

Lion Brewery (Ceylon) PLC

*Interim Condensed Financial Statements
for the Fourth Quarter ended
31st March 2018*

LION BREWERY (CEYLON) PLC

REVIEW

The Company earned a profit of Rs 1.107 billion for the year under review from normal operations on a turnover of Rs 30.511 billion. In addition, flood related insurance receipts of Rs 1.957 billion were also accounted for in the results of the Company during this financial year. The Company has now received in full, its claim on account of insurance.

This years' results are not comparable with those of the previous year, since the Company's operations were compromised by the flood for most of that period.

As shareholders are aware, in November 2015, excise duties on beer were increased by as much as 70%. At the same time, taxes on local spirits were also increased but by a much lower 25%. There was no rationale for discriminating against the beer industry in this manner other than to provide the spirits industry a distinct competitive advantage. Consumption shifted immediately from beer to spirits i.e. from mild to hard alcohol. Within months, spirits was accounting for over 65% of the Country's legal alcohol consumption. With illicit liquor factored in, hard alcohol accounted for an astonishing 85% of total consumption. It was the under privileged consumer that paid the price; since hard alcohols – both legal & illegal - were more affordable, they consumed more of it. Government revenues from the beer industry dropped dramatically. During the period November 2015 to October 2017, the Company suffered an earnings loss of Rs 7.6 billion on account of the lop-sided excise tax policy (these figures exclude the losses that arose as a result of the floods & the resultant shut down during the period May to December 2016).

However, in November 2017, a more pragmatic excise duty policy was introduced & now, alcobevs are taxed on the basis of their alcohol content. This is in keeping with global practice & is the most appropriate policy to adopt with respect to alcohol since it encourages the consumption of beverages with a lower alcohol content. Less expensive mild alcohols is also the most effective weapon against illicit alcohol. In Sri Lanka too, the results are evident; evidence suggests that in the 5 months since the alcohol tax reforms, considerable in-roads have been made against illicit alcohol consumption. Revenue to Government from the beer industry has also seen a sharp improvement; since November 2017 Excise duty collections from Lion Brewery alone has increased by Rs 795 million a month. A further increase of Rs 208 million per month has been derived from VAT. Thus, from the Company alone, the monthly revenue gain to Government amounts to Rs. 1.003 billion. The total revenue gain from the beer industry will be even greater.

With a reasonable alcohol tax policy now in place, consumers, Government & industry will all emerge winners. Consumers, since they are no longer pushed by policy makers to drink hard alcohol, Government, since its revenues will increase & industry, since its performance will improve. Indeed, its winners all around & in stark contrast to November 2015, November 2017 saw policy making at its best.

LION BREWERY (CEYLON) PLC
BOARD OF DIRECTORS AS AT 31ST MARCH 2018

Mr. D. A. Cabraal (Chairman)
Mr. H. Selvanathan (Deputy Chairman)
Mr. S. K. Shah (Chief Executive Officer)
Mr. D. C. R. Gunawardena
Mr. K. Selvanathan (Director / Alternate Director to H. Selvanathan)
Mr. D. R. P. Goonetilleke
Mrs. S. J. F. Evans
Mr. L. Lehmann
Mr. R. H. Meewakkala
Mr. Lim C. K. (Appointed w.e.f. 12/02/2018)

