

LION BREWERY (CEYLON) PLC

Annual Report 2018/19



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FINANCIAL HIGHLIGHTS

In Rs. '000s	2019	2018	Change %
Revenue	42,830,494	29,798,010	44
Profit before finance cost	6,247,580	4,382,421	43
Profit before taxation	5,313,324	3,047,630	74
Profit after taxation	3,220,880	1,837,876	75
Shareholders' funds	12,520,759	9,411,413	33
Total assets	35,280,781	33,402,725	6
Earnings per ordinary share (Rs.)	40.26	22.97	75
Net assets per ordinary share (Rs.)	156.51	117.64	33
Market capitalisation	44,400,000	42,032,000	6

CHAIRMAN'S MESSAGE

Dear Shareholder,

On behalf of the Board of Directors, it is with great pleasure that I welcome you to the 23rd Annual General Meeting of the Company. I present herewith the Annual Report for the year ended 31st March 2019, which has been with you for the required period. The Chief Executive's review in the ensuing pages covers the operating environment and the performance of Your Company in detail and hence I will confine my statement to an overview.

Your Company recorded a turnover of Rs. 42.8 billion and a profit before tax of Rs. 5.3 billion for the financial year ended 31st March 2019. The net profit for the year consequent to the tax adjustments is Rs. 3.2 billion. The results of the previous financial year cannot be compared as the operating environment was vastly different due to high excise duties which were applicable during most of the year and the insurance income received towards the settlement of claims made against damages caused by the flooding in May 2016.

The growth in the tourism sector is a key factor for the performance of your Company this financial year. Tourism recorded a growth of 10% in the year under review to register 2.3 million tourists. Tourism supports our business and also offers higher income generating opportunities for those employed in this sector either directly or indirectly.

It is encouraging to note that Lion Brewery's exports are continuing to grow at a steady pace. During the year its exports volume grew by 37%. We now ship approximately 2 containers of beer a day to 27 countries across the world. Africa has now emerged as our biggest market overtaking the Maldives. Exports are also made to new markets in China, Qatar, Fiji, Philippines & Iraq. The initial volumes shipped to China were

modest but offers much potential in the years ahead. With our presence in 106 resorts, we remain market leaders in the Maldives. Whilst we make every effort to market a Sri Lankan beer in a very competitive global landscape, the support extended by the authorities towards this endeavor is wanting. At the time of writing, export rebate refunds of excise duty amounting to over Rs. 600 million is due to Lion Brewery from the Excise Department. These have not been reimbursed for a considerable period of time. Further, exports which were earlier taxed at a concessionary rate of 14% is now taxed at 40% which is the rate applicable to the local alcohol industry.

Lion Brewery remains a major tax payer to the Government. Its contribution in total taxes including excise duty, value added tax, nation building tax and income tax is Rs. 31.7 billion compared to last year's Rs. 22.9 billion - an increase of 39%. Similarly, in the case of the beer industry, on excise duty alone, the contribution to the Government is Rs. 28.0 billion, a rise of 29% from the previous year of Rs. 21.7 billion.



In March 2019, an interim dividend of Rs. 4/- per share was paid to the shareholders. On the backdrop of the results for this financial year, I am pleased to propose a further Rs. 6/- per share to be paid consequent to obtaining necessary approvals at this Annual General Meeting.

It is with deep sadness that we note the tragic events which occurred on the 21st of April 2019. We express our condolences to the families that were affected and hope they find solace in these difficult times. This event has and will continue to have an impact on tourism which in turn will affect the economy in the near term. We hope that as a nation we have the resolve to overcome this bitter experience and move forward with strength.

In May 2019, Mr. Lars Lehmann, former Managing Director of Carlsberg Brewery Malaysia Berhad, their representative on our Board, resigned to take up an appointment as Vice President of Carlsberg Eastern Europe. We record with much appreciation his contribution to the affairs of the Company and the Board. We will miss his forthright and frank discourse on the various matters of business. We congratulate Lars on his new appointment and wish him all success in his new role. We warmly welcome Mr. Theodoros Akiskalos (Ted), Lars's replacement, to the Board of our Company. Ted, who has been associated with the Carlsberg Group since 2010, was appointed as the Managing Director of Carlsberg Brewery Malaysia.

We also welcome Mr. Sudarshan Selvanathan who was appointed a Non-Executive Director in April 2019. Whilst welcoming Sudharshan to the Board we look forward to his contribution in taking our Company forward.

A quick turnaround of the Company would not have been possible if not for its talented work force. Lead by a persevering and resilient Management Team, the workforce has performed remarkably well to steer the Company towards delivering its potential. I acknowledge with much appreciation the contribution of all employees in creating & seizing opportunities for the admirable performance of the Company.

A special thank you and a note of appreciation to our partners Carlsberg, our bankers, consignment agents, suppliers, customers and the loyal consumers for their valuable support & confidence and contribution to the Company's success.

In conclusion I wish to express my deepest gratitude to the Audit Committee, Remuneration Committee, Related Party Committee, Nomination Committee and to my colleagues on the Board for their invaluable advice & guidance provided to navigate the Company.

(Sgd.)

D A Cabraal
Chairman

Colombo
17th June 2019

CHIEF EXECUTIVE'S REVIEW

EXECUTIVE SUMMARY

We concluded a satisfactory financial year on 31st March. On a turnover of Rs 42.830 bn, we generated a pre-tax profit of Rs 5.313 bn. Since we are liable to corporate income tax at the highest rate of 40%, post tax profits for the year stood at Rs 3.221 bn.

On the back of strong growth in tourism and our export business, we recorded higher volumes. Costs were diligently controlled with special emphasis on managing working capital. Since we were focused on reducing our exposure to financial institutions, capital expenditure was relegated to the back burner. All of these factors contributed to our results.

With less than a month left for the financial year to close, beer taxes were increased by 12.5%. In the meanwhile, excise duty on the major contributor to arrack volumes – Extra Special Arrack – remained unchanged. Taxes on other arracks were increased by 7.5%. Once again it seems that policy consistency is being compromised, an age-old challenge for the private sector in Sri Lanka. Ostensibly, the tax on Extra Special Arrack remained unchanged since it was the “poor man's” drink. Thus, it would seem that it is government policy to get the “poor man” to imbibe high alcohol beverages rather than those with a lesser alcohol content. This is a rather unusual policy measure, to say the least.

BUSINESS & ECONOMIC ENVIRONMENT

The year was marred by a turbulent political environment & a steeply depreciating currency. Both had an adverse impact on business & consumer confidence.

The Country's economy grew at a modest 3.2% in 2018. The agriculture sector which had two difficult years due to prolonged drought conditions bounced back to record growth of 4.8%, thanks

to a good monsoon. Since close to 30% of the Country's population is engaged in agriculture for their sustenance, a good harvest pumps money into the economy and has a positive impact on the FMCG category. The industrial sector recorded marginal growth of just 0.9%. In the meanwhile, the services sector grew by 4.7%. With economic growth well below the country's potential, it was not surprising that discretionary expenditure was curtailed. Under the circumstances, it was no surprise that the FMCG category contracted by almost 8%. All sub sectors within the FMCG category declined with F&B being the most affected at 9.6%.

In a challenging economic environment, Tourism continued to be the star performer recording growth of 10.3%. 2.33 million tourists visited the country in 2018. Growth in this sector is beneficial to our business as tourists in general consume more of our brands per person than do locals. There was month on month growth in arrivals throughout 2018 and this was reflected in our sales in the areas frequented by tourists.

The LKR depreciated sharply – i.e. by 17.6% - against the USD in 2018. The depreciation of the currency against the Euro was marginally sharper at 18.2%. This led to an increase in costs of all imported items including our most commonly used input materials. The impact of the currency depreciation to our bottom line was significant. The depreciating currency exerted pressure on inflation as well & compromised consumer spending particularly in relation to non essential products. Clearly, the sharp depreciation of the currency eroded both business and consumer confidence. The political uncertainty that prevailed during the period 26th October to 16th December exacerbated the depreciation of the currency.

THE ALCOHOL INDUSTRY

The political uncertainty that prevailed during the latter part of 2018 meant that the National Budget was postponed to early March of 2019. As a result,

we had almost a full year of stable taxation across the alcohol industry. However, when the budget was finally announced, it took us by surprise; firstly because there appeared to be a shift in the tax policy and secondly because of the extent of the tax increase. Beer taxes were increased by 12.5%. This was a significant increase under any circumstances but particularly so considering the difficult economic conditions in the country. More importantly, it was only the beer industry that was singled out for the tax increase. The arrack industry escaped mostly unscathed since taxes on the so called extra special variety – which accounts for approx. 80% of its volume – remained unchanged. Ostensibly, this was because arrack is the “poor man’s drink”. Its unfortunate that government sees no dangers in positioning high alcohol products as the drink of choice for anyone leave alone the underprivileged. This flies in the face of well established & proven alcohol policies world wide, all of which are based on the premise that low alcohol products are far less harmful than those with a higher concentration.

The modification of the tax system in this manner has once again led to concerns of policy consistency. The Sri Lankan private sector has been plagued with policy inconsistency for decades with the alcohol industry being at the receiving end more than most. Under such an environment, businesses find it difficult to plan for the future and investment decisions are made harder. We call upon policy makers to implement a formula - indexed to a suitable data point -through which future excise taxation is determined. This brings certainty to the industry and will allow businesses to make decisions without fear of unpleasant surprises.

We are made to understand that the Government intends to implement a “fool proof” system to prevent tax fraud at the point of manufacture. This is certainly a timely initiative and we strongly support the introduction of a sound, modern system that prevents tax evasion by manufacturers. If the system is to deliver the expected results, it is essential that its supplier is a well reputed



CHIEF EXECUTIVE'S REVIEW

organisation. Irrespective of the technology used, we call upon the government to bear the cost of the system. We ask this for four reasons; firstly this is a system deployed to protect government's revenue and hence logically, should be paid for by government as the beneficiary. Secondly, government is likely to increase its revenue significantly as a result of the "fool proof" system with some estimates being as high as Rs 40bn. The cost of the system across all manufacturers is negligible in comparison to the potential revenue increase and thus, could very well be absorbed by government. Thirdly, if the government were to bear the cost in its budget, there will be oversight over those responsible for procurement. If on the other hand, the cost is passed on to the manufacturer, those responsible for procurement will feel no compulsion to keep the purchase price under control. Oversight over procurement will also reduce opportunities for manipulation between supplier and those responsible for procurement. Finally, if the cost of the system is transferred to the manufacturer, this can become another tax, if not immediately, sometime in the future. Considering all of the above, we call on the government to absorb the cost of the proposed system.

For many years we have highlighted the harm that is being caused by the so called toddy in the market. The Excise Ordinance defines toddy as "fermented or unfermented juice drawn from any coconut, palmyra, kittul or other kind of palm tree". However, it is unlikely that the majority of toddy available in the market on a commercial scale fits this definition. Today's toddy is an artificial concoction which is said to be made from a substance known as "Ceylon Paste". Apparently synthetic urea is also used in the production of toddy. Common sense suggests that products made in this fashion are harmful to consumers. Yet, regulators – who are required to be on site at production facilities on a 24/7 basis - are turning a "Nelsonian" eye on these practices for reasons best known to them.

In recent times, a product pretending to be a Sake has been introduced to the market. The term Sake is used to describe a traditional Japanese alcoholic beverage produced from rice using a process akin to brewing a beer. The term Sake can be used only if this very specific process is followed. We trust that the regulator has ensured the correct process being used prior to approving the product for sale. More importantly, this product carries an alcohol content of 12.5%. Using an anomaly in the existing regulatory framework, the product has been approved under a tax slab of Rs 600 per liter of pure alcohol. In its presentation, the product imitates a beer. Yet, in alcohol terms beer is restricted to an upper limit of 8.8% and attracts a tax of Rs 2,700 per liter of pure alcohol. Thus we have a product with 42% more alcohol attracting just under a fifth of the tax levied on a competitor brand. This is certainly not a level playing field and we call on the authorities to correct this anomaly expeditiously.

During the financial year under review, the beer industry's contribution to government revenue increased by 29%. When VAT is added on, the contribution would be even more. At the same time, we see consumers drinking better i.e moving from hard to soft alcohol. Empirical evidence also suggests that illicit liquor consumption has reduced somewhat; a result of both the excise tax reforms in 2017 & better enforcement by special units of the police force. Thus the excise



tax reforms introduced in November 2017 have proved successful & we call upon the authorities to consolidate the gains achieved by implementing a suitable tax formula as referred to in a preceding paragraph.

SALES AND MARKETING OF BEER IN SRI LANKA

This year we focused on consolidating our position within the country's alcobev segment. In the previous year we revamped the imagery around the Lion portfolio. The objectives were two fold; firstly, we wanted the Lion portfolio to have the look and feel of modern global brands so that they could compete with the best anywhere & secondly, we wished to strike a balance between an umbrella branding concept whilst still allowing the three variants – lager, strong & stout – to express their individuality and connect with their respective consumers and be relevant to them. With the new imagery in place & supported by a reasonable tax regime, we set about clawing back the ground we had lost since October 2015 (firstly, due to a dubious tax increase foisted on the beer industry and secondly, the floods that inundated us within 6 months thereafter). The Ryder's brand which brought a new energy & vitality to the beer industry also helped us in this process. The results as reflected in our volumes suggests very strongly that we succeeded in our endeavours.

Lion was listed as the most valuable beverage brand in the LMD Brand Finance annual brand rankings for the year 2018. Overall, it ranked as the 9th most valuable brand, the same position that it occupied in the previous year. This meant that brand Lion was once again ranked second in the FMCG category with a globally renowned multinational brand taking the top spot. That a brand legally restricted in communicating with its consumers could claim such a position in competition with those that have no such constraints says much for its underlying strengths.

EXPORTS

In the financial year under review, we exported a total of 705 containers, an increase of 37% in comparison to the previous year. This translated into a revenue growth of 48%. In terms of destinations, Lion beers now reach 27 countries across the 5 continents.

We remain market leader in the Maldives. In New York we continue to build our brand image and Lion Stout is listed in several high profile bars & restaurants in that city. In some instances, Lion Stout is the only non US beer listed in the outlet; an indication that the brand is gaining traction in that market. Africa and the Middle East have become lucrative markets for us and we aim to build a strong business in these regions. During the year, we entered 5 new markets, namely, China, Qatar, Fiji, Philippines, and Iraq. Exports to China commenced at the end of the year under review with an order of 24 containers. Whilst it is still early days, we are hopeful that China will turn out to be a significant market for us.

The exports business whilst being small in comparison to our local sales, is of strategic importance as it acts as a buffer against inconsistent & unfair policies at home. We are gradually starting to invest behind our brands & distribution systems in overseas markets. We have personnel on the ground in New York in an effort position our brands appropriately and to drive up sales volumes. Soon we will expand this strategy to other select markets. These are investments we must make to hedge against regulatory changes in Sri Lanka although in the short term, such investments will appear somewhat difficult to justify.

Whilst we have made every effort to grow our export business, it is unfortunate that both policy and regulatory frameworks don't support this endeavour. From a policy perspective, profits on our exports no longer attract the concessionary

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income tax rate of 14%. Instead they attract the "sin tax" rate of 40%. From a regulatory perspective, we are faced with every possible barrier when attempting to grow our exports business. The excise procedures that need to be followed when fulfilling export orders are cumbersome and are a case in point as to why Sri Lanka is placed so low in the World Bank's ease of doing business ranking. Excise taxes paid on production and refundable once brands are exported, lie with the regulator for months. At the time of writing, more than Rs 600 mn is due as excise duty rebates on beer exports since January 2019 to date. This is certainly not an incentive to export. The need is to encourage exports not hinder the effort. However, no attempts are made by the regulator to streamline processes either proactively or reactively. Clearly, these are not reflective of the country's need to promote exports. Policies, the regulatory framework and the bureaucracy must all be aligned to the objective of promoting exports if we as a country are to succeed in this endeavour. In this connection, we appeal to the authorities to extend the concessionary tax rate of 14% to all export profits and to implement business friendly processes in order to facilitate exporters.

SUPPLY CHAIN

During the financial year we were recertified for ISO 22000, ISO 14001 & OHSAS 18001 standards which relate to Food Safety, Environment & Occupational Health & Safety respectively. These standards give us a strong foundation for quality and governance within the production environment. For instance, customer complaints are now down to 3.4 defects per 1.3 million units, well within six sigma norms.

From an operational perspective, we focused on reducing our cost of production by driving efficiencies. Due to these efforts, we had significant savings through the reduction of wastage in the brewing and bottling processes and substantial reductions in the consumption of energy and water. Bottling line efficiencies were also driven up significantly.

As part of our efforts to protect the environment, we recovered approx. 4.5mn kgs of CO₂ during the financial year. A significant amount of the recovered CO₂ is used back in the production process. Rather than venting the remainder into the air, we now have an avenue to commercialise the excess thereby generating an income of approx. Rs 65 mn during the financial year.

SUPPORT SERVICES

In October 2018 all staff participated in a program aptly titled "Discover the Lion in You". This was a tailor made program that aims to bring out latent strengths & talents of individuals and to forge stronger teams across the business. This was followed by two others, also tailor made, namely the Management Development Program and the Executive Development Program. The first is of 9 months duration and upsills employees in the Middle & Assistant Manager grades. The second is a 6 month course which helps executives and supervisory grades to perform their current roles more productively whilst also preparing them for more responsible positions in the future.

On the information technology front, our operations & data centre were recertified for ISO 27001:2013. Each year, we continue to migrate more processes into our ERP system, SAP and this year was no different. During the year, we started work on a major IT project, i.e to migrate our systems to SAP S/4HANA. With this migration - which will take more than half of the on-going financial year - all our systems will be on the cloud.



OPERATING RESULTS & FINANCIAL POSITION

Turnover for the year grew by 44% to Rs 42.830 billion whilst Pre-tax profit stood at Rs 5.313 billion. Whilst overall expenditure increased reflecting the higher volumes and greater number of transactions, on a per case basis costs reduced significantly. Net finance costs reduced by 30% and amounted to Rs 934 mn. Liability to income tax & deferred tax amounted to Rs 783 mn and Rs 1.309 bn respectively leaving Rs 3.221 bn as profit after tax for the year.

