-	1,342,133	1,342,133
Transactions with owners, recorded directly in equity contribution by				
Adjustments on returnable containers	-	-	-	-
Ordinary dividends	-	-	(320,000)	(320,000)
Balance as at 31st March 2014	2,537,801	719,411	3,675,154	6,932,366
Balance as at 1st April 2014	2,537,801	719,411	3,675,154	6,932,366
Total Comprehensive income for the period				
Profit for the period	-	-	1,542,041	1,542,041
Total other comprehensive income	-	-	-	-
Total Comprehensive income for the period	-	-	1,542,041	1,542,041
Transactions with owners, recorded directly in equity contribution by				
Ordinary dividends	-	-	(320,000)	(320,000)
Balance as at 31st December 2014	2,537,801	719,411	4,897,195	8,154,407
GROUP				
On Consolidation	2,537,801	719,411	3,675,154	6,932,366
Total Comprehensive Income				
Profit for the period			1,581,376	1,581,376
Share issue costs			(8,108)	(8,108)
Other comprehensive income for the period				
Total Comprehensive income for the period			1,573,268	1,573,268
Transactions with owners, recorded directly in equity contribution by and distribution to owners				
Dividends			(320,000)	(320,000)
Balance as at 31st December 2014	2,537,801	719,411	4,928,422	8,185,634

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

<i>In Sri Lankan Rs.'000s</i>	Company			Group
	31.12.2014	31.12.2013	31.03.2014 (Audited)	31.12.2014
Net cash generated from / (used in) operating activities	2,087,769	685,951	1,753,446	2,299,263
Net cash used in investing activities	(7,674,993)	(825,858)	(2,222,332)	(7,876,050)
Net cash generated from financing activities	355,735	7,095,960	7,737,903	347,625
Net increase / (decrease) in cash & cash equivalents	(5,231,489)	6,956,053	7,269,017	(5,229,162)
Cash & cash equivalents at the beginning of the period	6,056,098	(1,264,015)	(1,212,919)	6,056,098
Cash & cash equivalents at the end of the period	824,609	5,692,038	6,056,098	826,936
Analysis of Cash & cash equivalents				
Cash and cash equivalents	2,055,461	7,512,281	6,857,302	2,057,788
Bank overdraft	(1,230,852)	(1,820,243)	(801,204)	(1,230,852)
	824,609	5,692,038	6,056,098	826,936

The above figures are provisional and subject to audit.

LION BREWERY (CEYLON) PLC

NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

Lion Brewery (Ceylon) PLC is a public limited liability Company incorporated and domiciled in Sri Lanka and is listed on the Colombo Stock Exchange. The parent company is Ceylon Beverage Holdings PLC and the ultimate parent Company is Carson Cumberbatch PLC. The registered office of the Company is situated at No 61, Janadhipathi Mawatha, Colombo 01 and the principal place of business is situated at No 254, Colombo Road, Biyagama.

The Interim Consolidated Financial Statements comprise of the Company and its subsidiaries (together referred to as the "Group" and individually Group entities). The Subsidiaries of the Company are set out below.

Subsidiary	Controlling interest	Note
Pearl Springs (Private) Limited	100%	"PSPL"
Millers Brewery Limited	100%	100% Subsidiary of PSPL

2 BASIS OF PREPARATION

2.1 Statement of Compliance

The condensed Interim Financial Statements of the Company and Group have been prepared in accordance with Sri Lanka Accounting Standard - LKAS 34 – Interim Financial Reporting. This Interim Financial Statement should be read in conjunction with the Annual Financial Statements for the year ended 31st March 2014 including the changes to accounting policies as a result of adapting to Sri Lanka Financial Reporting Standards, (" SLFRSs/LKASs ")

2.2 Basis of measurement

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

- Freehold Land and buildings are measured at cost at the time of acquisition and construction and subsequently at revalued amounts, which are the fair values at the date of revaluation less accumulated depreciation and impairment losses, if any.

- Employee benefits are recognized as the net total of the plan assets, plus unrecognized past service cost and unrecognized actuarial losses, less unrecognized actuarial gains and the present value of the defined benefit obligation.

2.3 Functional Currency and Presentation Currency

All values presented in the Financial Statements are in Sri Lankan Rupees Thousands (Rs.'000s) which is the Group's functional currency, unless otherwise indicated.

