

Lion Brewery (Ceylon) PLC

*Interim Condensed Financial Statements
for the Third Quarter ended
31st December 2019*

LION BREWERY (CEYLON) PLC

Review

For the 9 months ended 31st December 2019, the Company earned a pre-tax profit of Rs 3.708 bn on a turnover of Rs 35.717 bn. The company recorded a 6% decline in its bottom line compared to the same period of the previous year. However, considering the challenging operating environment of the year under review – the Easter Sunday tragedy at the commencement of the financial year & the continuous rain during most of the 3rd quarter being the most significant - the Company's returns maybe considered satisfactory. Notwithstanding the drop in its profits, revenue to Government from the Company's operations increased by Rs. 6.123 bn to Rs.28.361 bn during the reporting period.

Since the Company operated at a level below expectations, it was compelled to record an impairment of Rs. 538 Mn on account of the brands acquired from Miller Brewery.

In line with the tax changes announced by the Government, VAT on beer was reduced to 8% w.e.f. 1st December 2019. However, Government more than compensated for the reduction in VAT by increasing Excise Duty. As a result, consumer prices of most brands of beer also underwent an upward revision in order to absorb the net increase in applicable taxes.

LION BREWERY (CEYLON) PLC

BOARD OF DIRECTORS AS AT 31ST DECEMBER 2019

Mr. D. A. Cabraal (Chairman)

Mr. H. Selvanathan (Deputy Chairman)

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

Mr. D. C. R. Gunawardena

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

Mr. D. R. P. Goonetilleke

Mrs. S. J. F. Evans

Mr. R. H. Meewakkala

Mr. Lim C. K.

Mr. S. Selvanathan (appointed w.e.f. 05/04/2019)

Mr. S. Clini (appointed w.e.f. 26/10/2019)

Mr. T. Akiskalos (appointed w.e.f. 20/05/2019 / resigned w.e.f. 25/10/2019)

Mr. L. Lehmann (resigned w.e.f. 20/05/2019)

LION BREWERY (CEYLON) PLC				
CONDENSED STATEMENT OF FINANCIAL POSITION				
	Company		Group	
<i>In Rs. '000s</i>	31-Dec-19	31-Mar-19 (Audited)	31-Dec-19	31-Mar-19 (Audited)
ASSETS				
Non- Current Assets				
Property, plant & equipment	17,187,392	16,674,679	18,555,077	18,073,888
Right of use assets	96,551	-	96,551	-
Intangible assets	1,841,534	2,378,212	1,841,534	2,378,212
Investments in subsidiary	1,029,623	1,029,623	-	-
Total Non-Current Assets	20,155,100	20,082,514	20,493,162	20,452,100
Current Assets				
Inventories	2,613,165	2,105,811	2,613,165	2,105,811
Trade and other receivables	1,610,468	1,751,534	1,617,970	1,759,235
Amounts due from related companies	610,111	713,230	610,111	713,230
Cash and cash equivalents	9,032,862	10,126,039	9,182,721	10,250,405
Total Current Assets	13,866,606	14,696,614	14,023,967	14,828,681
Total Assets	34,021,706	34,779,128	34,517,129	35,280,781
EQUITY AND LIABILITIES				
Equity				
Stated capital	2,537,801	2,537,801	2,537,801	2,537,801
Capital reserves	782,557	782,557	1,106,770	1,106,770
Retained earnings	10,800,234	9,008,246	10,660,780	8,876,188
Total Equity	14,120,592	12,328,604	14,305,351	12,520,759
Non- Current Liabilities				
Loans and borrowings	2,902,337	3,271,271	2,902,337	3,271,271
Employee benefits	187,779	197,430	187,779	197,430
Net deferred tax liabilities	4,465,382	4,700,075	4,765,479	5,000,172
Total Non- Current Liabilities	7,555,498	8,168,776	7,855,595	8,468,873
Current Liabilities				
Trade and other payables	1,415,732	1,101,924	1,423,676	1,108,777
Amounts due to related companies	68,511	115,060	68,472	114,946
Refundable deposits	1,664,538	1,456,224	1,664,538	1,456,224
Current tax liabilities	1,716,136	2,417,984	1,718,798	2,420,646
Debentures (Note 4)	-	2,078,285	-	2,078,285
Loans and borrowings	6,667,202	6,322,696	6,667,202	6,322,696
Bank overdrafts	813,497	789,575	813,497	789,575
Total Current Liabilities	12,345,616	14,281,748	12,356,183	14,291,149
Total Liabilities	19,901,114	22,450,524	20,211,778	22,760,022
Total Equity and Liabilities	34,021,706	34,779,128	34,517,129	35,280,781
Net assets per ordinary share (Rs.)	176.51	154.11	178.82	156.51

