Lion Brewery (Ceylon) PLC

Annual Report 2015/16

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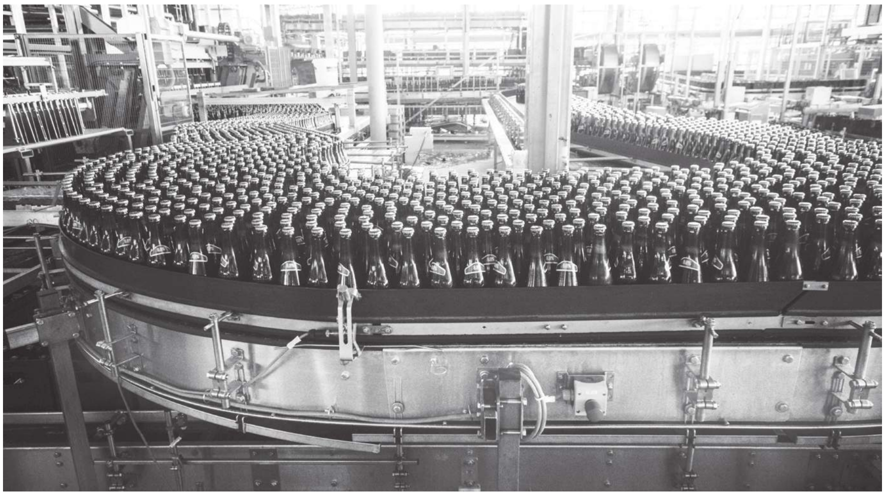
FINANCIAL HIGHLIGHTS

In Rs.'000	2016	2015	Change %
Revenue	35,526,379	32,350,375	9.8
Profit before finance cost	3,877,479	2,984,420	29.9
Profit before taxation	2,958,357	2,386,367	24.0
Profit after taxation	2,080,545	1,330,320	56.4
Dividends per share (Rs.)	3.00	4.00	(25.0)
Shareholders' funds	9,986,134	7,926,582	26.0
Total assets	28,040,272	26,521,313	5.7
Earnings per ordinary share (Rs.)	26.01	16.63	56.4
Net assets per ordinary share (Rs.)	124.83	99.08	26.0
Market capitalisation	36,720,000	48,000,000	(23.5)

CHAIRMAN'S MESSAGE



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 20th 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. 35.53 billion, compared to last year's Rs.32.35 billion, a pretax profit of Rs. 3.0 billion was recorded, an improvement of 32% over the previous year's corresponding figure of Rs. 2.3 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 year's 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 Company 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 Company 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. 878 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 Company through challenging times from strength to strength.

(Sgd.)
L C R De C Wijetunge
Chairman

Colombo
06th 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 Company 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 Company. 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 Company 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. 35.53 billion, up 10% from the previous year, your Company recorded a Pre-Tax Profit of Rs. 3.001 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 Company reported a pre tax profit of Rs.1.843 billion, the earnings during the subsequent 6 months were significantly less at Rs.1.158 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 Company'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 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.

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.

CHIEF EXECUTIVE'S REVIEW

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 Company 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.

SALES AND MARKETING OF BEER IN SRI LANKA

Your Company's revenue reached Rs. 35.53 billion during the year under review, a growth of 10% 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 Company 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, Your Company 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 Company 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 Company 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 company 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.

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 Company'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 Company continues to be awarded in international competitions for beer.

SUPPORT SERVICES

Your Company'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 in 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 Company was able to secure the OHSAS 18001:2007 occupational health and safety management system certification during the year.

All activities of Your Company are seamlessly integrated through state of the art information technology. As its main IT platform, Your Company 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. 35.53 billion, Your Company 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 Company'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 Company'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 Company's debt to equity ratio has reduced to 0.84 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 58% 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 Company is the third largest taxpayer in the country. During the year under review, your Company'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. 878 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 Company's Net Assets Value per share stood at Rs. 124.83 up from Rs.99.08 as at 1st April 2016. Thus the book value of the Company at the financial year end stands at Rs. 9.98 billion. In the meantime, the market value of Your Company at the same date amounted to Rs. 36.7 billion. As at the end of the financial year Your Company's share price stands at to Rs 459. The Company achieved a reasonable return of 26.7% 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 12% 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 Company 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 Company'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 Your Company 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 Company's distribution agents as well.

Since inception, Your Company 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 our Parent, Ceylon Beverage Holdings. 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 Company 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 Company has a lower cost input material and the Country's import bill is reduced.

FLOODS – A POST BALANCE SHEET EVENT

During the early morning hours of 18th May, Your Company was inundated by the overflowing Kelani river. For 18 years, since the commencement of commercial operations at Biyagama, Your Company 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 Company 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

CHIEF EXECUTIVE'S REVIEW

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 Company on a regular basis.

that the brewery will be out of production for 3 months. Your Company'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 Company 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 Company'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 Company'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 Company. They are indeed a true reflection of the spirit of a team that keeps striving for excellence despite the many obstacles that confront Your Company 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 Company'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 Company 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 Company 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 Company 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 Company 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 Company 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
06th 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 and Deputy Chairman of 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.

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 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.

CHAN LIYANAGE

Director of Lion Brewery (Ceylon) PLC. Commenced his career as a trainee brewer with Ceylon Brewery PLC in 1979 and was promoted to Senior Brewer and subsequently to Factory Manager. In 1998 he took up the position as Factory Manager at Lion Brewery (Ceylon) PLC and was promoted as Head of Technical in 2004 and subsequently appointed as a Board member in 2005. Holds a Special Degree in Botany from the University of Peradeniya (Sri Lanka) and has attended several overseas training programs, including Carlsberg Brew Masters Course, training with Allied Breweries (UK) & Carlsberg Tetley Leeds Brewery (UK) and management programmes at Cranfield University, UK and National University, Singapore.

RANIL GOONETILLEKE

A Fellow of the Chartered Institute of Management Accountants, UK. Consequent to initial training at KPMG, has held various positions in the mercantile sector in the field of Finance and counts over 25 years experience. He joined the Company in 1998 as a Financial Controller and thereafter in 2005 was appointed Finance Director.

KRISHNA SELVANATHAN

Krishna Selvanathan is a Director of Carsons Management Services (Private) Limited, Lion Brewery (Ceylon) PLC, Pegasus Hotels of Ceylon PLC and the Investment Sector Companies of the Carsons Group. He holds a BA Degree in Accounting & Finance and Business Administration from the University of Kent, U.K.

SUSAN EVANS (MRS.)

Director of Lion Brewery (Ceylon) PLC. Counts over 30 years experience in strategy and marketing, largely with multi-national consumer product companies, Gillette, GlaxoSmithKline and Whirlpool. Whilst based in the UK, held an international strategic marketing position and managed a global nutritional drinks brand portfolio with a turnover of £330 million worldwide. In the past 12 years has been working as a Senior Consultant in India and Sri Lanka on a wide variety of assignments covering industries as diverse as soft drinks, retail, passenger cars and industrial export products. Currently works with STING Consultants, the leading strategic marketing and brand consultancy in Sri Lanka. Also serves as a Trustee with the Hemas Outreach Foundation, a national charity involved in improving the education of underprivileged children. Holds a Bachelor of Arts (Hons) degree from the University of Wales, UK.

HENRIK ANDERSEN

Mr. Henrik Juel Andersen was appointed to the Board on 10th June 2013 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.

YOONG FAH LEW

Yoong Fah Lew obtained his professional accounting qualification (ACCA, UK) in 1993. He holds a Masters in Business Administration from University of Malaya since 2000.

He started his career in 1990 at BDO Binder in the Auditing arm. He moved on to MBF Finance and later joined Faber Castell as an Accountant.

In 1995, he joined Philips Malaysia as a Senior Accountant and progressed through various positions and functions in Finance. In 2000, he was attached with Philips Singapore and subsequently promoted to Financial Controller in 2003. In 2006, he returned to Malaysia and joined Danone Dumex Malaysia as the Finance Director where he also served as its Director and Company Secretary with responsibilities across Malaysia, Singapore and Brunei.

Yoong Fah Lew joined the Carlsberg Group in January 2010 and is presently the Chief Financial Officer and Company Secretary of Carlsberg Brewery Malaysia Berhad ("the Company"). He had further expanded his role into corporate affairs in 2012 as the Director of Corporate Affairs of Carlsberg Malaysia.

He is also a Director of Carlsberg Singapore Pte Ltd, being subsidiary of the Company. Mr. Lew is also the Company Secretary for the Company's Subsidiaries, namely, Carlsberg Marketing Sdn. Bhd and Euro Distributors Sdn. Bhd.

SENIOR MANAGEMENT TEAM

Suresh Shah
Director/CEO

Chan Liyanage
Director - Supply Chain

Ranil Goonetilleke
Director - Finance

Stefan Atton
Head of Sales & Marketing

Nirosh De Silva
General Manager-Technical

Janaka Bandara
Head of Production

Nishantha Hulangamuwa
Head of Outbound Supply chain

Shiran Jansz
Head of Sourcing & Procurement

Sharlene Adams
Head of Exports &
New Product Development

Eshantha Salgado
Project Manager - PRODEX

Madhushanka Ranatunga
Head of Premium Category

Chandana Rupasinghe
Head of Packaging

Hiran Edirisinghe
Chief Engineer

Keerthi Kanaheraarachchi
Head of Administration

SENIOR MANAGEMENT TEAM

Prashanthan Pathmanathan
Finance Manager - Marketing

Shiyan Jayaweera
Head of Regular Category

Nayana Abeysinghe
Head of Legal

Ama Ekanayake
Head of Information Technology

Surani Amerasinghe
Head of Human Resources

Channa Senarathne
Head of Sales

Jehan Goonaratne
Finance Manager -
Corporate Finance

Chandana de Silva
(Acting) Manager- Quality
Assurance

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

The Board of Directors of Lion Brewery (Ceylon) PLC have 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 year ended 31st March 2016.

The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007, 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

Lion Brewery (Ceylon) PLC is a public limited liability Company incorporated in Sri Lanka in 1996.

PRINCIPAL ACTIVITY OF THE GROUP

The Principal activity of the Group is brewing and marketing of high quality beers for both the local and export markets.

REVIEW OF OPERATIONS 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 Company.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Further details of significant events during the year are contained in the Chief Executive's Review on pages 04 to 11 of this Report.

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.

According to the Companies Act No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, 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 Group as at the end of the financial year and of the results for the said period.

In preparing these Financial Statements the Directors are required to ensure that:

- appropriate accounting policies have been selected and applied consistently, while material departures, if any, have been disclosed and explained.
- all applicable Accounting Standards have been complied with and,
- reasonable and prudent judgments and estimates have been made.

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 that its Financial Statements meet with the requirements of Companies Act No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. 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 in the notes to the financial statements for the financial year ended 31st March 2016.

FINANCIAL STATEMENTS

The Financial Statements which include the Statement of Profit or Loss and other comprehensive income, Statement of Financial Position, Cash Flow Statement, Statement of Changes in Equity and Notes to the Financial Statements of the Group for the year ended 31st March 2016 are set out on pages 30 to 74 of this Report.

RESERVES

After the above mentioned appropriations, the total reserves of the Group stand at Rs.7,448Mn (2015 - Rs.5,388Mn) comprising Capital Reserves of Rs.1,302Mn (2015 - Rs.719Mn) and Revenue Reserves of Rs.6,146Mn (2015 - Rs. 4,669Mn). Details are shown in the Statement of Changes in Equity on page 33 to 34.

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

CAPITAL EXPENDITURE ON PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

The total expenditure on the purchase of capital assets by the Group during the year amounted to Rs.1,598Mn (2015 - Rs.8,560Mn). The movements in capital assets during the year are set out in Note 08 to the Financial Statements.

MARKET VALUE OF FREEHOLD PROPERTIES

The land and buildings owned by the Group were valued in March 2016 by a qualified independent valuer, Messrs Arthur Perera A.M.I.V (Sri Lanka). The market value arrived at was Rs. 5,207.48Mn. These are further explained in Note 08 to the Financial Statements.

OUTSTANDING LITIGATION

The outstanding litigations related to the Company are shown in Note 37 to these Financial Statements.

RISK MANAGEMENT/MATERIAL FORESEEABLE RISK FACTORS

The need for risk management has been identified and action plans to monitor and manage these risks are incorporated into the business plans and 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.

STATUTORY PAYMENTS

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

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 29 of this Report.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in Note 1 to 7 in the notes to the Financial Statements on pages 37 to 43.

DONATIONS

There were no donations made during the year ended 31st March 2016 (2015 - Nil).

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, in respect of the Group for the financial year ended 31st March 2016 is given in Note 30 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 36 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)	1,579	1,579
Mr. S. K. Shah (Chief Executive Officer)	6,016	6,016
Mr. D. C. R. Gunawardena	34	34
Mr. C.T. Liyanage	2,500	2,500
Mr. D. R. P. Goonetilleke	-	-
Mr. K. Selvanathan (Director / Alternate Director to Mr. H. Selvanathan)	-	-
Mrs. S. J. F. Evans	-	-
Mr. H. J. Andersen	-	-
Mr. D. A. Cabraal	-	-
Mr. Y. F. Lew	-	-

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. H. J. Andersen retires by rotation and being eligible offers himself for re-election.

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.

In terms of Articles 72, 73 and 74 of the Articles of Association of the Company, Mr. Y. F. Lew 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.07 of 2007 shall not be applicable to him.

