



CEYLON BEVERAGE HOLDINGS PLC
ANNUAL REPORT 2022/23

CONTENTS

Financial Highlights	1
Chairman's Statement	2
Chief Executive's Review	4
Profile of Directors	9
Senior Management Team	12
Annual Report of the Board of Directors on the Affairs of the Company	14
Audit Committee Report	27
Report of the Related Party Transactions Review Committee	29
Financial Calendar	31
Independent Auditor's Report	32
Statement of Financial Position	38
Statement of Profit or Loss and Other Comprehensive Income	40
Statement of Changes in Equity	42
Statement of Cash Flows	44
Notes to the Financial Statements	46
Value Added Statement	107
Five Year Summary	109
Statement of Profit or Loss and Other Comprehensive Income - USD	112
Statement of Financial Position - USD	114
Notes to the Financial Statements - USD	116
Five Year Summary - USD	117
Information to Shareholders and Investors	119
Glossary of Financial Terms	121
Notes	122
Notice of Meeting	125
Form of Proxy	127
Corporate Information	Inner Back Cover



The report can be accessed online at
<http://www.carsoncumberbatch.com>

FINANCIAL HIGHLIGHTS

In Rs.'000s	2023	2022	Change %
Revenue	96,938,522	60,211,220	61.0
Profit from operation	13,464,823	5,712,300	135.7
Profit before taxation	11,260,903	5,885,176	91.3
Profit after taxation	6,746,104	3,821,798	76.5
Dividends per share (Rs.)	52.75	31.23	68.9
Shareholders' funds	23,072,257	19,872,621	16.1
Total assets	48,832,751	42,307,487	15.4
Earnings per ordinary share (Rs.)	162.36	98.64	64.6
Net assets per ordinary share (Rs.)	570.89	493.49	15.7
Market capitalisation	23,800,494	14,833,333	60.5

CHAIRMAN'S STATEMENT

It is my pleasure to present to you the annual report and audited Financial Statements of the Group for the year ended March 31, 2023. While the Chief Executive's review offers a comprehensive analysis of our operations, I will provide a concise overview in my statement.

The financial year under review posed unprecedented economic and societal challenges. Sri Lanka faced a depletion of foreign currency reserves, leading to a formal default on its debt obligations in April 2022. Prior to this, in March 2022, the free float of the US dollar resulted in a substantial depreciation of the Sri Lankan rupee, as the previous peg was not reflective of the market. These factors contributed to a severe economic crisis characterised by foreign exchange shortages, high inflation, soaring interest rates, and the scarcity of essential goods. Additionally, the persistent power outages, fuel and gas shortages, and limited availability of medicine led to social unrest and political uncertainty, making the first half of the year an exceptionally volatile and challenging period for all in Sri Lanka. Your Group, however, faced these adversities with unwavering determination.

Despite the backdrop, the business managed to minimise the disruption to production through effective management and planning. Distribution also encountered challenges due to the acute fuel scarcity, but successfully navigated through these difficulties with minimal disruption. I would like to take this opportunity to express my gratitude and appreciation to our suppliers for their steadfast support during this trying period.

The scarcity of essential goods caused inflation to spiral, directly impacting consumer spending power. Commodity prices, freight rates, and fuel costs rose significantly during the year. Furthermore, we experienced an increase in import duty on malt by 15%, an increase in VAT

to the current rate of 15%, the introduction of a new Social Security Levy at 2.5% of turnover, a 20% increase in excise duties in January 2023, a rate increase from 14% to 30% in corporate income tax on export profits, and a sharp rise in personal income taxes. Consequently, multiple price increases had to be implemented throughout the year, resulting in volumes stagnating in the second half. However, towards the latter part of the financial year, the challenges began to ease with a reduction in inflation, improved availability of foreign currency, and a decrease in commodity prices and freight rates. Nevertheless, consumers' buying power remains constrained by higher-than-normal inflation and high taxation.

As for exports, while the Group has made encouraging progress in expanding its market reach, a fresh approach to structuring this business for further growth has been adopted. Sri Lanka needs to address the bureaucratic obstacles faced by exporters and support the diversification of its export portfolio. For an example, the export operation experiences substantial delays in excise duty refunds, leading to high interest costs for the Group in conducting international business. Additionally, complex regulations and administrative delays governing tax exemptions on raw materials for exports create hurdles for exporters, making it difficult to competitively price their products in the global arena.

Despite all these challenges, the Group achieved a profit after tax of Rs. 6.7 billion on a turnover of Rs. 96.9 billion. The Group paid a total of Rs. 71 billion in taxes to the government, reflecting a 48% increase compared to the previous year. In June 2022, an interim dividend of Rs. 29.75 per share was paid to the shareholders, and in Feb 2023, a second interim dividend of Rs. 23.00 per share was declared. Therefore, the total dividend paid for this financial year amount to Rs. 52.75 per share.

I would like to express my deep appreciation for the dedicated efforts and contributions of all employees, led by the management, in ensuring the continuity of our business operations during one of the most challenging periods in recent history. It must be acknowledged that, despite attending to their professional responsibilities, they also had to confront difficulties on the home front. I extend my gratitude to all employees, as well as their families, for their unwavering commitment and support.

A special thank you and note of appreciation goes to our business partners, Carlsberg, our bankers, consignment agents, and suppliers, for their unstinted support and assistance throughout.

In conclusion, I would like to express my appreciation and thanks to the Audit Committee, Remuneration Committee, Related Party Committee, and Nominations Committee, as well as my distinguished colleagues on the Board, for their invaluable advice and guidance in steering the Group. As always, I look forward to working closely with all to ensure the continued success of Ceylon Beverage Holdings.

(Sgd.)

D. A. Cabraal
Chairman

Colombo
June 20, 2023

CHIEF EXECUTIVE'S REVIEW

OPERATING ENVIRONMENT

Sri Lanka's economy took a nose dive in the financial period under consideration. Commencing November 2021 with dwindling foreign currency reserves, an impending crisis was beginning to unfold and rating agencies started downgrading the country's credit rating. Most forex flows to the country started using informal channels due to an imposed artificial exchange rate. This caused a situation where forex was outside the formal banking channels further impacting the contracting foreign exchange reserves. The ill thought-out policy on the move to organic fertiliser created havoc in the agricultural sector impacting livelihoods and crop output. All this combined, spilt into social and political unrest with the Country announcing its official position to default on its foreign debt obligations owing to unavailability of foreign reserves in April 2022. The free float of the US dollar a few weeks before the sovereign default led to a steep depreciation of the Sri Lankan Rupee, resulting in high inflation, foreign exchange shortages, scarcity of essential goods such as medicine and fuel, culminating in social unrest followed by political instability. Tourism which had witnessed an upward trend upto March 2022, experienced major disruption, as travel advisories issued around the world cautioned against travelling to Sri Lanka. The social unrest led to the resignation of the Executive President and a new President taking oaths, leading to the Government seeking the support of the IMF to bring in macro-economic stability.

In September 2022, Sri Lanka reached a staff-level agreement on an Extended Fund Facility (EFF) arrangement to obtain USD 2.9 Bn from the International Monetary Fund (IMF). The facility was finalised based on the Government's commitment to achieve macro-economic objectives over a long-term horizon. This move was seen as a turnaround point, as it signaled a path to recovery. During the second half, gradual easing of inflation was observed, albeit at a high base for most essentials and other goods and services. This was due to the availability of foreign exchange and gradual stabilisation in the availability of key materials.

TAXATION

From a Government stand point, as part of the economic recovery process, many policy actions and reforms were implemented with a view of increasing fiscal revenue and reaching sustainable debt levels which had an impact on cost base, resulting in price increases and an overall drop in disposable income of the population.

Import duties were increased across most categories, for example on malt a key ingredient for beer the duty increased by 15%. As a result, malted barley is now taxed at a total of 42.5% on landed cost. The impact of this cost increase was exacerbated when another import duty increase of 5% was announced in April 2023, taking the overall tax component to 47.5%, whilst certain other input material has also been impacted through this change. Apart from the above, an increase in VAT to the current rate of 15%, the introduction of a new Social Security Levy at 2.5% of turnover, a 20% increase in excise duties in January 2023, a rate increase from 14% to 30% in corporate income tax on export profits, and a sharp rise in personal income taxes were also implemented by the Government in its move to increase fiscal revenue across the year.

INDUSTRY & POLICY

The significant tax increases, together with the imposition of new taxes and the devaluation resulted in prices of fully tax paid alcoholic beverages increasing by 70-80%. This context benefited the illegal sector which is widely prevalent in Sri Lanka and estimated by WHO to be 37% of the total market and growing by 300% over the last ten years.