The above figures are provisional and subject to audit.

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

(sgd.)

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. R. Wijesinghe

Director - Finance

Carsons Management Services (Private) Limited

06th February 2020

(sgd.)

S.K. Shah

Director

(sgd.)

D.R.P. Goonetilleke

Director

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

<i>In Sri Lankan Rs. '000s</i>	Quarter Ended		Change	Nine Months Ended		Change	Year ended
	31.12.2019	31.12.2018	%	31.12.2019	31.12.2018	%	31.03.2019 (Audited)
Revenue	11,640,056	11,012,416	6	35,717,924	30,859,594	16	42,830,494
Cost of sales	(8,859,315)	(8,255,795)	7	(27,435,334)	(22,934,305)	20	(32,007,626)
Gross profit	2,780,741	2,756,621	1	8,282,590	7,925,289	5	10,822,868
Other income	40,074	36,094	11	110,165	93,412	18	140,249
	2,820,815	2,792,715	1	8,392,755	8,018,701	5	10,963,117
Distribution expenses	(725,850)	(722,550)	0	(2,146,451)	(2,049,700)	5	(2,900,004)
Administrative expenses	(414,960)	(336,319)	23	(1,154,815)	(975,598)	18	(1,394,180)
Other expenses	(89,969)	(83,102)	8	(449,949)	(280,787)	60	(377,862)
Impairment of intangible assets (Note 5)	(538,182)	-	-	(538,182)	-	-	-
Operating profit before finance cost	1,051,854	1,650,744	(36)	4,103,358	4,712,616	(13)	6,291,071
Finance income	211,467	276,340	(23)	801,697	722,878	11	1,032,653
Finance costs	(351,738)	(481,271)	(27)	(1,196,975)	(1,491,912)	(20)	(1,977,378)
Net finance costs	(140,271)	(204,931)	(32)	(395,278)	(769,034)	(49)	(944,725)
Profit before taxation	911,583	1,445,813	(37)	3,708,080	3,943,582	(6)	5,346,346
Income tax expense	(585,290)	(271,546)	116	(1,670,785)	(360,854)	363	(780,243)
Deferred taxation	233,167	(57,849)	(503)	234,693	(1,166,494)	(120)	(1,295,308)
Profit after taxation	559,460	1,116,418	(50)	2,271,988	2,416,234	(6)	3,270,795
Other comprehensive income							
Items that will not be reclassified to profit or loss							
Remeasurement of employee benefit obligations	-	-	-	-	-	-	12,533
Deferred tax charge on actuarial (gain)/loss	-	-	-	-	-	-	(5,013)
Total other comprehensive income for the period net of tax	-	-	-	-	-	-	7,520
Total comprehensive income for the period	559,460	1,116,418	(50)	2,271,988	2,416,234	(6)	3,278,315
Earnings per ordinary share (Rs.)	6.99	13.96		28.40	30.20		40.88

The above figures are provisional and subject to audit.

