

Lion Brewery (Ceylon) PLC

**Interim Condensed Financial Statements
for the Fourth quarter ended
31st March 2015**

LION BREWERY (CEYLON) PLC

BOARD OF DIRECTORS AS AT 31ST MARCH 2015

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 (Resigned w.e.f. 31st March 2015)

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 March In Rs. '000s	Company		Group
	2015	2014 (Audited)	2015
ASSETS			
Non- Current Assets			
Property, plant & equipment	13,792,402	11,658,310	14,583,827
Intangible assets (Note 5)	4,205,582	257,133	4,205,582
Investments in subsidiaries	1,029,623	-	-
Total Non-Current Assets	19,027,607	11,915,443	18,789,409
Current Assets			
Inventories	2,798,064	2,695,021	2,798,064
Trade and other receivables	1,845,855	2,382,947	1,874,085
Amounts due from related companies	376,720	214,071	256,342
Assets held for sale (Note 7)	58,660		491,895
Cash and cash equivalents	2,232,530	6,857,302	2,311,518
Total Current Assets	7,311,829	12,149,341	7,731,904
Total Assets	26,339,436	24,064,784	26,521,313
EQUITY AND LIABILITIES			
Equity			
Stated capital	2,537,801	2,537,801	2,537,801
Capital reserves	719,411	719,411	719,411
Revenue reserves	4,560,771	3,675,154	4,669,370
Total Equity	7,817,983	6,932,366	7,926,582
Non- Current Liabilities			
Debentures (Note 4)	4,597,600	2,798,800	4,597,600
Loans and borrowings	2,874,862	2,307,690	2,874,862
Employee benefits	101,631	93,313	101,631
Deferred taxation	2,009,632	1,204,097	2,074,371
Total Non- Current Liabilities	9,583,725	6,403,900	9,648,464
Current Liabilities			
Trade and other payables	787,153	774,473	795,692
Amounts due to related companies	176,403	65,621	176,403
Refundable deposits	885,915	1,044,123	885,915
Current taxation	983,505	886,473	983,505
Debentures (Note 4)	331,964	294,974	331,964
Loans and borrowings	4,243,914	6,861,650	4,243,914
Bank overdrafts	1,528,874	801,204	1,528,874
Total Current Liabilities	8,937,728	10,728,518	8,946,267
Total Liabilities	18,521,453	17,132,418	18,594,731
Total Equity and Liabilities	26,339,436	24,064,784	26,521,313
Net assets per ordinary share (Rs.)	97.72	86.65	99.08

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

(Sgd.)

A. Weeratunge

Director

(Sgd.)

S.K. Shah

Director

(Sgd.)

