



**RICH HERITAGE**  
**VIBRANT PRESENCE**  
**DYNAMIC FUTURE**

**Ceylon Beverage Holdings PLC**  
Annual Report 2013/14



**RICH HERITAGE**  
**VIBRANT PRESENCE**  
**DYNAMIC FUTURE**



# CONTENTS

Financial Highlights /04
Chairman's Statement /08
Chief Executive's Review /12
Profiles of the Directors /20
Senior Management Team /22
Annual Report of the Board of Directors on the Affairs of the Company /24
Audit Committee Report /36
Independent Auditors Report /40
Statement of Financial Position/42
Statement of Comprehensive Income /44
Statement of Changes in Equity /45
Cashflow Statement /47
Notes to the Financial Statements /49
Value Added Statement /94
Five Year Group Summary /96
Statement of Financial Position - US\$ /98
Statement of Comprehensive Income - US\$ /100
Notes to the Financial Statements - US\$ /101
Five Year Group Summary - US\$ /102
Information to Shareholders & Investors /104
Glossary of Financial Terms /106
Notice of Meeting /107
Form of Proxy /111
Corporate Information /IBC

## **MILESTONES:**

**1881 CEYLON BREWERY ESTABLISHED**

**1911 CEYLON BREWERY BECOMES A LIMITED LIABILITY COMPANY**

**1993 CEYLON BREWERY BECOMES A SUBSIDIARY OF CARSON CUMBERBATCH**

**1996 CEYLON BREWERY ACQUIRES SHAREHOLDING IN LION BREWERY (CEYLON) PLC**

**2001 OPERATIONS IN NUWARA ELIYA CEASES AND PRODUCTION IN ITS ENTIRELY TRANSFERRED TO LION BREWERY'S FACILITY IN BIYAGAMA**

**2012 DIVERSIFIES INTO PUBS AND RETAIL BUSINESSES**

**2013 CEYLON BREWERY CHANGES NAME TO CEYLON BEVERAGE HOLDINGS PLC**



# FINANCIAL HIGHLIGHTS

## REVENUE

**Rs. 25,847 Mn**  
(2013 - Rs. 23,017 Mn)

## PROFIT BEFORE TAX

**Rs. 2,062Mn**  
(2013 - Rs. 1,590 Mn)

## EARNINGS PER SHARE

**Rs. 25.13**  
(2013 - Rs. 24.78)



**DIVIDEND**

**Rs. 7.00**

(2013 - Rs. 6.00)

**TOTAL ASSETS**

**Rs. 24,583 Mn**

(2013 - Rs. 17,616 Mn)

**RETURN ON EQUITY**

**15.29%**

(2013 - 16.94%)



# INTO THE FUTURE

Our success story is a classic one – an epic tale of spirit, endurance and the passion for excellence that will see us hold our leading position into the years ahead as well.





# CHAIRMAN'S STATEMENT

**L.C.R.de C. Wijetunge**  
Chairman

I am pleased to welcome the shareholders to the 103rd Annual General Meeting of the Company and to present to you the Annual Report for the year ended 31st March 2014. I will restrict my comments to some salient issues, as the CEO's review contained in this report covers the performance of the Group in detail.

The GDP grew by 7.3% in 2013. Whilst all sectors of the economy contributed to this growth, a slightly higher proportion was delivered by the services sector. The GDP growth, however, failed to drive positive consumer sentiment, which resulted in marginal volume growth for the beer industry. Indeed, this trend was observed in the demand for most FMCG products sold in the country, indicating that consumers were careful in their spending. Beer being a non-essential, in the daily lives of the consumer, is the first to be dropped from the shopping list, when there is less money available for discretionary spending. Nevertheless, the net revenue of the Group grew by 12% to Rs.25.8 billion, largely due to a price increase that was necessitated, in response to an upward revision in excise duty during the year. The excise duty on the mild category was increased to Rs. 110/- from Rs.100/- per litre, whilst on the stronger beers, it was raised to Rs.130/- per litre from Rs.116/-.

This year your Group paid Rs. 16.19 billion to the Government coffers, up from Rs. 14.78 billion last year. Your Group yet remains the third largest tax payer in the country second only to the spirits and tobacco businesses.

The impact on Excise Duty was a major contributor to the increase in cost of sales. However, the full extent of this cost increase was mitigated, as from the middle of last year, we stopped importing finished beer, as the capacity of the existing canning plant was increased, consequent to certain modifications that were done. As a result the entire demand was supplied from the local production facility. Imported finished beer attracts a higher excise duty than when produced locally and hence, this initiative to modify the existing canning line was very welcome. In addition to this, the various cost restructuring efforts done in the past also helps keep expenditure under control.

Lion Brewery will very shortly complete its modernisation and upgrading of its production facility. During the year, upgrading of the brewing and processing areas including filtration and fermenting were completed. What remains is the installation of the canning and bottling lines, which once completed, will bring in the efficiencies expected of a world class, technologically advanced, state of the art brewery – perhaps the best in this part of the world. The consumers can rest assured in our continued ability to provide a world-class beverage.

This year too, your Group's products won accolades at the prestigious Monde Selection of awards for the year 2014. Lion Lager was awarded with a Gold whilst Lion Stout and Strong both won Grand Gold's. Indeed I am proud to note that Lion Stout has now won this accolade for four consecutive years whilst the total tally of the medals won by all products to date is 33.



## Chairman's Statement (Contd.)

The Group returned a net profit before tax of Rs.2.06 billion up from Rs.1.59 billion last year, an increase of 30%, whilst the net profit after tax rose from Rs.1.17 billion in the previous year to Rs. 1.02 billion this year, an improvement of 15%. I take this opportunity to thank the management team and all the employees of the Group for their untiring efforts to deliver these results despite, the tough challenges the industry had to face in carrying out its business functions. I remain confident of their ability to meet the challenges ahead. It is important that they seize all opportunities for growth, whilst building strong foundations for the future.

On the backdrop of these results, I am pleased to inform the shareholders that a first and final dividend of Rs.7/- per share is proposed by your Board, which will be paid consequent to obtaining the necessary approvals at the Annual General Meeting.

At the time of writing this statement, Lion Brewery and its wholly owned subsidiary Pearl Springs (Private) Limited, entered in to a Sale and Purchase Agreement with Cargills (Ceylon) PLC and its subsidiary Millers Brewery Limited to purchase the shareholding including trademarks of Millers Brewery Limited for Rs. 5.15 billion subject to the completion of the necessary due diligence studies. This acquisition will provide the consumer with a wider choice of products offered by your Group, whilst giving rise to potential enhancements in volume and profitability.

Mr. Graham Fewkes resigned from the Board as he was appointed Senior Vice President, Group Sales, Marketing and Innovation of the entire Carlsberg Group. We will no doubt miss his support and advise we received during his tenure on the Board. Whilst thanking him for his valuable contributions, on behalf of the Board, I wish him all the success in his global role.

During the year Messrs. D. A. Cabraal and H. J. Anderson were appointed to the Board of the Company. These gentlemen possess a wide repertoire of experience in their related fields and whilst warmly welcoming them I look forward to their valuable insights to forge the Group in to the future.



Appreciation and gratitude is due to our valued consumers, customers, suppliers and bankers whose support is vital to your Group. Our grateful thanks is also due to our loyal shareholders and business partners including our Agents, Carlsberg, Corona, Diageo and Moët Hennessy for their continued confidence in the Group.

I wish to extend my appreciation and gratitude to the members of the Audit Committee, Remuneration and Nomination Committees and to my colleagues on the Board for their support and advise.

(Sgd.)  
**L.C.R. de C Wijetunge**  
Chairman  
20th June 2014



# CHIEF EXECUTIVE'S REVIEW

**Suresh K. Shah**  
Chief Executive Officer

## **Executive Summary**

On the whole, it was a difficult year. The beer industry – along with most other FMCG businesses – experienced either flat or marginal growth. In this low growth environment, competition from within the industry was both intense and margin draining. A segment of the spirits industry that appeared to market products at margins less than wafer thin also impacted beer industry volumes. Under these difficult circumstances, Your Group returned satisfactory results during the year under review.

Revenue during the year grew by 12% primarily as a result of an increase in Excise Duty in August 2013. Operating Profit increased 43% to Rs 2.29 bn. However since the net financing costs of Rs. 13.95 mn incurred in the previous financial year increased to Rs.229.07 mn during the year under review, Profit before Tax increased by 30% to Rs. 2.06 bn. Due to higher incidence of tax, the increase in Profit after Tax was lower at 15%, i.e. Rs. 1.17 bn.

## **Operating Environment**

The Country's GDP recorded an impressive growth of 7.3% during 2013 beating the expectations of many independent analysts. However, conversion of the increase in GDP to household incomes seemed lower than in the past as evidenced by a lack of growth in the FMCG sector. The low level of growth in the beer industry can also be attributed to constraints in disposable income in the hands of consumers.

The Rupee remained largely stable against the USD during the year under review. However, it did depreciate against the Euro and the Sterling of which the former is a currency in which Your Company does much of its capital asset acquisitions.

Inflation decelerated during the year under review and as at the end of the financial year stood at 5.7%. This has allowed interest rates – particularly on short term borrowings – to reduce to upper-mid single digits. Rates on long term borrowings however remain in double digits although they too have seen a significant reduction from the previous year. The lower interest rates will help Your Group since its expansion has been funded primarily out of borrowings.

Tourism continued to grow rapidly with arrivals increasing by 27% to 1,275,000 in 2013. The momentum has continued in the first quarter of 2014 with arrivals increasing by 25%. Unlike in the past, tourists are not confining themselves to the formal hotel sector. They are seeking alternate accommodation options from high end villas to less expensive rooms in the informal sector. These trends are clearly reflected in the sales of Your Group's brands through the retail and on-premise trade in tourist pockets. Volumes through these channels pick up sharply during the tourist "season". The high margins maintained by the star classed hotels have also meant that those tourist who stay in such establishments prefer to obtain beer from retailers in the vicinity. Overall, tourism contributed significantly to Your Group's sales performance.

Agriculture was affected during the year due to drought conditions particularly in the North Central Province. It is estimated that crop losses – particularly paddy – amounted to as much as 20% and this had an impact on disposable incomes in communities dependent on agriculture.

## **The Alcohol Industry**

The alcohol industry continues to remain the most tightly regulated legal activity in the Country. The majority of its revenues are paid as taxes, it is not permitted to communicate with its customers and the availability of its products are limited to approx. 2% of the Country's retail universe. Further, the regulations governing the industry were crafted over a 100 years ago and thus remain far removed from the operating environment of the 21st century.

With levels of taxation so high and availability so low, it is no surprise that Sri Lanka's alcohol industry was until recently split into two, legal and illicit products. The very tools used to curb consumption of alcohol – price and availability – have been leveraged by illicit producers to gain the larger part of the combined market. Since they pay no taxes, illicitly produced alcohol is far cheaper than those produced by licensed manufacturers. Similarly, since illicit producers ignore the laws relating to distribution and sale of alcohol, the availability of their products is far wider than those of legal manufacturers. Thus to consumers, illicit alcohol is an attractive

## Chief Executive's Review (Contd.)

proposition being both cheaper and more easily available. This is particularly true in the non-urban setting where disposable incomes are lower and where availability of licensed liquor shops are few and far between. The only thing that stands between the consumer and the illicit manufacturer is law enforcement. It is no secret that law enforcement has been ineffective against illicit alcohol. This is not surprising since illicit manufacturers have tremendous incentive in the form of profits to seek out counter strategies to law enforcement. However, there seems to be an improvement in law enforcement over the past few years. Whilst it is near impossible to accurately assess the trends in an illegal industry, the perception on the ground is that availability of illicit alcohol and the demand for it has somewhat reduced. Improving income levels amongst the underprivileged may also have helped them upgrade to safer products. Yet, illicit alcohol still remains a very significant menace. Both supply of and demand for the product must be addressed if illicit alcohol is to be reduced to insignificant levels. The supply side can be dealt with through enforcement. However, demand must be addressed through pragmatic – rather than emotive – policies that provide the consumer with a relatively safe product at a viable price and within reasonable reach.

Sri Lankan alcohol policies make good press but have produced poor results. There is no need to re-invent the proverbial wheel. Alcohol has been around for 5,000 years or more and is a product successfully dealt with across many countries worldwide. Globally, a broad three tier classification – beer, wine and spirits – with their respective alcohol contents – low, moderate and high – has led to alcohol policies that have resulted in safe consumption. Simply put, the products with the lowest level of alcohol are both the most affordable and available. Move up the alcohol scale and both price and reach become less attractive. The outcome, safer consumption and greater tax collections by the state.

Of late, a third dimension has emerged from within the alcohol industry. A number of relative newcomers to the legal spirits industry have launched brands at margins which are wafer thin or less. Once excise duties and retail margins are paid on their products, the balance available to meet costs of raw materials, labour, transportation, energy and overheads is remarkably little. Although not immediately apparent, it would appear that these quasi legal products have captured a significant component of the market from amongst the licensed manufacturers. Indeed during the first 4 months of 2014, whilst the overall spirit industry has remained flat, the so called smaller players have recorded a cumulative volume growth 61%.

Within the beer industry, competition has been intense, primarily because growth within the sector has been at a 5 year low. With new volumes hard to come by and consumer communication tools unavailable due to regulation, the 3 industry players have focused on taking share from each other. Competition has centered on being the most attractive supplier to the middle man, the retailer. Since the retail universe is so tightly restricted – again by law – the flexibility of the brewer has been compromised. These factors working in tandem have resulted in brewer's margins and profit pools eroding leaving the industry vulnerable. Further, this type of competition does not benefit the end consumer. In fact, in the longer term it could even be detrimental to consumer interest. Under these conditions industry consolidation is inevitable.





The recently announced agreement reached between Your Group and the Cargills Group on account of Miller Brewery is an outcome of the industry environment described above. A section below discusses the proposed acquisition in greater detail.

The previous year marked the centenary of the principal law governing the manufacture, sale and distribution of alcohol products in Sri Lanka, i.e. the Excise Ordinance of 1913. This law was enacted in an era far removed from today's business and regulatory environment and over the years there has been little or no effort to modernise it. At least now, more than a 100 years after it was first introduced, the Excise Ordinance should be amended to make it appropriate to the modern day.

### **Acquisition of Miller Brewery**

The origins of Miller Brewery can be traced back to the early 1960's when it first started operations as McCallum Brewery. In 2011, the assets and trademarks of McCallum's were acquired by the Cargills Group and was formed into Miller Brewery Ltd. Amongst this Company's trademarks are the well-known brands Three Coins, Sando and Sando Power. Of these the Three Coins and Sando brands were part of the McCallum portfolio whilst Sando Power was launched post the acquisition by the Cargills Group.

If the transaction is completed as contemplated, a number of the Miller Trademarks will be consolidated into Your Group's portfolio of brands. The Miller trademarks will be acquired by Your Group whilst its shares will be purchased by Pearl Springs (Private) Ltd, a fully owned subsidiary formed especially for this purpose.

The consideration payable on the transaction amounts to Rs 5.15 bn. The proposed acquisition will mean a wider portfolio for Your Group enabling it to better cater to broader consumer segments. Further the proposed acquisition is expected to lead to synergies across the supply chain. It should also result in less margin eroding competition at the trade level. Thus Your Group's volumes and performance is expected to improve as a result of this acquisition.

### **Operating Results and Financial Position**

On a turnover of Rs 25.85 billion, the Group returned a pre-tax profit of Rs 2.06 billion. With volume growth been marginal, the increase in revenue was driven by Excise Duty led price revisions. The Group's gross margin was 23.8%, up 70 basis points from 23.1% during the previous year. The slight increase in margin is due entirely to the stoppage of imported canned beer in October 2013. As shareholders are aware, Your Group was compelled to import canned beer in order to supplement installed capacity at the brewery. Whilst done to meet market demand, each can imported was sold below cost. With all supplies now being produced at Your Group's brewery, margins have improved albeit very marginally.

Yet margins remain under pressure from other sources. Excise duties are increased each year. The costs of other inputs too – both imported and local - trended upwards. Since beer is a price sensitive product, cost increases were not passed on in full to consumers thus exerting pressure on margins.

The manner in which competition takes place – described in detail in a previous chapter – has also put pressure on operating margins as did a general increase in the cost of overheads. Some of these overheads – for instance multiple stores locations – are not of a permanent nature and will be eliminated once the Company's infrastructure is upgraded.

The Group's balance sheet remained strong during the financial year. Its gearing ratio remained a healthy 50.24%. The higher debt in the Group's balance sheet at the end of the financial year was a result of the investments made in capacity expansion. The proposed acquisition of Miller Brewery will stretch Your Group's balance sheet to some extent. However, the composition of borrowing is expected to change in the months ahead with the long term portion increasing to 75% of the total from the current 40%. This will accurately reflect the purpose for which funds are utilised, i.e. to acquire long term assets.

## Chief Executive's Review (Contd.)

In the meanwhile, the subsidiary Lion Brewery was assigned a AA- (Ik) rating by Fitch during the course of the year under review.

### Marketing and Sales in Sri Lanka

As shareholders are aware, Your Group is heavily restricted in terms of what it can do in marketing its brands. Growing volumes is a tough challenge under such circumstances particularly in an FMCG business. In an environment where organic growth is also not forthcoming, the challenges faced are even greater. Nevertheless under such daunting circumstances Your Group's brands continue to be held in high esteem. For the second year running, Lion was amongst the top 10 brands in the Country placed at number 9. A multinational was the only other FMCG business to be placed above Lion in the top 10.

The foundation of a strong brand is its quality. The quality of Your Group's brands have received wide recognition in the past not just in Sri Lanka but also overseas. The year under review was no exception. Lion Lager, won Gold at the Monde Selections held in Brussels in April 2014 whilst Lion Stout and Lion Strong won the Grande Gold at the same competition. The Grande Gold is awarded in recognition of a brand winning Gold over three consecutive years. With this year's medals Your Group's tally of international awards has now reached 33.

During the year under review, brand Lion Lager moved away from the industry standard "Vichy" bottle to one that is unique. A foil replaced the earlier neck label reflecting the premium qualities of the brand. The new presentation communicates the brands' dynamic position in a modern and attractive manner whilst being true to its brewing heritage of quality and consistency. The brand has done well since its launch in January 2014.

Lion Stout and Carlsberg Special Brew also performed well during the year under review. However, the performance of Carlsberg Green Label and Lion Strong were below expectations with the latter reflecting the limited disposable income available in the hands of the consumer.

Cans continue to gain share from the bottle as a system of packaging. Overall, this is a positive trend for the industry since it eliminates the need for complex and costly reverse logistics. It is also an indication that consumers will pay a reasonable premium for convenience even when markets are depressed.

### Exports

Whilst the main focus remains on the market in Sri Lanka, Your Group continues to make gradual but steady progress overseas. During the year under review, revenue from exports reached Rs. 286 million from which Rs. 26 million accrued to the Group as profits after meeting all related expenditure. On average Your Group now exports approx. 22 containers per month to a wide cross-section of markets which in the year under review numbered 14.

The Maldives continues to be the main stay of the Group's export revenue. Your Group's brands lead the market in that country, a position that was further consolidated during the year under review. Moving ahead however, the market in the Maldives is expected to get more competitive with some major players opting to discount prices in order to challenge Your Group's position. Your Group is determined to meet this challenge head on if necessary. This could result in lower profits from exports in the short term although in the longer term it will strengthen Your Group's position in the Maldives.

During the previous year, the Group put in place a new strategy to generate volumes from the US market. A sales person was recruited with the intention of establishing a professional distribution network in the very competitive space that is New York. The objective was to get deep – rather than wide – distribution within a manageable geographical area; i.e. volume via regular repeat orders as against through new retailers. It is pleasing to note that this strategy is yielding results; during the year under review sales in New York grew by over 280% and brand Lion Stout is gradually being established as a premium import in that market.

## **Supply Chain**

Your Group's expansion program is now nearing completion. A new state of the art brewhouse was completed during the previous financial year. Together with the older brewhouse – which is still in excellent operating condition – Your Group's brewing capacity has now more than doubled. Capacity increases in the processing areas are also mostly completed. New fermenter tanks, refrigeration plant, filter, centrifuge, air compressor and heavy fuel boiler were all commissioned during the year under review. The installation of the new state of the art packaging lines - both bottling and canning – are currently underway. These lines will be commissioned shortly. With these additions Your Group is geared to meet the full demand for beer in the Country. This expansion program was funded entirely out of internally generated funds and borrowings with no burden on the shareholders.

As shareholders are aware capacity constraints in the existing canning line meant that Your Group was forced to import canned beer to meet market demand. The cost of the imported cans was far in excess of local production and as a result both margins and profits suffered. However, during the year under review, Your Group implemented a short term solution to overcome the capacity constraints and imports ceased from October 2013. The result has been stronger margins and profits during the latter half of the financial year under review.

## **Human Resources**

Your Group has a relatively small but skilled talent pool. Whilst the usual modern HR practices are prevalent within the Group, special emphasis is placed on training and development. Key staff are trained at the Carlsberg Leadership Building Center and also internationally recognised management schools. Schemes are also in place to recognise and reward innovation and continuous improvement. During the year under review, a dedicated innovation centre was set up and it will focus on three key areas, product, process and technology.

## **Support Services**

Over the years, the Group has put in place an extensive IT system that has helped it achieve competitive advantage and operational excellence across the value chain. Your Group migrated to the world class ERP system, SAP at the very latter stages of the previous year. The new IT environment comprehensively integrates end to end operations across the supply chain into a single transparent system. Previously, whilst many sections of the Group's operations were automated – for instance, the brewing process and the on-field sales systems – the data and information that originated from them were not integrated. This is no longer the case. This integrated system is now fully complemented by the extensive use of mobile technologies including smart phones and other types of handhelds.

## **Shareholder Returns**

As at 31st March 2014 Your Group's Net Assets Value per share stood at Rs. 164.38 up from Rs.146.27 as at 1st April 2013. Thus the book value of the Group at the financial year end stands at Rs. 3.4 billion. In the meantime, the market value of Your Group at the same date amounted to Rs. 10.5 billion. As at the end of the financial year, Your Company's share price had moved up to Rs. 500/- from Rs. 474.90, an increase of 5% thus outperforming the market.

The Group achieved a return of 15% on equity and reserves for the financial year under review compared to 17% achieved previously. Earnings per share at the year end amounted to Rs. 25.13 whilst the Company's price to earnings (PE) ratio at that date was 20.

Your Board has recommended a dividend of Rs 7/- per share to be distributed after the conclusion of the AGM if approval is received from shareholders. If approved, this dividend remains in line with the declaration of the previous year and will account for 13% of the Group's post tax profit. In recommending this dividend, Your Board was conscious of the significant outflows that will take place in the months ahead on account of the on-going capacity expansion programme and proposed acquisition of Miller Brewery.

## Chief Executive's Review (Contd.)

### Taxation

Your Group is the third largest taxpayer in the country. During the year under review, your Group's contribution to the exchequer amounted to Rs. 15 billion up 28% from the previous year. In addition, Your Group paid a further Rs. 1 billion as customs duty on beer imports during the year under review.