Another factor driving growth in the illicit category is restricted access. Sri Lanka has only 1,130 licensed retail liquor stores which, on average, implies an outlet serves an area greater than 57 sq KM. To put it in context, consumer goods companies sell in excess of 180,000 outlets. Retail liquor stores are not evenly placed across the country, leading to very limited access to legal

alcoholic beverages, especially in rural areas. In several parts of the country, one retail liquor store serves an area greater than 100sq KM. Some districts such as the Kilinochchi district have no licensed stores. This creates the incentive for illicit alcohol growth as legal products are simply not available.

In this backdrop an excise tax increase of 20% in January 2023 has resulted in an 8% drop during the period January to April in excise revenue to Government from alcoholic beverages. With another impending excise hike in this financial year of 20%, the prices of alcoholic beverages will go above the highest level of inflation the country has recorded. It would appear that taxation of alcoholic beverages has reached an inflection point where further increases are counterproductive. During the year, the Group contributed Rs 71 bn in total taxes to the Government of Sri Lanka. This represents a 48% year-on-year growth in tax revenues to Government despite the extreme challenges faced during the year.

With the prices of legal alcoholic products having now gone well above the threshold of consumer affordability, the Government must be mindful that using excise as a tool to generate revenue has become revenue regressive and will continue to impact long-term sustainability of this revenue stream. There is thought of pegging excise duty increases to inflation from January 2024, it should be noted that the industry must be engaged to work-out a sensible and effective method which will not damage the growth and Government revenue prospects whilst due consideration must be given that excise duties were increased by 40% in 2023.

The policy on continued granting of licenses to supermarkets and tourist board approved establishments for wine & beer is a step forward in the right direction of curtailing the illicit sector, increasing the tax net for Government and creating business opportunities for SMEs in the tourism

and hospitality business. This needs to be further liberalised to facilitate the industry requirements by bringing amendments to the outdated regulations.

It must be put on record the successful initiative by the Ministry of Finance and the Excise Department of Sri Lanka in introducing tax stamps to alcoholic beverages to curtail illicit products. We fully support the initiative. There is more the Government can do to strengthen the security features to protect against counterfeiting. Currently, the suite of security features is not fully enabled, thereby making it easier to counterfeit. We request the Government to enhance and enforce the security features. These are quick wins which will increase tax revenue by increasing the tax net rather than burdening the industry with further excise increases. The government should consider exempting tax stamps from exports as it is an added cost to the product which impacts competitiveness in international markets.

Processes related to License and Tax management needs to be digitalised to facilitate faster transactions and to improve efficiency and remove barriers for companies who operate strictly in compliance with the regulations. A case in point is the refund system for excise taxes on export sales. Even though excise taxes are not owed on exports, we are currently compelled to pay excise taxes and subsequently reclaim it. The reclaim process takes an inordinate amount of time resulting in a significant amount of tied up capital which would be better used to develop end markets, not to mention management time wasted in following up on reclaims. Despite repeatedly proposing alternative methods, which are risk free to the Excise Department but also beneficial to the industry, no progress has been made. As Lion Brewery is by far the largest exporter of alcoholic beverages, we are disproportionately impacted by this.

A balanced and practical approach is the only way forward. We urge the Government not to take a short-term, ad hoc approach to the industry and instead modernise the outdated regulatory regime.

CHIEF EXECUTIVE'S REVIEW

BUSINESS OPERATIONS

This year saw the Group relentlessly pursuing on driving category growth through innovation. The organisation is rapidly building the capability of co-existing two value chains, one which is built on scale and efficiency and the other being the ability to handle smaller more innovative product lines.

The push on portfolio expansion manifested itself in three new products being introduced to the market within the financial year under consideration. Carlsberg Smooth Draught was launched in August 2022 offering a smoother drinking experience to the discerning premium consumer, followed by Lion Ice a 4.2% abv light bodied beer which caters to our light beer consumer segment. In February 2023, we also launched the locally produced world renowned brand "Somersby" under license from Carlsberg at our brewery which enabled local consumers to enjoy this refreshing alcoholic beverage at a lower price in two flavours, Apple and Blackberry compared to when imported. Your favorite Lion brand was re-launched in March 2023 in a new exciting modern look with a complete transformation of market touchpoints to reflect the new avatar with the intention of driving future growth.

Lion Brewery's international business has showcased exceptional growth and resilience throughout the 2022/23 financial year, demonstrating its ability to adapt and overcome challenges. Despite facing obstacles such as increased cost of goods and high freight rates for a significant portion of the year, the Group managed to achieve a remarkable 16% increase in revenue in US Dollars and an 8% increase in volume compared to the previous year. This outstanding performance can be attributed to strategic initiatives and targeted expansions in key markets.

During the year, our Flagship brand "Lion" was awarded the 'Export Brand of the Year' at the recent SLIM Brand Excellence Awards 2022 which celebrates extraordinary success in creative and effective messaging and results by businesses

throughout the year. The awards are judged by senior marketers representing a cross-section of industries in Sri Lanka.

As an industry, exports is an area which can be developed to increase revenue and foreign currency earnings. There has been a tenfold increase in export revenue over the last decade. Investor friendly regulations, processes to obtain licenses needs to be introduced to facilitate the growth on exports.

From a supply chain point of view, during the first half of the year, our primary aim was to ensure uninterrupted production and distribution of products. Within this context, the Group had to face challenges on multiple fronts. Planning and tight management was key in successfully handling the various obstacles in areas of Material and utility purchases, supplier sourcing and management, stock warehousing and scheduling. The team's unwavering commitment and focus was successful in fulfilling the retail market on time and in full.

The Group continued to focus on its strategic objectives and steering digitalisation across key processes. The focus was to re-engineer key processes and drive SAP utilisation in the business. When we reach the optimal level, we will overlay data analytics in the drive towards proactive data driven decision making. A three-year digital road map was developed and approved during the year to ensure we are future ready and create the necessary alignment.

On the sustainability front, the Group continued to pursue its annual objectives and remained committed to its agenda throughout the year. We firmly believe in building our business for now and beyond with sustainability embedded into every area of business.

Luxury Brands (Private) Limited, is the largest importer of foreign spirits and wines into Sri Lanka. It is the sole distributor for a range of world renowned brands such as Johnnie Walker, Jack Daniels, etc, and has a wide portfolio which

dominates this segment. In the year under review the business faced challenges on multiple fronts. Global shortages and foreign exchange restrictions caused out of stock situations in the market whilst import duty increases, a 100% duty surcharge and the Sri Lankan rupee devaluation resulted in steep price hikes taking the brands out of reach of the local consumer resulting in a volume drop and an impact on the financials. We are still optimistic and expect better volumes in the next financial year.

Pubs 'N Places (Pvt) Ltd , operates a set of pubs across the island under the brand names of Machang and Chillax. The model is based on franchising where the company generates revenue through royalty. This year, we underwent a complete re-haul of the operation where there was a consolidation of outlets, operators and a single minded focus on the Machang brand.

The operations of the outlets faced multiple challenges amidst a very volatile environment. Nevertheless, with a focus to improve on the business front, the operational model was streamlined during the year. Right sizing the outlet base with business partner consolidation, Machan brand building and outlet development were some of the key initiatives carried out during the year.

OUR PEOPLE

I make special mention about the unwavering commitment and team spirit demonstrated by all employees, without which your Group would have not been able to deliver these outstanding results. During the year staff engagement was ramped up to ensure that all employees were engaged and supported right through these challenging times.

The Group introduced a standardised grade structure which will drive progression of individuals and remuneration pegged to a comparator basket of companies, the next step will be to introduce a strong set of processes to manage

high performance within the business which is part of embedding strong talent management culture within the business. There was no compromise in training & development of staff with 7,100 manhours of training & development of which 78% was external.

For our people we ensured that salary adjustments were made early to cover the inflationary pressures and cushion the increase in personal income tax, whilst also no reductions were made to remuneration and zero lay-offs. Our strong belief was to support our team during challenging times to ensure that the team spirit and energy remained at the highest level. We saw this manifestation in the Great Place of Work Survey results which had marked increases in the trust index.

FINANCIALS

Amidst this challenging and volatile backdrop, the Group achieved a turnover of Rs. 96.9 billion. Despite a steep increase in input cost stemming from the depreciation of the rupee, rising commodity prices, freight rates and rising interest rates, the Group recorded a profit after tax of Rs. 6.7 billion.