C.T. Liyanage

Director

Carsons Management Services (Private) Limited

21st May 2015

LION BREWERY (CEYLON) PLC

CONDENSED STATEMENT OF COMPREHENSIVE INCOME - COMPANY

<i>In Sri Lankan Rs. '000s</i>	Quarter Ended		Change %	Year ended		Change %
	31.03.2015	31.03.2014		31.03.2015	31.03.2014 (Audited)	
Revenue	9,473,106	6,621,574	43	32,350,375	25,804,319	25
Cost of sales	(7,333,421)	(4,909,274)	49	(24,217,959)	(19,817,748)	22
Gross Profit	2,139,685	1,712,300	25	8,132,416	5,986,571	36
Other income	224,983	5,230	4202	234,749	15,433	1421
	2,364,668	1,717,530	38	8,367,165	6,002,004	39
Distribution expenses	(1,128,983)	(891,390)	27	(3,670,066)	(2,948,066)	24
Administrative expenses	(262,265)	(142,762)	84	(885,649)	(624,112)	42
Other expenses	(94,048)	39,608	(337)	(199,311)	(76,829)	159
Loss / impairment on disposal of PPE (Note 8)	(274,514)	-	100	(274,514)	-	100
Profit From Operations Before Expenses Relating to New Investment	604,858	722,986	(16)	3,337,625	2,352,997	42
Expenses relating to new investment (Note 9)	(460,188)	-	100	(460,188)	-	100
Profit Before Finance Cost	144,670	722,986	(80)	2,877,437	2,352,997	22
Finance income	25,996	169,563	(85)	222,302	632,375	(65)
Finance costs	(218,794)	(206,149)	6	(820,350)	(784,578)	5
Net Finance (Costs)/Income	(192,798)	(36,586)	427	(598,048)	(152,203)	293
Profit Before Taxation	(48,128)	686,400	(107)	2,279,389	2,200,794	4
Income tax expenses	(275,533)	(291,218)	(5)	(1,060,445)	(857,540)	24
Profit After Taxation	(323,661)	395,182	(182)	1,218,944	1,343,254	(9)
Remeasurement of employee benefit obligations	(13,327)	(1,121)	1089	(13,327)	(1,121)	1089
Total Comprehensive Income for the year	(336,988)	394,061	(186)	1,205,617	1,342,133	(10)
Earnings per ordinary share (Rs.)	(4.05)	4.94		15.24	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
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<i>In Sri Lankan Rs. '000s</i>	Year Ended 31.03.2015
Revenue	32,350,375
Cost of sales	(24,217,959)
Gross Profit	8,132,416
Negative Goodwill (Note 6)	153,892
Other income	239,193
	8,525,501
Distribution expenses	(3,680,025)
Administrative expenses	(1,019,148)
Other expenses	(199,311)
Loss / impairment on disposal of PPE (Note 8)	(302,786)
Profit From Operations Before Expenses Relating to New Investment	3,324,231
Expenses relating to new investment (Note 9)	(339,811)
Profit Before Finance Cost	2,984,420
Finance income	222,302
Finance costs	(820,355)
Net Finance (Costs)/Income	(598,053)
Profit Before Taxation	2,386,367
Income tax expenses	(1,050,716)
Profit After Taxation	1,335,651
Remeasurement of employee benefit obligations	(13,327)
Total Comprehensive Income for the year	1,322,324
Earnings per ordinary share (Rs.)	16.70
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
Company				
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 loss	-	-	(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 and distribution to owners				
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 year				
Profit for the year	-	-	1,218,944	1,218,944
Total other comprehensive loss	-	-	(13,327)	(13,327)
Total Comprehensive income for the year	-	-	1,205,617	1,205,617
Transactions with owners, recorded directly in equity contribution by and distribution to owners				
Ordinary dividends	-	-	(320,000)	(320,000)
Balance as at 31st March 2015	2,537,801	719,411	4,560,771	7,817,983
GROUP				
On Consolidation	2,537,801	719,411	3,675,154	6,932,366
Total Comprehensive Income				
Profit for the year	-	-	1,335,651	1,335,651
Other comprehensive loss for the year	-	-	(13,327)	(13,327)
Total Comprehensive income for the year	-	-	1,322,324	1,322,324
Share issue costs			(8,108)	(8,108)
Transactions with owners, recorded directly in equity contribution by and distribution to owners				
Dividends	-	-	(320,000)	(320,000)
Balance as at 31st March 2015	2,537,801	719,411	4,669,370	7,926,582

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

<i>In Sri Lankan Rs.'000s</i>	Company		Group
	31.03.2015	31.03.2014 (Audited)	31.03.2015
Net cash generated from / (used in) operating activities	3,153,715	1,753,446	3,331,126
Net cash used in investing activities	(7,982,061)	(2,222,332)	(8,095,596)
Net cash generated from / (used in) financing activities	(524,096)	7,737,903	(508,984)
Net increase / (decrease) in cash & cash equivalents	(5,352,442)	7,269,017	(5,273,454)
Cash & cash equivalents at the beginning of the year	6,056,098	(1,212,919)	6,056,098
Cash & cash equivalents at the end of the year	703,656	6,056,098	782,644
Analysis of Cash & cash equivalents			
Cash and cash equivalents	2,232,530	6,857,302	2,311,518
Bank overdraft	(1,528,874)	(801,204)	(1,528,874)
	703,656	6,056,098	782,644

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 Bukit Darah 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. During the year, the Company acquired the 100% shareholding of Millers Brewery Limited through a fully owned subsidiary, Pearl Springs (Pvt) Ltd which was incorporated on 20th May 2014. 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 March 2015 amounts to Rs. 285,302,010/- (2014 - Rs. 378,005,086/-)

3.2 Contingencies

(a) Contingent liabilities as at 31st March 2015 amount to Rs. 17,482,348/- (2014 -Rs. 17,076,169/-), 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 .Matter is currently at the stage of arguments.

