Ceylon Beverage Holdings PLC

Annual Report 2015/16

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FINANCIAL HIGHLIGHTS

In Rs.'000	2016	2015	Change %
Revenue	36,690,489	32,391,476	13.3
Profit before finance cost	4,006,964	3,041,625	31.7
Profit before taxation	3,010,766	2,392,708	25.8
Profit after taxation	2,082,561	1,293,808	61.0
Dividends per share (Rs.)	3.00	8.00	(62.5)
Shareholders' funds	9,997,425	7,738,092	29.2
Total assets	29,556,947	26,896,540	9.9
Earnings per ordinary share (Rs.)	51.89	31.38	65.4
Net assets per ordinary share (Rs.)	249.16	188.35	32.3
Market capitalisation	12,173,092	14,693,762	(17.2)

CHAIRMAN'S STATEMENT

"The increase in turnover was entirely driven by price increases necessitated consequent to stiff rises in excise duty. During the year there were two excise duty adjustments, which together increased taxes on mild beer by 27% and strong beer by 70%. The excise duties on spirits were also increased but by a lower 25%."

Dear Shareholder,

On behalf of the Board of Directors and myself, I am pleased to welcome the shareholders to the 105th Annual General Meeting of the Company and to present to you the Annual Report for the year ended 31st March 2016, which has been in your hands for the prescribed period. The Chief Executive Officer's review covers the performance of the Company in detail and hence I will confine my statement to some key issues.

On a turnover of Rs. 36.7 billion, compared to last year's Rs.32.4 billion, a pretax profit of Rs. 3.0 billion was recorded, an improvement of 26% over the previous year's corresponding figure of Rs. 2.4 billion. The increase in turnover was entirely driven by price increases necessitated consequent to stiff rises in excise duty. During the year there were two excise duty adjustments, which together increased taxes on mild beer by 27% and strong beer by 70%. The excise duties on spirits were also increased but by a lower 25%, As a result of this beer volumes declined sharply and thus impacted profitability.

On the economic front, Sri Lanka's GDP for 2015 grew by 4.8% compared to last years 7.4% similar to the downturn experienced globally. The Rupee depreciated by 9% against the US Dollar whilst inflation remained somewhat contained during most parts of the financial year. Bank interest rates showed signs of succumbing under pressure but were held without any significant changes throughout the financial year.

The flooding of your brewery in Biyagama is a significant event that occurred after the balance sheet date, which requires mentioning. The rains experienced in the month of May 2016 wreaked havoc in most parts of the Country causing severe flooding. The areas most affected by flooding were those townships & villages bordering the Kelani River, which includes Kaduwela & Biyagama where your brewery is located. Most people living in the borders of the river were affected whilst some of them were made destitute overnight with all their possessions been washed away. Your brewery too was not spared of this calamity with water engulfing the premises causing damage to some machinery & equipment located at floor level. At the time of writing this statement the exact value of the loss is yet being assessed. Insurance cover however is in place to recover most of the losses caused.

Notwithstanding this, Your Group was also involved in providing relief to those affected in the immediate neighbourhood by supplying dry rations & cooked food until the floodwaters subsided. A very special note of thanks is due to those employees who stayed within the premises day and night to protect the brewery wherever possible. What is noteworthy of this commitment is that some of them who remained within the brewery premises did so despite damage caused to their own homes.

In this connection I wish to thank our partners Carlsberg & its Asian team for their quick response on our request for support in the aftermath of the flooding; our bankers who promised unstinted assurance, insurance companies for communicating their commitment & the consignment agents, customers & suppliers who have rallied around us in this hour of need.

Your Group yet remains the third largest taxpayer to the Government. In the financial year under review excise taxes paid was Rs.20.2 billion whilst corporate taxes amounted to Rs. 928 million the latter worked out at a higher rate of 40% applicable to those in the alcohol & tobacco sectors compared to the 28% levied for other corporates.

On the backdrop of these results, I am pleased to propose a first & final dividend of Rs.3/- per share to be paid consequent to obtaining the necessary approvals at this Annual General Meeting.

In conclusion my gratitude is due to the employees at all levels, the management team, audit committee, remuneration committee, related party committee, nomination committee and to my colleagues on the Board for providing me advise and guidance to steer the Group through challenging times from strength to strength.

(Sgd.)
L.C.R. De C. Wijetunge
Chairman

Colombo
6th June 2016

CHIEF EXECUTIVE'S REVIEW

"This performance is a reflection of the environment that prevailed during the first 6 months of the year prior to the impact of the excise duty increase."

EXECUTIVE SUMMARY

The year was an extremely challenging one for Your Group primarily driven by external forces. During the year under review, excise duty was increased in October 2015 and again in November 2015 significantly impacting both the industry and Your Group. Cumulatively taxes on mild beer increased by 27% whilst the increase on Strong beer was 70%. Bafflingly spirits which carries a higher per ml alcohol percentage went up by a mere 25% at the same time. In the 5 months post the increase, the beer industry declined in volume by 38%. In the midst of such baffling policy positions, the Group continued to move forward. Four brands inherited as part of the acquisition of Millers Brewery, namely Sando Power Strong, Sando Power Stout, Three Coins Lager and Grand Blonde were reintroduced to the market. Lion was again ranked amongst the 10 most valuable brands in Sri Lanka, moving up 3 places to 6th position. Carlsberg Sri Lanka was adjudged the winner of the Indo-Lanka customer engagement award for the new packaging launch.

In financial terms, on a turnover of Rs. 36.69 billion, up 13% from the previous year, your Group recorded a Pre-Tax Profit of Rs. 3.011 billion. The increase in turnover was solely driven by the resultant price increase consequent to the sharp rise in excise duty. This performance is a reflection of the environment that prevailed during the first 6 months of the year prior to the impact of the excise duty increase. In the 1st six months, whilst the Group reported a pre tax profit of Rs.1.877 billion, the earnings during the subsequent 6 months were significantly less at Rs. 1.134 billion.

At the time of writing, in sharp contrast to the drought experienced in '15/16, incessant rains savaged the Kaduwela – Biyagama area, where Your Group's brewery is located. The resultant floods were the worst since 1989 and for the first time in its history the brewery premises were affected. Whilst the main brewing, processing and packaging equipment is safe, considerable damage was caused to utilities, electrical panels & electronics at the ground floor level. At this time the exact damage is yet being assessed but the insurance cover in place should cover resulting losses to the business.

ECONOMIC ENVIRONMENT

During the year 2015 the Country's GDP recorded a growth of 4.8%, a slowdown compared to the previous year and a reflection of the current global economic environment. Growth was driven mainly by the services sector with only a 0.4% growth coming from the sector with the largest labour force, Agriculture. Despite this, the FMCG sector has seen steady growth and inclusive of the 1st quarter in 2016 the category has had 4 straight quarters of upward momentum. However, the recent adjustments to the VAT structure may result in a slowdown in this sector as well.

The Sri Lankan Rupee depreciated by 9% & 3% against the US Dollar and the Euro respectively. Inflation continued to remain in the low single digits for most of the year under review. This was also reflected in bank interest rates which remained stable until the end of 2015. Thereafter however, rates have started trending upwards. The Tourism sector continued to perform well growing by 20% in 2015. This momentum has continued into the 1st quarter of 2016 as well with arrivals growing by 22% against the same period last year. Tourism has once again contributed significantly to the sales of our brands attested to by the growth of mild beer during the period under review.

THE ALCOHOL INDUSTRY

The soft alcohol industry in Sri Lanka is known as the most tightly regulated industry in the Country. Only a handful of countries across the world – mainly the less literate - regulate their alcohol industry to the extent Sri Lanka does.

Alcohol is restricted to approx. 2% of Sri Lanka's retail universe through a system of licensing which restricts access in many areas. In addition, annual tax increases have sent legal alcohol beyond the reach of the average consumer. These regulations maybe well intended as they seek to curb the consumption of alcohol whilst increasing revenue to the state. However, the mountain of evidence available suggests otherwise. For instance, the recent excise duty increases on beer may have reduced its consumption but evidence on the ground confirms that this reduction has been picked up by the toddy industry. However, since toddy and strong beer have a similar strength, there has been no reduction in alcohol consumption. In the meanwhile, the tax on toddy is a tenth of the tax on strong beer. The result is lower revenue to the state. Moreover, the toddy industry is not reputed to pay its taxes in full. Nor is it reputed for hygienic manufacturing conditions and quality assurance systems appropriate for a beverage product. Indeed, the bottled toddy available in the market now is said to be made of a chemical concoction rather than from coconut sap. Thus the recent excise duty increases on beer has reduced government revenue, increased the profits of dubious businesses and driven consumers to a harmful product.

Alcohol policy must find a suitable balance between the revenue needs of government and the social & health needs of the people. Depending on the needs of the day, the balance may tilt marginally in favour of one over the other. But never must it tilt excessively to either side. In a developing country such as Sri Lanka, it is not uncommon for Governments to tilt the balance somewhat in favour of revenue generation. However, in so doing, policy makers must be conscious of the social & health related dangers this strategy entails which are fundamentally two fold. Firstly, due to lack of affordability, consumption tends to shift towards illicit alcohol. Secondly, to derive better bang for the buck, those consumers who remain within the legal alcohol sector, move towards higher alcohol products. Both of these outcomes are not welcome. Even from a revenue perspective, since consumption shifts to illicit alcohol when taxes increase, Government fails to maximise on its income generating potential. And it stands to reason that greater the tilt, greater the ills. Unfortunately, in Sri Lanka, policymakers have ignored this reality. Over the years, alcohol tax policy has shifted increasingly towards revenue generation. It reached its zenith in October & November 2015 with unprecedented increases in the tax on beer. As pointed out in the previous paragraph the result has been a loss to consumers, the beer industry and the State.

Alcohol consumption habits in Sri Lanka have been shaped by the policies followed by successive governments. For reasons best known to them, global best practices & benchmarks have been consistently ignored when formulating alcohol policy. However, it is not too late to begin the shift towards a policy that helps minimise harm from alcohol consumption whilst addressing the revenue needs of government. The win-win is to achieve an increase in revenue whilst simultaneously reducing the consumption of pure alcohol in the Country and therefore the harm that it can cause. This can be done and we have provided the authorities with the methodology. It now remains to be seen if the authorities have sufficient empathy towards consumers to make the necessary changes.

ACQUISITION OF MILLERS BREWERY

With the acquisition of all brands and assets of Millers Brewery now completed, Your Group is focused on establishing these brands with consumers. Two of the Millers brands – Sando Stout and Sando Power Strong – which were re-introduced to the market with a minor packaging overhaul in 2014 were further upgraded with brand new packaging during the year under review. Three Coins lager and Grand Blonde Strong – two of the premium brands within the portfolio - have been completely revamped in terms of liquid and packaging to cater to a more affluent segment. With the amalgamation of distribution of the Millers brands with the Lion portfolio, the above introductions have further strengthened our position with the trade.

> **"The recent excise duty increases on beer may have reduced its consumption but evidence on the ground confirms that this reduction has been picked up by the toddy industry which tax is a tenth of the tax on Strong Beer."**

SALES AND MARKETING OF BEER IN SRI LANKA

Your Group's revenue reached Rs. 36.69 billion during the year under review, a growth of 13% when compared to the previous period. This growth was a result of price adjustments on account of the two excise duty increases that took place during 2015. The first in October 2015 where the tax on mild beer was increased by 27% & on strong beer by 32%. The second was in November when strong beer taxes were increased by a further 29%. A relatively small reduction in the tax on mild beer was announced in November but was quickly reversed within a few days. Thus taken together, within a period of two months, the excise tax on strong beer was increased by 70% whilst that of mild beer was increased by 27%. However, the industry took a hit in terms of volume post these increases. In the 5 months since the increase industry volumes have declined by 38%. Based on available evidence the volume lost by the beer industry has gone primarily to the toddy sector. The arrack sector has also gained but marginally.

Toddy is thought of as a poor man's drink which comes from coconut sap. It is certainly cheap since it is taxed at a mere Rs 30 per liter (strong beer which has approximately the same alcohol content attracts a tax of Rs 315 a liter). However, due to the lack of availability of coconut sap this so called toddy is made mostly of a chemical cocktail. On top of this, there are concerns on whether most toddy industry players are meeting their tax obligations. Thus, the recent tax increase on beer has pushed a significant segment of consumers into a product that is – to put it mildly – unhygienic & an industry that may not necessarily pay its taxes in full.

Arrack is the other sector that has gained somewhat from the beer industry's loss. Whilst the excise tax on strong beer was increased by 70%, the tax increase on arrack was very significantly lower at 25%. Since beer is acknowledged as the least harmful alcoholic beverage, the wide disparity in the tax increase between the two products and the preferential treatment meted out to a beverage with a higher alcohol content is questionable at best. Post the recent excise duty adjustments, Sri Lanka is in a unique position; in this country, the tax per ml of alcohol is inversely proportionate to the alcohol content. Thus in per ml of alcohol terms, mild beer attracts a higher tax than strong beer which in turn attracts a higher tax than arrack. In addition, some players in the arrack industry are perceived to walk a fine line with regards to their tax payments, similar to the toddy industry.

With Sales and marketing activities of Your Group being tightly regulated, building brand equity is no easy task. Thus it is gratifying to note that our brand Lion is ranked amongst the 10 most valuable in Sri Lanka with a move to 6th position from 9th position the previous year. We are the highest ranked FMCG brand on the list. Those above us are brands pertaining to banks, financial institutions and the telecommunications industry, all with the ability to communicate directly with consumers. This makes our achievement even more noteworthy. During the year under review, Lion Brewery won an award for customer engagement for the introduction of the new Carlsberg bottle at the Indo-Lanka customer engagement awards. Awarded from amongst many recognised brands across the Indian sub-continent, the achievement is a testament to our excellence in execution. The Lion Stout packaging was updated with the bottle moving to a similar shape to Lion Lager. This was in order to reflect more modern and premium values for the brand. A limited edition "Safari" six pack was introduced for Lion Lager to reflect the brand values of adventure.

With a restricted base of only 2,800 licensed outlets, avenues to reach our consumers are limited. Also the layout, ambience and environment of some of these off-premise outlets are not conducive to create a suitable experience for our consumers. In order to create a more inviting atmosphere in store, your Group has embarked on a project to change the retail environment within these outlets by creating a more contemporary and inviting experience. The project aims to take a dated retail environment into the modern trade format and includes brand wise shelving for easy navigation in a self-shopping format. We also add value to the outlet owners through staff training, uniforms, CCTV cameras, storage management within the outlet and a digital POS system. Two such outlets have been completed in the year under review with a further 10 planned in 2016.

EXPORT OF BEER

Your Group continues to set its sights on conquering new markets overseas. However, during the year under review, revenue from exports reached Rs. 349 million, a decline of 5% in comparison to the previous year. This was the result of a change in the business model in the US and generally tough conditions across the western world. Despite this, we continue to export a container a day, with the highest volume coming in March, equivalent to nearly 2 containers per day. Our largest overseas market, Maldives recorded a 21% growth during the year under review. In the Maldives we are now overall market leader with an extremely strong position in the draught beer segment.

We have made several changes to our operating model in the US. We have changed the distribution model, moving from sole importer with multi-state distribution, to multiple importers – i.e. one person state – with single state distribution. This was done with a view to achieve focus and provide wholesaler support in each state. The operation was scaled down from 20 states to 5 states for better focus and to build from ground up. We believe this model will deliver better opportunities for brand building and consolidation and roll out across the wider market.

Your Group has successfully ventured into contract brewing with brand Hudgen, a 5% abv brew contributing 38% of export volumes in the year under review. This venture is set to further expand in 2016/17.

SALES AND MARKETING OF THE DIAGEO AND MOET HENNESSY BRANDS

Your Group is Sri Lanka's sole authorised importer & distributor of the Diageo & Moet Hennessey portfolio of brands.
Diageo is the world's largest premium alcobev business & is headquartered in London. Its portfolio includes such iconic brands as Johnny Walker, J&B, Smirnoff, Tanqueray, Ciroc, Bailey's & Guinness. Moet Hennessey is part of the French luxury goods business, LVMH. The alcobev brands in this

portfolio include Hennessey, Glenmorangie, Moet-Chandon & Dom Perignon. Whilst your Group imports & distributes these brands through its established network, the marketing of the two portfolios is the responsibility of a sister company, Luxury Brands Pvt Ltd.

As is the case with beer, the distribution and sale of spirits is highly regulated in Sri Lanka whilst marketing activities are completely prohibited. These regulations significantly constraint our ability to establish brand equity of a portfolio that consists of life-style oriented, image driven, high value products. In addition to regulatory restrictions, import duties charged on these products are exorbitant further limiting their growth potential. Further, these excessive duties help promote "grey" imports which available data suggests is far greater than the legal market. Such imports are much more competitively priced in the market place, in most instances as low as 60% of the value of legally sourced product. This too hinders growth opportunities for those businesses that keep to the rules.

Despite these many challenges, a number of noteworthy achievements were recorded during the year. Sri Lanka was recognised as the fastest growing market for Diageo in South Asia in 2015. We were also nominated for the Diageo Sell Out stars awards for brilliant execution and also was adjudged a winner at the Indo-Lanka customer engagement awards for the brand, Smirnoff. The portfolio recorded its highest ever sales in the month of December 2015. Incidentally this is also the highest ever sale in a single month recorded by an imported spirits company in Sri Lanka.

We ended the year with this sector of Your Group's business accounting for Rs. 1,499 million of its revenue and Rs. 77 million in profit, an increase of 14%.

PUBS "N" PLACES

Your Group operates 35 pubs, under the Machan, 8.8% and O! brands making it the largest pubs chain in the country. During the year under review, the chain revamped its menu to include easy to prepare dishes suited to the local taste palette along with take away and delivery options in selected outlets. This resulted in higher revenues from food and increased patronage into outlets. Several innovations were also implemented such as the king sized 500ml mug for beer, which was well received by consumers.

A new beer garden concept branded "Chillax" was introduced during the year with the first outlet opened in Beruwela to cater to the tourist market.