Corporate taxes for the year amounted to Rs. 893 million based on the discriminatory 40% rate applicable to the subsidiary Lion Brewery. Other corporates (excluding those involved in tobacco) are taxed at the much lower rate of 28%. This discriminatory rate – approx. 43% higher than the standard rate of corporate tax – takes alcohol taxation closer to shareholders than previously.

### Community Service

Since inception, Your Group has supported the community in the vicinity of the brewery with special emphasis on education. As in the past, schoolbooks were distributed whilst the Group's longstanding IT training program and scholarship scheme remained on-going.

During the year under review, Your Group conducted programmes in Hambantota to enhance the employability of youth. In all, 985 youth completed this programme. It is pleasing to note that 148 youth who underwent this programme have obtained full time employment.

In the North Central and Eastern Provinces, Your Group works with 2453 paddy farmers helping them to increase yields and reduce input costs. Field level instructors with skills in agriculture have been recruited. The Group's expertise in managing distribution networks has been used to deploy these instructors in a planned manner. The results of this intervention have been very satisfying; on average, the yields of these farmers have more than doubled from the national average whilst some have even gone beyond the 200 bushels per acre mark. Farmer input costs too have declined, since Your Group has encouraged the use of organic materials and some traditional – but very effective – farming techniques to reduce the use of chemical based products.

### Retails Spaces

Your Company operates 3 retail outlets via a subsidiary, Retail Spaces Pvt Ltd. These outlets are located in Negombo, Aluthgama and Moratuwa. The operations of these outlets are outsourced, with income generation being in the form of a royalty. Since new licenses are not issued by the authorities, expansion of this retail chain depends on the acquisition of those currently in existence. However, since the number of existing licenses are limited, those that are available for sale are priced at a level that is difficult to justify on the basis of a reasonable economic return.

### Pubs N' Places

Your Company's very successful restaurant chain is owned by a subsidiary Pubs N' Places Pvt Ltd. Three restaurant brands are in operation, namely, Machang, O! and 8.8. The Machang & 8.8 franchises offer a similar experience throughout their many locations. The two O!'s on the other hand offer patrons a unique ambience and experience in each location. As in the case of the retail shops, the management of the restaurants is also outsourced.

### Luxury Brands

Your Group is Sri Lanka's sole importer and distributor of the Diageo and Moët Hennessy portfolio of brands.

Diageo is the world's largest premium alcohol business and is headquartered in London. Its portfolio includes such iconic brands as Johnny Walker, J&B, Smirnoff, Tanqueray, Ciroc, Bailey's and Guinness. Moët Hennessy is part of the French luxury goods business, LVMH. The alcohol brands in this portfolio are as iconic as those of Diageo and include amongst others, Hennessey, Glenmorangie, Moët - Chandon and Dom Perignon.

These brands are imported and distributed by Your Company's subsidiary Lion Brewery. However in order to provide the portfolio with appropriate focus, marketing of the brands is the responsibility of another subsidiary, Luxury Brands.

In the first full year of operations, the spirits portfolio did well, contributing to both the revenue and profits of Your Group. Integrating a much wider portfolio of brands of a different product category to Your Group's existing distribution system was a challenge. In the imported whiskey, cognac, vodka and champagne categories, the brands marketed by Your Group are clear market leader. However, as of now, competitors have the edge in the rum category, a challenge that needs to be addressed together with our principals.

### **The Year Ahead**

The year ahead could go either way, good or not so good. Many are the indicators that point to a good year. The trends in the fiscal deficit and inflation are positive indicating low and stable interest rates. The same is true with the trend in the balance of payments. Exports, remittances and receipts from tourism are all up whilst imports are down. Thus the currency should be stable in the year ahead. The prevailing rains in some parts of the Country will help fill those reservoirs important for generation of electricity. Thus the cost of electricity should remain stable. Tourism is also expected to continue its rapid growth. Arrivals in the first half of the year give every hope that the annual target of 1.5 million will be achieved. These factors will contribute positively to the performance of Your Group in the year ahead.

Yet concerns remain. Principal amongst them is the lower level of real growth in domestic consumption. A recently published newspaper article claims that the real growth of 3.2% in domestic consumption recorded in 2013 is the lowest since 2001. It would also appear that conversion of GDP growth into household income has been less in the recent past than it has been previously. This may explain the lower growth in domestic consumption. If this trend in domestic consumption were to continue, it is very likely that industry volumes - and those of Your Group - would come under pressure. The agriculture sector is also expected to underperform in 2014 specially in terms of the Yala paddy cultivation. This too

would pose a challenge in the year ahead. The significant premium being charged by banks on long term borrowings - close to 50% over short term rates - suggests that financial markets question the sustainability of a low inflation regime. If lending rates were to start trending upwards it will impact the profitability of Your Group.

Reflecting the difficult operating environment that is likely to prevail at least in the first half of the on-going financial year, beer industry volumes over its first two months have remained flat.

From an internal perspective, Your Group will emerge stronger at the conclusion of the ongoing financial year. The expansion program would have concluded. A few gaps in the distribution network would have been closed. The IT platform would have been consolidated. The proposed acquisition of Miller Brewery will have materialized.

All in all it will be a busy and challenging year for Your Group.

### **Conclusion**

In an industry that remains the most regulated in the Country and in an environment where competition is most often from both illegal and quasi-legal alternates, Your Group has done reasonably well. Your Group moves forward with a strong brand portfolio, a benchmark distribution network, a state of the art, world class manufacturing facility and talented and experienced team of professionals. Whilst the year ahead will most likely be one of challenges rather than opportunities, Your Group is geared to face them with fortitude and confidence.

(Sgd.)

**Suresh K. Shah**  
Chief Executive Officer  
20th June 2014

## Profiles of Directors 2014

### **Cubby Wijetunge**

Chairman of Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC, Union Residencies Ltd., and Chairman Emeritus, Nestle Lanka PLC. He is also a Director of Hunter & Company PLC, Janashakthi Insurance PLC, Swiss Trading Company and Senior Vice-President of Baur Asia Ltd. He is also a Director of East India Retailing Company (Pvt) Ltd., Heath & Co. Ltd. and Lanka Canneries Ltd. He also serves as a Trustee of Joseph Fraser Hospital. In addition he is a member of the Monetary Policy Consultative Committee of the Central Bank of Sri Lanka and President of the Swiss Business Club of Colombo.

### **Hari Selvanathan**

Hari Selvanathan is the Chairman of Bukit Darah PLC and Deputy Chairman of Carson Cumberbatch PLC and Goodhope Asia Holdings Ltd. He is the President Commissioner of the palm oil related companies in Indonesia. He holds Directorships in several subsidiary companies within the Carsons Group and is also a Director of Sri Krishna Corporation (Private) Limited and the Chairman of Express Newspapers (Ceylon) Ltd. He is also the Chairman of Carsons Management Services (Private) Limited and Agro Harapan Lestari (Private) Limited, the Group's Management companies. Past President of the National Chamber of Commerce and Past Vice Chairman of the International Chamber of Commerce (Sri Lanka).

He counts over 20 years experience in commodity trading in International Markets.

He holds a Bachelor of Commerce Degree.

### **Mano Selvanathan**

Mano Selvanathan holds a Bachelors Degree in Commerce, and is the Chairman of Sri Krishna Corporation (Private) Limited, Ceylon Finance & Securities (Private) Ltd. and Selinsing PLC and is a Group Director of most Companies in the Carson Cumberbatch Group in Sri Lanka, Indonesia, Malaysia, Singapore and India and is an active Member of its Executive Management Forums. He is also the Deputy Chairman of Ceybank Asset Management Ltd.

He has served as the Chairman of the Ceylon Chamber of Commerce and The Indo Lanka Chamber of Commerce & Industry and also as the President of the Rotary Club of Colombo North. At present he is the Honorary Consul of the Republic of Chile in Sri Lanka.

Mano Selvanathan was conferred the highest National Honours in Sri Lanka the 'DESAMANYA' title by H.E. The President of Sri Lanka, in recognition of the services rendered to the Nation in November 2005.

In January 2011 he was awarded with the prestigious 'PRAVASI BHARATIYA SAMMAN AWARD' by the President of India.

He also received the Presidential Honour of 'ORDER OF KNIGHT COMMANDER' in October 2013 awarded by the Government of Chile.

### **Chandima Gunawardena**

Chandima Gunawardena serves as a Non-Independent, Non-Executive Director of Carson Cumberbatch PLC and in most of the Carsons Group Companies in Sri Lanka and overseas. He is also a Director of Bukit Darah PLC. Since assuming Non-Executive status in the Group, he serves as an advisor to the Group's Strategic Planning and Management forums in Sri Lanka and serves on Board Committees including the Audit Committees of the Group in Sri Lanka and overseas covering all operating sectors of the Group.

Mr. Gunawardena has over four decades of experience in varied fields of business and commercial activities and has held senior positions in Corporate, Mercantile and State Institutions. He was appointed to the Carsons Group Directorate in 1990.

He has served in the Management Committee of The Ceylon Chamber of Commerce for over 10 years and was a Founder Council member of the Sri Lanka Institute of Directors (SLID) and continued to serve in the council for over 10 years.

He is a Fellow of the Chartered Institute of Management Accountants, UK.

**Suresh Shah**

Suresh Shah is a Director and Chief Executive Officer of Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC. He is also a Director of Carson Cumberbatch PLC and the Sri Lanka Business Development Centre.

He is the current Chairman of the Ceylon Chamber of Commerce and also serves on the council of The Employers Federation of Ceylon.

He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka.

**Amal Cabraal** (Appointed w.e.f. 1st November 2013)

Amal Cabraal is the former Chairman and Chief Executive Officer of Unilever Sri Lanka. He has over 3 decades of business experience in general management, marketing and sales and apart from Sri Lanka, he has served with Unilever in the United Kingdom, India and Bangladesh. He is an alumnus of INSEAD-France and holds a MBA from the University of Colombo. A Chartered Marketer by profession and a Fellow of the Chartered Institute of Marketing – UK. He serves on the Monetary Policy Consultative Committee of the Central Bank of Sri Lanka and is a member of the Management Committee of the Mercantile Services Provident Society. He is an external independent Director of John Keells Holdings PLC, HNB Bank PLC, Lion Brewery (Ceylon) PLC and also serves on the Supervisory Board of Associated Motorways Ltd.

**Graham Fewkes** (Resigned w.e.f. 28th March 2014)

Graham Fewkes has over 20 years of commercial experience in the global drinks industry. He currently serves with the Carlsberg Group as Commercial Vice President for Asia Region, based in Hong Kong.

Upon graduating with a BA (Hons) degree from the University of York in 1990, Mr. Fewkes worked for Grand Metropolitan PLC and Foster's Group in the UK. From 1996, he joined Scottish & Newcastle PLC, taking a range of sales and marketing roles within the UK and Western Europe.

Immediately prior to his Asian role, he worked extensively across Eastern Europe with Carlsberg Group's market-leading businesses in Russia, Ukraine, Kazakhstan, Uzbekistan and the Baltic States. Since 2008, he has lived in Malaysia and now Hong Kong with responsibility for commercial development of the Carlsberg Group's wide-ranging Asian operations and their famous premium international brand portfolio.

He holds a range of non-executive board positions in Malaysia, Vietnam, India, Nepal and Lao.

**Henrik Andersen** (Appointed w.e.f. 01st April 2014)

Mr. Henrik Andersen was appointed to the Board on 01 April 2014 and as Managing Director of Carlsberg Brewery Malaysia Berhad on 1 July 2013.

Mr Andersen holds an MBA and BBA from Copenhagen Business School. He has been with the Carlsberg Group since 1993 and has held general management positions for Carlsberg in Vietnam, China and Taiwan. He was the Regional CEO of Carlsberg Indochina Ltd.(Thailand) from 2007 to July 2013, overseeing for Vietnam, Thailand, Laos, Cambodia and Myanmar. He is now responsible for the South East Asia sub-region comprising Malaysia, Singapore and Carlsberg's interests in Sri Lanka. Mr Andersen is the Chairman of the Group's private companies namely Carlsberg Singapore Pte. Ltd. ("CSPL") and LuenHeng F & B Sdn. Bhd. He also sits on the Board of Carlsberg Marketing Sdn. Bhd., a wholly owned subsidiary of Carlsberg Brewery Malaysia Berhad, Malaysian Danish Business Council, Lion Brewery (Ceylon) PLC and Maybev Pte Ltd, a subsidiary of CSPL.

A photograph of a bar counter with various liquor bottles and glasses. The bottles include brands like Absolut Vodka, Glenmorris, and Ardbey. There are several glasses, including a martini glass and a shaker. The background is a warm, textured wall. The text "SENIOR MANAGEMENT TEAM" is overlaid on the left side of the image.

# SENIOR MANAGEMENT TEAM



*Left to right:*

**SURESH SHAH**

Director/CEO

**PREETHI DE SILVA**

General Manager -  
Retail Spaces (Private) Limited

**JEREMY DAVID**

General Manager -  
Luxury Brands (Private) Limited

**PRASANNA  
AMERASINGHE**

Head of Marketing

**SHAMAL BOTEJU**

General Manager -  
Pubs 'N Places (Private) Limited

**RANIL GOONETILLEKE**

Head of Finance

**CHAN LIYANAGE**

Head of Supply Chain



# Annual Report of the Board of Directors on the Affairs of the Company

The Board of Directors of Ceylon Beverage Holdings PLC ('the Company') has pleasure in presenting to the Shareholders their Report together with the Audited Consolidated Financial Statements of the Company and its Subsidiaries (the Group) for the financial year ended 31st March 2014.

The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange and are guided by recommended best Accounting Practices.

The Annual Report was approved by the Board of Directors on 20th June 2014.

## **GENERAL**

Ceylon Beverage Holdings PLC is a public limited liability Company incorporated in Sri Lanka in 1910. Ceylon Beverage Holdings PLC operates as an investment holding company.

## **PRINCIPAL ACTIVITY OF THE GROUP**

The Principal activity of the Group is brewing and marketing of high quality beers for both the local and export markets and retailing of beer and alcohol products through its owned/managed wine shops and pubs. The Group is also engaged in the import and marketing of globally renowned high quality beer and spirits brands. Whilst some imported beer brands are marketed overseas, the imported spirits brands are exclusively for the local market.

## **CHANGES TO THE GROUP STRUCTURE**

Pearl Springs (Private) Limited, a private limited liability Company was incorporated on 20th May 2014 as a fully owned Subsidiary of Lion Brewery (Ceylon) PLC.

## **CHIEF EXECUTIVES' REVIEW AND FUTURE DEVELOPMENTS**

The Chairman's Statement and the Chief Executive's Review describe in detail the performance during the year together with comments on the financial results and future developments of the Group.

## **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR** **Issuance of Rated Unsecured Listed Redeemable Debentures by Subsidiary Company Lion Brewery (Ceylon) PLC**

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

## **Issuance of Shares by Subsidiary Company, Pubs 'N Places (Private) Limited**

23,800,000 Ordinary Shares were allotted to the Company by its subsidiary, Pubs 'N Places (Private) Limited at a consideration of Rs. 10/- per share amounting to Rs. 238,000,000/- by capitalizing part of the current account it held with the Company.

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The responsibilities of the Directors in relation to the Financial Statements, are detailed in the following paragraphs, whilst the responsibilities of the Auditors are set out in the Report of the Auditors.

The Directors are required to prepare Financial Statements for each financial year, giving a true and fair view of the state of affairs of the Company and of the Group at the end of the financial year and of the financial performance for the said period in conformity with the following requirements;

- Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka.
- Companies Act No. 07 of 2007
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- Listing Rules of the Colombo Stock Exchange

The Directors are responsible for ensuring that the Company maintains sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company in order to

ensure the said requirements. They are also responsible for taking reasonable measures to safeguard the assets of the Company, and in this regard to give proper consideration to the establishment of appropriate systems of internal control with a view to prevent, detect and rectify frauds and other irregularities.

These Financial Statements have been prepared on a Going Concern basis, since the Directors are of the view that the Company has adequate resources to continue operations for the foreseeable future from the date of signing these Financial Statements.

The Directors are also of the view that they have discharged their responsibilities as set out in this Statement.

### **Accounting Policies and Changes during the Year**

There were no major changes made to the accounting policies in the financial year ended 31st March 2014.

### **FINANCIAL STATEMENTS**

The Financial Statements which include the Statement of Financial Position, Statement of Comprehensive Income, Cash Flow Statement, Statement of Changes in Equity and Notes to the Financial Statements of the Company and the Group for the year ended 31st March 2014 are set out on pages 42 to 93 of this Report.

### **RESERVES**

After the above mentioned appropriations, the total Group Reserves stand at Rs. 2,916.5 Mn (2013 - Rs. 2,536.5 Mn) comprising Capital Reserves of Rs. 492.3 Mn (2013 - Rs. 492.3 Mn) and Revenue Reserves of Rs. 2,424.2 Mn (2013 - Rs. 2,044.2 Mn). The movements are shown in the Statement of Changes in Equity and Notes 18 and 19 to the Financial Statements.

### **VALUE OF THE INVESTMENT PORTFOLIO**

The Market Value/Directors' value of the Company's investment portfolio as at 31st March 2014 was Rs. 16,593.3 Mn (2013 - Rs. 13,931 Mn) as disclosed under Note 11 to the Financial Statements.

### **CAPITAL EXPENDITURE**

The total expenditure on the purchase of capital assets by the Group during the year amounted to Rs. 4,624.0 Mn (2013 - Rs. 3,779.4 Mn). The movements during the year are set out in Notes 9 and 10 to these Financial Statements.

### **MARKET VALUE OF FREEHOLD PROPERTIES**

Freehold properties of the Group are stated in the books at their re-valued amounts. The valuation has been carried out by an independent professional valuer, as further explained in Note 9 to these Financial Statements.

### **STATUTORY PAYMENTS**

The Directors to the best of their knowledge and belief are satisfied that all statutory dues have been paid up to date or have been provided for in these Financial Statements except as disclosed in Note 39 to these Financial Statements.

### **OUTSTANDING LITIGATION**

The outstanding litigations related to the Company and Group are shown in Note 39 to these Financial Statements.

### **RISK MANAGEMENT/MATERIAL FORESEEABLE RISK FACTORS**

The Company and the Group's activities were exposed to a variety of financial risk, market risk (including currency risk, fair value interest rate risk, cashflow interest rate risk and price risk), credit risk and liquidity risk which have been disclosed in Note 35 to these Financial Statements. The need for risk management has been identified and action plans to monitor and manage risks are incorporated into the business plans and are reviewed on a continuous basis.

### **MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS**

There were no material issues relating to Employees and Industrial Relations during the year ended 31st March 2014.

## Annual Report of The Board of Directors on the Affairs of the Company (Contd.)

### GOING CONCERN

The Board of Directors is satisfied that the Company and its Subsidiaries have adequate resources to continue its operations in the foreseeable future. Accordingly, these Financial Statements are prepared based on the Going Concern concept.

### INDEPENDENT AUDITORS' REPORT

The Independent Auditors' Report on the Financial Statements is given on page 40 to 41 of this Report.

### SIGNIFICANT ACCOUNTING POLICIES

The Accounting Policies have been applied by the Group consistent with the previous years Accounting Policies except in the areas as described in order to be compliant with SLFRS/LKAS.

The accounting policies are set out in Note 01 to 08 in the Notes to the Financial Statements in Pages 49 to 59.

### INTERESTS REGISTER

#### Directors Interests

The Company maintains the Interests Register conforming to the provisions of the Companies Act No.07 of 2007.

All Directors have made declarations as provided for in Section 192(2) of the Companies Act aforesaid. The relevant details as required by the Companies Act No. 07 of 2007 have been entered in the Interests Register during the year under review.

The Interests Register is available for inspection as required under the Companies Act.

### REMUNERATION OF DIRECTORS

Directors' remuneration, in respect of the Group for the financial year ended 31st March 2014 is given in Note 30 to the Financial Statements.

### DIRECTORS' INTEREST IN CONTRACTS AND SHARES

The Related Party Transactions of the Group as required by the Sri Lanka Accounting Standard LKAS 24 Related Party Disclosures are disclosed in Note 40 to these Financial Statements and have been declared at Meetings of the Board of Directors. The Directors have had no direct or indirect interest in any other contracts or proposed contracts in relation to the business of the Group, while they had the following interests in the Ordinary Shares of the Company as shown in the table below.

Directors	No. of shares as at	
	31st March 2014	31st March 2013
Mr. L. C. R. de C. Wijetunge (Chairman)	-	-
Mr. H. Selvanathan (Deputy Chairman)	690	690
Mr. M. Selvanathan (Director/ Alternate Director to Mr. H. Selvanathan)	690	690
Mr. S. K. Shah (Chief Executive Officer)	2,632	2,632
Mr. D. C. R. Gunawardena	15	15
Mr. D. A. Cabraal (Appointed w.e.f. 01st November 2013)	1,500	1,519
Mr. G. J. Fewkes (Resigned w.e.f. 28th March 2014)	-	-
Mr. H. J. Andersen (Appointed w.e.f. 01st April 2014)	-	-

### DIRECTORS

The names of the Directors who served during the year are given under Corporate Information provided in the inner back cover of the Annual Report.

### **Appointments and Resignations of Directors**

Mr. D. A. Cabraal was appointed as a Non-Executive/Independent Director of the Company with effect from 1st November 2013.

Mr. H. J. Andersen was appointed as a Non-Executive Director of the Company with effect from 1st April 2014.

Mr. G. J. Fewkes resigned from the Board as a Non-Executive Director with effect from 28th March 2014.

### **Directors to retire by rotation**

In terms of Articles 72, 73 and 74 of the Articles of Association of the Company, Mr. H. Selvanathan retires by rotation and being eligible offers himself for re-election.

### **Retirement at the first Annual General Meeting following the appointment as a Director**

In terms of Articles 68 of the Articles of Association of the Company, Mr. D. A. Cabraal retires from the Board and being eligible offers himself for re-election.

### **Appointment of Director who is over 70 years of age**

Upon the recommendation of the Nomination Committee of the Company and the Board, it is recommended that Mr. L. C. R. de C. Wijetunge who is over 70 years of age be re-appointed as a Director of the Company for a further period of one year from the conclusion of the Annual General Meeting and that the age limit stipulated in Section 210 of the Companies Act No.07 of 2007 shall not be applicable.

### **AUDITORS**

Company's Auditors during the year under review were Messrs. KPMG, Chartered Accountants.

A sum of Rs. 560,000/- was paid to them by the Company as audit fees for the year ended 31st March 2014 (2013 - Rs. 550,000/-).

Further, a sum of Rs. 50,000/- was paid to them by the Company as audit related services fees for the year ended 31st March 2014 (2013 - Rs. 120,000/-).

The retiring auditors have expressed their willingness to continue in office. A Resolution to re-appoint them as Auditors of the Company and authorising the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

The Audit Committee reviewed the appointment of the Auditors, its effectiveness and its relationship with the Group, including the level of audit and non-audit fees paid to the Auditor.