3 FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES

3.1 Finance Commitments

Document credits established for foreign purchases of the Company as at 31st December 2014 amounts to Rs. 346,622,085/- (2013 - Rs. 456,372,821/-)

3.2 Contingencies

(a) Contingent liabilities as at 31st December 2014 amount to Rs. 19,177,952/- (2013 -Rs. 15,382,133/-), being bank guarantees given to Government bodies and foreign suppliers for operational purposes.

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

The Customs Department instituted a prosecution in the Magistrate's Court of Kaduwela in Case No. 11303/Customs against the company and its directors to recover Excise Duty amounting to Rs. 58,753,582/94 comprising of the disputed Excise Duty of Rs. 29,376,791/47 and its penalty of Rs. 29,376,791/47. The Company and the directors have filed an application for Writ in the Court of Appeal to quash the Certificate Excise Duty in Default issued by the DG of Customs and Excise Duty to recover the said sum and obtained a Stay Order in respect of the proceedings of the MC Kaduwela Case. The Court of Appeal made an order against the Company refusing the writ of certiorari prayed for and the Company has now preferred an appeal against the said order to the Supreme Court.

Apart from the above there were no other material contingent liabilities which would require adjustments to or disclosure in the Financial Statements.

LION BREWERY (CEYLON) PLC**NOTES TO THE FINANCIAL STATEMENTS****4 Debentures**

The Company issued 3,000,000 Rated Unsecured Redeemable Debentures at the face value of Rs. 1,000/- each to raise Rs. 3,000,000,000/- on 17th June 2013. The interest is paid on 30th June, 30th September, 31st December and 31st March for a period of 5 years.

The Company further issued 2,000,000 rated Unsecured Redeemable Debentures (Category 3 - Type I) at a face value of Rs. 100/- each to raise Rs. 2,000,000,000/- on 11th December 2014. The interest is paid on 30th September and 31st March for a period of 5 years.

The categories of Debentures and Proportion of each types of debenture in each category are as follows.

Category 01 Debentures - Floating Rate

Debentures Category	Amount Rs. ('000)	Proportion (From and out of the Category 02 Debentures issued)	Interest Rate (per annum) payable quarterly	Redemption From the Date of Allotment
Category 01 - Type B	201,200	20%	AWPLR + 0.40%	24 Months (2 Years)
Category 01 -Type C	201,200	20%	AWPLR + 0.60%	36 Months (3 Years)
Category 01 -Type D	201,200	20%	AWPLR + 0.80%	48 Months (4 Years)
Category 01 -Type E	201,200	20%	AWPLR + 1.10%	60 Months (5 Years)
Total	804,800			

Type A debentures amounting to Rs. 201,200,000/- were redeemed on June 16, 2014.

Category 02 & 03 Debentures - Fixed Rate

Debentures Category	Amount	Proportion (From and out of the Category 02 Debentures issued)	Interest Rate (per annum) payable quarterly	AER (per annum)	Redemption From the Date of Allotment
Category 02 - Type F	598,200	30%	13.50%	14.20%	36 Months (3 Years)
Category 02 - Type G	598,200	30%	13.75%	14.48%	48 Month (4 Years)
Category 02 - Type H	797,600	40%	14.00%	14.75%	60 Months (5 Years)
Category 03 - Type I	2,000,000	N/A	7.85%	8.00%	60 Months (5 Years)
Total	3,994,000				

Rs. ('000)

Classified Under Non Current Liabilities

Total Debentures on issue (Category 1, 2 & 3)	4,798,800
Debentures Falling due within one year/Category Type B	(201,200)
Debentures Falling due after one year	<u>4,597,600</u>

Classified Under Current Liabilities

Debentures Falling due within one year/Category Type B	201,200
Interest Payable	94,289
	<u>295,489</u>

LION BREWERY (CEYLON) PLC
NOTES TO THE FINANCIAL STATEMENTS

4 Debentures (Contd.)

Debenture Trading Information	Period Ended 31.12.2014
Debt Description	LION-BC-F13.5 (D019)
Coupon Rate	13.5%
Yield to maturity	7.5%
Interest yield	12.4%
Price as at the end of the period (Rs.)	1,085.11
Highest price (Rs.)	1,085.11
Lowest price (Rs.)	1,082.49
Yield of comparable government securities (%)	6.4%

Except for Type F reflected above, other types of debentures have not traded during the period.

