

Lion Brewery (Ceylon) PLC

*Interim Condensed Financial Statements
for the Second Quarter ended
30th September 2017*

LION BREWERY (CEYLON) PLC

BOARD OF DIRECTORS AS AT 30TH SEPTEMBER 2017

Mr. D. A. Cabraal (Chairman - w.e.f. 21/07/2017)

Mr. H. Selvanathan (Deputy Chairman)

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

Mr. D. C. R. Gunawardena

Mr. D. R. P. Goonetilleke

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

Mrs. S. J. F. Evans

Mr. L. Lehmann

Mr. C. B. Yee (Resigned w.e.f. 11/09/2017)

Mr. R. H. Meewakkala (Appointed w.e.f. 01/09/2017)

Mr. L. C. R. de C Wijetunge (Chairman - stepped down from the Board at the conclusion of the AGM on 20/07/2017)

LION BREWERY (CEYLON) PLC				
CONDENSED STATEMENT OF FINANCIAL POSITION				
	Company		Group	
	30-Sep-17	31-Mar-17	30-Sep-17	31-Mar-17
<i>In Rs. '000s</i>		(Audited)		(Audited)
ASSETS				
Non- Current Assets				
Property, plant & equipment	16,733,564	16,715,374	17,892,958	17,899,078
Intangible assets	2,412,006	2,436,034	2,412,006	2,436,034
Investments in subsidiary	1,029,623	1,029,623	-	-
Total Non-Current Assets	20,175,193	20,181,031	20,304,964	20,335,112
Current Assets				
Inventories	1,393,291	2,031,776	1,393,291	2,031,776
Trade and other receivables	1,559,928	1,348,828	1,580,674	1,367,559
Amounts due from related companies	30,450	33,076	30,450	33,076
Cash and cash equivalents	8,454,746	7,498,480	8,572,373	7,602,282
Total Current Assets	11,438,415	10,912,160	11,576,788	11,034,693
Total Assets	31,613,608	31,093,191	31,881,752	31,369,805
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	4,790,080	4,373,879	4,881,110	4,474,475
Total Equity	8,462,110	8,045,909	8,721,028	8,314,393
Non- Current Liabilities				
Debentures (Note 4)	2,000,000	2,998,800	2,000,000	2,998,800
Loans and borrowings	5,897,240	4,984,765	5,897,240	4,984,765
Employee benefits	69,669	74,230	69,669	74,230
Deferred taxation	2,514,993	2,379,238	2,514,993	2,379,238
Total Non- Current Liabilities	10,481,902	10,437,033	10,481,902	10,437,033
Current Liabilities				
Trade and other payables	865,354	555,097	874,580	562,334
Amounts due to related companies	61,759	144,631	61,759	144,631
Refundable deposits	1,031,536	1,009,357	1,031,536	1,009,357
Current taxation	1,023,151	888,311	1,023,151	889,204
Debentures (Note 4)	1,112,147	937,932	1,112,147	937,932
Loans and borrowings	7,679,933	7,716,868	7,679,933	7,716,868
Bank overdrafts	895,716	1,358,053	895,716	1,358,053
Total Current Liabilities	12,669,596	12,610,249	12,678,822	12,618,379
Total Liabilities	23,151,498	23,047,282	23,160,724	23,055,412
Total Equity and Liabilities	31,613,608	31,093,191	31,881,752	31,369,805
Net assets per ordinary share (Rs.)	105.78	100.57	109.01	103.93

The above figures are provisional and subject to audit.

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

(Sgd.)

D.R.P. Goonetilleke

Director - Finance

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

Approved and signed on behalf of the Managers

Approved and signed on behalf of the Board

(Sgd.)

A. Weeratuange

Director

(Sgd.)

S.K. Shah

Director

(Sgd.)

