

Lion Brewery (Ceylon) PLC

*Interim Condensed Financial Statements
for the Fourth Quarter ended
31st March 2017*

LION BREWERY (CEYLON) PLC
BOARD OF DIRECTORS AS AT 31ST MARCH 2017

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. T. Liyanage (Resigned w.e.f. 31/03/2017)
Mr. D. R. P. Goonetilleke
Mr. K. Selvanathan (Director / Alternate Director to H. Selvanathan)
Mrs. S. J. F. Evans
Mr. H. J. Andersen (Resigned w.e.f. 20/08/2016)
Mr. D. A. Cabraal
Mr. Y. F. Lew (Resigned w.e.f. 06/02/2017)
Mr. L. Lehmann (Appointed w.e.f. 20/08/2016)
Mr. C. B. Yee (Appointed w.e.f. 06/02/2017)

LION BREWERY (CEYLON) PLC				
CONDENSED STATEMENT OF FINANCIAL POSITION				
	Company		Group	
<i>In Rs. '000s</i>	31-Mar-17	31-Mar-16 (Audited)	31-Mar-17	31-Mar-16 (Audited)
ASSETS				
Non- Current Assets				
Property, plant & equipment	16,715,374	14,870,062	17,899,078	16,106,448
Intangible assets	2,436,035	4,157,316	2,436,035	4,157,316
Investments in subsidiaries	1,029,623	1,029,623	-	-
Total Non-Current Assets	20,181,032	20,057,001	20,335,113	20,263,764
Current Assets				
Inventories	2,031,775	2,079,960	2,031,775	2,079,960
Trade and other receivables	1,234,701	1,660,862	1,253,432	1,685,813
Amounts due from related companies	33,076	301,310	33,076	301,310
Assets held for sale	-	-	-	5,200
Cash and cash equivalents	7,498,482	3,621,359	7,602,284	3,704,225
Total Current Assets	10,798,034	7,663,491	10,920,567	7,776,508
Total Assets	30,979,066	27,720,492	31,255,680	28,040,272
EQUITY AND LIABILITIES				
Equity				
Stated capital	2,537,801	2,537,801	2,537,801	2,537,801
Capital reserves	1,134,229	1,134,229	1,302,117	1,302,117
Revenue reserves	4,373,883	6,011,480	4,474,479	6,146,216
Total Equity	8,045,913	9,683,510	8,314,397	9,986,134
Non- Current Liabilities				
Debentures (Note 4)	2,998,800	3,798,200	2,998,800	3,798,200
Loans and borrowings	4,984,765	3,203,570	4,984,765	3,203,570
Employee benefits	74,230	108,578	74,230	108,578
Deferred taxation	2,379,238	2,893,751	2,379,238	2,893,751
Total Non- Current Liabilities	10,437,033	10,004,099	10,437,033	10,004,099
Current Liabilities				
Trade and other payables	551,200	671,142	559,332	678,708
Amounts due to related companies	144,631	194,319	144,628	194,319
Refundable deposits	1,009,357	987,168	1,009,357	987,168
Current taxation	778,079	1,065,106	778,079	1,074,653
Debentures (Note 4)	937,932	958,699	937,932	958,699
Loans and borrowings	7,716,868	2,970,077	7,716,868	2,970,077
Bank overdrafts	1,358,053	1,186,372	1,358,054	1,186,415
Total Current Liabilities	12,496,120	8,032,883	12,504,250	8,050,039
Total Liabilities	22,933,153	18,036,982	22,941,283	18,054,138
Total Equity and Liabilities	30,979,066	27,720,492	31,255,680	28,040,272
Net assets per ordinary share (Rs.)	100.57	121.04	103.93	124.83

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.)