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

<i>In Sri Lankan Rs.'000s</i>	Quarter Ended		Change	Year Ended		Change
	31.03.2018	31.03.2017	%	31.03.2018	31.03.2017 (Audited)	%
Revenue	10,448,140	5,810,364	80	30,511,415	21,210,977	44
Cost of sales	(7,837,629)	(4,963,251)	58	(23,709,592)	(17,742,971)	34
Gross profit	2,610,511	847,113	208	6,801,823	3,468,006	96
Progressive insurance receipts on business interruption (Note 05)	492,737	-	-	1,205,359	1,000,000	21
Other income	27,684	7,885	251	73,569	64,034	15
	3,130,932	854,998	266	8,080,751	4,532,040	78
Distribution expenses	(1,063,984)	(741,421)	44	(3,019,413)	(2,529,338)	19
Administrative expenses	(361,087)	(364,654)	(1)	(1,099,482)	(1,099,769)	(0)
Other expenses	(147,878)	(92,966)	59	(303,523)	(212,456)	43
Impairment on intangible assets	-	(1,673,065)	(100)	-	(1,673,065)	(100)
Operating profit/(loss)	1,557,983	(2,017,108)	(177)	3,658,333	(982,588)	(472)
Progressive insurance receipts on property damage (Note 05)	752,263	-	-	752,263	1,066,448	(29)
Stocks and fixed assets provided for/quantified and written-off to date due to flood related damages (Note 05)	-	521,171	(100)	-	(1,041,358)	(100)
Reversal of unabsorbed VAT provision	-	-	-	-	339,811	(100)
Profit/(Loss) before finance cost	2,310,246	(1,495,937)	(254)	4,410,596	(617,687)	(814)
Finance income	182,570	148,710	23	808,523	422,589	91
Finance costs	(524,440)	(505,303)	4	(2,154,433)	(1,686,710)	28
Net finance costs	(341,870)	(356,593)	(4)	(1,345,910)	(1,264,121)	6
Profit/(Loss) before taxation	1,968,376	(1,852,530)	(206)	3,064,686	(1,881,808)	(263)
Income tax reversal/ (charge)	(694,439)	1,052,525	(166)	(956,549)	468,621	(304)
Profit/(Loss) after taxation	1,273,937	(800,005)	(259)	2,108,137	(1,413,187)	(249)
Other comprehensive income						
Items that will never be reclassified to profit or loss						
Measurement of employee benefit obligations	(40,938)	25,976	(258)	(40,938)	25,976	(258)
Deferred tax adjustment	16,375	(10,390)	(258)	16,375	(10,390)	(258)
Deferred tax adjustment on revaluation of lands	(351,672)	-	-	(351,672)	-	-
Total other comprehensive income for the period net of tax	(376,235)	15,586	(2,514)	(376,235)	15,586	(2,514)
Total comprehensive income/(Loss) for the period	897,702	(784,419)	(214)	1,731,902	(1,397,601)	(224)
Earnings/(Loss) per ordinary share (Rs.)	15.92	(10.00)		26.35	(17.66)	

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>	Quarter Ended		Change %	Year Ended		Change %
	31.03.2018	31.03.2017		31.03.2018	31.03.2017 (Audited)	
Revenue	10,448,140	5,810,364	80	30,511,415	21,210,977	44
Cost of sales	(7,837,629)	(4,963,251)	58	(23,709,592)	(17,742,971)	34
Gross profit	2,610,511	847,113	208	6,801,823	3,468,006	96
Progressive insurance receipts on business interruption (Note 05)	492,737	-	-	1,205,359	1,000,000	21
Other income	27,343	2,090	1,208	75,788	64,778	17
	3,130,591	849,203	269	8,082,970	4,532,784	78
Distribution expenses	(1,063,984)	(741,421)	44	(3,019,413)	(2,529,338)	19
Administrative expenses	(367,943)	(376,583)	(2)	(1,129,876)	(1,138,637)	(1)
Other expenses	(147,878)	(92,966)	59	(303,523)	(212,456)	43
Impairment on intangible assets	-	(1,673,065)	(100)	-	(1,673,065)	(100)
Operating profit/(Loss)	1,550,786	(2,034,832)	(176)	3,630,158	(1,020,712)	(456)
Progressive insurance receipts on property damage (Note 05)	752,263	-	-	752,263	1,066,448	(29)
Stocks and fixed assets provided for/quantified and written-off to date due to flood related damages (Note 05)	-	521,171	(100)	-	(1,041,358)	(100)
Reversal of unabsorbed VAT provision	-	-	-	-	339,811	(100)
Profit/(Loss) before finance cost	2,303,049	(1,513,661)	(252)	4,382,421	(655,811)	(768)
Finance income	186,429	153,614	21	819,652	427,493	92
Finance costs	(524,440)	(505,309)	4	(2,154,443)	(1,686,737)	28
Net finance costs	(338,011)	(351,695)	(4)	(1,334,791)	(1,259,244)	6
	1,965,038	(1,865,356)	(205)	3,047,630	(1,915,055)	(259)
Profit/(Loss) before taxation	1,965,038	(1,865,356)	(205)	3,047,630	(1,915,055)	(259)
Income tax reversal / (charge)	(694,906)	1,052,127	(166)	(958,339)	467,728	(305)
Profit/(Loss) after taxation	1,270,132	(813,229)	(256)	2,089,291	(1,447,327)	(244)
Other comprehensive income						
Items that will never be reclassified to profit or loss						
Measurement of employee benefit obligations	(40,938)	25,976	(258)	(40,938)	25,976	(258)
Deferred tax adjustment	16,375	(10,390)	(258)	16,375	(10,390)	(258)
	(351,672)		-	(351,672)		-
Deferred tax adjustment on revaluation of lands	(351,672)		-	(351,672)		-
Total other comprehensive income for the period net of tax	(376,235)	15,586	(2,514)	(376,235)	15,586	(2,514)
	893,897	(797,643)	(212)	1,713,056	(1,431,741)	(220)
Total comprehensive income/(loss) for the period	893,897	(797,643)	(212)	1,713,056	(1,431,741)	(220)
Earnings/(Loss) per ordinary share (Rs.)	15.88	(10.17)		26.12	(18.09)	