Debt related ratios - Company	Period Ended 31.12.2014
Debt/equity ratio (times)	1.58
Quick asset ratio (%)	47%
Interest cover (times)	6.74

5 Intangible Assets

	Period Ended 31.12.2014
	Rs. ('000)
Intangible Assets - Software	217,565
Intangible Assets - Trademarks (Note 6)	4,000,000
	<u>4,217,565</u>

6 Acquisition of Millers Brewery Limited

On the 30th October 2014, the Company together with its subsidiary Pearl Springs (Private) Limited (PSPL) acquired the 100% shareholding of Millers Brewery Limited (MBL) and its trademarks at a total consideration of Rs. 5,150,000,000/- . Whilst Rs. 4,000,000,000/- was paid for the acquisition of trademarks, Rs. 1,150,000,000/- was paid towards the purchase of the shareholding of MBL in its entirety. Consequent to this transaction, the accounts of MBL and PSPL have been consolidated with that of the Company.

With the acquisition of the MBL trade marks, the Company now has in its Portfolio, the brands of Sando Power, Irish Dark, Sando Stout, Three Coins Lager and Grand Blonde which will be produced at the production facility in Biyagama. Lion Brewery has the opportunity of taking advantage of its supply chain capabilities to brew & distribute the MBL portfolio of products to ensure that its loyal consumers continues to have access to the brands of their choice.

The purchase consideration of Rs. 1,150 Mn paid for the shares of MBL resulted in a negative goodwill of Rs. 153 Mn which has been recognized in the consolidated statement of comprehensive income.

LION BREWERY (CEYLON) PLC

NOTES TO THE FINANCIAL STATEMENTS

6 Acquisition of Millers Brewery Limited (Contd.)

The following represents the fair values of the identifiable assets and liabilities of the subsidiary acquired as at the date of acquisition

	2014
	Rs. 000's
Assets	
Property, plant & equipment	1,352,086
Trade and other receivables	32,497
Cash and cash equivalents	18,691
Total Assets	1,403,274
Non- Current Liabilities	
Deferred taxation	74,467
Current Liabilities	
Trade and other payables	24,915
Total Liabilities	99,382
Identifiable Net Assets Acquired	1,303,892
less: Negative Goodwill arising from acquisition	(153,892)
Total consideration for the acquisition	1,150,000

(i) **The effects of acquisition on cash flow is as follows**

Consideration settled in cash	1,150,000
Less: Cash and Cash equivalents of subsidiary acquired	(18,691)
Cost of acquisition of subsidiary net of cash	1,131,309

- (ii) No revenue has been recorded since the date of acquisition whilst a loss of Rs. 17,021,000/= was recorded for the period ending 31st December 2014 since the date of the acquisition.

7 SEGMENTAL ANALYSIS

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

8 COMPARATIVE FIGURES

Comparative figures/information have been restated/reclassified where necessary in line with the changes to the new Sri Lanka Accounting Standards (SLFRS/LKAS).

LION BREWERY (CEYLON) PLC**NOTES TO THE FINANCIAL STATEMENTS****9 EVENTS AFTER THE REPORTING PERIOD**

Subsequent to the reporting date, no circumstances have arisen which would require adjustments to or disclosure in the Financial Statements.

10 INVESTER INFORMATION

Investor Information	Quarter Ended		Nine months Ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
1 Share Information				
Price as at the end of the period (Rs.)	654.60	359.90	654.60	359.90
Highest price (Rs.)	657.00	375.00	740.00	444.00
Lowest price (Rs.)	600.00	340.00	370.00	330.00
2 Trading Statistics				
No of Transactions	257	123	1,218	886
No of Shares traded	1,475,805	226,124	1,649,821	1,962,681
Value of all shares traded (Rs. Mn.)	898	80.38	997	727.59