### **Auditors' relationship or any interest with the Company**

The Directors are satisfied that, based on written representations made by the Independent Auditors to the Board, the Auditors did not have any interest with the Company and its Subsidiaries that would impair their independence.

### **RELATED PARTY TRANSACTIONS EXCEEDING 10% OF THE EQUITY OR 5% OF THE TOTAL ASSETS OF THE COMPANY**

The Directors declare in terms of the requirements of the Listing Rules of the Colombo Stock Exchange that the transactions carried out by the Company with its Related Parties during the year ended 31st March 2014, as follows.

#### **1. Non-Recurrent Related Party Transactions**

Information pertaining to Non-Recurrent Related Party Transactions where the aggregate value of the Non-Recurrent Related Party Transactions exceeds 10% of the equity or 5% of the total assets of the Company (whichever is lower), as per the Audited Financial Statements is disclosed below;

## Annual Report of The Board of Directors on the Affairs of the Company (Contd.)

Name of the Related Party	Relationship	Value of the Related Party Transactions entered into during the financial year	Value of Related Party Transactions as a % of Equity and as a % of Total Assets	Terms and Conditions of the Related Party Transactions	The rationale for entering into the transaction
Pubs 'N Places (Private) Ltd	Subsidiary	Rs. 238,000,000/-	Total equity - 15.6% Total Assets - 11.2%	Capitalised receivables	Infusion of shareholders equity

### 2. Recurrent Related Party Transactions

Information pertaining to Recurrent Related Party Transactions where the aggregate value of the Recurrent Related Party Transactions exceeds 10% of the Gross Revenue/Income of the Company, as per the Audited Financial Statements are disclosed below;

Name of the Related Party	Relationship	Nature of the Transaction	Aggregate value of Related Party Transactions entered into during the financial year	Aggregate value of Related Party Transactions as a % of Revenue/ Income	Terms and Conditions of the Related Party Transactions
Lion Brewery (Ceylon) PLC	Subsidiary	Royalty Income	Rs. 132,218,636/-	46.8%	As per the royalty agreement
Lion Brewery (Ceylon) PLC	Subsidiary	Dividend Income	Rs. 150,475,637/-	53.2%	Declaration of Dividends

The details of the Related Party Transactions are given in Note 40 of the Financial Statements.

### CORPORATE GOVERNANCE

The Board has ensured that the Company has complied with the Corporate Governance Rules as per the Listing Rules of the Colombo Stock Exchange (CSE).

## Board of Directors

The following Directors held office as at the reporting date and their brief profiles are given on pages 20 to 21 of the Annual Report.

Directors	Executive/ Non-Executive / Independent
Mr. L. C. R. de C. Wijetunge (Chairman)	Non-Executive/ Independent *
Mr. H. Selvanathan (Deputy Chairman)	Executive
Mr. M. Selvanathan (Director/Alternate Director to Mr. H. Selvanathan)	Executive
Mr. S. K. Shah (Chief Executive Officer)	Executive
Mr. D. C. R. Gunawardena	Non-Executive
Mr. D. A. Cabraal (Appointed w.e.f. 01st November 2013)	Non-Executive/ Independent **
Mr. G. J. Fewkes (Resigned w.e.f. 28th March 2014)	Non-Executive
Mr. H. J. Andersen (Appointed w.e.f. 01st April 2014)	Non-Executive

Each of the Non-Executive Directors of the Company have submitted a signed declaration on Independence/Non-Independence as per Rule 7.10.2(b) of the Listing Rules of the Colombo Stock Exchange (CSE). The said declarations were tabled at a Board Meeting of the Board of Directors of the Company held on 20th June 2014, in order to enable the Board of Directors to determine the Independence/Non-Independence of each of the Non-Executive Directors, in terms of Rule 7.10.3(a) of the Listing Rules of the CSE.

\* The Board has determined that Mr. L. C. R. de C. Wijetunge is an Independent/Non-Executive Director in spite of being on the Board for more than nine years and being a Director of Lion Brewery (Ceylon) PLC, in which a majority of the other Directors of the Board are also Directors, since he is not directly involved in the management of the Company.

\*\* The Board has determined that Mr. D. A. Cabraal is an Independent/Non-Executive Director in spite of being a Director of Lion Brewery (Ceylon) PLC, in which a majority of the other Directors of the Board are also Directors, since he is not directly involved in the management of the Company.

## Directors' Meetings Attendance

During the financial year the Board of Directors had five Board Meetings and the attendance of the Directors were as follows;

Board Meetings	03 May 13	29 Jul 13	27 Nov 13	17 Feb 14	07 Mar 14	Meetings Attended
<b>Non-Executive/ Independent Directors</b>						
Mr. L. C. R. de C. Wijetunge (Chairman)	✓	✓	✓	✓	✓	5/5
Mr. D. A. Cabraal (Appointed w.e.f. 01st November 2013)	-	-	✓	✓	✓	3/5

## Annual Report of The Board of Directors on the Affairs of the Company (Contd.)

Board Meetings	03 May 13	29 Jul 13	27 Nov 13	17 Feb 14	07 Mar 14	Meetings Attended
<b>Non-Executive Directors</b>						
Mr. D. C. R. Gunawardena	✓	✓	✓	✓	✓	5/5
Mr. G. J. Fewkes (Resigned w.e.f. 28th March 2014)	x	✓	x	✓	x	2/5
Mr. H. J. Andersen (Appointed w.e.f. 01st April 2014)	-	-	-	-	-	-
<b>Executive Directors</b>						
Mr. H. Selvanathan (Deputy Chairman)	✓	✓	✓	✓	x	4/5
Mr. M. Selvanathan (Director/Alternate Director to Mr. H. Selvanathan)	✓	✓	✓	✓	✓	5/5
Mr. S. K. Shah (Chief Executive Officer)	✓	✓	✓	✓	✓	5/5

### Audit Committee

As per the Rule 7.10.6 of the Listing Rules of the Colombo Stock Exchange the Audit Committee of Carson Cumberbatch PLC (CCPLC), the Parent Company functions as the Audit Committee of the Company.

#### Composition

Audit Committee Members	Executive /Non-Executive/ Independent
Mr. V. P. Malalasekera (Chairman)	Non-Executive/Independent Director of CCPLC
Mr. F. Mohideen	Non-Executive/Independent Director of CCPLC
Mr. D. C. R. Gunawardena	Non-Executive Director of CCPLC

The Audit Committee Report is given on page 36 to 37 of this Annual Report.

### Remuneration Committee

As per the Rule 7.10.5 of the Listing Rules of the Colombo Stock Exchange the Remuneration Committee of Carson Cumberbatch PLC (CCPLC), the Parent Company, functions as the Remuneration Committee of the Company.

#### Composition

Remuneration Committee Members	Executive/Non-Executive/ Independent
Mr. I. Paulraj (Chairman)	Non-Executive/Independent Director of CCPLC
Mr. M. Moonesinghe*	Non-Executive/Independent Director of CCPLC
Mr. D.C.R. Gunawardena	Non-Executive Director of CCPLC
Mr. R. Theagarajah**	Non-Executive/Independent Director of CCPLC



\* Resigned from the CCPLC Board with effect from 31st March 2014 and accordingly from the Remuneration Committee with effect from 31st March 2014

\*\* Appointed with effect from 1st April 2014

### Scope and Objective

The primary objective of the Remuneration Committee is to lead and establish a formal and transparent procedure for the development of a remuneration policy and the establishment of a remuneration structure.

A remuneration policy has been formulated based on market and industry factors and individual performance for all group companies.

### Functions and Proceedings

The Remuneration Committee recommends to the Board the remuneration to be paid to the Chief Executive Officer, Executive Directors and Non-Executive Directors. Based on the recommendation of the Remuneration Committee, the Board approves remuneration to the respective Directors.

The Chief Executive Officer, Director-in-charge and other members of senior management may be invited to attend meetings to discuss the performance of the Executive Directors and make proposals as necessary. Neither the Executive nor Non-Executive Directors are involved in Remuneration Committee meetings when determinations are made in relation to the remuneration of the respective Directors.

The Committee is authorised by the Board to seek appropriate professional advice internally and externally as and when it considers necessary.

The Remuneration Committee meets at least twice a year.

During the period under review the Committee had two Meetings.

Remuneration Committee Members	04 Dec 13	10 Mar 14	Attended/ Eligible to Attend
Mr. I. Paulraj (Chairman)	✓	✓	2/2
Mr. M. Moonesinghe*	x	x	0/2
Mr. D.C.R. Gunawardena	✓	✓	2/2
Mr. R. Theagarajah**	-	-	-

\* Resigned from the CCPLC Board with effect from 31st March 2014 and accordingly from the Remuneration Committee with effect from 31st March 2014

\*\* Appointed with effect from 1st April 2014

### Reporting and Responsibilities

The Chairman of the Committee reports formally to the Board on its proceedings on all matters within its duties and responsibilities. The Committee makes recommendations to the Board as deemed appropriate on any area within its limit where action or improvements are needed.

Aggregated remuneration paid to the Non-Executive Directors of the Company is disclosed under Note 30 on page 77 of the Annual Report. Executive Directors are not compensated for their role on the Board.

### Nomination Committee

The Nomination Committee of Carson Cumberbatch PLC (CCPLC), the Parent Company, functions as the Nomination Committee of the Company.

## Annual Report of The Board of Directors on the Affairs of the Company (Contd.)

### Composition

Nomination Committee Members	Executive/Non-Executive/Independent
Mr. T. de Zoysa (Chairman)	Non-Executive/Independent Director of CCPLC
Mr. M. Moonesinghe*	Non-Executive/Independent Director of CCPLC
Mr. D.C.R. Gunawardena	Non-Executive Director of CCPLC
Mr. R. Theagarajah**	Non-Executive/Independent Director of CCPLC

\* Resigned from the CCPLC Board with effect from 31st March 2014 and accordingly from the Nomination Committee with effect from 31st March 2014.

\*\*Appointed with effect from 1st April 2014.

### Scope and Objective

The primary objective of the Nomination Committee is to lead the process for Board appointments of new Directors within group companies and the nominations of members to represent the Company in group companies/investee companies.

### Functions and Proceedings

The Nomination Committee recommends new appointments to the Board. Based on the recommendation of the Nomination Committee, the Board approves the new appointments of Executive and Non-Executive Directors to the Board.

Any Director of the Board and the Chief Executive Officer/Director-in-Charge and other members of senior management may be invited to attend Meetings of the Nomination Committee. The Committee may also invite appointed external consultants to aid the Committee in the discharge of its duties.

The Committee is authorised by the Board to seek appropriate professional advice internally and externally as and when considered necessary.

The Nomination Committee meets at least twice a year.

During the period under review the Committee had two Meetings.

Nomination Committee Members	04 Dec 13	10 Mar 14	Attended/Eligible to Attend
Mr. T. de Zoysa (Chairman)	✓	✓	2/2
Mr. M. Moonesinghe*	x	x	0/2
Mr. D.C.R. Gunawardena	✓	✓	2/2
Mr. R. Theagarajah**	-	-	-

\* Resigned from the CCPLC Board with effect from 31st March 2014 and accordingly from the Nomination Committee with effect from 31st March 2014.

\*\*Appointed with effect from 1st April 2014.

During the year, the Committee recommended to the Board the following appointments. These recommendations were accepted by the Board;

- i. The appointment of Mr. D. A. Cabraal to the Board as a Non-Executive/Independent Director with effect from 1st November 2013.
- ii. The appointment of Mr. H. J. Andersen to the Board as a Non-Executive Director with effect from 1st April 2014.

During the year, the Committee also recommended to the Board that the following persons be appointed as Nominees of the Board of the subsidiary Pubs 'N Places (Private) Limited. These recommendations were accepted by the Board;

- i. The appointment of Mr. J. A. A. Jayasinghe to the Board of Pubs 'N Places (Private) Limited as a Director with effect from 18th December 2013 (Resigned on 16th May 2014).
- ii. The appointment of Mr. M. R. B. Ranatunga to the Board of Pubs 'N Places (Private) Limited as a Director with effect from 1st April 2014.

During the year, the Committee also recommended to the Board of Lion Brewery (Ceylon) PLC that the following persons be appointed as Nominees on the Board of the fully owned subsidiary, Pearl Springs (Private) Limited. These recommendations were accepted by the Board;

- i. The appointment of Mr. D. R. P. Goonetilleke, Mr. C. T. Liyanage and Mrs. N. F. H. Raheem to the Board of Pearl Springs (Private) Limited as initial Directors with effect from the date of incorporation of Pearl Springs (Private) Limited.

#### **DIVIDEND**

Subject to the approval of the Shareholders at the Annual General Meeting, the Board of Directors recommended a First and Final dividend of Rs. 7/- per Ordinary Share for the year ended 31st March 2014. The dividend payable has not been accounted for until it is approved at the forthcoming Annual General Meeting.

The details of the dividends paid during the year are set out in Note 34 to the Financial Statements.

#### **SOLVENCY TEST**

Taking into account the said distribution, the Directors are satisfied that the Company would meet the Solvency Test requirement under Section 56(2) of the Companies Act No.07 of 2007 immediately after the distribution. The Company's Auditors, KPMG, Chartered Accountants have issued a Certificate of Solvency confirming same.

#### **CORPORATE DONATIONS**

No donations were made by the Company and its Subsidiaries during the year (2013 - Nil).

#### **STATED CAPITAL**

The Stated Capital of the Company as at 31st March 2014 was Rs. 533,384,288/- consisting of 20,988,090 Ordinary Shares.

There was no change in the Stated Capital of the Company during the year.

#### **EVENTS OCCURRING AFTER THE REPORTING DATE**

As disclosed in Changes to the Group Structure above Pearl Springs (Private) Limited was incorporated as a subsidiary of Lion Brewery (Ceylon) PLC on the 20th of May 2014.

Lion Brewery (Ceylon) PLC together with its newly formed subsidiary Pearl Springs (Private) Limited has entered into a Sale & Purchase Agreement with Cargills (Ceylon) PLC & Millers Brewery Limited, a subsidiary of Cargills (Ceylon) PLC to purchase the shareholding including the trademarks of Millers Brewery Limited at a consideration of Rs. 5,150,000,000/- subject to due diligence & settlement of all its liabilities.

#### **SHARE INFORMATION**

Information relating to share trading is given on pages 104 and 105 of this Report.

## Annual Report of The Board of Directors on the Affairs of the Company (Contd.)

Twenty Major Shareholders as at 31st March		2014		2013	
		No. of shares	%	No. of shares	%
1	Carson Cumberbatch PLC A/C No.2	15,726,912	74.93	15,726,912	74.93
2	Carlsberg A/S	1,676,440	7.99	1,676,440	7.99
3	GF Capital Global Limited	1,542,441	7.35	1,537,220	7.32
4	Hinl-Jpmcb-Butterfield Trust (Bermuda) Limited	800,000	3.81	800,000	3.81
5	Caceis Bank Luxembourg S/A Barca Global Master Fund LP	332,411	1.58	289,074	1.38
6	HSBC International Nominees Ltd-Ssbt-Deutsche Bank AG Singapore A/C 01	135,000	0.64	135,000	0.64
7	Tranz Dominion, L.L.C.	74,005	0.35	71,723	0.34
8	Pershing LLC S/A Chambers Street Global Fund, LP	50,291	0.24	50,291	0.24
9	Mr. H.W.M. Woodward	40,065	0.19	40,065	0.19
10	Mrs. J.K.P. Singh	37,400	0.18	37,400	0.18
11	Carson Cumberbatch PLC A/C No. 01	26,370	0.13	-	-
12	Est of Late M. Radhakrishnan (Deceased)	24,400	0.12	24,400	0.12
13	Guinness Morison International Limited	20,953	0.10	20,953	0.10
14	Mr. H.A. Pieris	17,500	0.08	17,500	0.08
15	Secretarial Services Limited.	12,100	0.06	12,100	0.06
16	Mr. N.J. Gamadia	8,786	0.04	8,786	0.04
17	Seylan Bank Limited/Priyani Dharshini Ratnagopal	8,650	0.04	8,650	0.04
18	The Ceylon Desiccated Coconut and Oil Company Pvt Ltd	8,276	0.04	8,276	0.04
19	Mrs. M.S.K. Welikala	7,856	0.04	7,856	0.04
20	Admin.of T A.C. Abdeen (Decd)	7,725	0.04	7,725	0.04

## **ANNUAL REPORT**

The information provided herein is in pursuance of the requirements of the Companies Act No.07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The Board of Directors has approved the Audited Financial Statements of the Company together with the Reviews and other Reports which form part of the Annual Report on 20th June 2014. The appropriate number of copies of the Annual Report will be submitted to the Colombo Stock Exchange, the Sri Lanka Accounting and Auditing Standards Monitoring Board and the Registrar General of Companies, within applicable time frames.

## **ANNUAL GENERAL MEETING**

The 103rd Annual General Meeting of the Company will be held on Wednesday, 23rd July 2014 at 3.30 P.M. at the Hilton Colombo, 'Grand Ballroom', 2, Sir Chittampalam A Gardiner Mawatha, Colombo 02, Sri Lanka.

The Notice of the Annual General Meeting, setting out the business which will be transacted there at is on page 107 of the Annual Report.

Signed on behalf of the Board,

(Sgd.)  
**M. Selvanathan**  
Director

(Sgd.)  
**Suresh K. Shah**  
Director

(Sgd.)  
**K. D. De Silva (Mrs)**  
Director  
**Carsons Management Services (Private) Limited**  
Secretaries

Colombo  
20th June 2014

## Audit Committee Report

As provided by the Colombo Stock Exchange Listing Rules, the Audit Committee of Carson Cumberbatch PLC (CCPLC), the Parent Company is the Audit Committee of the Company.

The Members of the Audit Committee are as follows :

<b>Audit Committee members</b>	<b>Executive / Non-Executive/ Independent</b>
Mr. V.P. Malalasekera (Chairman)	Non-Executive, Independent (CCPLC)
Mr. D.C.R. Gunawardena	Non-Executive (CCPLC)
Mr. F. Mohideen	Non-Executive, Independent (CCPLC)

Mr. V.P. Malalasekera is a Non-Executive, Independent Director of CCPLC and a former Director of Ceylon Tobacco Company PLC.

Mr. D.C.R. Gunawardena is a Non-Executive Director of CCPLC and in most of its Group Companies. He is a Fellow of the Chartered Institute of Management Accountants, U.K.

Mr. F. Mohideen, a Non-Executive, Independent Director of CCPLC, was the former Deputy Secretary to the Treasury and a former Director of Bank of Ceylon and Securities and Exchange Commission of Sri Lanka.

The purpose of the Audit Committee of CCPLC is as follows :

To assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process and the Company's process for monitoring compliance with laws and regulations, Company policies and procedures and the code of conduct.

To ensure that the internal audit activity is well managed, so that it adds value to the organization by being objective in

providing relevant assurance, contributing to the effectiveness and efficiency of governance, risk management and control processes.

The audit aspects of Ceylon Beverage Holdings PLC are conducted within the Agenda of CCPLC-Audit Committee.

CCPLC-Audit Committee held 08 Meetings during the financial year to discuss matters relating to the Company and the attendance of the Members of the Audit Committee was as follows :

<b>Meetings attended (out of eight)</b>	
Mr. V.P. Malalasekera (Chairman)	08
Mr. D.C.R. Gunawardena	07
Mr. F. Mohideen	08

The Chief Executive Officer-Brewery Sector, Head of Finance of the Company, internal auditors and senior management staff members also attended the Audit Committee Meetings by invitation.

The Committee met the External Auditors, Messrs. KPMG, twice during the year, i.e. to discuss the audit scope and to deliberate the draft Financial Report and Accounts. The Audit Committee also met the External Auditors and discussed the draft Financial Report and Accounts, without the management being present.

The Audit Committee approved the audit plan for the financial year 2013/2014 and the Group Internal Audit (GIA) carried out 10 detailed audits of processes of the Brewery Sector companies.

The findings and contents of the Group Internal Audit reports have been discussed with the management and subsequently the audit reports were circulated to the Audit Committee and to the management.

The objectives of the GIA work was to have an independent review of the system of internal controls as established by the management, its adequacy and integrity vis-à-vis objectives served and to determine the extent of adherence to the controls by staff responsible for the function and to take corrective/preventive action where necessary.

The interim financial statements of Ceylon Beverage Holdings PLC have been reviewed by the Audit Committee Members at Audit Committee Meetings.

The draft financial statements of Ceylon Beverage Holdings PLC for the year ended 31st March 2014 were reviewed at a Meeting of the Audit Committee, together with the External Auditors, Messrs.KPMG, prior to release of same to the Regulatory Authorities and to the shareholders. The Audit Committee was provided with confirmations and declarations as required, by the Director/CEO and Head of Finance of the Company that the said financial statements were prepared in accordance with the Sri Lanka Accounting Standards and the information required by the Companies Act No. 7 of 2007 therein and presented a true and fair view of the Company's state of affairs as at that date and the Company's activities during the year under review.

The Audit Committee has determined that Messrs. KPMG, Chartered Accountants, Auditors were independent on the basis that they did not carry out any management related functions of the Company.

The Audit Committee has concurred to recommend to the Board of Directors the re-appointment of Messrs. KPMG, Chartered Accountants, as Auditors for the financial year ending 31st March 2015, subject to the approval of the shareholders of Ceylon Beverage Holdings PLC at the Annual General Meeting.

(Sgd.)

**V.P. Malalasekera**

Chairman – Audit Committee  
Carson Cumberbatch PLC

Colombo  
20th June 2014



# FINANCIAL REPORTING

## FINANCIAL CALENDAR

Financial year 31st March 2014

### Announcement of Results

1st Quarter 30th June 2013

Issued to Colombo Stock Exchange 14th August 2013

2nd Quarter 30th September 2013

Issued to Colombo Stock Exchange 14th November 2013

3rd Quarter 31st December 2013

Issued to Colombo Stock Exchange 13th February 2014

4th Quarter 31st March 2014

Issued to Colombo Stock Exchange 30th May 2014

### Meetings

102nd Annual General Meeting 7th June 2013

103rd Annual General Meeting 23rd July 2014





## Independent Auditors' Report



**KPMG**  
(Chartered Accountants)  
32A, Sir Mohamed Macan Markar Mawatha,  
P. O. Box 186,  
Colombo 00300,  
Sri Lanka.

Tel : +94 - 11 542 6426  
Fax : +94 - 11 244 5872  
+94 - 11 244 6058  
+94 - 11 254 1249  
+94 - 11 230 7345  
Internet : [www.lk.kpmg.com](http://www.lk.kpmg.com)

### **TO THE SHAREHOLDERS OF CEYLON BEVERAGE HOLDINGS PLC**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Ceylon Beverage Holdings PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statements of financial position as at March 31, 2014, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes set out on pages 42 to 93 of the annual report.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;

selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Scope of Audit and Basis of Opinion**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

KPMG, a Sri Lankan Partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International cooperative ("KPMG International"), a Swiss entity.