LION BREWERY (CEYLON) PLC

NOTES TO THE FINANCIAL STATEMENTS

3.2 Contingencies

(b)As per interim Budget 2015 passed by the Parliament of Sri Lanka on 07th February 2015 it was proposed that a one off 25% Super Gain Tax (SGT) is to be imposed on companies based on either profits of (a) the company or (b) at the consolidated level if in a Group, if the profit before income tax is in excess of Rs. 2,000 million as per the Audited Financial Statements in the Financial Year 2013/14. The Bill in respect of the above budget proposal was issued on 30th March 2015. The consolidated profit before tax of Carson Cumberbatch PLC (of which Lion Brewery Ceylon PLC is a subsidiary) exceeds this threshold. Accordingly, the Company will become liable for SGT based on the taxable income . However, as of the date of authorizing the Financial Statements by the Board of Directors, this bill has not been passed in the Parliament.In the event the Bill is enacted as law in the future, the Company which has a taxable income for the year of assessment 2013/14 will become liable to pay Rs. 288,192,750/= as SGT.

(c)An assessment has been received for Rs. 74,676,206/- from the Department of Inland Revenue to Millers Brewery Limited for income tax for the financial year 2011/12. As this pertains to the period when Millers Brewery was owned by Cargills Ltd, a bank guarantee has been provided by the previous owner Cargills Ltd to absolve the Millers Brewery Limited from any tax loss.

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 20,000,000 rated Unsecured Redeemable Debentures (Category 3 - Type I) at a face value of Rs. 100/- each to raise Rs. 2,000,000,000/- on 8th December 2014. The interest is paid on 30th September and 31st March for a period of 5 years.

The categories of Debentures and its proportion of the different types of debentures in each category are as follows.

	Rs. 000's
Category 01 Debentures - Floating Rate (Note 4.1)	804,800
Category 02 & 03 Debentures - Fixed Rate (Note 4.2)	3,994,000
	<u>4,798,800</u>

4.1 Category 01 Debentures - Floating Rate

Debentures Category	Amount Rs. ('000)	Proportion (From and out of the Category 02 Debentures issued)	Interest Rate (per annum)	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.

4.2 Category 02 & 03 Debentures - Fixed Rate

Debentures Category	Amount Rs. ('000)	Proportion (From and out of the Category 02 Debentures issued)	Interest Rate (per annum)	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				

LION BREWERY (CEYLON) PLC

NOTES TO THE FINANCIAL STATEMENTS

4 Debentures (Contd.)

4.3 Composition of Debentures and Interest Payable

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	130,764
	<u>331,964</u>

4.4 Debenture trading information

	Quarter Ended - 31.03.2015			Quarter Ended - 31.12.2014		
	Highest price (Rs.)	Lowest price (Rs.)	Last Traded Price (Rs.)	Highest price (Rs.)	Lowest price (Rs.)	Last Traded Price (Rs.)
Debentures issued on 17th Jun 2013 (Rs.1,000/- par value)						
Type B - Floating Rate - 2 Year	N/T	N/T	N/T	N/T	N/T	N/T
Type C - Floating Rate - 3 Year	N/T	N/T	N/T	N/T	N/T	N/T
Type D - Floating Rate - 4 Year	N/T	N/T	N/T	N/T	N/T	N/T
Type E - Floating Rate - 5 Year	N/T	N/T	N/T	N/T	N/T	N/T
Type F - Fixed Rate - 3 Year	1,074	1,074	1,074	1,085	1,082	1,085
Type G - Fixed Rate - 4 Year	1,118	1,118	1,118	N/T	N/T	N/T
Type H - Fixed Rate - 5 Year	1,160	1,160	1,160	N/T	N/T	N/T
Debentures issued on 11th Dec 2014 (Rs.100/- par value)						
Type I - Fixed Rate - 5 Year	N/T	N/T	N/T	N/T	N/T	N/T

N/T - Not traded during the quarter.

Debenture Trading Information

	Quarter Ended - 31.03.2015	Quarter Ended - 31.12.2014
Interest yield of last trade done (%)		
Debentures issued on 17th Jun 2013 (Rs.1,000/- par value)		
Type F - Fixed Rate - 3 Year	12.57%	12.44%
Type G - Fixed Rate - 4 Year	12.30%	N/T
Type H - Fixed Rate - 5 Year	12.06%	N/T

LION BREWERY (CEYLON) PLC

NOTES TO THE FINANCIAL STATEMENTS

4 Debentures (Contd.)

4.4 Debenture trading Information

Interest rate of comparable government securities(%)	As at - 31.03.2015
03 year treasury bonds	8.70%
04 year treasury bonds	8.92%
05 year treasury bonds	9.13%

Debt related ratios - Company	Period Ended 31.03.2015
Debt/equity ratio (times)	1.54
Quick asset ratio (%)	51%
Interest cover (times)	4.81

5 Intangible Assets

	Rs. ('000)
Intangible Assets - Software	205,582
Intangible Assets - Trademarks (Note 6)	4,000,000
	<u>4,205,582</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. 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 continue 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.