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

In Sri Lankan Rs. '000s

	Quarter Ended		Change	Nine Months Ended		Change	Year Ended
	31.12.2019	31.12.2018	%	31.12.2019	31.12.2018	%	31.03.2019 (Audited)
Revenue	11,640,056	11,012,416	6	35,717,924	30,859,594	16	42,830,494
Cost of sales	(8,859,315)	(8,255,795)	7	(27,435,334)	(22,934,305)	20	(32,007,626)
Gross profit	2,780,741	2,756,621	1	8,282,590	7,925,289	5	10,822,868
Other income	40,141	36,378	10	122,211	94,194	30	143,060
	2,820,882	2,792,999	1	8,404,801	8,019,483	5	10,965,928
Distribution expenses	(725,850)	(722,549)	0	(2,146,451)	(2,049,700)	5	(2,900,004)
Administrative expenses	(423,208)	(344,434)	23	(1,180,670)	(1,003,004)	18	(1,440,482)
Other expenses	(89,969)	(83,102)	8	(449,949)	(280,787)	60	(377,862)
Impairment of intangible assets (Note 5)	(538,182)	-	-	(538,182)	-	-	-
Operating profit before finance cost	1,043,673	1,642,914	(36)	4,089,549	4,685,992	(13)	6,247,580
Finance income	211,992	278,805	(24)	808,110	730,221	11	1,043,122
Finance costs	(351,738)	(481,274)	(27)	(1,196,975)	(1,491,917)	(20)	(1,977,378)
Net finance costs	(139,746)	(202,469)	(31)	(388,865)	(761,696)	(49)	(934,256)
	903,927	1,440,445	(37)	3,700,684	3,924,296	(6)	5,313,324
Profit before taxation	903,927	1,440,445	(37)	3,700,684	3,924,296	(6)	5,313,324
Income tax expense	(585,291)	(272,860)	115	(1,670,785)	(364,738)	358	(783,462)
Deferred taxation	233,167	(57,849)	(503)	234,693	(1,166,494)	(120)	(1,308,982)
Profit after taxation	551,803	1,109,736	(50)	2,264,592	2,393,064	(5)	3,220,880
Other comprehensive income							
Items that will not be reclassified to profit or loss							
Remeasurement of employee benefit obligations	-	-	-	-	-	-	12,533
Deferred tax charge on actuarial (gain)/loss	-	-	-	-	-	-	(5,013)
Revaluation gain on land & buildings	-	-	-	-	-	-	279,091
Deferred tax charge on land and building revaluation	-	-	-	-	-	-	(78,145)
Total other comprehensive income for the period net of tax	-	-	-	-	-	-	208,466
Total comprehensive income for the period	551,803	1,109,736	(50)	2,264,592	2,393,064	(5)	3,429,346
Earnings per ordinary share (Rs.)	6.90	13.87		28.31	29.91		40.26

The above figures are provisional and subject to audit.

LION BREWERY (CEYLON) PLC**STATEMENT OF CHANGES IN EQUITY****Company**

<i>In Rs. '000s</i>	Stated Capital	Revaluation Reserve	Retained Earnings	Total Equity
Balance as at 1st April 2018	2,537,801	782,557	6,049,931	9,370,289
Total comprehensive income for the period				
Profit for the period	-	-	2,416,234	2,416,234
Total comprehensive income for the period	-	-	2,416,234	2,416,234
Balance as at 31st December 2018	2,537,801	782,557	8,466,165	11,786,523
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 year	-	-	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
Balance as at 1st April 2019	2,537,801	782,557	9,008,246	12,328,604
Total comprehensive income for the period				
Profit for the period	-	-	2,271,988	2,271,988
Total comprehensive income for the period	-	-	2,271,988	2,271,988
Transactions with owners of the Company				
Distribution made to owners				
Ordinary dividends	-	-	(480,000)	(480,000)
Balance as at 31st December 2019	2,537,801	782,557	10,800,234	14,120,592

GROUP

<i>In Rs. '000s</i>	Stated Capital	Revaluation Reserve	Retained Earnings	Total Equity
Balance as at 1st April 2018	2,537,801	905,824	5,967,788	9,411,413
Total comprehensive income for the period				-
Profit for the period	-	-	2,393,064	2,393,064
Total comprehensive income for the period	-	-	2,393,064	2,393,064
Balance as at 31st December 2018	2,537,801	905,824	8,360,852	11,804,477
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				
Distribution 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
Balance as at 1st April 2019	2,537,801	1,106,770	8,876,188	12,520,759
Total comprehensive income for the year				
Profit for the period	-	-	2,264,592	2,264,592
Total comprehensive income for the year	-	-	2,264,592	2,264,592
Transactions with owners of the Company				
Distribution made to owners				
Ordinary dividends	-	-	(480,000)	(480,000)
Balance as at 31st December 2019	2,537,801	1,106,770	10,660,780	14,305,351