SUPPLY CHAIN

During the year under review, the new bottling and canning plants were fully integrated into the operation. With plenty of capacity now in hand – a result of the drop in volume due to the excise tax increases - we no longer operate 3 shifts in packaging. With the commissioning of the new bottling and canning lines, the 1st phase of the major upgrade and expansion program is complete. Both the brew house and packaging lines are now sized to the final capacities of the expansion project that was underway. In the coming years, we will focus on gradually increasing capacities on a need basis within the processing, utilities and other support sections until they match those of the brew house and packaging lines. Such capacity enhancements are less capital intensive and cash outflows in the future on account of plant and machinery will reduce in comparison to the previous years.

Quality has remained a cornerstone of Your Group's strategy. The significant investments we have made in state of the art manufacturing technology is aimed at providing world class quality consistently, to our consumers. To this end, we have also been able to secure the ISO 22000:2005 food safety management system certification. Validation of this is that Your Group continues to be awarded in international competitions for beer.

SUPPORT SERVICES

Your Group's relatively small but skilled talent pool is capable of delivering strong results under challenging conditions. A significant skills and capacity enhancement budget ensures continuous development of our people with special emphasis on key positions and star performers. During the year under review the company engaged the Hay Group, a globally recognised HR consultancy for a 4 month long extensive program to assess the organisation's structural suitability, performance culture and leadership capabilities to drive future growth. The recommendations that have evolved from this assessment are now being implemented. With strong focus on the wellbeing of its people, Your Group was able to secure the OHSAS 18001:2007 occupational health and safety management system certification during the year.

All activities of Your Group are seamlessly integrated through state of the art information technology. As its main IT platform, Your Group uses SAP whilst other automation technologies linked to it support the production, supply chain, sales and HR functions. Our systems are now ISO 27000 certified.

OPERATING RESULTS AND FINANCIAL POSITION

On a turnover of Rs. 36.69 billion, Your Group earned a pre-tax profit of Rs. 3.0 billion. The Company's gross margin of 25%, was on par with last year.

Margins, continue to remain under pressure from external sources. The Administration continues to increase excise duty each year. In the year under review the excise duty increase was unprecedented. The manner in which competition takes place has also put pressure on operating margins. Whilst inflation remained low, we did experience a general increase in the cost of overheads. Some of these overheads – for instance multiple stores locations – are not of a permanent nature & will be eliminated once the Group's infrastructure is upgraded, most of which will happen during the on-going financial year. Similarly, the prolonged expansion program has led to some inefficiencies across the production process thus leading to higher costs.

The Group's balance sheet remains strong notwithstanding the heavy outlays on account of expansion and the acquisition of Millers Brewery. As shareholders are aware, both these projects were partly funded through borrowing. However, Your Group's debt to equity ratio has reduced to 1.09 times, a better position than last year. We have also succeeded in changing the composition of borrowing to accurately reflect the purposes for which funds were needed and the long term portion now amounts to 54% of the total debt.

In the meanwhile, the Company was assigned a AA- (lk) rating by Fitch during the course of the year under review.

TAXATION

Your Group is the third largest taxpayer in the country. During the year under review, your Group's contribution to the State through excise taxes amounted to Rs. 20.2 billion, up 25% (Rs. 4 billion) from the previous year. This increase during the financial year is despite the decline in the overall excise duty payments since December 2015, the month in which the full impact of the tax increase was felt by the market. Indeed, during the 4 month period December 2015 to March 2016, revenue to the state from the beer industry declined by an average of Rs. 225 million per month or 10% when compared to September 2015, the last month in which the beer industry operated under the previous tax regime. If March 2016 – a month of high sales due to the onset of the traditional new year – is ignored, the average monthly decline of excise duty from the beer industry since November 2015 amounts to approx. Rs 455 million, a reduction of 21%. Had the October and November excise tax increases been more consumer and investor friendly, Government would have earned a much higher revenue from the beer industry. It's a missed opportunity on the part of the Government particularly at a time when the Country is seeking financial assistance.

Corporate taxes for the year amounted to Rs. 928 million based on the discriminatory 40% rate applicable to the alcohol sector. Other corporates (excluding those involved in tobacco) are taxed at the much lower rate of 28%.

SHAREHOLDER RETURNS

As at 31st March 2016, Your Group's Net Assets Value per share stood at Rs. 249.16 up from Rs.188.35 as at 1st April 2016. Thus the book value of the Group at the financial year end stands at Rs. 5.23 billion. In the meantime, the market value of Your Group at the same date amounted to Rs. 12.2 billion. As at the end of the financial year Your Company's share price stands at to Rs 580. The Company achieved a reasonable return of 28.8% on equity and reserves for the financial year under review.

Your Board has recommended a dividend of Rs. 3 per share to be distributed after the conclusion of the AGM if approval is received from shareholders. If approved, this will account for 33% of the Company's post tax profit. In recommending this dividend, Your Board was conscious of the significant work that needs to take place to recover from the floods that impacted the brewery, the details of which are dealt with in a separate section below.

COMMUNITY SERVICE

Your Group is extremely conscious of its responsibility towards the environment. Our effluent treatment plant – a reference plant for relevant government agencies - is a centre piece of our efforts to treat the environment with the care and respect it deserves. The Group's Environment Steering Committee – which includes the undersigned – actively seeks to improve the manner in which we interact with the environment. In this process we have found an effective and "out-of-the-box" solution for a pollutant that has remained an unsolved concern for the brewery community the world over. Whilst Lion Brewery is ISO 14001:2004 certified, over the next few years we are committed to be LEEDS compliant. This program will be extended to cover all Your Group's distribution agents as well.

Since inception, Your Group has placed strong emphasis on supporting the community in the vicinity of the brewery. Each year we distribute books to school children of all ages in ever increasing numbers. This is supplemented by a scholarship scheme for those entering university. Our Youth Employability program in Hambantota continued during the year under review. So far, 1,100 youth have completed this program since its inception. Of these, 225 have found permanent employment in various fields.

Our most far reaching community service scheme is the support we extend to a project of Your Company. It works with 3,581 farmers in the North Central Province and helps them increase yields and reduce input costs. On average, yields have doubled through the use of better farming techniques and the introduction of modern technologies. Expenditure has been reduced through more appropriate application of inputs, use of easily available organic material as fertilizer and the re-introduction of traditional but very effective low cost methods that have helped replace insecticides, pesticides and herbicides. The paddy obtained from this project is converted into rice and used by Your Group as an input material. This process ensures that the project is self-funding and hence, sustainable. Whilst the quantity so used is a small fraction of the Country's rice production, it does help reduce its import bill. Overall, the project supports three key stakeholders; the farmers make better profits through higher yields and lower costs, your Group has a lower cost input material and the Country's import bill is reduced.

"Many of our staff remained within the brewery premises during the time of the flood even though some of their homes were affected too. We thank them for their commitment, dedication & loyalty. They are indeed a true reflection of the spirit of a team that keeps striving for excellence despite the many obstacles that confront Your Group on a regular basis"

FLOODS – A POST BALANCE SHEET EVENT

During the early morning hours of 18th May, the Lion Brewery premises at Biyagama was inundated by the overflowing Kelani river. For 18 years, since the commencement of commercial operations at Biyagama, the brewery battled the annual floods without damage & interruption. In the previous years, although floods made the area surrounding the brewery – including the main Biyagama, Colombo road – inaccessible and distribution of brands from the subsidiaries premises stopped, production continued unhindered. This year though the flood was too much and after fighting it for more than 48 hours, the rising waters invaded the ground floor of the brewery. Generators, boilers & pumps were damaged but will be recovered relatively quickly. However, the electrical panels and electronics that were submerged have to be replaced. These items are sourced from overseas and are made to order. As a result, it is a time consuming process & at the time of writing, the assessment is that the brewery will be out of production for 3 months. Your Group's insurance policies cover both floods & business interruption. As an extra precaution we also ensure that these policies are re-insured so that no single insurer carries a significant burden. Thus from a cash flow perspective we do not foresee significant challenges. However, meeting the needs of the market will be a challenge, particularly in the initial weeks.

Your Group carries no more than 15 days of finished goods stock across the supply chain. The heavy rain during the latter half of May did depress the beer market somewhat allowing remaining stocks to be spread over a longer period. However, there will be a period during which Your Group's brands will not be available in the market.

Yet, steps have been taken to mitigate the circumstances with the help of our partners, Carlsberg. 4 of their breweries in Asia have come to our assistance with coordination taking place out of its regional head office in Hong Kong. They will brew and ship Your Group's 3 Lion brands and the 2 Carlsberg brands that are marketed in Sri Lanka. However, since the brewing process itself takes 15 days, raw materials need to be sourced & brands shipped to Sri Lanka, it will take some time before products start flowing back into the market on a regular basis.

Many of our staff remained within the brewery premises during the time of the flood. Some stayed for more than 4 days at a stretch and some others remained even though their homes were affected by the floods. We thank them for their commitment, dedication & loyalty to the Group. They are indeed a true reflection of the spirit of a team that keeps striving for excellence despite the many obstacles that confront Your Group on a regular basis. We must also thank our partners Carlsberg & its Asian team for their wonderfully quick response no sooner they heard of our difficulties. Our bankers, and many business partners – distribution agents, retailers, hoteliers, publicans, restaurateurs & suppliers - have all been extremely supportive during these challenging times. And so has the Government. We are truly grateful to them all.

THE YEAR AHEAD

The primary focus during the months ahead will be to re-commence production as quickly as possible and in the meanwhile to meet market demand with the least possible interruption.

Once production resumes we will confront a challenging business environment. Whilst an improvement in business and consumer confidence was noted immediately after the conclusion of the Presidential Elections in January 2015, subsequent events – particularly the prevailing political uncertainty, the change in VAT structure and other tax increases and the compromises being made in Parliament to satisfy the interests of political parties – have led to their sharp decline of late. The tea and rubber sectors are currently facing a challenging period and incomes of those in these industries will be under pressure. So too the incomes of those employed in construction and agriculture since there is a perceptible slowdown in these sectors. Inflation is currently on the rise and a further upward adjustment in consumer prices seem inevitable with the VAT increase. The volatility surrounding the exchange rate may also impact business sentiment in the coming year.

Nonetheless, the FMCG sector has seen reasonable volume growth, a good sign, since it's a strong barometer of disposable income in the hands of consumers. No doubt the reduction in the prices of certain food items and the continued lower cost of fuel have helped increase disposable incomes. The strong growth in tourism experienced is expected to continue into the coming year and remittances are also likely to remain robust at least in the immediate future.

On the whole, there is uncertainty on the economic front, with some positives. Most of the uncertainties arise from the current political environment. The government in place has a mandate to reform the economy. However, it has been hesitant to move decisively on this front and has mainly confined itself to short term relief measures on account of cost of living. Further, with a balance of payments gap weighing on the Government and with FDI flows far below expectation, revving up the economy through large scale infrastructure investment is also unlikely.

Gaining volume growth in such an environment will be a significant challenge. The regulatory restrictions placed on Your Group's marketing activities will make it even more challenging. Capping it all is the completely unbalanced and unrealistic excise duty structure. Input costs are also likely to trend upwards due to the reasons discussed above. Nevertheless, Your Group faces some key tasks in the year ahead. Primary amongst them is the recovery from flood damage and getting back to full production. We also need to build back confidence with the trade in terms of supply and focus on regaining our place in the market. This will lead to higher operating costs which will need to be managed in the short term.

No doubt a challenging year remains ahead of us.

CONCLUSION

The first half of the financial year under review was excellent. A number of initiatives put in place were starting to bear results and were clearly visible in the financials of the first half. As the first half of the year concluded, expectations were high for a record setting annual profits. Then came the excise duty increases in October and November and with it the almost 40% volume decline. Not many businesses would have survived such a hit. Fewer still would survive such a hit immediately after a massive expansion and a significant acquisition both of which were cash intensive. Yet not only have we survived but we remain profitable.

The floods that came in May meant that Your Group has felt the full weight of the unpredictability of the external environment in a very short space of time.

In the midst of such challenges, the Group continues to operate within the most regulated environment in the Country. Marketing activities are prohibited, distribution is restricted and taxes drive prices beyond the reach of average consumers. In the meanwhile, competition comes most often in the form of illegal & quasi-legal alternates, to which responding within a legal framework is near impossible.

Within such an environment Your Group has done well. It has never compromised on the important fundamentals even during the most difficult of times. Our superb brand portfolio, benchmark distribution system, state of the art, world class manufacturing facility and talented and experienced team of professionals form a strong foundation from which the business is driven forward aggressively and with intent and focus.

Another year lies ahead and with it will come both opportunities and challenges. Your Group will move forward with the belief that challenges are meant to be overcome whilst opportunities are there to be taken.

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

Colombo
6th June 2016

PROFILES OF DIRECTORS

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 President of the Swiss Business Club of Colombo.

HARI SELVANATHAN

Hari Selvanathan is the Chairman of Bukit Darah PLC, Deputy Chairman of Carson Cumberbach 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 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.

SURESH SHAH

Mr. 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 Bukit Darah PLC and some other companies within the Carson Cumberbatch Group.

He is the Immediate Past Chairman of The Ceylon Chamber of Commerce, is Vice Chairman of the Employers Federation of Ceylon, a Commissioner of the Securities & Exchange Commission of Sri Lanka and a Member of Council, University of Moratuwa.

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

CHANDIMA GUNAWARDENA

Chandima Gunawardena serves as a Non-Independent, Non-Executive Director of Carson Cumberbach PLC and 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.

PROFILES OF DIRECTORS

HENRIK ANDERSEN

Mr. Henrik Juel Andersen was appointed to the Board on 1st April 2014 and as Managing Director of Carlsberg Brewery Malaysia Berhad on 1st 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 Carlsberg Singapore Pte Ltd. He also sits on the Board of Carlsberg Marketing Sdn Bhd, a wholly owned subsidiary of Carlsberg Brewery Malaysia Berhad, the Malaysian Danish Business Council, Maybev Pte. Ltd, Lion Brewery (Ceylon) PLC. and Caretech Limited. He is also a Trustee of the J.C. Jacobsen Foundation.

AMAL CABRAAL

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. 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 is presently the Chairman of CIC Feeds (Private) Ltd., and serves as an independent non-executive Director of John Keells Holdings PLC, Hatton National Bank PLC, Ceylon Beverage Holdings PLC, Lion Brewery (Ceylon) PLC, S A Silva & Sons Ltd, and the Supervisory Board of Associated Motorways Ltd. He is a committee member of the Ceylon Chamber of Commerce and serves on the Management Committee of the Mercantile Services Provident Society.

SENIOR MANAGEMENT TEAM

SURESH SHAH
Director/CEO

CHAN LIYANAGE
Head of Supply Chain

RANIL GOONETILLEKE
Head of Finance

STEFAN ATTON
Head of Marketing

SENIOR MANAGEMENT TEAM

PREETHI DE SILVA
General Manager - Retail Spaces (Pvt)Ltd

SHAMAL BOTEJU
General Manager - Pubs 'N Places (Pvt)Ltd

MADHUSHANKA RANATUNGA
General Manager - Luxury Brands (Pvt)Ltd

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 2016.

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 6th June 2016.

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 COMPANY

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.

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

The Ordinary shares of the Company were transferred from the Main Board to the Diri Savi Board with effect from 19th January 2016.

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 other than those disclosed under Note 1 - 8 to the Financial Statements for the financial year ended 31st March 2016.

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 2016 are set out on pages 28 to 73 of this Report.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

RESERVES

After the above mentioned appropriations, the total Group Reserves stand at Rs. 4,695.9Mn (2015 - Rs. 3,419.8Mn) comprising Capital Reserves of Rs 1,005.4Mn (2015 - Rs. 492.3) and Revenue Reserves of Rs. 3,690.6Mn (2015 - Rs. 2,927.4Mn). 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/ Director's value of the Company's investment portfolio as at 31st March 2016 was Rs. 19,435.6Mn (2015- Rs. 25,329.3Mn) 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.1,595.4Mn (2015 - Rs.8,574.5Mn). The movements in capital assets during the year are set out in Notes 9 and 10 to the Financial Statements.

MARKET VALUE OF FREEHOLD PROPERTIES

Freehold properties of the Group are stated in the books at their revalued 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 40 to these Financial Statements.

OUTSTANDING LITIGATION

The outstanding litigations related to the Group are shown in Note 40 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, cash flow interest rate risk and price risk), credit risk and liquidity risk and those have been disclosed in Note 38 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 2016.

GOING CONCERN

The Board of Directors is satisfied that the Company has 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 27 of this Report.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in Note 1 to 8 in the notes to the Financial Statements on pages 35 to 43.

INTERESTS REGISTER

The Company maintains an 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, for the financial year ended 31st March 2016 is given in Note 32 to the Financial Statements, on page 62.

DIRECTORS' INTEREST IN CONTRACTS AND SHARES

The Related Party Transactions of the Company as required by the Sri Lanka Accounting Standard LKAS 24 Related Party Disclosures are disclosed in Note 39 to the 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 Company, 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 2016	31st March 2015
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	1,500	1,500
Mr. H. J. Andersen	-	-

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.

Directors to retire by rotation

In terms of Articles 72, 73 and 74 of the Articles of Association of the Company, Mr. D. A. Cabraal retires by rotation 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.7 of 2007 shall not be applicable to him.

AUDITORS

Company's Auditors during the year under review were Messrs. KPMG, Chartered Accountants. A sum of Rs.600,000/- was paid to them by the Company as audit fees for the year ended 31st March 2016 (2015 - Rs.560,000/-).

No further, sums were paid to them by the Company as audit related services fees for the year ended 31st March 2016 (2015 - Rs. Nill).

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 Company, 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 that would impair their independence.

Related Party Transactions Review Committee

The Parent Company of the Company is Carson Cumberbatch PLC (CCPLC). CCPLC formed a 'Related Party Transactions Review Committee' with effect from 1st January 2016.

As per the Rule 9.2.3 of the Listing Rules of the Colombo Stock Exchange, the Related Party Transactions Review Committee of CCPLC functions as the Related Party Transactions Review Committee of the Company.

Composition

Related Party Transactions Review 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
Mr. H. Selvanathan	Executive Director of CCPLC
Mr. M. Selvanathan	Executive Director of CCPLC
Mr. S. K. Shah	Executive Director of CCPLC

The Related Party Transactions Review Committee Report is given on pages 25 of this Annual Report.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

DECLARATION

The Directors have made self-declarations for the purpose of identifying parties related to them. The said declarations were noted at the First Related Party Transactions Review Committee Meeting.