11 TWENTY MAJOR SHAREHOLDERS AS AT 31ST DECEMBER 2014

	Name of Shareholder	No.of Shares	%
1	CEYLON BEVERAGE HOLDINGS PLC	41,798,788	52.25
2	CARLSBERG BREWERY MALAYSIA BERHAD	19,979,686	24.97
3	CARSON CUMBERBATCH PLC A/C NO.2	4,107,793	5.13
4	HSBC INTL NOM LTD -SSBT -WASATCH FRONTIER EMERGING SMALL COUNTRIES FUND	2,256,243	2.82
5	HSBC INTL NOM LTD-MSCO-ROUTE ONE OFFSHORE MASTER FUND L.P.	1,603,418	2.00
6	HSBC INTL NOM LTD-MSCO-ROUTE ONE FUND 1,L.P.	1,576,488	1.97
7	CACEIS BANK LUXEMBOURG S/A BARCA GLOBAL MASTER FUND LP	1,473,118	1.84
8	CARSON CUMBERBATCH PLC A/C NO. 01	1,400,758	1.75
9	BUKIT DARAH PLC A/C NO 2	1,300,000	1.63
10	GF CAPITAL GLOBAL LIMITED	1,265,199	1.58
11	CB NY S/A WASATCH FRONTIER EMERGING SMALL COUNTRIES CIT FUND	410,139	0.51
12	HSBC INTL NOM LTD-BP2S SINGAPORE-BNP PARIBAS BANK AND TRUST CAYMAN LIMITED AS TRUSTEE FOR HARVEST FUNDS (CAYMAN) - ASIA FRONTIER EQUITY FUND	330,994	0.41
13	SEYLAN BANK LIMITED/PRIYANI DHARSHINI RATNAGOPAL	300,000	0.38
14	HSBC INTERNATIONAL NOMINEES LTD-MORGAN STANLEY AND CO INTL PLC - OWN A/C	200,000	0.25
15	MELLON BANK N.A.-COMMONWEALTH PEN PUB SCHOOL	166,193	0.21
16	PORTELET LIMITED	161,920	0.20
17	TRANZ DOMINION,L.L.C.	129,251	0.16
18	UNION ASSURANCE PLC/ACCOUNT NO. 05 (UNIT-LINKED LIFE INSURANCE FUND - EQUITY TRACKER FUND)	90,220	0.11
19	NEWGREENS LIMITED	83,200	0.10
20	PEOPLE'S LEASING & FINANCE PLC/K.L.UDAYANANDA	55,179	0.07

LION BREWERY (CEYLON) PLC**NOTES TO THE FINANCIAL STATEMENTS****12 PUBLIC HOLDING**

Ordinary Shares of the Company held by the public as at 31st December 2014 are as follows;

Number of Public Shareholders	1,123
Percentage of Public holding	13.95%

13 DIRECTOR'S SHAREHOLDINGS

As at 31st December 2014	No. of Shares
Mr. L.C.R. de C. Wijetunge (Chairman)	-
Mr. H. Selvanathan (Deputy Chairman)	1,579
Mr. S. K. Shah (Chief Executive Officer)	6,016
Mr. D.C.R. Gunawardena	34
Mr. C. T. Liyanage	2,500
Mr. C.P. Amerasinghe	1
Mr. D. R. P. Goonetilleke	-
Mr. K. Selvanathan (Director / Alternate Director to H. Selvanathan)	-
Mrs. S.J.F. Evans	-
Mr. H.J.Andersen	-
Mr. D. A. Cabraal	-
Mr. Y.F.Lew	-

14 STATED CAPITAL

The Company's stated capital consists of 80,000,000 ordinary shares.

LION BREWERY (CEYLON) PLC

NOTES TO THE FINANCIAL STATEMENTS

15 RELATED PARTY TRANSACTIONS

The Company carried out transactions in the ordinary course of its 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.

(A) Transactions with parent company - Ceylon Beverage Holdings PLC

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

- (i) As per the licensed brewing agreement with Ceylon Beverage Holdings PLC, the Company was charged Rs. 108,298,308/- (2013 - Rs. 98,861,178/-) as royalty during the period.
- (ii) A dividend of Rs. 150,475,636/- was paid by the Company to Ceylon Beverage Holdings PLC during the period. (2013 - Rs. 150,475,636/-)
- (iii) As at 31st December 2014 the balance payable by the Company to Ceylon Beverage Holdings PLC is Rs. 17,707,602/- (2013 - Rs. 10,445,057/-)

(B) Transactions with Fellow Subsidiary - Pubs 'N Places (Private) Limited

Messrs. S.K. Shah, C.P. Amerasinghe and D.R.P. Goonetilleke, Directors of the Company are also Directors of Pubs 'N Places (Private) Limited, to which the Company sold beer for a total value of Rs. 138,389,090/- during the period. (2013 - Rs. 136,625,755/-)