Our bottom line was impacted with the high interest cost and cashflow due to increased working capital needs. The Central Bank of Sri Lanka introduced 100% cash margin collateral for importation of Malt, Black Malt which meant cash had to be tied up without a corresponding interest income.

We also continue to offer shareholders a consistent and attractive dividend and in June 2022, an interim dividend of Rs. 29.75 per share was paid to the shareholders, and in Feb 2023, a second interim dividend of Rs. 23.00 per share was declared. Therefore, the total dividend paid for this financial year amounts to Rs. 52.75 per share.

CHIEF EXECUTIVE'S REVIEW

FUTURE OUTLOOK

The year 2023/24 will be another turbulent period, from a country perspective the path to recovery seems evident with much to be done to enforce policy reforms overlooked for many a year in the past. Estimated contraction of 3% of the national economy for the forthcoming year in the backdrop of a significantly inflated cost base, fiscal consolidation will continue to dampen consumer spending and create an uncertain horizon over the next few months. The impending 20% excise increase will further push up the prices of the legal alcohol sector and create a thriving illicit market. The IMF agreement requires a further increase in January 2024 which will result in a cumulative excise tax increase of over 50% since January 2023. With prices at unaffordable levels, we expect the decline in tax revenues to continue. The only silver lining is the growth in tourism and its positive impact on the economy.

Your Group will continue to invest competitively behind the Company's leading brands and invest in innovations. Smart cost management is a priority with a continued focus on improving efficiency in energy consumption and streamlining strategic procurement. The recent sharpening of the strategy and the changes to the organisational structure will certainly stand the business in very good stead.

My sincere thanks to all employees, banks, suppliers, agents, customers and consumers for their unstinting support and loyalty to ensure we grow from strength to strength. Special thanks to Carlsberg our partner for their understanding and continued support to grow the business of Ceylon Beverage Holdings PLC.

(Sgd.)

Rajiv Meewakkala

Chief Executive Officer

Colombo

20th June 2023

PROFILE OF DIRECTORS

AMAL CABRAAL

(Chairman)

Amal Cabraal is an accomplished business leader with over four decades of management experience in both local and international markets. He currently serves as the Chairman of Lion Brewery (Ceylon) PLC, Ceylon Beverage Holdings PLC, Sunshine Holdings PLC, Silvermill Investment Holdings, and CIC Feeds Group of Companies. In addition to his numerous leadership roles, he also serves as a Non-Executive Director of John Keells Holdings PLC and is a business advisor to several other companies.

Previously, Cabraal served as the Chairman and Chief Executive Officer of Unilever Sri Lanka, where he gained extensive knowledge and expertise in the consumer goods industry. He has also completed the stipulated maximum nine-year tenure as a Non-Executive Director of Hatton National Bank PLC, providing him with deep insights into the banking sector.

Cabraal is a member of the Board of the Ceylon Chamber of Commerce, and also serves on the Management Committee of the Mercantile Services Provident Society. As a marketer by profession and a Fellow of the Chartered Institute of Marketing-UK, he brings a wealth of marketing and branding expertise to his leadership roles. Cabraal holds an MBA from the University of Colombo, and is an executive education alumnus of INSEAD-France.

HARI SELVANATHAN

(Deputy Chairman)

Hari Selvanathan is the Chairman of Bukit Darah PLC and Deputy Chairman of Carson Cumberbatch PLC. He is the Deputy Chairman/Group Chief Executive Officer of Goodhope Asia Holdings Ltd., Singapore.

He is the President Commissioner of the palm oil related companies in Indonesia, Director of Sri Krishna Corporation (Private) Limited and the Chairman of Express Newspapers (Ceylon) Ltd.

He was the Past President of the National Chamber of Commerce and Past Vice Chairman of the International Chamber of Commerce (Sri Lanka).

He holds a Bachelor's Degree in Commerce.

MANO SELVANATHAN

Mano Selvanathan is the Chairman of Sri Krishna Corporation (Private) Limited and Selinsing PLC. He is a Director of most of the Companies in the Carson Cumberbatch Group in Sri Lanka, Indonesia, Malaysia & Singapore and is an active Member of its Executive Management Forums.

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

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

PROFILE OF DIRECTORS

In January 2011, he was awarded with the prestigious 'PRAVASI BHARATIYA SAMMAN AWARD' by the President of India. He also received the Presidential Honour of 'ORDER OF KNIGHT COMMANDER' in October 2013 awarded by the Government of Chile.

He holds a Bachelor's Degree in Commerce.

RAJIV MEEWAKKALA

(Director/CEO)

Rajiv's management experience spans across both private and public sector organisations, and his core expertise are in marketing and general management. His career commenced in the private sector, working for a multinational group for 19 years, post which, he lead three large state sector businesses in retail, construction and banking.

In the private sector, Rajiv was the Marketing Director of Ceylon Tobacco Company (fully owned subsidiary of British American Tobacco - BAT) where he managed a diverse brand portfolio. His responsibilities included building both global and local brands by strengthening brand values through targeted communication, innovation in product and packaging whilst being responsible for the trade marketing and sales function. He was a member of the South Asia Marketing Leadership team of BAT, and was also Head of Brand Marketing for BAT Cambodia & Laos.

Post BAT, Rajiv worked as a Brand Consultant with Interbrand, a global brand consultancy group. He also had a short work tenure in the Public Sector.

Rajiv holds a PHD (Management) from the University of Honalulu, MSc in International Marketing from the University of Strathclyde (Glasgow) and a Post Graduate Diploma in Marketing from the Chartered Institute of Marketing (UK).

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 five 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 continues to serve on advisory Boards of private sector initiatives in Sri Lanka and not for profit initiatives locally and at global level.

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.

STEFANO CLINI

Mr. Clini is the Managing Director of Carlsberg Brewery Malaysia Berhad. He is a Director on the Board of Carlsberg Marketing Sdn. Bhd. and Carlsberg Singapore Pte. Ltd., both are wholly owned subsidiaries of Carlsberg Brewery Malaysia Berhad. Mr Clini also serves on the Board of Maybev Pte. Ltd. (a 51% owned subsidiary of Carlsberg Singapore Pte. Ltd.), Lion Brewery (Ceylon) PLC and Ceylon Beverage Holdings PLC.

He is also a member of the Governing Council of the Confederation of Malaysian Brewers Berhad.

MRS. SUSAN EVANS

Director of Lion Brewery (Ceylon) PLC and Ceylon Beverage Holdings PLC. Counts over 35 years' experience in strategy and marketing, largely with multi-national consumer product companies, Gillette, GlaxoSmithKline and Whirlpool. Whilst based in the UK, she held an international strategic marketing position and managed a global nutritional drinks brand portfolio with a turnover of £330 million worldwide.

For the past 25 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.

SENIOR MANAGEMENT TEAM

1. Rajiv Meewakkala

Chief Executive Officer

2. Stefan Atton

Chief International Business Officer

3. Niranjan Perera

Chief People Officer

4. Steve Wijeyaratna

Vice President Operations - Luxury Brands (Private) Limited

5. Thusith Gunawarnasuriya

Chief Supply Chain Officer



6. Sashreeka Chandra Mohotti
Vice President - Pubs 'N Places (Private) Limited

7. Madhushanka Ranatunga
Chief Sales & Marketing Officer

8. Sampath Perumbuli
Chief Information Officer

9. Ranil Goonetilleke
Chief Financial Officer



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

The Board of Directors of Ceylon Beverage Holdings PLC (‘the Company’) 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 financial year ended 31st March 2023.

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

The Annual Report was approved by the Board of Directors on 20th June 2023.

GENERAL

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

PRINCIPAL ACTIVITY OF THE COMPANY

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

CHIEF EXECUTIVE’S REVIEW AND FUTURE DEVELOPMENTS

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Luxury Brands (Private) Limited, a fully owned subsidiary of the Company issued 40,000,000 ordinary shares at Rs.10/- per share amounting to Rs.400,000,000/- to the Company on 24th March 2023.

Further details of significant events during the year are contained in the Chief Executive’s Review on pages 04 to 08 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, and,
- ▶ reasonable and prudent judgments and estimates have been made.

The Directors are responsible for ensuring that the Company maintains sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company in order to ensure that its Financial Statements meet with the requirements of 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 Company and in this regard to give proper consideration to the establishment of appropriate systems of internal control with a view to prevent, detect and rectify frauds and other irregularities.

These Financial Statements have been prepared on a Going Concern basis, since the Directors are of the view that the Company has adequate resources to continue operations for the foreseeable future from the date of signing these Financial Statements. The Directors are also of the view that they have discharged their responsibilities as set out in this statement.