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

LION BREWERY (CEYLON) PLC**NOTES TO THE FINANCIAL STATEMENTS****6 Acquisition of Millers Brewery Limited (Cont'd)**

Identifiable Net Assets Acquired	1,303,892
less: Negative Goodwill arising from acquisition	<u>(153,892)</u>
Total consideration for the acquisition	<u>1,150,000</u>

(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	<u>(18,691)</u>
Cost of acquisition of subsidiary net of cash	<u>1,131,309</u>

(ii) No revenue has been recorded since the date of acquisition whilst a loss of Rs. 45,234,741/= was recorded for the period ending 31st March 2015 since the date of the acquisition.

7 Assets held for sale**Company**

As at 31st March 2015, the Company has entered in to a sale & purchase agreement with Wallart Sarl of France, to sell its' old bottling line. A purchase price of Euro 400,000/= has been agreed with Wallart Sarl, who has made arrangements to dismantle and take possession of the old bottling line shortly. Its classification as non current assets held for sale did result in an impairment loss which has been recognised under " Loss / impairment on disposal of PPE " in the Statement of Comprehensive Income.

	2015
	Rs. '000s
Carrying Value	148,302
Less: Impairment	<u>(89,642)</u>
Fair value as at 31.03.2015	<u>58,660</u>

Group

In addition to the above, the plant and machinery & returnable containers owned by Millers Brewery Limited has been classified as assets held for sale, as the management has no immediate plans to manufacture beer at the Millers Brewery location. Its classification as non current assets held for sale did result in an impairment loss which has been recognised under " Loss / impairment on disposal of PPE " in the Statement of Comprehensive Income.

Amounts in Rs. '000s	Plant & Machinery	Returnable Containers	Total
Carrying Value	540,809	69,001	609,809
Less: Impairment	(96,449)	(21,466)	(117,914)
Fair value as at 31.03.2015	444,360	47,535	491,895

8 Loss / impairment on disposal of PPE**Company**

During the year the Company disposed of its old canning line to Wallart Sarl of France and entered in to a sale agreement for the sale of the old bottling line. Whilst Wallart Sarl took possession of the canning line, the bottling line yet remains within the premises of the Company and thus classified under Assets held for sale (**Note 7**). Accordingly an amount of Rs.155.5 million was recorded as a loss on disposal of the canning line whilst an impairment provision for Rs.89.6 million was recognized for the bottling line. As at 31st March 2015, the Company had in its possession spare parts for the old canning & bottling lines to the value of Rs.29.3 million which has been provided for in the Statement of Comprehensive Income, as these items are now obsolete. The total impact of these transactions are as below .

	2015
	Rs. '000s
Loss on disposal of old canning plant	155,528
Impairment of old bottling plant	89,642
Provision for spare parts - old bottling/ canning plant	<u>29,345</u>
	<u>274,514</u>

LION BREWERY (CEYLON) PLC**NOTES TO THE FINANCIAL STATEMENTS****8 Loss / impairment on disposal of PPE****Group**

In addition to the above, an impairment provision for plant and machinery & returnable containers has been recorded for the year ended 31st March 2015.

	2015
	Rs. '000s
Loss on disposal of old canning plant	155,528
Impairment of old bottling plant	89,642
Provision for spare parts - old bottling/ canning plant	29,345
Impairment of plant, machinery & returnable containers - MBL	28,272
	<u><u>302,786</u></u>

9 Expenses relating to new investment**Company**

The Company incurred Rs. 480 Mn as VAT, on account of the acquisition of trademarks and brands from Millers Brewery limited. The acquisition was made on the 21st Aug 2014.

The input VAT of Rs. 480 Mn was to have been recovered from the output VAT due on Lion Brewery turnover. However, on the 24th Oct 2014, the Government of Sri Lanka, through its budget exempted beer sales from VAT. As at 24th Oct 2014, Rs. 340 Mn remained outstanding on account of recoverable input VAT on the transaction pertaining to the acquisition of trademarks and brands of Millers Brewery Ltd. Since the recovery of this amount is in doubt, a provision of Rs. 340 Mn has been made in the accounts for the period ended 31st March 2015. A provision of Rs. 120 Mn for the impairment of the investment made in Pearl Springs (Pvt) Ltd was also recorded as at 31st March 2015.