LION BREWERY (CEYLON) PLC
STATEMENT OF CASH FLOWS

<i>Period ended In Rs.'000s</i>	Company			Group		
	31.12.2019	31.12.2018	31.03.2019 (Audited)	31.12.2019	31.12.2018	31.03.2019 (Audited)
Cash flows from operating activities						
Profit before taxation	3,708,080	3,943,582	5,346,346	3,700,684	3,924,296	5,313,324
Adjustments for:						
Finance costs	1,212,027	1,510,655	1,979,510	1,212,027	1,510,660	1,979,510
Depreciation on property, plant & equipment	860,948	888,037	1,191,532	881,188	907,669	1,217,708
Amortization on Intangible assets	3,447	40,114	53,516	3,447	40,114	53,516
Net inventory provision /(reversal)	6,390	(77,408)	(20,818)	6,390	(77,408)	(20,818)
Provision for retirement benefit obligation	12,508	9,383	36,295	12,508	9,383	36,295
Impairment of property, plant & equipment	150,223	-	7,311	150,223	-	7,335
Impairment provision for trade debtors	-	-	10,000	-	-	10,000
Impairment of intangible assets	538,182	-	-	538,182	-	-
Loss /(gain) on disposal of property, plant & equipment	(1,575)	-	(3,528)	(11,520)	-	(3,528)
Exchange loss/ (gain)	6,382	-	(4,638)	6,382	-	(4,638)
Finance Income	(801,697)	(722,878)	(1,032,653)	(808,110)	(730,221)	(1,043,122)
Operating cash flow before working capital changes	5,694,915	5,591,485	7,562,873	5,691,401	5,584,493	7,545,582
(Increase)/Decrease in inventories	(513,744)	(199,144)	(470,989)	(513,744)	(199,144)	(470,989)
(Increase)/Decrease in trade and other receivables	134,684	770,029	794,530	134,883	774,447	812,938
(Increase)/Decrease in amounts due from related companies	103,119	(71,449)	(95,233)	103,119	(75,776)	(99,560)
Increase/(Decrease) in tax payable	(498,611)	(223,649)	122,456	(498,611)	(227,855)	122,391
Increase/(Decrease) in trade and other payables	313,808	(203,233)	(125,989)	314,899	(196,941)	(126,688)
Increase/(Decrease) in amounts due to related companies	(46,549)	(13,655)	9,500	(46,474)	(13,655)	9,386
Cash generated from operations	5,187,622	5,650,384	7,797,149	5,185,473	5,645,569	7,793,060
Finance expenses paid	(1,129,296)	(1,396,734)	(1,781,024)	(1,129,296)	(1,396,736)	(1,781,024)
Retirement benefits paid	(22,159)	(6,690)	(11,209)	(22,159)	(6,690)	(11,209)
Tax paid	(1,941,222)	(191,000)	(465,991)	(1,941,222)	(193,664)	(469,466)
Net cash generated from operating activities	2,094,945	4,055,960	5,538,924	2,092,796	4,048,479	5,531,361
Cash flows from investing activities						
Purchase and construction of property, plant & equipment	(1,524,646)	(611,049)	(899,522)	(1,524,646)	(611,049)	(899,522)
Purchase of intangible assets	(4,950)	(42,752)	(44,506)	(4,950)	(42,752)	(44,506)
Proceeds from sale of property, plant & equipment	2,337	-	3,529	23,566	-	3,529
Agent deposits received	208,314	208,417	298,961	208,314	208,417	298,961
Agent deposits refunded	-	(6,998)	(6,998)	-	(6,998)	(6,998)
Interest received	801,697	722,878	1,032,653	808,110	730,221	1,043,122
Net cash (used in)/generated from investing activities	(517,248)	270,496	384,117	(489,606)	277,839	394,586
Cash flows from financing activities						
Loans and borrowings received	973,249	-	-	973,249	-	-
Repayments of loans and borrowing	(1,255,245)	(1,834,830)	(2,319,690)	(1,255,245)	(1,834,830)	(2,319,690)
Repayments of debentures	(2,000,000)	(998,800)	(998,800)	(2,000,000)	(998,800)	(998,800)
Dividend paid net of tax	(412,800)	(4)	(275,210)	(412,800)	(4)	(275,210)
Net cash used in financing activities	(2,694,796)	(2,833,634)	(3,593,700)	(2,694,796)	(2,833,634)	(3,593,700)
Net (decrease)/increase in cash & cash equivalents	(1,117,099)	1,492,822	2,329,341	(1,091,606)	1,492,684	2,332,247
Cash & cash equivalents at the beginning of the year	9,336,464	7,007,123	7,007,123	9,460,830	7,128,583	7,128,583
Cash & cash equivalents at the end of the year	8,219,365	8,499,945	9,336,464	8,369,224	8,621,267	9,460,830
Analysis of cash and cash equivalents						
Cash and cash equivalents	9,032,862	9,867,745	10,126,039	9,182,721	9,989,118	10,250,405
Bank overdraft	(813,497)	(1,367,800)	(789,575)	(813,497)	(1,367,851)	(789,575)
	8,219,365	8,499,945	9,336,464	8,369,224	8,621,267	9,460,830