Our balance sheet improved during the year with net borrowings reducing to Rs.2.211 bn reflecting a gearing of 15%. At the start of the financial year, gearing stood at 45%. Whilst most businesses operate at higher gearing levels, the policy inconsistency that has shadowed the beer industry over many years cautions us towards a more prudent path. Working capital management reflected a marked improvement as well with input materials, finished goods & debtors all being below benchmark norms.

Net assets per share at the conclusion of the financial year stood at Rs 153.72 an increase of 31.2%. The total net asset value of the company in its books amounted to Rs.12.521 bn at the close of the financial year whilst its market value on the day stood at Rs. 44.400 bn. The value of our share increased by 6% to Rs. 555/- at the close of the financial year.

TAXATION

During the year under review, our contribution to government revenue amounted to Rs. 31.747 bn. This is an increase of 39% over that of the previous year.

NBT which was previously not levied on the alcobev sector, was introduced w.e.f. 30th July 2018. This added further cost and complexity to an industry already weighed down with an overwhelming tax burden. An example of this is corporate tax which at 40% is 43% higher than the

“standard” rate of 28%. We call on the authorities to reconsider this so called “sin” tax & bring it in line with other corporates, since the alcobev industry pays a substantial component of its revenue in the form of excise duty.

During the financial year we reversed accumulated tax assets to the income statement. These tax assets arose as a result of tax losses incurred in the year of the flood. However, since we have now returned to profitability, these tax losses were fully utilised in arriving at the taxable income of the year. Since the tax losses were fully utilised, the corresponding tax asset no longer exists and hence had to be reversed into the income statement.

RETURNS TO SHAREHOLDERS

In March 2019, Your Board declared an interim dividend of Rs 4 per share. A further Rs 6 per share has now been proposed by Your Board for approval by shareholders at the AGM. If approved, the total distribution for the year will amount to Rs 10 per share or Rs 800 mn in terms of the cash outflow. This is a 250% increase over the previous year and is almost 25% of our post tax profit for the period under review.

THE YEAR AHEAD

At the time we closed operations for the traditional New Year period in April, we were confident of surpassing the results of the year under review. Unfortunately, we are no longer as confident as we



CHIEF EXECUTIVE'S REVIEW

were then due to the tragic events that took place on Easter Sunday. It was a dark day for Sri Lanka from many perspectives; many innocent lives were lost, scores of people were injured, property damaged, the efficacy of our intelligence systems were called into question as were our politicians and the economy took many steps back.

Tourism was the worst and most immediately affected. Scores of foreign visitors left the Country immediately and hotel occupancy dived to the low single digits. Those depending on tourism for their livelihood – from vegetable suppliers to guides to serve staff – are all deep in financial difficulty. FMCG businesses with exposure to the tourism industry and its dependents – including us – will feel the impact of the downturn during the on-going year.

The Sri Lankan economy has been well below its potential in the preceding few years. The Easter Sunday attacks are likely to slow down the economy even further in the on-going financial year. Consumer spending power is likely to be compromised and businesses such as ours will be the first to feel the impact.

Before the close of the on-going financial year, we are likely to experience two major elections, the Presidential & the General. Elections of this magnitude always lead to an unsettled operating environment & this year will be no different.

On a more positive note, the currency has stabilised and has gained ground since the close of the year under review. In terms of interest rates, efforts are being made to make them more investor friendly.

All in all, we feel the year ahead to be one full of challenges driven mainly by the operating environment. However, the Lion team is determined to make the best of the circumstances on offer.

CONCLUSION

We had a satisfactory year. Our volumes grew as did market share in both the beer & alcobev categories. We gained efficiencies in the brewing and packaging processes, reduced waste in many areas whilst commercialising in some. Our distribution systems functioned remarkably well responding to changes in the market place with dexterity & effectively. Effective utilisation of installed capacity pushed back the need for capex which together with sound working capital management resulted in a significant reduction in net borrowings. In short, we finished the financial year in a much stronger position than when we started it.

We must make special mention of Lion's senior team. They went through a remarkably tough two years between November 2015 and November 2017 and have emerged stronger, more committed & determined than ever before. The experiences of those two years have bonded the team as no training program ever could and the outcome is the results reflected in the financials of the year under review. But it's a team that will not rest on its achievements. Instead it will continue to seek new opportunities & position our business to reach its full potential in the years ahead.

Lion is a strong company. We have truly great brands, a razor sharp route to market, state of the art technology & a remarkable team. Given an appropriate alcohol policy that is consistently applied, Lion should be stronger tomorrow than it is today.

(Sgd.)

S. K. Shah
Chief Executive Officer

Colombo
17th June 2019

PROFILES OF DIRECTORS

AMAL CABRAAL

Mr. Amal Cabraal is presently the Chairman of Ceylon Beverage Holdings PLC, Lion Brewery (Ceylon) PLC, Silvermill Investment Holdings and CIC Feeds Group of Companies. He is a former Chairman & Chief Executive Officer of Unilever Sri Lanka and has over 3 decades of local and international business experience in general management, strategy development and marketing & sales management.

Amal Cabraal is also a Non-Executive Director of a number of companies such as John Keels Holdings, Hatton National Bank and Sunshine Holdings. He is also a member of the Monetary Policy Consultative Committee of the Central Bank of Sri Lanka and a Committee Member of the Ceylon Chamber of Commerce and serves on the Management Committee of the Mercantile Services Provident Society.

A Marketer by profession and a Fellow of the Chartered Institute of Marketing - UK, he holds a MBA from the University of Colombo and is an executive education alumnus of INSEAD-France.

HARI SELVANATHAN

Hari Selvanathan is the Chairman of Bukit Darah PLC and Deputy Chairman of Carson Cumberbatch PLC. He is the Deputy Chairman of Goodhope Asia Holdings Ltd and was appointed as Group Chief Executive Officer of Goodhope Asia Holdings Ltd w.e.f 1st November 2017. 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 Bukit Darah PLC and some other companies within the Carson Cumberbatch group.

He is a Past Chairman of the Ceylon Chamber of Commerce and the Employers Federation of Ceylon and a member of the Monetary Policy Consultative Committee of the Central Bank of Sri Lanka. Previously, he has served as a Commissioner of the Securities and Exchange Commission of Sri Lanka and as 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.

PROFILES OF DIRECTORS

RANIL GOONETILLEKE

A Fellow of the Chartered Institute of Management Accounts, UK. Consequent to initial training at KPMG, has held various positions in the mercantile sector in the field of Finance and counts over 30 years' experience. He joined the Company in 1998 as a Financial Controller and thereafter in 2005 was appointed Finance Director of Lion Brewery (Ceylon) PLC.

KRISHNA SELVANATHAN

Krishna Selvanathan - Director, Carsons Management Services (Pvt) Ltd, is the CEO of Guardian Fund Management Limited and serves as a board member of other investment sector companies within the Ceylon Guardian group. He also serves as a Director of Lion Brewery (Ceylon) PLC and Pegasus Hotels of Ceylon PLC.

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.

For the past 16 years she 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 on Ayati Trust Sri Lanka and Hemas Outreach Foundation, both national charities involved in improving the potential of disabled and underprivileged children.

Holds a Bachelor of Arts (Hons) degree from the University of Wales, UK.

LARS LEHMANN

(Resigned w.e.f. 20/05/2019)

Mr. Lars Lehmann, age 53 years, a Dane, was appointed to the Board and as Managing Director of Carlsberg Brewery Malaysia Berhad on 1 July 2016 and resigned on 30 April 2019 to take up the position of Executive Vice President, Eastern Europe and also as CEO of Baltika Breweries effective 1 May 2019.

Mr. Lehmann holds a MBA and BA from Copenhagen Business School.

He has been with the Carlsberg Group since 2003 and has undertaken various senior positions in the area of sales, marketing and general management for Western and Eastern Europe markets as well as Export businesses. Prior to the appointment, Lehmann was the Regional CEO, Western Europe Challenger Markets from October 2012 overseeing 11 European markets like Germany, Italy, Greece, Bulgaria, Serbia, Croatia, Portugal, Estonia, Latvia, Lithuania and Carlsberg ExLiD (Export, License and Duty Free). Before joining Carlsberg Group, he was with Unilever Denmark for eight years in sales and marketing.

Mr. Lehmann was the Chairman of Carlsberg Singapore Pte. Ltd. He was also on the Board of Carlsberg Marketing Sdn. Bhd., a wholly owned subsidiary of Carlsberg Brewery Malaysia Berhad, the Malaysian Danish Business Council and Maybev Pte. Ltd., a 50% owned subsidiary by Carlsberg Singapore Pte. Ltd. He was also a member of the Governing Council of the Confederation of Malaysian Brewers Berhad.

RAJIV MEEWAKKALA

Mr. Rajiv Herath Meewakkala is a marketing professional with over 25 years' experience, and his marketing career spans the breadth of the different marketing disciplines both domestically and internationally. He was the former Marketing Director of Ceylon Tobacco Company, and was also part of the South Asia Marketing Leadership team of British American Tobacco. He has also contributed his expertise to the public sector, he was the CEO of Lanka Sathosa and was also the Chairman of State Development Construction Corporation.

Currently he is the Chairman of Housing Development Finance Corporation, and is also a consultant of Interbrand, the largest global brand consultancy.

Rajiv Meewakkala holds a Phd from the University of Honolulu, and a MSc in International Marketing from the University of Strathclyde UK.

LIM CHEE KEAT

Mr Lim Chee Keat is currently the Chief Financial Officer (CFO) of Carlsberg Malaysia. Prior to joining Carlsberg Malaysia, he was a Director and CFO of a telecommunications company based in Jakarta and he had held several senior Finance positions in Astro Malaysia, including CFO (Content Management & Production) and Group Financial Controller.

Lim started his career as an auditor in Arthur Andersen Malaysia before joining PricewaterhouseCoopers Hong Kong as Senior Manager, Assurance & Advisory.

Lim is a Member of the Malaysian Institute of Certified Public Accountants (MICPA) and a Member of the Malaysian Institute of Accountants (MIA).

SUDARSHAN SELVANATHAN

(Appointed w.e.f. 05/04/2019)

Sudarshan Selvanathan was a partner at JNE Partners LLP. Prior to this, he was a senior member of the investment team at JNE's predecessor firm, MSD Partners Europe. Prior to joining MSD in 2006, he served in various roles at Lone Star Funds and Lehman Brothers. He currently serves as a non-executive director on the board of Lion Brewery (Ceylon) PLC. He holds a BSc (Hons) Management Science from the University of Warwick, United Kingdom.

THEODOROS AKISKALOS

(Appointed w.e.f. 20/05/2019)

Mr. Theodoros Akiskalos joined the Carlsberg Group in March 2010 as the Vice President of Group Strategy. He was the Managing Director of Carlsberg Hong Kong from 2014 to 2016 and most recently, the Managing Director of Carlsberg Sweden since June 2016. He was appointed as Managing Director of Carlsberg Brewery Malaysia Berhad on 1st May 2019. Prior to joining the Carlsberg Group, Mr. Akiskalos was Associate Principal of McKinsey & Company based in Boston, USA.

He holds a Degree in Mechanical Engineering from Georgia Institute of Technology (Georgia Tech), a Masters in Mechanical Engineering from Massachusetts Institute of Technology (MIT) and an Executive MBA from INSEAD.

SENIOR MANAGEMENT TEAM



Suresh Shah
Director/CEO



Ranil Goonetilleke
Director – Finance



Stefan Atton
General Manager – Sales & Marketing



Nirosch De Silva
General Manager – Technical



Nishantha Hulangamuwa
Head of Outbound Supply Chain



Shiran Jansz
Head of Procurement



Sharlene Adams
Head of Exports



Eshantha Salgado
Head of Administration



Hiran Edirisinghe
Chief Engineer



Keerthi Kanaheraarachchi
Head of Sales



Prashanthan Pathmanathan
Financial Controller, Commercial



Shiyan Jayaweera
Head of Marketing



Nayana Abeysinghe
Head of Legal



Ama Ekanayake
Head of Information Technology



Surani Amerasinghe
Head of Human Resources



Channa Senarathne
Head of Regulations



Jehan Goonaratne
Financial Controller, Corporate



Chandana De Silva
Quality Assurance Manager



Chaminda Bandaranayake
Head of Packaging

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 2019.

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 17th June 2019.

GENERAL

The Group consists of Lion Brewery (Ceylon) PLC and its fully owned subsidiaries Pearl Springs (Private) Limited and Millers Brewery Limited. Lion Brewery (Ceylon) PLC is a public limited liability Company incorporated in Sri Lanka in 1996. Its subsidiary Pearl Springs (Private) Limited is a wholly owned entity incorporated in 2014. Millers Brewery Limited is a wholly owned undertaking of Pearl Springs (Private) Limited.

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 10 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 the 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,
- reasonable and prudent judgments and estimates have been made, and,
- provides the information required by and otherwise comply with the Companies Act, No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The Directors are responsible for ensuring that the Group 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 the 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 Group 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 Group 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.

The Directors confirm that to the best of their knowledge,

- all taxes, duties and levies payable to the statutory bodies,
- all contributions, levies and taxes payable on behalf of and in respect of the employees, and,
- all other known statutory dues as were due and payable by the Company as at the reporting date have been paid, or where relevant provided for in these Financial Statements.

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 2019.

FINANCIAL STATEMENTS

The Financial Statements which include the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and Notes to the Financial Statements of the Company and the Group for the year ended 31st March 2019 are set out on pages 36 to 106 of this Report.

RESERVES

The total reserves of the Group stand at Rs. 9,983 Mn (2018 - Rs. 6,874 Mn) comprising Capital Reserves of Rs. 1,107 Mn (2018 - Rs. 906 Mn) and Revenue Reserves of

Rs. 8,876 Mn (2018 - Rs. 5,968 Mn). Details are shown in the Statement of Changes in Equity on pages 40 and 41.

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. 944 Mn (2018 - Rs. 1,388 Mn). The movements in capital assets during the year are set out in Notes 08 & 09 to the Financial Statements.

MARKET VALUE OF FREEHOLD PROPERTIES

The land and buildings of Lion Brewery (Ceylon) PLC and Millers Brewery Limited were valued in March 2016 and March 2019 respectively, by a qualified independent valuer. The market value arrived at was Rs. 5,452 Mn. These are further explained in Note 08 to the 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 2019.

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.

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

INDEPENDENT AUDITORS' REPORT

The Independent Auditors' Report on the Financial Statements is given on pages 33 to 35 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 44 to 61.

DONATIONS

There were no donations made during the year ended 31st March 2019 (2018 - 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, for the financial year ended 31st March 2019 is given in Note 28 to the Financial Statements, on page 85.

DIRECTORS' INTEREST IN CONTRACTS AND SHARES

The Related Party Transactions of the Group as required by the Sri Lanka Accounting Standard LKAS 24 Related Party Disclosures are disclosed in Note 34 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 Group, while they had the following interests in the ordinary shares of the Company as shown in the table below.

Directors	No. of shares as at	
	31st March 2019	31st March 2018
Mr. D. A. Cabraal (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. D. R. P. Goonetilleke	1	1
Mr. K. Selvanathan (Director / Alternate Director to Mr. H. Selvanathan)	-	-
Mrs. S. J. F. Evans	-	-
Mr. L. Lehmann (Resigned w.e.f. 20/05/2019)	-	-
Mr. R. H. Meewakkala	-	-
Mr. Lim C. K.	-	-
Mr. S. Selvanathan (Appointed w.e.f. 05/04/2019)	-	-
Mr. T. Akiskalos (Appointed w.e.f. 20/05/2019)	-	-

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.

Changes in the Directorate

Mr. S. Selvanathan was appointed as a Non-Executive Director of the Company with effect from 05th April 2019.

Mr. L. Lehmann, Non-Executive Director resigned from the Board with effect from 20th May 2019.

Mr. T. Akiskalos was appointed as a Non-Executive Director of the Company with effect from 20th May 2019.

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

In terms of Article 68 of the Articles of Association of the Company, Mr. S. Selvanathan retires from the Board and being eligible offers himself for re-election.

In terms of Article 68 of the Articles of Association of the Company, Mr. T. Akiskalos retires from the Board and being eligible offers himself for re-election.

Directors to retire by rotation

In terms of Articles 72, 73 and 74 of the Articles of Association of the Company, Mr. K. Selvanathan 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.

Appointment of Director who is 70 years of age

Upon the recommendation of the Nomination Committee of the Company and the Board, it is recommended that Mr. H. Selvanathan who is 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. Details of audit fees are set out in Note 28 to the Financial Statements.

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. 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.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS 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 30 to 31 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 Related Party Transactions Review Committee Meetings.

The Company is in Compliance with Rule 9 of the Listing Rules of the Colombo Stock Exchange, during the financial year.

Related Party Transactions Exceeding 10% of the Equity or 5% of the Total Assets of the Company

In terms of the requirements of the Listing Rules of the Colombo Stock Exchange, the transactions carried out by the Company with its Related Parties during the year ended 31st March 2019, that exceed 10% of Equity or 5% of the Total Assets of the Company are listed below.

The details of the Related Party Transactions are given in Note 34 on pages 100 to 104 of the Financial Statements.

1. Non-Recurrent Related Party Transactions

Information pertaining to non-recurrent related party transactions where the aggregate value of the non-recurrent related party transactions exceed 10% of the equity or 5% of the total Asset whichever is lower of the Company as per the audited financial statements are as below.

Name of the Related Party	Relationship	Value of the Related Party Transactions entered in to during the financial year	Value of Related Party Transaction as a % of Equity and as a % of Total Assets	Term and conditions of the related party transaction	the rationale for entering in to transaction
Pearl Springs (Private) Limited	Subsidiary	Rs. 1,149,999,990/-	12.3% - Equity 3.5% - Total Assets	Issue of shares on 29th March 2019	Capitalization of shareholder funds allotted to Pearl Springs (Private) Limited

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 Shareholders' equity or 5% of the total assets, whichever is lower, of the Company as at 31st March 2019.

CORPORATE GOVERNANCE

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

Board of Directors

The following Directors held office during the period under review and their brief profiles are given on pages 11 to 13 of the Annual Report.

Directors	Executive/ Non-Executive / Independent
Mr. D. A. Cabraal (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. 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. L. Lehmann (Resigned w.e.f. 20/05/2019)	Non-Executive

Directors	Executive/ Non-Executive / Independent
Mr. R. H. Meewakkala	Non-Executive/ Independent **
Mr. Lim C. K.	Non-Executive
Mr. S. Selvanathan (Appointed w.e.f. 05/04/2019)	Non-Executive
Mr. T. Akiskalos (Appointed w.e.f. 20/05/2019)	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 17th June 2019, 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. 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.