AUDITORS

Company's Auditors during the year under review were Messrs. KPMG, Chartered Accountants. The fee paid to the auditors during the year is illustrated below.

For the year ended 31st March	2016 Rs. '000	2015 Rs. '000
Audit Fee	1,210	1,210
Audit Related Services	50	113
Total	1,260	1,323

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 Ceylon Beverage Holdings PLC (CBHPLC) and Carson Cumberbatch PLC (CCPLC) in turn is the Parent Company of CBHPLC. 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 27 of this Annual Report.

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 has not entered into any Related Party Transactions as per Rule 9 of the Listing Rules of the Colombo Stock Exchange, during the financial year.

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

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 36 on page 70 to 73 of the Financial Statements.

1. Non-Recurrent Related Party Transactions

There were no Non-Recurrent Related Party Transactions entered in to by the Company, where the aggregate value of the Non-Recurrent Related Party Transactions exceeds 10% of the equity or 5% of the total assets, whichever is lower, of the Company as at 31st March 2016.

2. Recurrent Related Party Transactions

There were no Recurrent Related Party Transactions entered in to by the Company, where the aggregate value of the Recurrent Related Party Transactions exceeds 10% of the Gross Revenue/Income of the Company as at 31st March 2016.

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 12 to 13 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. S. K. Shah (Chief Executive Officer)	Executive
Mr. D. C. R. Gunawardena	Non-Executive
Mr. C. T. Liyanage	Executive
Mr. D. R. P. Goonetilleke	Executive
Mr. K. Selvanathan (Director / Alternate Director to Mr. H. Selvanathan)	Executive
Mrs. S. J. F. Evans	Non-Executive/ Independent
Mr. H. J. Andersen	Non-Executive
Mr. D. A. Cabraal	Non-Executive/ Independent **
Mr. Y. F. Lew	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 the Board of Directors to determine the Independence/ Non-Independence of each of the Non-Executive Directors, in terms of Rule 7.10.3(a) of the Listing Rules of the CSE.

* The Board has determined that Mr. L. C. R. de C. Wijetunge is an Independent/ Non-Executive Director in spite of being on the Board for more than nine years and being a Director of Ceylon Beverage Holdings PLC, which has a substantial shareholding in the Company, 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 Ceylon Beverage Holdings PLC, which has a substantial shareholding in the Company, 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 five Board Meetings and the attendance of the Directors were as follows;

Directors	Meetings Attended (Out of five)
Mr. L. C. R. de C. Wijetunge (Chairman)	5/5
Mr. H. Selvanathan (Deputy Chairman)	5/5
Mr. S. K. Shah (Chief Executive Officer)	5/5
Mr. D. C. R. Gunawardena	5/5
Mr. C. T. Liyanage	3/4
Mr. D. R. P. Goonetilleke	4/4
Mr. K. Selvanathan (Director / Alternate Director to Mr. H. Selvanathan)	4/5
Mrs. S. J. F. Evans	5/5
Mr. H. J. Andersen	2/5
Mr. D. A. Cabraal	5/5
Mr. Y. F. Lew	2/5

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

The Parent Company of the Company is Ceylon Beverage Holdings PLC (CBHPLC) and Carson Cumberbatch PLC (CCPLC) in turn is the Parent Company of CBHPLC. As per the Rule 7.10.6 of the Listing Rules of the Colombo Stock Exchange, the Audit Committee of CCPLC 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 25 to 26 of this Annual Report.

Remuneration Committee

The Parent Company of the Company is Ceylon Beverage Holdings PLC (CBHPLC) and Carson Cumberbatch PLC (CCPLC) in turn is the Parent Company of CBHPLC. As per the Rule 7.10.5 of the Listing Rules of the Colombo Stock Exchange, the Remuneration Committee of CCPLC 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*

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 30 on page 62 of the Annual Report. Executive Directors are not compensated for their role on the Board.

Nomination Committee

Composition

Nomination Committee Members	Executive / Non-Executive/ Independent
Mr. L. C. R. de C. Wijetunge (Chairman)	Non-Executive/ Independent Director
Mrs. S. J. F. Evans	Non-Executive/ Independent Director
Mr. D. C. R. Gunawardena	Non-Executive Director

Scope and Objective

The primary objective of the Nomination Committee is to lead the process for Board appointments of new Directors to the Board.

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. L. C. R. de C. Wijetunge (Chairman)	2/2
Mrs. S. J. F. Evans	2/2
Mr. D. C. R. Gunawardena	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.

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.

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2016 was Rs. 2,537,801,310/- consisting of 80,000,000 Ordinary shares.

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

EVENTS OCCURRING AFTER THE REPORTING DATE

Further to the Note no 38 Events occurring after the reporting date, no circumstances have arisen which would require adjustments to or disclosure in the Financial Statements.

SHARE INFORMATION

Information relating to share trading are given on pages 82 and 83 of this Report.

TWENTY MAJOR SHAREHOLDERS

		31st March 2016		31st March 2015	
	Name of Shareholders	No. of shares	%	No. of shares	%
1	CEYLON BEVERAGE HOLDINGS PLC	41,798,788	52.25	41,798,788	52.25
2	CARLSBERG BREWERY MALAYSIA BERHAD	20,000,686	25.00	19,979,686	24.97
3	CARSON CUMBERBATCH PLC A/C NO. 02	4,107,793	5.13	4,107,793	5.13
4	HSBC INTL NOM LTD -SSBT -WASATCH FRONTIER EMERGING SMALL COUNTRIES FUND	2,120,243	2.65	2,256,243	2.82
5	CACEIS BANK LUXEMBOURG S/A BARCA GLOBAL MASTER FUND LP	1,473,118	1.84	1,473,118	1.84
6	CARSON CUMBERBATCH PLC A/C NO. 01	1,400,758	1.75	1,400,758	1.75
7	BUKIT DARAH PLC A/C NO. 02	1,300,000	1.63	1,300,000	1.63
8	HSBC INTL NOM LTD-MSCO-ROUTE ONE OFFSHORE MASTER FUND, L.P.	1,257,924	1.57	1,635,774	2.04
9	HSBC INTL NOM LTD-MSCO-ROUTE ONE FUND 1,L.P.	1,105,841	1.38	1,558,802	1.95
10	GF CAPITAL GLOBAL LIMITED	1,055,199	1.32	1,265,199	1.58
11	NORTHERN TRUST GLOBAL SERVICES LONDON S/A VERDIPAPIRFONDET ODIN EMERGING MARKETS	575,000	0.72	-	-
12	CB NY S/A WASATCH FRONTIER EMERGING SMALL COUNTRIES CIT FUND	410,139	0.51	410,139	0.51
13	MELLON BANK N.A.-FLORIDA RETIREMENT SYSTEM	349,177	0.44	-	-
14	HSBC INTL NOM LTD-BP2S SINGAPORE-BNP PARIBAS BANK AND TRUST CAYMAN LIMITED AS TRUSTEE FOR HARVEST FUNDS (CAYMAN) - ASIA FRONTIER EQUITY FUND	322,394	0.40	330,994	0.41
15	SAMPATH BANK PLC/MRS.PRIYANI DHARSHINI RATNAGOPAL	300,000	0.38	-	-
16	HSBC INTERNATIONAL NOMINEES LTD-MORGAN STANLEY AND CO INTL PLC-OWN A/C	200,000	0.25	200,000	0.25
17	HSBC INTL NOM LTD-SSBT- RUSSELL INSTITUTIONAL FUNDS PUBLIC LIMITED COMPANY	195,900	0.24	-	-
18	MELLON BANK N.A.-COMMONWEALTH PEN PUB SCHOOL	166,193	0.21	166,193	0.21
19	PORTELET LIMITED	161,920	0.20	161,920	0.20
20	TRANZ DOMINION,L.L.C.	129,251	0.16	129,251	0.16

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

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 have 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 20th Annual General Meeting of the Company will be held on Wednesday, 20th July 2016 at 2.30 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 85 of the Annual Report.

Signed on behalf of the Board,

(Sgd.)
S. K. Shah
CEO/Director

(Sgd.)
C. T. Liyanage
Director

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

Colombo
6th June 2016

AUDIT COMMITTEE REPORT

The Parent Company of Lion Brewery (Ceylon) PLC is Ceylon Beverage Holdings PLC (CBHPLC) and Carson Cumberbatch PLC (CCPLC) in turn is the Parent Company of CBHPLC. As provided by the Colombo Stock Exchange Listing Rules, the Audit Committee of CCPLC 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 Lion Brewery (Ceylon) 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, Director-Finance of the Company, internal auditors and senior management staff members of the Beverage Sector 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 was to have an independent review of the system of internal controls as established by the management, its adequacy and integrity vis-à-vis objectives served and to determine the extent of adherence to the controls by staff responsible for the function and to take corrective/ preventive action where necessary.

The interim financial statements of Lion Brewery (Ceylon) 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 Lion Brewery (Ceylon) PLC for the year ended 31st March 2016 were reviewed at a Meeting of the Audit Committee, together with the External Auditors, Messrs.KPMG, prior to release of same to the Regulatory Authorities and to the shareholders. The Audit Committee was provided with confirmations and declarations as required, by the Director/CEO and Director-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 Lion Brewery (Ceylon) 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.

The Parent Company of Lion Brewery (Ceylon) PLC is Ceylon Beverage Holdings PLC (CBHPLC) and CCPLC in turn is the Parent Company of CBHPLC. As provided by the Colombo Stock Exchange Listing Rules, the RPTRC of CCPLC 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	
19th Annual General Meeting	23rd July 2015
20th Annual General Meeting	20th July 2016

INDEPENDENT AUDITORS' REPORT

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

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		+94 - 11 230 7345
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TO THE SHAREHOLDERS OF LION BREWERY (CEYLON) PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Lion Brewery (Ceylon) PLC, (the "Company"), and the consolidated financial statements of the Company and its subsidiaries ("Group"), which comprise the statement of financial position as at March 31, 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 30 to 74.

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 the 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 March 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with the 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 March 31, 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
June 06, 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	8	14,870,062	13,792,402	16,106,448	14,583,827
Intangible assets	9	4,157,316	4,205,582	4,157,316	4,205,582
Investments in subsidiary	10	1,029,623	1,029,623	-	-
Total Non-Current Assets		20,057,001	19,027,607	20,263,764	18,789,409
Current Assets					
Inventories	11	2,079,960	2,798,064	2,079,960	2,798,064
Trade and other receivables	12	1,660,862	1,845,855	1,685,813	1,874,085
Amounts due from related companies	13	301,310	376,720	301,310	256,342
Assets held for sale	14	-	58,660	5,200	491,895
Cash and cash equivalents	15	3,621,359	2,232,530	3,704,225	2,311,518
Total Current Assets		7,663,491	7,311,829	7,776,508	7,731,904
Total Assets		27,720,492	26,339,436	28,040,272	26,521,313
EQUITY AND LIABILITIES					
Equity					
Stated capital	16	2,537,801	2,537,801	2,537,801	2,537,801
Capital reserves	17	1,134,229	719,411	1,302,117	719,411
Retained earnings		6,011,480	4,560,771	6,146,216	4,669,370
Total Equity		9,683,510	7,817,983	9,986,134	7,926,582
Non-Current Liabilities					
Debentures	18	3,798,200	4,597,600	3,798,200	4,597,600
Loans and borrowings	19	3,203,570	2,874,862	3,203,570	2,874,862
Employee benefits	20	108,578	101,631	108,578	101,631
Net deferred tax liabilities	21	2,893,751	2,009,632	2,893,751	2,074,371
Total Non-Current Liabilities		10,004,099	9,583,725	10,004,099	9,648,464

As at 31st March In Rs.'000s	Notes	Company 2016	 2015	Group 2016	 2015
Current Liabilities					
Trade and other payables	22	671,142	787,153	678,708	795,692
Amounts due to related companies	23	194,319	176,403	194,319	176,403
Refundable deposits	24	987,168	885,915	987,168	885,915
Current tax liabilities	25	1,065,106	983,505	1,074,653	983,505
Debentures	18	958,699	331,964	958,699	331,964
Loans and borrowings	19	2,970,077	4,243,914	2,970,077	4,243,914
Bank overdrafts	15	1,186,372	1,528,874	1,186,415	1,528,874
Total Current Liabilities		8,032,883	8,937,728	8,050,039	8,946,267
Total Liabilities		18,036,982	18,521,453	18,054,138	18,594,731
Total Equity and Liabilities		27,720,492	26,339,436	28,040,272	26,521,313
Net assets per ordinary share (Rs.)		121.04	97.72	124.83	99.08

The Notes to the Financial Statements from page 37 to 74 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
Director - Finance