D. C. R. Gunawardena

Director

Carsons Management Services (Private) Limited

15th May 2017

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

<i>In Sri Lankan Rs. '000s</i>	Quarter Ended		Change %	Year Ended		Change %
	31.03.2017	31.03.2016		31.03.2017	31.03.2016 (Audited)	
Revenue	5,810,364	8,357,946	(30)	21,210,977	35,526,379	(40)
Cost of sales	(4,962,161)	(6,541,728)	(24)	(17,742,970)	(26,710,333)	(34)
Progressive insurance receipts on business interruption (Note 05)	-	-	-	1,000,000	-	-
Gross Profit	848,203	1,816,218	(53)	4,468,007	8,816,046	(49)
Other income	7,883	2,514	214	64,032	17,315	270
	856,086	1,818,732	(53)	4,532,039	8,833,361	(49)
Distribution expenses	(746,175)	(895,598)	(17)	(2,529,332)	(3,505,996)	(28)
Administrative expenses	(359,953)	(287,373)	25	(1,088,661)	(1,094,109)	(0)
Other expenses	(92,967)	(61,604)	51	(212,457)	(312,518)	(32)
Impairment on intangible assets (Note 07)	(1,673,065)	-	-	(1,673,065)	-	-
Operating Profit	(2,016,074)	574,158	(451)	(971,476)	3,920,738	(125)
Progressive insurance receipts on property damage (Note 05)	-	-	-	1,066,448	-	-
Stocks and PPE quantified and written-off to date due to flood related damages (Note 05)	521,171	-	-	(1,041,358)	-	-
Reversal of unabsorbed VAT provision (Note 08)	-	-	-	339,811	-	-
Profit Before Finance Cost	(1,494,903)	574,158	(360)	(606,575)	3,920,738	(115)
Finance income	170,937	77,895	119	447,402	274,164	63
Finance costs	(528,561)	(290,964)	82	(1,722,632)	(1,193,276)	44
Net Finance Costs	(357,624)	(213,069)	68	(1,275,230)	(919,112)	39
Profit/(Loss) Before Taxation	(1,852,527)	361,089	(613)	(1,881,805)	3,001,626	(163)
Income tax reversals / (expenses)	1,052,526	(50,282)	(2193)	468,622	(947,218)	(149)
Profit/(Loss) After Taxation	(800,001)	310,807	(357)	(1,413,183)	2,054,408	(169)
Other Comprehensive Income						
Items that will never be reclassified to profit or loss						
Measurement of employee benefit obligations	25,976	7,491	-	25,976	7,491	-
Deferred tax adjustment	(10,390)	(2,997)	-	(10,390)	(2,997)	-
Revaluation gain on land and building	-	484,982	-	-	484,982	-
Deferred tax adjustment	-	(70,164)	-	-	(70,164)	-
Total other comprehensive income/(loss) for the period net of tax	15,586	419,312	-	15,586	419,312	-
Total Comprehensive Income/(Loss) for the year	(784,415)	730,119	(207)	(1,397,597)	2,473,720	(156)
Earnings/(Loss) per ordinary share (Rs.)	(10.00)	3.89		(17.66)	25.68	

The above figures are provisional and subject to audit.

LION BREWERY (CEYLON) PLC

CONDENSED STATEMENT OF COMPREHENSIVE INCOME - Group

In Sri Lankan Rs. '000s	Quarter Ended		Change %	Year Ended		Change %
	31.03.2017	31.03.2016		31.03.2017	31.03.2016 (Audited)	
Revenue	5,810,364	8,357,946	(30)	21,210,977	35,526,379	(40)
Cost of sales	(4,962,161)	(6,541,728)	(24)	(17,742,970)	(26,710,333)	(34)
Progressive insurance receipts on business interruption (Note 05)	-	-	-	1,000,000	-	-
Gross Profit	848,203	1,816,218	(53)	4,468,007	8,816,046	(49)
Other income	10,192	(4,344)	(335)	69,680	19,358	260
	858,395	1,811,874	(53)	4,537,687	8,835,404	(49)
Distribution expenses	(746,175)	(895,598)	(17)	(2,529,332)	(3,505,996)	(28)
Administrative expenses	(375,082)	(307,670)	22	(1,127,529)	(1,139,411)	(1)
Other expenses	(92,967)	(61,604)	51	(212,457)	(312,518)	(32)
Impairment on intangible assets (Note 07)	(1,673,065)	-	-	(1,673,065)	-	-
Operating Profit	(2,028,894)	547,002	(471)	(1,004,696)	3,877,479	(126)
Progressive insurance receipts on property damage (Note 05)	-	-	-	1,066,448	-	-
Stocks and PPE quantified and written-off to date due to flood related damages (Note 05)	521,171	-	-	(1,041,358)	-	-
Reversal of unabsorbed VAT provision (Note 08)	-	-	-	339,811	-	-
Profit Before Finance Cost	(1,507,723)	547,002	(376)	(639,795)	3,877,479	(117)
Finance income	170,937	77,895	119	447,402	274,164	63
Finance costs	(528,567)	(290,967)	82	(1,722,659)	(1,193,286)	44
Net Finance Costs	(357,630)	(213,072)	68	(1,275,257)	(919,122)	39
Profit/(Loss) Before Taxation	(1,865,353)	333,930	(659)	(1,915,052)	2,958,357	(165)
Income tax reversals / (expenses)	1,052,128	19,124	5,402	467,729	(877,812)	(153)
Profit/(Loss) After Taxation	(813,225)	353,054	(330)	(1,447,323)	2,080,545	(170)
Other Comprehensive Income						
Items that will never be reclassified to profit or loss						
Measurement of employee benefit obligations	25,976	7,491	-	25,976	7,491	-
Deferred tax adjustment	(10,390)	(2,997)	-	(10,390)	(2,997)	-
Revaluation gain on land and building		657,691	-	-	657,691	-
Deferred tax adjustment	-	(74,985)	-	-	(74,985)	-
Total other comprehensive income/(loss) for the year net of tax	15,586	587,200		15,586	587,200	-
Total Comprehensive Income/(loss) for the year	(797,639)	940,254	(185)	(1,431,737)	2,667,745	(154)
Earnings/(Loss) per ordinary share (Rs.)	(10.17)	4.41		(18.09)	26.01	