** The Board has determined that Mr. R. H. Meewakkala 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.

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

Directors' Meetings Attendance

During the period under review the Board of Directors had seven Board Meetings and the attendance of the Directors were as follows;

Directors	Meetings Attended (Out of seven)
Mr. D. A. Cabraal (Chairman)	7/7
Mr. H. Selvanathan (Deputy Chairman)	5/7
Mr. S. K. Shah (Chief Executive Officer)	7/7
Mr. D. C. R. Gunawardena	7/7
Mr. D. R. P. Goonetilleke	5/5
Mr. K. Selvanathan (Director / Alternate Director to Mr. H. Selvanathan)	2/7
Mrs. S. J. F. Evans	7/7
Mr. L. Lehmann (Resigned w.e.f. 20/05/2019)	5/7
Mr. R. H. Meewakkala	5/7
Mr. Lim C. K.	7/7
Mr. S. Selvanathan (Appointed w.e.f. 05/04/2019)	-
Mr. T. Akiskalos (Appointed w.e.f. 20/05/2019)	-

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
Mr. A. S. Amaratunga (Appointed w.e.f. 15/01/2019)	Non-Executive/ Independent Director of CCPLC

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.

Observer representing the Beverage Sector at the Carson Cumberbatch PLC Audit Committee Meetings

Mr. R. H. Meewakkala (Appointed w.e.f. 20/01/2019)	Non-Executive/Independent Director of Ceylon Beverage Holdings PLC & Lion Brewery (Ceylon) PLC
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The Audit Committee Report is given on page 28 to 29 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. T. de Zoysa (Chairman)	Non-Executive/ Independent Director of CCPLC
Mr. D. C. R. Gunawardena	Non-Executive Director of CCPLC
Mr. R. Theagarajah	Non-Executive/ Independent Director of CCPLC
Mr. W. M. R. S. Dias	Non-Executive/ Independent Director of CCPLC

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.

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

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

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 Executive Directors of the Company is disclosed under Note 28 on page 85 of the Annual Report.

Nomination Committee

Composition

Nomination Committee Members	Executive / Non-Executive/ Independent
Mr. D. A. Cabraal (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. D. A. Cabraal (Chairman)	2/2
Mrs. S. J. F. Evans	2/2
Mr. D. C. R. Gunawardena	2/2

DIVIDEND

The Company paid a First Interim Dividend of Rs.4/- per ordinary share for the year ended 31st March 2019 totalling Rs.320,000,000/- on 25th March 2019.

Subject to the approval of the Shareholders at the Annual General Meeting, the Board of Directors recommended a Final dividend of Rs. 6/- per ordinary share amounting to Rs. 480,000,000/- for the year ended 31st March 2019. 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 distributions, 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 distributions.

The Company's Auditors, KPMG, Chartered Accountants have issued Certificates of Solvency for the dividends mentioned above, confirming same.

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2019 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 36 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 118 and 119 of this Report.

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

TWENTY MAJOR SHAREHOLDERS

Name of Shareholders	31st March 2019		31st March 2018	
	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	20,000,686	25.00
3 CARSON CUMBERBATCH PLC A/C NO.2	4,107,793	5.13	4,107,793	5.13
4 RBC INVESTOR SERVICES BANK-COELI SICAV I- FRONTIER MARKETS FUND	1,773,190	2.22	1,699,622	2.12
5 CARSON CUMBERBATCH PLC A/C NO. 01	1,402,060	1.75	900,758	1.13
6 PERSHING LLC S/A AVERBACH GRAUSON & CO.	1,353,445	1.69	1,353,445	1.69
7 BUKIT DARAH PLC A/C NO 2	1,300,000	1.63	1,300,000	1.63
8 CITIBANK NEWYORK S/A NORGES BANK ACCOUNT 2	1,071,443	1.34	1,153,742	1.44
9 SSBT-AL MEHWAR COMMERCIAL INVESTMENTS L.L.C.	983,779	1.23	-	-
10 JPMLU-T ROWE PRICE FUNDS SICAV	947,879	1.18	1,841,303	2.30
11 MELLON BANK N.A.-FLORIDA RETIREMENT SYSTEM	593,086	0.74	498,386	0.62
12 GF CAPITAL GLOBAL LIMITED	518,595	0.65	568,595	0.71
13 BBH-RONDURE NEW WORLD FUND	472,256	0.59	167,956	0.21
14 DEUTSCHE BANK AG-LONDON	372,614	0.47	139,614	0.17
15 SAMPATH BANK PLC/MRS.PRIYANI DHARSHINI RATNAGOPAL	300,000	0.38	300,000	0.38
16 SSBT- RUSSELL INVESTMENTS INSTITUTIONAL FUNDS PUBLIC LIMITED COMPANY	285,009	0.36	264,009	0.33
17 SSBT-FRANK RUSSEL TRUST COMPANY COMINGLED BENEFIT FUNDS TRUST GNA-6QH3	253,681	0.32	253,681	0.32
18 SSBT-RUSSELL TRUST COMPANY COMMINGLED EMPLOYEE BENEFIT FUND TRUST RUSSELL FRONTIER MARKETS EQUITY FUND A/C 03	172,789	0.22	72,129	0.09
19 PORTELET LIMITED	161,920	0.20	161,920	0.20
20 JPMCB-T.ROWE PRICE INSTITUTIONAL FRONTIER MARKETS EQUITY FUND	157,852	0.20	282,372	0.35

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 17th June 2019.

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 23rd Annual General Meeting of the Company will be held on Friday, 19th July 2019 at 2.30 p.m. at the 'Ivy Room', Cinnamon Grand Colombo, No.77, Galle Road Colombo 03, Sri Lanka.

The Notice of the Annual General Meeting, setting out the business which will be transacted thereat is on page 121 of the Annual Report.

Signed on behalf of the Board,

(Sgd.)

S. K. Shah
CEO/Director

(Sgd.)

D. R. P. Goonetilleke
Director

(Sgd.)

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

Colombo
17th June 2019

AUDIT COMMITTEE REPORT

The Parent Company of Lion Brewery (Ceylon) PLC (LBCPLC) is Ceylon Beverage Holdings PLC (CBHPLC) and Carsons 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.

During the year Mr.A.S. Amaratunga, a Non-Executive/Independent Director of CCPLC was appointed to the Audit Committee of CCPLC and Mr.R.H. Meewakkala, a Non-Executive/Independent Director of LBCPLC and CBHPLC was also appointed as an 'Observer – for the Beverage Sector matters'.

The Audit Committee consists of the following Members :

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.A.S. Amaratunga (appointed w.e.f. 15th January 2019)	Non-Executive/ Independent (CCPLC)
Observer-for the Beverage Sector matters	
Mr.R.H. Meewakkala (appointed w.e.f. 20th January 2019)	Non-Executive/ Independent (LBCPLC and CBHPLC)

Mr.Vijaya Malalasekera is a Non-Executive/Independent Director of CCPLC and a former Director of Ceylon Tobacco Company PLC.

Mr.Chandima 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.Faiz 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.

Mr.Saktha Amaratunga, a Non-Executive/Independent Director of CCPLC, is also a Director of Hemas Holdings PLC, Chairman of Hemas Holdings PLC-Audit Committee and a Commissioner of PT Agro Indomas, Indonesia, a subsidiary of Carsons Cumberbatch Group.

Mr.Rajiv Meewakkala is a Non-Executive/Independent Director of LBCPLC and CBHPLC. He was the former Marketing Director of Ceylon Tobacco Company and was also part of the South Asia Marketing Leadership team of British American Tobacco.

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

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

To ensure that the internal audit activity is well managed, so that it adds value to the organization by being objective in providing relevant assurance, contributing to the effectiveness and efficiency of governance, risk management and control processes.

The audit aspects of Lion Brewery (Ceylon) PLC are conducted within the Agenda of CCPLC-Audit Committee.

CCPLC-Audit Committee held eight (08) Meetings during the financial year to discuss matters

relating to the Company and the attendance of the Members of the Audit Committee were as follows :

Meetings attended (out of eight)

Mr.V.P. Malalasekera (Chairman)	8/8
Mr.D.C.R. Gunawardena	7/8
Mr.F. Mohideen	7/8
Mr.A.S. Amaratunga (appointed w.e.f. 15th January 2019)	3/8

The Chief Executive Officer-Beverage Sector, Director-Finance of the Company, internal auditors and senior management staff members also attended the Audit Committee Meetings by invitation. Mr.R.H. Meewakkala, Director of the Company also attended the Audit Committee Meetings as an 'Observer-for the Beverage Sector matters'.

The Audit Committee met the External Auditors, Messrs. KPMG, twice during the year to discuss the audit scope, including Key Audit Matters and to deliberate the draft Financial Report and Accounts at the completion stage of the audit. The 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 2018/2019 and the Group Internal Audit (GIA) carried out audits on the Beverage Sector companies based on the plan.

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.

Resulting from the introduction of the new audit report requirements last year, the Audit Committee continued the process to discuss the areas which are identified as Key Audit Matters by Messrs. KPMG for reporting in the audit report, at the audit planning and completion stages.

The draft financial statements of Lion Brewery (Ceylon) PLC for the year ended 31st March 2019 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, Director-Finance of the Company and Director-Finance, Carsons Management Services (Private) Limited, Managers 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 2020, 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
 17th June 2019

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

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 Related Party Transactions Review Committee (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

MEETINGS OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

CCPLC-RPTRC held Four (04) Meetings during the financial year to discuss matters relating to the Company and where necessary the approval of the Members were also sought via circulation of papers.

The attendance of the Members of the Committee were as follows:

Meetings attended (out of four)	
Mr.V.P. Malalasekera (Chairman)	4/4
Mr.F. Mohideen	4/4
Mr.D.C.R. Gunawardena	4/4
Mr.H. Selvanathan	3/4
Mr.M. Selvanathan	3/4
Mr.S.K. Shah	3/4

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' (RPT 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 the relevant 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 are 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 it is 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 endeavours to ensure 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) and quarterly disclosures are made by KMPs so designated, as relevant.

The Related Party Transactions of the Company for the period 1st April 2018 to 31st March 2019 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

17th June 2019

FINANCIAL CALENDAR

Financial Year	31st March 2019
Announcement of Results	
1st Quarter	30th June 2018
Issued to Colombo Stock Exchange	14th August 2018
2nd Quarter	30th September 2018
Issued to Colombo Stock Exchange	14th November 2018
3rd Quarter	31st December 2018
Issued to Colombo Stock Exchange	13th February 2019
4th Quarter	31st March 2019
Issued to Colombo Stock Exchange	17th May 2019
Meetings	
22nd Annual General Meeting	20th July 2018
23rd Annual General Meeting	19th July 2019

INDEPENDENT AUDITOR'S REPORT



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

Tel : +94 - 11 542 6426
Fax : +94 - 11 244 5872
+94 - 11 244 6058
Internet : www.kpmg.com/lk

TO THE SHAREHOLDERS OF LION BREWERY (CEYLON) PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lion Brewery (Ceylon) PLC, (the "Company") and the consolidated financial statements of the Company and its Subsidiaries (the "Group"), which comprise the statement of financial position as at 31st March 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 36 to 106.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and Group as at 31st March 2019, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Carrying value of Brands acquired

Risk Description	Our response
<p>The company has recognised intangible asset relating to Brands acquired with a carrying value of Rs. 2.33 Billion as at the reporting date.</p> <p>The annual impairment testing relating to the brand which is an indefinite life intangible asset is considered to be a key audit matter due to the significant judgment required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount has been derived using discounted forecasted cash flow model. This model uses several key assumptions, including estimates of future sales volume growth rate, contribution growth rate and discount rate.</p> <p>See note 2.5 for Use of Judgments and Estimates, note 3.6 for accounting policy and note 9 for information</p>	<p>Our audit procedures among others included:</p> <ul style="list-style-type: none"> Evaluating the appropriateness and consistency of underlying assumptions via corroborating estimates of future cash flows and discussing whether they are reasonable and supported by the most recent approved management budgets, including expected future performance of the CGUs, and discussing whether these are appropriate in light of future macroeconomic expectations in the markets. Recomputing and comparing the data used in the forecasted cash flow model with information maintained by management and historical trends. Assessing the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgments.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the company financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the company financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

M.R. Mhular FCA
T.J.S. Rajakarier FCA
Ms. S.M.B. Jayasekera ACA
S.A.U. Kanurathne FCA
R.H. Rajan FCA
P.Y.S. Perera FCA
W.W.J.C. Perera FCA
W.K.D.C. Abeyratne FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel ACA
C.P. Jayatilake FCA
Ms. S. Joseph FCA
S.T.D.L. Perera FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
Principals - S.R.L. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardena ACA

INDEPENDENT AUDITOR'S REPORT



Revenue Recognition

Risk Description	Our response
<p>The company recorded revenue of Rs. 42.8 Bn for year ended 31 March 2019 and group recorded revenue of Rs. 42.8 Bn for the year ended 31 March 2019.</p> <p>Whilst revenue recognition and measurement is not complex for the Company, the Company operates in a market which is affected by different customer behaviour and the various discounts and locally imposed duties and fees in regard to revenue recognition introduce an inherent risk to the revenue recognition process. This, together with the focus on volumes and revenue as key performance measures resulted in revenue being selected as a key audit matter.</p> <p>We focused on whether transactions have been recorded in the period in which the Company becomes entitled to record revenue, and also considering the transition impact of SLFRS 15.</p> <p>See note 4.1 for accounting policy and note 25 for information.</p>	<p>Our audit procedures among others included:</p> <ul style="list-style-type: none"> • Identifying and evaluating the design and implementation and operating effectiveness of key controls relating to revenue recognition and reviewing General IT Controls and Application Controls and consider impact on financial reporting with the assistance of IRM specialist. • Performing a fraud risk assessment through inquiry of management regarding any actual or suspected override of controls in relation to revenue recognition. • Testing design and implementation and operating effectiveness of controls over journal entries and post-closing adjustments. • Through inquiry and observation assessing the accounting for significant transactions that are outside of the normal course of business, or are otherwise unusual. • Testing that amounts have been recognised in the correct period for cut-off and evaluate whether there are any significant amount of returns after the year end. • Agreeing the monthly sales system reports to general ledger to ensure that the revenue is recognised accurately in accordance with the company's accounting policy. • Test the quantification of adjustments arising from management's revenue recognition assessment for compliance with SLFRS 15 during the year and disclosures for its first time adoption.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1798.



Chartered Accountants
Colombo, Sri Lanka
17th June 2019

STATEMENT OF FINANCIAL POSITION

As at 31st March In Rs.'000s	Notes	Company		Group	
		2019	2018	2019	2018
ASSETS					
Non- Current Assets					
Property, plant & equipment	8	16,674,679	16,975,600	18,073,888	18,121,918
Intangible assets	9	2,378,212	2,385,622	2,378,212	2,385,622
Investments in subsidiary	10	1,029,623	1,029,623	-	-
Total Non-Current Assets		20,082,514	20,390,845	20,452,100	20,507,540
Current Assets					
Inventories	11	2,105,811	1,614,004	2,105,811	1,614,004
Trade and other receivables	12	1,751,534	2,551,426	1,759,235	2,577,535
Amounts due from related companies	13	713,230	617,997	713,230	613,670
Cash and cash equivalents	14	10,126,039	7,968,516	10,250,405	8,089,976
Total Current Assets		14,696,614	12,751,943	14,828,681	12,895,185
Total Assets		34,779,128	33,142,788	35,280,781	33,402,725
EQUITY AND LIABILITIES					
Equity					
Stated capital	15	2,537,801	2,537,801	2,537,801	2,537,801
Capital reserves	16	782,557	782,557	1,106,770	905,824
Retained earnings		9,008,246	6,049,931	8,876,188	5,967,788
Total Equity		12,328,604	9,370,289	12,520,759	9,411,413
Non- Current Liabilities					
Debentures	17	-	2,000,000	-	2,000,000
Loans and borrowings	18	3,271,271	4,814,620	3,271,271	4,814,620
Employee benefits	19	197,430	184,877	197,430	184,877
Net deferred tax liabilities	20	4,700,075	3,399,754	5,000,172	3,608,032
Total Non- Current Liabilities		8,168,776	10,399,251	8,468,873	10,607,529

As at 31st March In Rs.'000s	Notes	Company		Group	
		2019	2018	2019	2018
Current Liabilities					
Trade and other payables	21	1,101,924	1,227,923	1,108,777	1,235,475
Amounts due to related companies	22	115,060	105,560	114,946	105,560
Refundable deposits	23	1,456,224	1,164,261	1,456,224	1,164,261
Current tax liabilities	24	2,417,984	1,936,476	2,420,646	1,939,459
Debentures	17	2,078,285	1,110,582	2,078,285	1,110,582
Loans and borrowings	18	6,322,696	6,867,053	6,322,696	6,867,053
Bank overdrafts	14	789,575	961,393	789,575	961,393
Total Current Liabilities		14,281,748	13,373,248	14,291,149	13,383,783
Total Liabilities		22,450,524	23,772,499	22,760,022	23,991,312
Total Equity and Liabilities		34,779,128	33,142,788	35,280,781	33,402,725
Net assets per ordinary share		154.11	117.13	156.51	117.64

The Notes to the Financial Statements from page 44 to 106 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.)

J.N. Goonaratne

Financial Controller-Corporate

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

Approved and signed on behalf of the Managers

Approved and signed on behalf of the Board

(Sgd.)

V. Wijesinghe

Director

(Sgd.)

S.K. Shah

Director

(Sgd.)