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

Approved and signed on behalf of the Managers

(Sgd.)
A. Weeratunge
Director

Carsons Management Services (Private) Limited
6th June 2016
Colombo

Approved and signed on behalf of the Board

(Sgd.)
S.K. Shah
Director

(Sgd.)
C.T. Liyanage
Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March In Rs.'000s	Notes	Company 2016	Company 2015	Group 2016	Group 2015
Revenue	26	35,526,379	32,350,375	35,526,379	32,350,375
Cost of sales		(26,710,333)	(24,217,959)	(26,710,333)	(24,217,959)
Gross profit		8,816,046	8,132,416	8,816,046	8,132,416
Other income	27	17,315	234,749	19,358	393,085
		8,833,361	8,367,165	8,835,404	8,525,501
Distribution expenses		(3,505,996)	(3,670,066)	(3,505,996)	(3,680,025)
Administrative expenses		(1,094,109)	(885,649)	(1,139,411)	(1,019,148)
Other expenses		(312,518)	(199,311)	(312,518)	(199,311)
Loss on disposal and impairment of PPE	28	-	(274,514)	-	(302,786)
Profit from operations before expenses relating to new investment		3,920,738	3,337,625	3,877,479	3,324,231
Expenses relating to new investment	29	-	(460,188)	-	(339,811)
Profit before finance cost	30	3,920,738	2,877,437	3,877,479	2,984,420
Finance income	31	274,164	222,302	274,164	222,302
Finance costs	31	(1,193,276)	(820,350)	(1,193,286)	(820,355)
Net finance cost		(919,112)	(598,048)	(919,122)	(598,053)
Profit before taxation		3,001,626	2,279,389	2,958,357	2,386,367
Income tax	32	(947,218)	(1,065,776)	(877,812)	(1,056,047)
Profit for the year		2,054,408	1,213,613	2,080,545	1,330,320
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurement of employee benefit obligations	20	7,491	(13,327)	7,491	(13,327)
Deferred tax adjustment	32	(2,997)	5,331	(2,997)	5,331
Revaluation gain on land & buildings	8	484,982	-	657,691	-
Deferred tax adjustment	32	(70,164)	-	(74,985)	-
Total other comprehensive income/(loss) for the year net of tax		419,312	(7,996)	587,200	(7,996)
Total comprehensive income for the year		2,473,720	1,205,617	2,667,745	1,322,324
Earnings per ordinary share (Rs.)	34	25.68	15.17	26.01	16.63

The notes to the Financial Statements from Page 37 to 74 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY

In Rs.'000s	Stated Capital	Revaluation Reserve	Retained Earnings	Total Equity
Company				
Balance as at 1st April 2014	2,537,801	719,411	3,675,154	6,932,366
Total comprehensive income for the year				
Profit for the year	-	-	1,213,613	1,213,613
Total other comprehensive loss	-	-	(7,996)	(7,996)
Total comprehensive income for the year	-	-	1,205,617	1,205,617
Transactions with owners of the company				
Distribution made to owners				
Ordinary dividends	-	-	(320,000)	(320,000)
Balance as at 31st March 2015	2,537,801	719,411	4,560,771	7,817,983
Super gain tax paid *	-	-	(288,193)	(288,193)
Balance as at 1st April 2015 after adjusting super gain tax	2,537,801	719,411	4,272,578	7,529,790
Total comprehensive income for the period				
Profit for the period	-	-	2,054,408	2,054,408
Total other comprehensive income for the year	-	414,818	4,494	419,312
Total comprehensive income for the period	-	414,818	2,058,902	2,473,720
Transactions with owners of the company				
Distribution made to owners				
Ordinary dividends	-	-	(320,000)	(320,000)
Balance as at 31st March 2016	2,537,801	1,134,229	6,011,480	9,683,510

The notes to the Financial Statements from Page 37 to 74 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

* 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. 288,192,658/-. 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

In Rs.'000s	Stated Capital	Revaluation Reserve	Retained Earnings	Total Equity
Group				
On consolidation	2,537,801	719,411	3,675,154	6,932,366
Total comprehensive income for the year				
Profit for the year	-	-	1,330,320	1,330,320
Total other comprehensive loss for the year	-	-	(7,996)	(7,996)
Total comprehensive income for the year	-	-	1,322,324	1,322,324
Transactions with owners of the company				
Contributions and distributions				
Share issue costs of subsidiary	-	-	(8,108)	(8,108)
Ordinary dividends	-	-	(320,000)	(320,000)
Balance as at 31st March 2015	2,537,801	719,411	4,669,370	7,926,582
Super gain tax paid *	-	-	(288,193)	(288,193)
Balance as at 1st April 2015 after adjusting super gain tax	2,537,801	719,411	4,381,177	7,638,389
Total comprehensive income for the year				
Profit for the year	-	-	2,080,545	2,080,545
Total other comprehensive income for the year	-	582,706	4,494	587,200
Total comprehensive income for the year	-	582,706	2,085,039	2,667,745
Transactions with owners of the company				
Distributions made to owners				
Ordinary dividends	-	-	(320,000)	(320,000)
Balance as at 31st March 2016	2,537,801	1,302,117	6,146,216	9,986,134

The notes to the Financial Statements from Page 37 to 74 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

* 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. 288,192,658/-. 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		3,001,626	2,279,389	2,958,357	2,386,367
Adjustments for:					
Finance costs	31	1,202,128	791,417	1,202,138	791,422
Depreciation on property, plant & equipment	8	987,450	710,886	1,022,306	722,647
Amortisation on intangible assets	9	53,514	53,053	53,514	53,053
Net inventory provision	11	11,232	24,112	11,232	24,112
Provision for retirement benefit obligation	20	21,028	19,770	21,028	19,770
Impairment of PPE	8	749	-	749	-
Impairment of assets held for sale	28	-	89,641	-	117,913
Impairment of Investment	29	-	120,377	-	-
Loss /(gain) on disposal of property, plant & equipment		(7,859)	154,963	(8,941)	153,804
Provision for irrecoverable VAT	29	-	339,811	-	339,811
Exchange gain on revaluation of foreign currency term loans	19	(49,783)	(1,927)	(49,783)	(1,927)
Deposit liability write back	24	-	(253,590)	-	(253,590)
Finance income	31	(274,164)	(222,302)	(274,164)	(222,302)
Operating cash flow before working capital changes		4,945,921	4,105,600	4,936,436	4,131,080
(Increase) / decrease in inventories	11	706,872	(127,155)	706,872	(127,155)
Decrease in trade and other receivables	12	184,993	537,092	188,272	508,863
(Increase) / decrease in amounts due from related companies	13	75,410	(162,649)	(44,968)	(42,271)
Increase / (decrease) In tax payable		20,757	(121,918)	30,149	(47,451)
Increase / (decrease) in trade and other payables		(115,855)	12,704	(116,828)	21,244
Increase in amounts due to related companies	23	17,916	110,782	17,916	110,782
Cash generated from operations		5,836,014	4,354,456	5,717,849	4,555,092
Finance expenses paid		(1,174,014)	(768,197)	(1,174,024)	(768,202)
Retirement benefits paid	20	(6,590)	(24,779)	(6,590)	(24,779)
Tax paid		(107,415)	(407,766)	(107,258)	(407,766)
Super gain tax paid		(288,193)	-	(288,193)	-
Net cash generated from operating activities		4,259,802	3,153,714	4,141,784	3,354,345

CASH FLOW STATEMENT

For the year ended 31st March In Rs.'000s	Notes	Company 2016	Company 2015	Group 2016	Group 2015
Cash flows from investing activities					
Purchase and construction of property, plant & equipment		(1,451,728)	(2,700,903)	(1,451,729)	(4,052,989)
Borrowing cost capitalised	31	(136,650)	(505,697)	(136,650)	(505,697)
Purchase of intangible assets	9	(5,248)	(4,001,502)	(5,248)	(4,001,502)
Proceeds from sale of property, plant & equipment		15,361	58,358	17,299	146,909
Proceeds from sale of assets held for sale		58,660	-	178,576	-
Investments in subsidiary	10	-	(1,150,000)	-	-
Agent deposits received	24	126,805	98,292	126,805	98,292
Agent deposits refunded	24	(25,552)	(2,910)	(25,552)	(2,910)
Interest received	31	274,164	222,302	274,164	222,302
Net cash used in investing activities		(1,144,188)	(7,982,060)	(1,022,335)	(8,095,595)
Cash flows from financing activities					
Loans and borrowings received	19	2,000,000	2,000,000	2,000,000	2,000,000
Proceeds from debentures	18	-	2,000,000	-	2,000,000
Repayments of loans and borrowing	19	(2,894,924)	(4,034,867)	(2,894,924)	(4,034,867)
Repayments of debentures		(201,200)	(201,200)	(201,200)	(201,200)
Share issue costs		-	-	-	(8,108)
Dividend paid net of tax		(288,159)	(288,029)	(288,159)	(288,029)
Net cash used in financing activities		(1,384,283)	(524,096)	(1,384,283)	(532,204)
Net increase/(decrease) in cash & cash equivalents		1,731,331	(5,352,442)	1,735,166	(5,273,454)
Cash & cash equivalents at the beginning of the year		703,656	6,056,098	782,644	6,056,098
Cash & cash equivalents at the end of the year		2,434,987	703,656	2,517,810	782,644
Analysis of cash and cash equivalents					
Cash and cash equivalents		3,621,359	2,232,530	3,704,225	2,311,518
Bank overdraft		(1,186,372)	(1,528,874)	(1,186,415)	(1,528,874)
		2,434,987	703,656	2,517,810	782,644

The notes to the Financial Statements from Page 37 to 74 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

Lion Brewery (Ceylon) PLC ("LBCPLC") is a public limited liability Company incorporated and domiciled in Sri Lanka and is listed on the Colombo Stock Exchange. Ceylon Beverage Holdings PLC is the immediate Parent Company of Lion Brewery (Ceylon) PLC. In the opinion of the Directors, Carson Cumberbatch PLC is the Parent Company of Ceylon Beverage Holdings PLC and Bukit Darah PLC is the Ultimate Parent and Controlling Entity of Ceylon Beverage Holdings PLC. 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.

Pearl Springs (Private) Limited (PSPL) is a fully owned subsidiary of Lion Brewery Ceylon PLC. The Company together with its subsidiary, PSPL acquired 100% ownership of Millers Brewery Limited (MBL) in the financial year 2014/15.

The Consolidated Financial Statements for the year ended 31st March 2016 comprise of the Company and its subsidiaries (together referred to as the "Group" and individually Group entities).

Subsidiary	Controlling interest
Pearl Springs (Private) Limited	100%
Millers Brewery Limited	100%

The principal activities of the Group is brewing and marketing of high quality beers for both local & export markets.

There were 238 employees in the Company and the group as at the reporting date. (2015 -239).

2 BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of Lion Brewery (Ceylon) 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 LKAS/SLFRS) 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

The Financial Statements are presented in Sri Lankan Rupees, which is the Group's functional currency. All financial information presented in Sri Lanka Rupees has been rounded to the nearest rupee thousands.

2.4 Use of Estimates and Judgments

The preparation of financial statements in conformity with LKAS / 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 accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in following notes.

Note 8 – Revaluation of Land & Building
Note 20 – Retirement benefit obligations
Note 21 – Deferred tax liabilities/assets
Note 37 – Commitments & Contingencies

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. The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, the Group 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 is 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.

(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 the Company has held the following subsidiaries:

Subsidiary	Controlling interest
Pearl Springs (Private) Limited	100%
Millers Brewery Limited	100% (Held through PSPL)

(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 the 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 Group. Non-controlling Interest in the Profit or Loss of the Group is disclosed separately in the Consolidated Statement of Profit or Loss and other Comprehensive Income. However the Group does not have non-controlling interest as of the reporting date, as subsidiaries are wholly owned by the Company.

(V) Financial Period

The Consolidated Financial Statements are prepared to a common financial year ending 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 Group'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, trade and other receivables and amounts due from related parties.

(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 is 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 each specific asset. 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 and 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.

3.3.4 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.

3.4 Impairment of Non-Financial Assets
The carrying amounts of the company'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.

3.5 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 as 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 income statement in which case the increase is recognised in the income statement.

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.

	Lion Brewery (Ceylon) PLC Years	**Millers Brewery Limited Years**
Freehold buildings	40	40
Plant & machinery	10-20	20
Furniture & fittings	10	5
Office equipment	3-10	5
Computer equipment	3	3
Returnable containers	5	-
Motor vehicles	4-5	5
Laboratory equipment	4	-

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 the 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 Costs 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 are 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 or 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 Non - Current Liabilities. The said deposit will be refunded to the agent only upon them returning these returnable containers due to cessation of their operation or due to contraction in sales.

(VIII) Capital Work-in-Progress
The cost of self-constructed assets includes the cost of materials, direct labour, and direct overheads including any other costs directly attributable to bring 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 and Equipment
The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are 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.

3.6 Leases

3.6.1 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.

3.6.2 Operating leases
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.

3.7 Intangible Assets
An Intangible Asset is recognised if it is probable that future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably.

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 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 and on a straight line basis over the estimated useful lives of the intangible assets from the date that they are available for use. Amortisation methods, useful lives and residual values are reviewed at each financial year end.

The estimated useful life is as follows;

	Lion Brewery (Ceylon) PLC Years
Category	
Software Licenses	5

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 indefinite 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 de-recognition of such Intangible Assets is included in the Profit or Loss when the item is derecognised.

3.8 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. The cost of the inventories is based on the weighted average principle.
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.

3.9 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.

3.10 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.

3.11 Cash and 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.

3.12 LIABILITIES AND PROVISIONS
3.12.1 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.

3.12.2 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.

3.12.3 Provisions
A provision is recognised if, as a result of a past event, the Group 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.

3.13 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 contribution of the Employees' Provident Fund is recognised as an expense in the Profit or Loss.

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.

(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 a qualified actuary using the Projected Unit Credit method (PUC). The Company's net obligation in respect of defined benefit 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, 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.

3.14 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.

3.15 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 STATEMENTS 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.

(i) Interest
Income is recognised on an accrual basis.