	2015
	Rs. '000s
Provision for irrecoverable VAT	339,811
Provision for investment in subsidiaries	120,377
Total	460,188

Group

Provision for Irrecoverable VAT	339,811
Total	339,811

10 SEGMENTAL ANALYSIS

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

11 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).

12 EVENTS AFTER THE REPORTING PERIOD**Dividends**

Subject to the approval of the shareholders at the Annual General Meeting, the Board of Directors recommend a First and Final dividend of Rs.4/-per ordinary share for the year ended 31st March 2015. The dividend payable has not been accounted for until it is approved at the forthcoming Annual General Meeting.

Apart from above, subsequent to the reporting date, no circumstances have arisen which required adjustment to or disclosure in the Financial Statements.

13 INVESTOR INFORMATION

	Investor Information	Quarter Ended		Year Ended	
		31.03.2015	31.03.2014	31.03.2015	31.03.2014
1	Share Information				
	Price as at the end of the period (Rs.)	600.10	391.00	600.10	391.00
	Highest price (Rs.)	654.60	400.00	740.00	444.00
	Lowest price (Rs.)	590.00	357.00	370.00	330.00
2	Trading Statistics				
	No of Transactions	112	200	1,330	1,086
	No of Shares traded	65,860	164,612	1,715,681	2,127,293
	Value of all shares traded (Rs. Mn.)	41	62	1,038	790

LION BREWERY (CEYLON) PLC**NOTES TO THE FINANCIAL STATEMENTS****14 TWENTY MAJOR SHAREHOLDERS AS AT 31ST MARCH 2015**

	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.	1,635,774	2.04
6	HSBC INTL NOM LTD-MSCO-ROUTE ONE FUND 1,L.P.	1,558,802	1.95
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	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	85,610	0.11
19	NEWGREENS LIMITED	83,200	0.10
20	PEOPLE'S LEASING & FINANCE PLC/K.L.UDAYANANDA	55,179	0.07

15 PUBLIC HOLDING

Ordinary Shares of the Company held by the public as at 31st March 2015 are as follows;

Number of Public Shareholders	1,110
Percentage of Public holding	13.95%

16 DIRECTOR'S SHAREHOLDINGS

As at 31 st March 2015	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 (Resigned w.e.f. 31st March 2015)	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	-

17 STATED CAPITAL

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

LION BREWERY (CEYLON) PLC

NOTES TO THE FINANCIAL STATEMENTS

18 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, Mr. D. A. Cabraal, Mr. H.J.Andersen 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. 143,138,003/- (2014 - Rs. 132,218,641/-) as royalty during the year.
- (ii) A dividend of Rs. 150,475,636/- was paid by the Company to Ceylon Beverage Holdings PLC during the year. (2014 - Rs. 150,475,636/-)
- (ii) As at 31st March 2015 the balance receivable to the Company from Ceylon Beverage Holdings PLC is Rs. 24,400/- (Payable 2014 - Rs. 12,749,389/-)

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

Messrs. S.K. Shah, Mr. 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. 180,297,243/- during the year. (2014 - Rs. 183,630,888/-)

- (i) An amount of Rs. 7,590,575/- was paid by LBCPLC to Pubs 'N Places (Private) Limited as trade rebates on beer purchases for the year. (2014- 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 year. Rs. 7,500,000 /- has been charged as an expense in the current year. (2014- Nil)
- No balance was receivable / payable to Lion Brewery (Ceylon) PLC by Pubs 'N Places (Private) Limited as at 31st March 2015. (2014 - Nil)

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

Messrs. S.K. Shah, Mr. 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. 165,918,866/- (2014 - Rs. 211,148,300/-) during the year.