(i) An amount of Rs. 4,449,373/- was paid by LBCPLC to Pubs 'N Places (Private) Limited as trade rebates on beer purchases for the period. (2013- Nil)

(ii) A one time fee of Rs. 75,000,000/- was paid by LBCPLC to Pubs 'N Places (Private) Limited to prioritise beer sales over a 10 year period. Rs. 5,625,000/- has been charged as an expense in the current period. (2013- Nil)

No balance was receivable to Lion Brewery (Ceylon) PLC by Pubs 'N Places (Private) Limited as at 31st December 2014. (2013 - Nil)

(C) Transactions with Fellow Subsidiary - Retail Spaces (Private) Limited

Messrs. S.K. Shah, C.P. Amerasinghe and D.R.P. Goonetilleke, Directors of the Company are also Directors of Retail Spaces (Private) Limited, to which the Company sold beer for a total value of Rs. 122,611,864/- (2013 - Rs. 172,172,234/-) during the period.

No balance was receivable to Lion Brewery (Ceylon) PLC by Retail Spaces (Private) Limited as at 31st December 2014. (2013 - Nil)

(D) Transactions with Fellow Subsidiary - Luxury Brands (Private) Limited

Messrs. S.K. Shah, C.P. Amerasinghe and D.R.P. Goonetilleke, Directors of the Company are also Directors of Luxury Brands (Private) Limited, from which the LBCL obtained management services for a management fee amounting to Rs.9,742,261/-. (2013 - Rs. 10,154,267/-)

An amount of Rs. 247,285,511/- was receivable from Luxury Brands (Private) Limited to LBCPLC as at 31st December 2014. (2013 - Rs. 207,221,142/-)

(E) Transactions with Subsidiary - Pearl Springs (Private) Limited

Messrs. D.R.P. Goonetilleke & C.T Liyanage, Directors of the Company are also Directors of Pearl Springs (Private) Limited.

An amount of Rs. 1,150,000,000/- was invested in the equity shareholding of Pearl Springs (Private) Limited during the period.

An amount of Rs. 89,783,925/- was receivable from Pearl Springs (Private) Limited to LBCPLC as at 31st December 2014. (2013 - N/A)

(F) Transactions with Subsidiary - Millers Brewery Limited

Messrs. D.R.P. Goonetilleke & C.T Liyanage, Directors of the Company are also Directors of Millers Brewery Limited.

An amount of Rs. 15,632,374/- remains receivable from Millers Brewery Limited to LBCPLC as at 31st December 2014. (2013 - N/A)

LION BREWERY (CEYLON) PLC**NOTES TO THE FINANCIAL STATEMENTS****15 RELATED PARTY TRANSACTIONS (Contd.)****(G) Transactions with Group entities**

Messrs. H.Selvanathan, S.K.Shah and K. Selvanathan, Directors of the Company, are also Directors of Carsons Management Services (Private) Ltd., which provides supporting services to the Company. An amount of Rs. 220,169,023/- (2013 - Rs. 175,384,584/-) was charged by Carsons Management Services (Private) Limited to the Company during the period, which included supporting services fees of Rs. 162,132,537/- (2013 - Rs. 105,028,023/-) and other reimbursable expenses incurred by Carsons Management Services (Private) Limited on behalf of the Company.

An amount of Rs. 13,565,528/- remains payable to Carsons Management Services (Private) Limited as at 31st December 2014 . (2013 - Rs. 1,948,887/-).

(H) Transactions with other related entities

(a) Messrs. H.J.Andersen, Director of the Company represents Carlsberg Brewery Malaysia Berhad with which the following contracts / transactions have been entered into during the period by the Company in the normal course of business.

- (i) As per the licensed brewing agreement, a sum of Rs. 90,097,188/- (2013 - Rs. 75,693,914/-) was charged as royalty during the period by Carlsberg A/S.
- (ii) During the period the Company purchased a part of its requirement of the raw material Aroma Hops from Carlsberg A/S amounting to Rs. 5,922,747/- (2013 - Rs. 6,638,051/-).
- (iii) An amount of Rs. 142,969,040,718/- remains payable to Carlsberg A/S as at 31st December 2014 (2013 - Rs. 33,792,275/-).