D. C. R. Gunawardena

Director

Carsons Management Services (Private) Limited

6th November 2017

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

<i>In Sri Lankan Rs. '000s</i>	Quarter Ended		Change	Six months ended		Change	Year ended
	30.09.2017	30.09.2016	%	30.09.2017	30.09.2016	%	31.03.2017 (Audited)
Revenue	6,633,834	4,447,472	(34)	12,068,894	10,059,881	20	21,210,977
Cost of sales	(5,308,259)	(3,877,175)	(36)	(9,804,258)	(8,311,647)	18	(17,742,971)
Gross profit	1,325,575	570,297	132	2,264,636	1,748,234	30	3,468,006
Progressive insurance receipts on business interruption (Note 05)	96,389	-	-	705,085	-	-	1,000,000
Other income	14,198	29,640	(65)	25,717	40,811	(37)	64,034
	1,436,162	599,937	139	2,995,438	1,789,045	67	4,532,040
Distribution expenses	(649,742)	(603,204)	(46)	(1,159,523)	(1,193,676)	(3)	(2,529,338)
Administrative expenses	(251,619)	(253,730)	(50)	(484,022)	(501,301)	(3)	(1,099,769)
Other expenses	(55,276)	(40,225)	(24)	(102,309)	(72,973)	40	(212,456)
Impairment on intangible assets	-	-	-	-	-	-	(1,673,065)
Operating profit/(loss)	479,525	(297,222)	(261)	1,249,584	21,095	5,824	(982,588)
Progressive insurance receipts on property damage (Note 05)	-	300,000	-	-	300,000	-	1,066,448
Stocks and fixed assets provided for/quantified and written-off to date due to flood related damages (Note 05)	-	(236)	-	-	(412,930)	(100)	(1,041,358)
Reversal of unabsorbed VAT provision	-	-	-	-	-	-	339,811
Profit/(Loss) before finance cost	479,525	2,542	18,764	1,249,584	(91,835)	(1,461)	(617,687)
Finance income	227,605	90,633	34	428,668	170,143	152	422,589
Finance costs	(579,740)	(376,201)	(13)	(1,084,827)	(669,715)	62	(1,686,710)
Net finance costs	(352,135)	(285,568)	23	(656,159)	(499,572)	31	(1,264,121)
Profit/(Loss) before taxation	127,390	(283,026)	(145)	593,425	(591,407)	(200)	(1,881,808)
Income tax reversal/ (charge)	(31,606)	(188,772)	(91)	(177,224)	(349,051)	(49)	468,621
Profit/(Loss) after taxation	95,784	(471,798)	(120)	416,201	(940,458)	(144)	(1,413,187)
Other comprehensive income							
Items that will never be reclassified to profit or loss							
Measurement of employee benefit obligations	-	-	-	-	-	-	25,976
Deferred tax adjustment	-	-	-	-	-	-	(10,390)
Total other comprehensive income for the period net of tax	-	-	-	-	-	-	15,586
Total comprehensive income/(Loss) for the period	95,784	(471,798)	(120)	416,201	(940,458)	(144)	(1,397,601)
Earnings/(Loss) per ordinary share (Rs.)	1.20	(5.90)		5.20	(11.76)		(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 %	Six months ended		Change %	Year Ended 31.03.2017 (Audited)
	30.09.2017	30.09.2016		30.09.2017	30.09.2016		
Revenue	6,633,834	4,447,472	(34)	12,068,894	10,059,881	20	21,210,977
Cost of sales	(5,308,259)	(3,877,175)	(36)	(9,804,258)	(8,307,087)	18	(17,742,971)
Gross profit	1,325,575	570,297	132	2,264,636	1,752,794	29	3,468,006
Progressive insurance receipts on business interruption (Note 05)	96,389	-	-	705,085	-	-	1,000,000
Other income	14,357	32,245	(59)	25,992	34,628	(25)	64,778
	1,436,321	602,542	138	2,995,713	1,787,422	68	4,532,784
Distribution expenses	(649,742)	(603,204)	(45)	(1,159,523)	(1,185,230)	(2)	(2,529,338)
Administrative expenses	(258,685)	(261,358)	(50)	(497,780)	(519,193)	(4)	(1,138,637)
Other expenses	(55,276)	(40,225)	(24)	(102,309)	(72,973)	40	(212,456)
Impairment on intangible assets	-	-	-	-	-	-	(1,673,065)
Operating profit/(Loss)	472,618	(302,245)	(256)	1,236,101	10,026	12,229	(1,020,712)
Progressive insurance receipts on property damage (Note 05)	-	300,000	-	-	300,000	-	1,066,448
Stocks and fixed assets provided for/quantified and written-off to date due to flood related damages (Note 05)	-	(236)	-	-	(412,930)	(100)	(1,041,358)
Reversal of unabsorbed VAT provision	-	-	-	-	-	-	339,811
Profit/(Loss) before finance cost	472,618	(2,481)	(19,149)	1,236,101	(102,904)	(1,301)	(655,811)
Finance income	230,008	90,633	32	433,469	173,845	149	427,493
Finance costs	(579,738)	(376,200)	(14)	(1,084,837)	(675,637)	61	(1,686,737)
Net finance costs	(349,730)	(285,567)	22	(651,368)	(501,792)	30	(1,259,244)
	122,888	(288,048)	(143)	584,733	(604,696)	(197)	(1,915,055)
Profit/(Loss) before taxation	122,888	(288,048)	(143)	584,733	(604,696)	(197)	(1,915,055)
Income tax reversal / (charge)	(32,044)	(189,176)	(91)	(178,098)	(349,527)	(49)	467,728
Profit/(Loss) after taxation	90,844	(477,224)	(119)	406,635	(954,223)	(143)	(1,447,327)
Other comprehensive income							
Items that will never be reclassified to profit or loss							
Measurement of employee benefit obligations	-	-	-	-	-	-	25,976
Deferred tax adjustment	-	-	-	-	-	-	(10,390)
Total other comprehensive income for the period net of tax	-	-	-	-	-	-	15,586
Total comprehensive income/(loss) for the period	90,844	(477,224)	(119)	406,635	(954,223)	(143)	(1,431,741)
Earnings/(Loss) per ordinary share (Rs.)	1.14	(5.97)		5.08	(11.93)		(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 period				
Loss for the period	-	-	(940,458)	(940,458)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(940,458)	(940,458)