The Directors confirm that to the best of their knowledge,

- ▶▶ all taxes, duties and levies payable to the statutory bodies,
- ▶▶ 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 under Notes to the Financial Statements for the financial year ended 31st March 2023.

FINANCIAL STATEMENTS

The Financial Statements which include the Statement of Financial Position, Statement of Profit or Loss and other Comprehensive Income, 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 2023 are set out on pages 38 to 106 of this Report.

RESERVES

After the above mentioned appropriations, the total Group Reserves stand at Rs. 11,448.38Mn (2022 - Rs. 9,824.07Mn) comprising Capital Reserves of Rs. 1,103.36Mn (2022 - Rs. 1,103.36Mn) and Revenue Reserves of Rs. 10,345.02Mn (2022 - Rs. 8,720.71Mn). The movements are shown in the Statement of Changes in Equity and Notes 20 and 21 to the Financial Statements.

VALUE OF THE INVESTMENT PORTFOLIO

The Market Value/ Director's value of the Company's investment portfolio as at 31st March 2023 was Rs. 30,525.68Mn (2022 - Rs. 22,369.36Mn) as disclosed under Note 13 to the Financial Statements.

CAPITAL EXPENDITURE

The total expenditure on the purchase of capital assets by the Group during the year amounted to Rs. 4,303.74Mn (2022 - Rs. 2,100.34Mn). The movements in capital assets during the year are set out in Notes 9 and 11 to the Financial Statements.

MARKET VALUE OF FREEHOLD PROPERTIES

Freehold properties of the Group are stated in the books at their revalued amounts. The valuation has been carried out by an independent professional valuer, as further explained in Notes 9(c) and 10.3 to these Financial Statements.

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

STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief are satisfied that all statutory dues have been paid up to date or have been provided for in these Financial Statements except as disclosed in Note 38 to these Financial Statements.

OUTSTANDING LITIGATION

The outstanding litigations related to the Company are shown in Note 38 to these Financial Statements.

RISK MANAGEMENT/MATERIAL FORESEEABLE RISK FACTORS

The Company and the Group's activities were exposed to a variety of financial risk, market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk and those have been disclosed in Note 36 to these Financial Statements. The need for risk management has been identified and action plans to monitor and manage risks are incorporated into the business plans and are reviewed on a continuous basis.

MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS

There were no material issues relating to employees and industrial relations during the year ended 31st March 2023.

GOING CONCERN

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

INDEPENDENT AUDITORS' REPORT

The Independent Auditors' Report on the Financial Statements is given on pages 32 to 37 of this Report.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in Notes 1 to 8 in the notes to the Financial Statements on pages 46 to 64.

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 2023 is given in Note 37 to the Financial Statements, on page 103.

DIRECTORS' INTEREST IN CONTRACTS AND SHARES

The Related Party Transactions of the Company as required by the Sri Lanka Accounting Standard LKAS 24 Related Party Disclosures are disclosed in Note 37 to the Financial Statements and have been declared at Meetings of the Board of Directors.

The Directors have had no direct or indirect interest in any other contracts or proposed contracts in relation to the business of the Company, while they had the following interests in the ordinary shares of the Company as shown in the table below.

Directors	No. of shares as at	
	31st March 2023	31st March 2022
Mr. D. A. Cabraal (Chairman)	1,500	1,500
Mr. H. Selvanathan (Deputy Chairman)	690	690
Mr. M. Selvanathan (Director/ Alternate Director to Mr. H. Selvanathan)	690	690
Mr. D. C. R. Gunawardena	15	15
Mr. R. H. Meewakkala (Director/CEO)	-	-
Mr. S. Clini	-	-
Mrs. S. J. F. Evans	-	-

DIRECTORS

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

Directors to retire by rotation

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

Appointment of Directors who are over 70 years of age

Messrs. H. Selvanathan, M. Selvanathan - Executive Directors and Mr. D. C. R. Gunawardena - Non-Executive Director who were over 70 years of age were appointed as Directors of the Company in terms of Section 210 of the Companies Act, No.07 of 2007 at the AGM held on 03rd August 2022 for a period of one year commencing from the conclusion of the said AGM, i.e. till 02nd August 2023.

Upon the recommendation of the Nomination Committee of the Company and the Board, it is recommended that Messrs. H. Selvanathan,

M. Selvanathan and D. C. R. Gunawardena who are over 70 years of age be re-appointed as Directors 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 them.

AUDITORS

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

Details of Audit fee are set out in Note 31 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.

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

Auditors' relationship or any interest with the Company

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

Related Party Transactions Review Committee

The Parent Company of the Company is Carson Cumberbatch PLC (CCPLC). 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.

Related Party Transactions Review Committee Members	Executive/ Non-Executive/ Independent
Mr. W. M. R. S. Dias	Non-Executive/Independent Director of CCPLC
Mr. R. Theagarajah	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	Non-Executive Director of CCPLC

The Related Party Transactions Review Committee Report is given on pages 29 to 30 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 pertaining to Related Party Transactions, during the financial year.

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

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 2022, 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 37 on page 103 to 104 of the Financial Statements.

1. NON-RECURRENT RELATED PARTY TRANSACTIONS

Name of the Related Party	Relationship	Nature of the Transaction	Aggregate value of Related Party Transactions entered into during the financial year	Value of Related Party Transaction as a % of Equity and as a % of Total Assets	Terms and Conditions of the Related Party Transactions
Luxury Brands (Private) Limited	Subsidiary	Infusion of shareholders' equity	Rs.400,000,000/-	19.55% - Equity 15.12% - Total assets	Share Investment (40,000,000 ordinary shares at Rs. 10/- per share)

2. RECURRENT RELATED PARTY TRANSACTIONS

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

Name of the Related Party	Relationship	Nature of the Transaction	Aggregate value of Related Party Transactions entered into during the financial year	Aggregate value of Related Party Transactions as a % of Net Revenue/ Income	Terms and Conditions of the Related Party Transactions
Lion Brewery (Ceylon) PLC	Subsidiary	Royalty Income	Rs. 201,917,588/-	14%	As per the royalty agreement
Lion Brewery (Ceylon) PLC	Subsidiary	Dividend Income	Rs.1,289,492,610/-	86%	Declaration of dividends

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

Board of Directors

The following Directors held office during the period under review and their brief profiles are given on pages 09 to 11 of the Annual Report.

Directors	Executive/ Non-Executive / Independent
Mr. D. A. Cabraal (Chairman)	Non-Executive/ Independent *
Mr. H. Selvanathan (Deputy Chairman)	Executive
Mr. M. Selvanathan (Director/ Alternate Director to Mr. H. Selvanathan)	Executive
Mr. D. C. R. Gunawardena	Non-Executive
Mr. R. H. Meewakkala (Director/CEO)	Executive
Mr. S. Clini	Non-Executive
Mrs. S. J. F. Evans	Non-Executive/Independent **

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 06th June 2023, 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 Lion Brewery (Ceylon) PLC, in which a majority of the other Directors of the Board are also Directors and in spite of being on the Board for more than 9 years, since he is not directly involved in the management of the Company.

** The Board has determined that Mrs. S. J. F. Evans is an Independent/ Non-Executive Director in spite of being a Director of Lion Brewery (Ceylon) PLC, in which a majority of the other Directors of the Board are also Directors, since she is not directly involved in the management of the Company.

Directors' Meetings Attendance

As permitted by Article 83 (1)(b) of the Articles of Association of the Company, during the period under review, the Board of Directors had 03 virtual Board Meetings through Microsoft Teams and 01 physical Board Meeting and the attendance of the Directors were as follows;

Directors	Meetings Attended
Mr. D. A. Cabraal (Chairman)	4/4
Mr. H. Selvanathan (Deputy Chairman)	4/4
Mr. M. Selvanathan (Director/ Alternate Director to Mr. H. Selvanathan)	4/4
Mr. D. C. R. Gunawardena	4/4
Mr. R. H. Meewakkala (Director/CEO)	4/4
Mr. S. Clini	3/4
Mrs. S. J. F. Evans	4/4

Board Evaluation

Each Director individually appraises the Board's performance to ensure discharging its responsibilities satisfactorily. This process takes in to account and evaluates all aspects in relation to Board responsibilities.

Independent observations made by the Directors are collated and addressed by the Nomination Committee of the Company and recommended as relevant, to the Board of Directors for consideration.