M.R. Mihular FCA	P.Y.S. Perera FCA	C.P. Jayatilake FCA
T.J.S. Rajakarier FCA	W.W.J.C. Perera FCA	Ms. S. Joseph FCA
Ms. S.M.B. Jayasekara ACA	W.K.D.C. Abeyrathne ACA	S.T.D.L. Perera FCA
G.A.U. Karunaratne ACA	R.M.D.B. Rajapakse ACA	Ms. B.K.D.T.N. Rodrigo ACA

**Principals** - S.R.I. Perera ACMA. LLB. Attorney-at-Law, H.S. Goonewardene ACA



### **Opinion**

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended March 31, 2014 and the financial statements give a true and fair view of the financial position of the Company as at March 31, 2014 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries dealt with thereby as at March 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### **Report on Other Legal and Regulatory Requirements**

These financial statements also comply with the requirements of Sections 153(2) to 153(7) of the Companies Act No. 07 of 2007.

A handwritten signature in blue ink, appearing to be 'KPMG', with a long horizontal line extending to the right.

### **CHARTERED ACCOUNTANTS**

20th June 2014

Colombo

## Statement of Financial Position

As at 31st March In Rs. '000s	Note	Company		Group	
		2014	2013	2014	2013
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant & equipment	9	124,528	125,065	12,065,404	8,322,402
Intangible assets	10	-	-	298,534	49,970
Investments in subsidiaries	11	1,660,084	1,422,083	-	-
<b>Total Non-Current Assets</b>		<b>1,784,612</b>	<b>1,547,148</b>	<b>12,363,938</b>	<b>8,372,372</b>
<b>Current Assets</b>					
Inventories	12	-	-	2,695,021	2,406,716
Trade & other receivables	13	11,981	11,586	2,651,284	3,101,079
Amounts due from related companies	14	334,058	447,344	-	-
Short term investments	15	-	-	-	1,578,014
Cash and cash equivalents	16	1,645	1,131	6,873,229	2,158,287
<b>Total Current Assets</b>		<b>347,684</b>	<b>460,061</b>	<b>12,219,534</b>	<b>9,244,096</b>
<b>Total Assets</b>		<b>2,132,296</b>	<b>2,007,209</b>	<b>24,583,472</b>	<b>17,616,468</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Stated capital	17	533,384	533,384	533,384	533,384
Capital reserves	18	126,414	126,414	492,331	492,331
Revenue reserves	19	862,904	852,601	2,424,191	2,044,186
<b>Equity Attributable To Equity Holders of the Company</b>		<b>1,522,702</b>	<b>1,512,399</b>	<b>3,449,906</b>	<b>3,069,901</b>
Non-Controlling Interest		-	-	3,310,201	2,822,132
<b>Total Equity</b>		<b>1,522,702</b>	<b>1,512,399</b>	<b>6,760,107</b>	<b>5,892,033</b>
<b>Non-Current Liabilities</b>					
Debentures	20	-	-	2,798,800	-
Loans and borrowings	21	391,700	15,000	2,699,390	2,738,907
Employee benefits	22	-	-	93,899	79,694
Deferred tax liabilities	23	-	-	1,203,836	789,578
<b>Total Non- Current Liabilities</b>		<b>391,700</b>	<b>15,000</b>	<b>6,795,925</b>	<b>3,608,179</b>

As at 31st March In Rs. '000s	Note	Company		Group	
		2014	2013	2014	2013
<b>Current Liabilities</b>					
Trade and other payables	24	8,987	6,750	824,714	797,250
Amounts due to related companies	25	-	-	54,652	40,613
Refundable deposits	26	-	-	1,044,123	980,333
Tax liabilities	27	14,903	11,430	902,554	1,026,651
Debentures	20	-	-	294,974	-
Loans and borrowings	21	118,577	33,062	6,980,227	1,397,139
Bank overdraft		75,427	428,568	926,196	3,874,270
<b>Total Current Liabilities</b>		<b>217,894</b>	<b>479,810</b>	<b>11,027,440</b>	<b>8,116,256</b>
<b>Total Liabilities</b>		<b>609,594</b>	<b>494,810</b>	<b>17,823,365</b>	<b>11,724,435</b>
<b>Total Equity and Liabilities</b>		<b>2,132,296</b>	<b>2,007,209</b>	<b>24,583,472</b>	<b>17,616,468</b>
<b>Net assets per ordinary share (Rs.)</b>		<b>72.55</b>	<b>72.06</b>	<b>164.38</b>	<b>146.27</b>

The Notes to the Financial Statements from pages 49 to 93 form an integral part of these Financial Statements.

I certify that the above Financial Statements comply with the requirements of Companies Act No.07 of 2007.

(Sgd.)

**D.R.P. Goonetilleke**

Head of Finance

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

Approved and signed on behalf of the Managers

Approved and signed on behalf of the Board

(Sgd.)

**A. Weeratunge**

Director

**Carsons Management Services (Private) Ltd.**

(Sgd.)

**M. Selvanathan**

Director

(Sgd.)

**Suresh K. Shah**

Director

Colombo

20th June 2014

## Statement of Comprehensive Income

For the year ended 31st March In Rs.'000s	Note	Company		Group	
		2014	2013	2014	2013
<b>Revenue</b>	28	282,694	278,905	25,846,535	23,016,706
Cost of sales		-	-	(19,685,529)	(17,695,809)
<b>Gross Profit</b>		282,694	278,905	6,161,006	5,320,897
Other income	29	-	-	23,631	26,504
		282,694	278,905	6,184,637	5,347,401
Distribution expenses		-	-	(2,936,115)	(2,700,177)
Administrative expenses		(13,577)	(17,232)	(880,351)	(876,898)
Other expenses		-	-	(76,829)	(166,338)
<b>Profit from Operations</b>	30	269,117	261,673	2,291,342	1,603,988
Finance (reversal)/income	31	(24,991)	17,566	632,375	534,212
Finance costs	31	(70,355)	(62,477)	(861,445)	(548,166)
Net Finance Costs		(95,346)	(44,911)	(229,070)	(13,954)
Profit Before Tax		173,771	216,762	2,062,272	1,590,034
Income tax	32	(16,551)	(18,022)	(893,360)	(570,620)
<b>Profit for the Year</b>		157,220	198,740	1,168,912	1,019,414
<b>Other Comprehensive Income</b>					
Remeasurement of employee benefit obligations		-	-	(1,121)	-
<b>Total Other Comprehensive loss for the year</b>		-	-	(1,121)	-
<b>Total Comprehensive Income for the Year</b>		157,220	198,740	1,167,791	1,019,414
<b>Profit attributable to</b>					
- Equity holders of the company		157,220	198,740	527,508	519,994
- Minority shareholders		-	-	641,404	499,420
<b>Profit Available for Appropriation</b>		157,220	198,740	1,168,912	1,019,414
Earnings per ordinary share (Rs.)	33	7.49	9.47	25.13	24.78
Dividend per ordinary share (Rs.)	34	7.00	6.00	7.00	6.00

The Notes to the Financial Statements from pages 49 to 93 form an integral part of these Financial Statements.  
Figures in brackets indicate deductions.

## Statement of Changes in Equity

In Rs.'000s	Attributable to Equity Holders of the Parent						Non-Controlling Interests	Total Equity
	Stated Capital	Revaluation Reserve	General Capital Reserve	Revenue Reserve	Retained Profits	Total		
<b>COMPANY</b>								
<b>Balance as at 1st April 2012</b>	<b>533,384</b>	<b>120,638</b>	<b>5,776</b>	<b>184,174</b>	<b>595,616</b>	<b>1,439,588</b>	<b>-</b>	<b>1,439,588</b>
<b>Total Comprehensive Income</b>								
Profit for the period	-	-	-	-	198,740	198,740	-	198,740
Other comprehensive income for the year	-	-	-	-	-	-	-	-
<b>Total Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>198,740</b>	<b>198,740</b>	<b>-</b>	<b>198,740</b>
Transactions with owners, recorded directly in equity contribution by and distribution to owners								
Dividends	-	-	-	-	(125,929)	(125,929)	-	(125,929)
<b>Balance as at 31st March 2013</b>	<b>533,384</b>	<b>120,638</b>	<b>5,776</b>	<b>184,174</b>	<b>668,427</b>	<b>1,512,399</b>	<b>-</b>	<b>1,512,399</b>
<b>Balance as at 1st April 2013</b>	<b>533,384</b>	<b>120,638</b>	<b>5,776</b>	<b>184,174</b>	<b>668,427</b>	<b>1,512,399</b>	<b>-</b>	<b>1,512,399</b>
<b>Total Comprehensive Income</b>								
Profit for the period	-	-	-	-	157,220	157,220	-	157,220
Other comprehensive income for the year	-	-	-	-	-	-	-	-
<b>Total Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>157,220</b>	<b>157,220</b>	<b>-</b>	<b>157,220</b>
Transactions with owners, recorded directly in equity contribution by and distribution to owners								
Dividends	-	-	-	-	(146,917)	(146,917)	-	(146,917)
<b>Balance as at 31st March 2014</b>	<b>533,384</b>	<b>120,638</b>	<b>5,776</b>	<b>184,174</b>	<b>678,730</b>	<b>1,522,702</b>	<b>-</b>	<b>1,522,702</b>

## Statement of Changes in Equity (Contd.)

In Rs.'000s	Attributable to Equity Holders of the Parent						Non-Controlling Interests	Total Equity
	Stated Capital	Revaluation Reserve	General Capital Reserve	Revenue Reserve	Retained Profits	Total		
<b>GROUP</b>								
<b>Balance as at 1st April 2012</b>	<b>533,384</b>	<b>486,555</b>	<b>5,776</b>	<b>184,174</b>	<b>1,478,897</b>	<b>2,688,786</b>	<b>2,487,346</b>	<b>5,176,132</b>
<b>Total Comprehensive Income</b>								
Profit for the year					519,994	519,994	499,420	1,019,414
Other comprehensive income for the year								
<b>Total Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>519,994</b>	<b>519,994</b>	<b>499,420</b>	<b>1,019,414</b>
Transactions with owners, recorded directly in equity contribution by and distribution to owners								
Adjustments on returnable containers	-	-	-	-	(13,121)	(13,121)	(11,991)	(25,112)
Dividends	-	-	-	-	(125,929)	(125,929)	(152,800)	(278,729)
Inter company unrealized profit	-	-	-	-	171	171	157	328
<b>Balance as at 31st March 2013</b>	<b>533,384</b>	<b>486,555</b>	<b>5,776</b>	<b>184,174</b>	<b>1,860,012</b>	<b>3,069,901</b>	<b>2,822,132</b>	<b>5,892,033</b>
<b>Balance as at 1st April 2013</b>	<b>533,384</b>	<b>486,555</b>	<b>5,776</b>	<b>184,174</b>	<b>1,860,012</b>	<b>3,069,901</b>	<b>2,822,132</b>	<b>5,892,033</b>
<b>Total Comprehensive Income</b>								
Profit for the year					527,508	527,508	641,404	1,168,912
Other comprehensive income for the year					(586)	(586)	(535)	(1,121)
<b>Total Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>526,922</b>	<b>526,922</b>	<b>640,869</b>	<b>1,167,791</b>
Transactions with owners, recorded directly in equity contribution by and distribution to owners								
Dividends	-	-	-	-	(146,917)	(146,917)	(152,800)	(299,717)
<b>Balance as at 31st March 2014</b>	<b>533,384</b>	<b>486,555</b>	<b>5,776</b>	<b>184,174</b>	<b>2,240,017</b>	<b>3,449,906</b>	<b>3,310,201</b>	<b>6,760,107</b>



# Cash Flow Statement

For the year ended 31st March In Rs.'000s	Note	Company		Group	
		2014	2013	2014	2013
<b>Cash Flows From Operating Activities</b>					
Profit before Taxation		173,771	216,762	2,062,272	1,590,034
Adjustments for:					
Finance expenses	31	70,355	62,477	861,445	548,166
Depreciation on property, plant & equipment	9	537	532	613,092	529,557
Reclassification of property, plant & equipment	9	-	-	(4,700)	-
Amortisation of intangible assets	10	-	-	8,830	10,701
Provision for retirement benefit obligations	22	-	-	17,240	15,209
Net inventory provision (reversal)/made		-	-	(68,864)	20,926
Interest income	31	24,991	(17,566)	(632,375)	(534,212)
Loss/(Profit) on disposal of property, plant & equipment		-	-	3,113	(3,765)
Unrealised exchange loss/(gain) on foreign currency term loan	21	-	-	31,965	(5,268)
<b>Operating cash flow before working capital changes</b>		<b>269,654</b>	<b>262,205</b>	<b>2,892,018</b>	<b>2,171,348</b>
Increase in inventories	12	-	-	(219,441)	(1,086,726)
(Increase)/decrease in trade & other receivables		(395)	(11,445)	450,434	(1,950,236)
Decrease/(increase) in amounts due from related companies	14	113,286	(23,288)	-	-
Increase in amounts due to related companies	25	-	-	14,039	25,424
Increase/(decrease) in trade & other payables		3,545	3,016	(300,309)	414,479
<b>Cash generated from/(used in) operations</b>		<b>386,090</b>	<b>230,488</b>	<b>2,836,741</b>	<b>(425,711)</b>
Finance expenses	31	(69,840)	(62,477)	(743,386)	(548,166)
Tax paid		(15,584)	(17,413)	(292,195)	(786,794)
Economic service charge paid		-	(428)	(639)	(31,380)
Retirement benefits paid	22	-	-	(4,156)	(1,846)
<b>Net cash generated from/(used in) operating activities</b>		<b>300,666</b>	<b>150,170</b>	<b>1,796,365</b>	<b>(1,793,897)</b>
<b>Cash Flows from Investing Activities</b>					
Purchase and construction of property, plant & equipment	9	-	(65)	(4,622,443)	(3,778,894)
Purchase of Intangible assets	10	-	-	(1,578)	(484)
Proceeds from sale of property, plant & equipment		-	-	12,121	6,138
Agent deposits received	26	-	-	63,790	148,776
Agent deposits refunded	26	-	-	-	(27,107)
Maturity of/(investment in) fixed deposits	15	-	-	1,578,014	(1,578,014)
Interest received	31	(24,991)	-	632,375	534,211
Equity Investment in subsidiary	11	(238,001)	-	-	-
Increase in amounts due from related companies		-	(165,059)	-	-
<b>Net cash used in investing activities</b>		<b>(262,992)</b>	<b>(165,124)</b>	<b>(2,337,721)</b>	<b>(4,695,374)</b>

## Cash Flow Statement (Contd.)

For the year ended 31st March In Rs.'000s	Note	Company		Group	
		2014	2013	2014	2013
<b>Cash Flows from Financing Activities</b>					
Proceeds from debentures	20	-	-	3,000,000	-
Proceeds from loans & borrowings	21	500,000	-	13,410,738	2,922,410
Repayment of loans & borrowings	21	(38,300)	(30,000)	(7,923,417)	(291,430)
Dividends paid net of tax	34	(145,719)	(125,143)	(282,949)	(262,838)
<b>Net cash generated from/(used in) financing activities</b>		<b>315,981</b>	<b>(155,143)</b>	<b>8,204,372</b>	<b>2,368,142</b>
Net increase/(decrease) in cash & cash equivalents		353,655	(170,097)	7,663,016	(4,121,129)
<b>Cash &amp; cash equivalents at the beginning of the year</b>		<b>(427,437)</b>	<b>(257,340)</b>	<b>(1,715,983)</b>	<b>2,405,146</b>
<b>Cash &amp; cash equivalents at the end of the year</b>		<b>(73,782)</b>	<b>(427,437)</b>	<b>5,947,033</b>	<b>(1,715,983)</b>
<b>Analysis of Cash and Cash Equivalents</b>					
Cash and cash equivalents	16	1,645	1,131	6,873,229	2,158,287
Bank overdraft	16	(75,427)	(428,568)	(926,196)	(3,874,270)
		<b>(73,782)</b>	<b>(427,437)</b>	<b>5,947,033</b>	<b>(1,715,983)</b>

The Accounting Policies and Notes from pages 49 to 93 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

# Notes to the Financial Statements

## 1. CORPORATE INFORMATION

### 1.1. Reporting Entity

Ceylon Beverage Holdings PLC is a public limited liability Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The parent company is Carson Cumberbatch PLC (CCPLC).

The consolidated Financial Statements for the year ended 31st March 2014 comprises 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
Lion Brewery (Ceylon) PLC	52.25%
Pubs 'N Places (Private) Limited	99.9%
Retail Spaces (Private) Limited	100%
Luxury Brands (Private) Limited	100%

The principal activities of the Group is brewing and marketing of high quality beers for both local & export markets and retailing of beer & alcohol products through its owned/ managed wine shops & pubs. The Group is also engaged in the import & marketing of globally renowned high quality beer and spirits brands.

The registered office of the Company is situated at No 61, Janadhipathi Mawatha, Colombo 01 and the principal places of business is situated at No 254, Colombo Road, Biyagama.

There were no employees in the Company as at the reporting date. (2013 -Nil)

## 2. BASIS OF PREPARATION

### 2.1. Statement of compliance

The Financial Statements of Ceylon Beverage Holdings PLC, and its subsidiaries (Group) comprise the Statement of Financial Position, Comprehensive Income Statement, Statement of Changes in Equity, Cash Flow Statement, and Notes to the Financial Statements. The Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (hereinafter referred to as SLFRS/LKAS) as laid down by the Institute of Chartered Accountants of Sri Lanka, the requirements of the Company's Act No. 07 of 2007 and the listing rules of the Colombo Stock Exchange.

### 2.2. Basis of Measurement

The Consolidated Financial Statements have been prepared on a historical cost basis except for the following:

Land & Building	Fair Value
Defined benefit obligation	Actuarially valued and recognized at 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 which is the Group's functional currency, unless otherwise indicated. All financial information presented in Sri Lanka Rupees has been rounded to the nearest rupee thousand.

### 2.4. Use of Estimates and Judgments

The preparation of financial statements in conformity with SLFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances.

## Notes to the Financial Statements (Contd.)

Hence, actual results may differ from these judgments and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and any future period affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in following notes.

Note 9 – Revaluation of Land & Building  
Note 22 – Retirement benefit obligations  
Note 23 – Deferred tax liabilities/assets  
Note 39 – Commitments & Contingencies

### 2.5. Comparative Information

The comparative information have been reclassified and restated wherever necessary with the current year's figures in order to provide better presentation and to reflect changes in accounting policies.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The Accounting Policies set out below have been applied consistently to all periods presented in the Financial Statements of the Company unless otherwise indicated.

#### 3.1. Basis of Consolidation

##### (I) Subsidiaries

Subsidiaries are entities that are controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken in to

account. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date that control effectively commences until the date that control effectively ceases.

During the year Company has held the following subsidiaries:

Subsidiary	Controlling interest
Lion Brewery (Ceylon) PLC	52.25%
Pubs 'N Places (Private) Limited	99.9%
Retail Spaces (Private) Limited	100%
Luxury Brands (Private) Limited	100%

##### (II) Non-Controlling Interest

The Minority Interest is presented in the Consolidated Statement Of Financial Position within equity, separated from the equity attributable to the Equity Holders to the Company. Non-controlling Interest in the profit or loss of the Group is disclosed separately in the Consolidated Statement of Comprehensive Income.

##### (III) Financial Period

The Consolidated Financial Statements are prepared to a common financial year ended 31st March. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

In the Company's financial statements, investments in subsidiaries are carried at cost less impairment if any.

The carrying amount of the investment at the date that such entity ceases to be a subsidiary would be regarded at the cost of initial measurement of a financial asset.

#### **(IV) Intra-Group Transactions**

Intra-group balances, intra-group transactions and resulting unrealized profits are eliminated in full in the Financial Statements. Unrealized losses resulting from intra-group transactions are eliminated unless the cost cannot be recovered.

#### **(V) Goodwill**

Goodwill reflects the excess of the purchase price over the fair value of the net assets as at the date of purchase.

Goodwill will be tested for impairment annually and assessed for any indication of impairment at each reporting date, to ensure its carrying amount does not exceed its recoverable amount. If an impairment loss is identified, it will be recognized immediately in the Statement of Comprehensive Income.

#### **(VI) Consolidation of Subsidiaries in the Pre-Production Stage**

The Financial Statements of the subsidiaries in its pre-production stage is not consolidated with the Group and will be recognized as a subsidiary for consolidation only on commencement of commercial operations.

### **3.2. Foreign Currency Transactions**

Transactions in foreign currencies are translated to Sri Lankan Rupees at the foreign exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to Sri Lankan Rupees at the foreign exchange rate ruling as at the reporting date. Foreign exchange differences arising on the settlement or reporting of the Company's monetary items at rates different from those which were initially recorded are dealt with in the Statement of Comprehensive Income.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost at the reporting date are translated to Sri Lankan Rupees at the foreign exchange rate ruling at the date of initial transaction.

Non-monetary assets & liabilities that are stated at fair value, denominated in foreign currencies are translated to Sri Lanka Rupees at the exchange rate ruling at the dates that the values were determined. Foreign exchange differences arising on translation are recognized in the Statement of Comprehensive Income.

### **3.3. Financial Assets and Liabilities**

#### **3.3.1. Financial Assets**

##### **(I) Initial recognition and measurement**

Financial Assets are recognized when and only when the Group becomes a party to the contractual provisions of the financial instruments. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognized they are measured at fair value plus directly attributable transaction costs. However in the case of financial assets classified as fair value through profit & loss, the directly attributable costs are not considered. The financial assets include cash and short term deposits, trade and other receivables.

##### **(II) Subsequent measurement**

The Group classifies non derivative financial assets into the following categories: financial assets at fair value through profit or loss, held to maturity financial assets, loans and receivables and available for sale financial assets. The subsequent measurement of non-derivative financial assets depends on their classification. Financial assets of the Group are limited to loans and receivables and their subsequent measurement is as follows;

## Notes to the Financial Statements (Contd.)

### (III) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise of cash and cash equivalents, and trade and other receivables and amounts due from related companies.

### (IV) Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

### (V) Impairment

The Group assesses at each reporting date whether there is any objective evidence that financial assets or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if and only if that there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that the loss event has an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

### (VI) Impairment losses on financial assets carried at amortized cost

Impairment losses on assets carried at amortized cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognized in profit or loss and reflected in an allowance account against loans and advances. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The Group considers evidence of impairment for loans and receivable on a specific asset basis. Therefore all loans and receivables are assessed individually and specific impairment provisions are made.

### 3.3.2. Financial Liabilities

#### (I) Initial recognition and measurement

Financial liabilities within the scope of SLFRS are recognized when and only when the Group becomes a party to the contractual provisions of the financial instrument. Financial Liabilities are recognized initially at fair value plus directly attributable transaction costs. However in the case of financial liabilities classified as fair value through profit & loss the directly attributable costs are not considered.

#### (II) Subsequent measurement

The Group classifies non derivative financial liabilities into other financial liabilities. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Such financial liabilities measured at amortized cost includes trade and other payables, amounts due to related companies and bank overdrafts.

### **(III) Derecognition**

A financial liability is derecognized when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statements of Comprehensive Income.