(ii) 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 Expenditure
All expenditure incurred in running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year. For the purpose of presentation of Statements 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 the Profit or Loss, using the effective interest method.

Finance cost comprise interest expenses on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available for sale financial assets, impairment losses recognised on financial assets (other than trade receivables).

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

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

4.3 Income Tax
Income tax comprises of current and deferred tax. Income tax is recognised directly in the 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 balance sheet 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 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 number of ordinary shares in issue.

4.5 Dividend Distribution
Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

5 CASH FLOW STATEMENT

5.1 Cash and 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.

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 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 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.

7.1 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.

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.

7.2 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.

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

(ii) Agriculture: Bearer Plants (Amendments to LKAS 16 and LKAS 41) – effective from 1st January 2016

8 PROPERTY, PLANT & EQUIPMENT

8.1 Property, Plant & Equipment - Company

In Rs.'000s	Freehold Land	Freehold Buildings	Plant & Machinery	Furniture & Fittings
Cost / Valuation				
As at 1st April 2015	1,664,043	1,924,930	8,681,950	21,494
Additions	-	26,470	2,058	1,383
Transfers	53,345	257,130	1,560,320	1,991
Reclassification to assets held for sale (Note 14)	-	-	-	-
Transferred to revaluation	-	(135,598)	-	-
Change on revaluation	309,573	175,409	-	-
Disposals/ Breakages	(2,247)	-	(28,445)	(481)
As at 31st March 2016	2,024,714	2,248,341	10,215,883	24,387
Accumulated Depreciation				
As at 1st April 2015	-	89,644	1,371,676	14,873
Charge for the year	-	45,954	471,581	1,336
Reclassification to assets held for sale (Note 14)	-	-	-	-
Impairment	-	-	582	4
Transferred to revaluation	-	(135,598)	-	-
Disposals/ Breakages	-	-	(25,985)	(454)
As at 31st March 2016	-	-	1,817,854	15,759
Net Book Value				
As at 31st March 2016	2,024,714	2,248,341	8,398,029	8,628
As at 31st March 2015	1,664,043	1,835,286	7,310,274	6,621

Freehold land and buildings of the Company were revalued in the books to conform 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 at a value of Rs. 4,273.05 Mn and the resultant surplus arising there from was transferred to the Revaluation Reserves.

	Office Equipment	Computer Equipment	Motor Vehicles	Laboratory Equipment	Returnable Containers	Capital Work-in -Progress	31st March 2016	31st March 2015
	24,680	171,254	94,425	47,260	2,790,547	1,784,025	17,204,608	14,677,017
	100	4,764	-	18,995	37,109	1,502,430	1,593,309	3,206,600
	14,686	11,584	-	-	204,499	(2,108,485)	(4,930)	-
	-	-	-	-	-	-	-	(390,627)
	-	-	-	-	-	-	(135,598)	-
	-	-	-	-	-	-	484,982	-
	(4,574)	(7,662)	-	(2,379)	(162,231)	-	(208,019)	(288,382)
	34,892	179,940	94,425	63,876	2,869,924	1,177,970	18,934,352	17,204,608
	13,946	123,018	43,094	35,972	1,719,983	-	3,412,206	3,018,706
	2,223	28,605	15,971	9,151	412,629	-	987,450	710,886
	-	-	-	-	-	-	-	(242,325)
	-	161	-	2	-	-	749	-
	-	-	-	-	-	-	(135,598)	-
	(4,574)	(7,662)	-	(2,379)	(159,463)	-	(200,517)	(75,061)
	11,595	144,122	59,065	42,746	1,973,149	-	4,064,290	3,412,206
	23,297	35,818	35,360	21,130	896,775	1,177,970	14,870,062	-
	10,734	48,236	51,331	11,288	1,070,564	1,784,025	-	13,792,402

8 PROPERTY, PLANT & EQUIPMENT

8.1 Property, Plant & Equipment - Group

In Rs.'000s	Freehold Land	Freehold Buildings	Plant & Machinery	Furniture & Fittings
Cost / Valuation				
As at 1st April 2015	1,976,392	2,391,098	8,681,333	30,398
Additions	-	26,470	2,058	1,383
On consolidation	-	-	-	-
Transfers	53,345	257,130	1,560,320	1,991
Reclassification from/ (to) assets held for sale (Note 14)	-	-	308,119	-
Transferred to revaluation	-	(152,400)	-	-
Change on revaluation	465,063	192,628	-	-
Disposals/ Breakages	(2,247)	-	(28,445)	(512)
As at 31st March 2016	2,492,553	2,714,926	10,523,385	33,260
Accumulated Depreciation				
As at 1st April 2015	-	94,500	1,371,059	15,327
Charge for the year	-	57,900	486,987	2,420
Reclassification to assets held for sale (Note 14)	-	-	-	-
Impairment	-	-	582	4
Transferred to revaluation	-	(152,400)	-	-
Disposals/ Breakages	-	-	(25,985)	(462)
As at 31st March 2016	-	-	1,832,643	17,289
Net Book Value				
As at 31st March 2016	2,492,553	2,714,926	8,690,742	15,971
As at 31st March 2015	1,976,392	2,296,598	7,310,274	15,071

Freehold land and buildings of Lion Brewery (Ceylon) PLC and Millers Brewery Limited were revalued in the books to conform 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 at a value of Rs. 5,207.48 Mn and the resultant surplus arising there from was transferred to the Revaluation Reserves.

Pearl Springs (Private) Limited acquired Millers Brewery Limited ("MBL") on 30th October 2014. Accordingly PPE of MBL is recorded at such values.

Office Equipment	Computer Equipment	Motor Vehicles	Laboratory Equipment	Returnable Containers	Capital Work-in -Progress	31st March 2016	31st March 2015
24,971	180,986	98,108	47,260	2,792,498	1,784,025	18,007,069	14,677,017
100	4,764	-	18,995	37,109	1,502,431	1,593,310	3,206,600
-	-	-	-	-	-	-	1,352,086
14,686	11,584	-	-	204,499	(2,108,485)	(4,930)	-
-	-	-	-	-	-	308,119	(852,134)
-	-	-	-	-	-	(152,400)	-
-	-	-	-	-	-	657,691	-
(4,574)	(7,924)	(17,533)	(2,379)	(162,231)	-	(225,845)	(376,500)
35,183	189,410	80,575	63,876	2,871,875	1,177,971	20,183,014	18,007,069
14,017	125,760	44,673	35,972	1,721,934	-	3,423,242	3,018,706
2,395	33,620	17,204	9,151	412,629	-	1,022,306	722,647
-	-	-	-	-	-	-	(242,325)
-	161	-	2	-	-	749	-
-	-	-	-	-	-	(152,400)	-
(4,574)	(7,662)	(16,806)	(2,379)	(159,463)	-	(217,331)	(75,786)
11,838	151,879	45,071	42,746	1,975,100	-	4,076,566	3,423,242
23,345	37,531	35,504	21,130	896,775	1,177,971	16,106,448	-
10,954	55,226	53,435	11,288	1,070,564	1,784,025	-	14,583,827

8 PROPERTY, PLANT & EQUIPMENT CONTD.

8.2 Carrying amount of the revalued assets, if they were carried at cost model

	Company		Group	
In Rs.'000s	Land	Buildings	Land	Buildings
Cost as at 1st April 2015	1,094,437	1,841,902	1,406,786	2,308,068
Additions during the year	53,345	283,600	53,345	283,600
Disposal during the year	(2,247)	-	(2,247)	-
Cost as at 31st March 2016	1,145,535	2,125,502	1,457,884	2,591,668
Accumulated depreciation	-	(264,660)	-	(281,462)
Carrying amount as at 31st March 2016	1,145,535	1,860,842	1,457,884	2,310,206

8.3 Extents, locations, valuations and number of buildings and land holdings.

	2016						2015					
Location	Extent of Lands			Cost / Revalue of Lands Rs. 000s	Number of buildings/ Blocks	Cost/ Revalue of Buildings Rs. 000s	Extent of Lands			Cost / Revalue of Lands Rs.	Number of buildings/ Blocks	Cost/ Revalue of Buildings Rs.
Lion Brewery Ceylon PLC	A	R	P				A	R	P			
Factory & Office Premises	12.00	2.00	28.60	811,439	36	1,500,377	10.00	1.00	0.05	490,732	34	896,788
New packaging Line Land	10.00	3.00	14.88	693,952	5	745,190	8.00	3.00	20.14	326,825	5	935,929
Kaduwela Land	3.00	0.00	27.00	190,125	0	-	3.00	0.00	27.00	77,318		
Keerthi Mawatha Lands	0.00	3.00	24.66	68,714	1	2,774	0.00	3.00	5.66	30,704	1	2,569
Parakum Mawatha Lands	-	-	-	-	-	-	0.00	3.00	4.67	51,893	2	-
Jayanthi Mawatha Lands	2.00	2.00	34.14	260,484	3	-	6.00	0.00	18.86	686,572	3	-
Total- Company	30.00	1.00	9.28	2,024,714	45	2,248,341	29.00	3.00	36.38	1,664,043	45	1,835,286
Millers Brewery Limited						-						-
Factory & Office Premises	23.00	3.00	35.00	467,839	12	466,585	23.00	3.00	35.00	312,349	12	461,312
Total- Group	54.00	1.00	4.28	2,492,553	57	2,714,926	53.00	3.00	31.38	1,976,392	57	2,296,598

A: Acres R: Roods P: Perches

8.4 The Group has capitalised the borrowing cost amounting to Rs. 136,649,774/- (2015- Rs. 505,696,889/-). The average capitalisation rate used for the year was 8.19%. (2015 - 8.64%).

8.5 Property, Plant and Equipment includes fully depreciated assets still in use which cost/valuation to Rs. 1,142,410,112/- (2015 - Rs. 1,021,293,477/-).

8.6 Fair Value measurement

(a) 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.

(b) 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 and MBL	31.03.2016	Land and Building method	(i)	Per perch value	Positive correlated sensitivity
Buildings of LBCPLC and MBL	31.03.2016	Land and Building method	(i)	Estimated construction cost per square feet	Positive correlated sensitivity
			(ii)	Percentage of depreciation	Negative correlated sensitivity

9 INTANGIBLE ASSETS

As at 31st March In Rs.'000s	Brands	Computer Software	2016 Total	2015 Total
COMPANY				
Cost				
Opening balance	4,000,000	343,842	4,343,842	342,340
Additions during the year	-	318	318	4,001,502
Transfers from capital WIP	-	4,930	4,930	-
Closing balance	4,000,000	349,090	4,349,090	4,343,842
Amortisation				
Opening balance	-	138,260	138,260	85,207
Amortisation for the year	-	53,514	53,514	53,053
Closing balance	-	191,774	191,774	138,260
Net Book Value	4,000,000	157,316	4,157,316	4,205,582
GROUP				
Cost				
Opening balance	4,000,000	343,842	4,343,842	342,340
Additions during the year	-	318	318	4,001,502
Transfers from capital WIP	-	4,930	4,930	-
Closing balance	4,000,000	349,090	4,349,090	4,343,842
Amortisation				
Opening balance	-	138,260	138,260	85,207
Amortisation for the year	-	53,514	53,514	53,053
Closing balance	-	191,774	191,774	138,260
Net Book Value	4,000,000	157,316	4,157,316	4,205,582

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

The Company acquired brands amounting to Rs.4bn during last financial year through Millers Brewery Limited. 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 Company 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.

10 INVESTMENT IN SUBSIDIARY

Company

The Company invested Rs. 1,150,000,000/- in Pearl Springs (Pvt) Ltd through which the Company acquired Millers Brewery Limited in financial year 2014/15. Pearl Springs (Pvt) Ltd is a fully owned subsidiary of Lion Brewery Ceylon PLC.

In Rs. '000s	No of Shares	% holding	Market Value / Directors Value as at 31st Mar 2016	Cost as at 31st March 2016	Market Value / Directors Value as at 31st Mar 2015	Cost as at 31st March 2015
Pearl Springs (Pvt) Ltd	1	100%	1,150,000		1,150,000	
Impairment Provision (Note 29)			(120,377)		(120,377)	
Balance			1,029,623	1,029,623	1,029,623	1,029,623

The Company made a provision for impairment of it's investment in Pearl Springs (Pvt) Ltd amounting to Rs. 120 Mn in 2015, considering its net asset position as 31st March 2015. However the management assessed that no further impairment is required as at the reporting date.

As the subsidiaries are 100% equity owned companies, no presentation for non-controlling interest has been made.