Audit Committee

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

Audit Committee Members	Executive / Non-Executive/ Independent
Mr. A. S. Amaratunga	Non-Executive/Independent Director of CCPLC
Mr. D. C. R. Gunawardena	Non-Executive Director of CCPLC
Mr. Y.H. Ong	Non-Executive/Independent Director of CCPLC

The Audit Committee Report is given on page 27 to 28 of this Annual Report.

Remuneration Committee

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

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

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 Remuneration Committee has established a formal and transparent procedure for the development of a remuneration policy, which will be reviewed by the Committee when deemed necessary.

The remuneration policy has been formulated based on market and industry factors with appropriate incentives to encourage enhanced performance and also in a fair and responsible manner 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 Charter requires the Committee to meet at least twice a year. As allowed by the Remuneration Committee Charter, the Committee held 01 virtual meeting and 01 physical meeting during the period under review.

Remuneration Committee Members	Attended Meetings
Mr. T. de Zoysa (Chairman)	2/2
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 Non-Executive Directors of the Company is disclosed under Note 31 on page 89 of the Annual Report. Executive Directors are not compensated for their role on the Board.

Nomination Committee

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

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

Scope and Objective

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

Functions and Proceedings

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

Any Director of the Board and the Chief Executive Officer/ Director-in-Charge and other members of senior management may be invited to attend

Meetings of the Nomination Committee. The Committee may also invite appointed external consultants to aid the Committee in the discharge of its duties.

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

The Nomination Committee Charter requires the Committee to meet at least twice a year. The Committee held two (02) meetings during the period under review.

Nomination Committee Members	Meetings Attended
Mr. T. de Zoysa (Chairman)	2/2
Mr. D. C. R. Gunawardena	2/2
Mr. R. Theagarajah	2/2
Mr. W. M. R. S. Dias	2/2

DIVIDEND

1. First Interim Dividend of Rs.29/75 per ordinary share for the financial year ending 31st March 2023 was announced on 07th June 2022. Shareholders of the Company who had provided accurate bank account details were paid on 24th June 2022 and to the Shareholders who have not provided accurate bank account details or have not provided any bank account details, the dividend was paid on 07th July 2022.

2. Second Interim Dividend of Rs.23/- per ordinary share for the financial year ending 31st March 2023 was announced on 18th January 2023. Shareholders of the Company who had provided accurate bank account details were paid on 03rd February 2023 and to the Shareholders who have not provided accurate bank account details or have not provided any bank account details, the dividend was paid on 16th February 2023.

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

3. First Interim Dividend of Rs.28/84 per ordinary share for the financial year ending 31st March 2024 was announced on 13th June 2023. Shareholders of the Company who had provided accurate bank account details will be paid on 30th June 2023 and to the Shareholders who have not provided accurate bank account details or have not provided any bank account details, the dividend will be paid on 14th July 2023.

SOLVENCY TEST

At the time of approving the above distributions, the Directors were 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 said distributions.

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

CORPORATE DONATIONS

No donations were made by the Company and its Subsidiaries during the year (2022 - Nil).

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2023 was Rs.533,384,288/- consisting of 20,988,090 Ordinary shares.

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

EVENTS OCCURRING AFTER THE REPORTING DATE

There were no significant events after the reporting period, other than those disclosed in Note 39 of the notes to the Financial Statements.

SHARE INFORMATION

Information relating to share trading are given on pages 119 and 120 of this Report.

Name of Shareholders	31 March 2023		31 March 2022	
	No. of shares	%	No. of shares	%
1 CARSON CUMBERBATCH PLC A/C NO. 02	15,726,912	74.93	15,726,912	74.93
CARSON CUMBERBATCH PLC A/C NO. 01	144,423	0.69	144,423	0.69
2 GF CAPITAL GLOBAL LIMITED	2,096,858	9.99	2,096,858	9.99
3 CARLSBERG A/S	1,676,440	7.99	1,676,440	7.99
4 SERENDIP INVESTMENTS LIMITED	644,000	3.07	644,000	3.07
5 DEUTSCHE BANK AG SINGAPORE A/C 2 (DCS CLT ACC FOR DEUTSCHE BANK AG SINGAPORE - PMMWM CLIENT)	130,000	0.62	130,000	0.62
6 TRANZ DOMINION,L.L.C.	75,748	0.36	75,748	0.36
7 MRS. J.K.P. SINGH	31,485	0.15	31,485	0.15
8 GUINNESS MORISON INTERNATIONAL LIMITED	20,953	0.10	20,953	0.10
9 SAMPATH BANK PLC/MRS.PRIYANI DHARSHINI RATNAGOPAL	13,650	0.07	13,650	0.07
MRS. P.D. RATNAGOPAL	212	0.00	212	0.00
10 MISS A. RADHAKRISHNAN	12,239	0.06	12,239	0.06
11 MISS M.P. RADHAKRISHNAN	10,257	0.05	10,257	0.05
12 MR. N.J. GAMADIA	8,786	0.04	8,786	0.04
13 MR. R. MAHESWARAN	8,134	0.04	8,134	0.04
14 ADMIN OF A.C. ABDEEN (DECD)	7,725	0.04	7,725	0.04
15 MRS. M.C. ABEYSEKERA	7,622	0.04	7,622	0.04
16 MRS. C.S. THENABADU	7,370	0.04	7,370	0.04
17 MRS. M.L. PAIVA	6,006	0.03	-	-
18 MR. N.J.H.M. COORAY	6,000	0.03	6,000	0.03
19 EST.OF LATE S. MAHADEVA	5,660	0.03	5,660	0.03
20 MR. L.R.Y. WAIDYARATNE	5,489	0.03	-	-

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

ANNUAL REPORT

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

The Board of Directors have approved the Audited Financial Statements of the Company together with the Reviews and other Reports, which form part of the Annual Report on 20th June 2023.

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 112th Annual General Meeting of the Company will be held on Tuesday, 18th July 2023 at 10.00 a.m. at the Auditorium of The Institute of Chartered Accountants of Sri Lanka (Ground Floor), 30A, Malalasekara Mawatha, Colombo 07, Sri Lanka.

The Notice of the Annual General Meeting, setting out the business, which will be transacted thereat is on page 125 of the Annual Report.

Signed on behalf of the Board,

(Sgd.)

M. Selvanathan
Director

(Sgd.)

R. H. Meewakkala
CEO/Director

(Sgd.)

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

Colombo
20th June 2023

AUDIT COMMITTEE REPORT

The Parent Company of Ceylon Beverage Holdings PLC is Carson Cumberbatch PLC (CCPLC). As provided by the Colombo Stock Exchange Listing Rules, the Audit Committee of CCPLC functions as the Audit Committee of the Company.

The Members of the Audit Committee are as follows:

1. MR.A.S. AMARATUNGA (CHAIRMAN)

A Non-Executive, Independent Director of CCPLC, is also a Non-Executive, Independent Director of Hemas Holdings PLC, Chairman of Hemas Holdings PLC-Audit Committee, Member of MAS Holdings Audit Committee and a Commissioner of PT Agro Indomas, Indonesia, a subsidiary of CCPLC.

2. MR.D.C.R. GUNAWARDENA

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

3. MR.Y.H. ONG

A Non-Executive, Independent Director of CCPLC. He is also an Independent Non-Executive Director, Chairman of the Audit Committee and Member of the Nominating Committee of Singapore Power Ltd. and Capitaland Group Pte Ltd. He has served as an Independent Director of United Overseas Bank Ltd., Singapore. Mr.Ong had also served at Ernst & Young, Singapore for 30 years and was involved in audit and financial advisory work.

MEETINGS OF THE AUDIT COMMITTEE

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

As allowed by the CCPLC-Audit Committee Charter, CCPLC-Audit Committee held ten (10) virtual Meetings during the financial year to discuss matters relating to the Company.

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

Audit Committee Members	Meetings attended
Mr.A.S. Amaratunga (Chairman)	10/10
Mr.D.C.R. Gunawardena	10/10
Mr.Y.H. Ong	10/10

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

The Audit Committee met the External Auditors, Messrs. KPMG, twice during the year to discuss the audit plan, scope and outcomes from the review, including Key Audit Matters and to deliberate the draft Financial Report and Accounts at the completion stage of the audit. Committee also provides the opportunity to the External Auditors to provide matters of importance via a private audience.

Following the Audit Committee Meetings, the Chairman-Audit Committee issues a written update for circulation to the Board, as relevant, indicating the important matters discussed and decisions taken in respect of the Company. In addition, Minutes/extracts of the Minutes of Audit Committee Meetings are circulated to the Board of Directors.