LION BREWERY (CEYLON) PLC

NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

Lion Brewery (Ceylon) PLC is a public limited liability Company incorporated and domiciled in Sri Lanka and is listed on the Colombo Stock Exchange. The parent company is Ceylon Beverage Holdings PLC and the ultimate parent company is Bukit Darah PLC. The registered office of the Company is situated at No 61, Janadhipathi Mawatha, Colombo 01 and the principal place of business is situated at No 254, Colombo Road, Biyagama.

The Interim Consolidated Financial Statements comprise of the Company and its subsidiaries (together referred to as the "Group" and individually Group entities). The subsidiaries of the Company are set out below.

Subsidiary	Controlling interest	Note
Pearl Springs (Private) Limited	100%	"PSPL"
Millers Brewery Limited	100%	100% Subsidiary of PSPL

2 BASIS OF PREPARATION

2.1 Statement of Compliance

The condensed Interim Financial Statements of the Company and Group have been prepared in accordance with Sri Lanka Accounting Standard - LKAS 34 – Interim Financial Reporting. This Interim Financial Statement should be read in conjunction with the Annual Financial Statements for the year ended 31st March 2019 including the changes to accounting policies as a result of adapting to Sri Lanka Financial Reporting Standards, ("SLFRSs/LKASs")

2.2 Basis of measurement

The Financial Statements have been prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the financial statements, except for the following;

- Freehold Land and buildings are measured at cost at the time of acquisition and construction and subsequently at revalued amounts, which are the fair values at the date of revaluation less accumulated depreciation and impairment losses, if any.
- Employee benefits are recognized as the net total of the plan assets, plus unrecognized past service cost and unrecognized actuarial losses, less unrecognized actuarial gains and the present value of the defined benefit obligation.

2.3 New standards, interpretations and amendments adopted by the Group

The Group and the Company adopted SLFRS 16, 'Leases', with effect from 1 April 2019, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The Group and Company has adopted SLFRS 16 using modified retrospective method from 1 April 2019, without restating comparatives for the 2018/19 reporting period, as permitted under the specific transitional provisions in the standard.

On adoption of SLFRS 16, the Company and the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of LKAS 17, 'Leases'.

The effect of adopting SLFRS 16 is, as follows

In Rs. 000's	Right of Use Assets	Lease Creditor
As at 1st April 2019	107,239	107,239
Additions	4,970	4,970
Depreciation	(15,658)	-
Interest Expense	-	10,170
Payments	-	(21,450)
As at 31st December 2019	96,551	100,929

**Lease Creditor classified under Loans and borrowings*

2.4 Functional Currency and Presentation Currency

All values presented in the Financial Statements are in Sri Lankan Rupees Thousands (Rs.'000s) which is the Group's functional currency, unless otherwise indicated.