	Company		Group	
As at 31st March	2016	2015	2016	2015
In Rs.'000s				
11 INVENTORIES				
Raw and packing materials	550,862	537,129	550,862	537,129
Work in progress	172,840	155,875	172,840	155,875
Finished goods	1,112,399	1,904,600	1,112,399	1,904,600
Maintenance spares & others	282,586	267,524	282,586	267,524
	2,118,687	2,865,128	2,118,687	2,865,128
Impairment for provision for inventory (Note 11.1)	(38,727)	(67,064)	(38,727)	(67,064)
	2,079,960	2,798,064	2,079,960	2,798,064
11.1 Impairment for provision for inventory				
Balance as at beginning of the year	67,064	42,952	67,064	42,952
Provisions made during the year	11,232	54,732	11,232	54,732
Reversals during the year	(39,569)	(30,620)	(39,569)	(30,620)
Balance as at end of the year	38,727	67,064	38,727	67,064

As at 31st March In Rs.'000s	Company 2016	Company 2015	Group 2016	Group 2015
12 TRADE AND OTHER RECEIVABLES				
Trade receivables	**943,856**	1,101,337	**943,856**	1,101,337
Impairment provision for doubtful debts (Note 12.1)	**(15,065)**	(15,065)	**(15,065)**	(15,065)
	928,791	1,086,272	**928,791**	1,086,272
Advances given to business partners	**20,454**	110,466	**20,454**	110,466
Other advances	**517,251**	333,746	**517,251**	333,746
Prepayments	**140,218**	139,456	**140,218**	139,456
Other receivables	**54,148**	175,915	**79,099**	204,145
	1,660,862	1,845,855	**1,685,813**	1,874,085
12.1 Provision for doubtful debts				
Balance as at beginning of the year	**15,065**	15,065	**15,065**	15,065
Provisions / Write-offs during the year	**-**	-	**-**	-
Balance as at end of the year	**15,065**	15,065	**15,065**	15,065
13 AMOUNTS DUE FROM RELATED COMPANIES				
Ceylon Beverages Holdings PLC	**-**	24	**-**	24
Luxury Brands (Private) Limited	**301,310**	256,318	**301,310**	256,318
Pearl Springs (Private) Limited	**-**	120,378	**-**	-
	301,310	376,720	**301,310**	256,342

14 ASSETS HELD FOR SALE

GROUP

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.

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
Fair value - Group (Note 14.1)	5,200	5,200	491,895

14.1 Movement of assets held for sale

	In Rs.'000s
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 8)	(308,119)
Balance as at 31st March 2016	5,200

As at 31st March In Rs.'000s	Company 2016	Company 2015	Group 2016	Group 2015
15 CASH AND CASH EQUIVALENTS				
Fixed deposits with financial institutions	3,278,237	1,716,784	3,278,237	1,716,784
Savings accounts	28,720	77,905	28,720	77,905
Cash at bank	312,152	435,896	395,018	514,884
Cash in hand	2,250	1,945	2,250	1,945
	3,621,359	2,232,530	3,704,225	2,311,518

Cash and cash equivalents includes following for the purpose of Statement of Cash Flows.

As at 31st March In Rs.'000s	Company 2016	Company 2015	Group 2016	Group 2015
Cash and cash equivalents	3,621,359	2,232,530	3,704,225	2,311,518
Bank overdrafts	(1,186,372)	(1,528,874)	(1,186,415)	(1,528,874)
	2,434,987	703,656	2,517,810	782,644

16 STATED CAPITAL

Shares issued and fully paid (80,000,000 ordinary shares)	2,537,801	2,537,801	2,537,801	2,537,801

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.

17 CAPITAL RESERVES

The Capital Reserve relates to revaluation of land and buildings. It comprises of the increase in the fair value of land and buildings at the date of revaluation.

As at 31st March In Rs.'000s	Company 2016	Company 2015	Group 2016	Group 2015
Revaluation reserve	1,134,229	719,411	1,302,117	719,411

As at 31st March In Rs.'000s	Company 2016	Company 2015	Group 2016	Group 2015
18 DEBENTURES				
Balance as at the beginning of the year	**4,798,800**	3,000,000	**4,798,800**	3,000,000
Debentures issued	**-**	2,000,000	**-**	2,000,000
Debentures redeemed	**(201,200)**	(201,200)	**(201,200)**	(201,200)
Balance as at the end of the year	**4,597,600**	4,798,800	**4,597,600**	4,798,800
Interest payable (Note 18.4)	**159,299**	130,764	**159,299**	130,764
Balance as at the end of the year	**4,756,899**	4,929,564	**4,756,899**	4,929,564

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

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

The categories of Debentures and its proportion of the different types of debentures in each category are as follows.

As at 31st March In Rs.'000s	Company 2016	Company 2015	Group 2016	Group 2015
Category 01 Debentures - Floating Rate (Note 18.1)	**603,600**	804,800	**603,600**	804,800
Category 02 & 03 Debentures - Fixed Rate (Note 18.2)	**3,994,000**	3,994,000	**3,994,000**	3,994,000
Total	**4,597,600**	4,798,800	**4,597,600**	4,798,800

18.1 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.

18.2 Category 02 & Category 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				

18.3 Composition of Debentures and interest payable

	Company		Group	
As at 31st March In Rs.'000s	2016	2015	2016	2015
Classified under non-current liabilities				
Debentures falling due after one year (Note 18.1 & 18.2)	**3,798,200**	4,597,600	**3,798,200**	4,597,600
	3,798,200	4,597,600	**3,798,200**	4,597,600
Classified under current liabilities				
Debentures falling due within one year (Type C & F)	**799,400**	201,200	**799,400**	201,200
Debenture interest payable (Note 18.4)	**159,299**	130,764	**159,299**	130,764
	958,699	331,964	**958,699**	331,964
Total debentures and interest payable	**4,756,899**	4,929,564	**4,756,899**	4,929,564

18 DEBENTURES CONTD.

18.4 Interest paid on Debentures

During the year the Company has charged Rs. 484,414,274/- (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.

18.5 No security has been pledged against the debentures.

18.6 Debenture trading Information

	2016			2015		
	Highest price (Rs.)	Lowest price (Rs.)	Last Traded Price (Rs.)	Highest price (Rs.)	Lowest price (Rs.)	Last Traded Price (Rs.)
Debentures issued on 17th Jun 2013 (Rs.1,000/- par value)						
Type C - Floating Rate - 3 Year	N/T	N/T	N/T	N/T	N/T	N/T
Type D - Floating Rate - 4 Year	N/T	N/T	N/T	N/T	N/T	N/T
Type E- Floating Rate - 5 Year	N/T	N/T	N/T	N/T	N/T	N/T
Type F - Fixed Rate - 3 Year	1,057	1,057	1,057	1,074	1,074	1,074
Type G - Fixed Rate - 4 Year	N/T	N/T	N/T	1,118	1,118	1,118
Type H - Fixed Rate - 5 Year	N/T	N/T	N/T	1,160	1,160	1,160
Debentures issued on 08th Dec 2014 (Rs.100/- par value)						
Type I - Fixed Rate - 5 Year	N/T	N/T	N/T	N/T	N/T	N/T

N/T - Not traded during the year.

Interest yield of last trade done (%)	2016	2015
Debentures issued on 17th Jun 2013 (Rs.1,000/- par value)		
Type F - Fixed Rate - 3 Year	12.77%	12.57%
Type G - Fixed Rate - 4 Year	N/T	12.30%
Type H - Fixed Rate - 5 Year	N/T	12.06%

Interest rate of comparable government securities (%)	2016	2015
03 year treasury bonds	11.75%	8.70%
04 year treasury bonds	12.78%	8.92%
05 year treasury bonds	13.00%	9.13%

Debt related ratios - Company	2016	2015
Debt/equity ratio (times)	1.17	1.54
Quick asset ratio (%)	70%	51%
Interest cover (times)	4.27	2.78

As at 31st March In Rs.'000s	Company 2016	 2015	Group 2016	 2015
19 LOANS AND BORROWINGS				
Balance as at the beginning of the year	**7,108,776**	9,145,570	**7,108,776**	9,145,570
Obtained during the year	**2,000,000**	2,000,000	**2,000,000**	2,000,000
Repayments during the year	**(2,894,924)**	(4,034,867)	**(2,894,924)**	(4,034,867)
Exchange gain on foreign currency loans	**(49,783)**	(1,927)	**(49,783)**	(1,927)
	6,164,069	7,108,776	**6,164,069**	7,108,776
Interest payable	**9,578**	10,000	**9,578**	10,000
Balance as at the end of the year	**6,173,647**	7,118,776	**6,173,647**	7,118,776

19.1 Details of loans and borrowings

Name of the Lender	Interest Rate (p.a)	31st March 2016 Rs. 000s	31st March 2015 Rs. 000s	Repayment Terms	Security Offered
HSBC - USD 11.05 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	Unsecured
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 instalments of Rs 27.8Mn and with a final instalment 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 - 500 Mn	8.67%	**500,000**	-	1 month - Renewable	Unsecured
Citi Bank - Rs. 500 Mn	8.40%	**500,000**	-	3 month - Renewable	Unsecured
Total		**6,164,069**	7,108,776		

19 LOANS AND BORROWINGS

19.2 Composition of loans and borrowings repayment

	Company		Group	
As at 31st March In Rs.'000s	2016	2015	2016	2015
Classified under non-current liabilities				
Loans and borrowings falling due after one year	3,203,570	2,874,862	3,203,570	2,874,862
Classified under current liabilities				
Loans and borrowings falling due within one year	2,960,499	4,233,914	2,960,499	4,233,914
Interest payable	9,578	10,000	9,578	10,000
	2,970,077	4,243,914	2,970,077	4,243,914
Balance as at the end of the year	6,173,647	7,118,776	6,173,647	7,118,776

20 EMPLOYEE BENEFITS

The amounts recognised in the statements of financial position are as follows:

	Company		Group	
As at 31st March In Rs.'000s	2016	2015	2016	2015
Present value of unfunded obligation	108,578	101,631	108,578	101,631
Liability in the statements of financial position	108,578	101,631	108,578	101,631
The movement in the defined benefit obligation over the year is as follows:				
As at 1st April	101,631	93,313	101,631	93,313
Interest cost	10,163	9,332	10,163	9,332
Current service cost	10,865	10,438	10,865	10,438
Actuarial (gain)/loss	(7,491)	13,327	(7,491)	13,327
Benefits paid	(6,590)	(24,779)	(6,590)	(24,779)
As at 31st March	108,578	101,631	108,578	101,631

	Company		Group	
For the year ended 31st March In Rs.'000s	2016	2015	2016	2015
The amounts recognised in the Statement of Profit or Loss are as follows:				
Interest cost	10,163	9,332	10,163	9,332
Current service cost	10,865	10,438	10,865	10,438
	21,028	19,770	21,028	19,770
The amounts recognised in the Other Comprehensive Income are as follows:				
Actuarial loss	(7,491)	13,327	(7,491)	13,327

20.1 The gratuity liability as at 31st March 2016 amounting to Rs. 108,577,969/- (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 (Private) 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.

20.2 The liability is not externally funded.

20.3 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;

	Discount Rate	Rate of Pay
Increase by one percentage	(5,756)	6,890
Decrease by one percentage	6,419	(6,272)

As at 31st March In Rs.'000s	Company 2016	Company 2015	Group 2016	Group 2015
21 NET DEFERRED TAX LIABILITIES				
Deferred tax Asset (Note 21.1)	**43,431**	40,653	**226,173**	40,653
Deferred tax liability (Note 21.2)	**2,937,182**	2,050,285	**3,119,924**	2,115,024
Balance as at the end of the year	**2,893,751**	2,009,632	**2,893,751**	2,074,371
21.1 Movement of Deferred tax asset				
Balance as at the beginning of the year	**40,653**	37,325	**40,653**	37,325
Originated during the year	**2,778**	3,328	**185,520**	3,328
Balance as at the end of the year	**43,431**	40,653	**226,173**	40,653
21.2 Movement of Deferred tax liability				
Balance as at the beginning of the year	**2,050,285**	1,241,422	**2,115,024**	1,241,422
On consolidation	**-**	-	**-**	74,467
Originated during the year (Note 32)	**886,897**	808,863	**1,004,900**	799,135
Balance as at the end of the year	**2,937,182**	2,050,285	**3,119,924**	2,115,024
21.3 Deferred tax assets relates to the followings				
Deferred tax on employee benefits	**43,431**	40,653	**43,431**	40,653
Deferred tax on brought forward tax losses	**-**	-	**182,742**	-
	43,431	40,653	**226,173**	40,653
21.4 Deferred tax liability relates to the followings				
Temporary differences from Property, Plant & Equipment	**2,802,715**	1,985,982	**2,980,635**	2,050,721
Deferred tax on revaluation	**134,467**	64,303	**139,289**	64,303
	2,937,182	2,050,285	**3,119,924**	2,115,024

As at 31st March In Rs.'000s	Company 2016	Company 2015	Group 2016	Group 2015
22 TRADE AND OTHER PAYABLES				
Trade payables	333,505	372,805	333,505	372,805
Trade incentives	56,364	128,853	56,364	128,853
Accruals	258,738	110,624	258,738	110,624
Other payables	22,535	174,871	30,101	183,410
	671,142	787,153	678,708	795,692
23 AMOUNTS DUE TO RELATED COMPANIES				
Carlsberg A/S	194,319	176,403	194,319	176,403
	194,319	176,403	194,319	176,403
24 REFUNDABLE DEPOSITS				
Balance as at the beginning of the year	885,915	1,044,123	885,915	1,044,123
Deposits received during the year	126,805	98,292	126,805	98,292
Deposits refunded during the year	(25,552)	(2,910)	(25,552)	(2,910)
Empty deposit write back during the year	-	(253,590)	-	(253,590)
Balance as at the end of the year	987,168	885,915	987,168	885,915

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

As at 31st March In Rs.'000s	Company 2016	Company 2015	Group 2016	Group 2015
25 CURRENT TAX LIABILITIES				
Excise duty	969,198	948,441	969,198	948,441
Value added tax	-	-	9,392	-
Income tax	95,908	35,064	96,063	35,064
	1,065,106	983,505	1,074,653	983,505

For the year ended 31st March In Rs.'000s	Company 2016	Company 2015	Group 2016	Group 2015
26 REVENUE				
Local revenue	35,177,009	31,981,207	35,177,009	31,981,207
Export revenue	349,370	369,168	349,370	369,168
	35,526,379	32,350,375	35,526,379	32,350,375

For the year ended 31st March In Rs.'000s	Company 2016	Company 2015	Group 2016	Group 2015

27 OTHER INCOME

Deposit liability write back	-	231,875	-	231,875
Negative goodwill	-	-	-	153,892
Other income	**17,315**	2,874	**19,358**	7,318
	17,315	234,749	**19,358**	393,085

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.