The above figures are provisional and subject to audit.

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

<i>In Rs. '000s</i>	Stated Capital	Revaluation Reserve	Retained Earnings	Total Equity
Balance as at 1st April 2015	2,537,801	719,411	4,272,578	7,529,790
Total Comprehensive income for the year				
Profit for the year	-	-	2,054,408	2,054,408
Other comprehensive income	-	414,818	4,494	419,312
Total Comprehensive income for the year	-	414,818	2,058,902	2,473,720
Transactions with owners, recorded directly in equity contribution by and distribution to owners				
Ordinary dividends	-	-	(320,000)	(320,000)
Balance as at 31st March 2016	2,537,801	1,134,229	6,011,480	9,683,510
Balance as at 1st April 2016	2,537,801	1,134,229	6,011,480	9,683,510
Total Comprehensive income for the period				
Loss for the year	-	-	(1,413,183)	(1,413,183)
Other comprehensive income	-	-	15,586	-
Total Comprehensive loss for the period	-	-	(1,397,597)	(1,413,183)
Transactions with owners, recorded directly in equity contribution by and distribution to owners				
Ordinary dividends	-	-	(240,000)	(240,000)
Balance as at 31st March 2017	2,537,801	1,134,229	4,373,883	8,030,327

GROUP

<i>In Rs. '000s</i>	Stated Capital	Revaluation Reserve	Retained Earnings	Total Equity
Balance as at 1st April 2015	2,537,801	719,411	4,381,177	7,638,389
Total Comprehensive income for the year				
Profit for the year	-	-	2,080,545	2,080,545
Other comprehensive income	-	582,706	4,494	587,200
Total Comprehensive income for the year	-	582,706	2,085,039	2,667,745
Transactions with owners, recorded directly in equity contribution by and distribution to owners				
Ordinary dividends	-	-	(320,000)	(320,000)
Balance as at 31st March 2016	2,537,801	1,302,117	6,146,216	9,986,134
Balance as at 1st April 2016	2,537,801	1,302,117	6,146,216	9,986,134
Total Comprehensive income for the period				
Loss for the year	-	-	(1,447,323)	(1,447,323)
Other comprehensive income	-	-	15,586	-
Total Comprehensive loss for the period	-	-	(1,431,737)	(1,447,323)
Transactions with owners, recorded directly in equity contribution by and distribution to owners				
Ordinary dividends	-	-	(240,000)	(240,000)
Balance as at 31st March 2017	2,537,801	1,302,117	4,474,479	8,298,811