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 2016	2,537,801	1,134,229	6,011,480	9,683,510
Total comprehensive income for the year				
Loss for the year	-	-	(1,413,187)	(1,413,187)
Other comprehensive income	-	-	15,586	15,586
Total comprehensive loss for the year	-	-	(1,397,601)	(1,397,601)

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	4,373,879	8,045,909

Balance as at 1st April 2017	2,537,801	1,134,229	4,373,879	8,045,909
Total comprehensive income for the period				
Profit for the period	-	-	2,108,137	2,108,137
Other comprehensive loss	-	(351,672)	(24,563)	(376,235)
Total comprehensive income for the period	-	(351,672)	2,083,574	1,731,902

Transactions with owners, recorded directly in equity contribution by and distribution to owners

Ordinary dividends	-	-	(320,000)	(320,000)
Preference dividends	-	-	-	-
Balance as at 31st March 2018	2,537,801	782,557	6,137,453	9,457,811

GROUP

<i>In Rs.'000s</i>	Stated Capital	Revaluation Reserve	Retained Earnings	Total Equity
Balance as at 1st April 2016	2,537,801	1,302,117	6,146,216	9,986,134
Total comprehensive income for the year				
Loss for the year	-	-	(1,447,327)	(1,447,327)
Other comprehensive income	-	-	15,586	15,586
Total comprehensive loss for the year	-	-	(1,431,741)	(1,431,741)

Ordinary dividends	-	-	(240,000)	(240,000)
Balance as at 31st March 2017	2,537,801	1,302,117	4,474,475	8,314,393

Balance as at 1st April 2017	2,537,801	1,302,117	4,474,475	8,314,393
Total comprehensive income for the year				
Profit for the year	-	-	2,089,291	2,089,291
Other comprehensive loss	-	(351,672)	(24,563)	(376,235)
Total comprehensive income for the year	-	(351,672)	2,064,728	1,713,056

Transactions with owners, recorded directly in equity contribution by and distribution to owners

Ordinary dividends	-	-	(320,000)	(320,000)
Balance as at 31st March 2018	2,537,801	950,445	6,219,203	9,707,449