(b) The Company 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 Company. Towards this the Company advances funds to Ran Sahal (Private) Limited from time to time against future purchases. During the period the Company purchased rice for an amount of Rs. 236,267,745/- (2013 - Rs.111,755,140/-). As at the reporting date an amount of Rs. 49,419,256/- (2013 - Rs.68,683,471/-) has been advanced to Ran sahal (Private) Limited which remains to be settled against future purchases.

(c) Messrs D.C.R. Gunawardena, Director of the Company, is also a Director of following companies with which the Company entered into transactions.

- (i) An amount of Rs. 30,857/- has been charged as parking fees to Equity Two PLC . (2013 - Rs.34,285/-)
- (ii) An amount of Rs. 27,085/- has been charged as rental to Equity One PLC. (2013 - Rs. 3,486/-)

(d) Messrs D.C.R. Gunawardene and Mr. H. Selvanathan , Directors of the Company, are also Directors of following companies with which the Company entered into transactions.

(i) The Company purchased air line tickets and obtained other services from Carsons Air Line Services (Private) Limited for which an amount of Rs. 43,400/- (2013 - Rs. 7,251,700/-) was paid during the period.

(ii) The Company has obtained services from Pegasus Hotels of Ceylon PLC for which an amount of Rs. 46,111/- (2013 - Rs. 149,100/-) was paid during the period.

LION BREWERY (CEYLON) PLC

NOTES TO THE FINANCIAL STATEMENTS

15 RELATED PARTY TRANSACTIONS (Contd)

- (e) Mr. D.A. Cabraal, Director of the Company is also a Director of the HNB PLC, from which the Company obtained short - term loans / overdrafts for operational purposes during the period.
- (i) An amount of Rs. 73,790/= has been paid in overdraft interest & Rs. 115,445,959/- in term loan interest to HNB PLC .
- (ii) HNB PLC has purchased debentures of the Company amounting to Rs. 468,600,000/= on face value from the category 3 debentures issued on 11th December 2014.
- (f) Mr. L.C.R. de C. Wijethunge, director of the Company, is also a director of Janashakthi Insurance PLC for which the Company has paid Rs. 15,736,321 /-for it's services. (2013 - 10,084,821/-).

(I) Transactions with key management personnel (KMP)

According to Sri Lanka 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.

The compensation paid to key management personnel consist of short-term employment benefits and no other payments such as post-employment benefits, terminal benefits and share based payments have been paid to key management personnel during the period.

LION BREWERY (CEYLON) PLC**Corporate Information****NAME OF COMPANY**

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

COMPANY REGISTRATION NUMBER

PQ 57

LEGAL FORM

A Public Quoted Company with Limited Liability.
Incorporated in Sri Lanka in 1996
Official listing of the Colombo Stock Exchange obtained in 1997

SUBSIDIARY COMPANY

Pearl Springs (Private) Limited [Incorporated on 20th May 2014]
Millers Brewery Limited [Acquired on 30th October 2014]

PARENT COMPANY

Ceylon Beverage Holdings PLC

ULTIMATE PARENT COMPANY

Carson Cumberbatch PLC

DIRECTORS

L. C. R. de C.Wijetunge (Chairman)
H. Selvanathan (Deputy Chairman)
S. K. Shah (Chief Executive Officer)
D.C.R.Gunawardena
C. P. Amerasinghe
C.T. Liyanage
D. R. P. Goonetilleke
K. Selvanathan (Director / Alternate Director to H. Selvanathan)
Mrs. S.J.F.Evans
H.J.Andersen
D. A. Cabraal
Y.F.Lew

BANKERS

Citibank
Commercial Bank
Deutsche Bank
DFCC Bank
Hatton National Bank
HSBC
Nations Trust Bank
National Development Bank
Standard Chartered Bank
Sampath Bank
Peoples' Bank

LEGAL ADVISERS

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Fax:+94 11 4718 220

AUDITORS

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Chartered Accountants
No. 32A, Sir Mohamed Macan Markar Mawatha
Colombo 3, Sri Lanka
Tel: +94 11 5426 426
Fax:+94 11 2445 872

MANAGERS & SECRETARIES

Carsons Management Services (Private) Limited
No. 61, Janadhipathi Mawatha
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Tel : +94 11 2039 200
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Fax: +94 11 2039 300

CORPORATE OFFICE & BREWERY

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Tel : +94 11 2465 900 (10 Lines)
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