D.R.P. Goonetilleke

Director

Carsons Management Services (Private) Limited

17th June 2019

Colombo

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March In Rs.'000s	Notes	Company		Group	
		2019	2018	2019	2018
			Restated		Restated
Revenue	25	42,830,494	29,798,010	42,830,494	29,798,010
Cost of sales		(32,007,626)	(23,709,592)	(32,007,626)	(23,709,592)
Gross profit		10,822,868	6,088,418	10,822,868	6,088,418
Progressive insurance receipts on business interruption	26	-	1,205,359	-	1,205,359
Other income	27	140,249	73,569	143,060	75,788
		10,963,117	7,367,346	10,965,928	7,369,565
Distribution expenses		(2,900,004)	(2,306,008)	(2,900,004)	(2,306,008)
Administrative expenses		(1,394,180)	(1,079,326)	(1,440,482)	(1,109,720)
Other expenses		(377,862)	(323,679)	(377,862)	(323,679)
Profit from operations		6,291,071	3,658,333	6,247,580	3,630,158
Progressive insurance receipts on property damage	26	-	752,263	-	752,263
Profit before finance cost	28	6,291,071	4,410,596	6,247,580	4,382,421
Finance income	29	1,032,653	808,523	1,043,122	819,652
Finance cost	29	(1,977,378)	(2,154,433)	(1,977,378)	(2,154,443)
Net finance cost		(944,725)	(1,345,910)	(934,256)	(1,334,791)
Profit before taxation		5,346,346	3,064,686	5,313,324	3,047,630
Income tax expense	30	(780,243)	(358,851)	(783,462)	(360,877)
Deferred taxation	30	(1,295,308)	(685,220)	(1,308,982)	(848,877)
Profit for the year		3,270,795	2,020,615	3,220,880	1,837,876

For the year ended 31st March In Rs.'000s	Notes	Company		Group	
		2019	2018 Restated	2019	2018 Restated
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Re-measurement of employee benefit obligations	19	12,533	(40,938)	12,533	(40,938)
Deferred tax charge on actuarial (gain)/loss	30	(5,013)	16,375	(5,013)	16,375
Revaluation gain on land & buildings	8	-	-	279,091	-
Deferred tax charge on land and building revaluation	30	-	(351,672)	(78,145)	(396,293)
Total other comprehensive income/ (loss) for the year net of tax		7,520	(376,235)	208,466	(420,856)
Total comprehensive income for the year		3,278,315	1,644,380	3,429,346	1,417,020
Earnings per ordinary share (Rs.)		40.88	25.26	40.26	22.97

The notes to the Financial Statements from Page 44 to 106 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 2017	2,537,801	1,134,229	4,373,879	8,045,909
Total comprehensive income for the year				
Profit for the year	-	-	2,020,615	2,020,615
Other comprehensive loss for the year	-	(351,672)	(24,563)	(376,235)
Total comprehensive income for the year	-	(351,672)	1,996,052	1,644,380
Transactions with owners of the company				
Distribution made to owners				
Ordinary dividends	-	-	(320,000)	(320,000)
Balance as at 31st March 2018	2,537,801	782,557	6,049,931	9,370,289
Balance as at 1st April 2018				
Balance as at 1st April 2018	2,537,801	782,557	6,049,931	9,370,289
Total comprehensive income for the year				
Profit for the period	-	-	3,270,795	3,270,795
Other comprehensive income for the year	-	-	7,520	7,520
Total comprehensive income for the year	-	-	3,278,315	3,278,315
Transactions with owners of the company				
Distribution made to owners				
Ordinary dividends	-	-	(320,000)	(320,000)
Balance as at 31st March 2019	2,537,801	782,557	9,008,246	12,328,604

The notes to the Financial Statements from Page 44 to 106 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

In Rs.'000s	Stated Capital	Revaluation Reserve	Retained Earnings	Total Equity
Group				
Balance as at 1st April 2017	2,537,801	1,302,117	4,474,475	8,314,393
Total comprehensive income for the year				
Profit for the year	-	-	1,837,876	1,837,876
Other comprehensive loss for the year	-	(396,293)	(24,563)	(420,856)
Total Comprehensive income for the year	-	(396,293)	1,813,313	1,417,020

Transactions with owners of the company

Distribution made to owners

Ordinary dividends	-	-	(320,000)	(320,000)
Balance as at 31st March 2018	2,537,801	905,824	5,967,788	9,411,413

Balance as at 1st April 2018	2,537,801	905,824	5,967,788	9,411,413
Total comprehensive income for the year				
Profit for the year	-	-	3,220,880	3,220,880
Other comprehensive income for the year	-	200,946	7,520	208,466
Total comprehensive income for the year	-	200,946	3,228,400	3,429,346

Transactions with owners of the company

Distributions made to owners

Ordinary dividends	-	-	(320,000)	(320,000)
Balance as at 31st March 2019	2,537,801	1,106,770	8,876,188	12,520,759

The notes to the Financial Statements from Page 44 to 106 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

For the year ended 31st March In Rs.'000s	Notes	Company		Group	
		2019	2018	2019	2018
Cash flows from operating activities					
Profit before taxation		5,346,346	3,064,686	5,313,324	3,047,630
Adjustments for:					
Finance costs	29	1,979,510	2,159,789	1,979,510	2,159,799
Depreciation on property, plant & equipment	8	1,191,532	1,097,768	1,217,708	1,124,376
Amortisation on Intangible assets	9	53,516	53,364	53,516	53,364
Net inventory provision/(reversal)	11	(20,818)	(26,549)	(20,818)	(26,549)
Provision for retirement benefit obligation	19	36,295	85,953	36,295	85,953
Impairment provision for trade debtors	12	10,000	-	10,000	-
Impairment of property, plant & equipment	8	7,311	-	7,335	-
Progressive insurance receipts on property damage	26	-	(752,263)	-	(752,263)
Gain on disposal of property, plant & equipment		(3,528)	(12,212)	(3,528)	(12,211)
Foreign exchange gain		(4,638)	-	(4,638)	-
Finance Income	29	(1,032,653)	(808,523)	(1,043,122)	(819,652)
Operating cash flow before working capital changes		7,562,873	4,862,013	7,545,582	4,860,447
(Increase)/Decrease in inventories		(470,989)	444,321	(470,989)	444,321
Decrease/(Increase) in trade and other receivables		794,530	(1,206,468)	812,938	(1,213,846)
Increase in amounts due from related companies	13	(95,233)	(584,921)	(99,560)	(580,594)
Increase In tax payable		122,456	797,134	122,391	797,199
(Decrease)/Increase in trade and other payables		(125,989)	672,826	(126,688)	673,141
Increase/(Decrease) in amounts due to related companies	22	9,500	(39,071)	9,386	(39,071)
Cash generated from operations		7,797,148	4,945,834	7,793,060	4,941,597
Finance expenses paid		(1,781,024)	(2,057,521)	(1,781,024)	(2,057,531)
Retirement benefits paid	19	(11,209)	(16,244)	(11,209)	(16,244)
Tax paid		(465,991)	(135,950)	(469,466)	(135,952)
Net cash generated from operating activities		5,538,924	2,736,119	5,531,361	2,731,870

For the year ended 31st March In Rs.'000s	Notes	Company		Group	
		2019	2018	2019	2018
Cash flows from investing activities					
Purchase and construction of property, plant & equipment		(899,522)	(1,364,200)	(899,522)	(1,364,200)
Borrowing cost capitalised	29	-	(21,864)	-	(21,864)
Purchase of intangible assets	9	(44,506)	(2,038)	(44,506)	(2,038)
Proceeds from sale of property, plant & equipment		3,529	39,368	3,529	50,146
Agent deposits received	23	298,961	209,362	298,961	209,362
Agent deposits refunded	23	(6,998)	(54,458)	(6,998)	(54,458)
Interest received	29	1,032,653	808,523	1,043,122	819,652
Net cash generated from/(used in) investing activities		384,117	(385,307)	394,586	(363,400)
Cash flows from financing activities					
Loans and borrowings obtained	18	-	1,500,000	-	1,500,000
Repayments of loans and borrowings	18	(2,319,690)	(2,648,979)	(2,319,690)	(2,648,979)
Repayments of debentures	17	(998,800)	(799,400)	(998,800)	(799,400)
Progressive insurance receipts on property damage	26	-	752,263	-	752,263
Dividend paid net of tax		(275,210)	(288,000)	(275,210)	(288,000)
Net cash used in financing activities		(3,593,700)	(1,484,116)	(3,593,700)	(1,484,116)
Net increase in cash & cash equivalents		2,329,341	866,696	2,332,247	884,354
Cash & cash equivalents at the beginning of the year		7,007,123	6,140,427	7,128,583	6,244,229
Cash & cash equivalents at the end of the year (Note 14)		9,336,464	7,007,123	9,460,830	7,128,583
Analysis of cash and cash equivalents					
Cash and cash equivalents		10,126,039	7,968,516	10,250,405	8,089,976
Bank overdraft		(789,575)	(961,393)	(789,575)	(961,393)
		9,336,464	7,007,123	9,460,830	7,128,583

The notes to the Financial Statements from Page 44 to 106 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 2019 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 237 employees in the Company and the Group as at the reporting date. (2018 -216).

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, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows 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 17th June 2019.

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

Employee defined benefit - Actuarially valued and obligation recognised at present value of the defined benefit obligation

2.3 Going Concern

Management has made an assessment of the Company’s ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. The Company had positive net asset, working capital and cash flow positions as at the reporting date. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

2.4 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.

2.5 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 9 – Impairment test on Intangible Assets

Note 12 – Provision for impairment of debtors

Note 19 – Employee benefit obligations

Note 20 – Deferred tax liabilities/assets

Note 35 – Commitments & Contingencies

2.6 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.

2.7 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:

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

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).

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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES

Changes in Significant Accounting Policies

The Group has initially applied SLFRS 15 and SLFRS 9 from 1st April 2018, except for these changes, the Group has consistently applied the accounting policies to all periods presented in these Financial Statements. Due to the transition methods chosen by the group in applying these standards certain comparative amounts in the Statements of Profit or Loss and Other Comprehensive Income have been restated to reflect the requirements of the new standards.

SLFRS 15 Revenue from Contracts with Customers

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.

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced LKAS 18 Revenue, LKAS 11 Construction Contracts and related interpretations. Under SLFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgment.

The Group has restated prior periods, as permitted by the Standard, to ensure comparability of the income statement across prior periods. This Standard has changed the way the Group accounts for consideration payable to customers, and requires certain payments to indirect customers, previously shown as distribution expenses, to be shown as deductions from revenue.

The following table summarises the impacts of adopting SLFRS 15 on Group's statement of profit or loss and other comprehensive income for the year then ended for each of the line items affected. There was no impact on the comparative figures presented in the statement of financial position, statement of changes in equity and statement of cash flows. Further, the change in accounting policy has no impact on the reported amount of accumulated profits as at 31 March 2018.

In Rs. '000s	Company			Group		
	As previously reported	Effect of change in accounting policy	Adjusted Balance	As previously reported	Effect of change in accounting policy	Adjusted Balance
Revenue	30,511,415	(713,405)	29,798,010	30,511,415	(713,405)	29,798,010
Distribution Expenses	(3,019,413)	713,405	(2,306,008)	(3,019,413)	713,405	(2,306,008)

SLFRS 9 Financial Instruments

SLFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non financial items. This standard replaces LKAS 39 Financial Instruments: Recognition and Measurement.

Additionally, the Group has adopted consequential amendments to SLFRS 07 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

Classification and measurement of financial assets and financial liabilities

SLFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under SLFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SLFRS 9 eliminates the previous LKAS 39 categories of held to maturity, loans and receivables and available for sale.

Trade and other receivables, cash and cash equivalents and related party receivables which were earlier classified as loans and receivable under LKAS 39, are classified as amortised cost under SLFRS 9.

SLFRS 09 largely retains the existing requirements in LKAS 39 for the classification and measurement of financial liabilities and the adoption of the standard has not had a significant effect on the Group's accounting policies related to financial liabilities.

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)

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

(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.

(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 instruments

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.3.1 Financial Assets

Policy applicable from 1st April 2018

Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) - debt investment; fair value through other comprehensive income (FVOCI) - equity investment; or fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets classified and measured at amortised cost are limited to its trade debtors, related party receivables, short term investments and cash & cash equivalents.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates

to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

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- how managers of the business are compensated
 - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the

Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable-rate features;

- prepayment and extension features; and - terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent solely with the payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss

Financial Assets Policy applicable prior to 1st April 2018

The Group classified its financial assets into one of the following categories:

- Loans and receivables;
- Held to maturity;
- Available for sale; and
- FVTPL, and within this category as: - held for trading; - derivative hedging instruments; or - designated as at FVTPL

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	Measured at fair value and changes therein, including any interest or dividend income, were recognised in profit or loss.
Held-to maturity financial assets	Measured at amortised cost using the effective interest method.
Loans and receivables	Measured at amortised cost using the effective interest method.
Available-for sale financial assets	Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognised in OCI and accumulated in the fair value reserve. When these assets were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gain and losses

Financial liabilities were classified as measured at amortised cost or FVTPL. A financial liability was classified as FVTPL if it was classified as held – for – trading, it was a derivative or it was designated as such on initial recognition. Financial liabilities at FVTPL were measured at fair value and gains and losses, including any interest expense, were recognised in profit or loss. Other financial liabilities were subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses were recognised in profit or loss. Any gain or loss on derecognition was recognised in profit or loss.

De-recognition

Financial assets

The Group derecognised a financial asset when

the contractual rights to the cash flows from the financial asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset were transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group entered into transactions whereby it transferred assets recognised in its statement of financial position, but retained either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets were not derecognised.

Financial liabilities

The Group derecognised a financial liability when its contractual obligations were discharged or cancelled, or expired. The Group also

NOTES TO THE FINANCIAL STATEMENTS

derecognised a financial liability when its terms were modified and the cash flows of the modified liability were substantially different, in which case a new financial liability based on the modified terms were recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) was recognised in profit or loss.

Offsetting

Financial assets and financial liabilities were offset and the net amount presented in the statement of financial position when, and only when, the Group had a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

Financial instruments and contract assets - Policy applicable from 1st April 2018

The Group recognises loss allowances for Expected Credit Losses (ECLs) on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs.

The Group uses simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation;
- or - the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Impairment of Financial Assets – Policy applicable prior to 1st April 2018

Financial assets not classified as fair value through Profit or Loss were assessed at each reporting date to determine whether there was an objective evidence of impairment. A financial asset or a group of financial assets was deemed to be impaired if, and only if there was objective evidence of impairment as a result of one or more events that had occurred after the initial recognition of the asset and that loss event had an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

Impairment losses on assets carried at amortised cost were 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 were 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 was reversed through Profit or Loss.

The Group considered evidence of impairment for loans and receivable on each specific asset. Therefore all loans and receivables were assessed individually and specific impairment provisions were made.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual

customers, the Group has a policy of writing off the gross carrying amount when the financial asset is irrevocable based on historical experience of recoveries of similar assets. For Agents, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to recovery of amounts due. Further, write off requires the approval of Board of Directors.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

NOTES TO THE FINANCIAL STATEMENTS

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.

3.4 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	5-20	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 and specific local brands 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.

NOTES TO THE FINANCIAL STATEMENTS

(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 exceeds 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 de-recognised.

3.5 Leases

3.5.1 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.

3.5.2 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.

3.6 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;

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 and excise licenses 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.

3.7 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.

NOTES TO THE FINANCIAL STATEMENTS

3.8 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.

3.9 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.

3.10 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.

3.11 LIABILITIES AND PROVISIONS

3.11.1 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.

3.11.2 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.

3.11.3 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.

3.12 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 Company 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 Company 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.

3.13 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.

3.14 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

Policy applicable from 1st April 2018

Revenue principally comprises sales of Beer to external customers. Revenue recognised at

the point in time when the control of goods and products is transferred customer with a right of return within a specified period, the Group considers the timing of recognition. Revenue from contracts with customers is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. Amounts disclosed as revenue is net of discounts and sales taxes.

Policy applicable prior 1st April 2018

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

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 STATEMENT OF CASH FLOWS

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 statement of cash flow, cash and cash equivalents comprise of cash in hand, cash in bank and deposits held for less than 6 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 statement of cash flows 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 statement of cash flows.

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.

Standards issued but not yet adopted which may have impact to Company's financial statements.

SLFRS 16 Leases

SLFRS 16 eliminates the current dual accounting model for lessees which distinguishes between On-Balance Sheet finance leases and Off-Balance Sheet operating leases. Instead there will be a single On-Balance Sheet accounting model that is similar to current finance lease accounting. SLFRS 16 is effective for annual Reporting periods beginning on or after 01 January 2019. On going operating leases are disclosed in Note 35.2

The Group is assessing the potential impact on its Financial Statements resulting from the application of SLFRS 16.

NOTES TO THE FINANCIAL STATEMENTS

8 PROPERTY, PLANT & EQUIPMENT

8.1 Property, Plant & Equipment - Company

In Rs. '000s	Freehold Land	Freehold Buildings	Plant & Machinery	Furniture & Fittings	Office Equipment	Computer Equipment	Motor Vehicles	Laboratory Equipment	Returnable Containers	Capital Work-in-Progress	31st March 2019	31st March 2018
Cost / Valuation												
As at 1st April 2018	2,107,822	2,357,679	12,528,353	28,042	36,255	235,566	96,529	66,675	3,093,966	1,689,542	22,240,429	21,556,616
Additions	61,824	9,425	7,800	151	899	14,170	33,360	2,978	496,158	272,757	899,522	1,386,064
Transfers to PPE/intangible assets	10,000	187,658	464,589	1,702	1,747	4,346	-	303	-	(671,945)	(1,600)	(914)
Disposals/ Breakages	-	-	-	-	-	-	(11,396)	-	(144,773)	-	(156,169)	(701,337)
As at 31st March 2019	2,179,646	2,554,762	13,000,742	29,895	38,901	254,082	118,493	69,956	3,445,351	1,290,354	22,982,182	22,240,429
Accumulated Depreciation												
As at 1st April 2018	-	120,674	2,745,796	17,017	18,418	183,342	80,328	59,110	2,040,144	-	5,264,829	4,841,242
Charge for the year	-	66,046	678,049	1,838	3,663	23,334	10,306	6,006	402,290	-	1,191,532	1,097,768
Impairment	-	-	2,723	-	-	-	-	-	1,734	2,854	7,311	-
Disposals/ Breakages	-	-	-	-	-	-	(11,396)	-	(144,773)	-	(156,169)	(674,181)
As at 31st March 2019	-	186,720	3,425,568	18,855	22,081	206,676	79,238	65,116	2,299,395	2,854	6,307,503	5,264,829
Net Book Value												
As at 31st March 2019	2,179,646	2,368,042	9,574,174	11,040	16,820	47,406	39,255	4,840	1,145,956	1,287,500	16,674,679	16,975,600
As at 31st March 2018	2,107,822	2,237,005	9,782,557	11,025	17,837	52,224	16,201	7,565	1,053,822	1,689,542	16,975,600	16,975,600

Freehold land and buildings of the Company were revalued 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 from there was transferred to the Revaluation Reserve.