The Company is in compliance with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions, during the financial year.

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 2016, did not exceed 10% of Equity or 5% of the Total Assets of the Company as at 31st March 2016.

The details of the Related Party Transactions are given in Note 39 on page 71 to 72 of the Financial Statements.

1. Non-Recurrent Related Party Transactions

There were no Non-Recurrent Related Party Transactions where the aggregate value of the Recurrent Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets of the Company.

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 Net Revenue/ Income	Terms and Conditions of the Related Party Transactions
Lion Brewery (Ceylon) PLC	Subsidiary	Royalty Income	117,888,653/-	43.92%	As per the royalty agreement
Lion Brewery (Ceylon) PLC	Subsidiary	Dividend Income	150,475,637/-	56.08%	Declaration of dividends

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 during the period under review and their brief profiles are given on pages 11 to 12 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	Non-Executive/ Independent **
Mr. H. J. Andersen	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 6th June 2016, in order to enable them 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 period under review the Board of Directors had four Board Meetings and the attendance of the Directors were as follows;

Directors	Meetings Attended (Out of four)
Mr. L. C. R. de C. Wijetunge (Chairman)	4/4
Mr. H. Selvanathan (Deputy Chairman)	4/4
Mr. M. Selvanathan	4/4
Mr. S. K. Shah (Chief Executive Officer)	4/4
Mr. D. C. R. Gunawardena	4/4
Mr. D. A. Cabraal	4/4
Mr. H. J. Andersen	2/4

Board Evaluation
The 'Board Evaluation Form' of the Company focusses on the following areas;

- Core Board Responsibilities
- Board Meetings
- Committee Meetings (any/ all sub-committees)
- Relationship with Management
- Individual self-assessment
- Stakeholder and Shareholder communication/ relationship
- Suggestions/ comments

The comments made by the Directors in the Board Evaluation Form are collated by the Nomination Committee of the Company and the results and proposed actions are reported to the Board of Directors. The suggestions and recommendations made by the Directors are being reviewed and implemented by the Company.

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 23 to 24 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 Director of CCPLC
Mr. D. C. R. Gunawardena	Non-Executive Director of CCPLC
Mr. R. Theagarajah	Non-Executive/ Independent Director of CCPLC
Mr. W. M. R. S. Dias *	Non-Executive/ Independent Director of CCPLC
Mr. T. de Zoysa **	Non-Executive/ Independent Director of CCPLC

**Appointed to the Remuneration Committee with effect from 18th May 2015*

***Appointed to the Remuneration Committee with effect from 28th July 2015*

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Scope and Objective
The primary objective of the Remuneration Committee is to lead to 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 Executive or 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 this necessary.

The Remuneration Committee meets at least twice a year.

During the period under review the Committee had two meetings.

Remuneration Committee Members	Meetings Attended/ (Out of two)
Mr. I. Paulraj (Chairman)	1/2
Mr. D. C. R. Gunawardena	2/2
Mr. R. Theagarajah	2/2
Mr. W. M. R. S. Dias *	2/2
Mr. T. de Zoysa **	2/2

**Appointed to the Remuneration Committee with effect from 18th May 2015*

***Appointed to the Remuneration Committee with effect from 28th July 2015*

Reporting and Responsibilities
The Committee Chairman reports 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 32 on page 62 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.

Composition

Nomination Committee Members	Executive / Non-Executive/ Independent
Mr. T. de Zoysa (Chairman)	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

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	Meetings Attended (Out of two)
Mr. T. de Zoysa (Chairman)	2/2
Mr. D. C. R. Gunawardena	2/2
Mr. R. Theagarajah	2/2

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.3/- per Ordinary Share for the year ended 31st March 2016. 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 37 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 (2015 - Nil).

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2016 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

There were no significant events after the reporting period, except as disclosed in Note 41 of the notes to the Financial Statements.

SHARE INFORMATION

Information relating to share trading are given on pages 81 and 82 of this Report.

TWENTY MAJOR SHAREHOLDERS

		31-Mar-16		31-Mar-15	
	Name of shareholders	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	1,545,561	7.36	1,545,561	7.36
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	332,411	1.58
6	HSBC INTERNATIONAL NOMINEES LTD-SSBT-DEUSTCHE BANK AG SINGAPORE A/C 01	135,000	0.64	135,000	0.64
7	CARSON CUMBERBATCH PLC A/C NO. 01	91,655	0.44	26,370	0.13
8	TRANZ DOMINION,L.L.C.	74,677	0.36	74,642	0.36
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

	Name of shareholders	31-Mar-16 No. of shares	31-Mar-16 %	31-Mar-15 No. of shares	31-Mar-15 %
11	EST OF LAT M. RADHAKRISHNAN (DECEASED)	24,400	0.12	24,400	0.12
12	GUINNESS MORISON INTERNATIONAL LIMITED	20,953	0.10	20,953	0.10
13	MR. H.A. VAN STARREX	16,346	0.08	16,346	0.08
14	MR. H.A. PIERIS	15,000	0.07	15,000	0.07
15	SAMPATH BANK PLC/MRS.PRIYANI DHARSHINI RATNAGOPAL	13,650	0.07	-	-
16	MR. N.J. GAMADIA	8,786	0.04	8,786	0.04
17	THE CEYLON DESICCATED COCONUT AND OIL COMPANY PVT LTD	8,276	0.04	8,276	0.04
18	MRS. M.S.K. WELIKALA	7,856	0.04	7,856	0.04
19	ADMIN.OF T A.C. ABDEEN (DECD)	7,725	0.04	7,725	0.04
20	MRS. M.C. ABEYSEKERA	7,622	0.04	7,622	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 6th June 2016. The appropriate number of copies of the Annual Report would 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 105th Annual General Meeting of the Company will be held on Wednesday, 20th July 2016 at 3.30 P.M at 'Earls Court', Cinnamon Lakeside Colombo, 115, Sir C. A. Gardiner Mawatha, Colombo 02, Sri Lanka.

The Notice of the Annual General Meeting, setting out the business which will be transacted thereat is on page 84 of the Annual Report.

Signed on behalf of the Board,

(Sgd.)
M. Selvanathan
Director

(Sgd.)
S. K. Shah
Director

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

Colombo
6th June 2016

AUDIT COMMITTEE REPORT

The Audit Committee of Carson Cumberbatch PLC (CCPLC) - the Parent Company functions as the Audit Committee of the Company.

The Members of the Audit Committee are as follows :

Audit Committee Members	Executive / Non-Executive/ Independent
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 a 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 organisation 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 07 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 :

Meetings attended (out of seven)	
Mr. V.P. Malalasekera (Chairman)	07
Mr. D.C.R. Gunawardena	07
Mr. F. Mohideen	07

The Chief Executive Officer-Beverage 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 to discuss the audit scope and to deliberate the draft Financial Report and Accounts. The Audit Committee also discussed the draft Financial Report and Accounts, with the External Auditors, without the management being present to foster an unbiased, independent dialogue.

The Audit Committee approved the audit plan for the financial year 2015/2016 and the Group Internal Audit (GIA) carried out 10 audits of the Beverage Sector companies.

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

The objectives of the GIA work were 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, prior to release of same to the Regulatory Authorities and to the shareholders.

The draft financial statements of Ceylon Beverage Holdings PLC for the year ended 31st March 2016 were reviewed at a

AUDIT COMMITTEE REPORT

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 2017, 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
6th June 2016

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee (RPTRC) of Carson Cumberbatch PLC (CCPLC) was constituted on 1st January 2016.

As provided by the Colombo Stock Exchange Listing Rules, the RPTRC of CCPLC - the Parent Company functions as the RPTRC of the Company.

Composition of the Committee

The Members of the RPTRC are as follows :

1. Mr.V. P. Malalasekera (Chairman) - Non-Executive/ Independent Director of CCPLC
2. Mr. F. Mohideen - Non-Executive/Independent Director of CCPLC
3. Mr. D. C. R. Gunawardena - Non-Executive Director of CCPLC
4. Mr. H. Selvanathan - Executive Director of CCPLC
5. Mr. M. Selvanathan - Executive Director of CCPLC
6. Mr. S. K. Shah - Executive Director of CCPLC

Purpose of the Committee

The objective of the RPTRC is to review all Related Party Transactions (RPTs) of the Listed Companies of the Carsons Group, other than those exempted by the 'Related Party Transactions Compliance Code', prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

Policies and procedures

- The RPTRC reviews all the Related Party Transactions of the Listed Companies of the Carsons Group and where the Committee decides that the approval of the Board of Directors of the respective Companies is necessary to approve a Related Party Transaction, such Board approval is obtained prior to entering into the relevant Related Party Transaction.

- When reviewing a transaction, the RPTRC would decide whether the proposed transaction is carried out on an arm's length basis irrespective of whether recurrent or non-recurrent in nature.

- Reviewing and approval would be either by meeting of members (subject to quorum being present) or by circulation.

- In determining whether to obtain the approval of the Board of Directors for a Related Party Transaction, the RPTRC will take into account, among other factors it deems appropriate, whether the proposed RPTs pose a conflict of interest to the Directors.

The self-declarations from the Directors and Key Management Personnel are obtained for the purpose of identifying parties related to them. Further, the guidelines which senior management must follow in routing Related Party Transactions to the relevant forum, including transaction threshold values and pricing where applicable, have been documented even in the case of once approved recurrent transactions which are of operational nature, which as per the RPT code need not be repeatedly approved if within the broad thresholds.

The RPTRC in discharging its function has introduced processes and periodic reporting by the relevant entities with a view to ensuring that:

- there is compliance with the Code;
- shareholder interests are protected; and
- fairness and transparency are maintained.

The Committee has a criteria for designating Carsons Group Key Management Personnel (KMP). Further, processes have been introduced to obtain annual disclosures from all KMPs so designated.

The Committee held its First Meeting on 9th March 2016 with all Members in attendance. The Related Party Transactions of the Company for the period 1st January 2016 to 31st March 2016 have been reviewed by the Members of the RPTRC and the comments and observations of the Committee have been communicated to the Board of Directors of the Company.

(Sgd.)
V.P. Malalasekera
Chairman – Related Party Transactions Review Committee
Carson Cumberbatch PLC

Colombo
6th June 2016

FINANCIAL CALENDAR

Financial Year	31st March 2016
Announcement of Results	
1st Quarter	30th June 2015
Issued to Colombo Stock Exchange	14th August 2015
2nd Quarter	30th September 2015
Issued to Colombo Stock Exchange	13th November 2015
3rd Quarter	31st December 2015
Issued to Colombo Stock Exchange	12th February 2016
4th Quarter	31st March 2016
Issued to Colombo Stock Exchange	31st May 2016
Meetings	
104th Annual General Meeting	23rd July 2015
105th Annual General Meeting	20th July 2016

INDEPENDENT AUDITORS' REPORT

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
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Internet : 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 ("Group"), which comprise the statement of financial position as at 31st March 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 28 to 73.

Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31st March 2016, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

a) The basis of opinion and scope and limitations of the audit are as stated above.

b) In our opinion:

- We have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.
- The financial statements of the Company give a true and fair view of its financial position as at 31st March 2016, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.
- The financial statements of the Company, and the Group comply with the requirements of sections 151 and 153 of the Companies Act No. 07 of 2007.

CHARTERED ACCOUNTANTS

Colombo
06th June 2016

STATEMENT OF FINANCIAL POSITION

As at 31st March In Rs.'000s	Notes	Company 2016	Company 2015	Group 2016	Group 2015
ASSETS					
Non-Current Assets					
Property, plant & equipment	9	332,343	123,990	16,497,850	14,930,708
Intangible assets	10	-	-	4,193,336	4,244,962
Investments in subsidiaries	11	1,660,084	1,660,084	-	-
Loan to Operators	12	-	-	53,817	-
Total Non-Current Assets		1,992,427	1,784,074	20,745,003	19,175,670
Current Assets					
Inventories	13	-	-	2,676,146	2,798,064
Trade & other receivables	14	13,656	14,335	2,362,980	2,104,829
Amounts due from related companies	15	251,957	247,648	-	-
Assets held for sale	16	-	-	5,200	491,895
Cash and cash equivalents	17	2,141	1,111	3,767,618	2,326,082
Total Current Assets		267,754	263,094	8,811,944	7,720,870
Total Assets		2,260,181	2,047,168	29,556,947	26,896,540
EQUITY AND LIABILITIES					
Equity					
Stated capital	18	533,384	533,384	533,384	533,384
Capital reserves	19	334,690	126,414	1,005,356	492,331
Retained Earnings	20	938,698	922,710	3,690,596	2,927,439
Equity Attributable To Equity Holders of the Company		1,806,772	1,582,508	5,229,336	3,953,154
Non Controlling Interest		-	-	4,768,089	3,784,938
Total Equity		1,806,772	1,582,508	9,997,425	7,738,092
Non Current Liabilities					
Debentures	21	-	-	3,798,200	4,597,600
Loans and borrowings	22	192,900	292,500	3,396,470	3,167,362
Employee benefits	23	-	-	109,811	102,642
Deferred tax liabilities	24	597	-	2,885,536	2,074,378
Total Non- Current Liabilities		193,497	292,500	10,190,017	9,941,982

As at 31st March		Company		Group	
In Rs.'000s	Notes	2016	2015	2016	2015
Current Liabilities					
Trade and other payables	25	11,374	9,588	872,684	845,661
Amounts due to related companies	26	-	24	194,291	176,403
Refundable deposits	27	-	-	987,168	885,915
Tax liabilities	28	13,679	18,974	1,116,997	1,012,846
Debentures	21	-	-	958,699	331,964
Loans and borrowings	22	101,465	101,818	3,071,542	4,345,732
Bank overdraft		133,394	41,756	2,168,124	1,617,945
Total Current Liabilities		259,912	172,160	9,369,505	9,216,466
Total Liabilities		453,408	464,660	19,559,522	19,158,448
Total Equity and Liabilities		2,260,181	2,047,168	29,556,947	26,896,540
Net assets per ordinary share (Rs.)		86.09	75.40	249.16	188.35

The Notes to the Financial Statements from page 35 to 73 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

(Sgd.)
M.Selvanathan
Director

(Sgd.)
S.K. Shah
Director

Carsons Management Services (Private) Ltd.
Colombo
6th June 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March 2016 In Rs.'000s	Notes	Company 2016	Company 2015	Group 2016	Group 2015
Revenue	29	268,364	293,614	36,690,489	32,391,476
Cost of Sales		-	-	(27,561,679)	(24,074,821)
Gross Profit		268,364	293,614	9,128,810	8,316,655
Other Income	30	-	-	21,432	397,204
		268,364	293,614	9,150,242	8,713,859
Distribution Expenses		-	-	(3,526,170)	(3,654,022)
Administrative Expenses		(17,553)	(14,596)	(1,304,590)	(1,176,304)
Other Expenses		-	-	(312,518)	(199,311)
Loss on disposal and impairment of Property Plant & Equipment	31	-	-	-	(302,786)
Profit from Operations Before Expenses Relating to New Investment	32	250,811	279,018	4,006,964	3,381,436
Expenses relating to new investment	33	-	-	-	(339,811)
Profit Before Finance Cost		250,811	279,018	4,006,964	3,041,625
Finance Income	34	-	-	274,164	222,302
Finance Costs	34	(36,107)	(46,587)	(1,270,362)	(871,219)
Net Finance Income/(Costs)		(36,107)	(46,587)	(996,198)	(648,917)
Profit Before Taxation		214,704	232,431	3,010,766	2,392,708
Income Tax	35	(22,138)	(25,708)	(928,205)	(1,098,900)
Profit for the year		192,566	206,723	2,082,561	1,293,808
Other Comprehensive Income					
Items that will not be reclassified to profit or loss					
Remeasurement of employee benefit obligation		-	-	7,491	(13,327)
Deferred tax adjustment		-	-	(2,997)	5,331
Change in Revaluation of Property Plant & Equipment		208,873	-	866,564	
Deferred tax adjustment		(597)	-	(75,582)	
Total Other Comprehensive income/(loss) for the year		208,276	-	795,476	(7,996)
Total Comprehensive income for the year		400,842	206,723	2,878,037	1,285,812
Profit Attributable to					
- Equity Holders of the Company		192,566	206,723	1,089,101	658,579
- Non-controlling Interest		-	-	993,460	635,229
Profit Available for Appropriation		192,566	206,723	2,082,561	1,293,808
Total Comprehensive income Attributable to					
- Equity Holders of the Company		400,942	206,723	1,604,474	654,402
- Non-controlling Interest		-	-	1,273,563	631,410
Total Comprehensive income Available for Appropriation		400,942	206,723	2,878,037	1,285,812
Earnings per Ordinary Share (Rs.)	36	9.18	9.85	51.89	31.38

The Notes to the Financial Statements from pages 35 to 73 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY- COMPANY

In Rs.'000s	Attributable to Equity Holders of the Parent						
	Stated Capital	Revaluation Reserve	General Capital Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
COMPANY							
Balance as at 1st April 2014	533,384	120,638	5,776	862,904	1,522,702	-	1,522,702
Total Comprehensive Income							
Profit for the year	-	-	-	206,723	206,723	-	206,723
Other comprehensive income for the year	-	-	-	-	-		-
Total Comprehensive income for the period	-	-	-	206,723	206,723	-	206,723
Transactions with owners, recorded directly in equity							
Contribution by and distribution to owners							
Dividends	-	-	-	(146,917)	(146,917)	-	(146,917)
Balance as at 31st March 2015	533,384	120,638	5,776	922,710	1,582,508	-	1,582,508
Super gain Tax Paid *	-	-	-	(8,671)	(8,671)	-	(8,671)
Balance as at 1st April 2015 after adjusting super gain tax	533,384	120,638	5,776	914,039	1,573,837	-	1,573,837
Total Comprehensive Income							
Profit for the year	-	-	-	192,566	192,566	-	192,566
Other comprehensive income for the year	-	208,276	-	-	208,276	-	208,276
Total Comprehensive income for the year	-	208,276	-	192,566	400,842	-	400,842
Transactions with owners, recorded directly in equity							
Contribution by and distribution to owners							
Dividends	-	-	-	(167,905)	(167,905)	-	(167,905)
Balance as at 31st March 2016	533,384	328,914	5,776	938,698	1,806,772	-	1,806,772

* As per the provisions of Part III of the finance act, No 10 of 2015, which was certified on 30th October 2015, the company was liable for Super Gain Tax of Rs. 8,670,619/-. According to the act, the Super Gain Tax shall be deemed to be expenditure in the financial statements relating to the year of assessment which commenced on 01st April 2013. The act supersedes the requirements of the Sri Lanka Accounting Standards; hence the expenses of Super Gain Tax is accounted in accordance with the requirements of the said Act as recommended by the Statement Alternative Treatment (SOAT) on Accounting for Super Gain Tax issued by the institute of Chartered Accountants of Sri Lanka, dated 24th November 2015.