LION BREWERY (CEYLON) PLC				
CASH FLOW STATEMENT				
Period ended In Rs.'000s	Company		Group	
	3/31/2017	3/31/2016 (Audited)	3/31/2017	3/31/2016 (Audited)
Cash Flows from Operating Activities				
Profit/(Loss) before taxation	(1,881,805)	3,001,626	(1,915,052)	2,958,357
Adjustments for:				
Finance costs	1,722,632	1,202,128	1,722,659	1,202,138
Depreciation on property, plant & equipment	1,057,362	987,450	1,087,366	1,022,306
Amortization on Intangible assets	53,081	53,514	53,081	53,514
Net inventory provision	43,059	11,232	43,059	11,232
Provision for retirement benefit obligation	15,311	21,028	15,311	21,028
Impairment of property, plant & equipment	-	749	-	749
Progressive insurance receipts on property damage	(1,066,448)	-	(1,066,448)	-
Impairment of intangible assets	1,673,065	-	1,673,065	-
Loss /(gain) on disposal of property, plant & equipment	524,984	(7,859)	524,955	(8,941)
Reversal of unabsorbed VAT provision	(339,811)	-	(339,811)	-
Exchange loss/ (gain) on revaluation of foreign currency term loans	13,313	(49,783)	13,313	(49,783)
Finance Income	(447,402)	(274,164)	(447,402)	(274,164)
Operating cash flow before working capital changes	1,367,341	4,945,921	1,364,096	4,936,436
Decrease in inventories	5,126	706,872	5,126	706,872
Decrease in trade and other receivables	426,161	184,993	432,381	188,272
(Increase)/ decrease in amounts due from related companies	268,234	75,410	268,234	(44,968)
Increase In Tax payable	48,512	20,757	38,228	30,149
Decrease in trade and other payables	(120,262)	(115,855)	(119,696)	(116,828)
Increase/(Decrease) in amounts due to related companies	(49,688)	17,916	(49,691)	17,916
Cash generated from/(used in) operations	1,945,424	5,836,014	1,938,678	5,717,849
Finance expenses paid	(1,643,580)	(1,174,014)	(1,643,607)	(1,174,024)
Retirement benefits paid	(23,683)	(6,590)	(23,683)	(6,590)
Tax paid	(76,009)	(107,415)	(76,165)	(107,258)
Super gains tax paid	-	(288,193)	-	(288,193)
Net cash generated from/(used in) operating activities	202,152	4,259,802	195,223	4,141,784
Cash Flows from investing activities				
Purchase and construction of property , plant & equipment	(3,312,390)	(1,451,728)	(3,312,414)	(1,451,729)
Borrowing cost capitalized	(118,492)	(136,650)	(118,492)	(136,650)
Purchase of intangible assets	(2,640)	(5,248)	(2,640)	(5,248)
Proceeds from sale of property, plant & equipment	1,000	15,361	23,731	17,299
Proceeds from sale of assets held for sale	-	58,660	5,200	178,576
Agent deposits received	22,189	126,805	22,189	126,805
Agent deposits refunded	-	(25,552)	-	(25,552)
Interest received	422,589	274,164	422,589	274,164
Net cash used in investing activities	(2,987,744)	(1,144,188)	(2,959,837)	(1,022,335)
Cash flows from financing activities				
Loans and borrowings received	7,950,000	2,000,000	7,950,000	2,000,000
Repayments of loans and borrowing	(1,510,334)	(2,894,924)	(1,510,334)	(2,894,924)
Repayments of debentures	(799,400)	(201,200)	(799,400)	(201,200)
Progressive insurance receipts on property damage	1,066,448	-	1,066,448	-
Dividend paid net of tax	(215,680)	(288,159)	(215,680)	(288,159)
Net cash generated from/(used in) financing activities	6,491,034	(1,384,283)	6,491,034	(1,384,283)
Net increase in cash & cash equivalents	3,705,442	1,731,331	3,726,420	1,735,166
Cash & cash equivalents at the beginning of the year	2,434,987	703,656	2,517,810	782,642
Cash & cash equivalents at the end of the year	6,140,429	2,434,987	6,244,230	2,517,810
Analysis of cash and cash equivalents				
Cash and cash equivalents	7,498,482	3,621,359	7,602,284	3,704,225
Bank overdraft	(1,358,053)	(1,186,372)	(1,358,054)	(1,186,415)
	6,140,429	2,434,987	6,244,230	2,517,810

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.