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

Company

During the previous year the Company disposed of its old canning line to Wallart Sarl of France and entered in to a sale agreement with them for the sale of the old bottling line. Whilst Wallart Sarl took possession of the canning line, the bottling line remained in the books of the Company and thus classified under Assets held for sale (Note 14). 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 Company 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 profit or loss, as these items are now obsolete. The total impacts of these transactions are as below.

Group

In the Assets of newly acquired Millers Brewery Ltd, an impairment provision for plant and machinery & returnable containers has been recorded for a value of Rs. 28.3 Mn. The total impacts of these transactions are as below.

	Company 2016	Company 2015	Group 2016	Group 2015
Loss on disposal of old canning plant	-	155,527	-	155,527
Impairment of old bottling plant	-	89,642	-	89,642
Provision for spare parts - old bottling/ canning plant	-	29,345	-	29,345
Impairment of plant, machinery & returnable containers - MBL	-	-	-	28,272
	-	274,514	-	302,786

29 EXPENSES RELATING TO NEW INVESTMENT

The Company incurred Rs. 480 Mn as VAT, on account of the acquisition of trademarks and brands 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 was made in the accounts for the year ended 31st March 2015. A provision of Rs. 120.4 Mn for the impairment of the investment made in Pearl Springs (Pvt) Ltd was also recorded as at 31st March 2015, as explained in note 10 to the Financial Statements.

	Company		Group	
For the year ended 31st March	**2016**	**2015**	**2016**	**2015**
In Rs.'000s				
Provision for irrecoverable VAT	-	339,811	-	339,811
Provision for investment in subsidiaries	-	120,377	-	-
Total	-	460,188	-	339,811

30 PROFIT BEFORE FINANCE COST

Profit before finance cost is stated after charging all expenses including the following :

	Company		Group	
For the year ended 31st March	**2016**	**2015**	**2016**	**2015**
In Rs.'000s				
Directors' fees and emoluments	**41,944**	60,824	**41,944**	60,824
Auditors' remuneration - Audit Fee	**1,210**	1,210	**1,510**	1,510
- Audit related services	**50**	113	**50**	113
Depreciation on property, plant equipment (Note 8)	**987,450**	710,886	**1,022,306**	722,647
Amortisation of intangible assets (Note 9)	**53,514**	53,053	**53,514**	53,053
Impairment of property, plant equipment	**749**	89,642	**749**	117,914
Impairment of investment in subsidiary	**-**	120,377	**-**	-
Impairment for spare parts	**-**	29,345	**-**	29,345
Provision for irrecoverable VAT	**-**	339,811	**-**	339,811
Royalty	**260,390**	273,979	**260,390**	273,979
Supporting service Fees	**347,982**	253,614	**347,982**	253,614
Personnel expenses (Note 30.1)	**785,693**	575,315	**785,693**	575,315

30.1 Personnel expenses

Salaries, wages and other related expenses	**716,493**	512,712	**716,493**	512,712
Defined benefit plan costs (Note 20)	**21,028**	19,770	**21,028**	19,770
Defined contribution plan cost - EPF & ETF	**48,172**	42,833	**48,172**	42,833
	785,693	575,315	**785,693**	575,315

For the year ended 31st March In Rs.'000s	Company 2016	 2015	Group 2016	 2015
31 NET FINANCE COST				
Finance Income:				
Interest income - FD	272,948	214,155	272,948	214,155
Interest income - Other	1,216	8,147	1,216	8,147
Total Finance income	274,164	222,302	274,164	222,302
Interest Expenses:				
Interest expenses -Term loans	227,324	140,937	227,324	140,937
Interest expenses -Bank overdrafts	293,417	60,741	293,427	60,746
Interest on debentures	419,499	195,732	419,499	195,732
Interest expenses - others	261,888	394,007	261,888	394,007
Total Interest expenses (Note 31.1)	1,202,128	791,417	1,202,138	791,422
Net foreign exchange transaction loss	(8,852)	28,933	(8,852)	28,933
Total Finance costs	1,193,276	820,350	1,193,286	820,355
Net Finance Cost	(919,112)	(598,048)	(919,122)	(598,053)
31.1 Analysis of Total Interest Expenses				
Total interest expenses incurred during the year.	1,338,778	1,297,114	1,338,788	1,297,119
Less: Capitalised during the period (Note 8.4)	(136,650)	(505,697)	(136,650)	(505,697)
Interest expenses recognised in the profit or loss	1,202,128	791,417	1,202,138	791,422
32 INCOME TAX				
Income tax (Note 32.1)	136,260	254,910	136,260	254,910
Net deferred tax charge	810,958	810,866	741,552	801,137
Total income tax	947,218	1,065,776	877,812	1,056,047
Deferred tax recognised in other comprehensive income				
Remeasurement of employee benefit obligations	(2,997)	5,331	(2,997)	5,331
Revaluation gain on land & buildings	(70,164)	-	(74,985)	-
	(73,161)	5,331	(77,982)	5,331

32 INCOME TAX CONTD.

32.1 Reconciliation of the accounting profit and tax expenses

	Company		Group	
For the year ended 31st March In Rs.'000s	2016	2015	2016	2015
Profit before taxation	3,001,626	2,279,389	2,958,357	2,386,367
Remeasurement of employee benefit obligations (Note 20)	7,491	(13,327)	7,491	(13,327)
Profit before tax adjustments	3,009,117	2,266,062	2,965,848	2,373,040
Aggregate of disallowable expenses	1,685,988	2,068,248	1,720,844	2,068,248
Aggregate of allowable claims	(3,921,558)	(3,604,970)	(3,935,958)	(3,604,970)
Tax adjusted profit	773,547	729,340	750,734	836,318
Total Statutory Income	773,547	729,340	750,734	836,318
Royalty	(260,390)	(273,979)	(260,390)	(273,979)
Assessable income /taxable income	513,157	455,361	490,344	562,339
Current tax (Note 32.2.1)	168,092	153,848	168,092	153,848
Under provision in respect of prior years	(31,832)	101,062	(31,832)	101,062
Total current tax expense	136,260	254,910	136,260	254,910

32.2 Income Tax

32.2.1 In terms of the Inland Revenue Act No. 10 of 2006 and amendments thereto, 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 arising on interest income was considered as separate source of income and which is taxed at 28%.

32.2.2 No tax liability arises on interest earned on FCBU deposits as such is exempt from income tax.

33 DIVIDENDS

For the year ended 31st March In Rs.'000s	2016	2015
On ordinary shares Rs.4/- per share - (2014 - 4/-)	320,000	320,000
	320,000	320,000

33.1 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 - 4/-) 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 2015.

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

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

34 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.

	Company		Group	
For the year ended 31st March In Rs.'000s	2016	2015	2016	2015
Profit for the year	**2,054,408**	1,213,613	**2,080,545**	1,330,320
Net profit attributable to ordinary shareholders (as the Numerator)	**2,054,408**	1,213,613	**2,080,545**	1,330,320
Number of ordinary shares (as denominator)	**80,000**	80,000	**80,000**	80,000
Earnings per ordinary share (Rs.)	**25.68**	15.17	**26.01**	16.63

35 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT

35.1 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

Category	Company					
	2016			2015		
Financial Instrument	L&R	OFL	FV	L&R	OFL	FV
Financial assets						
Trade and other receivables	1,660,862	-	1,660,862	1,845,855	-	1,845,855
Amounts due from related companies	301,310	-	301,310	376,720	-	376,720
Cash and cash equivalent	3,621,359	-	3,621,359	2,232,530	-	2,232,530
Financial liabilities						
Debentures	-	4,756,899	4,756,899	-	4,929,564	4,929,564
Loans and borrowings	-	6,173,647	6,173,647	-	7,118,776	7,118,776
Trade and other payables	-	671,142	671,142	-	787,153	787,153
Refundable deposits	-	987,168	987,168	-	885,915	885,915
Amounts due to related companies	-	194,319	194,319	-	176,403	176,403
Bank Overdraft	-	1,186,372	1,186,372	-	1,528,874	1,528,874

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.

35 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT CONTD.

35.1 Accounting classifications and fair values Contd.

Category	Group					
	2016			2015		
Financial Instrument	L&R	OFL	FV	L&R	OFL	FV
Financial assets						
Trade and other receivables	1,685,813	-	1,685,813	1,874,085	-	1,874,085
Amounts due from related companies	301,310	-	301,310	256,342	-	256,342
Cash and cash equivalent	3,704,225	-	3,704,225	2,311,518	-	2,311,518
Financial liabilities						
Debentures	-	4,756,899	4,756,899	-	4,929,564	4,929,564
Loans and borrowings	-	6,173,647	6,173,647	-	7,118,776	7,118,776
Trade and other payables	-	678,708	678,708	-	795,692	795,692
Refundable deposits	-	987,168	987,168	-	885,915	885,915
Amounts due to related companies	-	194,319	194,319	-	176,403	176,403
Bank Overdraft	-	1,186,415	1,186,415	-	1,528,874	1,528,874

Financial Assets and Liabilities with shorter maturities and/or 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.

35.2 Financial Risk Management

The Company 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
C. Market risk

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

Risk Management Framework

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

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

The Audit Committee oversees how management monitors compliance with the Company risk management processes/guidelines and procedures to review 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.

35.2.1 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:

- Trade and other receivables
- Amounts due from related companies
- Cash and cash equivalents including fixed deposits

35.2.2 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 and cash equivalents	Monitor the balance outstanding regularly and also balances are with reputed and established banks with a rating of "A" or above

35.2.3 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
Trade and other receivables	1,660,862	1,845,855	1,685,813	1,874,085
Amounts due from related companies	301,310	376,720	301,310	256,342
Cash and cash equivalents	3,621,359	2,232,530	3,704,225	2,311,518
	5,583,531	4,455,105	5,691,348	4,441,945

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

As at 31st March In Rs.'000s	2016	2015	2016	2015
Financial institutions	3,621,359	2,232,530	3,704,225	2,311,518
Customers and other parties	1,660,862	1,845,855	1,685,813	1,874,085
Related parties	301,310	376,720	301,310	256,342
	5,583,531	4,455,105	5,691,348	4,441,945

35.2.4 Trade & Other Receivable

The Group has a well-established credit policy for both international and domestic customers to minimise credit risk. A credit evaluation team comprising of personnel from Finance, Sales & Operations evaluate and recommend the credit worthiness of the customer. The company 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% (2015 - 90%) of the trade receivables.

35 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT CONTD.

35.2.5 Impairment Losses

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

	Company		Group	
As at 31st March In Rs.'000s	2016	2015	2016	2015
Age				
Past due 0 - 365 days	928,791	1,086,272	928,791	1,086,272
More than 365 days	15,065	15,065	15,065	15,065
	943,856	1,101,337	943,856	1,101,337

35.3.1 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.

35.3.2. 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 the Group'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.

35.3.3 The Maturity Analysis of Liabilities

As at 31st March 2016 (Current & Non-Current) - Company	Carrying value	Current Up to Year 1	Non-Current Above year 1
Bank overdrafts	1,186,372	1,186,372	-
Loans and borrowings	6,173,647	2,970,077	3,203,570
Debentures	4,756,899	958,699	3,798,200
Trade & other payables	671,142	671,142	-
Amounts due to related companies	194,319	194,319	-
Refundable deposits	987,168	-	987,168
	13,969,547	5,980,609	7,068,308

As at 31st March 2015 (Current & Non-Current) - Company	Carrying value	Current Up to Year 1	Non-Current Above year 1
Bank overdrafts	1,528,874	1,528,874	-
Loans and borrowings	7,118,776	4,243,914	2,874,862
Debentures	4,929,564	331,964	4,597,600
Trade & other payables	787,153	787,153	-
Amounts due to related companies	176,403	176,403	-
Refundable deposits	885,915	-	885,915
	15,426,685	7,068,308	8,358,377

As at 31st March 2016 (Current & Non Current) - Group	Carrying value	Current Up to Year 1	Non-Current Above year 1
Bank overdrafts	1,186,415	1,186,415	-
Loans and borrowings	6,173,647	2,970,077	3,203,570
Debentures	4,756,899	958,699	3,798,200
Trade & other payables	678,708	678,708	-
Amounts due to related companies	194,319	194,319	-
Refundable deposits	987,168	-	987,168
	13,977,156	5,988,218	7,988,938

As at 31st March 2015 (Current & Non Current) - Group	Carrying value	Current Up to Year 1	Non-Current Above year 1
Bank overdrafts	1,528,874	1,528,874	-
Loans and borrowings	7,118,776	4,243,914	2,874,862
Debentures	4,929,564	331,964	4,597,600
Trade & other payables	795,692	795,692	-
Amounts due to related companies	176,403	176,403	-
Refundable deposits	885,915	-	885,915
	15,435,224	7,076,847	8,358,377

35.4.1 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 can 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.

35.4.2 Management of market risks

All borrowing rates are linked to AWPLR, LIBOR and SLIBOR. Hence, any movement will be in line with the market and have a corresponding impact.