LION BREWERY (CEYLON) PLC				
CASH FLOW STATEMENT				
<i>Period ended In Rs.'000s</i>	Company		Group	
	31.03.2018	31.03.2017 (Audited)	31.03.2018	31.03.2017 (Audited)
Cash flows from operating activities				
Profit/(Loss) before taxation	3,064,686	(1,881,808)	3,047,630	(1,915,055)
Adjustments for:				
Finance costs	2,159,788	1,693,718	2,159,798	1,693,745
Depreciation on property, plant & equipment	1,097,768	1,057,362	1,124,376	1,087,366
Amortization on Intangible assets	53,364	53,081	53,364	53,081
Net inventory provision	73,572	43,059	73,572	43,059
Provision for retirement benefit obligation	85,696	19,070	85,696	19,070
Impairment of property, plant & equipment	-	-	288	-
Progressive insurance receipts on property damage	(752,263)	(1,066,448)	(752,263)	(1,066,448)
Impairment of intangible assets	-	1,673,065	-	1,673,065
Loss/(gain) on disposal of property, plant & equipment	27,156	(863)	37,934	(892)
Loss on flood related PPE written-off	-	525,850	-	525,850
Reversal of unabsorbed VAT provision	-	(339,811)	-	(339,811)
Exchange loss/(gain) on revaluation of foreign currency term loans	(7,541)	6,305	(7,541)	6,305
Finance Income	(808,523)	(422,589)	(819,652)	(427,493)
Operating cash flow before working capital changes	4,993,703	1,359,991	5,003,202	1,351,842
Decrease in inventories	344,200	5,125	344,200	5,125
(Increase)/Decrease in trade and other receivables	(1,201,362)	312,034	(1,203,740)	318,254
Decrease in amounts due from related companies	22,541	268,234	27,541	268,234
Increase in Tax payable	797,133	158,744	802,626	149,352
Increase/(Decrease) in trade and other payables	672,826	(116,368)	672,853	(116,697)
Decrease in amounts due to related companies	(38,398)	(49,688)	(39,071)	(49,688)
Cash generated from operations	5,590,643	1,938,072	5,607,611	1,926,422
Finance expenses paid	(2,057,520)	(1,632,470)	(2,057,529)	(1,632,497)
Retirement benefits paid	(15,987)	(27,442)	(15,987)	(27,442)
Tax paid	(139,820)	(76,009)	(145,249)	(76,164)
Net cash generated from operating activities	3,377,316	202,151	3,388,846	190,319
Cash flows from investing activities				
Purchase and construction of property, plant & equipment	(1,358,452)	(3,309,433)	(1,363,452)	(3,309,457)
Borrowing cost capitalized	(27,614)	(119,225)	(27,614)	(119,225)
Purchase of intangible assets	(2,036)	(4,864)	(2,036)	(4,864)
Proceeds from sale of property, plant & equipment	-	1,000	-	23,731
Proceeds from sale of assets held for sale	-	-	-	5,200
Agent deposits received	203,553	22,189	203,553	22,189
Agent deposits refunded	(48,649)	-	(48,649)	-
Interest received	808,523	422,589	819,651	427,493
Net cash used in investing activities	(424,675)	(2,987,744)	(418,547)	(2,954,933)
Cash flows from financing activities				
Loans and borrowings received	1,500,000	7,950,000	1,500,000	7,950,000
Repayments of loans and borrowing	(2,642,673)	(1,510,335)	(2,642,673)	(1,510,335)
Repayments of debentures	(799,400)	(799,400)	(799,400)	(799,400)
Progressive insurance receipts on property damage	752,263	1,066,448	752,263	1,066,448
Dividend paid net of tax	(288,000)	(215,680)	(288,000)	(215,680)
Net cash generated from/(used in) financing activities	(1,477,810)	6,491,033	(1,477,810)	6,491,033
Net increase in cash & cash equivalents	1,474,831	3,705,440	1,492,489	3,726,419
Cash & cash equivalents at the beginning of the year	6,140,427	2,434,987	6,244,229	2,517,810
Cash & cash equivalents at the end of the year	7,615,258	6,140,427	7,736,718	6,244,229
Analysis of cash and cash equivalents				
Cash and cash equivalents	8,779,989	7,498,480	8,901,449	7,602,282
Bank overdraft	(1,164,731)	(1,358,053)	(1,164,731)	(1,358,053)
	7,615,258	6,140,427	7,736,718	6,244,229

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 2017 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 2018 amounts to Rs. 43,795,228/- (2017 - Rs.89,839,385/-)

LION BREWERY (CEYLON) PLC

NOTES TO THE FINANCIAL STATEMENTS

3.2 Contingencies

(a) Contingent liabilities as at 31st March 2018 amount to Rs.72,312,314/- (2017-Rs. 37,492,951/-) , 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.