STATEMENT OF CHANGES IN EQUITY - GROUP

In Rs.'000s	Attributable to Equity Holders of the Parent						
	Stated Capital	Revaluation Reserve	General Capital Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
GROUP							
Balance as at 1st April 2014	533,384	486,555	5,776	2,424,191	3,449,906	3,310,201	6,760,107
Total Comprehensive Income							
Profit for the year	-	-	-	658,579	658,579	635,229	1,293,808
Other comprehensive income for the year	-	-	-	(4,177)	(4,177)	(3,819)	(7,996)
Total Comprehensive income for the year	-	-	-	654,402	654,402	631,410	1,285,812
Transactions with owners, recorded directly in equity							
Contribution by and distribution to owners							
Share Issue cost of sub subsidiary	-	-	-	(4,237)	(4,237)	(3,873)	(8,110)
Dividends	-	-	-	(146,917)	(146,917)	(152,800)	(299,717)
Balance as at 31st March 2015	533,384	486,555	5,776	2,927,439	3,953,154	3,784,938	7,738,092
Super gain Tax Paid *	-	-	-	(160,387)	-	(137,612)	(297,999)
Balance as at 1st April 2015 after adjusting super gain tax	533,384	486,555	5,776	2,767,052	3,792,767	3,647,326	7,440,093
Total Comprehensive Income							
Profit for the year	-	-	-	1,089,101	1,089,101	993,460	2,082,561
Other comprehensive income for the year	-	513,025	-	2,348	515,373	280,103	795,476
Total Comprehensive income for the year	-	513,025	-	1,091,449	1,604,474	1,273,563	2,878,037
Transactions with owners, recorded directly in equity							
Contribution by and distribution to owners							
Dividends	-	-	-	(167,905)	(167,905)	(152,800)	(320,705)
Balance as at 31st March 2016	533,384	999,580	5,776	3,690,596	5,229,336	4,768,089	9,997,425

* As per the provisions of Part III of the finance act, No 10 of 2015, which was certified on 30th October 2015, the Group was liable for Super Gain Tax of Rs. 297,998,575/-. According to the act, the Super Gain Tax shall be deemed to be expenditure in the financial statements relating to the year of assessment which commenced on 01st April 2013. The act supersedes the requirements of the Sri Lanka Accounting Standards; hence the expenses of Super Gain Tax is accounted in accordance with the requirements of the said Act as recommended by the Statement Alternative Treatment (SOAT) on Accounting for Super Gain Tax issued by the institute of Chartered Accountants of Sri Lanka, dated 24th November 2015.

CASH FLOW STATEMENT

For the year ended 31st March In Rs.'000s	Notes	Company 2016	Company 2015	Group 2016	Group 2015
Cash Flows From Operating Activities					
Profit before Taxation		214,704	232,431	3,010,766	2,392,708
Adjustments for:					
Finance expenses	34	36,107	46,587	1,284,736	871,219
Depreciation on property, plant & equipment	9	519	537	1,044,067	753,904
Amortisation of intangible assets	10	-	-	58,880	58,123
Net Inventory provisions	13.1	-	-	11,232	24,112
Provision for retirement benefit obligations	23	-	-	21,250	20,317
Impairment for fixed asset		-	-	749	117,914
ESC write off		-	-	-	2,726
Finance income	34	-	-	(274,164)	(222,302)
(Profit)/Loss on disposal of property, plant & equipment		-	-	(7,108)	153,822
Provision for irrecoverable VAT	33	-		-	339,811
Unrealised exchange loss/(gain) on foreign currency term Loan	21	-	-	(49,783)	(1,927)
Deposit liability write back	27	-	-		(253,590)
Operating cash flow before working capital changes		251,330	279,555	5,100,625	4,256,837
(Increase)/Decrease in inventories	13	-	-	110,686	(127,155)
(Increase)/Decrease in trade & other receivables		679	(2,354)	(168,487)	583,036
(Increase)/Decrease in amounts due from related companies	15	(4,309)	86,410	-	-
Increase/(Decrease) in tax payables		(612)	62	41,283	(37,327)
Increase/(Decrease) in amounts due to related companies	26	(24)	24	17,888	123,531
Increase/(Decrease) in trade & other payables		547	(596)	25,695	19,568
Cash generated from operations		247,612	363,101	5,127,690	4,818,490
Finance expenses paid		(36,460)	(47,946)	(1,256,976)	(849,358)
Tax paid		(26,821)	(21,700)	(164,740)	(445,189)
Super Gain Taxes paid		(8,671)		(297,999)	-
ESC paid		-	-	(945)	(956)
Retirement benefits paid	23	-	-	(6,596)	(24,901)
Net cash generated from operating activities		175,660	293,455	3,400,446	3,498,086

CASH FLOW STATEMENT

For the year ended In Rs.'000s	Notes	Company 2016	Company 2015	Group 2016	Group 2015
Cash Flows from Investing Activities					
Purchase and construction of property, plant & equipment		-	-	(1,453,354)	(4,066,056)
Borrowing cost capitalised	9	-	-	(136,650)	(505,697)
Purchase of intangible assets	10	-	-	(7,253)	(4,002,702)
Proceeds from sale of property, plant & equipment		-	-	17,455	146,930
Proceeds from sale of assets held for sale		-	-	178,576	-
Agent deposits received	27	-	-	126,804	98,292
Agent deposits refunded	27	-	-	(25,551)	(2,910)
Interest received	34	-	-	274,164	222,302
Net cash generated (used) in investing activities		-	-	(1,025,808)	(8,109,841)
Cash Flows from Financing Activities					
Proceeds from debentures	21	-	-	-	2,000,000
Proceeds from loans & borrowings	22	-	-	2,000,000	2,000,000
Repayment of loans & borrowings	22	(99,600)	(114,600)	(2,994,524)	(4,149,467)
Repayment of debentures		-	-	(201,200)	(201,200)
Share issue cost		-	-	-	(8,110)
Dividends paid net of tax	37	(166,668)	(145,718)	(287,557)	(268,364)
Net cash used in financing activities		(266,268)	(260,318)	(1,483,281)	(627,141)
Net increase/(decrease) in cash & cash equivalents		(90,608)	33,137	891,357	(5,238,896)
Cash & cash equivalents at the beginning of the year		(40,645)	(73,782)	708,137	5,947,033
Cash & cash equivalents at the end of the year		(131,253)	(40,645)	1,599,494	708,137
Analysis of Cash and Cash Equivalents					
Cash and cash equivalents	17	2,141	1,111	3,767,618	2,326,082
Bank overdraft	17	(133,394)	(41,756)	(2,168,124)	(1,617,945)
		(131,253)	(40,645)	1,599,494	708,137

The Accounting Policies and Notes from pages 35 to 73 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 (CBHPLC) is a public limited liability Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The parent company of Ceylon Beverage Holdings PLC is Carson Cumberbatch PLC (CCPLC) and the ultimate parent Company is Bukit Darah PLC. The registered office of the Company is situated at No 61, Janadhipathi Mawatha, Colombo 01 and the principal place of business is situated at No 254, Colombo Road, Biyagama.

The consolidated Financial Statements for the year ended 31st March 2016 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	Note
Lion Brewery (Ceylon) PLC	52.25%	"LBCPLC"
Pubs 'N Places (Private) Limited	99.9%	
Retail Spaces (Private) Limited	100%	
Luxury Brands (Private) Limited	100%	
Vee Waruna (Private) Limited	100%	
Pearl Springs (Private) Limited	52.25%	Wholly owned Subsidiary of LBCPLC
Millers Brewery Limited	52.25%	Wholly owned Subsidiary of PSPL

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.

There were no employees in the Company as at the reporting date. (2015 - Nil)

2 BASIS OF PREPARATION

2.1 Statement of compliance

The Financial Statements of Ceylon Beverage Holdings PLC, and its subsidiaries (Group) comprise the Statements of Financial Position, Profit or Loss and Other Comprehensive Income, Changes in Equity, Cash Flow together with the 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.

The Financial Statements were authorised for issue by the Board of Directors on 06th June 2016.

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 recognised 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 LKASs/SLFRSs 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. 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 recognised in the period in which the estimates are revised and any future period affected.

Information about critical estimates and underlying assumptions in applying Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in following notes.

Note 9 – Revaluation of Land & Building Note 23 – Retirement benefit obligations, Note 24 – Deferred tax liabilities/assets and Note 40 – Contingent Liabilities and Commitments

2.5 Comparative Information

The presentation and classification of the Financial Statements of the previous years have been amended, where relevant for better presentation and to be comparable with those of the current year.

2.6 Measurement of Fair value

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, Company assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Group's Audit Committee. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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 and the Group unless otherwise indicated.

3.1 Basis of Consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The Group applies the control model as per SLFRS 10 to determine whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns.

The Group reassessed its control conclusions for the current year and there are no changes in control conclusions from previous year.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

The cost of an acquisition is measured at the fair value of the consideration, including contingent consideration. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair value at the date of acquisition. Subsequent to the acquisition, the Company continues to recognise the investment in subsidiary at cost.

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%
Vee Waruna (Private) Limited	100%
Pearl Springs (Private) Limited	52.25%
Millers Brewery Limited	52.25%

(iii) Loss of Control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in Profit or Loss. Any interest retained in the former subsidiary is measured at fair value when control is lost

(iv) Non-Controlling Interest

The non-controlling 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 Statement of Profit or Loss and Other Comprehensive Income.

(v) 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.

(vi) Intra-Group Transactions

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

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 Profit or Loss.

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 recognised in the Profit or Loss.

3.3 Financial Assets and Liabilities

3.3.1 Non Derivative Financial Assets

(I) Initial Recognition and Measurement

Financial Assets are recognised 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 recognised 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 cash equivalents, short term deposits, trade and other receivables and amounts due from related parties.

(ii) Subsequent Measurement

Financial assets can be classified 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 and 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;

(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 recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised 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 derecognises 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

Financial assets not classified as fair value through Profit or Loss are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset or a group of financial assets are deemed to be impaired if, and only if 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 loss event has an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

(vi) Impairment Losses on Financial Assets Carried at Amortised Cost

Impairment losses on assets carried at amortised 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 recognised in the 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 recognised when and only when the Group becomes a party to the contractual provisions of the financial instrument. Financial Liabilities are recognised 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. The financial liabilities include debentures, loans and borrowings, trade and other payables, amounts due to related parties and bank overdrafts.

(ii) Subsequent Measurement

The Group classifies non derivative financial liabilities into other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any

directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Such financial liabilities measured at amortised cost includes debentures, trade and other payables, amounts due to related companies and bank overdrafts.

(iii) Derecognition

A financial liability is derecognised 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 recognised in the Profit or Loss.

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 amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

3.4 Offsetting

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under SLASs, or for gains and losses arising from a group of similar transactions.

3.5 Impairment of Non-Financial Assets

The carrying amount of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an assets or cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in the Profit or Loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGU (if any) and then to reduce the carrying amounts of other assets in the CGU (group of

CGUs) on pro rata basis. For other assets, an impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 Property, Plant & Equipment

Recognition & measurement

Property, plant & equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used during more than one period.

(i) Recognition

Property, plant & equipment are recognised if it is probable that future economic benefits associated with the assets will flow to the Group and cost of the asset can be reliably measured.

(ii) Measurement

Items of property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses.

The Group applies the revaluation model for freehold land and buildings while cost model is applied for other items classified under Property, Plant and Equipment. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integrated to the functionality of the related equipment is capitalised as part of that equipment.

Expenditure on repairs or maintenance of property, plant and equipment made to restore or maintain future economic benefits expected from the assets has been recognised as an expense when incurred.

(iii) Subsequent Expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised. The cost of replacing part of an item of Property, Plant & Equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The cost of the day-to-day servicing of property, plant and equipment are recognised in the Profit or Loss and when the expense is incurred.

(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 in every five years in order to ensure that the book values reflect the realisable values. Any surplus or deficit that arises is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve except to the extent that it reserves a revaluation decrease of the same asset previously recognised in Profit or Loss in which case the increase is recognised in the Profit or Loss.

A revaluation deficit is recognised in the income statement except to the extent that it offsets an existing surplus on the same asset recognising the asset revaluation reserve.

(v) Depreciation

Depreciation is recognised in the Profit or Loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives of the assets are as follows.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date the asset is derecognised. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(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 recognised at cost and depreciated over a period of 5 years. In the event a returnable container breaks within the premises of the Group, the written down value on a first in first out (FIFO) basis will be charged to the Profit or Loss.

Empty bottles used for exports are recognised as an expense in the Profit & Loss 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.

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

(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 capitalised 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 & 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 recognised in the Profit or Loss unless it reverses a previous revaluation surplus for the same asset.

(x) De - recognition

An item of Property, Plant and Equipment is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the Profit or Loss in the year the asset is de - recognised.

When replacement costs are recognised in the carrying amount of an item of Property, Plant and Equipment, the remaining carrying amount of the replaced part is de - recognised. Major inspection costs are capitalised. At each such capitalisation the remaining carrying amount of the previous cost of inspections is derecognised.

3.7 Leases

Finance leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased assets under property, plant and equipment, is measured at an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate interest on the remaining balance of the liability.

Operating leases where the lessor effectively retains substantially all the risks and rewards of ownership over the assets are classified as operating leases. Payments under operating leases are recognised as an expense in the income statement on a straight-line basis over the term of the lease or any other basis more representative of the time pattern of the benefits derived from the lease.

The initial cost of acquiring a leasehold property treated as an operating lease is recognised as a non-current asset and is amortised over the period of the lease in accordance with the pattern of benefits expected to be derived from the lease. The carrying amount of leasehold property is tested for impairment annually.

3.8 Intangible Assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure of an intangible asset is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure is recognised in the Profit or Loss as incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised based on the cost of an asset less its residual value and recognised in the profit or loss on a straight line basis over the estimated useful lives of the intangible assets from the date that they are available for use. The estimated useful life is as follows;

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

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Accordingly the brands recorded in the Financial Statements are considered to have an infinite useful life.

An Intangible Asset is de-recognised on disposal or when no future economic benefits are expected from it. The gain or loss arising from the derecognition of such Intangible Assets is included in the Profit or Loss when the item is derecognised.

3.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs.

The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Accordingly, the costs of inventories are accounted as follows:

Category		Basis
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.

3.10 Assets held for sale

(i) Recognition

Non-Current Assets are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is highly probable.

(ii) Measurement

Non-Current Assets held for sale are carried at the lower of carrying amount or fair value less costs to sell.

Comparatives in the Statement of Financial Position are not re-presented when a non-current asset is classified as held for sale.

(iii) Depreciation

Depreciation is not charged against property, plant and equipment classified as held for sale.

3.11 Investments

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.

3.12 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.

3.13 Liabilities and Provisions

3.13.1 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.

3.13.2 Refundable 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.

3.13.3 Provisions

A provision is recognised 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.

3.14 Employee Benefits

(i) Defined Contribution Plans

A defined contribution plan is a post-employment plan under which an entity pays a fixed contribution into a separate entity during the period of employment and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognised as an expense in the Profit or Loss in the period during which related services are rendered by employees.

Employees' Provident Fund

The Group and Employees' contribute 12% & 10% respectively on the salary of each employee respectively.

The said provident fund is being managed by the Central Bank of Sri Lanka.

Employees' Trust Fund

The Group contributes 3% of the salary of each employee to the Employees' Trust Fund. The contribution of the Employee Trust Fund is recognised as an expense in the Profit or Loss as incurred.

(ii) Defined Benefit Plans

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

The calculation is performed annually by an 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. Any actuarial gains or losses arising are recognised in the Other Comprehensive Income and all expenses related to the defined benefit plans are in personnel expenses in the Profit or Loss. The liability was not externally funded.

3.15 Capital Commitments & Contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitment and contingent liabilities of the Group are disclosed in the respective notes to the Financial Statements.

3.16 Events Subsequent to the Reporting Period

The materiality of the events after the reporting period has been considered and appropriate adjustments and provisions have been made in the Financial Statements wherever necessary.

4. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

4.1. Revenue Recognition

Revenue is recognised 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 recognised upon its receipt.

- Interest
Income is recognised on an accrual basis.

- Others
Other income is recognised on an accrual basis. Net gains / 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 Profit or Loss, 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 Profit or Loss in arriving at the profit for the year. For the purpose of presentation of Profit or Loss and Other 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 Profit or Loss in the year in which the expenditure is incurred.

(ii) Finance income & 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 recognised as it accrues in Profit or Loss, using the effective interest method.

Finance cost comprises interest expenses on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in Profit or Loss using the effective interest rate method.

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

(iii) Borrowing Costs

All borrowing costs are recognised 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 capitalised 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 recognised directly in Profit or Loss except to the extent that if it relates to items recognised directly in equity, it is recognised 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 realisation 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 recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. 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 realised.

4.4. Dividend Distribution

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

4.5. Earnings Per Share

The Financial Statements present basic earnings per share (EPS) data for its ordinary shareholders. The EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue.

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 39 to the Financial Statements

8. NEW ACCOUNTING STANDARDS NOT EFFECTIVE AT THE REPORTING DATE

The following SLFRSs have been issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) that have an effective date in the future and have not been applied in preparing these Financial Statements. Those SLFRSs will have an effect on the accounting policies

currently adopted by the Group and may have an impact on the future Financial Statements.