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

Ordinary dividends	-	-	(240,000)	(240,000)
Balance as at 30th September 2016	2,537,801	1,134,229	4,831,022	8,503,052

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	-	-	416,201	416,201
Total comprehensive income for the period	-	-	416,201	416,201
Balance as at 30th September 2017	2,537,801	1,134,229	4,790,080	8,462,110

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 period				
Loss for the period	-	-	(954,223)	(954,223)
Total comprehensive loss for the period	-	-	(954,223)	(954,223)

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

Ordinary dividends			(240,000)	(240,000)
Balance as at 30th September 2016	2,537,801	1,302,117	4,951,993	8,791,911

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)

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	4,474,475	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 period				
Profit for the period	-	-	406,635	406,635
Total comprehensive income for the period	-	-	406,635	406,635
Balance as at 30th September 2017	2,537,801	1,302,117	4,881,110	8,721,028

LION BREWERY (CEYLON) PLC						
CASH FLOW STATEMENT						
<i>Period ended</i> <i>In Rs.'000s</i>	Company			Group		
	30.09.2017	30.09.2016	31.03.2017 (Audited)	30.09.2017	30.09.2016	31.03.2017 (Audited)
Cash flows from operating activities						
Profit/(Loss) before taxation	593,425	(591,407)	(1,881,808)	584,733	(604,696)	(1,915,055)
Adjustments for:						
Finance costs	1,082,205	677,316	1,693,718	1,082,215	677,316	1,693,745
Depreciation on property, plant & equipment	532,543	536,660	1,057,362	545,787	552,486	1,087,366
Amortization on Intangible assets	26,696	26,440	53,081	26,696	26,440	53,081
Net inventory provision/(Reversal)	47,726	(15,500)	43,059	47,726	(15,500)	43,059
Provision for retirement benefit obligation	7,253	7,843	19,070	7,253	7,843	19,070
Impairment of property, plant & equipment	-	-	-	288	43,175	-
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	3,799	43,175	(863)	14,577	-	(892)
Provision for irrecoverable VAT	-	-	525,850	-	-	525,850
Reversal of unabsorbed VAT provision	-	-	(339,811)	-	-	(339,811)
Exchange loss/ (gain) on revaluation of foreign currency term loans	(6,305)	(15,280)	6,305	(6,305)	(15,280)	6,305
Finance Income	(428,668)	(173,845)	(422,589)	(433,469)	(173,845)	(427,493)
Operating cash flow before working capital changes	1,858,674	495,402	1,359,991	1,869,501	497,939	1,351,842
(Increase)/ Decrease in inventories	590,759	(1,391,904)	5,125	590,759	(1,391,904)	5,125
(Increase)/Decrease in trade and other receivables	(211,100)	(1,271,030)	312,034	(213,115)	(1,273,081)	318,254
(Increase)/ decrease in amounts due from related companies	2,626	(171,971)	268,234	2,626	(171,971)	268,234
Increase/(Decrease) in Tax payable	93,371	(1,014,650)	158,744	95,137	(1,024,197)	149,352
Increase/(Decrease) in trade and other payables	310,257	906,827	(116,368)	312,246	907,096	(116,697)