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

35.4.3 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 Group backs its commitments 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.

35.4.4 Interest Rate Risk

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

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

35 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT CONTD.

35.4.5 Sensitivity analysis on interest rate fluctuation

If one percentage point change in the interest rate would have the following effects:
(Rs. '000s)

Instrument	Rate	Increase by one percentage	Decrease by one percentage
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	AWPLR+1.4% (Monthly reviewed)	10,000	(10,000)
Potential impact		44,177	(44,177)

35.4.6 Management of interest rate risk

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

36 RELATED PARTY DISCLOSURES

36.1 Parent and ultimate controlling party

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

36.2 Transactions with key management personnel (KMP)

According to Sri Lanka Accounting Standard 24 "Related Party Disclosures", key management personnel are those having authority and responsibility for planning and controlling the activities of the entity. Accordingly, the Directors of the Company and its parent company (including executive and non-executive directors) have been classified as KMP of the Company.

The compensation paid to key management personnel as short-term employment benefits is disclosed in aggregate in Note 30 to the Financial Statements. No other payments such as post-employment benefits, terminal benefits and share based payments have been paid to key management personnel during the year.

36.3 Other related party transactions

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

(A) Transactions with parent company - Ceylon Beverage Holdings PLC

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

(a) As per the licensed brewing agreement with Ceylon Beverage Holdings PLC,the Company was charged Rs. 130,856,400/-(2015 -Rs. 150,448,303/-) as royalty during the year.

(b) A dividend of Rs. 150,475,636/- was paid by the Company to Ceylon Beverage Holdings PLC during the year. (2015 - Rs. 150,475,636/-)

(c) No balance was receivable / payable to the Company from Ceylon Beverage Holdings PLC as at 31st March 2016. (Receivable 2015 - 24,400/-)

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

Messrs. S.K. Shah and D.R.P. Goonetilleke, Directors of the Company are also Directors of Pubs 'N Places (Private) Limited, to which the Company sold beer for a total value of Rs. 173,512,106/- during the year. (2015 - Rs. 180,297,243/-)

(i) An amount of Rs. 5,836,428/- was paid by the Company to Pubs 'N Places (Private) Limited as trade rebates on beer purchases during the year. (2015- Rs. 7,590,575/-)

(ii) A onetime fee of Rs. 75,000,000/- was paid by LBCPLC to Pubs 'N Places (Private) Limited to prioritise beer sales over a 10 year period. Rs. 7,5000,000/- has been charged as an expense in the current year. (2015-Rs. 7,500,000/-)

(iii) No balance was receivable / payable to the Company by Pubs 'N Places (Private) Limited as at 31st March 2016. (2015 - Nil)

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

Messrs. S.K. Shah and D.R.P. Goonetilleke, Directors of the Company are also Directors of Retail Spaces (Private) Limited, to which the Company sold beer for a total value of Rs. 185,052,213/- (2015 - Rs. 165,918,866/-) during the year.

No balance was receivable / payable to the Company by Retail Spaces (Private) Limited as at 31st March 2016. (2015 - Nil)

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

Messrs. S.K. Shah and D.R.P. Goonetilleke, Directors of the Company are also Directors of Luxury Brands (Private) Limited, for which the Company provided management services for a management fee amounting to Rs. 32,143,360/- (2015 - 12,771,091/-)

(i) The excise licence for the import and distribution of imported spirits and imported beer was transferred to Luxury Brands (Pvt) Ltd during the 2nd quarter. The Company transferred a stock of imported spirits and imported beer amounting to Rs. 961,969,060/- at cost to Luxury Brands during the period.

(ii) An amount of Rs. 301,309,569/- was receivable from Luxury Brands (Private) Limited to the Company as at 31st March 2016. (2015 - Rs. 256,317,883/-)

(E) Transactions with Subsidiary - Pearl Springs (Pvt) Limited

Messrs. D.R.P. Goonetilleke & C.T Liyanage, Directors of the Company are also Directors of Pearl Springs (Private) Limited.

(i) No balance was receivable / payable to the Company by Pearl Springs (Private) Limited as at 31st March 2016. (2015 - Receivable Rs. 120,378,019/-)

36 RELATED PARTY DISCLOSURES (CONTD.)

(F) Transactions with Sub Subsidiary - Millers Brewery Limited

Messrs. D.R.P. Goonetilleke & C.T Liyanage, Directors of the Company are also Directors of Millers Brewery Limited.

(i) During the period the company purchased the following assets from Millers Brewery Limited

Asset Class	Carrying value (Rs.)	Purchase Cost (Rs.)
Plant & machinery	26,282,467	26,282,467
Bottles (625ML)	26,784,000	26,784,000
Kegs	20,751,000	20,751,000
Computer Equipment	287,679	287,679
Total	74,105,146	74,105,146

(ii) An amount of Rs. 10,351,351/- was charged as rent fee for warehouse services provided by Millers Brewery Limited to the Company during the period. (2015 - Nil).

(iii) No balance was receivable / payable to Lion Brewery (Ceylon) PLC by Millers Brewery Limited as at 31st March 2016 (2015 - N/A)

(G) Transactions with group entities

Messrs. H.Selvanathan, S.K.Shah and K. Selvanathan, Directors of the Company, are also Directors of Carsons Management Services (Private) Ltd., which provides supporting services to the Company. An amount of Rs. 417,567,635/-(2015 - Rs. 338,681,064/-) was charged by Carsons Management Services (Private) Limited to the Company during the period, which included supporting services fees of Rs. 347,982,419/- (2015 - Rs. 253,614,753/-) and other reimbursable expenses incurred by Carsons Management Services (Private) Limited on behalf of the Company.

(a) Messrs D.C.R. Gunawardena, Director of the Company, is also a Director of following company with which the Company entered into transactions.

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

(ii) No balance was receivable / payable to Carsons Management Services (Private) Limited as at 31st March 2016 (2015 -Nil).

(b) Messrs D.C.R. Gunawardene and Mr. H. Selvanathan , Directors of the Company, are also Directors of following company 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 (2015 - Rs. 46,111/-).

(H) Transactions with other related entities

(a) Messrs. H.J.Andersen, Y.F Lew Directors of the Company represents the Carlsberg Group with which the following contracts / transactions have been entered into during the period by the Company in the normal course of business.

(i) As per the licensed brewing agreement, a sum of Rs. 129,533,601/- (2015 - Rs. 123,530,742/-) was charged as royalty during the period by Carlsberg A/S.

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

(iii) An amount of Rs. 194,319,114/- remains payable to Carlsberg A/S as at 31st March 2016. (2015 - Rs. 176,402,594/-).

b) The Company purchases a part of its requirement of the raw material rice from Ran Sahal (Private) Limited. The entire production of Ran Sahal (Private) Limited is exclusively sold to the Company. Towards this the Company advances funds to Ran Sahal (Private) Limited from time to time against future purchases. During the period the Company purchased rice for an amount of Rs. 359,258,568/- (2015 - Rs. 316,976,685/-). As at the reporting date an amount of Rs. 35,008,334/- (2015 - Rs. 100,588,460/-) has been advanced to Ran sahal (Private) Limited which remains to be settled against future purchases.

37 COMMITMENTS AND CONTINGENCIES

37.1 Finance Commitments

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

Operating Lease

The Company has entered into a vehicle lease on the purchase of a fleet of vans, with a lease term of four years. The approximate future minimum lease rentals payable as per the above operating leases at 31st March are as follows.

As at 31st March In Rs.'000s	2016
Within one year	**16,664**
After one year but not more than Five years	**56,935**
More than five years	**-**

37.2 Contingencies

(a) Contingent liabilities as at 31st March 2016 amount to Rs. 4,679,437/- (2015 -Rs. 17,482,348/-), being bank guarantees given to Government bodies and foreign suppliers for operational purposes.

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

The Customs Department instituted a prosecution in the Magistrate's Court of Kaduwela in Case No. 11303/Customs against the company and its directors to recover Excise Duty amounting to Rs. 58,753,582/94 comprising of the disputed Excise Duty of Rs. 29,376,791/47 and its penalty of Rs. 29,376,791/47. The Company and the directors have filed an application for Writ in the Court of Appeal to quash the Certificate 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.

Apart from the above, there were no other material contingent liabilities which would require adjustments to or disclosure in the Financial Statements.

38 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Due to the incessant rains experienced during the period 16th May – 22nd May 2016 and the resultant floods that ensued the Company'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 Company remains a going concern.

Dividends

Subject to the approval of the shareholders at the Annual General Meeting, the Board of Directors recommends 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.

39 COMPARATIVE FIGURES

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

40 SEGMENTAL ANALYSIS

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

41 DIRECTORS RESPONSIBILITY STATEMENT

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

VALUE ADDED STATEMENT

For the year ended 31st March In Rs.'000s	2016		2015	
Revenue	35,526,379		32,350,375	
Value Added Tax	-		2,533,615	
Other income	19,358		234,749	
Finance income	274,164		222,302	
	35,819,901		35,341,041	
Cost of material & services bought from outside	(9,827,292)		(12,941,180)	
Value Added	25,992,609		22,399,861	
Distributed as follows		%		%
To Employees				
as remuneration and other employee costs	785,693	3.02	575,315	2.57
To Government				
as value added tax	-	0.00	2,533,615	11.31
as excise duty	20,208,675	77.75	16,174,296	72.21
as import tax	-	0.00	98,866	0.44
as income tax	35,000	0.13	192,293	0.86
as nation building tax	-	0.00	358,059	1.60
as withholding tax	26,390	0.10	40,415	0.18
To Providers of capital				
as finance expenses	1,193,286	4.59	820,350	3.66
Retained in the business				
as depreciation/amortisation	1,075,820	4.14	584,519	2.61
as profit for the year	2,667,745	10.26	1,022,133	4.56
	25,992,609	100.00	22,399,861	100.00

Notes:

1 The Statement of Value Added shows the quantum of wealth generated by the activities of the Company and its applications.

2 The total tax liability / payment made to the Government during the year include the following:

For the year ended 31st March In Rs.'000s	2016	2015
Value Added Tax	-	2,533,615
Excise Duty	20,208,675	16,174,296
Income Tax	35,000	192,293
Nation Building Tax	-	358,059
Withholding Tax	26,390	40,415
Total taxes paid to the Government	20,270,065	19,298,678

FIVE YEAR SUMMARY

Year ended 31st March In Rs.'000s	2016	2015	2014	2013	2012
Revenue	35,526,379	32,350,375	25,804,319	22,191,670	17,649,146
Other income	19,358	393,085	15,433	26,503	24,135
	35,545,737	32,743,460	25,819,752	22,218,173	17,673,281
Total expenditure	(31,668,258)	(29,116,443)	(23,466,755)	(20,675,284)	(15,355,184)
Profit from operating activities before exceptional expenses	3,877,479	3,627,018	2,352,997	1,542,889	2,318,097
Loss on disposal and impairment of PPE	-	(302,786)	-	-	-
Profit from operations before expenses relating to new investment	3,877,479	3,324,231	2,352,997	1,542,889	2,318,097
Expenses relating to new investment	-	(339,811)	-	-	-
Net finance (expenses)/income	(919,122)	(598,053)	(152,203)	38,894	(209,157)
Profit before tax	2,958,357	2,386,367	2,200,794	1,581,783	2,108,940
Income tax	(877,812)	(1,056,047)	(857,540)	(535,878)	(888,680)
Profit for the year	2,080,545	1,330,320	1,343,254	1,045,905	1,220,260
Total other comprehensive income/(loss) for the year	587,200	(7,996)	(1,121)	-	-
Total comprehensive income for the year	2,667,745	1,322,324	1,342,133	1,045,905	1,220,260
Dividends - ordinary	240,000	320,000	320,000	320,000	320,000

As at 31st March In Rs.'000s	2016	2015	2014	2013	2012
STATEMENT OF FINANCIAL POSITION					
Stated capital	2,537,801	2,537,801	2,537,801	2,537,801	2,537,801
Capital reserves	1,302,117	719,411	719,411	719,411	719,411
Retained profits	6,146,216	4,669,370	3,675,154	2,653,021	1,952,229
	9,986,134	7,926,582	6,932,366	5,910,233	5,209,441
Loans and borrowings repayable after one year	3,203,570	2,874,862	2,307,690	2,723,906	1,103,802
Debentures repayable after one year	3,798,200	4,597,600	2,798,800	-	-
CAPITAL EMPLOYED	16,987,904	15,399,044	12,038,856	8,634,139	6,313,243
REPRESENTED BY					
Total Non-current assets	20,263,764	18,789,409	11,915,443	7,999,378	4,889,756
Total Current assets	7,776,508	7,731,904	12,149,341	9,090,131	5,236,931
Total Current liabilities	(8,050,039)	(8,946,267)	(10,728,518)	(7,586,476)	(3,172,078)
Employee benefits	(108,578)	(101,631)	(93,313)	(79,315)	(65,890)
Deferred tax liabilities	(2,893,751)	(2,074,371)	(1,204,097)	(789,579)	(575,476)
	16,987,904	15,399,044	12,038,856	8,634,139	6,313,243