LION BREWERY (CEYLON) PLC

NOTES TO THE FINANCIAL STATEMENTS

3 FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES

3.1 Finance Commitments

Document credits established for foreign purchases of the Company as at 31st December 2019 amounts to Rs. 354,259,699/- (2018 - Rs. 100,714,048/-)

3.2 Contingencies

Contingent liabilities as at 31st December 2019 amounts to Rs. 141,703,678/- (2018 - Rs. 165,144,004/-), being bank guarantees given to Government bodies and foreign suppliers for operational purposes.

4 DEBENTURES

The Company issued 20,000,000 rated Unsecured Redeemable Debentures (Category 3 - Type I) at a face value of Rs. 100/- each to raise Rs. 2,000,000,000/- on 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.

	Rs. 000's
Category 03 Debentures - Fixed Rate (Note 4.1)	2,000,000
	<u>2,000,000</u>

Category 03 -Type I debentures amounting to Rs. 2,000,000,000/- were redeemed on 8th December 2019.

4.1 Category 03 Debentures - Fixed Rate

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

LION BREWERY (CEYLON) PLC**NOTES TO THE FINANCIAL STATEMENTS****4 Debentures (Contd.)****4.2 Composition of Debentures and Interest Payable Rs. ('000)****Classified Under Current Liabilities**

Debentures falling due within one year (Category 3)

Debenture interest payable

31-Dec-19 31-Mar-19

- 2,000,000

- 78,285

- 2,078,285**4.3 Debenture trading Information**

	Quarter Ended - 31.12.2019			Quarter Ended - 31.12.2018		
Debentures issued on 11th Dec 2014 (Rs.100/- par value)	Highest price (Rs.)	Lowest price (Rs.)	Last Traded Price (Rs.)	Highest price (Rs.)	Lowest price (Rs.)	Last Traded Price (Rs.)
Type I - Fixed Rate - 5 Year	N/T	N/T	N/T	N/T	N/T	N/T

N/T - Not traded during the quarter.

LION BREWERY (CEYLON) PLC
NOTES TO THE FINANCIAL STATEMENTS

4 Debentures (Contd.)

4.4 Debenture trading Information

Interest rate of comparable government securities(%)	Date	Period Ended 31.12.2019
05 year treasury bonds	16.12.2019	9.87%

Debt related ratios - Company

Debt/equity ratio (times)	0.10
Quick asset ratio (%)	91%
Interest cover (times)	10.38

5 IMPAIRMENT OF INTANGIBLE ASSETS

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. In March 2017 these brands were impaired by Rs. 1,673,064,593/- and the carrying value as at 1 April 2019 was Rs. 2,326,935,407/-.

Consequent to the evaluation of the short term down turn post April Easter Attacks and the inclement weather during the period under review an impairment test was carried out for the brands acquired from Millers Brewery Ltd as at 31st December 2019 as per the accounting standard LKAS 36. The Company had computed its recoverable amount of the acquired brands by forecasting the annual sales values and discounting such estimated cash flows by its cost of equity. Accordingly, the carrying value of the said brands as at 31st December stands at Rs.1,788,753,370/- resulting in an impairment of Rs. 538,182,037/- which has been charged to the income statement.

6 SEGMENTAL ANALYSIS

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

7 COMPARATIVE FIGURES

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

8 EVENTS AFTER THE REPORTING PERIOD

There were no material events taken place since December 31st, 2019 that require adjustments or disclosure in these Financial Statements.

9 INVESTOR INFORMATION

Investor Information	Quarter Ended		Nine Months Ended		Year Ended
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.03.2019
1 Share Information					
Price as at the end of the period (Rs.)	602.00	570.00	602.00	570.00	555.00
Highest price (Rs.)	650.00	634.90	650.00	679.00	679.00
Lowest price (Rs.)	600.00	520.00	500.00	520.00	520.00
2 Trading Statistics					
No of Transactions	166	227	514	855	1,027
No of Shares traded	174,432	947,401	1,113,064	2,564,069	3,430,480
Value of all shares traded (Rs. Mn.)	105	530	635	1,496	1,981