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 was Argued on the 9th of May 2018 before a Bench comprising of Justices Sisira De Abrew, Prasanna Jayawardene and L. T. B. Dehideniya, in the Supreme Court and concluded the arguments of both parties. Judgment is reserved by Justice Jayawardene and the parties will accordingly be notified

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)	201,200
Category 02 & 03 Debentures - Fixed Rate (Note 4.2)	<u>2,797,600</u>
	<u>2,998,800</u>

4.1 Category 01 Debentures - Floating Rate

Debentures Category	Amount Rs. ('000)	Proportion (From and out of the Category 01 Debentures issued)	Interest Rate (per annum)	Redemption From the Date of Allotment
Category 01 -Type E	201,200	20%	AWPLR + 1.10%	60 Months (5 Years)
Total	201,200			

Category 01 -Type D debentures amounting to Rs. 201,200,000/- were redeemed on June 16, 2017.

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 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	2,797,600				

Category 02 -Type G debentures amounting to Rs. 598,200,000/- were redeemed on June 16, 2017.

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)	2,998,800
Debentures falling due within one year	(998,800)
Debentures falling due after one year	<u>2,000,000</u>

Classified Under Current Liabilities

Debentures falling due within one year	998,800
Interest payable	<u>111,782</u>
	<u>1,110,582</u>

4.4 Debenture trading information

	Quarter Ended - 31.3.2018			Quarter Ended - 31.3.2017		
	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 E- Floating Rate - 5 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 31.03.2018
05 year treasury bonds	31.03.2018	9.44%

Debt related ratios - Company

Debt/equity ratio (times)	1.56
Quick asset ratio (%)	84%
Interest cover (times)	2.72

5 FLOOD RELATED LOSSES**Financial year 2016/17**

The Company has estimated and written off its Property Plant & Inventory amounting to Rs. 525,850,338/- and Rs. 372,371,176/- respectively. The other operational costs related to flood recovery amounted to Rs. 143,136,076/-. Accordingly, a total loss of Rs. 1,041,357,590/- was recorded in the financial year ended 31st March 2017. Interim claims on insurance have been submitted for the damages caused to the Company's Property Plant and Equipment, inventory and for Business Interruption. Against these interim claims, an amount of Rs. 2,066,448,095/- has been received as on account payments during the financial year ended 31st March 2017. Whilst Rs. 1,000,000,000/- of this has been received against Business Interruption the balance amount of Rs. 1,066,448,095/- has been recorded against Property Plant & Inventory as at 31st March 2017 inclusive of Rs.16,448,095/- through two separate inventory policies.

Financial year 2017/18

During the year ended 31st March 2018, the company has further, received confirmation for an amount of Rs.1,205,359,067/- against Business Interruption and Rs.752,263,093/- against the damages caused to the Company's Property Plant and Equipment and inventory. As at the date of approving these accounts an amount of Rs.1,957,622,160/- due on the insurance claim has been received in full. Accordingly the Company has now received the full amount of Rs.4,000,000,000/- due from insurance for the main fire policy.

6 SEGMENTAL ANALYSIS

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

7 COMPARATIVE FIGURES

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

8 EVENTS AFTER THE REPORTING PERIOD

There were no material events taken place since March 31st, 2018 that require disclosure in these Financial Statements.

9 INVESTOR INFORMATION

Investor Information	Quarter Ended		Year Months Ended	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
1 Share Information				
Price as at the end of the period (Rs.)	525.40	460.00	525.40	460.00
Highest price (Rs.)	597.70	495.00	598.00	550.00
Lowest price (Rs.)	500.00	406.00	400.00	370.00
2 Trading Statistics				
No of Transactions	405	196	1,252	1,473
No of Shares traded	1,714,002	906,356	6,682,337	4,303,747
Value of all shares traded (Rs. Mn.)	937	401	3,415	1,772