Increase/(Decrease) in amounts due to related companies	(82,872)	276,015	(49,688)	(82,872)	275,383	(49,688)
Cash generated from/(used in) operations	2,561,715	(2,171,311)	1,938,072	2,574,282	(2,180,735)	1,926,422
Finance expenses paid	(1,117,090)	(654,762)	(1,632,470)	(1,117,100)	(654,762)	(1,632,497)
Retirement benefits paid	(11,814)	(7,077)	(27,442)	(11,814)	(7,077)	(27,442)
Tax paid	-	(49,684)	(76,009)	(3,533)	(50,158)	(76,164)
Net cash generated from/(used in) operating activities	1,432,811	(2,882,834)	202,151	1,441,835	(2,892,732)	190,319
Cash flows from investing activities						
Purchase and construction of property , plant & equipment	(527,834)	(811,769)	(3,309,433)	(527,834)	(811,793)	(3,309,457)
Borrowing cost capitalized	(27,614)	(63,302)	(119,225)	(27,614)	(63,302)	(119,225)
Purchase of intangible assets	(1,751)	(277)	(4,864)	(1,751)	(277)	(4,864)
Proceeds from sale of property, plant & equipment	-	1,000	1,000	-	22,287	23,731
Proceeds from sale of assets held for sale	-	-	-	-	-	5,200
Agent deposits received	53,713	824	22,189	53,713	823	22,189
Agent deposits refunded	(31,535)	-	-	(31,535)	-	-
Interest received	428,668	170,143	422,589	433,469	170,143	427,493
Net cash used in investing activities	(106,353)	(703,381)	(2,987,744)	(101,552)	(682,119)	(2,954,933)
Cash flows from financing activities						
Loans and borrowings received	1,700,000	7,550,000	7,950,000	1,700,000	7,550,000	7,950,000
Repayments of loans and borrowing	(808,455)	(2,979,031)	(1,510,335)	(808,455)	(2,979,032)	(1,510,335)
Repayments of debentures	(799,400)	(799,400)	(799,400)	(799,400)	(799,400)	(799,400)
Progressive insurance receipts on property damage	-	-	1,066,448	-	-	1,066,448
Dividend paid net of tax	-	(215,680)	(215,680)	-	(215,680)	(215,680)
Net cash generated from financing activities	92,145	3,555,889	6,491,033	92,145	3,555,888	6,491,033
Net increase in cash & cash equivalents	1,418,603	(30,326)	3,705,440	1,432,428	(18,963)	3,726,419
Cash & cash equivalents at the beginning of the year	6,140,427	2,434,987	2,434,987	6,244,229	2,517,810	2,517,810
Cash & cash equivalents at the end of the year	7,559,030	2,404,661	6,140,427	7,676,657	2,498,847	6,244,229
Analysis of cash and cash equivalents						
Cash and cash equivalents	8,454,746	3,971,581	7,498,480	8,572,373	4,065,795	7,602,282
Bank overdraft	(895,716)	(1,566,920)	(1,358,053)	(895,716)	(1,566,948)	(1,358,053)
	7,559,030	2,404,661	6,140,427	7,676,657	2,498,847	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 30th September 2017 amounts to Rs. 73,813,281/- (2016 - Rs.463,735,655)

LION BREWERY (CEYLON) PLC

NOTES TO THE FINANCIAL STATEMENTS

3.2 Contingencies

(a) Contingent liabilities as at 30th September 2017 amount to Rs.171,362,831/- (2016-Rs. 282,921,823/-), 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 is currently at the stage of arguments and will be coming up for oral submissions/ arguments on 9th May 2018.