Year ended 31st March In Rs.'000s	2016	2015	2014	2013	2012
CASH FLOW STATISTICS					
Net cash inflows from operating activities	4,141,784	3,354,345	1,753,446	(1,698,253)	1,116,467
Net cash inflows/(outflows) from investing activities	(1,022,335)	(8,095,595)	(2,222,332)	(4,577,539)	1,270,023
Net cash inflows/(outflows) from financing activities	(1,384,283)	(532,204)	7,737,903	2,372,811	(676,307)
Net cash movement for the year	1,735,166	(5,273,454)	7,269,017	(3,902,981)	1,710,183
RATIOS & STATISTICS					
Return on shareholders' funds (%)	26.71	16.68	19.36	17.70	23.42
Return on capital employed (ROCE) (times)	21.07	15.49	17.91	13.70	34.09
Assets turnover (times)	1.27	1.22	1.07	1.30	1.74
Equity to total assets (times)	2.81	3.35	3.47	2.89	1.94
Interest cover (times)	4.22	4.99	3.67	12.60	10.93
Gearing ratio (%)	45.72	59.03	47.24	47.28	-
Current ratio (times)	0.97	0.86	1.13	1.20	1.65
Earnings per share (Rs)	15.17	15.17	16.79	13.07	15.25
Price earnings ratio (times)	17.65	36.08	23.29	25.47	13.08
Market price per share (Rs)	459.00	600.00	391.00	333.00	199.50
Net assets per share (Rs)	99.08	99.08	86.65	73.88	65.12
Market capitalisation (Rs'000)	36,720,000	48,000,000	31,280,000	26,640,000	15,960,000
Dividends - Preference (%)	-	-	-	-	12.50
- Ordinary (Rs.)	3.00	4.00	4.00	4.00	4.00

Figures in brackets indicate deductions.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - US$

For the year ended 31st March In USD ‘000s	Note	2016	2015
Revenue	2	248,584	243,359
Cost of sales		(186,897)	(182,183)
Gross profit		61,687	61,176
Other income		135	2,957
		61,823	64,133
Distribution expenses		(24,532)	(27,683)
Administrative expenses		(7,973)	(7,667)
Other expenses		(2,187)	(1,499)
Loss on disposal and impairment of PPE		-	(2,278)
Profit from operations before expenses relating to new investment		27,131	25,006
Expenses relating to new investment		-	(2,556)
Profit before finance cost		27,131	22,450
Finance income		1,918	1,672
Finance costs		(8,350)	(6,171)
Net finance income/(costs)		(6,431)	(4,499)
Profit before taxation		20,700	17,951
Income tax		(6,142)	(7,944)
Profit for the period		14,558	10,007
Other comprehensive income			
Loss in actuarial value of employee benefit		52	(100)
Deferred tax adjustment		(21)	40
Revaluation gain on land & buildings		4,602	-
Deferred tax adjustment		(525)	-
Total comprehensive gain/(loss) for the year		4,109	(60)
Total comprehensive income for the year		18,667	9,947

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION - US$

As at 31st March In USD '000s	2016	2015
ASSETS		
Non- Current Assets		
Property, plant & equipment	109,732	108,245
Intangible Assets	28,323	31,215
Total Non-Current Assets	138,055	139,460
Current Assets		
Inventories	14,171	20,768
Trade and other receivables	11,485	13,910
Amounts due from related companies	2,053	1,903
Assets held for sale	35	3,651
Cash and cash equivalents	25,237	17,157
Total Current Assets	52,981	57,388
Total Assets	191,036	196,848
EQUITY AND LIABILITIES		
Equity		
Stated capital	33,068	33,068
Capital reserves	5,340	5,340
Currency fluctuations	(12,247)	(14,232)
Retained profits	41,874	34,657
Total Equity	68,035	58,833
Non-Current Liabilities		
Debentures	25,877	34,125
Loans and Borrowings	21,826	21,338
Employee benefits	740	754
Deferred tax liabilities	19,715	15,397
Total Non-Current Liabilities	68,157	71,613
Current Liabilities		
Trade and other payables	4,624	5,906
Amounts due to related companies	1,324	1,309
Refundable deposits	6,725	6,575
Current tax liabilities	7,322	7,300
Debentures	6,532	2,464
Loans and borrowings	20,235	31,499
Bank overdrafts	8,083	11,348
Total Current Liabilities	54,844	66,401
Total Liabilities	123,001	138,015
Total Equity and Liabilities	191,036	196,848

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 the Financial Statements.

The translation of the Financial Statements into US Dollars was 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

For the year ended 31st March In USD ‘000s	2016	2015
Local revenue	246,139	240,582
Export revenue	2,445	2,777
	248,584	243,359

FIVE YEAR SUMMARY - US$

Year ended 31st March In USD '000s	2016	2015	2014	2013	2012
Revenue	248,584	243,359	198,418	169,428	151,540
Other income	135	2,957	119	202	207
	248,719	246,316	198,537	169,630	151,747
Total Expenditure	(221,588)	(219,032)	(180,444)	(157,851)	(131,844)
Profit from operating activities before exceptional expenses	27,131	27,285	-	-	-
Loss on disposal and impairment of PPE	-	(2,278)	-	-	-
Profit from operations before expenses relating to new investment	27,131	25,007	18,093	11,779	19,903
Expenses relating to new investment	-	(2,556)	-	-	-
Net finance (expenses)/income	(6,431)	(4,499)	(1,170)	297	(1,795)
Profit from ordinary activities before tax	20,700	17,951	16,923	12,076	18,108
Income tax expense	(6,142)	(7,944)	(6,594)	(4,091)	(7,630)
Profit for the period	14,558	10,007	10,329	7,985	10,478
Total comprehensive income/(loss) for the year	4,109	(60)	(9)	-	-
Total comprehensive income for the year	18,667	9,947	10,320	7,985	10,478
Dividends - ordinary	1,679	2,407	2,461	2,443	2,748

As at 31st March In USD '000s	2016	2015	2014	2013	2012
STATEMENT OF FINANCIAL POSITION					
Stated capital	33,068	33,068	33,068	33,068	33,068
Capital reserves	5,340	5,340	5,443	5,600	5,552
Currency fluctuations	(12,247)	(14,232)	(13,867)	(13,313)	(30,257)
Retained profits	41,874	34,657	27,806	20,651	31,843
	68,035	58,833	52,450	46,006	40,206
Loans and borrowings repayable after one year	21,826	21,338	17,460	21,203	8,519
Debentures repayable after one year	25,877	34,125	21,176	-	-
CAPITAL EMPLOYED	115,737	114,296	91,086	67,208	48,725
REPRESENTED BY					
Total Non-current assets	138,055	139,460	90,152	62,267	37,738
Total Current assets	52,981	57,388	91,922	70,757	40,418
Total Current liabilities	(54,844)	(66,401)	(81,172)	(59,052)	(24,481)
Employee benefits	(740)	(754)	(706)	(617)	(509)
Deferred tax liabilities	(19,715)	(15,397)	(9,110)	(6,146)	(4,441)
	115,737	114,296	91,086	67,208	48,725

INFORMATION TO SHAREHOLDERS & INVESTORS

1 STOCK EXCHANGE LISTING

Lion Brewery (Ceylon) PLC is a Public Quoted Company, the issued ordinary shares of which are listed with the Colombo Stock Exchange of Sri Lanka.

The Stock Exchange code for Lion Brewery (Ceylon) PLC shares is "LION".

2 SHARE VALUATION

The market price of the Company's share as at 31st March 2016 was Rs. 459/- per share (2015 - Rs.600/-).

3 ORDINARY SHAREHOLDERS

As at 31st March	2016	2015
Number of shareholders	1,134	1,134

(a) Frequency distribution of shareholdings as at 31st March 2016.

Distribution of Shares	Residents			Non- Residents			Total		
	No. of Members	No. of Shares	%	No. of Members	No. of Shares	%	No. of Members	No. of Shares	%
1 - 1,000	906	172,887	0.22	9	4,501	0.01	915	177,388	0.22
1,001 - 10,000	156	436,325	0.55	17	60,237	0.08	173	496,562	0.62
10,001 - 100,000	16	355,306	0.44	9	411,320	0.51	25	766,626	0.96
100,001 - 1,000,000	1	300,000	0.38	10	2,639,074	3.30	11	2,939,074	3.67
Above 1,000,000	4	48,607,339	60.76	6	27,013,011	33.77	10	75,620,350	94.53
Grand Total	1,083	49,871,857	62.34	51	30,128,143	37.66	1,134	80,000,000	100.00

(b) Categories of Shareholders

Categories of Shareholders	No. of Shareholders	No. of Shares	%
Individual	1,037	861,032	1.08
Institutions	97	79,138,968	98.92
Total	1,134	80,000,000	100.00

(c) The number of shares held by non-residents as at 31st March 2016 was 30,128,143 (2015 - 29,877,009) which amounts to 37.66% (2015 - 37.35%).

Public Holding

The percentage of Ordinary Shares held by the public as at 31st March 2016 was 13.92% (2015 - 13.94%) and the number of public Shareholders were 1,110 (2015 - 1,110).

Ordinary Dividends

The Board of Directors have recommended the payment of a First and Final dividend of Rs.3/- per share for the year ended 31st March 2016 (2015 - Rs.4/- per share).

4 MARKET PERFORMANCE - ORDINARY SHARES

For the year ended 31st March	2016	2015
Highest (Rs.)	700.00	740.00
Lowest (Rs.)	452.00	370.00
Value of Shares traded (Rs Mn)	1,073	1,038
No. of shares traded	1,824,710	1,715,681

5 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. 36,720,000,000/- as at 31st March 2016. (2015 - Rs. 48,000,000,000/-).

6 ORDINARY DIVIDENDS

The Board of Directors has recommended the payment of First and Final dividend of Rs. 3/- per share for the year ended 31st March 2016 (2015 - Rs. 4/-).

GLOSSARY OF FINANCIAL TERMS

APPROPRIATIONS
Apportioning of earnings as dividends, capital and revenue reserves

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

CASH EQUIVALENTS
Liquid investments with original maturities of six months or less.

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

CURRENT RATIO
Current assets divided by current liabilities.

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

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

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

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

EQUITY
Stated capital plus reserves.

EVENTS OCCURRING AFTER REPORTING DATE
Significant events that occur between the reporting date and the date on which financial statements are authorised for issue.

GEARING
Ratio of borrowings to capital employed.

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

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

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

PRICE EARNING RATIO - (P/E)
Market price of a share divided by earnings per share

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

REVENUE RESERVES
Reserves considered as being available for future distribution and appropriations.

VALUE ADDITION
The quantum of wealth generated by the activities of the Company

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

RETURN ON CAPITAL EMPLOYED (ROCE)
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 Twentieth Annual General Meeting of LION BREWERY (CEYLON) PLC will be held on Wednesday, 20th July 2016 at 2.30 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. H. J. Andersen who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.
4. To re-elect Mr. D. A. Cabraal who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.
5. To re-elect Mr. Y. F. Lew who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.
6. To re-appoint Mr. L. C. R. de C. Wijetunge 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 a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."
7. 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 member.
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.

NOTES

FORM OF PROXY

* I/We…………..………………………………………………………………………… of…………..……..……………………..…………

……………………………………..........………………………………………….. being *a Shareholder/Shareholders of LION BREWERY

(CEYLON) 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,
SURESH KUMAR SHAH	Or failing him,
DON CHANDIMA RAJAKARUNA GUNAWARDENA	Or failing him,
DILKUSHAN RANIL PIERIS GOONETILLEKE	Or failing him,
CHANDRARATNE TALPE LIYANAGE	Or failing him,
KRISHNA SELVANATHAN	Or failing him,
SUSAN JULIET FARRINGTON EVANS	Or failing her,
HENRIK JUEL ANDERSEN	Or failing him,
DAMIAN AMAL CABRAAL	Or failing him,
YOONG FAH LEW	

as *my/our proxy to attend at the Twentieth Annual General Meeting of the Company to be held on Wednesday, 20th July 2016 at 2.30 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. H. J. Andersen who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.		
4.	To re-elect Mr. D. A. Cabraal who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.		
5.	To re-elect Mr. Y. F. Lew who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.		
6.	To re-appoint Mr. L. C. R. de C. Wijetunge who is over seventy years of age as a Director of the Company.		
7.	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 terms of Article 50 of the Articles of Association of the Company:

   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. : ....

CORPORATE INFORMATION

NAME OF COMPANY
Lion Brewery (Ceylon) PLC -
(A Carson Cumberbatch Company)

COMPANY REGISTRATION NUMBER
PQ 57

LEGAL FORM
A Public Quoted Company with Limited Liability.
Incorporated in Sri Lanka in 1996
Official listing of the Colombo Stock Exchange obtained in 1997

SUBSIDIARY COMPANIES
Pearl Springs (Private) Limited
Millers Brewery Limited

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

DIRECTORS
L. C. R. de C. Wijetunge (Chairman)
H. Selvanathan (Deputy Chairman)
S. K. Shah (Chief Executive Officer)
D. C. R. Gunawardena
C. T. Liyanage
D. R. P. Goonetilleke
K. Selvanathan (Director / Alternate Director to H. Selvanathan)
Mrs. S.J.F.Evans
H. J. Andersen
D. A. Cabraal
Y. F. Lew

BANKERS
Citibank
Commercial Bank
Deutsche Bank
DFCC Bank
Hatton National Bank
HSBC
National Development Bank
Nations Trust Bank
Peoples Bank
Sampath Bank
Standard Chartered 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 01, Sri Lanka
Tel : +94 11 2039 200
Fax: +94 11 2039 300

REGISTERED OFFICE
No. 61, Janadhipathi Mawatha
Colombo 01, 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

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