No balance was receivable / payable to Lion Brewery (Ceylon) PLC by Retail Spaces (Private) Limited as at 31st March 2015. (2014 - Nil)

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

Messrs. S.K. Shah, Mr. 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.12,771,091/-. (2014 - Rs. 11,954,282/-)

An amount of Rs. 256,317,883/- was receivable from Luxury Brands (Private) Limited to LBCPLC as at 31st March 2015. (2014 - Rs. 214,071,291/-)

(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. 120,377,019/- was receivable from Pearl Springs (Private) Limited to LBCPLC as at 31st March 2015. (2014 - N/A)

LION BREWERY (CEYLON) PLC**NOTES TO THE FINANCIAL STATEMENTS****18 RELATED PARTY TRANSACTIONS (Contd.)****(F) Transactions with Sub Subsidiary - Millers Brewery Limited**

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

During the year the company purchased the following assets from Millers Brewery Limited

Asset Class	Qty	Carrying value (Rs.)	Purchase Cost (Rs.)
Draught Beer units	25	3,493,137	3,493,125
Crates	125,000	42,304,252	42,391,901
Bottles (625ML)	720,000	17,856,000	17,856,000
Computer Equipment	2	40,073	44,240
Bottle Coolers	400	19,380,261	19,380,261
Total	-	83,073,723	83,165,527

No balance was receivable / payable to Lion Brewery (Ceylon) PLC by Millers Brewery Limited as at 31st March 2015 . (2014 - N/A)

(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. 338,681,064/- (2014 - Rs. 231,750,623/-) was charged by Carsons Management Services (Private) Limited to the Company during the period ,which included supporting services fees of Rs. 253,614,753/- (2014 - Rs. 130,143,825-) and other reimbursable expenses incurred by Carsons Management Services (Private) Limited on behalf of the Company.

No balance was receivable / payable to Carsons Management Services (Private) Limited as at 31st March 2015 . (2014 - nil).

(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. 123,530,742/- (2014 - Rs. 101,209,154/-) 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. 6,438,666/- (2014 - Rs. 7,392,895/-).

(iii) An amount of Rs. 176,402,594/- remains payable to Carlsberg A/S as at 31st March 2015 (2014 - Rs. 54,651,778/-).

(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. 316,976,685/- (2014 - Rs.131,435,540/-). As at the reporting date an amount of Rs. 100,588,460/- (2014 - Rs. 70,087,738/-) 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. 41,051/- has been charged as parking fees to Equity Two PLC . (2014 - Rs.29,314/-)

(ii) An amount of Rs. 27,085/- has been charged as rental to Equity One PLC. (2014- Rs. 47,699/-)

(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/- (2014 - Rs. 7,319,308/-) was paid during the year.

(ii) The Company has obtained services from Pegasus Hotels of Ceylon PLC for which an amount of Rs. 46,111/- (2014 - Rs. 333,780/-) was paid during the year.

LION BREWERY (CEYLON) PLC**NOTES TO THE FINANCIAL STATEMENTS****18 RELATED PARTY TRANSACTIONS (Contd)**

- (e) Mr. D.A. Cabraal, Director of the Company is also a Director of the HNB PLC, with which the Company transacted during the period as described below.

Category	2015 (Rs.)	2014 (Rs.)
Short term loan interest expense	120,957,252	176,708,465
Overdraft interest expense	86,493	29,533,849
Fixed deposit interest income	5,263,699	6,164,384
Debentures issued	468,600,000	-

Short term loans	2015 (Rs.)	2014 (Rs.)
Opening balance	4,400,000,000	-
Short term loans obtained	2,600,000,000	8,000,000,000
Short term loans repaid	(6,350,000,000)	(3,600,000,000)
Balance as at period end	650,000,000	4,400,000,000

Fixed Deposits	2015 (Rs.)	2014 (Rs.)
Opening balance	252,239,578	1,339,578
Fixed deposits placed	200,900,000	250,900,000
Fixed deposits matured	(250,939,578)	-
Balance as at period end	202,200,000	252,239,578

- (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. 16,205,631/- for its services. (2014 - 10,358,836/-).

(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 other than what is disclosed below

Mr.C.P. Amerasinghe, Director of the Company retired with effect from 31st March 2015 . Terminal benefits amounting to Rs. 21,185,000/= was paid to him on his retirement ,during the year.

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 AND CONTROLLING ENTITY

Ceylon Beverage Holdings PLC is the immediate Parent Company of Lion Brewery (Ceylon) PLC. In the opinion of the Directors, Carson Cumberbatch PLC is the Parent Company of Ceylon Beverage Holdings PLC and Bukit Darah PLC is the Ultimate Parent and Controlling Entity of Ceylon Beverage Holdings 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 (Resigned w.e.f. 31st March 2015)
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
Peoples' Bank
Standard Chartered Bank
Sampath Bank

LEGAL ADVISERS

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Chartered Accountants
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Fax:+94 11 2445 872

MANAGERS & SECRETARIES

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