LION BREWERY (CEYLON) PLC**NOTES TO THE FINANCIAL STATEMENTS****10 TWENTY MAJOR SHAREHOLDERS AS AT 31ST DECEMBER 2019**

#	Name	Total Shares	%
1	CEYLON BEVERAGE HOLDINGS PLC	41,798,788	52.25
2	CARLSBERG BREWERY MALAYSIA BERHAD	20,000,686	25.00
3	CARSON CUMBERBATCH PLC A/C NO.2	4,107,793	5.13
4	RBC INVESTOR SERVICES BANK-COELI SICAV I- FRONTIER MARKETS FUND	1,473,190	1.84
5	CARSON CUMBERBATCH PLC A/C NO. 01	1,402,060	1.75
6	PERSHING LLC S/A AVERBACH GRAUSON & CO.	1,319,945	1.65
7	BUKIT DARAH PLC A/C NO 2	1,300,000	1.63
8	CITIBANK NEWYORK S/A NORGES BANK ACCOUNT 2	1,089,443	1.36
9	SSBT-AL MEHWAR COMMERCIAL INVESTMENTS L.L.C.	983,779	1.23
10	CB NY S/A ALLAN GRAY FRONTIER MARKETS EQUITY FUND LIMITED	949,206	1.19
11	JPMLU-T ROWE PRICE FUNDS SICAV	772,877	0.97
12	MELLON BANK N.A.-FLORIDA RETIREMENT SYSTEM	593,086	0.74
13	GF CAPITAL GLOBAL LIMITED	518,595	0.65
14	BBH-RONDURE NEW WORLD FUND	472,256	0.59
15	SAMPATH BANK PLC/MRS.PRIYANI DHARSHINI RATNAGOPAL	300,000	0.38
16	DEUTSCHE BANK AG-LONDON	272,614	0.34
17	SSBT-FRANK RUSSEL TRUST COMPANY COMINGLED BENEFIT FUNDS TRUST GNA-6QH3	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
19	PORTELET LIMITED	161,920	0.20
20	JPMCB-T.ROWE PRICE INSTITUTIONAL FRONTIER MARKETS EQUITY FUND	157,852	0.20

11 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 December 2019

Market Capitalization of the Public Holding	Rs.6.70 Billion
Percentage of ordinary shares held by the public	13.92%
Number of Public Shareholders	1,139

12 DIRECTOR'S SHAREHOLDINGS

As at 31st December 2019	No. of Shares
Mr. D. A. Cabraal (Chairman)	-
Mr. H. Selvanathan (Deputy Chairman)	1,579
Mr. S. K. Shah (Chief Executive Officer)	6,016
Mr. D. C. R. Gunawardena	34
Mr. K. Selvanathan (Director / Alternate Director to H. Selvanathan)	-
Mr. D. R. P. Goonetilleke	1
Mrs. S. J. F. Evans	-
Mr. R. H. Meewakkala	-
Mr. Lim C. K.	-
Mr. S. Selvanathan (appointed w.e.f. 05/04/2019)	-
Mr. S. Clini (appointed w.e.f. 26/10/2019)	-
Mr. T. Akiskalos (appointed w.e.f. 20/05/2019 / resigned w.e.f. 25/10/2019)	-
Mr. L. Lehmann (resigned w.e.f. 20/05/2019)	-

13 STATED CAPITAL

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

LION BREWERY (CEYLON) PLC NOTES TO THE FINANCIAL STATEMENTS
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14 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, Mr. T. Akiskalos was appointed as a Director of the Company and Ceylon Beverage Holdings PLC w.e.f. 20/05/2019 and resigned on 25/10/2019 and Mr. S. Clini was appointed as a Director of the Company w.e.f. 26/10/2019 and Ceylon Beverage Holdings PLC w.e.f. 31/10/2019 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. 118,988,487/- (2018 -Rs. 106,121,360/-) as royalty during the period.
- (ii) As per the loan agreement with Ceylon Beverage Holdings PLC, the Company charged Rs. 46,961,616/- (2018 - Nil) at a rate of AWPLR+1% as loan interest during the period.
- (iii) Balance receivable from Ceylon Beverage Holdings PLC as at 31st December 2019 is Rs. 485,502,905/-

(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. 146,319,173/- during the period (2018-Rs. 136,131,712/-).