PURPOSE OF THE AUDIT COMMITTEE

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.

AUDIT COMMITTEE REPORT

To ensure that the internal audit activity is well managed, so that it adds value to the organisation by being objective in providing relevant assurance, contributing to the effectiveness and efficiency of governance, risk management and control processes. Also, to select the Company's External Auditors and implement a direct reporting relationship with them and ensuring their independence.

FINANCIAL STATEMENTS

The interim Financial Statements of Ceylon Beverage Holdings PLC have been reviewed by the Audit Committee Members at Audit Committee Meetings, prior to approval by the Board of Directors and release of same to the Regulatory Authorities and to the shareholders.

Based on the audit reporting requirements, the Audit Committee discussed Audit Matters tabled by Messrs. KPMG for inclusion in the audit report.

The Financial Statements of Ceylon Beverage Holdings PLC for the year ended 31st March 2023 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 management 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.

INTERNAL AUDIT

The objectives of Group Internal Audit work is to have an independent review of the system of internal controls as established by the management, its adequacy and integrity vis-a-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 Audit Committee approved the audit plan for the financial year 2022/2023 and the Group Internal Audit carried out audits on the Beverage Sector companies based on the plan.

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

During the year Group Internal Audit conducted an analysis to benchmark its People, Processes and Systems with the standards of Institute of Internal Auditors (IIA). Based on the outcomes, a roadmap was established to improve its functions, activities and the role.

EXTERNAL AUDIT

The External Auditors' Letter of Engagement was reviewed and discussed by the Committee with them and management prior to the commencement of the audit, and the Committee followed up on the issues raised by the External Auditors.

The Members of the Audit Committee have determined that the independence of Messrs.KPMG, Chartered Accountants have not been impaired by any event or service that gives rise to a conflict of interest. The Committee also reviewed arrangements made by the Auditors to maintain their independence and confirmation has been received from the Auditors of their compliance with the guidance on independence given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

The Members of the Audit Committee have concluded to recommend to the Board of Directors the re-appointment of Messrs. KPMG, Chartered Accountants, as Auditors for the financial year ending 31st March 2024, subject to the approval of the shareholders of Ceylon Beverage Holdings PLC at the Annual General Meeting.

(Sgd.)

A.S. Amaratunga
Chairman – Audit Committee
Carson Cumberbatch PLC

20th June 2023

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Parent Company of Ceylon Beverage Holdings PLC is Carson Cumberbatch PLC (CCPLC). As provided by the Colombo Stock Exchange Listing Rules, the Related Party Transactions Review Committee (RPTRC) of CCPLC-the Parent Company functions as the RPTRC of the Company.

COMPOSITION OF THE COMMITTEE

The Members of the RPTRC are as follows :

RPTRC Members	Executive/ Non-Executive/ Independent
Mr. W. M. R. S. Dias (Chairman)	Non-Executive, Independent (CCPLC)
Mr.D.C.R. Gunawardena	Non-Executive (CCPLC)
Mr.H. Selvanathan	Executive (CCPLC)
Mr.M. Selvanathan	Executive (CCPLC)
Mr.S.K. Shah	Non-Executive (CCPLC)
Mr.R. Theagarajah	Non-Executive, Independent (CCPLC)

MEETINGS OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

CCPLC-RPTRC held One (01) Meeting in each calendar quarter and a total of Four (04) RPTRC Meetings were held during the financial year (02 virtual meetings and 02 physical meetings). In addition, the approval of the RPTRC Members were sought via 16 Circular Resolutions during the financial year.

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

RPTRC Members	Meetings attended
Mr.W.M.R.S. Dias (Chairman)	4/4
Mr.D.C.R. Gunawardena	4/4
Mr.H. Selvanathan	4/4
Mr.M. Selvanathan	3/4
Mr.S.K. Shah	4/4
Mr.R. Theagarajah	4/4

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 Carsons Group 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.

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

- ▶▶ 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 Carsons Group 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 Carsons Group RPT 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 the KMPs so designated, as relevant.

The Related Party Transactions of the Company for the period 1st April 2022 to 31st March 2023 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.)

W.M.R.S. Dias

Chairman – Related Party Transactions Review
Committee

Carson Cumberbatch PLC

Colombo
20th June 2023

FINANCIAL CALENDAR

Financial Year	31st March 2023
Announcement of Results	
1st Quarter	30th June 2022
Issued to Colombo Stock Exchange	12th August 2022
2nd Quarter	30th September 2022
Issued to Colombo Stock Exchange	14th November 2022
3rd Quarter	31st December 2022
Issued to Colombo Stock Exchange	14th February 2023
4th Quarter	31st March 2023
Issued to Colombo Stock Exchange	19th May 2023
Meetings	
111th Annual General Meeting	03rd August 2022
112th Annual General Meeting	18th July 2023

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 Ceylon Beverage Holdings PLC Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Ceylon Beverage Holdings PLC (the "Company") and the consolidated Financial Statements of the Company and its subsidiaries (the "Group"), which comprise the statement of financial position as at 31st March 2023, 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 38 to 106 of the Annual Report.

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 2023, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

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 global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

C.P. Jayatilake FCA	T.J.S. Rajakarier FCA	W.W.J.C. Perera FCA
Ms. S. Joseph FCA	Ms. S.M.B. Jayasekara FCA	W.K.D.C. Abeyrathne FCA
S.T.D.L. Perera FCA	G.A.U. Karunaratne FCA	R.M.D.B. Rajapakse FCA
Ms. B.K.D.T.N. Rodrigo FCA	R.H. Rajan FCA	M.N.M. Shameel FCA
Ms. C.T.K.N. Perera ACA	A.M.R.P. Alahakoon ACA	Ms. P.M.K. Sumanasekara FCA
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA,	Ms. E.R. Ziyad FCMA(UK), FTI	



Revenue Recognition	
Refer Note 4.1 for accounting policy and Note 29 for information.	
Risk Description	Our response
<p>The Company recorded revenue of Rs. 1.49 Bn for year ended 31 March 2023 and the Group recorded revenue of Rs. 97 Bn for the year ended 31 March 2023.</p> <p>Whilst revenue recognition and measurement is not complex for the Company, the subsidiary Lion Brewery Ceylon PLC 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 and respective accounting treatment. 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>Our audit procedures included:</p> <ul style="list-style-type: none"> ▶▶ Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management’s key internal controls in relation to revenue recognition, including the assessment of trade discount, duties and fees from sales transactions. ▶▶ Testing the operating effectiveness of key IT application controls over revenue, in addition to evaluating the integrity of the general IT control environment with the assistance of IT specialists. ▶▶ Obtaining an understanding and testing design, implementation and operating effectiveness of controls over journal entries and post-closing adjustments on a sample basis. ▶▶ Comparing revenue transactions recorded during the current year, on a sample basis, with invoices, sales contracts, underlying goods delivery and acceptance notes, where appropriate, to assess whether the related revenue was recognised in accordance with the Group’s revenue recognition accounting policies. ▶▶ Agreeing the monthly sales system reports to the general ledger to ensure that the revenue is accounted accurately and completely in the general ledger. ▶▶ On a sample basis, testing that sales have been recognised in the correct accounting period and evaluating whether there are any significant product returns after the year end.

INDEPENDENT AUDITOR'S REPORT



Impairment assessment of investments in subsidiaries	
Refer Note 2.5 for Use of Estimates and Judgments, Note 3.10 for accounting policy and Note 13 for information.	
Risk Description	Our response
<p>We identified the impairment assessment of investments in subsidiaries as a key audit matter due to the subjectivity in the assessment of the recoverable amounts which requires estimation and the use of assumptions.</p> <p>Further the assessment involves consideration of future events which are inherently uncertain prevailing uncertain and volatile macro-economic environment, and effect of those differences may significantly impact the resulting accounting estimates.</p> <p>Due to impairment conditions identified, the Company tested its investment in Pubs 'N Places (Pvt) Limited, Luxury Brands (Pvt) Limited using a discounted forecast cash flow model. and the related receivables for impairment.</p> <p>This model uses several key assumptions, including estimates of future sales, future expenses, terminal value and the cost of equity (discount rate).</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> ▶▶ Examining the indications of possible impairment of investments in subsidiary. ▶▶ Evaluating the appropriateness and consistency of underlying assumptions in determining forecasted cash flows, which includes future sales, expenses volume growth rates, terminal growth rates and the cost of equity (discount rate). ▶▶ On a sample basis, testing the accuracy and relevance of the input data to supporting evidence such as approved budgets and considering the reasonableness of these budgets to historical results and subsequent period actuals. ▶▶ Performing sensitivity analysis in consideration of the potential impact of reasonably possible downside changes in these key assumptions. ▶▶ Assessing the reasonability of the model and key assumptions, in light of future macroeconomic expectations in the markets including latest economic conditions pursuant to the Covid- 19 outbreak and the ongoing economic crisis within the country. ▶▶ Assessing the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgments.