8.1 Standards issued but not yet adopted which may have impact to Company's Financial Statements

Sri Lanka Accounting Standard – SLFRS 9 "Financial Instruments Classification and Measurement"

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. SLFRS 9 is effective for annual period beginning on or after 1st January 2018 with early adoption permitted .

The Group is assessing the potential impact on its Financial Statements resulting from the application of SLFRS 9.

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

SLFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group is assessing the potential impact on its Consolidated Financial Statements resulting from the application of SLFRS 15.

8.2 Standards issued but not yet adopted which is not expected to have an impact

The following new or amended standards are not expected to have an impact of the Group's Financial Statements.

(a) SLFRS 14 – Regulatory Deferral Accounts - effective from 01st January 2016.

(b) Agriculture: Bearer plants (Amendments to LKAS 16 and LKAS 41) - effective from 01st January 2016.

9 PROPERTY, PLANT & EQUIPMENT

(a) Company

In Rs.'000s	Freehold Land	Freehold Buildings	Plant & Machinery	Furniture & Fittings	Office Equipment
Cost / Valuation					
As at 1st April 2015	112,464	11,342	-	-	2,384
Additions	-	-	-	-	-
Transferred to revaluation	-	(1,418)	-	-	-
Change on revaluation	206,741	2,132	-	-	-
Disposal	-	-	-	-	-
As at 31st March 2016	319,205	12,056	-	-	2,384
Accumulated Depreciation					
As at 1st April 2015	-	1,136	-	-	1,064
Charge for the year	-	282	-	-	237
Transferred to revaluation	-	(1,418)	-	-	-
Disposal	-	-	-	-	-
As at 31st March 2016	-	-	-	-	1,302
Net Book Value					
As at 31st March 2016	319,205	12,056	-	-	1,083
As at 31st March 2015	112,464	10,206	-	-	1,320

(b) Group

In Rs.'000s	Freehold Land	Freehold Buildings	Plant & Machinery	Furniture & Fittings	Office Equipment
Cost / Valuation					
As at 1st April 2015	2,088,856	2,584,736	8,681,333	65,900	54,573
Additions	-	26,470	2,058	1,990	100
On consolidation	-	-	-	-	-
Transfers	53,345	257,130	1,560,320	1,991	14,754
Reclassification from/ (to) assets held for sale (Note 16)	-	-	308,119	-	-
Transferred to revaluation	-	(154,237)	-	-	-
Change on revaluation	671,804	194,760	-	-	-
Disposals/ Breakages	(2,247)	(130,607)	(28,445)	(15,300)	(19,008)
As at 31st March 2016	2,811,758	2,778,252	10,523,386	54,582	50,419
Accumulated Depreciation					
As at 1st April 2015	-	143,634	1,371,059	40,173	34,202
Charge for the year	-	70,749	486,987	7,230	5,895
Transferred to revaluation	-	(154,237)	-	-	-
Reclassification from/ (to) assets held for sale (Note 16)	-	-	-	-	-
Impairment	-	-	582	4	-
Disposals/ Breakages	-	(40,506)	(25,985)	(11,713)	(14,948)
As at 31st March 2016	-	19,640	1,832,643	35,694	25,149
Net Book Value					
As at 31st March 2016	2,811,758	2,758,612	8,690,743	18,888	25,270
As at 31st March 2015	2,088,856	2,441,104	7,310,274	25,726	20,371

(c) Freehold land and buildings of the Group were revalued in the books to confirm with the market values as at 31st March 2016, which were assessed on a going concern basis by Messrs. Arthur Perera A.M.I.V. (Sri Lanka), independent professional valuer & Consultant at a value of Rs. 5,571 Mn and the resultant surplus arising there from was transferred to the Revaluation Reserves.

Computer Equipment	Motor Vehicles	Laboratory Equipment	Returnable Containers	Capital Work-in -Progress	31st March 2016	31st March 2015
-	-	-	-	-	126,190	126,190
-	-	-	-	-	-	-
-	-	-	-	-	(1,418)	-
-	-	-	-	-	208,873	-
-	-	-	-	-	-	-
-	-	-	-	-	333,645	126,190
				-		
-	-	-	-	-	2,200	1,663
-	-	-	-	-	519	537
-	-	-	-	-	(1,418)	-
-	-	-	-	-	-	
-	-	-	-	-	1,30 2	2,200
-	-	-	-	-	332,343	
-	-	-	-	-		123,990

Computer Equipment	Motor Vehicles	Laboratory Equipment	Returnable Containers	Capital Work-in-Progress	31st March 2016	31st March 2015
186,127	98,108	47,260	2,792,499	1,852,851	18,452,243	15,151,236
5,785	-	18,995	37,109	1,504,432	1,596,939	3,219,668
-	-	-	-	-	-	1,352,085
11,584	-	-	204,499	(2,110,558)	(6,935)	(1,850)
-	-	-	-	-	308,119	(852,134)
-	-	-	-	-	(154,237)	-
-	-	-	-	-	866,564	-
(9,089)	(17,533)	(2,379)	(162,232)	(46,025)	(432,861)	(416,762)
194,407	80,575	63,877	2,871,875	1,200,702	20,629,832	18,452,243
129,888	44,673	35,972	1,721,934	-	3,521,535	3,085,832
34,221	17,204	9,151	412,629	-	1,044,067	753,904
-	-	-	-	-	(154,237)	-
(671)	-	-	-	-	-	(242,325)
161	-	2	-	-	749	-
(7,662)	(16,806)	(2,379)	(159,463)	-	(280,136)	(75,876)
155,937	45,071	42,746	1,975,100	-	4,131,982	3,521,535
38,470	35,504	21,131	896,775	1,200,702	16,497,850	
56,238	53,435	11,288	1,070,564	1,852,851		14,930,708

9 PROPERTY, PLANT & EQUIPMENT (Contd.)

(d) Carrying value of the revalued assets of the Group as at 31st March 2016, if they were carried at cost are given below:

	Company		Group	
In Rs.'000s	Land	Buildings	Land	Buildings
Cost - As at 1st April 2015	141	4,066	1,406,927	1,947,190
Additions/ Transfers during the year	-	-	53,345	283,600
Disposal during the year	-	-	(2,247)	(130,609)
Cost as at 31st March 2016	141	4,066	1,458,025	2,100,181
Accumulated depreciation	-	(1,507)	-	(326,126)
Carrying value of assets at cost - As at 31st March 2016	141	2,559	1,458,025	1,774,055

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

In Rs.'000s		2015/16				2014/15			
Company	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
Ceylon Beverage Holdings PLC									
	Land - Nuwara Eliya	3A.2R.4P	302,000	1	9,486	3A.2R.4P	98,700	1	7,635
	Land - Trincomalee	0A.1R.00.5P	17,205	1	2,570	0A.1R.00.5P	13,764	1	2,571
			319,205	2	12,056		112,464		10,206
Lion Brewery (Ceylon) PLC									
	Factory & Office Premises	12A.2R.28P	811,439	36	1,500,377	10A.1R.05P	490,732	34	896,798
	New packaging Line Land	10A.3R.20.14.88P	693,952	5	745,190	8A.3R.20.14P	326,824	5	935,929
	Kaduwela Land	3A.0R.27P	190,125	0	-	3A.0R.27P	77,318	0	
	Keerthi Mawatha Lands	0A.3R.24.66P	68,714	1	2,774	0A.3R.05.66P	30,704	1	2,569
	Parakum Mawatha Lands	-	-	-	-	0A.3R.04.67P	51,893	2	-
	Jayanthi Mawatha Lands	2A.2R.34.14P	260,484	3	-	6A.0R.18.86P	686,572	3	
			2,024,714	45	2,248,341		1,664,043		1,835,286
Millers Brewery Limited									
	Factory & Office Premises	23A 3R 35P	467,839	12	466,585	23A 3R 35P	312,349	12	461,312
			467,839		466,585		312,349		461,312
Pubs N' places (Private) Limited							-		
	No Lands		-	31	31,632		-	31	134,300
Total - Group		59A.39.26P	2,811,758		2,758,612	59A.39.26P	2,088,856		2,441,104

9 PROPERTY, PLANT & EQUIPMENT (Contd.)

(f) Property, Plant & Equipments includes fully depreciated assets still in use which cost/valuation is Rs. 1,166,626,524/- (2015 - Rs. 1,025,862,292/-)

(g) The Group has capitalised borrowing cost amounting to Rs. 136,649,774/- (2015 - Rs. 505,696,889/-)

(h) Fair Value measurement

(i) Fair Value Hierarchy
The fair value of the buildings was determined by external independent property valuer, having appropriate recognised professional qualifications and category of the property being valued. The valuer provides the fair value of the property. Fair value measurements of the property has been categorised as a Level 3 fair value based on the valuation techniques used.

(ii) Valuation techniques and significant unobservable inputs
The following tables show the valuation techniques used in measuring fair values, as well as the significant unobservable inputs used.

Description	Effective date of valuation	Valuation technique	Significant Unobservable Inputs	Interrelationship between Key Unobservable Inputs and Fair Value Measurements
Lands of LBCPLC, MBL and Ceylon Beverage Holdings PLC	31.03.2016	Land and Building method	(i) Per perch value	Positive correlated sensitivity
Buildings of LBCPLC, MBL and Ceylon Beverage Holdings PLC	31.03.2016	Land and Building method	(i) Estimated construction cost per square feet	Positive correlated sensitivity
			(ii) Percentage of depreciation	Negative correlated sensitivity

10 INTANGIBLE ASSETS

Group In Rs.'000s	Brands	Computer Software	Excise Licenses	31st March 2016	31st March 2015
Cost					
Beginning of the year	4,000,000	346,072	56,663	4,402,735	398,183
Transfers during the year	-	3,935	3,000	6,935	1,850
Additions for the year	-	318	-	318	4,002,702
End of the year	4,000,000	350,325	59,663	4,409,998	4,402,735
Amortisation					
Beginning of the year	-	139,944	17,828	157,772	99,648
Amortisation for the year	-	53,063	5,816	58,880	58,124
End of the year	-	193,007	23,644	216,652	157,772
Net Book Value	4,000,000	157,317	36,019	4,193,336	4,244,962

10.1 Intangible assets consist of the acquired brands of Millers Brewery Ltd and software licenses used by the Group.

The Group had acquired brands amounting to Rs.4bn during last financial year from Millers Brewery Ltd. Brands are not amortised as the useful life is considered to be infinite given the nature of the asset. However the assessment of indefinite life is reviewed annually. Brands are tested for impairment annually. The Group had computed its recoverable amount of acquired brands by forecasting the annual sales values and discounting such estimated cash flows by its cost of equity. The recoverable amount is then compared with the carrying values to ascertain whether there is any impairment. Based on such assessment the management had concluded that no impairment is required, as at the reporting date.

The Computer software is amortised over five years and the details are given in note 3.7 of the accounting policies to these financial statements.

11 INVESTMENT IN SUBSIDIARIES

In Rs.'000s	No. of Shares	% holding	Cost as at 31st March 2016	Market Value/ Directors Value as at 31st March 2016	No. of Shares	% holding	Cost as at 31st March 2015	Market Value/ Directors Value as at 31st March 2015
Lion Brewery (Ceylon) PLC								
- Ordinary shares	41,798,788	52.25	1,410,084	19,185,644	41,798,788	52.25	1,410,084	25,079,273
Pubs 'N Places (Private) Limited								
- Ordinary shares	25,000	99.90	250,000	250,000	25,000	99.90	250,000	250,000
Retail Spaces (Private) Limited								
- Ordinary shares	1	100.00	0.01	0.01	1	100.00	0.01	0.01
Luxury Brands (Private) Limited								
- Ordinary shares	1	100.00	0.01	0.01	1	100.00	0.01	0.01
Veewaruna (Private) Limited								
- Ordinary shares	1	100.00	0.01	0.01	1	100.00	0.01	0.01
			1,660,084	19,435,644			1,660,084	25,329,273

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

11.2 Non-Controlling Interest (NCI) in Subsidiary

Company's subsidiary, Lion Brewery (Ceylon)PLC has a Non-Controlling interest of 47.75%.Following table summarises the information relating to NCI in LBCPLC Group.

	Group	
As at 31st March In Rs.'000s	2016	2015
NCI percentage	47.75%	47.75%
Non Current Assets	9,675,947	8,971,940
Current Assets	3,713,261	3,691,982
Non- Current Liabilities	(4,776,957)	(4,607,142)
Current Liabilities	(3,843,894)	(4,271,842)
Net Assets	4,768,089	3,784,938
Carrying amount of NCI	4,768,089	3,784,938

11 INVESTMENT IN SUBSIDIARIES (Contd.)

As at 31st March In Rs.'000s	Group 2016	Group 2015
Revenue	35,526,379	32,350,375
Profit	2,080,545	1,330,320
Other Comprehensive Income	587,200	(7,996)
Total Comprehensive Income	2,667,745	1,322,324
Profit Allocated to NCI	993,460	635,229
Other Comprehensive Income allocated to NCI	280,388	(3,819)
Cash flow from operating activities	1,975,741	1,601,700
Cash flow used in investing activities	(486,273)	(3,865,647)
Cash flow used in financing activities	(660,926)	(254,127)
Net increase/(decrease)equivalents in cash and cash	828,542	(2,518,074)

12 LOAN TO OPERATORS

	Company		Group	
As at 31st March In Rs.'000s	2016	2015	2016	2015
Loan to Operators - Pubs N' Places (Pvt) Ltd	-	-	53,817	-
	-	-	53,817	-

During the year Pubs N' Places (Pvt) Limited had transferred its fixed assets located in the outlets to the operators amounting to Rs. 142.5Mn. The consideration for the same is settled by the operators based on a loan agreement entered by each operator with Pubs N' Places (Pvt) Limited. These loans are interest free and are recovered through the royalty income over a period. As per LKAS 39, Financial Instrument: Recognition and Measurement, these loans are initially measured at its fair value and resulting prepaid cost is recorded under other assets amounting to Rs. 89Mn.

Loan granted (Book written down value of the assets transferred)	142,536
Pre-paid cost recorded under other assets	(88,719)
Carrying Value of the loan as at the reporting date	53,817

13 INVENTORIES

	Company		Group	
As at 31st March In Rs.'000s	2016	2015	2016	2015
Raw and packing materials	-	-	550,862	537,129
Work in progress	-	-	172,840	155,875
Finished goods	-	-	1,708,585	1,904,600
Maintenance spares & others	-	-	282,586	267,524
			2,714,873	2,865,128
Impairment for provision for inventory (Note 13.1)	-	-	(38,727)	(67,064)
	-	-	2,676,146	2,798,064

As at 31st March In Rs.'000s	Company		Group	
	2016	2015	2016	2015

13.1 Provision for inventory

Balance as at the beginning of the year	-	-	67,064	42,952
Provisions during the year	-	-	11,232	54,732
Reversals during the year	-	-	(39,569)	(30,620)
Balance as at end of the year	-	-	38,727	67,064

14 TRADE AND OTHER RECEIVABLES

As at 31st March In Rs.'000s	Company		Group	
	2016	2015	2016	2015
Trade receivables	-	-	1,181,445	1,033,837
Impairment provision for doubtful debts (Note 14.1)	-	-	(15,065)	(15,065)
	-	-	1,166,380	1,018,772
Advances given to business partners	-	-	183,468	220,059
Other advances	-	-	556,878	374,670
Prepayments	-	-	148,090	160,934
Other receivables	13,656	14,335	308,154	330,394
	13,656	14,335	2,362,980	2,104,829

14.1 Impairment provision for Doubtful Debts

Balance as at beginning of the year	-	-	15,065	15,065
Provisions/ Write-offs during the year	-	-	-	-
Balance as at end of the year	-	-	15,065	15,065

15 AMOUNTS DUE FROM RELATED COMPANIES

As at 31st March In Rs.'000s	Company		Group	
	2016	2015	2016	2015
Pubs 'N Places (Private) Limited	251,957	242,473	-	-
Retail Spaces (Private) Limited	-	5,175	-	-
Balance as at end of the year	251,957	247,648	-	-

16 ASSETS HELD FOR SALE

As at 31st March 2016 Lab furniture owned by Millers Brewery Limited has been classified as Assets held for sale. These assets were disposed during the year, except for plant & machinery at the subsidiary, Millers Brewery Limited, which was subsequently disposed.

As at 31st March In Rs.'000s	Plant & Machinery	2016	2015
Lion Brewery Ceylon PLC			
At Cost	-	-	390,627
At Acc. Depreciation		-	(242,325)
Carrying Value	-	-	148,302
Less: Impairment	-	-	(89,642)
Fair value - Company	-	-	58,660
Millers Brewery Limited (MBL)			
At Cost	5,200	5,200	461,507
At Acc. Depreciation	-	-	-
Carrying Value	5,200	5,200	461,507
Less: Impairment	-	-	(28,272)
Fair value - MBL	5,200	5,200	433,235
	5,200	5,200	491,895
Plant & Machinery		5,200	444,360
Returnable Containers		-	47,535
Fair value - Group		5,200	491,895

16.1 Movement of assets held for sale

	2016	2015
Balance as at 1st April 2015	-	491,895
Less : Assets sold during the year	-	(178,576)
Less : Assets transferred to property plant and equipment (Note 9)	-	(308,119)
Balance as at 31st March 2016	-	5,200

17 CASH AND CASH EQUIVALENTS

As at 31st March In Rs.'000s	Company 2016	Company 2015	Group 2016	Group 2015
Fixed deposits with financial institutions	-	-	3,278,237	1,716,784
Savings accounts	-	-	28,720	77,905
Cash at bank	2,091	1,061	458,361	529,398
Cash in hand	50	50	2,300	1,995
	2,141	1,111	3,767,618	2,326,082
Cash and cash equivalents includes followings for the purpose of Statement of Cash Flows.				
Cash and cash equivalents	2,141	1,111	3,767,618	2,326,082
Bank overdrafts	(133,394)	(41,756)	(2,168,124)	(1,617,945)
	(131,253)	(40,645)	1,599,494	708,137

18 STATED CAPITAL

As at 31st March In Rs.'000s	Company 2016	Company 2015	Group 2016	Group 2015
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.