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 02 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

2,000,000**Classified Under Current Liabilities**

Debentures falling due within one year

998,800

Interest payable

113,3471,112,147**4.4 Debenture trading information**

	Quarter Ended - 30.09.2017			Quarter Ended - 30.09.2016		
	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 30.09.2017
05 year treasury bonds	30.09.2017	10.09%

Debt related ratios - Company

Debt/equity ratio (times)	1.97
Quick asset ratio (%)	79%
Interest cover (times)	1.90

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 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.

Financial year 2017/18

During the period ended 30th September 2017 the company has further, received an amount of Rs.705,085,456/- against Business Interruption. In terms of the policy in place for insurance the maximum amount that could be received against business interruption & the damage caused to fixed assets & inventory is Rs. 4,000,000,000/-

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 which occurred in May 2016. 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. . The case is to be mentioned in the Court of Appeal on the 6th of November 2017.

7 SEGMENTAL ANALYSIS

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

8 COMPARATIVE FIGURES

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

9 EVENTS AFTER THE REPORTING PERIOD

There were no material events taken place since September 30, 2017 that require disclosure in these Financial Statements.

10 INVESTOR INFORMATION

Investor Information	Quarter Ended		Six Months Ended		Year ended
	30.09.2017	30.09.2016	30.09.2017	30.09.2016	31.03.2017
1 Share Information					
Price as at the end of the period (Rs.)	472.10	380.00	472.10	380.00	460
Highest price (Rs.)	475.00	435.00	475.00	549.50	550
Lowest price (Rs.)	410.00	370.00	400.00	370.00	370
2 Trading Statistics					
No of Transactions	178	381	440	700	1473
No of Shares traded	789,195	1,498,456	1,907,474	2,445,054	4,303,747
Value of all shares traded (Rs. Mn.)	366	569	854	966	1,772

LION BREWERY (CEYLON) PLC**NOTES TO THE FINANCIAL STATEMENTS****11 TWENTY MAJOR SHAREHOLDERS AS AT 30 SEPTEMBER 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	HSBC INTL NOMINEES LTD-JPMLU-T ROWE PRICE FUNDS SICAV	862,385	1.08
10	RBC INVESTOR SERVICES BANK-COELI SICAV I- FRONTIER MARKETS FUND	775,767	0.97
11	PERSHING LLC S/A AVERBACH GRAUSON & CO.	731,501	0.91
12	HSBC INTL NOM LTD-JPMCB NA-FIDELITY ASIAN VALUES PLC	629,844	0.79
13	NORTHERN TRUST GLOBAL SERVICES LONDON S/A VERDIPAPIRFONDET ODIN EMERGING MARKETS	575,000	0.72
14	GF CAPITAL GLOBAL LIMITED	568,595	0.71
15	MELLON BANK N.A.-FLORIDA RETIREMENT SYSTEM	498,386	0.62
16	SAMPATH BANK PLC/MRS.PRIYANI DHARSHINI RATNAGOPAL	300,000	0.38
17	HSBC INTL NOMINEES LTD-SSBT-FRANK RUSSEL TRUST COMPANY COMINGLED BENEFIT FUNDS TRUST GNA-6QH3	253,681	0.32
18	HSBC INTERNATIONAL NOMINEES LTD-MORGAN STANLEY AND CO INTL PLC-OWN A/C	200,000	0.25
19	HSBC INTL NOM LTD-SSBT- RUSSELL INVESTMENTS INSTITUTIONAL FUNDS PUBLIC LIMITED COMPANY	184,009	0.23
20	HSBC INTL NOM LTD-STATE STREET MUNICH C/O SSBT-UNIVERSAL-INVESTMENT-GESELLSCHAFT MBH FOR APT-UNIVERSAL-FONDS	183,061	0.23

12 PUBLIC HOLDING

The Company is in compliance with the revised Minimum Public Holding requirements for Companies listed on the Main Board of the 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%, as per the Securities and Exchange Commission of Sri Lanka Directive No. SEC/LEG/16/11/13 dated 17th November 2016.