8 PROPERTY, PLANT & EQUIPMENT
8.1 Property, Plant & Equipment - Group

In Rs. 000s	Freehold		Plant & Machinery		Furniture & Fittings		Office Equipment		Computer Equipment		Motor Vehicles		Laboratory Equipment		Returnable Containers		Capital Work-in-Progress		31st March 2019		31st March 2018	
	Land	Buildings	Machinery	Furniture & Fittings	Office Equipment	Computer Equipment	Motor Vehicles	Laboratory Equipment	Returnable Containers	Capital Work-in-Progress	31st March 2019	31st March 2018										
Cost / Valuation																						
As at 1st April 2018	2,575,661	2,824,264	12,803,790	35,500	36,570	245,035	96,674	66,675	3,095,917	1,689,543	23,469,629	22,796,594										
Additions	61,824	9,425	7,800	151	899	14,170	33,360	2,978	496,158	272,757	899,522	1,386,064										
Transfers from work in progress	10,000	187,658	464,589	1,702	1,747	4,346	-	303	-	(671,945)	-	(914)										
Revaluation gain	225,768	53,323	-	-	-	-	-	-	-	-	-	-										
Depreciation adjustment on revaluation	-	(34,994)	-	-	-	-	-	-	-	-	-	-										
Disposals/ Breakages	-	-	-	-	-	-	(11,396)	-	(144,773)	-	(34,994)	-										
As at 31st March 2019	2,873,253	3,039,676	13,276,179	37,353	39,216	263,551	118,638	69,956	3,447,302	1,290,355	24,455,479	23,469,629										
Accumulated Depreciation																						
As at 1st April 2018	-	144,003	2,790,204	20,305	18,709	192,812	80,473	59,110	2,042,095	-	5,347,711	4,897,516										
Charge for the year	-	77,708	691,852	2,547	3,664	23,335	10,306	6,006	402,290	-	1,217,708	1,124,376										
Depreciation adjustment on revaluation	-	(34,994)	-	-	-	-	-	-	-	-	(34,994)	-										
Impairment	-	-	2,723	-	24	-	-	-	1,734	2,854	7,335	-										
Disposals/ Breakages	-	-	-	-	-	-	(11,396)	-	(144,773)	-	(156,169)	(674,181)										
As at 31st March 2019	-	186,717	3,484,779	22,852	22,397	216,147	79,383	65,116	2,301,346	2,854	6,381,591	5,347,711										
Net Book Value																						
As at 31st March 2019	2,873,253	2,852,959	9,791,400	14,501	16,819	47,404	39,255	4,840	1,145,956	1,287,501	18,073,888	18,121,918										
As at 31st March 2018	2,575,661	2,880,261	10,013,586	15,195	17,861	52,223	16,201	7,565	1,053,822	1,689,543	18,121,918											

Freehold land and buildings of subsidiary (Millers Brewery Limited) were revalued as at 31st March 2019 by Messrs. Arthur Perera A.M.I.V. (Sri Lanka), independent professional valuer at a value of Rs. 1,178.51Mn and the resultant surplus arising from there was transferred to the Revaluation Reserve.

NOTES TO THE FINANCIAL STATEMENTS

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

In Rs.'000s	Company		Group	
	Land	Buildings	Land	Buildings
Cost as at 1st April 2018	1,228,643	1,970,180	1,540,992	2,419,544
Additions during the year	71,824	197,083	71,824	197,083
Cost as at 31st March 2019	1,300,467	2,167,263	1,612,816	2,616,627
Accumulated depreciation	-	(380,371)	-	(430,909)
Carrying amount as at 31st March 2019	1,300,467	1,786,892	1,612,816	2,185,718
Carrying amount as at 31st March 2018	1,228,643	1,642,175	1,540,992	2,052,235

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

Location	2019				2018							
	Extent of Lands		Cost/ valuation of Lands	Number of buildings/ Blocks	Cost/ valuation of Buildings	Extent of Lands		Cost/ valuation of Lands	Number of buildings/ Blocks	Cost/ valuation of Buildings		
	A	R	P	Rs. 000s	A	R	P	Rs. 000s	Rs. 000s	Rs. 000s		
Lion Brewery (Ceylon) PLC												
Biyaagama	28.00	1.00	14.71	1,968,321	46	2,554,762	27.00	3.00	2.24	1,896,497	45	2,357,679
Kaduwela	3.00	-	27.00	190,125	-	-	3.00	-	27.00	190,125	-	-
Tangalle	3.00	2.00	-	21,200	-	-	3.00	2.00	-	21,200	-	-
Total- Company	35.00	0.00	1.71	2,179,646	46	2,554,762	34.00	1.00	29.24	2,107,822	45	2,357,679
Millers Brewery Limited												
Meegoda	22.00	3.00	30.04	693,607	12	484,914	22.00	3.00	30.04	467,839	12	466,585
Total-Group	57.00	3.00	31.75	2,873,253	58	3,039,676	57.00	1.00	19.28	2,575,661	57	2,824,264

A: Acres R: Roods P: Perches

8.4 The Group capitalised the borrowing cost amounting to Rs. 21,864,594/- during 2017/18 period (2018/19 Nil) for the construction of project based assets. The average capitalisation rate used for the year was 14.73%.

8.5 Property, Plant and Equipment includes fully depreciated assets still in use which cost/valuation as at 31 March 2019 to Rs. 3,239,332,834/- (2018 - Rs. 2,277,574,226/-)

8.6 Fair Value measurement

(a) *Fair Value Hierarchy*

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

NOTES TO THE FINANCIAL STATEMENTS

(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 Lion Brewery (Ceylon) PLC	31.03.2016	Market Approach - Comparison Method	(i) Per perch value	Positive correlated sensitivity
Buildings of Lion Brewery (Ceylon) PLC	31.03.2016	Depreciated Replacement Cost Method	(i) Estimated construction cost per square feet	Positive correlated sensitivity
			(ii) Percentage of depreciation	Negative correlated sensitivity
Lands of Millers Brewery Limited	31.03.2019	Market Approach - Comparison Method	(i) Per perch value	Positive correlated sensitivity
Buildings of Millers Brewery Limited	31.03.2019	Depreciated Replacement Cost 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	Excise License	2019	2018
COMPANY					
Opening balance	4,000,000	356,847	-	4,356,847	4,353,895
Additions during the year	-	6,306	38,200	44,506	2,038
Transfers from capital WIP	-	1,600	-	1,600	914
Closing balance	4,000,000	364,753	38,200	4,402,953	4,356,847
Amortisation					
Opening balance	1,673,065	298,160	-	1,971,225	1,917,861
Amortisation for the year	-	53,516	-	53,516	53,364
Closing balance	1,673,065	351,676	-	2,024,741	1,971,225
Net Book Value	2,326,935	13,077	38,200	2,378,212	2,385,622
GROUP					
Cost					
Opening balance	4,000,000	356,847	-	4,356,847	4,353,895
Additions during the year	-	6,306	38,200	44,506	2,038
Transfers from capital WIP	-	1,600	-	1,600	914
Closing balance	4,000,000	364,753	38,200	4,402,953	4,356,847
Amortisation					
Opening balance	1,673,065	298,160	-	1,971,225	1,917,861
Amortisation for the year	-	53,516	-	53,516	53,364
Closing balance	1,673,065	351,676	-	2,024,741	1,971,225
Net Book Value	2,326,935	13,077	38,200	2,378,212	2,385,622

NOTES TO THE FINANCIAL STATEMENTS

Brands of Millers Brewery Limited

The Company acquired brands amounting to Rs. 4,000,000,000/- during FY 2014/15 from Millers Brewery Limited. The said acquisition consisted of five brands namely, Sando Power , Sando Stout, Three Coins, Grand Blonde and Irish Dark. Brands are not amortised as the useful life is considered to be infinite given the nature of the assets. However, the assessment of indefinite life is reviewed annually. The brands are tested for impairment annually.

Assumptions

The company had computed its value in use of the acquired brands by forecasting the annual sales values and discounting such estimated cash flows by its cost of equity adjusted with a risk premium. Cost of equity was determined based on the risk free rate of a 10 year treasury bond at 11.35% for the relevant cash flows, whereas the equity risk premium added was based on non-observable inputs as estimated for a valuation of the business in a previous period. Therefore, the difference in the discount rate compared with previous financial year is the change in the risk free rate due to market changes. The contribution and volume assumptions are made at mid-single digit growth levels similar to the previous period. The sales values are based on the approved budget for 2020. Accordingly, the carrying value of the said brands as at 31st March 2019 stands at Rs.2,326,935,407/- (2018 – Rs.2,326,935,407/-).

10 INVESTMENT IN SUBSIDIARY

Company

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

In Rs.'000s	No of Shares	% holding	Market Value / Directors Value as at 31st March 2019	Cost as at 31st March 2019	Market Value / Directors Value as at 31st March 2018	Cost as at 31st March 2018
Pearl Springs (Private) Limited	115,000,000	100%		1,150,000		1,150,000
Impairment Provision				(120,377)		(120,377)
Carrying value			1,029,623	1,029,623	1,029,623	1,029,623

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

11 INVENTORIES

As at 31st March In Rs.'000s	Company		Group	
	2019	2018	2019	2018
Raw and packing materials	328,947	293,661	328,947	293,661
Work in progress	208,140	173,165	208,140	173,165
Finished goods	1,210,465	939,101	1,210,465	939,101
Maintenance spares & others	392,678	263,314	392,678	263,314
	2,140,230	1,669,241	2,140,230	1,669,241
Impairment provision for inventory (Note 11.1)	(34,419)	(55,237)	(34,419)	(55,237)
	2,105,811	1,614,004	2,105,811	1,614,004

11.1 Impairment provision for inventory

Balance as at beginning of the year	55,237	81,786	55,237	81,786
Provisions made during the year	22,776	79,093	22,776	79,093
Reversals during the year	(43,594)	(105,642)	(43,594)	(105,642)
Balance as at end of the year	34,419	55,237	34,419	55,237

NOTES TO THE FINANCIAL STATEMENTS

12 TRADE AND OTHER RECEIVABLES

As at 31st March In Rs.'000s	Company		Group	
	2019	2018	2019	2018
Trade receivables	810,031	801,093	810,031	801,093
Provision for impairment (Note 12.1)	(25,065)	(15,065)	(25,065)	(15,065)
	784,966	786,028	784,966	786,028
Advances	481,127	209,752	481,127	214,752
Prepayments	220,330	175,926	220,330	175,926
Insurance receivables	-	1,137,378	-	1,137,378
Other receivables	265,111	242,342	272,812	263,451
	1,751,534	2,551,426	1,759,235	2,577,535

12.1 Provision for Impairment

Balance as at beginning of the year	15,065	15,065	15,065	15,065
Provisions made during the year	10,000	-	10,000	-
Balance as at end of the year	25,065	15,065	25,065	15,065

13 AMOUNTS DUE FROM RELATED COMPANIES

As at 31st March In Rs.'000s	Company		Group	
	2019	2018	2019	2018
Millers Brewery Limited	-	4,327	-	-
Carlsberg Myanmar Co. Ltd	-	5,535	-	5,535
Luxury Brands (Private) Ltd	-	203,338	-	203,338
Pubs 'N Places (Private) Ltd	124,643	10,627	124,643	10,627
Ceylon Beverage Holdings PLC	588,587	394,170	588,587	394,170
	713,230	617,997	713,230	613,670

14 CASH AND CASH EQUIVALENTS

As at 31st March In Rs.'000s	Company		Group	
	2019	2018	2019	2018
Fixed deposits with financial institutions	9,563,340	7,553,289	9,678,340	7,643,289
Savings accounts	18,444	5,976	18,503	6,033
Cash at bank	540,800	406,920	550,107	438,323
Cash in hand	3,455	2,331	3,455	2,331
	10,126,039	7,968,516	10,250,405	8,089,976

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

Cash and cash equivalents	10,126,039	7,968,516	10,250,405	8,089,976
Bank overdrafts	(789,575)	(961,393)	(789,575)	(961,393)
	9,336,464	7,007,123	9,460,830	7,128,583

NOTES TO THE FINANCIAL STATEMENTS

15 STATED CAPITAL

As at 31st March In Rs.'000s	Company		Group	
	2019	2018	2019	2018
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.

16 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 net of deferred tax.

As at 31st March In Rs.'000s	Company		Group	
	2019	2018	2019	2018
Balance as at beginning of the year	782,557	1,134,229	905,824	1,302,117
Deferred tax charge on land and building revaluation	-	(351,672)	(78,145)	(396,293)
Revaluation of land and buildings	-	-	279,091	-
Balance as at end of the year	782,557	782,557	1,106,770	905,824

17 DEBENTURES

As at 31st March In Rs.'000s	Company		Group	
	2019	2018	2019	2018
Balance as at the beginning of the year	2,998,800	3,798,200	2,998,800	3,798,200
Debentures redeemed	(998,800)	(799,400)	(998,800)	(799,400)
Balance as at the end of the year	2,000,000	2,998,800	2,000,000	2,998,800
Interest payable (Note 17.4)	78,285	111,782	78,285	111,782
Balance as at the end of the year	2,078,285	3,110,582	2,078,285	3,110,582

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 issued further 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 11th 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		Group	
	2019	2018	2019	2018
Category 01 Debentures - Floating Rate (Note 17.1)	-	201,200	-	201,200
Category 02 and 03 Debentures - Fixed Rate (Note 17.2)	2,000,000	2,797,600	2,000,000	2,797,600
Total	2,000,000	2,998,800	2,000,000	2,998,800

NOTES TO THE FINANCIAL STATEMENTS

17.1 Category 01 Debentures - Floating Rate

Category 01 -Type E debentures amounting to Rs. 201,200,000/- were redeemed on June 16, 2018.

17.2 Category 03 Debentures - Fixed Rate

Debentures Category	Value in Rs. ('000)	Proportion	Interest Rate (per annum)	AER (per annum)	Redemption From the Date of Allotment
Category 03 - Type I	2,000,000	N/A	7.85%	8.00%	60 Months (5 Years)
Total	2,000,000				

Category 02 -Type H debentures amounting to Rs. 797,600,000/- were redeemed on June 16, 2018.

17.3 Composition of Debentures and interest payable

As at 31st March In Rs.'000s	Company		Group	
	2019	2018	2019	2018
Classified under non current liabilities	-	2,000,000	-	2,000,000
Debentures falling due after one year	-	2,000,000	-	2,000,000
Classified under current liabilities				
Debentures falling due within one year (Note 17.2)	2,000,000	998,800	2,000,000	998,800
Debenture interest payable (Note 17.4)	78,285	111,782	78,285	111,782
	2,078,285	1,110,582	2,078,285	1,110,582
Total debentures and interest payable	2,078,285	3,110,582	2,078,285	3,110,582

17.4 Interest paid on Debentures

During the year the Company has charged Rs. 185,688,107/- (2018- Rs. 311,682,079/-) as debenture interest on both at fixed rates and floating rates and out of which Rs. 78,284,932 /- (2018 -Rs. 111,781,758 /-) was payable as at the reporting date.

17.5 No security has been pledged against the debentures.

NOTES TO THE FINANCIAL STATEMENTS

17.6 Debenture trading Information

	2019			2018		
	Highest price (Rs.)	Lowest price (Rs.)	Last Traded Price (Rs.)	Highest price (Rs.)	Lowest price (Rs.)	Last Traded Price (Rs.)
Debentures issued on 17th Jun 2013 (Rs.1,000/- par value)						
Type E- Floating Rate - 5 Year	N/T	N/T	N/T	N/T	N/T	N/T
Type H - Fixed Rate - 5 Year	N/T	N/T	N/T	N/T	N/T	N/T
Debentures issued on 11th Dec 2014 (Rs.100/- par value)						
Type I - Fixed Rate - 5 Year	N/T	N/T	N/T	N/T	N/T	N/T

N/T - Not traded during the year.