19 CAPITAL RESERVES

As at 31st March In Rs.'000s	Company 2016	Company 2015	Group 2016	Group 2015
Balance as at beginning of the year	126,414	126,414	492,331	492,331
Revaluation of property	208,276	-	513,025	-
Balance as at end of the year	334,690	126,414	1,005,356	492,331
Represented by :				
Revaluation reserve (Note 19.1)	328,914	120,638	999,580	486,555
General capital reserve (Note 19.2)	5,776	5,776	5,776	5,776
	334,690	126,414	1,005,356	492,331

19.1 The revaluation reserve relates to revaluation of land and buildings.

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

20 RETAINED EARNINGS

	Company		Group	
As at 31st March In Rs.'000s	2016	2015	2016	2015
Retained Earnings	938,698	922,710	3,690,596	2,927,439
Represented by:				
Retained profits - Company	938,698	922,710	938,698	922,710
- Subsidiaries	-	-	2,751,898	2,004,729
	938,698	922,710	3,690,596	2,927,439

21 DEBENTURES

	Company		Group	
As at 31st March In Rs.'000s	2016	2015	2016	2015
Balance as at the beginning of the year	-	-	4,798,800	3,000,000
Debenture Issued	-	-	-	2,000,000
Debenture redeemed	-	-	(201,200)	(201,200)
Balance as at the end of the year	-	-	4,597,600	4,798,800
Interest payable (Note 21.4)	-	-	159,299	130,764
Balance as at the end of the year	-	-	4,756,899	4,929,564

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

The categories of Debentures and Proportion of each types of debenture in each category are as follows.

	Company		Group	
As at 31st March In Rs.'000s	2016	2015	2016	2015
Category 01 Debentures - Floating Rate (Note 21.1)	-	-	603,600	804,800
Category 02 & 03 Debentures - Fixed Rate (Note 21.2)	-	-	3,994,000	3,994,000
Total	-	-	4,597,600	4,798,800

21.1 Category 01 Debentures - Floating Rate

Debentures Category	Value in Rs. ('000)	Proportion (From and out of the Category 01 Debentures issued)	Interest Rate (per annum)	Redemption From the Date of Allotment
Category 01 - Type C	201,200	33%	AWPLR + 0.60%	36 Months (3 Years)
Category 01 - Type D	201,200	33%	AWPLR + 0.80%	48 Months (4 Years)
Category 01 - Type E	201,200	33%	AWPLR + 1.10%	60 Months (5 Years)
Total	603,600			

Type B debentures amounting to Rs. 201,200,000/- were redeemed on June 16, 2015.

21.2 Category 02 & 03 Debentures - Fixed Rate

Debentures Category	Value in Rs. ('000)	Proportion (From and out of the Category 02 Debentures issued)	Interest Rate (per annum)	AER (per annum)	Redemption From the Date of Allotment
Category 02 - Type F	598,200	30%	13.50%	14.20%	36 Months (3 Years)
Category 02 - Type G	598,200	30%	13.75%	14.48%	48 Months (4 Years)
Category 02 - Type H	797,600	40%	14.00%	14.75%	60 Months (5 Years)
Category 03 - Type I	2,000,000	N/A	7.85%	8.00%	60 Months (5 Years)
Total	3,994,000				

21 DEBENTURES (Contd.)

As at 31st March In Rs.'000s	Company 2016	Company 2015	Group 2016	Group 2015
21.3 Composition of Debentures repayment				
Classified under Non Current Liabilities				
Debentures falling due after one year	-	-	3,798,200	4,597,600
Total	-	-	3,798,200	4,597,600
Classified under Current Liabilities				
Debentures falling due within one year (Type C & F)	-	-	799,400	201,200
Debenture Interest Payable (Note 21.4)	-	-	159,299	130,764
	-	-	958,699	331,964
Total Debentures	-	-	4,756,899	4,929,564

21.4 Interest Payments on Debentures

During the year the Group has charged Rs.484,063,416/- (2015- Rs. 397,770,084/-) as debenture interest on both at fixed rates and floating rates and out of which Rs.159,299,422 /- (2015 -Rs. 130,763,541/-) was payable as at the reporting date.

21.5 No security has been pledged against the debentures.

22 LOANS AND BORROWINGS

As at 31st March In Rs.'000s	Company 2016	Company 2015	Group 2016	Group 2015
22.1 Loans and borrowings				
Balance as at the beginning of the year	392,100	506,700	7,500,876	9,652,270
Loan obtained during the year	-	-	2,000,000	2,000,000
Repayments during the year	(99,600)	(114,600)	(2,994,524)	(4,149,467)
Exchange gain on foreign currency Term Loans Payables	-	-	(49,783)	(1,927)
	292,500	392,100	6,456,569	7,500,876
Interest Payable	1,865	2,218	11,443	12,218
Balance at the end of the year	294,365	394,318	6,468,012	7,513,094

22 .2 Details of Long Term Borrowings

Name of the Lender	Loan Amount	Interest Rate p.a	31st March 2016 Rs. '000	31st March 2015 Rs. '000	Repayment Terms	Security Offered
Ceylon Beverage Holdings PLC						
HNB	500 Mn	AWPLR + 1.25%	292,500	392,100	To be repaid in 59 equal Monthly Installments of Rs. 8.3 Mn. Each and a final installment of Rs. 10.3 Mn plus interest	Unsecured
			292,500	392,100		
Lion Brewery (Ceylon) PLC						
HSBC	USD 11.051 Mn.	3 month LIBOR + 3.17%	454,104	653,083	Payable in 20 equal quarterly instalments commencing from March 2012	Unsecured
DFCC	Rs. 1 Bn	Fixed 9.5% , reviewed semi annually	400,000	600,000	Payable in 60 equal monthly instalments commencing from April 2013	Unsecured
HSBC	Up to Rs. 2.2 Bn	1 month SLIBOR + 0.5 %	460,025	1,055,713	Payable in 42 equal monthly instalments commencing from April 2013	Unsecured
Commercial Bank	Rs. 1 Bn	Fixed 7.75%	699,940	899,980	Payable in 60 equal monthly instalments commencing from October 2014	Unsecured
DFCC	Rs. 1 Bn	AWPLR(4 week AVG,Revised monthly)	900,000	1,000,000	Payable in 60 equal monthly instalments commencing from October 2015	
DFCC	Rs. 1 Bn	AWPLR+1.25% (4 week AVG,Revised monthly)	1,000,000	-	Payable in 60 equal monthly instalments commencing from April 2016	Unsecured
HNB	Rs. 1 Bn	AWPLR+1.4% (Monthly reviewed)	1,000,000	-	35 equal monthly installments of Rs 27.8Mn and with a final installment of Rs 27 Mn commencing from March 2017.	Unsecured
Commercial Bank	Rs. 2 Bn	6.95%	-	2,000,000	1 month - Renewable	Unsecured
Citi Bank -	Rs. 250 Mn	7.48%	250,000	250,000	3 month - Renewable	Unsecured
HNB	Rs. 750 Mn	7.25%	-	650,000	1 week - Renewable	Unsecured
SCB	Rs. 500 Mn	8.67%	500,000	-	1 month - Renewable	Unsecured
Citi Bank	Rs. 500 Mn	8.40%	500,000	-	3 month - Renewable	Unsecured
			6,164,069	7,108,776		
			6,456,569	7,500,876		

22 LOANS AND BORROWINGS (Contd.)

	Company		Group	
As at 31st March In Rs.'000s	2016	2015	2016	2015
22.3 Composition of loans and borrowings repayment				
Classified under non current liabilities				
Loans and borrowings falling due after one year	192,900	292,500	3,396,470	3,167,362
Classified under current liabilities				
Loans and borrowings falling due within one year	99,600	99,600	3,060,099	4,333,514
Interest payable	1,865	2,218	11,443	12,218
Total Loans and borrowings falling due after one year	101,465	101,818	3,071,542	4,345,732
Balance as at the end of the year	294,365	394,318	6,468,012	7,513,094

23 EMPLOYEE BENEFITS

	Company		Group	
As at 31st March In Rs.'000s	2016	2015	2016	2015
The amounts recognised in the Statement of Financial Position are as follows:				
Present value of unfunded obligation	-	-	109,811	102,642
Liability in the Statement of Financial Position	-	-	109,811	102,642
The movement in the defined benefit obligation over the year is as follows:				
At 1 April	-	-	102,642	93,899
Interest cost	-	-	10,016	9,331
Current service cost	-	-	11,234	10,986
Actuarial loss	-	-	(7,491)	13,327
Benefits paid	-	-	(6,596)	(24,901)
As at 31st March	-	-	109,811	102,642
			-	-
The amounts recognised in the Profit or Loss as follows:				
Interest cost	-	-	10,016	9,331
Current service cost	-	-	11,234	10,986
Total included under staff cost	-	-	21,250	20,317
The amount recognised in the Other Comprehensive Income is as follows:				
Actuarial (Gain)/ Loss	-	-	(7,491)	13,327
	-	-	(7,491)	13,327

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

23.2 The gratuity liability of Lion Brewery (Ceylon) PLC as at 31st March 2016 amounting to Rs.108,577,356/- (2015 - Rs.101,631,356/-) 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 11% p.a. (2015 10% p.a.)
- Rate of pay increase 10% p.a.
- Retirement age 55 years
- The Company will continue in business as a going concern.

23.3 The above provisions are not externally funded.

23.4 Sensitivity of assumptions used

Reasonable possible changes at the reporting date to one of the actuarial assumptions, holding other assumptions constant would have affected the defined benefit obligations as follows;

	Company		Group	
In Rs.'000s	Discount Rate	Discount Rate	Discount Rate	Rate of Pay
Increase by one percentage	-	-	(5,756)	6,890
Decrease by one percentage	-	-	6,419	(6,272)

23.5 The Gratuity Liability of Pubs N' Places (Pvt) Limited, Retail Spaces (Pvt) Limited and Luxury Brands (Pvt) Limited as at 31st March 2016 amounting to Rs. 337,500/- , Rs. 212,025/- & Rs. 683,350/- respectively (2015 - Rs. 484,920/- , Rs. 212,025/- & Rs. 314,400/-) has been computed by multiplying half month's salary into number of years in service which is in line with LKASs.

	Company		Group	
As at 31st March In Rs.'000s	2016	2015	2016	2015
24 NET DEFERRED TAX LIABILITIES				
Deferred tax Asset (Note 24.1)	-	-	235,626	45,487
Deferred tax liability (Note 24.2)	597	-	3,121,162	2,119,866
Balance as at the end of the year	597	-	2,885,536	2,074,378
24.1 Movement of Deferred tax asset				
Balance as at the beginning of the year	-	-	45,487	42,362
Originated during the year (Note 35)	-	-	190,139	3,125
Balance as at the end of the year	-	-	235,626	45,487
24.2 Movement of Deferred tax liability				
Balance as at the beginning of the year	-	-	2,119,866	1,246,199
On consolidation	-	-	-	74,467
Originated during the year (Note 35)	597	-	1,001,296	799,200
Balance as at the end of the year	597	-	3,121,162	2,119,866
24.3 Deferred tax assets relates to the followings				
Deferred tax on employee benefits	-	-	(43,858)	(40,789)
Deferred tax on brought forward tax losses	-	-	(191,768)	(4,698)
	-	-	(235,626)	(45,487)
				-
24.4 Deferred tax liability relates to the followings				-
Temporary differences from Property,Plant & Equipment	-	-	2,981,276	2,055,563
Deferred tax on revaluation	597	-	139,886	64,303
	597	-	3,121,162	2,119,866

25 TRADE AND OTHER PAYABLES

	Company		Group	
As at 31st March In Rs.'000s	2016	2015	2016	2015
Trade payables	-	-	418,177	386,204
Trade Incentives	-	-	56,364	128,853
Accruals	-	7,222	262,166	118,413
Other payables	11,374	2,366	135,975	212,191
	11,374	9,588	872,684	845,661

26 AMOUNTS DUE TO RELATED COMPANIES

	Company		Group	
As at 31st March In Rs.'000s	2016	2015	2016	2015
Lion Brewery (Ceylon) PLC	-	24	-	-
Carlsberg A/S	-	-	194,291	176,403
	-	24	194,291	176,403

27 REFUNDABLE DEPOSITS

	Company		Group	
As at 31st March In Rs.'000s	2016	2015	2016	2015
Balance as at the beginning of the year	-	-	885,915	1,044,123
Deposits received during the year	-	-	126,804	98,292
Deposits refunded during the year	-	-	(25,551)	(2,910)
Empty deposit write back during the year	-	-	-	(253,590)
Balance as at the end of the year	-	-	987,168	885,915

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

28 CURRENT TAX LIABILITIES

	Company		Group	
As at 31st March In Rs.'000s	2016	2015	2016	2015
Excise Duty	-	-	969,198	948,441
Value Added Tax	968	1,580	32,382	11,753
Income tax	12,691	17,375	114,353	51,484
PAYE	19	19	66	19
Nation Building Tax	-	-	999	1,149
	13,679	18,974	1,116,997	1,012,846

29 REVENUE

	Company		Group	
For the year ended 31st March In Rs.'000s	2016	2015	2016	2015
Dividend income	150,476	150,476	-	-
Royalty income	117,888	143,138	-	-
Brewery	-	-	35,526,379	32,350,375
Retail Trade	-	-	1,164,110	41,101
	268,364	293,614	36,690,489	32,391,476
Local revenue	268,364	293,614	36,341,119	32,022,308
Export revenue	-	-	349,370	369,168
	268,364	293,614	36,690,489	32,391,476

30 OTHER INCOME

	Company		Group	
For the year ended 31st March In Rs.'000s	2016	2015	2016	2015
Deposit liability write back	-	-	-	231,875
Negative Goodwill	-	-	-	153,892
Other income	-	-	21,432	11,437
	-	-	21,432	397,204

The purchase consideration of Rs. 1,150,000,000/- paid for the shares of MBL resulted in a negative goodwill of Rs. 153,892,000/- which has been recognised in the Profit or Loss of the Consolidated Financial Statements in 2015.

31 LOSS ON DISPOSAL AND IMPAIRMENT OF PROPERTY PLANT AND EQUIPMENT (PPE)

Previous year the LBCPLC disposed of its canning line to Wallart Sarl of France and entered in to a sale agreement with them for the sale of the bottling line. Whilst Wallart Sarl took possession of the canning line, the bottling line yet remains in the books of LBCPLC and thus classified under Assets Held for Sale (Note 16). Accordingly an amount of Rs.155.5 million was recorded as a loss on disposal of the canning line whilst an impairment provision for Rs.89.6 million was recognised for the bottling line. As at 31st March 2015, the LBCPLC had in its possession spare parts for the old canning & bottling lines to the value of Rs.29.3 million which has been provided for in the Statement Of Profit or Loss And Other Comprehensive Income , as these items are now obsolete.

The Assets of acquired from Millers Brewery Ltd in 2015 an impairment provision for plant and machinery & returnable containers has been recorded for a value of Rs. 28.3 Mn. The total impact of these transactions are as below .

For the year ended 31st March In Rs.'000s	2016	2015
Lion Brewery (Ceylon) PLC		
Loss on disposal of old canning plant	-	155,528
Impairment of old bottling plant	-	89,642
Provision for spare parts - old bottling / canning plant	-	29,345
	-	274,514
Millers Brewery Ltd		
Impairment of plant,machinery & returnable containers	-	28,272
	-	302,786

32 PROFIT FROM OPERATIONS

	Company		Group	
For the year ended 31st March In Rs.'000s	2016	2015	2016	2015
Profit from operations is stated after charging all expenses including the following;				
Directors' fees and emoluments	2,165	1,677	44,109	62,501
Auditors' remuneration - Audit Fee	600	560	2,970	2,504
- Audit related services	68	-	120	113
- Non audit services	-	-	-	3,241
Depreciation on property, plant equipment (Note 9)	519	537	1,044,067	753,904
Amortisation of intangible assets (Note 10)	-	-	58,880	58,123
Impairment of property, plant equipment	-	-	749	117,914
Provision for Irrecoverable VAT	-	-	-	339,811
Supporting service Fees	667	443	348,569	254,057
Personnel expenses (Note 32.1)	-	-	803,599	501,410

32.1 Personnel expenses

Salaries, wages and other related expenses	-	-	732,740	435,405
Defined benefit plan costs- Gratuity	-	-	21,250	20,317
Defined contribution plan costs- EPF & ETF	-	-	49,608	45,688
	-	-	803,599	501,410

33 EXPENSES RELATING TO NEW INVESTMENT

The LBCPLC incurred Rs. 480 Mn as VAT, on account of the acquisition of trademarks from Millers Brewery limited. The acquisition was made on the 21st Aug 2014. The input VAT of Rs. 480 Mn was to have been recovered from the output VAT due on Lion Brewery turnover. However, on the 24th Oct 2014, the Government of Sri Lanka, through its budget, exempted beer sales from VAT. As at 24th Oct 2014, Rs. 339.8 Mn remained outstanding on account of recoverable input VAT on the transaction pertaining to the acquisition of trademarks and brands of Millers Brewery Ltd. Since the recovery of this amount is in doubt , a provision of Rs. 339.8 Mn has been made in the accounts for the year ended 31st March 2015.