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 2016 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 2017 amounts to Rs. 87,694,004/-(2016 - Rs.127,141,593)

LION BREWERY (CEYLON) PLC

NOTES TO THE FINANCIAL STATEMENTS

3.2 Contingencies

(a) Contingent liabilities as at 31st March 2017 amount to Rs.37,492,951/- (2016-Rs. 4,679,437/-), being bank guarantees given to Government bodies and foreign suppliers for operational purposes.

(b) The following legal matter is outstanding against the Company and no provision has been made in the Financial Statements to this regard.

i) 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 of Excise Duty in Default issued by the DG of Customs 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 and will be coming up for oral submissions/ arguments on 20th September 2017.

ii) An action was filed by M/s Abeywardena Distributors (Private) Limited (Petitioner) in the High Court of Colombo by case No. HC/WA/11/2008 on the 12th of September 2008. This is mainly to obtain a mandate in the nature of a writ of prohibition preventing the 1st to 5th Respondents, being the Deputy Commissioner stamp duty revenue collection and comparison of the Department of Revenue – Western Provincial Council and other Commissioners, from imposing and/or recovering from the Petitioner any tax and/or penalty under the provisions of Financial Statutes of the Western Province No. 6 of 1990 and/or proceeding against the Petitioner under the said statute on the turnover from the services provided by the Petitioner to the 6th Respondent being (LBCL).

After several hearings, on 14th September 2010 an order was delivered in favour of the Petitioner being Abeywardena Distributors as prayed for in the petition

An Appeal was filed against the said High Court order by the 1st to 5th Respondents (State) under the case No. CA/PHC/126/10. Case has been fixed for arguments and will be called in the Court of Appeal on 04th August 2017.

(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 deposit managed through an Escrow account has been provided by the previous owner Cargills Ltd to absolve the Millers Brewery Limited from any arising tax loss.

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 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)	402,400
Category 02 & 03 Debentures - Fixed Rate (Note 4.2)	3,395,800
	<u>3,798,200</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 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	402,400			

Category 01 -Type C debentures amounting to Rs. 201,200,000/- were redeemed on June 16, 2016.

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 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	3,395,800				

Category 02 -Type F debentures amounting to Rs. 598,200,000/- were redeemed on June 16, 2016.

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)

3,798,200

Debentures falling due within one year

(799,400)

Debentures falling due after one year

2,998,800**Classified Under Current Liabilities**

Debentures falling due within one year

799,400

Interest payable

138,532937,932**4.4 Debenture trading Information**

	Quarter Ended - 31.03.2017			Quarter Ended - 31.12.2016		
	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 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 G - Fixed Rate - 4 Year	N/T	N/T	N/T	N/T	N/T	N/T
Type H - Fixed Rate - 5 Year	N/T	N/T	N/T	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.

LION BREWERY (CEYLON) PLC**NOTES TO THE FINANCIAL STATEMENTS****4 Debentures (Contd.)****4.5 Debenture trading Information**

Interest rate of comparable government securities(%)	Date	Period Ended 31.03.2017
04 year treasury bonds	31.03.2017	12.35%
05 year treasury bonds	31.03.2017	12.60%

Debt related ratios - Company

Debt/equity ratio (times)	2.07
Quick asset ratio (%)	70%
Interest cover (times)	(0.76)

5 FLOOD RELATED LOSSES

An assessment has been done on the damage caused to the inventory and fixed assets due to flooding. Accordingly, interim claims were submitted for the damage caused to the Company's inventory and fixed assets as well as business interruption. Against these interim claims, as of 31st March 2017, an amount of Rs.2.07 Billion has been confirmed as on account payments. Rs. 1 Billion of this amount confirmed is against the business interruption cover whilst the balance amount of Rs. 1 Billion is recorded against the interim claim made on fixed assets & inventory.

An amount of Rs.1.04 Billion had been recognized for the carrying value of damaged fixed assets & inventory including other operational expenses incurred for the flood recovery process.

In terms of the policy in place for insurance the total amount that could be received against business interruption & the damage caused to fixed assets & inventory is Rs.4 billion.

6 OTHER MATTERS

On 20th September 2016, Ven. Agulugalle Siri Jinananda Thero and 6 others filed a case against the Minister of Finance and 13 other respondents, which includes Lion Brewery (Ceylon) PLC, contesting the extension of the Excise Duty for import of beer to be at the same rate as when manufactured locally, as the Company's brewery was badly affected due to the flood. This extension was granted by the Department of Trade and Investment Policy with the concurrence of the Minister of Finance and was afforded by the Government for companies affected by the flood which occurred during the period 16th to 22nd May 2016.