As at 31st March	2019	2018
Interest rate of comparable government securities(%)		
05 year treasury bonds	11.04%	9.44%
As at 31st March		
Debt related ratios - Company		
Debt/equity ratio (times)	0.95	1.58

18. LOANS AND BORROWINGS

As at 31st March In Rs.'000s	Company		Group	
	2019	2018	2019	2018
Balance as at the beginning of the year	11,461,060	12,610,039	11,461,060	12,610,039
Obtained during the year	-	1,500,000	-	1,500,000
Repayments during the year	(2,319,690)	(2,648,979)	(2,319,690)	(2,648,979)
	9,141,370	11,461,060	9,141,370	11,461,060
Interest payable	452,597	220,613	452,597	220,613
Balance as at the end of the year	9,593,967	11,681,673	9,593,967	11,681,673

NOTES TO THE FINANCIAL STATEMENTS

18.1 Details of loans and borrowings

Name of the Lender	31st March	31st March	Repayment Terms	Security Offered	Type of Interest
	2019 Rs. 000s	2018 Rs. 000s			
Commercial Bank - Rs. 1 Bn	99,820	299,860	Payable in 60 equal monthly instalments commencing from October 2014	Unsecured	Fixed
DFCC - Rs. 1 Bn	300,000	500,000	Payable in 60 equal monthly instalments commencing from October 2015	Unsecured	Floating
DFCC - Rs. 1 Bn	400,000	600,000	Payable in 60 equal monthly instalments commencing from April 2016	Unsecured	Floating
HNB - Rs. 1 Bn	305,000	638,600	35 equal monthly instalments of Rs 27.8Mn and with a final instalment of Rs 27 Mh commencing from March 2017.	Unsecured	Floating
Commercial Bank- Rs. 1Bn	713,800	922,600	7th to the 12th Month - Rs. 10Mn per month (Rs.60 Mn) and the balance thereof for Rs. 940 Mn to be settled in 53 equal monthly instalments of Rs.17.40 Mn and a final instalment Rs.17.80 Mn commencing from October 2017.	Unsecured	Floating
HNB- Rs. 2Bn	1,496,000	2,000,000	Payable in 4 years commencing from April 2018	Unsecured	Floating
NDBIB - Rs. 1.5Bn	1,500,000	1,500,000	Payable in 8 years commencing from July 2019	Unsecured	Floating
Commercial Bank	2,000,000	3,600,000	1 month - Renewable	Unsecured	Fixed
SCB	-	1,400,000	1 month - Renewable	Unsecured	Fixed
Citi Bank	500,000	-	1 month - Renewable	Unsecured	Fixed
Sampath Bank	750,000	-	1 month - Renewable	Unsecured	Fixed
Deutsche Bank	1,076,750	-	15 days	Unsecured	Fixed
Total	9,141,370	11,461,060			

18.2 Composition of loans and borrowings repayment

As at 31st March In Rs.'000s	Company		Group	
	2019	2018	2019	2018
Classified under non current liabilities				
Loans and borrowings falling due after one year	3,222,000	4,814,620	3,222,000	4,814,620
Interest payable	49,271	-	49,271	-
	3,271,271	4,814,620	3,271,271	4,814,620
Classified under current liabilities				
Loans and borrowings falling due within one year	5,919,370	6,646,440	5,919,370	6,646,440
Interest payable	403,326	220,613	403,326	220,613
	6,322,696	6,867,053	6,322,696	6,867,053
Balance as at the end of the year	9,593,967	11,681,673	9,593,967	11,681,673

19 EMPLOYEE BENEFITS

As at 31st March In Rs.'000s	Company		Group	
	2019	2018	2019	2018
The amounts recognised in the statements of financial position are as follows:				
Present value of unfunded obligation	197,430	184,877	197,430	184,877
Liability in the statements of financial position	197,430	184,877	197,430	184,877
The movement in the defined benefit obligation over the year as follows:				
As at 1st April	184,877	74,230	184,877	74,230
Interest cost	19,412	9,278	19,412	9,278
Current service cost	16,883	17,014	16,883	17,014
Actuarial (gain)/loss	(12,533)	40,938	(12,533)	40,938
Past service cost	-	59,661	-	59,661
Benefits paid	(11,209)	(16,244)	(11,209)	(16,244)
As at 31st March	197,430	184,877	197,430	184,877

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March In Rs.'000s	Company		Group	
	2019	2018	2019	2018

The amounts recognised in the Statement of Profit or Loss are as follows:

Interest cost	19,412	9,278	19,412	9,278
Current service cost	16,883	17,014	16,883	17,014
Past service cost	-	59,661	-	59,661
	36,295	85,953	36,295	85,953

The amounts recognised in the Other Comprehensive Income are as follows:

Actuarial (gain)/loss	(12,533)	40,938	(12,533)	40,938
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19.1 The gratuity liability as at 31st March 2019 was valued under the Projected Unit Credit (PUC) method by Mr M Poopalanathan, AIA, of M/s. Actuarial and Management Consultants (Private) Limited, a firm of professional actuaries.

The principal assumptions used in determining the cost of employee benefits were:

For the year ended 31st March	Company		Group	
	2019	2018	2019	2018
Discount rate	11%	10.5%	11%	10.5%
Salary increment	10%	12.5%	10%	12.5%

19.2 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 by the amounts shown below,

In Rs.'000s	Discount Rate		Salary increment	
	2019		2019	
	Company	Group	Company	Group
Increase by one percentage	(8,848)	(8,848)	10,882	10,882
Decrease by one percentage	10,056	10,056	(9,762)	(9,762)

20 NET DEFERRED TAX LIABILITIES

As at 31st March In Rs.'000s	Company		Group	
	2019	2018	2019	2018
Deferred tax asset	109,799	1,075,383	109,799	1,094,079
Deferred tax liability	4,809,874	4,475,137	5,109,971	4,702,111
Balance as at the end of the year	4,700,075	3,399,754	5,000,172	3,608,032

Movement In Deferred Tax Balances - Company In Rs.'000s	Balance as at 1st April 2018	Recognised in Profit or Loss	Recognised in OCI	Recognised directly in equity	Balance as at 31st March 2019
Deferred Tax Liability					
Property plant and equipment	4,454,046	222,666	-	-	4,676,712
Intangible assets	21,091	112,071	-	-	133,162
Deferred Tax Assets					
Employee benefit	(73,951)	(10,034)	5,013	-	(78,972)
Trade receivables	-	(10,026)	-	-	(10,026)
Inventory	-	(20,801)	-	-	(20,801)
Brought forward tax losses	(1,001,432)	1,001,432	-	-	-
Net Tax Liabilities	3,399,754	1,295,308	5,013	-	4,700,075

Movement In Deferred Tax Balances - Group In Rs.'000s	Balance as at 1st April 2018	Recognised in Profit or Loss	Recognised in OCI	Recognised directly in equity	Balance as at 31st March 2019
Deferred Tax Liability					
Property plant and equipment	4,681,019	217,644	-	78,145	4,976,808
Intangible assets	21,092	112,071	-	-	133,163
Deferred Tax Assets					
Employee benefit	(73,951)	(10,034)	5,013	-	(78,972)
Trade receivables	-	(10,026)	-	-	(10,026)
Inventory	-	(20,801)	-	-	(20,801)
Brought forward tax losses	(1,020,128)	1,020,128	-	-	-
Net Tax Liabilities	3,608,032	1,308,982	5,013	78,145	5,000,172

NOTES TO THE FINANCIAL STATEMENTS

Movement In Deferred Tax Balances - Company In Rs.'000s	Balance as at 1st April 2017	Recognised in Profit or Loss	Recognised in OCI	Recognised directly in equity	Balance as at 31st March 2018
Deferred Tax Liability					
Property plant and equipment	3,578,471	523,903	-	351,672	4,454,046
Intangible assets	40,980	(19,889)	-	-	21,091
Deferred Tax Assets					
Employee benefit	(29,692)	(27,884)	(16,375)	-	(73,951)
Brought forward tax losses	(1,210,522)	209,090	-	-	(1,001,432)
Net Tax Liabilities	2,379,237	685,220	(16,375)	351,672	3,399,754
Movement In Deferred Tax Balances - Group In Rs.'000s					
	Balance as at 1st April 2017	Recognised in Profit or Loss	Recognised in OCI	Recognised directly in equity	Balance as at 31st March 2018
Deferred Tax Liability					
Property plant and equipment	3,769,138	515,588	-	396,293	4,681,019
Intangible assets	40,981	(19,889)	-	-	21,092
Deferred Tax Assets					
Employee benefit	(29,692)	(27,884)	(16,375)	-	(73,951)
Brought forward tax losses	(1,401,190)	381,062	-	-	(1,020,128)
Net Tax Liabilities	2,379,237	848,877	(16,375)	396,293	3,608,032

21 TRADE AND OTHER PAYABLES

As at 31st March In Rs.'000s	Company		Group	
	2019	2018	2019	2018
Trade payables	441,949	473,655	441,949	473,655
Trade discounts	124,093	121,416	124,093	121,416
Accruals	255,555	478,913	262,408	479,201
Other payables	280,327	153,939	280,327	161,203
	1,101,924	1,227,923	1,108,777	1,235,475

22 AMOUNTS DUE TO RELATED COMPANIES

Carlsberg A/S	112,946	105,560	112,946	105,560
Millers Brewery Limited	114	-	-	-
Leechman & Company (Private) Limited	2,000	-	2,000	-
	115,060	105,560	114,946	105,560

23 REFUNDABLE DEPOSITS

Balance as at the beginning of the year	1,164,261	1,009,357	1,164,261	1,009,357
Deposits received during the year	298,961	209,362	298,961	209,362
Deposits refunded during the year	(6,998)	(54,458)	(6,998)	(54,458)
Balance as at the end of the year	1,456,224	1,164,261	1,456,224	1,164,261

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

NOTES TO THE FINANCIAL STATEMENTS

24 CURRENT TAX LIABILITIES

As at 31st March In Rs.'000s	Company		Group	
	2019	2018	2019	2018
Excise duty	1,084,892	902,047	1,084,892	902,047
Value added tax	545,061	683,218	545,061	683,283
Income tax	665,463	319,211	668,125	322,129
Nation building tax	77,768	-	77,768	-
Dividend tax	44,800	32,000	44,800	32,000
	2,417,984	1,936,476	2,420,646	1,939,459

25 REVENUE

For the year ended 31st March In Rs.'000s	Company		Group	
	2019	2018 (Restated)	2019	2018 (Restated)
Local revenue	42,106,994	29,307,809	42,106,994	29,307,809
Export revenue	723,500	490,201	723,500	490,201
	42,830,494	29,798,010	42,830,494	29,798,010

The effect of initially applying SLFRS 15 on the Group's revenue is described in Note 3. Due to the transition method chosen in applying SLFRS 15, comparative information have been restated to reflect the new requirements.

26 FLOOD RELATED LOSSES

During the year ended 31st March 2018, the company received confirmation for an amount of Rs. 1,957,622,160/- comprising of Rs.1,205,359,067/- as Business Interruption and Rs.752,263,093/- as damages caused to the Company's Property Plant and Equipment and inventory. These amounts were received in full during April 2018.

27 OTHER INCOME

For the year ended 31st March In Rs.'000s	Company		Group	
	2019	2018	2019	2018
Profit on disposal of property, plant & equipment	3,528	12,212	3,528	12,212
Deposit liability write back	-	2,061	-	2,061
Other income	136,721	59,296	139,532	61,515
	140,249	73,569	143,060	75,788

28 PROFIT BEFORE FINANCE COST

Profit before finance cost is stated after charging all expenses/(reversals) including the following :

For the year ended 31st March In Rs.'000s	Company		Group	
	2019	2018	2019	2018
Directors' fees and emoluments (Note 34.2)	29,032	23,558	29,032	23,558
Auditors' remuneration				
- Audit fee	1,600	1,300	1,800	1,660
- Audit related services	75	70	75	70
- Non audit services	1,805	2,311	1,805	2,311
Depreciation on property, plant equipment (Note 8)	1,191,532	1,097,768	1,217,708	1,124,376
Amortisation of intangible assets (Note 9)	53,516	53,364	53,516	53,364
Provision for impairment of debtors (Note 12.1)	10,000	-	10,000	-
Impairment of property, plant equipment (Note 8)	7,311	-	7,335	-
Royalty	320,395	177,148	320,395	177,148
Supporting service fees	396,940	336,167	396,940	336,167
Personnel expenses (Note 28.1)	1,015,196	749,930	1,015,196	749,930
28.1 Personnel expenses				
Salaries, wages and other related expenses	924,937	616,864	924,937	616,864
Defined benefit plan costs (Note 19)	36,295	85,953	36,295	85,953
Defined contribution plan cost - EPF & ETF	53,964	47,113	53,964	47,113
	1,015,196	749,930	1,015,196	749,930

NOTES TO THE FINANCIAL STATEMENTS

29 NET FINANCE COSTS

For the year ended 31st March In Rs.'000s	Company		Group	
	2019	2018	2019	2018
Finance Income:				
Interest income - Fixed deposits	996,014	806,455	1,006,483	817,584
Interest income - Intercompany loans	33,199	-	33,199	-
Interest income - Others	3,440	2,068	3,440	2,068
Total finance income	1,032,653	808,523	1,043,122	819,652
Interest Expenses :				
Interest expenses -Term loans	789,964	865,709	789,964	865,709
Interest expenses -Bank overdrafts	55,490	56,036	55,490	56,046
Interest on debentures	185,688	311,682	185,688	311,682
Interest expenses - others	948,368	926,362	948,368	926,362
Total interest expenses (Note 29.1)	1,979,510	2,159,789	1,979,510	2,159,799
Net foreign exchange transaction gain	(2,132)	(5,356)	(2,132)	(5,356)
Total finance cost	1,977,378	2,154,433	1,977,378	2,154,443
Net finance Cost	(944,725)	(1,345,910)	(934,256)	(1,334,791)

29.1 Analysis of Total Interest Expenses

Total interest expenses incurred during the year	1,979,510	2,181,653	1,979,510	2,181,663
Less: Capitalised during the period (Note 8.4)	-	(21,864)	-	(21,864)
Interest expenses recognised in the profit or loss	1,979,510	2,159,789	1,979,510	2,159,799

30 INCOME TAX / DEFERRED TAX

For the year ended 31st March In Rs.'000s	Company		Group	
	2019	2018	2019	2018
Income tax (Note 30.1)	780,243	358,851	783,462	360,877
Deferred tax charge	1,295,308	685,220	1,308,982	848,877
Total income tax	2,075,551	1,044,071	2,092,444	1,209,754
Deferred tax recognised in other comprehensive income				
Re-measurement of employee benefit obligations	5,013	(16,375)	5,013	(16,375)
Revaluation gain on land and buildings	-	351,672	78,145	396,293
	5,013	335,297	83,158	379,918
30.1.1 Reconciliation of the accounting profit and tax expenses				
Profit before taxation	5,346,346	3,064,686	5,313,324	3,047,630
Remeasurement of employee benefit obligations (Note 19)	12,533	(40,938)	12,533	(40,938)
Profit before tax adjustments	5,358,879	3,023,748	5,325,857	3,006,692
Aggregate of disallowable expenses	1,590,144	1,382,287	1,627,516	1,408,896
Aggregate of allowable claims	(3,188,515)	(3,444,558)	(3,206,389)	(3,463,821)
Operating losses incurred during the year	-	-	13,523	224
Tax adjusted profit	3,760,508	961,477	3,760,507	951,991
Interest Income	1,075,153	808,523	1,085,622	819,652
Total Statutory Income	4,835,661	1,770,000	4,846,129	1,771,643
Tax loss utilised	(2,524,439)	(619,499)	(2,524,439)	(623,394)
Assessable income /taxable income	2,311,222	1,150,501	2,321,690	1,148,249
Current tax on local operations @ 40%, 28% and 12% (Note 30.3.1)	494,427	132,465	494,427	131,374
Current tax on interest income @ 28% (Note 30.3.1)	301,043	226,386	303,974	229,503
Over provision in respect of prior year	(15,227)	-	(14,939)	-
Total current tax expense	780,243	358,851	783,462	360,877

NOTES TO THE FINANCIAL STATEMENTS

30.1.2 Reconciliation of the effective tax rate

The following table provides a reconciliation of the group weighted average statutory corporate income tax rate to the effective tax rate of the group on profit before taxation.

For the year ended 31st March	Company		Group	
	2019	2018	2019	2018
In Rs.'000s				
Profit before taxation	5,346,346	3,064,686	5,313,324	3,047,630
Tax charge on profit or loss	2,075,551	1,044,071	2,092,444	1,209,754
Effective tax rate	38.8%	34.1%	39.4%	39.7%

For the year ended 31st March	Company				Group			
	%	2019	%	2018	%	2019	%	2018
In Rs.'000s								
Profit before taxation		5,346,346		3,064,686		5,313,324		3,047,630
Tax calculated @ 40%	40.0%	2,138,538	40.0%	1,225,874	40.0%	2,125,330	40.0%	1,219,052
The Effect of Tax								
Aggregate of disallowable expenses	11.9%	636,058	18.0%	552,915	12.3%	651,006	18.5%	563,558
Aggregate of allowable claims	(23.9%)	(1,275,406)	(45.0%)	(1,377,823)	(24.1%)	(1,282,556)	(45.5%)	(1,385,528)
Operating losses incurred during the year	0.0%	-	0.0%	-	0.1%	5,409	0.0%	90
Rate differential & over/under Provision LY	5.4%	290,829	6.7%	205,685	5.5%	294,048	7.0%	213,063
Tax loss utilised	(18.9%)	(1,009,776)	(8.1%)	(247,800)	(19.0%)	(1,009,776)	(8.2%)	(249,358)
Deferred tax charge	24.2%	1,295,308	22.4%	685,220	24.6%	1,308,982	27.9%	848,877
Tax charge	38.8%	2,075,551	34.1%	1,044,071	39.4%	2,092,444	39.7%	1,209,754

30.2 Analysis of Tax Losses

For the year ended 31st March	Company		Group	
	2019	2018	2019	2018
In Rs.'000s				
Tax losses brought forward	2,503,581	3,123,080	4,038,577	4,652,487
Adjustment on losses brought forward	20,858	-	10,820	-
Tax losses incurred during the year	-	-	13,275	9,484
Utilisation of tax losses during the year	(2,524,439)	(619,499)	(2,524,439)	(623,394)
Tax losses carried forward	-	2,503,581	1,538,233	4,038,577

30.3 Income Tax

30.3.1 In terms of section 2 of the Inland Revenue Act No. 24 of 2017, income tax shall be calculated by applying the relevant rate set out under the First Schedule. As per the First Schedule company with income from a business consisting of liquor (including beer) is liable to income tax at 40%. Therefore on taxable income consisting component of liquor, company is liable to pay income tax at 40% (2018 - 40%) and the profits attributable to export are also liable at the rate of 40% (2018 - 12%). Investment Income arising on interest is taxed at 28%. Subsidiary companies of Millers Brewery Limited and Pearl Springs (Private) Limited liable for income tax at the rate of 28%.

As per the provision of the Inland Revenue Act No 24 of 2017 tax losses incurred can be set off against tax profits without any limitations and any un-utilised tax losses can be carried forward for 6 subsequent years. However, as per the transitional provision of the Inland Revenue Act, brought forward tax losses which incurred prior to 1st April 2018 deemed to be incurred in the year of assessment 2018/19 and can be set off against future tax profit without any limitations and any un-utilised tax losses can be carried forward for 6 subsequent years.

30.3.2 In terms of the Inland Revenue Act No. 24 of 2017, capital gains on immovable property are taxable and lands of the Brewery have been classified as business assets utilised for the production of income. As a result any gains on disposal of land will be taxable at 40%. Accordingly a deferred tax provision has been recognised for the revaluation amount in the capital reserves.

The Company and the group had recognised a revaluation reserve on freehold land amounting to Rs. 879 Mn and Rs. 1,264 Mn respectively as at 31st March 2019, which is considered as the potential gain liable for taxation as at the Balance Sheet date on future realisation. Accordingly, the Company and the group have recognised a deferred tax liability of Rs. 352 Mn and Rs. 460 Mn pertaining to revaluation reserve on freehold lands.

31 DIVIDENDS

For the year ended 31st March In Rs.'000s	2019	2018
On ordinary shares Rs. 4 /- per share - (2018 - Rs. 4/-)	320,000	320,000
	320,000	320,000

31.1 The Board of Directors has recommended the payment of a final dividend of Rs.6/- per share for the year ended 31st March 2019 which is to be paid subsequent to approval of the shareholders at the Annual General Meeting. In Accordance with Sri Lanka Accounting Standards LKAS 10 Events after the Reporting period, this proposed dividend has not been recognised as a liability as at 31st March 2019.