#### **3.3.3. Amortised cost measurement**

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

#### **3.3.4. Determination of Fair value**

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. If a market for a financial instrument is not active, the Group establishes fair value using a valuation technique. To make disclosures required by Sri Lanka Accounting Standards, the Group should classify fair value measurements using a fair value hierarchy which is categorized in to following levels.

#### **3.3.5. Fair value measurement hierarchy**

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

However, as carrying values of the financial assets and liabilities approximated its fair values as at the reporting date, the fair value hierarchy does not apply.

### **3.4. Property, Plant & Equipment**

#### **(I) Valuation**

Valuation of property, plant & equipment is at cost or valuation less accumulated depreciation and accumulated impairment, if any, provided on the basis stated in (iii) below.

The Group applies the revaluation model for freehold land and buildings while cost model is applied for other property, plant and equipment.

#### **(II) Cost**

Cost of capital assets is the cost of acquisition or construction together with any expenses incurred in bringing the asset to its working condition for its intended use.

Expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature by means of which to carry on the business or to increase the earning capacity of the business is treated as capital expenditure.

#### **(III) Depreciation**

Depreciation is provided for on a straight-line basis over periods appropriate to the estimated useful lives of

## Notes to the Financial Statements (Contd.)

different types of assets on their costs or revalued amounts which are as follows:

	<b>Ceylon Beverage Holdings</b> Years	<b>Lion Brewery (Ceylon) PLC</b> Years	<b>Pubs 'N Places (Private) Limited</b> Years	<b>Retail Spaces (Private) Limited</b> Years
Freehold buildings	40	40	-	-
Plant & machinery	-	10-20	10-20	10-20
Furniture & fittings	-	10	5	5
Office equipment	4	3-10	5	5
Computer equipment	-	3	3	3
Returnable containers	-	5	-	-
Motor vehicles	-	4 - 5	-	-
Laboratory equipment	-	4	-	-

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale or on the date that the asset is derecognized, whichever comes first.

No depreciation is provided on freehold land.

#### (IV) Revaluation of Land and Buildings

The freehold land and buildings of the Company and subsidiaries have been revalued and revaluation of these assets is carried out at least once every five years in order to ensure that the book values reflect the realizable values. Any surplus or deficit that arises is adjusted in the revaluation reserve.

#### (V) Subsequent Expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalized. Other subsequent expenditure is capitalized only if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other expenditure is recognized in the

Statement of Comprehensive Income as and when the expense is incurred.

#### (VI) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time the assets are substantially ready for their intended use. Borrowing Cost include foreign exchange differences to the extent that such differences are regarded as an adjustment to interest cost as permitted by the accounting standards.

#### (VII) Refundable deposits & Returnable containers

Returnable containers are classified under Property, Plant and Equipment. All purchases of Returnable Containers except empty bottles meant for Exports will



be recognized at cost and depreciated over a period of 5 years. In the event a returnable container breaks within the premises of the Company, the written down value on a first in first out (FIFO) basis will be charged to the Statement of Comprehensive Income.

Empty bottles used for exports are recognized as an expense in the Statement of Comprehensive Income at the time the export takes place.

Deposits are collected from the agents for the Returnable Containers in their possession and are classified under current liabilities. The said deposit will be refunded to the agent only upon them returning these returnable containers due to cessation of their operation or due to contraction in sales.

#### **(VIII) Capital work-in-progress**

The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to a workable condition of their intended use and capitalized borrowing cost. Capital Work-In-Progress is transferred to the respective asset accounts when the asset is available for use and all work connected to construction is completed.

#### **(IX) Impairment of Property, Plant and Equipment**

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceed the estimated recoverable amount the assets are written down to their recoverable

amount. Impairment losses are recognized in the Statement of Comprehensive Income unless it reverses a previous revaluation surplus for the same asset.

#### **(X) Intangible Assets**

All software licenses and liquor licenses for use by the Group are included in the Statement of Financial Position under the category Intangible Assets and carried at cost less accumulated amortization and accumulated impairment losses, if any.

The initial acquisition cost comprises fee paid at the inception, non-refundable taxes and levies, professional charges and other directly attributable expenditure in preparing the asset for its intended use. In the case of software, cost of customizing to meet the specific requirements of the Group is also recognized as an initial cost.

The initial cost of software is enhanced by subsequent expenditure incurred by further customization to meet ancillary transaction processing and reporting requirements tailor-made for the use of the Group constituting an improvement to the software.

The cost is amortized using the straight-line method commencing from the date the asset is available for use. The amortized amount is based on the best estimate of its useful life and the amortization cost is recognized as an expense in the Statement of Comprehensive Income.

Amortization rates are as follows:

## Notes to the Financial Statements (Contd.)

	<b>Ceylon Beverage Holdings</b> Years	<b>Lion Brewery (Ceylon) PLC</b> Years	<b>Pubs 'N Places (Private) Limited</b> Years	<b>Retail Spaces (Private) Limited</b> Years
Computer equipment-software	5	5	5	5
Liquor licenses	-	-	10	10

### 3.5. Inventories

Inventories are recognized at cost or net realizable value whichever is lower after making due allowance for obsolete items.

The cost of each category of inventory is derived on the following bases:

- Raw material** - cost of purchase together with any incidental expenses.
- Work-in-progress** - raw material cost and a proportion of manufacturing expenses.
- Finished goods** - raw material cost and manufacturing expenses in full.
- Maintenance Stock** - on a weighted average basis.

Appropriate provisions will be made for the value of any stocks which are obsolete.

### 3.6. Investments

#### Classification

Long term investments and investments in subsidiaries of the Group are classified as non-current investments, which are stated in the Statement of Financial Position at cost less accumulated impairment losses, if any.

### 3.7. Cash & Cash Equivalents

Cash and cash equivalents are defined as cash in hand, bank demand deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

### 3.8. Liabilities and Provisions

#### 3.8.1. Liabilities

Liabilities classified as current liabilities on the Statement of Financial Position are those, which fall due for payment on demand or within one year from the reporting date.

Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

#### 3.8.2. Agent Deposits

Returnable containers issued to Agents are secured against a refundable deposit representing the cost. Refunding of deposits could arise due to a discontinuance of an agency or due to contraction in sales.

#### 3.8.3. Provisions

A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

### 3.9. Employee Benefits

#### (i) Employee Benefits Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The calculation is performed annually by qualified actuary using the projected unit credit (PUC) method. The net obligation in respect of defined pension plan is calculated by estimating the amount of future benefit

that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value.

However, under the payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continuous service.

The group applies faster recognition of actuarial gains/losses in the other comprehensive income. Accordingly all expenses related to defined benefit plans is recognized immediately in the Statement of Comprehensive Income.

The liability is not externally funded.

#### (ii) **Defined Contribution Plans**

Employees' Provident Fund and Employees' Trust Fund

All employees who are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions are covered by relevant contribution funds in line with the respective statutes. Contributions to the defined contribution plans are recognized as an expense in the Statements of Comprehensive Income when incurred.

## **4. STATEMENTS OF COMPREHENSIVE INCOME**

### **4.1. Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. Following specific criteria are used for the purpose of recognition of revenue.

- Royalty  
Income arising from the use of the Company's brands based on volume sold.

- Dividend  
Income is recognized upon its receipt.

- Interest  
Income is recognized on an accrual basis.

- Others  
Other income is recognized on an accrual basis. Net losses of a revenue nature arising from the disposal of Property, Plant and Equipment and other non-current assets, including investments, are accounted for in the Statement of Comprehensive Income, after deducting from the proceeds from disposal, the carrying amount of such assets and the related selling expenses.

### **4.2. Expenditure Recognition**

#### **(i) Operating Expenses**

All expenditure incurred in running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to Statements of Comprehensive Income in arriving at the profit for the year. For the purpose of presentation of Statements of Comprehensive Income, the Directors are of the opinion that function of expense method present fairly the elements of the enterprise's performance, hence such presentation method is adopted.

Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

Repairs and renewals are charged to The Statements of Comprehensive Income in the year in which the expenditure is incurred.

## Notes to the Financial Statements (Contd.)

### (ii) Finance expenses & Finance cost

Finance income comprises interest income on funds invested (including available for sale financial assets), gains on the disposal of available for sale financial assets. Interest income is recognized as it accrues in Statements of Comprehensive Income, using the effective interest method.

Finance cost comprise of interest expenses on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in Statements of Comprehensive Income using the effective interest rate method.

Foreign currency gains and losses are reported on a net basis as finance cost depending on whether foreign currency movements are in a net gain or net loss position.

### (iii) Borrowing Costs

All borrowing costs are recognized as an expense in the period in which they are incurred, except those that are directly attributable to the acquisition / construction of property, plant & equipment which are capitalized as a part of the cost of the asset during the period of construction/development.

### 4.3. Income Tax expenses

An income tax expense comprises current and deferred tax. An income tax expense is recognized directly in Statements of Comprehensive Income except to the extent that if it relates to items recognized directly in equity, it is recognized in equity

#### (i) Current Taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted

or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

#### (ii) Deferred Taxation

Deferred tax is provided using the Financial Position liability method, providing for the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

Deferred tax assets including those related to temporary tax effects of income tax losses and credits available to be carried forward, are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### 4.4. Dividend Distribution

Dividend distribution is recognized as a liability in the period in which the dividends are approved by the Company's shareholders.

### 5. CASH FLOW STATEMENT

For the purpose of Cash Flow Statement, cash and cash equivalents comprise of cash in hand and deposits held for less than 3 months at banks, net of bank overdrafts. Investments with short maturities, i.e. three months or less from the date of acquisition are also treated as cash equivalents.

The Cash Flow Statement has been prepared using the "Indirect Method".

Interest paid are classified as operating cash flows, interests received are classified as investing cash flows while dividends paid are classified as financing cash flows for the purpose of presenting of Cash Flow statement.

## **6. SEGMENTAL REPORTING**

An operating segment is a component of the group's that engages in the business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. No separate reportable segment has been identified. Hence, performance of the group is reported together.

## **7. RELATED PARTY TRANSACTIONS**

Disclosures are made in respect of transactions in which one party has the ability to control or exercise significant influence over the financial and operating decisions / policies of the other, irrespective of whether a price is being charged or not. Related party transactions are disclosed in Note No 40 to the Financial Statements.

## **8. NEW ACCOUNTING STANDARDS NOT EFFECTIVE AT THE REPORTING DATE**

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which will become applicable for financial periods beginning on or after 1st January 2014.

Accordingly, these Standards have not been applied in preparing these Financial Statements.

### **8.1. Sri Lanka Accounting Standard - SLFRS 13 - "Fair Value Measurement"**

This SLFRS defines fair value, sets out in a single SLFRS a framework for measuring fair value; and requires disclosures about fair value measurements.

This SLFRS will become effective from 1 January 2014.

This SLFRS shall be applied prospectively as of the beginning of the annual period in which it is initially applied. The disclosure requirements of this SLFRS need not be applied in comparative information provided for periods before initial application of this SLFRS.

The Company has started the process of evaluating the potential effect of this. Although many of the IFRS 13 disclosure requirements regarding financial assets and financial liabilities are already required, the adoption of IFRS 13 will require the Company to provide additional disclosures. Given the nature of the Company's operations, this standard is not expected to have a significant impact on the Company's financial statements

### **8.2. Sri Lanka Accounting Standard – SLFRS 9 “Financial Instruments”**

The objective of this SLFRS is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

An entity shall apply this SLFRS to all items within the scope of LKAS 39 Financial Instruments: Recognition and Measurement.

The effective date of this Standard has been deferred.

## Notes to the Financial Statements (Contd.)

### 9. PROPERTY, PLANT & EQUIPMENT

#### (a) Company

In Rs.'000s	Freehold Land	Freehold Buildings	Plant & Machinery	Furniture & Fittings	Office Equipment
<b>Cost / Valuation</b>					
As at 1st April 2013	112,464	11,342	-	-	2,384
Disposal	-	-	-	-	-
<b>As at 31st March 2014</b>	112,464	11,342	-	-	2,384
<b>Accumulated Depreciation</b>					
As at 1st April 2013	-	568	-	-	557
Charge for the year	-	284	-	-	253
<b>As at 31st March 2014</b>	-	852	-	-	810
<b>Net Book Value</b>					
<b>As at 31st March 2014</b>	112,464	10,490	-	-	1,574
As at 31st March 2013	112,464	10,774	-	-	1,827

#### (b) Group

In Rs.'000s	Freehold Land	Freehold Buildings	Plant & Machinery	Furniture & Fittings	Office Equipment
<b>Cost / Valuation</b>					
As at 1st April 2013	1,057,968	991,538	3,899,982	67,973	47,680
Reclassification adjustments	-	-	-	-	-
Additions	659	96	348	565	347
Transfers	-	234,234	819,586	902	6,377
Disposals/ Breakages	-	(11,573)	(3,279)	(30)	(1,397)
<b>As at 31st March 2014</b>	1,058,627	1,214,295	4,716,637	69,410	53,007
<b>Accumulated Depreciation</b>					
As at 1st April 2013	-	57,587	1,189,366	30,728	19,555
Charge for the year	-	36,274	203,113	9,332	7,358
Disposals/ Breakages	-	(4,822)	(1,365)	(30)	(528)
<b>As at 31st March 2014</b>	-	89,039	1,391,114	40,030	26,385
<b>Net Book Value</b>					
<b>As at 31st March 2014</b>	1,058,627	1,125,256	3,325,523	29,380	26,622
As at 31st March 2013	1,057,968	933,951	2,710,616	37,245	28,125

Computer Equipment	Motor Vehicles	Laboratory Equipment	Returnable Containers	Capital Work-in-Progress	<b>31st March 2014</b>	31st March 2013
-	-	-	-	-	126,190	126,125
-	-	-	-	-	-	65
-	-	-	-	-	126,190	126,190
-	-	-	-	-	-	-
-	-	-	-	-	1,125	593
-	-	-	-	-	537	532
-	-	-	-	-	1,662	1,125
-	-	-	-	-	-	-
-	-	-	-	-	124,528	-
-	-	-	-	-	-	125,065

Computer Equipment	Motor Vehicles	Laboratory Equipment	Returnable Containers	Capital Work-in-Progress	<b>31st March 2014</b>	31st March 2013
111,849	55,826	33,306	2,121,860	2,438,191	10,826,173	7,087,033
-	-	-	4,700	-	4,700	-
3,282	8,200	1,205	242,888	4,364,853	4,622,443	3,778,894
39,020	34,192	7,492	59,763	(1,457,381)	(255,815)	(21,746)
(412)	(14,134)	-	(11,610)	-	(42,435)	(18,008)
153,739	84,084	42,003	2,417,601	5,345,663	15,155,066	10,826,173
75,208	25,701	29,279	1,076,347	-	2,503,771	1,989,900
21,799	10,780	2,212	322,224	-	613,092	529,557
(198)	(9,273)	-	(10,985)	-	(27,201)	(15,686)
96,809	27,208	31,491	1,387,586	-	3,089,662	2,503,771
56,930	56,876	10,512	1,030,015	5,345,663	12,065,404	-
36,641	30,125	4,027	1,045,513	2,438,191	-	8,322,402

## Notes to the Financial Statements (Contd.)

### 9. PROPERTY, PLANT & EQUIPMENT [Contd.]

(c) Freehold properties of the Group were revalued and incorporated in the books to conform to the market values as at 31st March 2011 which were assessed on a going concern basis by Messers K. Arthur Perera, A.M.I.V. (Sri Lanka) a independent Valuer & Consultant, and the resultant surplus arising there from was transferred to the revaluation reserve and included under capital reserves.

(d) Carrying value of the revalued assets of the Group as at 31st March 2014, if they were carried at cost are given below:

In Rs.'000s	Company		Group	
	Land	Buildings	Land	Buildings
<b>Cost - As at 1st April 2013</b>	141	4,066	376,039	901,234
Additions during the year	-	-	659	96
Transfers during the year	-	-	-	234,234
Disposals during the year	-	-	-	(11,575)
Accumulated depreciation	-	(1,121)	-	(223,848)
Carrying value of assets at cost - As at 31st March 2014	141	2,945	376,698	900,141
<b>Appreciation due to revaluation</b>				
Revaluation amount	112,323	7,276	681,929	90,304
Accumulated depreciation on cost as at revaluation	-	452	-	136,529
Revaluation surplus	112,323	7,728	681,929	226,833
Accumulated depreciation on revaluation amount	-	(183)	-	(1,719)
<b>Net appreciation</b>	112,323	7,546	681,929	225,114
<b>Carrying amount</b>	112,464	10,490	1,058,627	1,125,256



(e) Extents, locations, valuations and number of buildings and land holdings

In Rs 000'	2013/14				2012/13			
Location	Extent of Lands	Cost / Revalue of Lands	Number of buildings/ Blocks	Cost/ Revalue of Buildings	Extent of Lands	Cost / Revalue of Lands	Number of buildings/ Blocks	Cost/ Revalue of Buildings
<b>Ceylon Beverage Holdings PLC</b>								
	3A.2R.4P	98,700	1	8,771	3A.2R.4P	98,700	1	8,771
	0A.1R.00.5P	13,764	1	2,570	0A.1R.00.5P	13,764	1	2,570
<b>Lion Brewery (Ceylon) PLC</b>								
Factory & Office Premises - Biyagama	10A.1R.05P	490,732	37	968,298	10A.1R.05P	490,732	34	765,862
New packaging Line Land	8A. 3R. 20.14P	326,825	5	27,817	6A.3R.14.40P	326,825	4	27,817
Kaduwela Land	3A. OR. 27P	77,317	1	33,545	3A. OR. 27P	76,658	1	33,545
Keerthi Mawatha Lands - Biyagama	0A.2R.21.81P	13,650	1	2,569	0A.0R.44P	13,650	1	2,569
Parakum Mawatha Lands	0A.2R.26.67P	37,639	-	-	0A.2R.8.67P	37,639	-	-
<b>Pubs N' Places (Private) Limited</b>								
No Lands	-	-	31	170,724	-	-	25	150,403
<b>Total</b>	<b>26A.5R.20.17P</b>	<b>1,058,627</b>	<b>77</b>	<b>1,214,295</b>	<b>24A.3R.18.62P</b>	<b>1,057,968</b>	<b>67</b>	<b>991,538</b>

A : Acres

R : Roods

P : Perches

(f) Property, Plant & Equipments includes fully depreciated assets still in use which cost/valuation is Rs. 890,215,631/- (2013 - Rs.662,651,486/-)

(g) The group has capitalised borrowing cost amounting to Rs. 532,035,344/- (2013 - Rs.148,891,000/-)

(h) Cost of purchased, customized/developed software amounting to Rs. 250,748,000/- has been transferred from Capital work in progress in Property, Plant and Equipment to Intangible Assets based on its nature.(2013- Rs. 2,564,000/-)

## Notes to the Financial Statements (Contd.)

### 10. INTANGIBLE ASSETS

Group In Rs.'000s	Computer Software	Excise Licenses	<b>31st March 2014</b>	31st March 2013
<b>Cost</b>				
Beginning of the year	83,974	64,713	148,687	134,557
Transfers during the year	250,974	4,841	255,815	13,646
Additions for the year	1,578	-	1,578	484
End of the year	336,526	69,554	406,080	148,687
<b>Amortisation</b>				
Beginning of the year	83,102	15,615	98,717	88,016
Amortisation for the year	3,751	5,079	8,830	10,701
Transfers			-	-
End of the year	86,853	20,694	107,547	98,717
<b>Net Book Value</b>	<b>249,673</b>	<b>48,860</b>	<b>298,534</b>	<b>49,970</b>

Intangible assets consist of the software licences and Excise Licenses used by the Group

### 11 INVESTMENT IN SUBSIDIARIES

In Rs.'000s	No. of Shares '000	% holding	<b>Cost as at 31st March 2014</b>	<b>Market Value/ Directors Value as at 31st March 2014</b>	No. of Shares '000	% holding	Cost as at 31st March 2013	Market Value/ Directors Value as at 31st March 2013
<b>Lion Brewery (Ceylon) PLC</b>								
- Ordinary shares	41,799	52.25	1,410,084	16,343,326	41,799	52.25	1,410,083	13,918,976
<b>Pubs 'N Places (Private) Limited</b>								
- Ordinary shares (Note 11.2)	25,000	99.90	250,000	250,000	1,200	99.90	12,000	12,000
<b>Retail Spaces (Private) Limited</b>								
- Ordinary shares	1	100.00	0.01	0.01	1	100.00	0.01	0.01
<b>Luxury Brands (Private) Limited</b>								
- Ordinary shares	1	100.00	0.01	0.01	1	100.00	0.01	0.01
			<b>1,660,084</b>	<b>16,593,326</b>			<b>1,422,083</b>	<b>13,930,976</b>

**11.1** Ordinary shares of Pubs 'N Places (Private) Limited, Retail Spaces (Private) Limited & Luxury Brands (Private) Limited are unquoted, and hence valued at cost.

**11.2** During the year Company invested in further 23,800,000 shares in Pubs 'N Places (Private)Limited, by capitalising receivables amounting to Rs. 238,000,000/-.

## 12 INVENTORIES

	Company		Group	
	2014	2013	2014	2013
As at 31st March In Rs.'000s				
Raw and packing materials	-	-	576,712	372,641
Work in progress	-	-	145,249	97,672
Finished goods	-	-	1,795,380	1,763,434
Maintenance spares	-	-	220,632	284,785
			2,737,973	2,518,532
Provision for Inventory (Note 12.1)	-	-	(42,952)	(111,816)
	-	-	2,695,021	2,406,716
<b>12.1 Provision for Inventory</b>				
Balance as at beginning of the year	-	-	111,816	90,891
Provisions during the year	-	-	74,719	71,836
Reversals during the year	-	-	(143,583)	(50,911)
Balance as at end of the year	-	-	42,952	111,816
<b>13 TRADE AND OTHER RECEIVABLES</b>				
Trade receivables	-	-	1,065,596	1,556,947
Provision for doubtful debts (Note 13.1)	-	-	(15,065)	(15,065)
Advances, prepayments & other receivables	-	-	1,050,531	1,541,882
Advances given to business partners	-	-	374,685	194,230
Other advances	-	-	900,349	995,259
Prepayments	-	-	98,614	133,869
Other receivables	11,981	11,586	227,105	235,839
	11,981	11,586	2,651,284	3,101,079

## Notes to the Financial Statements (Contd.)

### 13.1 Provision for doubtful debts

	Company		Group	
As at 31st March In Rs.'000s	2014	2013	2014	2013
Balance as at beginning of the year	-	-	15,065	15,065
Balance as at end of the year	-	-	15,065	15,065
<b>14 AMOUNTS DUE FROM RELATED COMPANIES</b>				
Lion Brewery (Ceylon) PLC	12,749	11,131	-	-
Pubs 'N Places	316,164	424,056	-	-
Retail Spaces (Private) Limited	5,145	12,157	-	-
	334,058	447,344	-	-
<b>15 SHORT TERM INVESTMENTS</b>				
Fixed deposits	-	-	-	1,500,000
Interest receivable	-	-	-	78,014
	-	-	-	1,578,014
<b>16 CASH AND CASH EQUIVALENTS</b>				
Fixed deposits with financial institutions	-	-	6,449,485	2,001,339
Savings accounts	-	-	4,861	1,528
Short term deposits	-	-	-	58,719
Cash at bank	1,595	1,131	416,968	94,761
Cash in hand	50	-	1,915	1,940
	1,645	1,131	6,873,229	2,158,287
Cash and cash equivalents includes followings for the purpose of Statement of Cash Flows.				
Cash at bank balances	1,645	1,131	6,873,229	2,158,287
Bank overdrafts	(75,427)	(428,568)	(926,196)	(3,874,270)
	(73,782)	(427,437)	5,947,033	(1,715,983)

## 17 STATED CAPITAL

As at 31st March In Rs.'000s	Company		Group	
	2014	2013	2014	2013
20,988,090 ordinary shares	533,384	533,384	533,384	533,384

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings of the Company. All ordinary shares rank equally with regard to the right to the Company's residual assets, at the point of distribution.