Carrying value of Brands acquired

Refer Note 2.5 for Use of Estimates and Judgments, Note 3.8 for accounting policy and Note 11 for information.

Risk Description	Our response
<p>The subsidiary, Lion Brewery (Ceylon) PLC has recognised intangible assets relating to Brands acquired with a carrying value of Rs. 0.32 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.</p> <p>The recoverable amount of the CGU, which is based on the higher of the value in use or fair value less costs of disposal, has been derived from a discounted forecast cash flow model. This model uses several key assumptions, including estimates of future sales volumes, contribution growth rate, terminal value growth rates and the cost of equity (discount rate).</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> ▶▶ Evaluating the appropriateness of the impairment testing methodology 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 including the latest economic conditions pursuant to prevailing uncertain and volatile macro- economic environment within the country including our own assessment based on the knowledge of the Company and the industry. ▶▶ 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.

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.

INDEPENDENT AUDITOR'S REPORT



Responsibilities of Management and Those Charged with Governance for the 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 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

20 June 2023

STATEMENT OF FINANCIAL POSITION

As at 31st March	Notes	Company		Group	
		2023	2022	2023	2022
In Rs.'000s					
ASSETS					
Non-current assets					
Property, plant & equipment	9	-	-	22,996,451	20,574,458
Investment properties	10	810,200	647,100	810,200	647,100
Intangible assets	11	-	-	458,843	819,545
Right of use assets	12	-	-	209,947	207,281
Investments in subsidiaries	13	2,060,084	1,835,084	-	-
Deferred tax assets	24	-	-	26,378	1,548
Total non-current assets		2,870,284	2,482,184	24,501,819	22,249,932
Current assets					
Inventories	14	-	-	7,451,345	4,537,111
Trade & other receivables	15	7,614	570	5,530,902	2,406,133
Amounts due from related companies	16	175,000	134,091	-	-
Current taxation	17	-	-	639	-
Cash and cash equivalents	18	20,368	28,375	11,348,046	13,114,311
Total current assets		202,982	163,036	24,330,932	20,057,555
Total assets		3,073,266	2,645,220	48,832,751	42,307,487
EQUITY AND LIABILITIES					
Equity					
Stated capital	19	533,384	533,384	533,384	533,384
Capital reserves	20	19,924	19,924	1,103,358	1,103,358
Revenue reserves	21	1,352,682	1,492,565	10,345,024	8,720,708
Equity attributable to equity holders of the company		1,905,990	2,045,873	11,981,766	10,357,450
Non controlling interest	13.4	-	-	11,090,491	9,515,171
Total equity		1,905,990	2,045,873	23,072,257	19,872,621

As at 31st March	Notes	Company		Group	
		2023	2022	2023	2022
In Rs.'000s					
Non current liabilities					
Loans and borrowings	22	-	-	1,924,442	2,300,311
Lease liabilities	12	-	-	216,501	196,109
Employee benefits	23	-	-	257,730	182,996
Deferred tax liabilities	24	143,682	31,584	5,687,986	5,260,140
Total non- current liabilities		143,682	31,584	8,086,659	7,939,556
Current liabilities					
Trade and other payables	25	27,968	20,524	4,829,899	3,492,710
Amounts due to related companies	26	372,791	337,741	76,041	155,757
Refundable deposits	27	-	-	2,742,490	2,301,181
Current tax liabilities	28	75,051	37,891	2,855,295	3,163,706
Loans and borrowings	22	400,000	-	5,080,158	3,347,696
Lease liabilities	12	-	-	45,054	57,499
Bank overdraft	18	147,784	171,607	2,044,898	1,976,761
Total current liabilities		1,023,594	567,763	17,673,835	14,495,310
Total liabilities		1,167,276	599,347	25,760,494	22,434,866
Total equity and liabilities		3,073,266	2,645,220	48,832,751	42,307,487
Net assets per ordinary share (Rs.)		90.81	97.48	570.89	493.49

The notes to the Financial Statements from pages 46 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.)

D.R.P. Goonetilleke

Head of Finance

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

Approved and signed on behalf of the Managers

Approved and signed on behalf of the Board

(Sgd.)

V. R. Wijesinghe

Director

(Sgd.)

M.Selvanathan

Director

(Sgd.)

R.H.Meewakkala

Director

Carsons Management Services (Private) Limited

20th June 2023

Colombo

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March	Notes	Company		Group	
		2023	2022	2023	2022
In Rs.'000s					
Revenue	29	1,491,410	935,862	96,938,522	60,211,220
Cost of sales		-	-	(73,755,671)	(47,109,574)
Gross profit		1,491,410	935,862	23,182,851	13,101,646
Other income	30	-	-	304,414	193,922
Net gains arising from changes in fair value of investment properties	10	163,100	160,230	163,100	160,230
		1,654,510	1,096,092	23,650,365	13,455,798
Distribution expenses		-	-	(6,017,299)	(4,044,905)
Administrative expenses		(34,363)	(27,561)	(3,099,889)	(2,366,434)
Other expenses		-	-	(715,125)	(868,581)
Impairment of intercompany receivable		(44,403)	-	-	-
Impairment of investments in subsidiaries	13	(175,000)	(83,989)	-	-
Impairment of intangible assets	11	-	-	(353,229)	(463,578)
Profit before finance cost		1,400,744	984,542	13,464,823	5,712,300
Finance income	32	39,833	8,220	1,411,521	627,596
Finance costs	32	(97,124)	(34,554)	(3,615,441)	(454,720)
Net finance income/(costs)		(57,291)	(26,334)	(2,203,920)	172,876
Profit before taxation		1,343,453	958,208	11,260,903	5,885,176
Income tax expenses	33	(228,781)	(144,561)	(4,091,422)	(2,375,031)
Deferred taxation	33	(112,098)	(16,023)	(423,377)	311,653
Profit after taxation		1,002,574	797,624	6,746,104	3,821,798

For the year ended 31st March In Rs.'000s	Notes	Company		Group	
		2023	2022	2023	2022
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Re-measurement of employee benefit obligation	23	-	-	(50,899)	45,763
Deferred tax adjustment on employee benefit obligation	33	-	-	20,360	(18,305)
Change in revaluation of property plant and equipment	9	-	-	-	1,172,713
Deferred tax adjustment on land and buildings	33	-	-	-	(469,085)
Total other comprehensive income for the year net of tax		-	-	(30,539)	731,086
Total comprehensive income for the year		1,002,574	797,624	6,715,565	4,552,884
Profit attributable to					
- Equity holders of the company		1,002,574	797,624	3,407,614	2,070,278
- Non controlling interest		-	-	3,338,490	1,751,520
Profit available for appropriation		1,002,574	797,624	6,746,104	3,821,798
Total comprehensive income attributable to					
- Equity holders of the company		1,002,574	797,624	3,391,657	2,452,270
- Non controlling interest		-	-	3,323,908	2,100,614
Profit available for appropriation		1,002,574	797,624	6,715,565	4,552,884
Earnings per Ordinary Share (Rs.)	34	47.77	38.00	162.36	98.64

The notes to the Financial Statements from Pages 46 to 106 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent					Non-controlling interest	Total equity
	Stated capital	Revaluation reserve	General capital reserve	Revenue reserves fair value	Revenue retained earnings		
In Rs.:000s							
COMPANY							
Balance as at 1st April 2021	533,384	14,148	5,776	457,020	892,217	1,902,545	1,902,545
Transfers	-	(14,148)	14,148	-	-	-	-
Total comprehensive income	-	-	-	144,207	653,417	797,624	797,624
Profit for the period	-	-	-	144,207	653,417	797,624	797,624
Total comprehensive income for the period	-	-	-	144,207	653,417	797,624	797,624
Transactions with owners, recorded directly in equity contribution by and distribution to owners							
Forfeiture of unclaimed dividends	-	-	-	-	1,162	1,162	1,162
Dividends	-	-	-	-	(655,458)	(655,458)	(655,458)
Balance as at 31st March 2022	533,384	-	19,924	601,227	891,338	2,045,873	2,045,873
Balance as at 1st April 2022							
Balance as at 1st April 2022	533,384	-	19,924	601,227	891,338	2,045,873	2,045,873
Surcharge tax (Note 33.4)	-	-	-	-	(35,754)	(35,754)	(35,754)
Adjusted Balance as at 1st April 2022	533,384	-	19,924	601,227	855,584	2,010,119	2,010,119
Total comprehensive income	-	-	-	51,002	951,572	1,002,574	1,002,574
Profit for the period	-	-	-	51,002	951,572	1,002,574	1,002,574
Total comprehensive income for the period	-	-	-	51,002	951,572	1,002,574	1,002,574
Transactions with owners, recorded directly in equity contribution by and distribution to owners							
Forfeiture of unclaimed dividends	-	-	-	-	419	419	419
Dividends	-	-	-	-	(1,107,122)	(1,107,122)	(1,107,122)
Balance as at 31st March 2023	533,384	-	19,924	652,229	700,453	1,905,990	1,905,990