When the matter was taken up in the Court of Appeal, on 3rd March 2017 to file Statements of Objections from the Respondents to Petitioner's application, the court directed Attorney General's department to submit of all relevant documentation pertaining to the importation of beer to the Petitioner and to courts by 5th May 2017 and the case will then be mentioned on 26th May 2017 in the Court of Appeal.

7 IMPAIRMENT OF INTANGIBLE ASSETS

As per the accounting standard LKAS 36, an annual impairment test was carried out for the brands acquired from Millers Brewery Ltd as at 31st March 2017. These brands were acquired from Millers Brewery Limited in 2014 for a value amounting to Rs.4.0 billion. The said acquisition consisted of five brands namely, Sando Power, Sando Stout, Three Coins, Grand blonde and Irish Dark. These brands are not amortized as their useful lives are considered infinite given the nature of the asset.

During the months October & December 2015, the excise Duty on beer was increased as follows

Mild beer (beer with an alcohol volume of <5% - from Rs.150/- per litre to Rs.190/- per litre (27% increase)

Strong beer (beer with an alcohol volume >5% - from Rs.185/- per litre to Rs.315/- per litre (70% increase)

As a result of this steep increase in excise duty, the beer industry recorded a sharp decline in volumes. In addition to this the Company was also affected by floods and as a result the brewery was shut down for a period of 6 months. The impairment test carried out as at 31st March 2017 took into consideration the consequent market dynamics from both these factors which necessitated a downward adjustment in the value of the brands acquired from Millers Brewery Limited. The Company had computed its recoverable amount of the acquired brands by forecasting the annual sales values and discounting such estimated cash flows by its cost of equity. Accordingly, the carrying value of the said brands as at 31st March 2017 stands at Rs.2,680,832,034/- resulting in an impairment of Rs.1,673,064,593/- which has been charged to the income statement.

8 UNABSORBED VAT

VAT was reintroduced to the Alcohol industry at 15% with effect from 1st November 2016. Accordingly the Company has made a reversal of the provision for unabsorbed VAT amounting to Rs.339 Million which was made in 2014/15.

9 SEGMENTAL ANALYSIS

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

10 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).

11 EVENTS AFTER THE REPORTING PERIOD

There were no material events taken place since March 31, 2017 that require disclosure in these Financial Statements.

12 INVESTOR INFORMATION

Investor Information	Quarter Ended		Year Ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
1 Share Information				
Price as at the end of the period (Rs.)	460	459	460	459
Highest price (Rs.)	495	630	550	700
Lowest price (Rs.)	406	452	370	452
2 Trading Statistics				
No of Transactions	196	181	1,473	518
No of Shares traded	906,356	566,780	4,303,756	1,824,710
Value of all shares traded (Rs. Mn.)	401	284	1,772	1,073