## 18 CAPITAL RESERVES

As at 31st March In Rs.'000s	Company		Group	
	2014	2013	2014	2013
<b>Represented by :</b>				
Revaluation reserve (Note 18.1)	120,638	120,638	486,555	486,555
General capital reserve (Note 18.2)	5,776	5,776	5,776	5,776
	126,414	126,414	492,331	492,331

**18.1** The revaluation reserve relates to revaluation of land and buildings. It comprises of the increase in the fair value of land and buildings at the date of revaluation.

**18.2** General capital reserve consists of such amounts that have been transferred from time to time from retained earnings.

## Notes to the Financial Statements (Contd.)

As at 31st March In Rs.'000s	Company		Group	
	2014	2013	2014	2013
<b>19 REVENUE RESERVES</b>				
<b>Revenue Reserve</b>				
Balance as at the beginning of the year	184,174	184,174	184,174	184,174
Adjustments	-	-	-	-
Balance as at the end of the year	184,174	184,174	184,174	184,174
<b>Retained profits</b>				
Balance as at the end of the year	678,730	668,427	2,240,017	1,860,012
Total revenue reserves	862,904	852,601	2,424,191	2,044,186
<b>Represented by:</b>				
Revenue reserve	184,174	184,174	184,174	184,174
Retained profits - Company	678,730	668,427	678,730	634,436
- Subsidiaries	-	-	1,561,287	1,225,576
	862,904	852,601	2,424,191	2,044,186
<b>20 DEBENTURES</b>				
Balance as at the beginning of the year	-	-	-	-
Issued	-	-	3,000,000	-
Interest payable (Note 20.5)	-	-	93,774	-
Balance as at the end of the year	-	-	3,093,774	-

### 20.1 New Debenture Issue

The Lion Brewery (Ceylon) PLC 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 categories of Debentures and Proportion of each types of debenture in each category are as follows.

Category 01 Debentures - Floating Rate (Note 20.2)	1,006,000	-
Category 02 Debentures - Fixed Rate (Note 20.3)	1,994,000	-
Total	3,000,000	-

## 20.2 Category 01 Debentures - Floating Rate

Types in Category 01 Debentures	Amount Rs.000	Proportion (From and out of the Category 01 Debentures issued)	Interest Rate (per annum) payable quarterly	Redemption From the Date of Allotment
Type A	201,200	20%	AWPLR + 0.20%	12 Months (1 Year)
Type B	201,200	20%	AWPLR + 0.40%	24 Months (2 Years)
Type C	201,200	20%	AWPLR + 0.60%	36 Months (3 Years)
Type D	201,200	20%	AWPLR + 0.80%	48 Months (4 Years)
Type E	201,200	20%	AWPLR + 1.10%	60 Months (5 Years)
Total	1,006,000			

## 20.3 Category 02 Debentures - Fixed Rate

Types in Category 02 Debentures	Amount Rs.000	Proportion (From and out of the Category 02 Debentures issued)	Interest Rate (per annum) payable quarterly	AER (per annum)	Redemption From the Date of Allotment
Type F	598,200	30%	13.50%	14.20%	36 Months (3 Years)
Type G	598,200	30%	13.75%	14.48%	48 Months (4 Years)
Type H	797,600	40%	14.00%	14.75%	60 Months (5 Years)
Total	1,994,000				

## 20.4 Composition of Debentures and interest payable

As at 31st March In Rs.'000s	Company		Group	
	2014	2013	2014	2013
<b>Classified under Non Current Liabilities</b>				
Debentures falling due after one year	-	-	2,798,800	-
<b>Total</b>			<b>2,798,800</b>	
<b>Classified under Current Liabilities</b>				
Debentures falling due within one year (Note 20.2 /Type A )	-	-	201,200	-
Debenture Interest Payable	-	-	93,774	-
			<b>294,974</b>	

## Notes to the Financial Statements (Contd.)

### 20.5 Interest Payments on Debentures

During the period the Group has paid Rs. 320,937,352/- (2013- Nil) as debenture interest on both at fixed and floating rates out of which Rs. 93,773,466/- (2013 - Nil) was payable as at the reporting date

## 21 LOANS AND BORROWINGS

### 21.1 Loans and borrowings

As at 31st March In Rs.'000s	Company		Group	
	2014	2013	2014	2013
Balance as at the beginning of the year	45,000	75,000	4,132,984	1,507,272
Loan obtained during the year	500,000	-	13,410,738	2,922,410
Repayments during the year	(38,300)	(30,000)	(7,923,417)	(291,430)
Exchange loss / (gain) on foreign currency loans	-	-	31,965	(5,268)
<b>Total loans and borrowings (Note 21.2)</b>	<b>506,700</b>	<b>45,000</b>	<b>9,652,270</b>	<b>4,132,984</b>
Interest Payable	3,577	3,062	27,347	3,062
<b>Balance at the end of the year</b>	<b>510,277</b>	<b>48,062</b>	<b>9,679,617</b>	<b>4,136,046</b>

### 21.2 Details of Long Term Borrowings

Name of the Lender	Loan Amount	Interest Rate p.a	31st March 2014 (Rs.'000s)	31st March 2013 (Rs.'000s)	Repayment Terms	Security Offered
<b>Ceylon Beverage Holdings PLC</b>						
HNB	150 Mn	AWPLR + 1.25%	15,000	45,000	Payable in 24 equal monthly installments commencing from October 2009	Unsecured
HNB	500 Mn	AWPLR + 1%	491,700	-	To be repaid in 59 equal Monthly Instalments of Rs.8.3 Mn. Each and a final instalment of Rs.10.3 Mn plus interest	Unsecured
			506,700	45,000		



Name of the Lender	Loan Amount	Interest Rate p.a	31st March 2014 (Rs.'000s)	31st March 2013 (Rs.'000s)	Repayment Terms	Security Offered
<b>Lion Brewery (Ceylon) PLC</b>						
DFCC	Rs 50 Mn.	10.50%	-	890	Payable in 57 equal monthly installments commencing from June 2008	Unsecured
HSBC	USD 1.1 Mn.	1 month LIBOR + 3.87%	-	8,565	Payable in equal monthly instalments USD 33,333/33 commencing from July 2010	Unsecured
HSBC	USD 11.051 Mn.	3 month LIBOR + 3.17%	944,168	1,156,119	Payable in 20 equal quarterly installments commencing from March 2012.	Unsecured
DFCC	Rs.1 Bn	3 Months AWDR + 3%	800,000	1,000,000	Payable in 60 equal monthly instalments commencing from April 2013	Unsecured
HSBC	Up to Rs.2.2 Bn	1 month SLIBOR + 2.75 %	1,651,402	1,472,410	Payable in 42 equal monthly instalments commencing from April 2013	Unsecured
SCB	Rs.450 Mn	14.25%	-	450,000	1 month - Renewable	Unsecured
HNB	Rs.750 Mn	7.60%	750,000	-	1 month - Renewable	Unsecured
HNB	Rs.2,500 Mn	8.00%	2,500,000	-	1 month - Renewable	Unsecured
HNB	Rs.750 Mn	7.85%	750,000	-	1 month - Renewable	Unsecured
HNB	Rs.400 Mn	7.60%	400,000	-	1 month - Renewable	Unsecured
Commercial Bank	Rs.850 Mn	7.75%	850,000	-	1 month - Renewable	Unsecured
SCB	Rs.500 Mn	7.65%	500,000	-	1 month - Renewable	Unsecured
			9,145,570	4,087,984		
<b>Total</b>			9,652,270	4,132,984		

## Notes to the Financial Statements (Contd.)

### 21.3 Composition of loans and borrowings repayment

As at 31st March In Rs.'000s	Company		Group	
	2014	2013	2014	2013
<b>Classified under non current liabilities</b>				
Loans and borrowings falling due after one year	391,700	15,000	2,699,390	2,738,907
<b>Classified under current liabilities</b>				
Loans and borrowings falling due within one year	115,000	30,000	6,952,880	1,394,077
Interest payable	3,577	3,062	27,347	3,062
	118,577	33,062	6,980,227	1,397,139
<b>22 EMPLOYEE BENEFITS</b>				
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>				
Present value of unfunded obligation		93,899	79,694	
<b>Liability in the Statement of Financial Position</b>	-	-	93,899	79,694
The movement in the defined benefit obligation over the year as follows:				
As at 1st April	-	-	79,694	66,332
Interest cost	-	-	7,931	6,589
Current service cost	-	-	9,309	8,369
Actuarial loss	-	-	1,121	251
Benefits paid	-	-	(4,156)	(1,847)
<b>As at 31st March</b>	-	-	93,899	79,694
<b>The amounts recognised in the Income Statement are as follows:</b>				
Interest cost	-	-	7,931	6,589
Current service cost	-	-	9,309	8,369
Actuarial loss	-	-	-	251
<b>Total included under staff cost</b>	-	-	17,240	15,209
<b>The amounts recognised in the Other Comprehensive Income are as follows:</b>				
Actuarial loss	-	-	1,121	-
	-	-	1,121	-

**22.1** The requirement for the Company to provide for gratuity payments does not arise as it has no employees on its payroll as at the reporting date.

**22.2** The gratuity liability of Lion Brewery (Ceylon) PLC as at 31st March 2014 amounting to Rs. 93,312,807/- (2013 - Rs. 79,315,042/-) is based on an Actuarial Valuation carried out by Mr M Poopalanathan, AIA of M/s. Actuarial and Management Consultants (Pvt) Limited, a firm of professional actuaries.

The principal assumptions made are given below:

- Rate of discount 10% p.a.
- Rate of pay increase 10% p.a.
- Retirement age 55 years
- The Company will continue in business as a going concern.

**22.3** The above provisions are not externally funded.

**22.4** The gratuity liability of Pubs 'N Places (Private) Limited & Retail Spaces (Private) Limited as at 31st March 2014 amounted to Rs. 252,000/- & Rs. 334,000/- respectively (2013 - Rs. 45,038/- & Rs. 334,025/-) has been computed by multiplying half month's salary into number of years in service which is in line with LKASs

### **22.5 Sensitivity of assumptions used**

If a one percentage point change in the assumed discount rate would have the following effects:

As at 31st March 2014 In Rs.'000s	Group	
	Discount Rate	Rate of Pay
Increase by one percentage	(5,343,218)	6,322,675
Decrease by one percentage	5,975,242	(5,746,728)

## Notes to the Financial Statements (Contd.)

### 23 DEFERRED TAX LIABILITIES

	Company		Group	
	2014	2013	2014	2013
As at 31st March In Rs.'000s				
Deferred tax liability (Note 23.1)	-	-	1,203,836	789,578
Balance as at end of the year	-	-	1,203,836	789,578
<b>23.1 Deferred tax liability</b>				
Balance as at beginning of the year	-	-	789,578	575,475
Provision made during the year	-	-	414,702	215,881
Impact on revaluation of property	-	-	(444)	(1,778)
Balance as at end of the year	-	-	1,203,836	789,578

### 23.2 Unused tax losses

As at the reporting date there are unused tax losses in the subsidiaries and accordingly unrecognised deferred tax assets, due to the uncertainty of future taxable profits, are as follows.

	Tax Loss		Deferred Tax Assets	
	2014	2013	2014	2013
In Rs.'000s				
Pubs 'N Places (Private) Limited	155,625	100,589	38,868	24,536

### 23.3 Net deferred tax liability relates to the followings

	Company		Group	
	2014	2013	2014	2013
As at 31st March In Rs.'000s				
Temporary differences from Property, Plant and Equipments			1,241,161	821,304
Employee benefits			(37,325)	(31,726)
			1,203,836	789,578

## 24 TRADE AND OTHER PAYABLES

As at 31st March In Rs.'000s	Company		Group	
	2014	2013	2014	2013
Trade payables	-	-	532,692	464,317
Trade incentives	-	-	57,059	48,270
Accruals	6,540	-	69,844	95,358
Other payables	2,447	6,750	165,119	189,305
	8,987	6,750	824,714	797,250

## 25 AMOUNTS DUE TO RELATED COMPANIES

As at 31st March In Rs.'000s	Company		Group	
	2014	2013	2014	2013
Carlsberg A/S	-	-	54,652	40,613
	-	-	54,652	40,613

## 26 REFUNDABLE DEPOSITS

Balance as at beginning of the year	-	-	980,333	858,664
Deposits received during the year	-	-	63,790	148,776
Deposits refunded during the year	-	-	-	(27,107)
Balance as at end of the year	-	-	1,044,123	980,333

Refundable deposits are taken from Agents as security against the returnable containers with them.

## Notes to the Financial Statements (Contd.)

### 27 TAX LIABILITIES

	Company		Group	
	2014	2013	2014	2013
As at 31st March In Rs.'000s				
Excise Duty	-	-	505,396	896,201
Value added tax	1,518	1,515	182,760	128,792
Income tax	13,366	9,903	169,211	(35,455)
PAYE	19	12	19	12
Nation building tax	-	-	45,168	37,101
	14,903	11,430	902,554	1,026,651

### 28 REVENUE

	Company		Group	
	2014	2013	2014	2013
For the year ended 31st March In Rs.'000s				
(A) Dividend income	150,476	150,476	-	-
Royalty income	132,218	128,429	-	-
Interest income	-	-	-	-
Brewery	-	-	25,804,319	22,983,570
Retail Trade	-	-	42,216	33,136
	282,694	278,905	25,846,535	23,016,706
(B) Local/Export Revenue				
Local revenue	282,694	278,905	25,560,192	22,789,407
Export revenue	-	-	286,343	227,299
	282,694	278,905	25,846,535	23,016,706
<b>29 OTHER INCOME</b>				
Profit on disposal of PPE	-	-	359	3,765
Other income	-	-	23,272	22,739
	-	-	23,631	26,504

### 30 PROFIT FROM OPERATIONS

Profit from operations is stated after charging all expenses including the following;

For the year ended 31st March In Rs.'000s	Company		Group	
	2014	2013	2014	2013
Directors' fees and emoluments	1,400	1,400	38,657	51,208
Auditors' remuneration - Audit Fee	560	550	2,045	1,890
- Audit related services	50	175	120	995
- Non audit services	-	300	150	3,330
Depreciation on property, plant equipment (Note 9)	537	532	613,092	529,557
Amortisation of intangible assets (Note 10)	-	-	8,830	10,701
Supporting services fees	-	-	130,226	117,462
Personnel expenses (Note 30.1)	-	-	437,046	460,891
<b>30.1 Personnel expenses</b>				
Salaries, wages and other related expenses	-	-	380,323	412,330
Defined benefit plan costs- Gratuity	-	-	38,184	15,209
Defined contribution plan costs- EPF & ETF	-	-	18,539	33,352
	-	-	437,046	460,891

## Notes to the Financial Statements (Contd.)

### 31 FINANCE INCOME AND COSTS

For the year ended 31st March In Rs.'000s	Company		Group	
	2014	2013	2014	2013
<b>Finance Income:</b>				
Interest income - FD	-	-	621,514	514,837
Interest income - FCBU deposits	-	-	11	2,985
Interest income - other	-	-	10,850	93
Notional income on below market rate loans	-	-	-	16,297
Notional interest income - intercompany	-	17,566	-	-
Reversal of notional interest income - intercompany	(24,991)	-	-	-
<b>Total Finance Income</b>	<b>(24,991)</b>	<b>17,566</b>	<b>632,375</b>	<b>534,212</b>
<b>Interest Expenses :</b>				
Interest expenses - term loans	12,004	53,360	352,544	220,292
Interest expenses - bank overdrafts & charges	57,976	9,117	66,153	154,673
Interest on debentures	-	-	176,598	-
Interest expenses - others	375	-	222,869	185,607
<b>Total Interest Expenses (Note 31.1)</b>	<b>70,355</b>	<b>62,477</b>	<b>818,164</b>	<b>560,572</b>
Net foreign exchange transaction loss/(gain) :	-	-	43,281	(12,406)
<b>Total Finance Cost</b>	<b>70,355</b>	<b>62,477</b>	<b>861,445</b>	<b>548,166</b>
<b>Net Finance Costs and Income</b>	<b>95,346</b>	<b>44,911</b>	<b>229,070</b>	<b>13,954</b>
<b>31.1 Analysis of Total Interest Expenses</b>				
Total Interest Expenses	70,355	62,477	1,350,199	709,463
Less - Capitalised during the period (Note 9.g)	-	-	(532,035)	(148,891)
Interest expenses recognised in the Statement of Comprehensive Income	70,355	62,477	818,164	560,572



## 32 INCOME TAX

For the year ended 31st March In Rs.'000s	Company		Group	
	2014	2013	2014	2013
Current tax expense (Note 32.1)	16,551	18,022	462,382	339,797
Dividend tax	-	-	16,720	16,720
Net Deferred tax - (Note 23.1 & 23.2 )	-	-	414,258	214,103
<b>Total income tax</b>	<b>16,551</b>	<b>18,022</b>	<b>893,360</b>	<b>570,620</b>
<b>32.1 Reconciliation of the Accounting Profit and Tax Expenses</b>				
Profits before taxation	173,771	216,762	2,062,272	1,590,034
Consolidation adjustments	-	-	125,488	-
Remeasurement of employee benefit obligations (Note 22)	-	-	(1,121)	-
<b>Profits before tax adjustments</b>	<b>173,771</b>	<b>216,762</b>	<b>2,186,639</b>	<b>1,590,034</b>
Aggregate of disallowable expenses	36,379	15,080	1,104,851	922,790
Aggregate of allowable claims	(150,476)	(168,041)	(1,893,969)	(1,379,476)
Operating losses incurred during the year	-	-	187,234	-
<b>Tax adjusted profit</b>	<b>59,674</b>	<b>63,801</b>	<b>1,584,755</b>	<b>1,133,348</b>
Less: Exempt interest income (Note 32.2.e)	-	-	(11)	(49)
<b>Total Statutory Income</b>	<b>59,674</b>	<b>63,801</b>	<b>1,584,744</b>	<b>1,133,299</b>
Royalty	-	-	(233,428)	(205,178)
Assessable income/Taxable income	59,674	63,801	1,351,316	928,121
Current tax (Note 32.2)	16,709	17,864	461,002	382,136
Over provision in respect of prior years	(158)	158	1,380	(42,339)
<b>Total current tax</b>	<b>16,551</b>	<b>18,022</b>	<b>462,382</b>	<b>339,797</b>

## Notes to the Financial Statements (Contd.)

### 32.2 Income Tax

#### Company

- (a) Income tax provision of Ceylon Beverage Holdings PLC, has been calculated on its adjusted profit at 28% (2013- 28%) in terms of Inland Revenue Act No.10 of 2006 and amendments thereto.

#### Subsidiaries

##### Lion Brewery (Ceylon) PLC (LBCPLC)

- (b) In terms of the Inland Revenue Act No. 10 of 2006, the profits & income from operating profits of local operations are liable to income tax at the rate of 40% . (2013 - 40%) and profits attributable to export turnover are liable at 12% (2013 - 12%). Income arisen on interest are considered as separate source of income and is taxed at 28%.
- (c) No tax liability arises on interest earned on FCBU deposits as such is exempt from income tax.

##### Pubs 'N Places (Private) Limited

- (d) In terms of the provisions of the Inland Revenue Act No. 10 of 2006 and amendments thereto , Pubs 'N Places (Private) Limited is liable to income tax at the rate of 28% (2013- 28%).
- (e) Company has incurred a tax loss of Rs.55,035,109/- for the year ended 31st March 2014 (2013 - Rs.46,178,949/ ).
- (f) During the year, Company paid Economic Service Charge amounting to Rs.833,188/- (2013-Rs.1,417,625/-). Payment made hereunder is available as income tax credit for the period in which the payment is made and another four years thereafter.

##### Retail Spaces (Private) Limited

- (g) In terms of the provisions of the Inland Revenue Act No. 10 of 2006 and amendments thereto , Company is liable to income tax at the rate of 28%. (2013 - 28%)

##### Luxury Brands (Private) Limited

- (h) In terms of the provisions of the Inland Revenue Act No. 10 of 2006 and amendments thereto , Company is liable to income tax at the rate of 28%. (2013 - 28%)

### 33 EARNINGS PER ORDINARY SHARE

The calculation of Earnings per Ordinary Share is based on profit for the year attributable to the ordinary shareholders and number of ordinary shares outstanding during the year.

The following reflects the income and share data used for the computation of Earnings per Ordinary Share:

	Company		Group	
	2014	2013	2014	2013
For the year ended 31st March In Rs.'000s				
<b>Amount used as the Numerator:</b>				
Profit after taxation	157,220	198,740	1,168,912	1,019,414
Minority interest	-	-	(641,404)	(499,420)
Net profit attributable to equity holders of the company	157,220	198,740	527,508	519,994
Number of ordinary shares used as denominator	20,988	20,988	20,988	20,988
Earnings per ordinary share (Rs.)	7.49	9.47	25.13	24.78

### 34 DIVIDEND - ORDINARY

	Company	
	2014	2013
For the year ended 31st March In Rs.'000s		
First and final Rs.7/- per share (2013- Rs.6/- per share)	146,917	125,929
	146,917	125,929

The Directors have recommended the payment of an ordinary dividend of Rs.7/- per share amounting to Rs.146,916,630/- for the year ended 31st March 2014, which will be declared at the Annual General Meeting subject to approval by shareholders. This dividend is to be paid out of dividends received from Lion Brewery (Ceylon) PLC. In accordance with Sri Lanka Accounting Standard 10, Events after the Reporting Period, this proposed final dividend has not been recognised as a liability as at 31st March 2014.

As required by Section 56 of the Companies Act No 7 of 2007, the Board of Directors of the Company satisfied that the solvency of the Company in accordance with the Section 57, prior to recommending the final dividend. A statement of solvency was completed and was duly signed by the Directors.

## Notes to the Financial Statements (Contd.)

### 35 FINANCIAL RISK MANAGEMENT

The Group is exposed to a range of financial risks through its number of financial instruments.

In particular, the key financial risk categories are:

- A. Credit risk
- B. Liquidity risk and
- C. Market risk

This note presents information about the group exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk, and management of capital. Further quantitative disclosures are included throughout these financial statements.