LION BREWERY (CEYLON) PLC**NOTES TO THE FINANCIAL STATEMENTS****10 TWENTY MAJOR SHAREHOLDERS AS AT 31ST MARCH 2018**

#	Name	Total 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	HSBC INTL NOMINEES LTD-JPMLU-T ROWE PRICE FUNDS SICAV	1,841,303	2.30
5	RBC INVESTOR SERVICES BANK-COELI SICAV I- FRONTIER MARKETS FUND	1,699,622	2.12
6	PERSHING LLC S/A AVERBACH GRAUSON & CO.	1,353,445	1.69
7	BUKIT DARAH PLC A/C NO. 02	1,300,000	1.63
8	CITIBANK NEWYORK S/A NORGES BANK ACCOUNT 2	1,153,742	1.44
9	CARSON CUMBERBATCH PLC A/C NO. 01	900,758	1.13
10	NORTHERN TRUST GLOBAL SERVICES LONDON S/A VERDIPAPIRFONDET ODIN EMERGING MARKETS	575,000	0.72
11	GF CAPITAL GLOBAL LIMITED	568,595	0.71
12	MELLON BANK N.A.-FLORIDA RETIREMENT SYSTEM	498,386	0.62
13	SAMPATH BANK PLC/MRS.PRIYANI DHARSHINI RATNAGOPAL	300,000	0.38
14	HSBC INTL NOM LTD-JPMCB-T.ROWE PRICE INSTITUTIONAL FRONTIER MARKETS EQUITY FUND	282,372	0.35
15	HSBC INTL NOM LTD-SSBT- RUSSELL INVESTMENTS INSTITUTIONAL FUNDS PUBLIC LIMITED COMPANY	264,009	0.33
16	HSBC INTL NOMINEES LTD-SSBT-FRANK RUSSEL TRUST COMPANY COMINGLED BENEFIT FUNDS TRUST GNA-6QH3	253,681	0.32
17	HSBC INTL NOM-BBH-RONDURE NEW WORLD FUND	167,956	0.21
18	PORTELET LIMITED	161,920	0.20
19	HSBC INTERNATIONAL NOMINEES LTD-MORGAN STANLEY AND CO INTL PLC-OWN A/C	149,117	0.19
20	DEUTSCHE BANK AG-LONDON	139,614	0.17

11 PUBLIC HOLDING

The Company is in compliance with the Minimum Public Holding requirements for Companies listed on the Main Board as per Rule 7.13.1 (a) of the Listing Rules of Colombo Stock Exchange, under Option 3, i.e. Float-Adjusted Market Capitalization of Rs.5 Billion with 500 Public Shareholders and a Public Holding percentage of 7.5%.

The Company's Public Holding as at 31st March 2018

Market Capitalization of the Public Holding	Rs.6.11 Billion
Percentage of ordinary shares held by the public	14.55%
Number of Public Shareholders	1,196

12 DIRECTOR'S SHAREHOLDINGS

As at 31st March 2018	No. of Shares
Mr. D. A. Cabraal (Chairman)	-
Mr. H. Selvanathan (Deputy Chairman)	1,579
Mr. S. K. Shah (Chief Executive Officer)	6,016
Mr. D. C. R. Gunawardena	34
Mr. K. Selvanathan (Director / Alternate Director to H. Selvanathan)	-
Mr. D. R. P. Goonetilleke	1
Mrs. S. J. F. Evans	-
Mr. L. Lehmann	-
Mr. R. H. Meewakkala	-
Mr. Lim C. K. (Appointed w.e.f. 12/02/2018)	-

13 STATED CAPITAL

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

LION BREWERY (CEYLON) PLC

NOTES TO THE FINANCIAL STATEMENTS

14 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. Mr. D. A. Cabraal (Chairman - w.e.f. 21/07/2017) , L.C.R.de C.Wijetunge (Chairman - stepped down from the Board at the conclusion of the AGM on 20/07/2017), H.Selvanathan, S.K.Shah, D.C.R.Gunawardena, Mr. L. Lehmann and Mr. R. H. Meewakkala (Appointed w.e.f. 01/09/2017) 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.93,985,710/- (2017 - Rs. 59,463,847/-) 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 year. (2017 - 112,856,728/-)

(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.141,655,832/- during the period (2017- Rs. 114,410,643/-).

- (i) An amount of Rs.3,973,954/- was paid by the Company to Pubs 'N Places (Private) Limited as trade rebates on beer purchases during the period. (2017- Rs.2,897,737/-)

(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. 154,136,721/- (2017 - Rs.124,417,601/-) during the period.

(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. 27,752,889/- (2016 - Rs.35,057,010/-) during the period.

The Company has sold a Beer Cooler to Luxury Brand (Private) Limited for Rs. 204,700/- during the period ended 31st March 2018.