LION BREWERY (CEYLON) PLC**NOTES TO THE FINANCIAL STATEMENTS****13 TWENTY MAJOR SHAREHOLDERS AS AT 31ST MARCH 2017**

	Name of Shareholder	No.of Shares	%
1	CEYLON BEVERAGE HOLDINGS PLC	41,798,788	52.25
2	CARLSBERG BREWERY MALAYSIA BERHAD	20,000,686	25.00
3	CARSON CUMBERBATCH PLC A/C NO. 02	4,107,793	5.13
4	CARSON CUMBERBATCH PLC A/C NO. 01	1,400,758	1.75
5	BUKIT DARAH PLC A/C NO. 02	1,300,000	1.63
6	HSBC INTL NOM LTD-MSCO-ROUTE ONE OFFSHORE MASTER FUND, L.P.	1,257,924	1.57
7	HSBC INTL NOM LTD - BBH - FIDELITY FUNDS	1,152,811	1.44
8	HSBC INTL NOM LTD-MSCO-ROUTE ONE FUND 1,L.P.	1,105,841	1.38
9	GF CAPITAL GLOBAL LIMITED	1,055,199	1.32
10	CACEIS BANK LUXEMBOURG S/A BARCA GLOBAL MASTER FUND LP	747,194	0.93
11	HSBC INTL NOM LTD-JPMCB NA-FIDELITY ASIAN VALUES PLC	629,844	0.79
12	NORTHERN TRUST GLOBAL SERVICES LONDON S/A VERDIPAPIRFONDET ODIN EMERGING MARKETS	575,000	0.72
13	PERSHING LLC S/A AVERBACH GRAUSON & CO.	561,501	0.70
14	RBC INVESTOR SERVICES BANK-COELI SICAV I- FRONTIER MARKETS FUND	451,767	0.56
15	MELLON BANK N.A.-FLORIDA RETIREMENT SYSTEM	393,400	0.49
16	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	308,706	0.39
17	SAMPATH BANK PLC/MRS.PRIYANI DHARSHINI RATNAGOPAL	300,000	0.38
18	HSBC INTL NOMINEES LTD-SSBT-FRANK RUSSEL TRUST COMPANY COMINGLED BENEFIT FUNDS TRUST GNA-6QH3	253,681	0.32
19	HSBC INTERNATIONAL NOMINEES LTD-MORGAN STANLEY AND CO INTL PLC-OWN A/C	200,000	0.25
20	PORTELET LIMITED	161,920	0.20

14 PUBLIC HOLDING AS AT 31ST MARCH 2017

Ordinary shares of the Company held by the public as at 31st March 2017;

Market Capitalization of the Public Holding

Rs.5.12 Billion

Percentage of ordinary shares held by the public

13.92%

Number of Public Shareholders

1,195

The Company is in compliance with the Minimum Public Holding requirement as per Directive No. SEC/LEG/16/11/13 dated 17th November 2016 of the Securities and Exchange Commission of Sri Lanka

15 DIRECTOR'S SHAREHOLDINGS

As at 31 March 2017	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 (Resigned w.e.f. 31/03/2017)	2,500
Mr. D. R. P. Goonetilleke	1
Mr. K. Selvanathan (Director / Alternate Director to H. Selvanathan)	-
Mrs. S. J. F. Evans	-
Mr. H. J. Andersen (Resigned w.e.f. 20/08/2016)	-
Mr. D. A. Cabraal	-
Mr. Y. F. Lew (Resigned w.e.f. 06/02/2017)	-
Mr. L. Lehmann (Appointed w.e.f. 20/08/2016)	-
Mr. C. B. Yee (Appointed w.e.f. 06/02/2017)	-

16 STATED CAPITAL

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

LION BREWERY (CEYLON) PLC
NOTES TO THE FINANCIAL STATEMENTS

17 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 (Resigned w.e.f. 20/08/2016) Mr. L. Lehmann (Appointed w.e.f. 20/08/2016) 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. 59,463,847/- (2016 -Rs.130,856,400/-) as royalty during the period.
- (ii) No balance was receivable / payable to the Company from Ceylon Beverage Holdings PLC as at 31st March 2017. (2016 - Nil)

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

Messrs. S.K. Shah 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. 114,410,643/- during the period. (2016 - Rs. 173,512,106/-)

- (i) An amount of Rs.2,897,737/- was paid by the Company to Pubs 'N Places (Private) Limited as trade rebates on beer purchases during the period. (2016- Rs. 5,836,428/-)
- (ii) No balance was receivable / payable to the Company by Pubs 'N Places (Private) Limited as at 31st March 2017. (2016 - Nil)

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

Messrs. S.K. Shah 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. 124,417,601/- (2016 - Rs. 185,052,213/-) during the period.

- (i) No balance was receivable / payable to the Company by Retail Spaces (Private) Limited as at 31st March 2017. (2016 - Nil)

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

Messrs. S.K. Shah and D.R.P. Goonetilleke, Directors of the Company are also Directors of Luxury Brands (Private) Limited, for which the Company provided distribution services for a fee amounting to Rs. 35,057,010/- (2016 - 32,143,360/-)

No balance was receivable / payable to the Company by Luxury Brands (Private) Limited as at 31st March 2017. (2015 - Rs.301,309,569/-)

(E) Transactions with Sub Subsidiary - Millers Brewery Limited

Messrs. S.K. Shah, D.R.P. Goonetilleke & C.T Liyanage (Resigned w.e.f. 31/03/2017), Directors of the Company are also Directors of Millers Brewery Limited.