31.2 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.

31.3 Currently ordinary dividend declared by the Company during the year is liable for dividend tax at 14% on gross amount declared as dividends.

NOTES TO THE FINANCIAL STATEMENTS

32 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.

For the year ended 31st March In Rs.'000s	Company		Group	
	2019	2018	2019	2018
Profit for the year	3,270,795	2,020,615	3,220,880	1,837,876
Net profit attributable to ordinary shareholders (as the Numerator)	3,270,795	2,020,615	3,220,880	1,837,876
Number of ordinary shares in '000s (as denominator)	80,000	80,000	80,000	80,000
Earnings per ordinary share (Rs.)	40.88	25.26	40.26	22.97

33 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT

33.1 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. SLFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI (fair value through other comprehensive income) and FVTPL (fair value through profit or loss).

As at 31st March Financial Instrument Category In Rs.'000s	Company					
	2019			2018		
	Amortised Cost	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI
Financial Assets						
Trade and other receivables	1,050,077	-	-	2,165,748	-	-
Amounts due from related companies	713,230	-	-	617,997	-	-
Cash and cash equivalents	10,126,039	-	-	7,968,516	-	-
Financial Liabilities						
Debentures	2,078,285	-	-	3,110,582	-	-
Loans and borrowings	9,593,967	-	-	11,681,673	-	-
Trade and other payables	1,101,924	-	-	1,227,923	-	-
Refundable deposits	1,456,224	-	-	1,164,261	-	-
Amounts due to related companies	115,060	-	-	105,560	-	-
Bank Overdraft	789,575	-	-	961,393	-	-

As at 31st March	Group					
	Financial Instrument Category In Rs.'000s	2019			2018	
		Amortised Cost	FVTPL	FVOCI	Amortised Cost	FVTPL
Financial Assets						
Trade and other receivables	1,057,778	-	-	2,186,857	-	-
Amounts due from related companies	713,230	-	-	613,670	-	-
Cash and cash equivalents	10,250,405	-	-	8,089,976	-	-
Financial Liabilities						
Debentures	2,078,285	-	-	3,110,582	-	-
Loans and borrowings	9,593,967	-	-	11,681,673	-	-
Trade and other payables	1,108,777	-	-	1,235,475	-	-
Refundable deposits	1,456,224	-	-	1,164,261	-	-
Amounts due to related companies	114,946	-	-	105,560	-	-
Bank Overdraft	789,575	-	-	961,393	-	-

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.

NOTES TO THE FINANCIAL STATEMENTS

The following table below explain the original measurement categories under LKAS 39 and the new measurement categories under SLFRS 9 for each class of the financial assets and financial liabilities as at 31st March 2018.

Financial Instrument Category In Rs.'000s	Classification as per LKAS 39	Classification as per SLFRS 9	Company		Group	
			Original carrying amount as per LKAS 39	Revised carrying amount as per SLFRS 9	Original carrying amount as per LKAS 39	Revised carrying amount as per SLFRS 9
Financial Assets						
Trade and other receivables	Loans and receivables	Amortised cost	2,165,748	2,165,748	2,186,857	2,186,857
Amounts due from related companies	Loans and receivables	Amortised cost	617,997	617,997	613,670	613,670
Cash and cash equivalents	Loans and receivables	Amortised cost	7,968,516	7,968,516	8,089,976	8,089,976
Financial Liabilities						
Debentures	Other financial liabilities	Other financial liabilities	3,110,582	3,110,582	3,110,582	3,110,582
Loans and borrowings	Other financial liabilities	Other financial liabilities	11,681,673	11,681,673	11,681,673	11,681,673
Trade and other payables	Other financial liabilities	Other financial liabilities	1,227,923	1,227,923	1,235,475	1,235,475
Refundable deposits	Other financial liabilities	Other financial liabilities	1,164,261	1,164,261	1,164,261	1,164,261
Amounts due to related companies	Other financial liabilities	Other financial liabilities	105,560	105,560	105,560	105,560
Bank Overdraft	Other financial liabilities	Other financial liabilities	961,393	961,393	961,393	961,393

33.2 Financial Risk Management

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

In particular, the key financial risk categories are:

- A. Credit Risk/Counterparty Risk
- B. Liquidity risk
- 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 Group 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.

33.2.1 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

NOTES TO THE FINANCIAL STATEMENTS

33.2.2 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.
Amounts 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

33.2.3 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.

As at 31st March In Rs.'000s	Company		Group	
	2019	2018	2019	2018
Trade and other receivables	1,050,077	2,165,748	1,057,778	2,186,857
Amounts due from related companies	713,230	617,997	713,230	613,670
Cash and cash equivalents	10,122,584	7,966,185	10,246,950	8,087,645
	11,885,891	10,749,930	12,017,958	10,888,172

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

Financial institutions	10,122,584	7,966,185	10,246,950	8,087,645
Customers and other parties	1,050,077	2,165,748	1,057,778	2,186,857
Related parties	713,230	617,997	713,230	613,670
	11,885,891	10,749,930	12,017,958	10,888,172

33.2.4 Trade & Other Receivables

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 100% (2018 - 85%) of the trade receivables.

33.2.5 Impairment Losses

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

As at 31st March In Rs.'000s	Company		Group	
	2019	2018	2019	2018
Age				
Past due 0 - 365 days	784,966	762,131	784,966	762,131
More than 365 days	25,065	38,962	25,065	38,962
	810,031	801,093	810,031	801,093

33.3.1 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.

33.3.2 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:

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

NOTES TO THE FINANCIAL STATEMENTS

33.3.3 The Maturity Analysis of Liabilities

As at 31st March 2019 (Current & Non Current) - Company

In Rs.'000s	Carrying value	Current Up to Year 1	Non-Current Above year 1
Bank overdrafts	789,575	789,575	-
Loans and borrowings	9,593,967	6,322,696	3,271,271
Debentures	2,078,285	2,078,285	-
Trade & other payables	1,101,924	1,101,924	-
Amounts due to related companies	115,060	115,060	-
Refundable deposits	1,456,224	1,456,224	-
	15,135,035	11,863,764	3,271,271

As at 31st March 2018 (Current & Non Current) - Company

In Rs.'000s	Carrying value	Current Up to Year 1	Non-Current Above year 1
Bank overdrafts	961,393	961,393	-
Loans and borrowings	11,681,673	6,867,053	4,814,620
Debentures	3,110,582	1,110,582	2,000,000
Trade & other payables	1,227,923	1,227,923	-
Amounts due to related companies	105,560	105,560	-
Refundable deposits	1,164,261	1,164,261	-
	18,251,392	11,436,772	6,814,620

As at 31st March 2019 (Current & Non Current) - Group

In Rs.'000s	Carrying value	Current Up to Year 1	Non-Current Above year 1
Bank overdrafts	789,575	789,575	-
Loans and borrowings	9,593,967	6,322,696	3,271,271
Debentures	2,078,285	2,078,285	-
Trade & other payables	1,108,777	1,108,777	-
Amounts due to related companies	114,946	114,946	-
Refundable deposits	1,456,224	1,456,224	-
	15,141,774	11,870,503	3,271,271

As at 31st March 2018 (Current & Non Current) - Group

In Rs.'000s	Carrying value	Current Up to Year 1	Non-Current Above year 1
Bank overdrafts	961,393	961,393	-
Loans and borrowings	11,681,673	6,867,053	4,814,620
Debentures	3,110,582	1,110,582	2,000,000
Trade & other payables	1,235,475	1,235,475	-
Amounts due to related companies	105,560	105,560	-
Refundable deposits	1,164,261	1,164,261	-
	18,258,944	11,444,324	6,814,620

33.4.1 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.

33.4.2 Management of market risks

Borrowing rates of most borrowings are linked to AWPLR and SLIBOR. Hence, any movement will be in line with the market and have a corresponding impact.

NOTES TO THE FINANCIAL STATEMENTS

33.4.3 Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar (USD), Euro (EUR) and the Great Britain Pound (GBP). 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 following significant exchange rates were applied during the year:

In Rs.	Closing exchange rates		Average exchange rates	
	2019	2018	2019	2018
US Dollar (USD)	178.02	157.49	168.72	155.69
Great Britain Pound (GBP)	233.92	222.58	221.44	203.68
Euro (EUR)	201.25	195.17	195.25	179.03

The Group considered a further 5% strengthening or weakening of the functional currency against non-functional currencies as a reasonably possible change. The impact is calculated with reference to the financial assets or liabilities held as at the year end. A 5% increase or decrease of functional currency against non-functional currencies would result in Rs. 26.3 Mn impact on pre-tax profit.

33.4.4 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 three to six months.

33.4.4.1 Fixed and variable rated instruments

As at 31st March In Rs.'000s	Company		Group	
	2019	2018	2019	2018
Fixed rated instruments				
Financial assets	9,563,340	7,553,289	9,678,340	7,643,289
Financial liabilities	6,426,570	8,097,460	6,426,570	8,097,460
Variable rated instruments				
Financial assets	18,444	5,976	18,503	6,033
Financial liabilities	5,504,375	7,323,793	5,504,375	7,323,793

33.4.4.2 Sensitivity analysis on interest rate fluctuation

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

Instrument In Rs.'000s	Increase by one percentage	Decrease by one percentage
DFCC - Rs. 1 Bn 2015	3,000	(3,000)
DFCC - Rs. 1 Bn 2016	4,000	(4,000)
HNB - Rs. 1 Bn	3,050	(3,050)
Commercial Bank-Rs. 1 Bn	7,138	(7,138)
HNB-Rs. 2 Bn	14,960	(14,960)
NDBIB Loan- Rs.1.5 Bn	15,000	(15,000)
Potential impact	47,148	(47,148)

33.4.4.3 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.

NOTES TO THE FINANCIAL STATEMENTS

34 RELATED PARTY DISCLOSURES

34.1 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.

34.2 Transactions with Key Management Personnel (KMP)

According to Sri Lanka Accounting Standard LKAS 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.

Compensation paid to the key management personnel of the Company comprise as follows;

For the year ended 31st March In Rs.'000s	Company		Group	
	2019	2018	2019	2018
Short term employee benefits	29,032	23,558	29,032	23,558
	29,032	23,558	29,032	23,558

As at 31st March 2019 an amount of Rs.10,561,030/- is payable towards gratuity of Key Management Personnel whilst a Company maintained vehicle is provided for both official & private use.

During the period the Company sold a motor vehicle with a nil book written down value to a key management personnel at Rs. 1,950,000/-.

34.3 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. D.A.Cabraal, H Selvanathan, S.K.Shah, D.C.R. Gunawardena and R.H. Meewakkala are Directors of the related entity. Mr. L. Lehmann who was a Director of the Company and Ceylon Beverage Holdings PLC resigned on 20/05/2019 and Mr. T. Akiskalos was appointed as a Director of the Company and Ceylon Beverage Holdings PLC w.e.f. 20/05/2019, with which the following contracts / transactions have been entered into during the period by the Company in the normal course of business.

- (i) As per the licensed brewing agreement with Ceylon Beverage Holdings PLC, the Company was charged Rs.149,638,626/- (2018 -Rs. 98,684,994/-) as royalty during the period.
- (ii) A dividend of Rs. 143,787,831/- was paid by the company to Ceylon Beverage Holdings PLC during the year (2018 - Rs. 150,475,636/-)
- (iii) As per the loan agreement with Ceylon Beverage Holdings PLC, the Company charged Rs. 30,554,963/- (2018 - Nil) at a rate of AWPLR+1% as loan interest during the period.
- (iv) Balance receivable from Ceylon Beverage Holdings PLC as at 31st March 2019 is Rs. 588,586,958/- (2018 - Rs. 394,170,143/-)

(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. 192,475,832/- during the period (2018-Rs. 141,655,832/-).

- (i) An amount of Rs. 6,387,356/- was paid by the Company to Pubs 'N Places (Private) Limited as trade rebates on beer purchases during the period. (2018- Rs. 3,973,954/-)
- (ii) As per the loan agreement with Pubs 'N Places (Private) Limited, the Company charged Rs. 2,643,823/- (2018 - Nil) at a rate of AWPLR+1% as loan interest during the period.
- (iii) Balance receivable from Pubs 'N Places (Private) Limited as at 31st March 2019 is Rs. 124,642,590/- (2018 - Rs. 10,627,365/-)

NOTES TO THE FINANCIAL STATEMENTS

(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. 214,838,659/- (2018 - Rs. 154,136,721/-) during the period.

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

Messrs. S.K. Shah and D.R.P. Goonetilleke, Directors of the Company are also Directors of Luxury Brands (Private) Limited, for which the Company provided distribution services for a fee amounting to Rs. 15,142,675/- (2018 - Rs. 27,752,889/-) during the period.

- (i) The Company has sold a Beer Cooler to Luxury Brands (Private) Limited for Rs. 204,700/- during the period ended 31st March 2018.
- (ii) Balance receivable from Luxury Brands (Private) Limited as at 31st March 2019 is Nil. (2018- Rs. 203,338,414/-)

(E) Transactions with Subsidiary - Millers Brewery Limited

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

- (i) An amount of Rs. 7,764,000/- (2018 -Rs. 11,540,250/-) was charged by Millers Brewery Limited for warehouse services provided to the Company during the period.
- (ii) Balance payable to Millers Brewery Limited as at 31st March 2019 is Rs. 114,000/-. (2018 - receivable Rs. 4,327,250/-)

(F) Transactions with Group entities

Messrs. H.Selvanathan, S.K.Shah and K. Selvanathan, Directors of the Company, are also Directors of Carsons Management Services (Private) Limited., which provides supporting services to the Company. An amount of Rs. 450,572,407/- (2018 - Rs. 429,632,433/-) was charged by Carsons Management Services (Private) Limited to the Company during the period, which included support services fees of Rs. 396,940,716/- (2018 - Rs. 336,167,293/-) and other reimbursable expenses incurred by Carsons Management Services (Private) Limited on behalf of the Company.

(G) Transactions with other related entities

- (a) Messrs. L. Lehmann (resigned on 20/05/2019), T. Akiskalos (appointed w.e.f. 20/05/2019) and Lim C. K. 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. 170,755,823/- (2018 - Rs. 83,161,813/-) was charged as royalty during the period by Carlsberg A/S.
- (ii) LBCL purchases part of its requirement of the raw material Aroma Hop from Carlsberg A/S. There were purchases during the period for a sum of Rs. 6,917,907/- (2018 -Rs. 4,893,560/-).
- (iii) Following table indicates the balance Receivable/(payable) to the Carlsberg Group affiliated breweries as at 31st March 2019.

In Rs.	31-Mar-19	31-Mar-18
Receivables/(Payables)		
Carlsberg Myanmar Co. Ltd	-	5,534,596
Carlsberg A/S	(112,946,289)	(105,560,029)
	(112,946,289)	(100,025,433)

NOTES TO THE FINANCIAL STATEMENTS

- (b) Mr. D.C.R. Gunawardena, Director of the Company, is also a Director of Equity Two PLC with which the Company entered into following transactions.
- (i) An amount of Rs. 61,224/- has been charged as parking fees by Equity Two PLC . (2018 - Rs. 70,408/-)
- (c) Messrs. D.C.R. Gunawardena and K. Selvanathan Directors of the Company are also Directors of Pegasus Hotels of Ceylon PLC with which the following transactions have been entered into during the period by the Company in the normal course of business.
- (i) An amount of Rs. 479,966/- was charged as hotel charges for services provided(2018- Rs. 1,357,226/-)
- (ii) An amount of Rs. 2,531,432/- recognised as income from sale of Beer. (2018- Rs. 2,547,546/-)
- (d) Mr. D.C.R. Gunawardena, Director of the Company, is also a Director of Equity Hotels Ltd, following transactions have been entered into during the period by the Company in the normal course of business.
- (i) An amount of Rs. 295,918/- is recognised as income from sale of Beer to Equity Hotels Ltd in the normal course of business. (2018 -Rs. 1,246,309/-)
- (e) Messrs. H.Selvanathan and M.Selvanathan Directors of the Company, are also a Directors of Leechman & Company (Private) limited following transactions have been entered into during the period by the Company in the normal course of business.
- (i) An amount of Rs. 2,000,000/- charged as expense reimbursement incurred by Leechman (Private) Limited on behalf of the Company.

34.4 Fully Owned Subsidiaries – Pearl Springs (Private) Limited (PSPL) & Millers Brewery Limited (MBL)

The Company together with its subsidiary, Pearls Springs (Private) Limited (PSPL) had acquired in 2014 Millers Brewery Limited (MBL). Management is currently evaluating the available options in order to ensure the assets in both PSPL and MBL are used to maximise the value in both entities. Accordingly as at the reporting date, no commercial operations were carried out since the date of acquisition in both entities.

35 COMMITMENTS AND CONTINGENCIES

35.1 Finance Commitments

Document credits established for foreign purchases of the Company as at 31st March 2019 amounts to Rs. 359,426,133/- (2018 - Rs. 43,795,228/-)

35.2 Operating Lease

The Company leases motor vehicles under operating lease with a lease term of four to ten years.

The approximate future minimum lease rentals payable as per the above operating leases at 31st March are as follows.

As of 31st March In Rs.'000s	2019	2018
Within one year	64,368	41,606
More than 1 year and less than 5 years	124,158	43,952
More than 5 years	128,650	-

35.3 Contingencies

(a) Contingent liabilities as at 31st March 2019 amounts to Rs. 167,049,559/- (2018 - Rs. 72,312,314/-), being bank guarantees given to Government bodies and foreign suppliers for operational purposes.

NOTES TO THE FINANCIAL STATEMENTS

36 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subject to the approval of the shareholders at the Annual General Meeting, the Board of Directors recommends a Final dividend of Rs.6/- per Ordinary share for the year ended 31st March 2019. The dividend payable has not been accounted for until it is approved at the forthcoming Annual General Meeting.

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

37 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to give proper presentations as at 31st March 2019.