The Company's Public Holding as at 30th September 2017

Market Capitalization of the Public Holding	Rs.5.26 Billion
Percentage of ordinary shares held by the public	13.92%
Number of Public Shareholders	1,170

13 DIRECTOR'S SHAREHOLDINGS

As at 30 September 2017	No. of Shares
Mr. D. A. Cabraal (Chairman - w.e.f. 21/07/2017)	-
Mr. H. Selvanathan (Deputy Chairman)	1,579
Mr. S. K. Shah (Chief Executive Officer)	6,016
Mr. D. C. R. Gunawardena	34
Mr. D. R. P. Goonetilleke	1
Mr. K. Selvanathan (Director / Alternate Director to H. Selvanathan)	-
Mrs. S. J. F. Evans	-
Mr. L. Lehmann	-
Mr. C. B. Yee (Resigned w.e.f. 11/09/2017)	-
Mr. R. H. Meewakkala (Appointed w.e.f. 01/09/2017)	-
Mr. L. C. R. de C Wijetunge (Chairman - stepped down from the Board at the conclusion of the AGM on 20/07/2017)	-

14 STATED CAPITAL

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

LION BREWERY (CEYLON) PLC

NOTES TO THE FINANCIAL STATEMENTS

15 RELATED PARTY TRANSACTIONS

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard LKAS 24 - 'Related Party Disclosures', the details of which are reported below.

(A) Transactions with Parent Company - Ceylon Beverage Holdings PLC

Messrs. 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. 32,731,083/- (2016 -Rs. 27,165,484/-) as royalty during the period.

(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. 62,840,218/- during the period (2016 - Rs. 57,751,529/-).

- (i) An amount of Rs.1,632,703/- was paid by the Company to Pubs 'N Places (Private) Limited as trade rebates on beer purchases during the period. (2016- Rs. 1,502,741/-)

(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. 67,955,508/- (2016 - Rs. 58,244,998/-) 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. 13,619,089/- (2016 - 16,469,940/-)

The Company has sold a Beer Cooler to Luxury Brand (Private) Limited for Rs. 204,700/-

(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. 6,434,250/- was charged for warehouse services provided by Millers Brewery Limited to the Company during the period. (2016 - Rs.6,309,000/-).

(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 Rs194,452,709/- (2016 - Rs.178,113,056/-) was charged by Carsons Management Services (Private) Limited to the Company during the period, which included support services fees of Rs.172,499,972/- (2016 - Rs.158,183,648/-) 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 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. 39,360,663/- (2016 - Rs. 38,148,772/-) was charged as royalty during the period by Carlsberg A/S. Balance of Rs.61,759,379- payable as at 30th September 2017 (2016- nil)

(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.1,577,909(2016 - nil)

(iii) The Company purchased beer from Carlsberg Group affiliated breweries during the financial year 2016/17 following table indicates the balance Receivable/(payable) to the Carlsberg Group affiliated breweries as at 30th September 2017.

Receivables/(Payables)	Rs.	30-Sep-17	31-Mar-17
Carlsberg Myanmar Co. Ltd		10,346,812	33,075,258
Carlsberg A/S		(61,759,379)	(97,743,092)
		(51,412,568)	(64,667,834)

(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.20,102,426/- (Rs-44,422,750/-) 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 . (2016 - Rs. 67,959/-)

(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.

i) An amount of Rs.1,191,393/- was charged as hotel charges for services provided (2016- Nil).

ii) An amount of Rs.1,367,583/- recognized as income from sale of Beer. (2016-Rs.685,107/-)

(e) Mr. D.C.R. Gunawardena, Director of the Company, is also a Director of Equity Hotels Ltd

An amount of Rs.739,720/- recognized as income from sale of Beer. (2016.491,101/-)

(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 - w.e.f. 21/07/2017)
Mr. H. Selvanathan (Deputy Chairman)
Mr. S. K. Shah (Chief Executive Officer)
Mr. D. C. R. Gunawardena
Mr. D. R. P. Goonetilleke
Mr. K. Selvanathan (Director / Alternate Director to H. Selvanathan)
Mrs. S.J.F.Evans
Mr. L. Lehmann
Mr. C. B. Yee (Resigned w.e.f. 11/09/2017)
Mr. R. H. Meewakkala (Appointed w.e.f. 01/09/2017)
Mr. L. C. R. de C.Wijetunge (Chairman - stepped down from the Board at the conclusion of the AGM on 20/07/2017)

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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MANAGERS & SECRETARIES

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