- (i) An amount of Rs. 13,504,650/- was charged as rent fee for warehouse services provided by Millers Brewery Limited to the Company during the period. (2016 - Rs.10,351,351/-).
- (ii) During the period the company purchased the following assets from Millers Brewery Limited

Asset Class	Carrying value (Rs.)	Purchase Cost (Rs.)
Office furniture	62,636	62,636
A/C units	75,000	75,000
Lab furniture	5,200,000	5,200,000
Total	5,337,636	5,337,636

- (iii) No balance was receivable / payable to the Company by Millers Brewery Limited as at 31st March 2017 (2016 - Nil)

(F) 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.404,226,440/-(2016 - Rs. 417,567,635/-) was charged by Carsons Management Services (Private) Limited to the Company during the period, which included supporting services fees of Rs. 360,255,044/-(2016 - Rs. 347,982,419/-) 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 2017 (2016 -Nil).

LION BREWERY (CEYLON) PLC
NOTES TO THE FINANCIAL STATEMENTS

(G) Transactions with other related entities

(a) Messrs. H.J.Andersen (Resigned w.e.f. 20/08/2016), Mr. L. Lehmann (Appointed w.e.f. 20/08/2016), Y.F Lew (Resigned w.e.f. 06/02/2017), Mr. C. B. Yee (Appointed w.e.f. 06/02/2017) Directors of the Company represents the Carlsberg Group 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. 67,522,069/- (2016 - Rs. 129,533,601/-) 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 Hop oil from Carlsberg A/S amounting to Rs. 3,536,983/- (2016 - Rs. 7,984,538/-).

(iii) LBCPLC purchased beer from the Carlsberg Group affiliated breweries as follows.

Rs.	31-Mar-17	31-Mar-16
Carlsberg Myanmar Co. Ltd	260,866,117	-
Cambrew Ltd	741,631,830	-
Carlsberg Marketing Sdn Bhd	448,180,997	-
Carlsberg India (Pvt) Ltd	1,316,282	-
Lao Brewery Company Limited	1,068,061,830	-
	<u>2,520,057,056</u>	<u>-</u>

(iv) The following table indicates the balance Receivable/(payable) to the Carlsberg Group affiliated breweries as at 31st March 2017.

Receivables/(Payables)	Rs.	31-Mar-17	31-Mar-16
Lao Brewery Company Limited		(46,887,874)	-
Carlsberg Myanmar Co. Ltd		33,027,701	-
Carlsberg A/S		(97,743,092)	168,840,837
		<u>(111,603,265)</u>	<u>168,840,837</u>

(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. 49,183,194/- (2016 - Rs. 359,258,568/-). As at the reporting date an amount of Rs. 40,358,544/- (2016 - Rs. 35,008,334/-) has been advanced to Ran Sahal (Private) Limited

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

(i) An amount of Rs. 67,959/- has been charged as parking fees to Equity Two PLC . (2016 - Rs. 40,776/-)

(d) Messrs. H.Selvanathan and K. Selvanathan Directors of the Company are also Directors of Pegasus Hotels of Ceylon PLC with which the following transactions have been entered into during the period by the Company in the normal course of business.

An amount of Rs. 1,927,148/- was charged as banquet hall charges for functions organized by the Company.

An amount of Rs.147,237/- was charged as room charges for an exact IT consultant of the Company (2016 - Rs.40,515/-).

(H) 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 COMPANIES

Pearl Springs (Private) Limited
Millers Brewery Limited

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

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.T. Liyanage (Resigned w.e.f. 31/03/2017)
Mr. D. R. P. Goonetilleke
Mr. K. Selvanathan (Director / Alternate Director to H. Selvanathan)
Mrs. S.J.F.Evans
Mr. H. J. Andersen (Resigned w.e.f. 20/08/2016)
Mr. D. A. Cabraal
Mr. Y. F. Lew (Resigned w.e.f. 06/02/2017)
Mr. L. Lehmann (Appointed w.e.f. 20/08/2016)
Mr. C. B. Yee (Appointed w.e.f. 06/02/2017)

BANKERS

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

LEGAL ADVISERS

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Chartered Accountants
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MANAGERS & SECRETARIES

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GROUP WEBSITE

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