- (i) An amount of Rs. 4,291,813/- was paid by the Company to Pubs 'N Places (Private) Limited as trade rebates on beer purchases during the period.(2018- Rs. 4,624,305/-)
- (ii) As per the loan agreement with Pubs 'N Places (Private) Limited, the Company charged Rs. 10,273,528/- (2018 - Nil) at a rate of AWPLR+1% as loan interest during the period.
- (iii) An amount of Rs. 15,249,939/- was paid by the company to Pubs 'N Places (Private) Limited as marketing fee for the outlets operated by Pubs 'N Places (Private) Limited during the period. (2018 - Nil)
- (iv) Balance receivable from Pubs 'N Places (Private) Limited as at 31st December 2019 is Rs. 124,608,121/-

(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. 188,991,763/- (2018 - Rs. 151,434,607/-) during the period.

- (i)Balance receivable from Retail Spaces (Private) Limited as at 31st December 2019 is Nil.

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

(i) 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. 10,840,809/- (2018 - Rs. 11,897,117/-) during the period.

- (ii) Balance receivable from Luxury Brands (Private) Limited as at 31st December 2019 is Nil.

(E) Transactions with Sub Subsidiary - Millers Brewery Limited

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

- (i) An amount of Rs. 5,724,00/- (2018 -Rs. 5,934,000/-) 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 December 2019 is Rs. 39,000/-.

(F) Transactions with Group entities

Messrs. H.Selvanathan, S.K.Shah and K. Selvanathan, S.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. 440,187,296/- (2018 - Rs. 317,603,064/-) was charged by Carsons Management Services (Private) Limited to the Company during the period, which included support services fees of Rs. 356,929,030/- (2018 - Rs. 276,346,895/-) and other reimbursable expenses incurred by Carsons Management Services (Private) Limited on behalf of the Company. Balance payable to Carsons Management Services (Private) Limited as at 31st December 2019 Rs. 4,960/-

LION BREWERY (CEYLON) PLC**NOTES TO THE FINANCIAL STATEMENTS****(G) Transactions with other related entities**

- (a) Messrs. L. Lehmann (resigned on 20/05/2019), Mr. T. Akiskalos (appointed w.e.f. 20/05/2019, resigned w.e.f. 25/10/2019), Mr. S. Clini (appointed w.e.f. 26/10/2019) 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. 128,664,754/- (2018 - Rs. 125,468,448/-) 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. 7,046,565/- (2018 -Rs. 6,917,907/-)
 - (iii) An amount of Rs. 68,466,576/- remains payable as at 31st December 2019.
- (b) 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. 1,345,491/- recognized as income from sale of Beer in the normal course of business. (2018- Rs. 1,628,798/-)
- (c) 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. 246,004/- is recognised as income from sale of Beer to Equity Hotels Ltd in the normal course of business. (2018 - Nil)

(H) Transactions with key management personnel (KMP)

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

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

LION BREWERY (CEYLON) PLC

Corporate Information

NAME OF COMPANY

Lion Brewery (Ceylon) PLC
(A Carson Cumberbatch Company)

COMPANY REGISTRATION NUMBER

PQ 57

LEGAL FORM

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

SUBSIDIARY COMPANIES

Pearl Springs (Private) Limited
Millers Brewery Limited

PARENT AND CONTROLLING ENTITY

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

DIRECTORS

Mr. D. A. Cabraal (Chairman)
Mr. H. Selvanathan (Deputy Chairman)
Mr. S. K. Shah (Chief Executive Officer)
Mr. D. C. R. Gunawardena
Mr. K. Selvanathan (Director / Alternate Director to H. Selvanathan)
Mr. D. R. P. Goonetilleke
Mrs. S.J.F.Evans
Mr. R. H. Meewakkala
Mr. Lim C. K.
Mr. S. Selvanathan (appointed w.e.f. 05/04/2019)
Mr. S. Clini (appointed w.e.f. 26/10/2019)
Mr. T. Akiskalos (appointed w.e.f. 20/05/2019 / resigned w.e.f. 25/10/2019)
Mr. L. Lehmann (resigned w.e.f. 20/05/2019)

BANKERS

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

LEGAL ADVISERS

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MANAGERS & SECRETARIES

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