	2016 Rs.'000s	2015 Rs.'000s
Provision for irrecoverable VAT	-	339,811
	-	339,811

34 FINANCE INCOME AND COSTS

	Company		Group	
For the year ended 31st March In Rs.'000s	2016	2015	2016	2015
Finance Income:				
Interest income - Fixed Deposit	-	-	272,948	214,155
Interest income - Other	-	-	1,216	8,147
Total Finance income	-	-	274,164	222,302
Interest Expenses :				
Interest expenses -Term loans	28,708	38,311	256,032	179,248
Interest expenses -Bank overdrafts	7,399	8,276	347,317	73,298
Interest on Debentures	-	-	419,499	195,732
Interest expenses - others	-	-	261,888	394,007
Total Interest Expenses (Note 34.1)	36,107	46,587	1,284,736	842,285
Net foreign exchange transaction (loss) / gain :	-	-	(14,374)	28,934
Total Finance Cost	36,107	46,587	1,270,362	871,219
Net Finance Costs	36,107	46,587	996,198	648,917

34.1 Analysis of Total Interest Expenses

Total interest expenses incurred during the year.	36,107	46,587	1,421,386	1,347,982
Less - Capitalised During the Period (Note 9.g)	-	-	(136,650)	(505,697)
Finance expenses recognised in the profit or loss	36,107	46,587	1,284,736	842,285

35 INCOME TAX

	Company		Group	
For the year ended 31st March In Rs.'000s	2016	2015	2016	2015
Current tax (Note 35.1)	22,138	25,708	178,902	280,770
Dividend tax	-	-	16,725	16,724
Net Deferred tax	-	-	732,578	801,406
	22,138	25,708	928,205	1,098,900
Deferred tax recognised in other comprehensive income				
Remeasurement of employee benefit obligation	-	-	(2,997)	5,331
Revaluation Gain on Land & Buildings	-	-	(75,582)	-
	-	-	(78,579)	5,331

35.1 Reconciliation of the Accounting Profit and Tax Expenses

Profits before taxation	214,704	232,431	3,010,766	2,392,708
Consolidation adjustments	-	-	150,476	150,476
Remeasurement of employee benefit obligations (Note 23)	-	-	7,491	(13,327)
Profits before tax adjustments	214,704	232,431	3,168,732	2,529,857
Aggregate of disallowable expenses	14,837	12,018	1,803,886	2,524,184
Aggregate of allowable claims	(150,475)	(150,476)	(4,112,860)	(3,793,236)
Operating Losses Incurred During the Year	-	-	75,226	75,616
Tax adjusted profit	79,066	93,973	934,985	1,336,421
Total Statutory Income	79,066	93,973	934,985	1,336,421
Royalty	-	-	(260,390)	(273,979)
Taxable income	79,066	93,973	674,995	1,062,442
Current tax	22,138	26,312	210,735	180,313
Over provision in respect of previous years	-	(604)	(31,833)	100,457
Total current tax expense	22,138	25,708	178,902	280,770

35.2 Income Tax

Company

(a) Income tax provision of Ceylon Beverage Holdings PLC, has been calculated on its adjusted profit at 28% (2015- 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% . (2015 - 40%) and profits attributable to export turnover are liable at 12% (2015 - 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% (2015- 28%).

(e) Company has incurred a tax loss of Rs. 28,902,269/- for the year ended 31st March 2016 (2015 - Rs.37,831,297/-).

(f) During the year, Company paid Economic Service Charge amounting to Rs. 945,457/- (2015-Rs. 956,211/-). 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% . (2015 - 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 40%. (2015 - 28%)

36 EARNINGS PER ORDINARY SHARE

The calculation of Earnings per Ordinary Share is based on profit for the year attributable to the ordinary shareholders and weighted average 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	
For the year ended 31st March In Rs.'000s	2016	2015	2016	2015
Amount used as the Numerator:				
Profit after taxation	192,566	206,723	2,082,561	1,293,808
Minority interest	-	-	(993,460)	(635,229)
Net Profit Attributable to equity holders of the company (as the Numerator)	192,566	206,723	1,089,101	658,579
Number of ordinary shares (as denominator)	20,988	20,988	20,988	20,988
Earnings per ordinary share (Rs.)	9.18	9.85	51.89	31.38

37 DIVIDEND - ORDINARY

	Company	
For the year ended 31st March In Rs.'000s	2016	2015
First and final Rs. 8/- per share (2014 - Rs. 7/- per share)	167,905	146,917
	167,905	146,917

37.1 The Board of Directors has recommended the payment of a final dividend of Rs. 3/- per share for the year ended 31st March 2016 (2015 - Rs. 8/-) which is to be paid subsequent to approval of the shareholders at the Annual General Meeting. In Accordance with Sri Lanka Accounting Standards No 10 - Events after the Reporting period, this proposed dividend has not been recognised as a liability as at 31st March 2016.

37.2 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.

37.3 Currently ordinary dividends declared by the Company during the year are liable for dividend tax at 10% on gross amount declared as dividends.

38 FINANCIAL INSTRUMENT - FAIR VALUE AND RISK MANAGEMENT

38.1 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. (In Rs.000)
L&R : Loans and receivables
OFL : Other financial liabilities
FV : Fair Value

	Company					
Category	2016			2015		
Financial Instrument	L&R	OFL	FV	L&R	OFL	FV
Financial assets						
Trade and other receivables	13,656	-	13,656	14,335	-	14,335
Amounts due from related companies	251,957	-	251,957	247,648	-	247,648
Cash and cash equivalent	2,141	-	2,141	1,111	-	1,111
Financial liabilities						
Loans and borrowings	-	294,365	294,365	-	394,318	394,318
Trade and other payables	-	11,373	11,373	-	9,588	9,588
Amounts due to related companies	-	-	-	-	24	24
Bank Overdraft	-	133,394	133,394	-	41,756	41,756

38.1 Accounting classifications and fair values (Contd.)

	Group					
Category	2016			2015		
Financial Instrument	L&R	OFL	FV	L&R	OFL	FV
Financial assets						
Loan to Operators	53,817	-	53,817	-	-	-
Trade and other receivables	2,362,980	-	2,362,980	2,104,829	-	2,104,829
Cash and cash equivalent	3,767,618	-	3,767,618	2,326,082	-	2,326,082
Financial liabilities						
Debentures	-	4,756,899	4,756,899	-	4,929,564	4,929,564
Loans and borrowings	-	6,468,012	6,468,012	-	7,513,094	7,513,094
Trade and other payables	-	872,684	872,684	-	845,661	845,661
Refundable deposits	-	987,168	987,168	-	885,915	885,915
Amounts due to related companies	-	194,291	194,291	-	176,403	176,403
Bank Overdraft	-	2,168,124	2,168,124	-	1,617,945	1,617,945

Financial Assets and Liabilities with shorter maturities and with interest rates which are in line with normal market rates are considered to have a reasonable approximation to its' fair value. Accordingly the fair value hierarchy was not applicable.

38.2 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/Counterparty 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.

38.3 Risk Management Framework

The Board of Directors has 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 and controls and 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 Committee oversees 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 Committee is 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.

38.4 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:
- Fixed Deposits
- Trade and other receivables
- Amounts due from related companies
- Cash and cash equivalents

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

38.4.1 Management of credit risk

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

Item	Procedure
Fixed deposits	Deposits are only with reputed and established commercial banks with a rating of " A" or above.
Trade and other receivables	Most of 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 outstanding regularly
Cash & Cash equivalents	Monitor the balance outstanding regularly and also balances are with reputed and established banks with a rating of “A” or above

38.4.2 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.

	Company		Group	
As at 31st March In Rs.’000s	2016	2015	2016	2015
Loan to Operators	-	-	53,817	-
Trade and other receivables	13,656	14,335	2,362,980	2,104,829
Amounts due from related companies	251,957	247,648	-	-
Cash and cash equivalents	2,141	1,111	3,767,618	2,326,082
	267,754	263,094	6,184,415	4,430,911

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

	Company		Group	
As at 31st March In Rs.’000s	2016	2015	2016	2015
Financial institutions	2,141	1,111	3,767,618	2,326,082
Customers and other parties	13,656	14,335	2,416,797	2,104,829
Related parties	251,957	247,648	-	-
	267,754	263,094	6,184,415	4,430,911

38.4.3 Trade & Other Receivable

The Group has a well established credit policy for both international and domestic customers to minimise credit risk. A separate credit team has been established to evaluate and recommend the credit worthiness of the customers. The Group obtains bank guarantee from all the agents to cover part of their outstanding whilst the balance is covered through a facility from a bank. This banking facility is extended to all agents except those who are out of the scheme.

The bank guarantees and the facility from the bank cover 90 % of the trade receivables.

38.4.4 Impairment Losses

The aging of trade receivables at the reporting date are as follows:

	Company		Group	
As at 31st March Rs.'000s	2016	2015	2016	2015
Age				
Past due 0 - 365 days	-	-	1,166,380	1,018,772
More than 365 days	-	-	15,065	15,065
	-	-	1,181,445	1,033,837

38.5 Liquidity Risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or other financial assets.

38.5.1 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 it's reputation. The group's approach to managing its liquidity risk is as follows:

a). Regularly monitoring of the group's assets and liabilities in order to forecast cash flows for up to future period

b). Arrange adequate facilities with banks as contingency measures.

c). Daily monitoring the facility limits i.e. overdrafts with banks.

38.5.2. The Maturity Analysis of Liabilities

	Company			Group		
As at 31st March 2016 (Rs.000)	Carrying Value	Up to Year 1	Above year 1	Carrying Value	Up to Year 1	Above year 1
Bank Overdrafts	133,394	133,394	-	2,168,124	2,168,124	-
Debentures	-	-	-	4,756,899	958,699	3,798,200
Loans and borrowings	294,365	101,465	192,900	6,468,012	3,071,542	3,396,470
Trade & other payables	11,373	11,373	-	872,684	872,684	-
Amount payable to related parties	-	-	-	194,291	194,291	-
Refundable Deposits	-	-	-	987,168	-	987,168
	439,132	246,232	192,900	15,447,178	7,265,340	8,181,838

	Company			Group		
As at 31st March 2015 (Rs.000)	Carrying Value	Up to Year 1	Above year 1	Carrying Value	Up to Year 1	Above year 1
Bank Overdrafts	41,756	41,756	-	1,617,945	1,617,945	-
Debentures	-	-	-	4,929,564	331,964	4,597,600
Loans and borrowings	394,318	101,818	292,500	7,513,094	4,345,732	3,167,362
Trade & other payables	9,588	9,588	-	845,661	845,661	-
Amount payable to related parties	24	24	-	176,403	176,403	-
Refundable Deposits	-	-	-	885,915	-	885,915
	445,686	153,186	292,500	15,968,582	7,317,705	8,650,877

38.6 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's / issuer's credit standing) that will affect the Group'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 optimising the return on risk.

38.6.1 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 exports sales proceeds in foreign currency.

38.6.2 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.

38.6.3 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.

38.6.4 Sensitivity analysis on interest rate fluctuation

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

38.6.4 Sensitivity analysis on interest rate fluctuation

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

Instrument Rs. '000	Rate	Company Increase by one percentage	Company Decrease by one percentage	Group Increase by one percentage	Group Decrease by one percentage
HNB - 500Mn	AWPLR + 1.25%	3,921	(3,921)	3,921	(3,921)
Debenture Type C	AWPLR + 0.60%	-	-	2,012	(2,012)
Debenture Type D	AWPLR + 0.80%	-	-	2,012	(2,012)
Debenture Type E	AWPLR + 1.10%	-	-	2,012	(2,012)
HSBC - Up to Rs. 2.2 Bn	1 month SLIBOR + 0.5 %	-	-	4,600	(4,600)
DFCC - Rs. 1 Bn	AWPLR(4 week AVG,Revised monthly)	-	-	9,000	(9,000)
HSBC - USD 11.05 Mn	3 month LIBOR + 3.17%	-	-	4,541	(4,541)
DFCC - Rs. 1 Bn	AWPLR+1.25% (4 week AVG,Revised monthly)	-	-	10,000	(10,000)
HNB - Rs. 1 Bn	3 month LIBOR + 3.17%	-	-	10,000	(10,000)
Potential impact		3,921	(3,921)	48,098	(48,098)

38.6.5 Management of interest rate risk

The facility limits given by banks are reviewed annually or whenever required. These limits are monitored on a daily basis and a regular reporting on the market rates/values, trends & movement are done throughout the day to the top management. A daily reporting is made on the outstanding balances and interest rates.

39 RELATED PARTY DISCLOSURES

39.1 Parent and ultimate controlling party

In the opinion of the Directors, Carson Cumberbatch PLC is the Parent Company of Ceylon Beverage Holdings PLC and Bukit Darah PLC is the Ultimate Parent and Controlling Entity of Ceylon Beverage Holdings PLC.

39.2 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 and its parent company (including executive and non executive directors) have been classified as KMP of the Company.

(II) The compensation paid to key management personnel consist of short-term employment benefits and no other payments such as post-employment benefits, termination benefits and share based payments have been paid to key management personnel during the Period.

39.3 Other Related Party Transactions

39.3.1 Transactions with subsidiary companies

Messers. 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, with which the following contracts/ transactions have been entered into during the period by the Company in the normal course of business.

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

(i) Was charged Rs. 130,856,400/- (2015 - Rs. 150,448,303/-) as royalty in accordance with the licensed brewing agreement with the Company.

(ii) A dividend of Rs. 150,475,636/- was paid by LBCPLC to the Company during the period . (2015 - Rs. 150,475,636/-)

(iii) No balance was receivable / payable to LBCPLC at 31st March 2016. (2015 - Payable Rs. 24,400/-)

39 RELATED PARTY DISCLOSURES (Contd.)

(b) Pubs 'N Places (Private) Limited

(i) As at 31st March 2016 balance receivable from Pubs 'N Places (Private) Limited to the Company was 251,956,534/-. (2015 - Rs. 242,472,747/-)

(c) Retail Spaces (Pvt) Limited

(i) No balance was receivable or payable to the Company as at 31st March 2016 . (2015 -Receivable Rs. 5,174,505/-)

39.3.2 Transactions with group entities

Messrs. H.Selvanathan and S.K.Shah Directors of the Company, are also Directors of Carsons Management Services (Private) Limited ., which provides supporting services to the Group. An amount of Rs. 418,303,504/- (2015 - Rs. 338,681,064/-) was charged by Carsons Management Services (Private) Limited to the Group during the period which included supporting services fees of Rs. 348,569,000/-(2015 -Rs. 254,056,753/-) and other reimbursable expenses incurred by Carsons Management Services (Private) Limited on behalf of the Group.

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

(i) An amount of Rs. 40,776/- has been charged as parking fees by Equity Two PLC. (2015 - Rs. 41,051/-)

(b) Messrs D.C.R. Gunawardene and Mr. H. Selvanathan, Directors of the LBCPLC, are also Directors of Carsons Airline Services (Private) Limited and Pegasus Hotels of Ceylon PLC with which the Company entered into transactions.

(i) An amount of Rs. 40,516/- was charged by Pegasus Hotels of Ceylon PLC for hotel services provided during the period for LBCPLC (2015 - Rs. 46,111/-)

39.3.3 Transactions with other related entities

(a) Mr. H.J.Andersen, Director of the Company represents the Carlsberg group with which the following contracts / transactions have been entered into by LBCPLC during the period in the normal course of business.

(i) As per the licensed brewing agreement, a sum of Rs. 129,533,601/- (2015 - Rs. 123,530,742/-) was paid by LBCPLC as royalty during the period to Carlsberg A/S and an amount of Rs. 194,319,114 remains payables to Carlsberg A/S. (2015 - Rs. 176,402,594)

(ii) During the period the LBCPLC purchased part of its requirement of the raw material Aroma Hop from Carlsberg A/S amounting to Rs. 7,984,538/- (2015 - Rs. 6,438,666/-).

40 CONTINGENT LIABILITIES AND COMMITMENTS

40.1 Contingencies

(a) Company

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

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 Judgment from the Supreme Court in the said Leave to Appeal matter. Currently this matter is in the Arguments stage and will be heard in the Supreme Court.

(b) The Group

(i) Contingent liabilities as at 31st March 2016 amounts to Rs.145,168,922/- (2015 - Rs. 285,302,010/-) , 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 LBCPLC 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 LBCPLC and its directors to recover Excise Duty amounting to Rs. 58,753,582/94 comprising of the disputed Excise Duty of Rs. 29,376,791/47 and its penalty of Rs. 29,376,791/47. The Company and the directors have filed an application for Writ in the Court of Appeal to quash the Certificate Excise Duty in Default issued by the DG of Customs and Excise Duty to recover the said sum and obtained a Stay Order in respect of the proceedings of the MC Kaduwela Case. The Court of Appeal made an order against the Company refusing the writ of certiorari prayed for and the Company has now preferred an appeal against the said order to the Supreme Court. Matter is currently at the stage of arguments.

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

40.2 Finance Commitments

Lion Brewery (Ceylon) PLC

Document credits established for foreign purchases of the Group as at 31st March 2016 amounts to Rs. 127,141,593/-
(2015 - Rs. 285,302,010/-)

41 EVENTS OCCURRING AFTER THE REPORTING PERIOD

(i) Due to the incessant rains experienced during the period 16th May – 22nd May 2016 and the resultant floods that ensued the Group's Brewery situated at No 254, Colombo Road, Biyagama was affected. The exact impact to the stocks & the plant and machinery is being assessed at the time of writing this. The management has taken all necessary steps to resume normal operations as soon as possible. The entity is covered under an insurance policy for the peril in question

The Subsidiary Lion remains a going concern.

(ii) Subject to the approval of the shareholders at the Annual General Meeting, the Board of Directors recommended a First and Final dividend of Rs.3/-per Ordinary share for the year ended 31st March 2016. 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.

42 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to give proper presentations as at 31st March 2016.

43 SEGMENTAL ANALYSIS

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

44 DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors takes the responsibiity 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' Responsibility for financial reporting.