(E) Transactions with Sub Subsidiary - Millers Brewery Limited

Messrs. S.K. Shah & D.R.P. Goonetilleke Directors of the Company are also Directors of Millers Brewery Limited.

- (i) An amount of Rs. 11,540,250/- (2017 - Rs.13,504,650/-) was charged by Millers Brewery Limited for warehouse services provided to the Company during the period.
- ii) Balance receivable from Millers Brewery Limited is Rs. 4,327,250/- (2017 - 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.429,632,433/- (2017 - Rs. 404,226,440/-) was charged by Carsons Management Services (Private) Limited to the Company during the period, which included support services fees of Rs.386,071,366/- (2017 - Rs.337,736,436/-) and other reimbursable expenses incurred by Carsons Management Services (Private) Limited on behalf of the Company.

LION BREWERY (CEYLON) PLC**NOTES TO THE FINANCIAL STATEMENTS****(G) Transactions with other related entities**

- (a) Messrs. Mr. L. Lehmann , Mr. Lim C. K. (Appointed w.e.f. 12/02/2018) and Mr. C. B. Yee (Resigned w.e.f. 11/09/2017) 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.83,161,813/- (2016 - Rs. 67,522,069/-) was charged as royalty during the period by Carlsberg A/S. Balance of Rs.105,560,529/- remains payable as at 31st March 2018 (2017- Rs.97,743,092/-)
- (ii) LBCL purchases part of its requirement of the raw material Aroma Hop From Carlsberg A/S. There were purchases during the period for a sum of Rs.4,893,560/- (2017 -3,536,983/-)
- (iii) The Company purchased beer from Carlsberg Group affiliated breweries during the financial year 2017/18 following table indicates the balance Receivable/(payable) to the Carlsberg Group affiliated breweries as at 31st March 2018.

Receivables/(Payables)	Rs.	31-Mar-18	31-Mar-17
Carlsberg Myanmar Co. Ltd		5,534,096	33,075,258
Carlsberg A/S		(105,560,529)	(97,743,092)
Lao Brewery Company Limited		-	(46,887,874)
		(100,026,433)	(111,555,708)

- (b) The Company purchases a part of its requirement of the raw material rice from Ran Sahal (Private) Limited. As at the Balance sheet date, The Company had advanced Rs.63,938,895/- (2017 -Rs-40,358,194/-) to Ran Sahal (Private) Ltd towards the purchase of rice. Ran Sahal (Private) Ltd is a stand alone entity engaged in CSR project of growing paddy using new technology and other traditional methods which enhanced yield and productivity which resulted in greater income to the farmers and thus improved livelihood. The production of Ran Sahal (Private) Ltd in its entirety was sold to the Company. During the second quarter of the financial year 2017/18 Ran Sahal (Private) Ltd ceased its operations and as a result steps have been taken to wind up that Company.
- (c) Mr. 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. 70,408/- has been charged as parking fees to Equity Two PLC . (2017 - Rs. 67,959/-)
- (d) Messrs. D.C.R. Gunawardena 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.
- i) An amount of Rs.1,357,226/- was charged as hotel charges for services provided (2017-2,074,385/-).
- ii) An amount of Rs.2,794,006/- recognized as income from sale of Beer. (2017-Rs.2,336,061/-)
- (e) Mr. D.C.R. Gunawardena, Director of the Company, is also a Director of Equity Hotels Ltd
An amount of Rs.1,246,309/- is recognized as income from sale of Beer to Equity Hotels Ltd in the normal course of business. (2016-Rs.1,190,257/-)

(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. D. A. Cabraal (Chairman)
Mr. H. Selvanathan (Deputy Chairman)
Mr. S. K. Shah (Chief Executive Officer)
Mr. D. C. R. Gunawardena
Mr. K. Selvanathan (Director / Alternate Director to H. Selvanathan)
Mr. D. R. P. Goonetilleke
Mrs. S.J.F.Evans
Mr. L. Lehmann
Mr. R. H. Meewakkala
Mr. Lim C. K. (Appointed w.e.f. 12/02/2018)

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

Messrs. F. J. & G. De Saram
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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

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REGISTERED OFFICE

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CORPORATE OFFICE & BREWERY

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GROUP WEBSITE

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