#### 35.1 Risk Management Framework

The Board of Directors have overall responsibility for the establishment and oversight of the risk management framework.

The Group risk management processes are established to identify and analyse the risks faced by the Group, to set appropriate risk limits, controls to monitor risks and adherence to limits. Risk management systems are reviewed regularly to reflect changes in market conditions and the group activities.

The Audit Committees oversee how management monitors compliance with the group risk management processes/guidelines and procedures and reviews the adequacy of the risk management framework in relation to the risks. The Audit Committees are assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

#### 35.2 Credit Risk/Counterparty Risk

Credit/Counterparty risk is the risk that at a future date, the other party to a financial transaction may cause a financial loss to the group by failing to discharge an obligation.

Key areas where the group is exposed to counterparty risk as a part of its operations are:

- (i) Fixed deposits
- (ii) Trade and other receivables
- (iii) Amounts due from related companies
- (iv) Cash and cash equivalents

Group funds are placed only with Licensed Commercial & Specialised banks under Fixed and short term deposits.

### 35.2.1 Management of Credit Risk

The Group manages its credit risk with different types of instruments as follows.

Item	Procedure
Fixed deposits	Deposits were/are placed only with reputed and established commercial banks namely Peoples Bank, DFCC, NDB, HNB & Sampath bank.
Trade and other receivables	Most of the trade receivables are covered through either bank guarantees or as a discounting arrangement without recourse to the Company with a commercial bank.
Due from related companies	Monitor the balance outstandings regularly.
Cash and cash equivalents	Monitor the balance outstandings regularly.

### 35.2.2 Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was as follows.

As at 31st March In Rs.'000s	2014	2013
Investments	-	-
Trade and other receivables	2,651,284	3,101,079
Short term investments	-	1,578,014
Cash and cash equivalents	6,873,229	2,158,287
	<b>9,524,513</b>	<b>6,837,380</b>

The maximum exposure to credit risk at the reporting date by type of counterparty was:

As at 31st March In Rs.'000s	2014	2013
Financial institutions	6,873,229	3,736,301
Customers and other parties	2,651,284	3,101,079
	<b>9,524,513</b>	<b>6,837,380</b>

## Notes to the Financial Statements (Contd.)

### 35.2.3 Trade & Other Receivable

The Group has a well established credit policy for both international and domestic customers to minimise credit risk. The Group obtains bank guarantees from all the agents to cover part of their outstandings. In addition to these bank guarantees, the bank provides facility to cover the receivable amount in excess of the bank guarantee with nil recourse to the group. Except for the agents represent Kandy and Ratnapura, all others are fully covered through a combination of both bank gurantees and bank facilities.

The bank guarantees and the facility from the bank cover 100% of all the trade receivables.

### 35.2.4 Impairment Losses

The ageing of trade and other receivables at the reporting date that were impaired are as follows:

Age (Rs.'000)	Group	
	2014	2013
Past due 0 - 365 days	1,065,596	1,556,947
More than 365 days	15,065	15,065
	<b>1,080,661</b>	<b>1,572,012</b>

### 35.3 Liquidity Risk

Liquidity risk is the risk that the group may encounter difficulties in meeting the obligation associated with its financial liabilities that are to be settled by delivering cash or other Financial assets.

#### 35.3.1 Management of Liquidity risk

The group's approach to managing liquidity is to ensure, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. The group's approach to managing its liquidity risk is as follows:

- Regularly monitoring of the group's assets and liabilities in order to forecast cash flows for up to future period
- Arrange adequate facilities with banks as contingency measures.
- Daily monitoring the facility limits i.e. overdrafts with banks.

### 35.3.2 The Maturity Analysis of Liabilities

As at 31st March 2014 (Rs.000)	Group		
	Carrying Value	Up to Year 1	Above year 1
Bank Overdrafts	926,196	926,196	-
Debentures	3,093,774	294,974	2,798,800
Loans and borrowings	9,679,617	6,980,227	2,699,390
Trade & other payables	824,714	824,714	-
Amount payable to related parties	54,652	54,652	-
Refundable deposits	1,044,123	1,044,123	-
	15,623,076	10,124,886	5,498,190

  

As at 31st March 2013 (Rs.000)	Group		
	Carrying Value	Up to Year 1	Above year 1
Bank Overdrafts	3,874,270	3,874,270	-
Loans and borrowings	4,136,046	1,397,139	2,738,907
Trade & other payables	797,250	797,250	-
Amount payable to related parties	40,613	40,613	-
Refundable deposits	980,333	980,333	-
	9,828,512	7,089,605	2,738,907

### 35.4 Market Risk

"Market risk" is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor / issuer's credit standing) which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

#### 35.4.1 Management of Market Risks

All borrowing rates are linked to AWDR, AWPLR, SLIBOR and LIBOR. Hence it provides a hedge against interest rate fluctuations.

The repayment of the foreign currency loan is matched with the receipts from export sales proceeds in foreign currency.

## Notes to the Financial Statements (Contd.)

### 35.4.2 Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. As protection against exchange rate fluctuations, the commitments are recorded in local currency. The Group does not use any derivative financial instruments to hedge the risk. The currency risk attached to financial instruments is minimal as it represents local currency except to the US dollar loan obtained by the Lion Brewery (Ceylon) Plc.

### 35.4.3 Interest Rate Risk

Interest rate risk is the risk to the earnings and economic value of equity ("EVE") arising from adverse movements in interest rates.

The Group's short-term investments are at fixed interest rates and mature within one year.

### 35.4.4 Sensitivity analysis on interest rate fluctuation

If one percentage point change in the interest rate would have the following effects:

Instrument Rs.'000	Rate	Increase by one percentage	Decrease by one percentage
HNB - 500Mn	AWPLR + 1.25%	9,017	7,350
Debenture Type A	AWPLR + 0.20%	14,743	11,725
Debenture Type B	AWPLR + 0.40%	15,045	12,027
Debenture Type C	AWPLR + 0.60%	15,347	12,329
Debenture Type D	AWPLR + 0.80%	15,648	12,630
Debenture Type E	AWPLR + 1.10%	16,101	13,083
HSBC - USD 11.05Mn	3 month LIBOR + 3.17%	41,543	22,660
Potential impact		127,444	91,804

### 35.4.5 Management of interest rate risk

The facility limits given by banks are reviewed annually or whenever required. The market rates/values, trend & movements are reviewed weekly to ascertain the interest rate risk and plan of action. A daily review is made on outstanding balances and interest rates.

### 35.5 Accounting classifications and fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows.



As at 31st March 2014 (Rs.'000)	Group		
	Carrying value		Fair value
Financial Instrument	Loans and receivables	Other financial liabilities	
<b>Financial assets</b>			
Trade and other receivables	2,651,284		2,651,284
Cash and cash equivalents	6,873,229		6,873,229
<b>Financial liabilities</b>			
Debentures		3,093,774	3,093,774
Loans and borrowings		9,679,617	9,679,617
Trade and other payables		824,713	824,713
Refundable deposits		1,044,123	1,044,123
Amounts due to related companies		54,652	54,652
Bank Overdraft		926,196	926,196

As the carrying value of financial assets and liabilities approximates its fair values, the fair value hierarchy does not apply.

### 36 EVENTS OCCURRING AFTER THE REPORTING PERIOD

#### 36.1 Incorporation of a Subsidiary Company of Lion Brewery (Ceylon) PLC

Pearl Springs (Private) Limited, a private Limited Liability company was incorporated on 20th May 2014 as a fully owned Subsidiary of the Lion Brewery (Ceylon) PLC.

#### 36.2 Acquisition of Millers Brewery Limited

Lion Brewery (Ceylon) PLC together with its newly formed subsidiary Pearl Springs (Private) Limited has entered in to a Sale & Purchase Agreement with Cargills (Ceylon) PLC & Millers Brewery Limited, a subsidiary of Cargills (Ceylon) PLC to purchase the shareholding including the trademarks of Millers Brewery Limited at a consideration of Rs. 5,150,000,000/- subject to due diligence & settlement of all its liabilities.

#### 36.3 Dividends

Subject to the approval of the shareholders at the Annual General Meeting, the Board of Directors recommended a First and Final dividend of Rs.7/-per Ordinary share for the year ended 31st March 2014. The dividend payable has not been accounted for until it is approved at the forthcoming Annual General Meeting.

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

## Notes to the Financial Statements (Contd.)

### 37 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to give proper presentations as at 31st March 2014.

### 38 SEGMENTAL ANALYSIS

The group does not distinguish its products into significant components for different geographical segments as the differentiations are insignificant.

### 39 CONTINGENT LIABILITIES AND COMMITMENTS

#### 39.1 Contingencies

##### (a) Company

In 2008 the Customs Department instituted a prosecution in the Fort Magistrate's Court (MC) in Case No. S/65898/07/B against the Company and its Directors for the recovery of Rs. 48,121,634/29 comprising of Rs. 23,062,080/43 being the amount of Excise (Special Provision) Duty (the 'duty') purportedly in arrears during the period 1998/IVq to 2001/IIIq and Rs. 25,059,553/86 as its penalty. The Company and the Directors filed an application for Writ in the Court of Appeal (CA) to quash the Certificate of Excise Duty in Default issued by the Director General of Customs and Excise Duty and obtained a Stay Order in respect of the proceedings of the Fort MC Case. A sum of Rs. 23,062,080/43 being the duty amount in dispute was paid to Sri Lanka Customs by the Company as required before submitting its appeal. Subsequently the CA Application was dismissed and the Company appealed against the Order to the Supreme Court and was granted Special Leave to Appeal by the Court. The Court also ordered the staying of all further proceedings in the MC Case until final hearing and determination of the Appeal. No provision has been made for the payment of penalty amounting to Rs. 25,059,553/86, pending the Judgement from the Supreme Court in the said Leave to Appeal matter.

##### (b) Lion Brewery (Ceylon) PLC

- (i) Contingent liabilities as at 31st March 2014 amount to Rs. 17,076,169/-. (2013 - Rs. 128,876,247/-), being bank guarantees given to Government bodies for operational purposes and shipping guarantees for clearing cargo pending the receipt of original documents.
- (ii) 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 obtained a Stay Order in respect of the proceedings of the MC Kaduwela Case and filed an application for Writ in the Court of Appeal, to quash the Certificate of Excise Duty in Default and penalty issued by the DG of Customs and Excise Duty to recover the said sum. The Court of Appeal made an order against the Company refusing the writ of Certiorari prayed for and the Company has now preferred a Special Leave to Appeal to the Supreme Court against the said order of the Court of Appeal.

- (c) As disclosed in Note 36.2 above, Acquisition of Millers Brewery Limited, upon the satisfactory completion of the conditions precedent in the Sale & Purchase Agreement with Cargills (Ceylon) PLC & Millers Brewery Limited, Lion Brewery Ceylon PLC is committed to pay Rs. 5,150,000,000/- towards the settlement of the transaction.

### **39. 2 Finance Commitments**

#### **Lion Brewery (Ceylon) PLC**

Document credits effected for foreign purchases of the Company as at 31st March 2014 amounting to Rs. 378,005,086/- (2013 - Rs. 1,230,812,683/-)

### **40 RELATED PARTY TRANSACTIONS**

The Group carries out transactions in the ordinary course of 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.

#### **40.1 Transactions with subsidiary companies**

##### **(a) Lion Brewery (Ceylon) PLC (LBCPLC)**

Messrs. L.C.R.de C. Wijetunge, H. Selvanathan, S.K. Shah, D.C.R. Gunawardena, D. A. Cabraal, H. J. Andersen Directors of the Company, are also Directors of Lion Brewery (Ceylon) PLC (LBCPLC), with which the following contracts/transactions have been entered into during the period by the Company in the normal course of business.

- (i) Was charged Rs. 132,218,636/- (2013 - Rs. 128,429,445/-) as royalty in accordance with the licensed brewing agreement with the Company.
- (ii) As at 31st March the balance receivable to the Company by the Lion Brewery (Ceylon) PLC is Rs. 12,749,389/- (2013 - Rs. 11,131,040/-)

##### **(b) Pubs 'N Places (Private) Limited**

- (i) Mr. S.K. Shah, Director of the Company is also a Director of Pubs 'N Places (Private) Limited, to which the LBCPLC sold beer for a total value of Rs. 183,630,888/- during the period. (2013 - Rs. 166,708,404/-)
- (ii) Messrs. S.K. Shah, C.P. Amerasinghe and D.R.P. Goonetilleke, Directors of the LBCPLC are also Directors of Pubs 'N Places (Private) Limited, to which
  - (a) The LBCPLC sold beer for a total value of Rs. 183,630,888/- (2013 - Rs. 166,708,404/-) during the period.
  - (b) As at 31st March 2014 balance receivable from Pubs 'N Places (Private) Limited to the Company was Rs. 316,164,127/- (2013 - Rs. 399,063,554/-)

## Notes to the Financial Statements (Contd.)

### 40.1 Transactions with subsidiary companies [Contd.]

#### (c) Retail Spaces (Private) Limited

- (i) Messrs. S.K. Shah, C.P. Amerasinghe and D.R.P. Goonetilleke, Directors of the LBCPLC are also Directors of Retail Spaces (Private) Limited, to which

(a) The LBCPLC sold beer for a total value of Rs. 211,148,300/- (2013 - Rs. 81,400,544/-) during the period.

(b) An amount of Rs. 5,144,425/- was receivable from Retail Spaces (Private) Limited to the Company as at 31st March 2014. (2013 - Rs. 12,156,720/-)

#### (d) Luxury Brands (Private) Limited

- (i) Messrs. S.K. Shah, C.P. Amerasinghe and D.R.P. Goonetilleke, Directors of the LBCPLC are also Directors of Luxury Brands (Private) Limited, from which

(a) LBCPLC obtained marketing related services for a fee amounting to Rs. 11,954,282/-. (2013 - Rs. 13,158,565/-)

(b) An amount of Rs. 214,071,291/- was receivable from Luxury Brands (Private) Limited to LBCPLC as at 31st March 2014. (2013 - Rs. 17,149,658/-)

Ceylon Beverage Holdings PLC, the Parent Company, has provided a Letter of Comfort, confirming that they, in the general interest of Pubs' N Places (Private) Limited and Luxury Brands (Private) Limited, will continue to support the companies' future business operations by the virtue of financial and other support, to enable the company to continue as a going concern.

### 40.2 Transactions with group entities

Messrs. H. Selvanathan and S.K. Shah and K. Selvanathan, Directors of the Company, are also Directors of Carsons Management Services (Private) Ltd., which provides support services to the Group. An amount of Rs. 231,750,623/- (2013 - Rs. 240,510,089/-) was paid by the Group during the period to Carsons Management Services (Private) Limited which included Supporting Services fees of Rs. 130,143,825/- (2013 - Rs. 117,462,059/-) and other reimbursable expenses incurred by Carsons Management Services (Private) Limited on behalf of the Group.

No balances were payable to Carsons Management Services (Private) Ltd. as at 31st March 2014 (2013 - Nil).

### 40.3 Transactions with other related entities

- (i) Mr. H.J. Andersen, Director of the Company and LBCPLC and Mr. G. J. Fewkes, Director of the Company, represent Carlsberg Brewery Malaysia Berhad. Mr. G. J. Fewkes is also an officer of Carlsberg affiliated Companies, with which the following contracts/transactions have been entered into by LBCPLC during the period in the normal course of business.
- (a) As per the licensed brewing agreement, a sum of Rs. 101,209,154/- (2013 - Rs. 76,749,028/-) was paid by LBCPLC as royalty during the period to Carlsberg A/S.
- (b) During the period the LBCPLC purchased the part of its requirement of the raw material Aroma Hop from Carlsberg A/S amounting to Rs. 7,392,825/- (2013 - Rs. 4,507,957/-)
- (c) An amount of Rs. 54,651,778/- is payable to Carlsberg A/S by LBCPLC as at 31st March 2014 (2013 - Rs. 40,613,227/-).
- (ii) Mr. K. Selvanathan Director of the LBCPLC, is also a Director of Carlsberg India (Pvt) Limited from which the LBCPLC purchased finished beer in cans for the purpose of resale during the period for a sum of Rs. 417,771,885/- (2013 - Rs. 397,853,928/-)
- (iii) Lion Brewery (Ceylon) PLC (LBCPLC) 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 LBCPLC. Towards this, the LBCPLC advances funds to Ran Sahal (Private) Limited from time to time in against of future purchases. During the period the LBCPLC purchased rice for an amount of Rs. 131,435,540/- (2013 - Rs. 124,851,146/-). As at the reporting date an amount of Rs. 70,087,738/- (2013 - Rs. 57,719,133/-) has been advanced to Ran Sahal (Private) Limited which remains to be settled from future purchases.
- Ran Sahal (Private) Ltd was incorporated with the principle activity of milling paddy. With the adoption of SLFRS, Ran Sahal (Private) Ltd was identified as a special purpose vehicle (SPV) to Lion Brewery (Ceylon) PLC. However, the financial results of Ran Sahal is not consolidated with that of the LBCPLC as impact to the Financial Statements are immaterial.
- (iv) Mr. D.C.R. Gunawardene, Director of the Company and LBCPLC, is also a Director of following Companies with which the LBCPLC entered into transactions.
- (a) An amount of Rs. 29,314/- has been paid as parking fees to Equity Two PLC . (2013 - Rs. 41,142/-)
- (b) An amount of Rs. 47,699/- has been paid as rental to Equity One PLC. (2013 - Rs. 194,127/-)

## Notes to the Financial Statements (Contd.)

### 40.1 Transactions with subsidiary companies [Contd.]

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

(b) The LBCPLC obtained services from Carsons Air Line Services (Private) Limited for foreign travel for which amount of Rs. 7,319,308/- (2013 - Rs. 9,274,114/-) was paid during the year.

(c) The LBCPLC has obtained hotel services from Pegasus Hotels of Ceylon PLC for which an amount of Rs. 333,780/- (2013 - Rs. 747,884/-) was paid during the year.

- (vi) Mr. D. A. Cabraal, Director of the Company and LBCPLC, is also Director of HNB PLC, with which the LBCPLC obtained short term loans/overdrafts for the operational purposes during the period.

An amount of Rs. 4,400,000,000/- is payable to HNB PLC on account of outstanding short term loans as at 31st March 2014.

- (vii) Mr. L. C. R. de C. Wijethunge, Director of the Company and LBCPLC, is also a Director of Janashakthi Insurance PLC for which LBCPLC has paid Rs. 10,358,836/- (2013 - Rs. 27,981,691/-) as insurance premium.

#### **40.4 Transactions with key management personnel (KMP)**

- (i) 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 (including executive and non executive directors) and their immediate family members have been classified as KMP of the Company.
- (ii) The compensation paid to key management personnel as short-term employment benefits is disclosed in aggregate in Note 30 to the Financial Statements. No other payments such as post-employment benefits, terminal benefits and share based payments have been paid to key management personnel during the year.
- (iii) During the year the LBCPLC sold a motor vehicle to Mr. C.T. Liyanage for Rs. 3,080,000/-. When the disposal was made the carrying value of the motor vehicle was Rs. 4,861,462/-.
- (iv) During the year the LBCPLC sold a motor vehicle to Mr. D.R.P. Goonetilleke for Rs. 11,200/-. When the disposal was made the carrying value of the motor vehicle was Rs. 1/-.

#### **41 DIRECTORS' RESPONSIBILITY STATEMENT**

The Board of Directors takes the responsibility for the preparation and presentation of these Financial Statements. Please refer the Annual Report of the Board of Directors on the affairs of the Company for the Directors' Responsibilities for financial reporting.

## Value Added Statement - Group

For the year ended 31st March  
In Rs.'000s

	<b>2014</b>		2013	
<b>VALUE ADDED</b>				
Revenue	25,846,535		23,016,706	
Other income	23,631		26,504	
Value added tax	3,123,880		2,683,177	
	<b>28,994,046</b>		<b>25,726,387</b>	
Cost of material and services bought from outside	(9,566,255)		(8,246,568)	
	<b>19,427,792</b>		<b>17,479,819</b>	
<b>DISTRIBUTED AS FOLLOWS:</b>		%		%
<b>To Employees</b>				
As remuneration and other employee costs	437,046	2.25	460,891	2.64
<b>To Government</b>				
As Excise duty & import duty	12,294,313	63.28	11,309,633	64.70
As Value added tax	3,123,880	16.08	2,683,177	15.35
As Income tax	281,473	1.45	382,294	2.19
As Economic service charge	833	0.00	2,041	0.01
As Nation building tax	491,051	2.53	408,016	2.33
<b>To Providers' of Capital</b>				
As Dividends to shareholders	146,917	0.76	125,929	0.72
As Finance expenses	861,445	4.43	548,166	3.14
<b>Retained in the Business</b>				
As Depreciation/amortisation	621,922	3.20	540,258	3.09
As Minority interest	641,404	3.30	499,420	2.86
As Profit for the year	527,508	2.72	519,994	2.97
	<b>19,427,792</b>	<b>100.00</b>	<b>17,479,819</b>	<b>100.00</b>



**Notes:**

- 1 The Statement of Value Added shows the quantum of wealth generated by the activities of the Group and its applications.
- 2 Value Added Tax is excluded in arriving at the above Turnover. Therefore, tax liability/payment made to the Government during the year include the following:

In Rs.'000s	2014	2013
Value added tax	3,123,880	2,683,177
Excise duty & Import duty	12,294,313	11,309,633
Income tax	281,473	382,294
Economic service charge	833	2,041
Nation building tax	491,051	408,016
<b>Total Taxes</b>	<b>16,191,550</b>	<b>14,785,161</b>

## Five Year Group Summary

Year ended 31st March In Rs.'000s	<b>2014</b>	2013	2012	2011	2010
<b>OPERATING RESULTS</b>					
Revenue	25,846,535	23,016,706	18,130,734	11,583,356	8,155,266
Other income	23,631	26,504	26,948	7,142	2,719
Total expenditure	(23,578,824)	(21,439,222)	(15,763,809)	(9,979,988)	(7,237,213)
Profit from Operations	2,291,342	1,603,988	2,393,873	1,610,510	920,772
Net finance costs	(229,070)	(13,954)	(218,721)	(194,709)	(261,295)
Profit Before Tax	2,062,272	1,590,034	2,175,152	1,415,801	659,477
Income tax	(893,360)	(570,620)	(911,485)	(575,336)	(6,522)
Profit for the year	1,168,912	1,019,414	1,263,667	840,465	652,955
Total other comprehensive loss	(1,121)	-	-	-	-
Total Comprehensive Income	1,167,791	1,019,414	1,263,667	840,465	652,955
Dividends - Ordinary	146,917	125,929	83,923	62,964	62,964
As at 31st March In Rs.'000s	<b>2014</b>	2013	2012	2011	2010
<b>FINANCIAL POSITION</b>					
Stated capital	533,384	533,384	533,384	533,384	533,384
Capital reserve	492,331	492,331	492,331	563,905	126,226
Revenue reserve	2,424,192	2,044,186	1,663,071	1,178,420	1,087,096
Minority interest	3,449,907	3,069,901	2,688,786	2,275,709	1,746,706
	6,760,108	5,892,033	5,176,132	4,418,210	3,545,912
Loans and borrowings payable after one year	2,699,390	2,738,907	1,148,802	1,251,727	127,263
Debentures payable after one year	2,798,800	-	-	-	-
Capital Employed	12,258,298	8,630,940	6,324,934	5,669,937	3,673,175

Year ended 31st March In Rs.'000s	<b>2014</b>	2013	2012	2011	2010
<b>Represented by:</b>					
Non-current assets	12,363,938	8,372,372	5,168,838	6,445,374	3,895,681
Current assets	12,219,534	9,244,096	5,338,164	2,358,962	2,295,821
Current liabilities	(11,027,439)	(8,116,256)	(3,540,262)	(2,673,820)	(2,083,455)
Retirement benefit obligations	(93,899)	(79,694)	(66,331)	(51,648)	(34,851)
Deferred tax liabilities	(1,203,836)	(789,578)	(575,475)	(408,931)	(400,021)
	<b>12,258,298</b>	<b>8,630,940</b>	<b>6,324,934</b>	<b>5,669,937</b>	<b>3,673,175</b>
<b>Year ended 31st March In Rs.'000s</b>	<b>2014</b>	2013	2012	2011	2010
<b>Cash Flow Statistics</b>					
Net cash inflows/(outflows) from operating activities	1,796,365	(1,793,897)	1,206,127	1,683,704	733,822
Net cash (outflows)/inflows from investing activities	(2,337,721)	(4,695,374)	932,839	(1,617,970)	(441,792)
Net cash inflows/ (outflows) from financing activities	8,204,372	2,368,142	(276,528)	985,218	629,910
<b>Net cash movement for the year</b>	<b>7,663,016</b>	<b>(4,121,129)</b>	<b>1,862,438</b>	<b>1,050,952</b>	<b>921,940</b>
<b>RATIOS &amp; STATISTICS</b>	<b>2014</b>	2013	2012	2011	2010
<b>Operational Ratios</b>					
Return on shareholders' funds (%)	15.29	16.94	24.76	19.74	20.44
Assets turnover (times)	1.05	1.30	1.73	1.32	1.32
Gearing ratio (%)	50.24	42.02	-	15.24	16.20
Interest cover (times)	3.19	9.15	9.94	7.93	3.51
Current ratio (times)	1.11	1.14	1.51	0.88	1.10
Earnings per share (Rs.)	25.13	24.78	31.72	21.40	17.01
Price earnings ratio (times)	19.89	19.17	11.03	17.29	10.58
Market price per share (Rs.)	500.00	474.90	349.90	370.00	180.00
Dividends per share (Rs.)	7.00	6.00	4.00	3.00	3.00
Net assets per share (Rs.)	164.37	146.27	128.11	108.43	83.22
Market capitalisation (Rs.'000)	10,494,045	9,967,244	7,343,733	7,765,593	3,777,856

Figures in brackets indicate deductions.