STATEMENT OF VALUE ADDED - GROUP

For the year ended 31st March In Rs.'000s	2016	%	2015	%
VALUE ADDED				
Revenue	36,690,489		32,391,476	
Other income	21,432		397,204	
Value Added Tax	54,855		2,597,549	
	36,766,776		35,386,229	
Cost of material and services bought from outside	(11,049,979)		(12,273,473)	
	25,716,797		23,112,756	
DISTRIBUTED AS FOLLOWS:				
To Employees				
As remuneration and other employee costs	803,599	3.68	501,410	2.17
To Government				
As Excise duty& import Duty	20,208,675	78.26	16,273,162	70.41
As Value added tax	54,855	0.21	2,597,549	11.24
As Income tax	60,141	0.23	244,392	1.06
As Economic service charge	4,690	0.02	1,332	0.01
As Social Responsibility Levy	-	-	-	-
As Nation building tax	12,695	0.05	370,941	1.60
To Providers' of Capital				
As Dividends to shareholders	166,668	0.65	146,917	0.64
As Finance expenses	1,270,362	4.92	871,219	3.77
Retained in the Business				
As Depreciation/amortisation	1,055,099	3.95	812,027	3.51
As Minority interest	993,460	3.88	635,229	2.75
As Profit for the year	1,089,101	4.16	658,579	2.85
	25,716,797	100.00	23,112,757	100.00

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	2016	2015
Value Added Tax	54,855	2,597,549
Excise Duty & Import Duty	20,208,675	16,273,162
Income Tax expenses	60,141	244,392
Social Responsibility Levy	-	-
Economic Service Charge	4,690	1,332
Nation Building Tax	12,695	370,941
Withholding Tax	38,179	54,729
Total Taxes	20,379,235	19,542,105

FIVE YEAR GROUP SUMMARY

Year ended 31st March In Rs.'000s	2016	2015	2014	2013	2012
OPERATING RESULTS					
Revenue	36,690,489	32,391,476	25,846,535	22,983,570	18,130,734
Other income	21,432	397,204	23,631	59,640	26,948
	36,711,921	32,788,680	25,870,166	23,043,210	18,157,682
Total expenditure	(32,704,957)	(29,104,458)	(23,578,824)	(21,439,222)	(15,763,809)
Profit from operating activities before exceptional expenses	4,006,964	3,684,222	2,291,342	1,603,988	2,393,873
Loss on disposal and impairment of PPE	-	(302,786)	-	-	-
Profit From Operations Before Expenses Relating to New Investment	4,006,964	3,381,436	2,291,342	1,603,988	2,393,873
Expenses relating to new investment	-	(339,811)	-	-	-
Net finance costs	(996,198)	(648,917)	(229,070)	(13,954)	(218,721)
Profit Before Taxation	3,010,766	2,392,708	2,062,272	1,590,034	2,175,152
Income tax	(928,205)	(1,098,900)	(893,360)	(570,620)	(911,485)
Profit for the year	2,082,561	1,293,808	1,168,912	1,019,414	1,263,667
Total other comprehensive Income/(loss) for the year	795,476	(7,996)	(1,121)	-	-
Total comprehensive Income for the year	2,878,037	1,285,812	1,167,791	1,019,414	1,263,667
Dividends - Ordinary	167,905	167,905	146,917	146,917	83,923

As at 31st March In Rs.'000s	2016	2015	2014	2013	2012
BALANCE SHEET					
Stated capital	533,384	533,384	533,384	533,384	533,384
Capital reserve	1,005,356	492,331	492,331	492,331	492,331
Revenue reserve	3,690,596	2,927,439	2,424,191	2,044,186	1,663,071
	5,229,336	3,953,154	3,449,906	3,069,901	2,688,786
Minority interest	4,768,089	3,784,938	3,310,201	2,822,132	2,487,346
	9,997,425	7,738,092	6,760,107	5,892,033	5,176,132
Loans and borrowings	7,194,670	7,764,962	5,498,190	2,738,907	1,148,802
Capital Employed	17,192,095	15,503,054	12,258,297	8,630,940	6,324,934
Represented by:					
Non-current assets	20,745,003	19,175,670	12,363,938	8,372,372	5,168,838
Current assets	8,811,944	7,720,870	12,217,754	9,244,096	5,338,164
Current liabilities	(9,369,505)	(9,216,466)	(11,025,660)	(8,116,256)	(3,540,262)
Retirement benefit obligations	(109,811)	(102,642)	(93,899)	(79,694)	(66,331)
Deferred tax liabilities	(2,885,536)	(2,074,378)	(1,203,836)	(789,578)	(575,475)
	17,192,095	15,503,054	12,258,297	8,630,940	6,324,934

FIVE YEAR GROUP SUMMARY

Year ended 31st March In Rs.'000s	2016	2015	2014	2013	2012
Cash Flow Statistics					
Net cash (outflows)/inflows from operating activities	3,585,467	3,498,086	1,796,365	(1,950,888)	1,206,127
Net cash (outflows)/inflows from investing activities	(1,140,855)	(8,109,841)	(2,337,721)	(4,538,383)	932,839
Net cash inflows/ (outflows) from financing activities	(1,553,210)	(627,141)	8,204,372	2,368,142	(276,528)
Net cash movement for the year	891,402	(5,238,896)	7,663,016	(4,121,129)	1,862,437

Year ended 31st March In Rs.'000s	2016	2015	2014	2013	2012
RATIOS & STATISTICS					
Operational Ratios					
Return on shareholders' funds (%)	20.83	16.66	15.29	16.94	24.76
Return on Capital Employed (ROCE) (times)	20.42	15.62	16.86	13.66	33.56
Assets turnover (times)	1.24	1.20	1.05	1.30	1.73
Gearing ratio (%)	49.05	60.26	50.24	42.02	-
Interest cover (times)	4.02	5.21	3.19	9.15	9.94
Current ratio (times)	0.94	0.84	1.11	1.14	1.51
Earnings per share (Rs.)	51.89	31.38	25.13	24.78	31.72
Price earnings ratio (times)	11.18	22.31	19.89	19.17	11.03
Market price per share (Rs.)	580.00	700.10	500.00	474.90	349.90
Dividends per share (Rs.)	8.00	7.00	7.00	6.00	4.00
Net assets per share (Rs.)	249.16	188.35	164.37	146.27	128.11
Market capitalisation (Rs. '000)	12,173,092	14,693,762	10,494,045	9,967,244	7,343,733

Figures in brackets indicate deductions.

STATEMENT OF COMPREHENSIVE INCOME - US$

		Company		Group	
For the year ended 31st March		2016	2015	2016	2015
In US$.'000s	Notes				
Revenue		1,878	2,209	256,720	243,669
Cost of sales		-	-	(192,847)	(181,106)
Gross Profit		1,878	2,209	63,874	62,563
Other income				150	2,988
		1,878	2,209	64,024	65,551
Distribution expenses		-	-	(24,672)	(27,488)
Administrative expenses		(123)	(110)	(9,128)	(8,849)
Other expenses		-	-	(2,187)	(1,499)
Loss / impairment on disposal of PPE		-	-	-	(2,278)
Profit From Operations Before Expenses Relating to New Investment		1,755	2,099	28,036	25,437
Expenses relating to new investment		-	-	-	(2,556)
Profit Before Finance Cost		1,755	2,099	28,036	22,881
Finance income		-	-	1,918	1,672
Finance costs		(253)	(350)	(8,889)	(6,554)
Net Finance Costs		(253)	(350)	(6,970)	(4,882)
Profit Before Taxation		1,502	1,749	21,066	18,000
Income tax expenses		(155)	(193)	(6,495)	(8,267)
Profit for the Year		1,347	1,556	14,572	9,733
Other Comprehensive Income					
Remeasurement of Employee benefit Obligations		-	-	52	(100)
Deferred tax adjustment		-	-	(21)	40
Revaluation Gain on Land & Buildings		1,461		6,063	
Deferred tax adjustment		(4)		(529)	
Total Other Comprehensive Income /(loss) for the year		1,457	-	5,566	(60)
Total Comprehensive Income for the Year		2,805	1,556	20,137	9,673
Profit attributable to					
- Equity holders of the company		1,347	1,555	7,620	4,954
- Minority shareholders		-	-	6,951	4,779
Profit Available for Appropriation		1,347	1,555	14,572	9,733

STATEMENT OF FINANCIAL POSITION - US$

As at 31st March In US$.'000s	Company 2016	Company 2015	Group 2016	Group 2015
ASSETS				
Non-Current Assets				
Property, plant & equipment	2,264	920	112,398	110,819
Intangible assets	-	-	28,569	31,507
Investments in subsidiaries	11,310	12,322	-	-
Loan to Operators	-		367	
Total Non-Current Assets	13,574	13,242	141,334	142,326
Current Assets				
Inventories	-	-	18,232	20,768
Trade & other receivables	93	106	16,099	15,623
Amounts due from related companies	1,717	1,838	-	-
Assets held For Sale	-	-	35	3,651
Cash and cash equivalents	15	8	25,668	17,265
Total Current Assets	1,824	1,952	60,035	57,307
Total Assets	15,398	15,194	201,369	199,633
EQUITY AND LIABILITIES				
Equity				
Stated capital	9,198	9,198	9,198	9,198
Capital reserves	2,280	938	6,849	3,654
Currency Fluctuations	(5,564)	(5,240)	(5,564)	(5,240)
Revenue reserves	6,395	6,849	25,144	21,728
	12,309	11,745	35,627	29,340
Equity Attributable To Equity Holders of the Company		11,745		29,340
Non Controlling Interest	-	-	32,485	28,093
Total Equity	12,309	11,745	68,112	57,433
Non Current Liabilities				
Debentures	-	-	25,877	34,125
Loans and borrowings	1,314	2,171	23,140	23,509
Employee benefits	-	-	748	762
Deferred tax liabilities	4	-	19,659	15,397
Total Non- Current Liabilities	1,318	2,171	69,424	73,793
Current Liabilities				
Trade and other payables	77	71	5,946	6,277
Amounts due to related companies	-	-	1,324	1,309
Refundable deposits	-	-	6,725	6,575
Tax liabilities	93	141	7,610	7,518
Debentures	-	-	6,532	2,464
Loans and borrowings	691	756	20,926	32,255
Bank overdraft	909	310	14,771	12,009
Total Current Liabilities	1,771	1,278	63,834	68,407
Total Liabilities	3,089	3,449	133,257	142,200
Total Equity and Liabilities	15,398	15,194	201,369	199,633

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:

		2016	2015
Income statement	Average rate	142.92	132.93
Monetary assets and liabilities	Closing rate	146.78	134.73
Non-current assets and liabilities	Closing rate	146.78	134.73
Ordinary share capital	Historical rate	57.99	57.99

2 REVENUE

	Company		Group	
For the year ended 31st March In US$.'000s	2016	2015	2016	2015
(A) Dividend income	1,053	1,132	-	-
Royalty income	825	1,077	-	-
Brewery	-	-	248,575	243,359
Retail Trade	-	-	8,145	309
	1,878	2,209	256,720	243,669
(B) Local / Export Revenue				
Local revenue	1,878	2,209	254,276	240,891
Export revenue	-	-	2,445	2,777
	1,878	2,209	256,720	243,669

FIVE YEAR SUMMARY - US$

Year ended 31st March US$ '000s	2016	2015	2014	2013	2012
OPERATING RESULTS					
Revenue	256,720	243,669	194,991	175,474	155,675
Other income	150	2,988	178	202	231
	256,870	246,557	195,169	175,929	155,906
Total expenditure	(228,834)	(223,776)	(177,883)	(163,683)	(135,352)
Profit from operating activities before finance cost	28,036	22,881	17,286	12,246	20,554
Provision for the diminution in value of investment/advances					-
Net finance costs and income	(6,970)	(4,882)	(1,728)	(106)	(1,878)
Profit from ordinary activities before tax	21,066	17,999	15,558	12,140	18,676
Income tax expenses	(6,495)	(8,267)	(6,740)	(4,357)	(7,826)
Profit for the year	14,572	9,732	8,818	7,783	10,850
Remeasurement of Employee benefit Obligations	5,566	(60)	(8)	-	-
Total Comprehensive loss for the year	20,137	9,672	8,810	7,783	10,850
Dividends - Ordinary	1,175	1,108	1,108	961	721

As at 31st March US$ '000s	2016	2015	2014	2013	2012
BALANCE SHEET					
Share capitals	9,198	9,198	9,198	9,198	9,198
Capital reserves	6,849	3,654	3,725	3,832	3,800
Currency fluctuations	(5,564)	(5,240)	(5,160)	(5,046)	(5,081)
Revenue reserves	25,144	21,728	18,341	15,912	12,835
	35,627	29,340	26,104	23,896	20,752
Minority interest	32,485	28,093	25,045	21,967	19,197
	68,112	57,433	51,149	45,863	39,949
Loans and borrowings	49,017	57,634	41,600	21,319	8,866
Capital Employed	117,128	115,067	92,749	67,182	48,815
Represented by:					
Non-current assets	141,334	142,326	93,546	65,168	39,891
Current assets	60,035	57,307	92,442	71,956	41,200
Current liabilities	(63,833)	(68,407)	(83,421)	(63,176)	(27,323)
Retirement benefit obligations	(748)	(762)	(710)	(620)	(512)
Deferred tax liabilities	(19,659)	(15,397)	(9,108)	(6,146)	(4,441)
	117,128	115,067	92,749	67,182	48,815

INFORMATION TO SHAREHOLDERS AND INVESTORS

1 STOCK EXCHANGE LISTING

Ceylon Beverage Holdings PLC is a Public Quoted Company, the issued ordinary shares of which were listed on the Main Board of the Colombo Stock Exchange of Sri Lanka, and was transferred to the Diri Savi Board w.e.f. 19th January 2016

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

The Market Value of the Company's share as at 31st March 2016 was Rs. 580 per share (31st March 2015 - Rs.700.10)

2 ORDINARY SHAREHOLDERS

As at 31st March	2016	2015
Number of Shareholders	969	964

3 FREQUENCY DISTRIBUTION OF SHAREHOLDINGS AS AT 31ST MARCH 2016

	Residents			Non-Residents			Total		
Distribution of Shares	No. of Members	No. of Shares	%	No. of Members	No. of Shares	%	No. of Members	No. of Shares	%
1 - 1,000	785	122,113	0.58	60	15,208	0.07	845	137,321	0.65
1,001 - 10,000	79	223,788	1.06	30	76,511	0.36	109	300,299	1.43
10,001 - 100,000	5	161,051	0.77	4	173,095	0.82	9	334,146	1.60
100,001 - 1,000,000	0	0	-	3	1,267,411	6.04	3	1,267,411	6.04
Above 1,000,000	1	15,726,912	74.93	2	3,222,001	15.35	3	18,948,913	90.28
Grand Total	870	16,233,864	77.35	99	4,754,226	22.65	969	20,988,090	100.00

4 CATEGORIES OF SHAREHOLDERS

As at 31st March 2016	No. of Shareholders	No. of Shares	%
Individual	894	535,939	2.55
Institutions	75	20,452,151	97.45
Total	969	20,988,090	100.00

5 The number of shares held by non-residents as at 31st March 2016 was 4,754,226 (2015 - 4,819,703) which amounts to 22.65% (2015 - 22.96%).

6 The percentage of Ordinary Shares held by the public as at 31st March 2016 was 16.61% (2015 - 16.92%) and the number of public Shareholders were 948 (2015 - 943).

7 MARKET PERFORMANCE - ORDINARY SHARES

For The year ended 31st March	2016	2015
Highest (Rs.)	1,000.00	900.00
Lowest (Rs.)	485.00	482.00
Value of Shares Traded (Rs.'000)	68,592	36,100

8 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. 12,173,092,200/- as at 31st March 2016 (31st March 2015 - Rs.14,693,761,809/-).

9 DIVIDENDS

A First & Final Ordinary dividend of Rs.8/- per share for the year ended 31st March 2015, 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. 3/- per share for the year ended 31st March 2016, which will be declared at the Annual General Meeting subject to approval by shareholders. The details are shown in Note 37 to the Financial Statements

10 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
Post tax profit after preference dividend, divided by gross dividend. It measures the number of times 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
Ordinary share capital plus reserves.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE
Significant events that occur between the Balance Sheet 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 divided by 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 liabilities excluding preference share capital divided by the number of ordinary shares in issue. This represents the theoretical value per share if the Company is broken up.

PRICE EARNINGS 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 business.

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).

RETURN ON CAPITAL EMPLOYED
Earnings before interest and tax divided by equity and debt.
(Debt - Total interest bearing loans including bank OD less interest bearing deposits).

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the One Hundred and Fifth Annual General Meeting of CEYLON BEVERAGE HOLDINGS PLC will be held on Wednesday, 20th July 2016 at 3.30 P.M. at 'Earls Court', Cinnamon Lakeside Colombo, 115, Sir C. A. Gardiner Mawatha, Colombo 02, 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 2016, together with the Report of the Independent Auditors thereon.

2. To declare a dividend as recommended by the Directors.

3. To re-elect Mr. D. A. Cabraal, who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.

4. 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 78 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."

5. 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
6th June 2016

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 4.45 P.M. on 18th July 2016.

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 Fifth Annual General Meeting of the Company to be held on Wednesday, 20th July 2016 at 3.30 P.M. at 'Earls Court', Cinnamon Lakeside Colombo, 115, Sir C. 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 2016, together with the Report of the Independent Auditors thereon.		
2.	To declare Rs.3/- per share as a First and Final dividend for the financial year ended 31st March 2016 as recommended by the Directors.		
3.	To re-elect Mr. D. A. Cabraal who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.		
4.	To re-appoint Mr. L. C. R. de C. Wijetunge who is over seventy years of age as a Director of the Company.		
5.	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.		

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

....

Signature/s

Notes

1. * Please delete the inappropriate words.

2. 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.

3. A shareholder is not entitled to appoint more than one proxy on the same occasion.

4. 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 4.45 P.M., on 18th July 2016.

Please fill in the following details:

Name	:	....
Address	:	....
		....
Jointly with	:	....
Share folio No	:	....

NOTES

NOTES

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
The Company was transferred from the Main Board to the Diri Savi Board w.e.f. 19 January 2016

SUBSIDIARY COMPANIES
Lion Brewery (Ceylon) PLC
Pubs 'N Places (Private) Limited
Retail Spaces (Private) Limited
Luxury Brands (Private) Limited
Pearl Springs (Private) Limited
Millers Brewery Limited
Vee Waruna (Private) Limited

PARENT AND CONTROLLING ENTITY
In the opinion of the Directors, Carson Cumberbatch PLC is the Parent Company of Ceylon Beverage Holdings PLC and Bukit Darah PLC is the Ultimate Parent and Controlling Entity of Ceylon Beverage Holdings PLC

DIRECTORS
L. C. R. de C. Wijetunge (Chairman)
H. Selvanathan (Deputy Chairman)
M. Selvanathan (Director / Alternate Director to H. Selvanathan)
S. K. Shah (Chief Executive Officer)
D. C. R. Gunawardena
D. A. Cabraal
H. J. Andersen

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 4718 200
Fax: + 94 11 4718 220

AUDITORS
Messrs. KPMG
Chartered Accountants
No. 32A, Sir Mohamed Macan Markar Mawatha
Colombo 3
Sri Lanka
Tel: + 94 11 5426 426
Fax:+94 11 2445 872

MANAGERS & SECRETARIES
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 2465 900 (10 Lines)
Fax:+94 11 2465 901

GROUP WEBSITE
www.carsoncumberbatch.com

Designed & produced by
emagewise
Printed by printage (Pvt) Ltd.