38 SEGMENTAL ANALYSIS

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

39 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	2019	2018
Revenue	42,830,494	29,798,010
Value Added Tax	6,515,508	4,816,929
Other income	143,060	75,788
Finance income	1,043,122	819,652
	50,532,184	35,510,379
Cost of material & services bought from outside	(10,797,374)	(6,826,369)
Value Added	39,734,810	28,684,010

For the year ended 31st March In Rs.'000s	2019	%	2018	%
Distributed as follows				
To Employees				
as remuneration and other employee costs	1,015,196	2.55	749,930	2.61
To Government				
as value added tax	6,515,508	16.40	4,816,929	16.79
as excise duty	24,140,705	60.75	17,812,430	62.10
as income tax	179,000	0.45	-	-
as nation building tax	615,707	1.55	176	0.00
as withholding tax	49,988	0.13	82,785	0.29
Economic service charge	220,757	0.56	152,557	0.53
To Providers of Capital				
as dividends to shareholders	320,000	0.81	320,000	1.12
as finance expenses	1,977,378	4.98	2,154,443	7.51
Retained in the Business				
as depreciation/amortisation	1,271,225	3.20	1,177,740	4.11
as profit/(loss) for the year	3,429,346	8.63	1,417,020	4.94
	39,734,810	100.00	28,684,010	100.00

VALUE ADDED STATEMENT

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:

In Rs.'000s	2019	2018
Value Added Tax	6,515,508	4,816,929
Excise Duty	24,140,705	17,812,430
Income Tax	179,000	-
Economic Service Charge	220,757	152,557
Nation Building Tax	615,707	176
Withholding Tax	49,988	82,785
Total taxes paid to the Government	31,721,666	22,864,877

FIVE YEAR SUMMARY

Year ended 31st March In Rs.'000s	2019	2018	2017	2016	2015
Revenue	42,830,494	29,798,010	20,799,537	34,752,350	31,642,824
Progressive insurance receipts on business interruption	-	1,205,359	1,000,000	-	-
Other income	143,060	75,788	64,778	51,501	393,085
	42,973,554	31,079,157	21,864,315	34,803,851	32,035,909
Total expenditure	(36,725,974)	(27,448,999)	(21,211,962)	(30,931,842)	(28,408,892)
Loss on disposal and impairment of PPE	-	-	-	-	(302,786)
Impairment of intangible assets	-	-	(1,673,065)	-	-
Operating Profit/(Loss)	6,247,580	3,630,158	(1,020,712)	3,872,009	3,324,231
Progressive insurance receipts on property damage	-	752,263	1,066,448	-	-
Stocks and PPE quantified and written-off to date due to flood related damages	-	-	(1,041,358)	-	-
Reversal of unabsorbed VAT provision	-	-	339,811	-	-
Profit/(Loss) Before Expenses Relating to New Investment	6,247,580	4,382,421	(655,811)	3,872,009	3,324,231
Expenses relating to new investment	-	-	-	-	(339,811)
Net finance expenses	(934,256)	(1,334,791)	(1,259,244)	(913,652)	(598,053)
Profit/(Loss) before tax	5,313,324	3,047,630	(1,915,055)	2,958,357	2,386,367
Income tax expense	(2,092,444)	(1,209,754)	467,728	(877,812)	(1,056,047)
Profit/(Loss) for the year	3,220,880	1,837,876	(1,447,327)	2,080,545	1,330,320
Total other comprehensive income/ (loss) for the year net of tax	208,466	(420,856)	15,586	587,200	(7,996)
Total comprehensive income/ (Loss) for the year	3,429,346	1,417,020	(1,431,741)	2,667,745	1,322,324
Dividends -Ordinary	320,000	320,000	-	240,000	320,000

FIVE YEAR SUMMARY

As at 31st March In Rs.'000s	2019	2018	2017	2016	2015
STATEMENT OF FINANCIAL POSITION					
Stated capital	2,537,801	2,537,801	2,537,801	2,537,801	2,537,801
Capital reserves	1,106,770	905,824	1,302,117	1,302,117	719,411
Retained profits	8,876,188	5,967,788	4,474,475	6,146,216	4,669,370
	12,520,759	9,411,413	8,314,393	9,986,134	7,926,582
Loans and borrowings	9,593,967	11,681,673	12,701,633	6,173,647	7,118,776
Debentures	2,078,285	3,110,582	3,936,732	4,756,899	4,929,564
Less: Cash	(9,460,830)	(7,128,583)	(6,244,229)	(2,517,810)	(782,644)
CAPITAL EMPLOYED	14,732,181	17,075,085	18,708,529	18,398,870	19,192,278
REPRESENTED BY					
Total non-current assets	20,452,100	20,507,540	20,335,112	20,263,764	18,789,409
Total current assets excluding cash & cash equivalents	4,578,276	4,805,209	3,432,411	4,072,283	5,420,386
Total current liabilities-excluding borrowings & overdraft	(5,100,593)	(4,444,755)	(2,605,526)	(2,934,848)	(2,841,515)
Employee benefits	(197,430)	(184,877)	(74,230)	(108,578)	(101,631)
Deferred tax liabilities	(5,000,172)	(3,608,032)	(2,379,238)	(2,893,751)	(2,074,371)
	14,732,181	17,075,085	18,708,529	18,398,870	19,192,278

Year ended 31st March In Rs.'000s	2019	2018	2017	2016	2015
CASH FLOW STATISTICS					
Net cash inflows from operating activities	5,531,361	2,731,870	190,319	4,141,784	3,354,345
Net cash inflows/(outflows) from investing activities	394,586	(363,400)	(2,954,933)	(1,022,335)	(8,095,595)
Net cash inflows/(outflows) from financing activities	(3,593,700)	(1,484,116)	6,491,033	(1,384,283)	(532,204)
Net cash movement for the year	2,332,247	884,354	3,726,419	1,735,166	(5,273,454)

RATIOS & STATISTICS

Return on shareholders' funds (%)	27.39	15.06	(17.22)	26.71	16.68
Return on capital employed (ROCE) (times)	42.41	25.67	(3.51)	21.04	15.55
Assets turnover (times)	1.21	0.89	0.88	1.43	1.31
Equity to total assets (times)	2.82	3.55	3.77	2.81	3.35
Interest cover (times)	6.69	3.28	(0.52)	4.22	4.99
Gearing ratio (%)	15.01	44.88	55.56	45.72	58.70
Current ratio (times)	1.04	0.96	0.87	0.97	0.86
Quick ratio (times)	0.89	0.84	0.71	0.71	0.55
Price earnings ratio (times)	13.79	22.87	(25.43)	17.65	36.08
Net assets per share (Rs)	156.51	117.64	103.93	124.83	99.08
Dividends - Ordinary (Rs.)	10.00	4.00	-	3.00	4.00
Dividend payout ratio (%) - Company	24.46	15.84	-	11.68	26.37

Figures in brackets indicate deductions.

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

For the year ended 31st March In USD '000s	Note	2019	2018
Revenue	2	253,851	191,393
Cost of sales		(189,705)	(152,287)
Gross profit		64,146	39,106
Progressive insurance receipts on business interruption		-	7,742
Other income		848	487
		64,994	47,335
Distribution expenses		(17,188)	(14,812)
Administrative expenses		(8,538)	(7,128)
Other expenses		(2,240)	(2,079)
Operating Profit		37,028	23,316
Progressive insurance receipts on property damage		-	4,832
Profit before finance cost		37,028	28,148
Finance income		6,182	5,265
Finance costs		(11,720)	(13,838)
Net finance costs		(5,538)	(8,573)
Profit before taxation		31,490	19,575
Income tax expense		(4,643)	(2,318)
Deferred Taxation		(7,758)	(5,452)
Profit for the period		19,089	11,805
Other comprehensive income			
Re-measurement of employee benefit obligations		74	(263)
Deferred tax charge on actuarial (gain)/loss		(30)	105
Revaluation gain on land & buildings		1,654	-
Deferred tax charge on land & building revaluation		(463)	(2,545)
Total other comprehensive income for the year net of tax		1,235	(2,703)
Total comprehensive income for the year		20,324	9,102

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

GROUP - US\$

As at 31st March In USD '000s	2019	2018
ASSETS		
Non- Current Assets		
Property, plant & equipment	101,529	115,067
Intangible Assets	13,359	15,148
Total Non-Current Assets	114,888	130,215
Current Assets		
Inventories	11,829	10,248
Trade and other receivables	9,882	16,366
Amounts due from related companies	4,007	3,897
Cash and cash equivalents	57,581	51,368
Total Current Assets	83,299	81,879
Total Assets	198,187	212,094
EQUITY AND LIABILITIES		
Equity		
Stated capital	33,068	33,068
Capital reserves	6,943	5,752
Retained earnings	30,324	20,938
Total Equity	70,335	59,758
Non- Current Liabilities		
Debentures	-	12,699
Loans and borrowings	18,376	30,571
Employee benefits	1,109	1,174
Net deferred tax liabilities	28,088	22,910
Total Non- Current Liabilities	47,573	67,354

**STATEMENT OF
FINANCIAL POSITION GROUP - US\$**

As at 31st March In USD '000s	2019	2018
Current Liabilities		
Trade and other payables	6,228	7,845
Amounts due to related companies	646	670
Refundable deposits	8,180	7,393
Current tax liabilities	13,598	12,315
Debentures	11,675	7,052
Loans and Borrowings	35,517	43,603
Bank overdrafts	4,435	6,104
Total Current Liabilities	80,279	84,982
Total Liabilities	127,852	152,336
Total Equity and Liabilities	198,187	212,094

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 were effected based on the following exchange rates:

As at 31st March In USD '000s		2019	2018
Income statement	Average rate	168.72	155.69
Monetary assets and liabilities	Closing rate	178.02	157.49
Non-current assets and liabilities	Closing rate	178.02	157.49
Ordinary share capital	Historical rate	76.74	76.74

2 REVENUE

For the year ended 31st March In USD '000s		2019	2018
Local revenue		249,563	188,245
Export revenue		4,288	3,148
		253,851	191,393

FIVE YEAR SUMMARY - US\$

Year ended 31st March In USD '000s	2019	2018	2017	2016	2015
Revenue	253,851	191,393	138,123	243,168	238,036
Progressive insurance receipts on business interruption	-	7,742	6,641		
Other income	848	487	430	360	2,957
	254,699	199,622	145,194	243,528	240,993
Total Expenditure	(217,671)	(176,306)	(140,861)	(216,434)	(213,709)
Loss on disposal and impairment of PPE					(2,278)
Impairment of intangible assets	-	-	(11,110)	-	-
Operating Profit/(loss)	37,028	23,316	(6,777)	27,094	25,006
Progressive insurance receipts on property damage	-	4,832	7,082	-	-
Stocks and PPE quantified and written-off to date due to flood related damages	-	-	(6,915)	-	-
Reversal of unabsorbed VAT provision	-	-	2,257	-	-
Profit/(loss) before expenses relating to new investment	37,028	28,148	(4,353)	27,094	25,006
Expenses relating to new investment	-	-	-	-	(2,556)
Net finance expenses	(5,538)	(8,573)	(8,362)	(6,393)	(4,499)
Profit/(loss) before tax	31,490	19,575	(12,715)	20,701	17,951
Income tax expense	(12,401)	(7,770)	3,106	(6,142)	(7,944)
Profit/(loss) for the year	19,089	11,805	(9,609)	14,559	10,007
Total other comprehensive income/ (loss) for the year net of tax	1,235	(2,703)	103	4,108	(60)
Total comprehensive income/ (loss) for the year	20,324	9,102	(9,506)	18,667	9,946
Dividends -Ordinary	1,897	2,055	-	1,679	2,125

As at 31st March In USD '000s	2019	2018	2017	2016	2015
BALANCE SHEET					
Stated capital	33,068	33,068	33,068	33,068	33,068
Capital reserves	6,943	5,752	8,460	8,871	5,340
Retained profits	30,324	20,938	12,492	26,096	20,425
	70,335	59,758	54,020	68,035	58,833
Loans and borrowings	53,893	74,174	82,527	42,061	52,837
Debentures	11,675	19,751	25,578	32,409	36,589
Less-Cash	(53,146)	(45,264)	(40,571)	(17,154)	(5,809)
CAPITAL EMPLOYED	82,757	108,419	121,554	125,351	142,450
REPRESENTED BY					
Total non-current assets	114,888	130,215	132,124	138,055	139,460
Total current assets excluding cash & cash equivalents	25,718	30,511	22,301	27,744	40,231
Total current liabilities-excluding borrowings & overdraft	(28,652)	(28,223)	(16,930)	(19,994)	(21,090)
Employee benefits	(1,109)	(1,174)	(482)	(740)	(754)
Deferred tax liabilities	(28,088)	(22,910)	(15,459)	(19,714)	(15,397)
	82,757	108,419	121,554	125,351	142,450

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 2019 was Rs. 555/- per share (2018- Rs. 525.40)

3 ORDINARY SHAREHOLDERS

As at 31st March	2019	2018
Number of shareholders	1,169	1,220

(a) Frequency distribution of shareholdings as at 31st March 2019

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	940	156,205	0.20	13	4,843	0.01	953	161,048	0.20
1001 - 10,000	144	450,273	0.56	15	48,482	0.06	159	498,755	0.62
10,001 - 100,000	24	636,329	0.80	11	427,752	0.53	35	1,064,081	1.33
100,001 - 1,000,000	1	300,000	0.38	13	5,168,711	6.46	14	5,468,711	6.84
Above 1,000,000	4	48,608,641	60.76	4	24,198,764	30.25	8	72,807,405	91.01
Grand Total	1,113	50,151,448	62.69	56	29,848,552	37.31	1,169	80,000,000	100.00

(b) Category of Shareholders

Categories of Shareholders as at 31st March 2019	No. of Shareholders	No. of Shares	%
Individual	1,059	962,054	1.20
Institutions	110	79,037,946	98.80
Total	1,169	80,000,000	100.00

(c) The number of shares held by non-residents as at 31st March 2019 was 29,848,552 (2018 - 29,702,147) which amounts to 37.31% (2018 - 37.13%) of the total number of shares in issue.

d) Public Holding

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

The Company's Public Holding as at 31st March 2019

Market Capitalization of the Public Holding	Rs.6.18 Billion
Percentage of ordinary shares held by the public	13.92%
Number of Public Shareholders	1,145

4 MARKET PERFORMANCE- ORDINARY SHARES

For the year ended 31st March	2019	2018
Highest (Rs.)	679	598
Lowest (Rs.)	520	400
Value of Shares traded (Rs.Mn)	1,981	3,415
No. of shares traded	3,430,480	6,682,337

5 MARKET CAPITALIZATION

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. 44,400,000,000/- as at 31st March 2019. (2018 - Rs. 42,032,000,000/-)

6 ORDINARY DIVIDENDS

- (a)** A First Interim Dividend of Rs.4/- per ordinary share for the year ended 31st March 2019 was paid to the Shareholders on 25th March 2019.
- (b)** The Directors have recommended the payment of a Final Dividend of Rs.6/- per ordinary share for the year ended 31st March 2019 which is subject to approval by the Shareholders at the Annual General Meeting.

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 borrowings (including bank overdraft 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).

DIVIDEND PAYOUT RATIO

The percentage of earnings paid to shareholders in dividends.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the 23rd Annual General Meeting of LION BREWERY (CEYLON) PLC will be held on Friday, 19th July 2019 at 2.30 p.m. at the 'Ivy Room', Cinnamon Grand Colombo, No.77, Galle Road Colombo 03, Sri Lanka for the following purposes:

1. To consider the Annual Report of the Board of Directors including the Financial Statements for the financial year ended 31st March 2019 together with the Report of the Auditors thereon.
2. To declare a dividend as recommended by the Directors.
3. To re-elect Mr. S. Selvanathan as a Director in terms of Article 68 of the Articles of Association of the Company.
4. To re-elect Mr. T. Akiskalos as a Director in terms of Article 68 of the Articles of Association of the Company.
5. To re-elect Mr. K. Selvanathan who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.
6. 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.
7. To re-appoint Mr. H. Selvanathan as a Director of the Company who is 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. H. Selvanathan who is 70 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."

8. 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 authorize 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

17th June 2019

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 17th July 2019.
3. A person representing a Corporation is required to carry a certified copy of the resolution authorizing 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
 - i. Due to the prevailing situation in the country, there will be a security check by the security personnel stationed at the meeting venue.
 - ii. 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.
 - iii. All vehicles will be subjected to a security check on arrival.
 - iv. Shareholders who will be taking cabs are expected to get off/into these vehicles only at the main Galle Road entrance.

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.

DAMIAN AMAL CABRAAL	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,
KRISHNA SELVANATHAN	Or failing him,
SUSAN JULIET FARRINGTON EVANS	Or failing her,
RAJIV HERATH MEEWAKKALA	Or failing him,
LIM CHEE KEAT	Or failing him,
SUDARSHAN SELVANATHAN	Or failing him,
THEODOROS AKISKALOS	

as *my/our proxy to attend at the 23rd Annual General Meeting of the Company to be held on Friday, 19th July 2019 at 2.30 p.m. at the 'Ivy Room', Cinnamon Grand Colombo, No.77, Galle Road Colombo 03, Sri Lanka and at any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. To declare Rs.6/- per share as a final dividend for the financial year ended 31st March 2019 as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. S. Selvanathan as a Director in terms of Article 68 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. T. Akiskalos as a Director in terms of Article 68 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mr. K. Selvanathan who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5. 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.	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint Mr. H. Selvanathan who is seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
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 authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day ofTwo Thousand and Nineteen.

.....
 Signature/s

Notes

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

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the form of proxy after filling in legibly your full name and address, and sign 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 17th July 2019.

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

Mr. D. A. Cabraal (Chairman)
Mr. H. Selvanathan (Deputy Chairman)
Mr. S. K. Shah (Chief Executive Officer)
Mr. D. C. R. Gunawardena
Mr. D. R. P. Goonetilleke
Mr. K. Selvanathan (Director / Alternate Director to
H. Selvanathan)
Mrs. S.J.F.Evans
Mr. L. Lehmann (Resigned w.e.f. 20/05/2019)
Mr. R. H. Meewakkala
Mr. Lim C. K.
Mr. S. Selvanathan (Appointed w.e.f. 05/04/2019)
Mr. T. Akiskalos (Appointed w.e.f. 20/05/2019)

BANKERS

Citibank
Commercial Bank
Deutsche Bank
Hatton National Bank
Nations Trust Bank
Standard Chartered Bank
Sampath Bank
DFCC Bank
National Development Bank
Peoples 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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