## Statement of Financial Position - US\$

As at 31st March US\$ '000s	Company		Group	
	2014	2013	2014	2013
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, plant & equipment	942	973	91,287	64,781
Intangible assets	-	-	2,259	389
Investments in subsidiaries	12,560	11,069	-	-
<b>Total Non-Current Assets</b>	<b>13,502</b>	<b>12,042</b>	<b>93,546</b>	<b>65,170</b>
<b>Current Assets</b>				
Inventories	-	-	20,391	18,734
Trade & other receivables	93	92	20,061	24,137
Amounts due from related companies	2,527	3,482	-	-
Short term investments	-	-	-	12,283
Cash and cash equivalents	12	9	52,003	16,800
<b>Total Current Assets</b>	<b>2,632</b>	<b>3,583</b>	<b>92,455</b>	<b>71,954</b>
<b>Total Assets</b>	<b>16,134</b>	<b>15,625</b>	<b>186,001</b>	<b>137,124</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Stated capital	9,198	9,198	9,198	9,198
Capital reserves	956	984	3,725	3,832
Currency fluctuations	(5,162)	(5,046)	(5,160)	(5,046)
Revenue reserves	6,529	6,637	18,341	15,912
	<b>11,521</b>	<b>11,773</b>	<b>26,104</b>	<b>23,896</b>
<b>Equity Attributable To Equity Holders of the Company</b>				
Non Controlling Interest	-	-	25,045	21,967
<b>Total Equity</b>	<b>11,521</b>	<b>11,773</b>	<b>51,149</b>	<b>45,863</b>

As at 31st March US\$ '000s	Company		Group	
	2014	2013	2014	2013
<b>Non Current Liabilities</b>				
Debentures	-	-	21,176	-
Loans and borrowings	2,964	117	20,424	21,319
Employee benefits	-	-	710	620
Deferred tax liabilities	-	-	9,108	6,146
<b>Total Non- Current Liabilities</b>	<b>2,964</b>	<b>117</b>	<b>51,418</b>	<b>28,085</b>
<b>Current Liabilities</b>				
Trade and other payables	68	53	6,240	6,206
Amounts due to related companies	-	-	413	316
Refundable deposits	-	-	7,900	7,631
Current tax liabilities	113	89	6,829	7,991
Debentures	-	-	2,232	-
Loans and borrowings	897	257	52,812	10,875
Bank overdraft	571	3,336	7,008	30,157
<b>Total Current Liabilities</b>	<b>1,649</b>	<b>3,735</b>	<b>83,434</b>	<b>63,176</b>
<b>Total Liabilities</b>	<b>4,613</b>	<b>3,852</b>	<b>134,852</b>	<b>91,261</b>
<b>Total Equity and Liabilities</b>	<b>16,134</b>	<b>15,625</b>	<b>186,001</b>	<b>137,124</b>

## Statement of Comprehensive Income - US\$

	Note	Company		Group	
		2014	2013	2014	2013
For the year ended 31st March					
In US\$,'000s					
<b>Revenue</b>	2	2,133	2,129	194,991	175,727
Cost of sales		-	-	(148,511)	(135,103)
<b>Gross Profit</b>		2,133	2,129	46,480	40,624
Other income		-	-	178	202
		2,133	2,129	46,658	40,826
Distribution expenses		-	-	(22,151)	(20,615)
Administrative expenses		(102)	(132)	(6,642)	(6,695)
Other expenses		-	-	(580)	(1,270)
<b>Profit from Operations</b>		2,031	1,997	17,285	12,246
Finance (reversal)/income		(189)	134	4,771	4,079
Finance costs		(531)	(477)	(6,499)	(4,185)
Net finance costs		(720)	(343)	(1,728)	(106)
<b>Profit Before Tax</b>		1,311	1,655	15,558	12,140
Income tax		(125)	(138)	(6,740)	(4,357)
<b>Profit for the Year</b>		1,186	1,517	8,818	7,783
<b>Other Comprehensive Income</b>					
Remeasurement of employee benefit obligations		-	-	(8)	-
<b>Total Other Comprehensive Loss for the year</b>		-	-	(8)	-
<b>Total Comprehensive Income for the Year</b>		1,186	1,517	8,810	7,783
<b>Profit attributable to</b>					
- Equity holders of the company		1,186	1,517	3,980	3,970
- Minority shareholders		-	-	4,838	3,813
<b>Profit Available for Appropriation</b>		1,186	1,517	8,818	7,783

# Notes to the Financial Statements - US\$

## 1 BASIS OF CONVERSION

The translation of Sri Lankan Rupee amounts into US Dollar amounts is solely for the convenience of the shareholders, investors, bankers and other users of Financial Statements.

The translation of the Financial Statements into US Dollars were effected based on the following exchange rates:

		2014	2013
Income statement	Average rate	132.55	130.98
Monetary assets and liabilities	Closing rate	132.17	128.47
Non-current assets and liabilities	Closing rate	132.17	128.47
Ordinary share capital	Historical rate	57.99	57.99

	Company		Group	
For the year ended 31st March US\$ '000s	2014	2013	2014	2013
<b>2 REVENUE</b>				
(A) Dividend income	1,135	1,149	-	-
Royalty income	998	980	-	-
Brewery	-	-	194,672	175,474
Retail trade	-	-	319	253
Less: Intra group transactions	-	-	-	-
	2,133	2,129	194,991	175,727
(B) Local/Export Revenue				
Local revenue	2,133	2,129	192,831	173,992
Export revenue	-	-	2,160	1,735
	2,133	2,129	194,991	175,727

## Five Year Group Summary - US\$

Year ended 31st March US\$ '000s	<b>2014</b>	2013	2012	2011	2010
<b>OPERATING RESULTS</b>					
Revenue	194,991	175,727	155,675	102,517	70,334
Other income	178	202	231	147	37
Total expenditure	(177,883)	(163,683)	(135,352)	(88,337)	(62,420)
Profit from operating activities before finance cost	17,286	12,246	20,554	14,327	7,951
Net finance costs and income	(1,728)	(106)	(1,878)	(1,797)	(2,264)
Profit from ordinary activities before tax	15,558	12,140	18,676	12,530	5,687
Income tax	(6,740)	(4,357)	(7,826)	(5,092)	(56)
<b>Profit for the year</b>	<b>8,818</b>	<b>7,783</b>	<b>10,850</b>	<b>7,438</b>	<b>5,631</b>
Remeasurement of employee benefit obligations	(8)	-	-	-	-
<b>Total Comprehensive Loss for the year</b>	<b>8,810</b>	<b>7,783</b>	<b>10,850</b>	<b>7,438</b>	<b>5,631</b>
<b>Dividends - Ordinary</b>	<b>1,108</b>	<b>961</b>	<b>721</b>	<b>557</b>	<b>543</b>



As at 31st March US\$ '000s	<b>2014</b>	2013	2012	2011	2010
<b>FINANCIAL POSITION</b>					
Share capitals	9,198	9,198	9,198	9,198	9,198
Capital reserves	3,725	3,832	3,800	5,065	1,099
Currency fluctuations	(5,160)	(5,046)	(5,081)	(4,407)	(4,553)
Revenue reserves	18,341	15,912	12,835	10,585	9,466
	26,104	23,896	20,752	20,441	15,210
Minority interest	25,045	21,967	19,197	19,245	15,667
	51,149	45,863	39,949	39,686	30,877
Loans and borrowings payable after one year	20,424	21,319	8,866	11,243	1,108
Debentures payable after one year	21,176	-	-	-	-
<b>Capital Employed</b>	92,749	67,182	48,815	50,929	31,985
<b>Represented by:</b>					
Non-current assets	93,546	65,168	39,891	57,894	33,923
Current assets	92,455	71,956	41,200	21,189	19,991
Current liabilities	(83,434)	(63,176)	(27,323)	(24,017)	(18,143)
Employee benefits	(710)	(620)	(512)	(464)	(303)
Deferred tax liabilities	(9,108)	(6,146)	(4,441)	(3,673)	(3,483)
	92,749	67,182	48,815	50,929	31,985

## Information to Shareholders and Investors

### 1 Stock Exchange Listing

Ceylon Beverage Holdings PLC is a Public Quoted Company, the ordinary shares of which are listed on the Main Board of the Colombo Stock Exchange of Sri Lanka.

The Stock Exchange code for Ceylon Beverage Holdings PLC shares is "BREW".

2 The market value of the Company's share as at 31st March 2014 was Rs. 500.00 per share. (31st March 2013 - Rs. 474.90)

### 3 Ordinary shareholders

As at 31st March

	2014	2013
Number of Shareholders	965	987

### 4 Frequency distribution of shareholdings as at 31st March 2014

Distribution of Shares	Resident			Non-Residents			Total		
	No. of Members	No. of Shares	%	No. of Members	No. of Shares	%	No. of Members	No. of Shares	%
1 - 1,000	775	129,832	0.62	60	15,335	0.07	835	145,167	0.69
1001 - 10,000	85	250,124	1.19	30	76,511	0.36	115	326,635	1.56
10,001 - 100,000	4	80,370	0.38	5	222,714	1.06	9	303,084	1.44
100,001 - 1,000,000	-	-	-	3	1,267,411	6.04	3	1,267,411	6.04
Above 1,000,000	1	15,726,912	74.93	2	3,218,881	15.34	3	18,945,793	90.27
Grand Total	865	16,187,238	77.13	100	4,800,852	22.87	965	20,988,090	100.00

## 5 Categories of Shareholders

	No. of Shareholders	No. of Shares	%
Individual	896	549,437	2.62
Institutions	69	20,438,653	97.38
Total	965	20,988,090	100.00

6 The number of shares held by non-residents as at 31st March 2014 was 4,800,852 (2013 - 4,782,951) which amounts to 22.87% (2013 - 22.79%).

7 Percentage of shares held by the public as at 31st March 2014 was 16.92% (2013 - 17.05%).

## 8 Market Performance - Ordinary Shares

For The year ended 31st March

	2014	2013
Highest (Rs.)	625.00	500.00
Lowest (Rs.)	412.00	240.00
Value of Shares Traded (Rs. '000)	57,461	153,952

## 9 Market Capitalisation

The market capitalisation of the Company, which is the number of ordinary shares in issue multiplied by the market value of a share, was Rs. 10,494,045/- as at 31st March 2014 (31st March 2013 - Rs. 9,967,243,941/-).

## 10 Dividends

A First & Final Ordinary dividend of Rs. 7/- per share for the year ended 31st March 2013, which was declared at the last Annual General Meeting, was paid during the year. The Directors have recommended the payment of a First & Final Ordinary dividend of Rs. 7/- per share for the year ended 31st March 2014, which will be declared at the Annual General Meeting subject to approval by shareholders. The details are shown in Note 34 to the Financial Statements

## 11 Number Of Employees

There were no employees as at the reporting date.

## Glossary of Financial Terms

### **Appropriations**

Apportioning of earnings as dividends, capital and revenue reserves

### **Capital reserves**

Reserves identified for specified purposes and considered not available for distribution.

### **Cash equivalents**

Liquid investments with original maturities of six months or less.

### **Contingent liabilities**

Conditions or situations at the Balance Sheet date, the financial effects of which are to be determined by future events which may or may not occur.

### **Current ratio**

Current assets divided by current liabilities.

### **Debt**

Total interest bearing loans (including bank OD less interest bearing deposits).

### **Dividend cover (Ordinary)**

Post tax profit after preference dividend, divided by gross ordinary dividend. It measures the number of times ordinary dividends are covered by distributable profits.

### **Dividend per ordinary share**

Dividends paid and proposed, divided by the number of ordinary shares in issue which ranked for those dividends.

### **Earnings per ordinary share**

Profits attributable to ordinary shareholders divided by the number of ordinary shares in issue and ranking for dividend.

### **Equity**

Stated capital plus reserves.

### **Events occurring after Reporting date**

Significant events that occur between the reporting date and the date on which financial statements are authorised for issue.

### **Gearing**

Ratio of borrowings to capital employed.

### **Interest cover**

Profits before tax and interest charges divide by Net interest charges.

### **Market capitalisation**

The Market value of a company at a given date obtained by multiplying the market price of a share by the number of issued ordinary shares.

### **Net assets per ordinary share**

Total assets less total liabilities divided by the number of ordinary shares in issue. This represents the theoretical value per share if the Company is broken up.

### **Price earning ratio - (P/E)**

Market price of a share divided by earnings per share

### **Related parties**

Parties who could control or significantly influence the financial and operating decisions / policies of the company.

### **Revenue reserves**

Reserves considered as being available for future distribution and appropriations.

### **Value addition**

The quantum of wealth generated by the activities of the Company

### **Working capital**

Capital required to finance the day-to-day operations (current assets less current liabilities).

# Notice of Meeting

NOTICE IS HEREBY GIVEN that the One Hundred and Third Annual General Meeting of CEYLON BEVERAGE HOLDINGS PLC will be held on Wednesday, the 23rd day of July 2014 at 3.30 P.M. at the Hilton Colombo, 'Grand Ballroom', 2, Sir Chittampalam A Gardiner Mawatha, Colombo 2, Sri Lanka for the following purposes:

1. To adopt the Annual Report of the Board of Directors and the Financial Statements for the year ended 31st March 2014, together with the Report of the Independent Auditors thereon.
2. To declare a dividend as recommended by the Directors.
3. To re-elect Mr. H. Selvanathan, who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.
4. To re-elect Mr. D. A. Cabraal as a Director in terms of Article 68 of the Articles of Association of the Company.
5. To re-appoint Mr. L. C. R. de C. Wijetunge as a Director of the Company who is over Seventy years of age and to consider and if deemed fit to pass the following resolution;  
"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not be applicable to Mr. L. C. R. de C. Wijetunge who is 76 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."
6. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act No. 07 of 2007 and to authorise the Directors to determine their remuneration.

By Order of the Board

(Sgd.)

**K. D. De Silva (Mrs)**

Director

**CARSONS MANAGEMENT SERVICES (PRIVATE) LIMITED**

Secretaries

Colombo

20th June 2014

## Notes

1. A Shareholder is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a Shareholder of the Company. A Form of Proxy accompanies this notice.
2. The completed Form of Proxy must be deposited at the Registered Office, No. 61, Janadhipathi Mawatha, Colombo 1, Sri Lanka not later than 3.30 P.M. on 21st July 2014.
3. A person representing a Corporation is required to carry a certified copy of the resolution authorising him/her to act as the representative of the Corporation. A representative need not be a Shareholder.
4. The transfer books of the Company will remain open.
5. Security Check  
We shall be obliged if the shareholders/proxies attending the Annual General Meeting, produce their National Identity Card to the security personnel stationed at the entrance lobby.









# Form of Proxy

\* I/We .....  
of .....  
being \*a Shareholder/Shareholders of CEYLON BEVERAGE HOLDINGS PLC  
hereby appoint .....  
of ..... bearing  
NIC No./Passport No ..... or failing him/her.

LIONEL CUTHBERT READ DE CABRAAL WIJETUNGE	Or failing him,
HARIHARAN SELVANATHAN	Or failing him,
MANOHARAN SELVANATHAN	Or failing him,
SURESH KUMAR SHAH	Or failing him,
DON CHANDIMA RAJAKARUNA GUNAWARDENA	Or failing him,
DAMIAN AMAL CABRAAL	Or failing him,
HENRIK JUEL ANDERSEN	

as \*my/our proxy to attend at the One Hundred and Third Annual General Meeting of the Company to be held on Wednesday, the 23rd day of July 2014 at 3.30 P.M. at the Hilton Colombo, 'Grand Ballroom', 2, Sir Chittampalam A Gardiner Mawatha, Colombo 02, Sri Lanka and at any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. To adopt the Annual Report of the Board of Directors and the Financial Statements for the year ended 31st March 2014, together with the Report of the Independent Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To declare Rs. 7/- per share as a First and Final dividend for the financial year ended 31st March 2014 as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. H. Selvanathan who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mr. D. A. Cabraal as a Director in terms of Article 68 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Mr. L. C. R. de C. Wijetunge who is over Seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act No. 07 of 2007 and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this ..... day of .....Two Thousand and Fourteen.

.....  
Signature/s

## Notes

- \* Please delete the inappropriate words.
- A shareholder entitled to attend and vote at a General Meeting of the Company, is entitled to appoint a proxy to attend and vote instead of him/her and the proxy need not be a shareholder of the Company.  
A proxy so appointed shall have the right to vote on a show of hands or on a poll and to speak at the General Meeting of the shareholders.
- A shareholder is not entitled to appoint more than one proxy on the same occasion.
- Instructions are noted on the reverse hereof.

## Form of Proxy

### INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the form of proxy after filling in legibly your full name and address, by signing in the space provided. Please fill in the date of signature.
2. If you wish to appoint a person other than the Directors as your proxy, please insert the relevant details in the space provided overleaf.
3. In terms of Article 54 of the Articles of Association of the Company:  
The instrument appointing a proxy shall be in writing and;
  - (i) in the case of an individual shall be signed by the appointor or by his attorney; and
  - (ii) in the case of a Corporation shall be either under its common seal or signed by its attorney or by an authorised officer on behalf of the Corporation.The Company may, but shall not be bound to, require evidence of the authority of any such attorney or officer.  
A proxy need not be a Shareholder of the Company.
4. In the case of joint-holders of a share, the senior who tenders a vote, whether in person or by proxy or by attorney or by representative, shall be accepted to the exclusion of the votes of the other joint-holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
5. To be valid the completed form of proxy should be deposited at the Registered Office of the Company situated at No. 61, Janadhipathi Mawatha, Colombo 1, Sri Lanka not later than 3.30 P.M., on 21st July 2014.

Please fill in the following details:

Name : .....

Address : .....

.....

.....

Jointly with : .....

Share folio No. : .....

# CORPORATE INFORMATION

## **NAME OF THE COMPANY**

Ceylon Beverage Holdings PLC  
(A Carson Cumberbatch Company)

## **COMPANY REGISTRATION NUMBER**

PQ 35

## **LEGAL FORM**

A public Quoted Company with Limited Liability  
Incorporated in Sri Lanka in 1910

## **SUBSIDIARY COMPANIES**

Lion Brewery (Ceylon) PLC  
Pubs 'N Places (Private) Limited  
Retail Spaces (Private) Limited  
Luxury Brands (Private) Limited  
Pearl Springs (Private) Limited [Incorporated on 20/May/2014]

## **PARENT COMPANY**

Carson Cumberbatch PLC

## **DIRECTORS**

L. C. R. de C. Wijetunge (Chairman)  
H. Selvanathan (Deputy Chairman)  
M. Selvanathan (Director / Alternate Director to H. Selvanathan)  
S. K. Shah (Chief Executive Officer)  
D. C. R. Gunawardena  
D. A. Cabraal (Appointed w.e.f. 01/November/2013)  
G. J. Fewkes (Resigned w.e.f. 28/March/2014)  
H. J. Andersen (Appointed w.e.f. 01/April/2014)

## **BANKERS**

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

## **LEGAL ADVISERS**

Messrs. F. J. & G. De Saram  
216, De Saram Place  
Colombo 10, Sri Lanka  
Tel: + 94 11 4718200  
Fax: + 94 11 4718220

## **AUDITORS**

Messrs. KPMG  
Chartered Accountants  
No. 32A, Sir Mohamed Macan Markar Mawatha  
Colombo 3, Sri Lanka  
Tel: + 94 11 5426426  
Fax: +94 11 2445872

## **MANAGERS & SECRETARIES**

Carsons Management Services (Private) Limited  
No: 61, Janadhipathi Mawatha  
Colombo 1, Sri Lanka  
Tel: +94 11 2039 200  
Fax: +94 11 2039 300

## **REGISTERED OFFICE**

No: 61, Janadhipathi Mawatha  
Colombo 1, Sri Lanka  
Tel: +94 11 2039 200  
Fax: +94 11 2039 300

## **CORPORATE OFFICE & BREWERY**

254, Colombo Road, Biyagama, Sri Lanka  
Tel: +94 11 2465900 (10 Lines)  
Fax: +94 11 2465901

## **GROUP WEBSITE**

[www.carsoncumberbatch.com](http://www.carsoncumberbatch.com)

Designed & produced by

**emagewise**

Digital Plates & Printing by  
Aitken Spence Printing & Packaging (Pvt) Ltd  
Photography by Manakal Wijayapala