The notes to the Financial Statements from pages 46 to 106 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

	Attributable to equity holders of the parent						Non-controlling interest	Total equity
	Stated capital	Revaluation reserve	General capital reserve	Revenue reserves fair value	Revenue reserves retained earnings	Total		
GROUP								
Balance as at 1st April 2021	533,384	729,936 (14,148)	5,776 14,148	457,020	6,833,120	8,559,236	8,104,994	16,664,230
Transfers	-	-	-	-	-	-	-	-
Total comprehensive income								
Profit for the period	-	-	-	144,207	1,926,071	2,070,278	1,751,520	3,821,798
Other comprehensive income for the period	-	367,646	-	-	14,346	381,992	349,094	731,086
Total comprehensive income for the period	-	367,646	-	144,207	1,940,417	2,452,270	2,100,614	4,552,884
Transactions with owners, recorded directly in equity contribution by and distribution to owners								
Forfeiture of unclaimed dividends	-	-	-	-	1,402	1,402	219	1,621
Dividends	-	-	-	-	(655,458)	(655,458)	(690,656)	(1,346,114)
Balance as at 31st March 2022	533,384	1,083,434	19,924	601,227	8,119,481	10,357,450	9,515,171	19,872,621
Balance as at 1st April 2022	533,384	1,083,434	19,924	601,227	8,119,481	10,357,450	9,515,171	19,872,621
Surcharge tax (Note 33.4)	-	-	-	-	(660,638)	(660,638)	(570,118)	(1,230,756)
Adjusted Balance as at 1st April 2022	533,384	1,083,434	19,924	601,227	7,458,843	9,696,812	8,945,053	18,641,865
Total comprehensive income								
Profit for the period	-	-	-	51,002	3,356,612	3,407,614	3,338,490	6,746,104
Other comprehensive loss for the period	-	-	-	-	(15,957)	(15,957)	(14,582)	(30,539)
Total comprehensive income for the period	-	-	-	51,002	3,340,655	3,391,657	3,323,908	6,715,565
Transactions with owners, recorded directly in equity contribution by and distribution to owners								
Forfeiture of unclaimed dividends	-	-	-	-	419	419	-	419
Dividends	-	-	-	-	(1,107,122)	(1,107,122)	(1,178,470)	(2,285,592)
Balance as at 31st March 2023	533,384	1,083,434	19,924	652,229	9,692,795	11,981,766	11,090,491	23,072,257

The notes to the Financial Statements from Pages 46 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	
		2023	2022	2023	2022
Cash flows from operating activities					
Profit before taxation		1,343,453	958,208	11,260,903	5,885,176
Adjustments for:					
Finance costs	32	97,124	34,554	3,606,900	1,062,092
Depreciation on right of use assets	12.1	-	-	65,766	70,156
Gain on de-recognition of right of use assets		-	-	(1,839)	(714)
Depreciation on property, plant & equipment	9	-	-	1,796,689	1,532,988
Amortisation of intangible assets	11	-	-	12,101	12,360
Net Inventory provisions/(reversal)	14.1	-	-	49,011	(10,317)
Provision for employee benefit obligations	23	-	-	41,659	14,847
Impairment of property plant & equipment	9	-	-	38,460	-
Impairment of Intangible assets	11	-	-	353,229	463,578
Impairment of doubtful debtors	15.1	-	-	9,930	(162)
Impairment provision for receivable from intercompany	16.1	44,403	-	-	-
Impairment of Investments	13	175,000	83,989	-	-
Finance income	32	(39,833)	(8,220)	(1,411,521)	(627,596)
Net gain arising from changes in fair value of investment properties	10	(163,100)	(160,230)	(163,100)	(160,230)
Loss on disposal of property, plant & equipment		-	-	36,372	13,896
Loss on disposal of intangible asset		-	-	5,600	1,626
ESC write off		-	-	-	5,804
Lease interest expense	12.1	-	-	43,670	36,773
Unrealised foreign exchange gain		-	-	(459,624)	(630,047)
Operating cash flow before working capital changes		1,457,047	908,301	15,284,206	7,670,230
Increase in inventories	14	-	-	(2,963,245)	(805,732)
(Increase)/decrease in trade & other receivables		(7,043)	54	(3,201,632)	(629,294)
(Increase)/decrease in amounts due from related companies	16	(45,479)	(5,996)	-	-
Increase/(decrease) in amounts due to related companies	26	(27,887)	(59,852)	(79,716)	32,929
Increase/(decrease) tax payables	28	1,405	-	(363,065)	525,126
Increase/(decrease) in trade & other payables	25	1,087	293	1,478,820	1,379,096
Cash generated from operations		1,379,130	842,800	10,155,368	8,172,355

For the year ended 31st March In Rs.'000s	Notes	Company		Group	
		2023	2022	2023	2022
Finance expenses paid		(34,187)	(15,112)	(3,462,910)	(1,004,672)
Tax paid		(193,026)	(134,754)	(4,037,060)	(2,148,065)
Surcharge tax paid		(35,754)	-	(1,230,756)	-
Retirement benefits paid	23	-	-	(17,824)	(29,259)
Net cash generated from operating activities		1,116,163	692,934	1,406,818	4,990,359
Cash Flows from Investing Activities					
Purchase and construction of property, plant & equipment	9	-	-	(4,295,928)	(2,092,880)
Purchase of intangible assets	11	-	-	(7,815)	(7,457)
Proceeds from sale of property, plant & equipment		-	-	-	14,005
Agent deposits received	27	-	-	441,309	400,788
Interest received		-	-	1,411,521	627,596
Investment in subsidiaries	13	(400,000)	-	-	-
Net cash used in investing activities		(400,000)	-	(2,450,913)	(1,057,948)
Cash Flows from Financing Activities					
Proceeds from loans & borrowings	22.1	400,000	-	2,400,000	2,000,000
Repayment of loans & borrowings	22.1	-	(25,000)	(1,187,400)	(1,784,300)
Repayment Lease rental	12.1	-	-	(102,316)	(96,060)
Forfeiture of unclaimed dividends		419	1,162	419	1,621
Dividends paid net of tax		(1,100,766)	(648,339)	(2,278,002)	(1,337,740)
Net cash generated from/(used in) financing activities		(700,347)	(672,177)	(1,167,299)	(1,216,479)
Net increase/(decrease) in cash & cash equivalents		15,816	20,757	(2,211,394)	2,715,932
Cash & cash equivalents at the beginning of the year		(143,232)	(163,989)	11,137,550	7,686,214
Effect of exchange rate changes on cash and cash equivalents		-	-	376,992	735,404
Cash & cash equivalents at the end of the year	18	(127,416)	(143,232)	9,303,148	11,137,550
Analysis of cash and cash equivalents					
Cash and cash equivalents	18	20,368	28,375	11,348,046	13,114,311
Bank overdraft	18	(147,784)	(171,607)	(2,044,898)	(1,976,761)
		(127,416)	(143,232)	9,303,148	11,137,550

The notes to the Financial Statements from pages 46 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

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

The Consolidated Financial Statements for the year ended 31st March 2023 comprises of the Company and its subsidiaries (together referred to as the "Group" and individually Group entities).

As per the resolution made by the directors of Lion Brewery (Ceylon) PLC (LBCPLC), Pearl Springs (Private) Limited (PSPL) has been amalgamated with LBCPLC with effect from 31st January 2023.

The subsidiaries of the Company are set out below.

Subsidiary	Controlling interest	Note
Lion Brewery (Ceylon) PLC	52.25%	
Lion Beer (Ceylon) Pte Ltd, SG.	52.25%	Wholly owned subsidiary of LBCPLC
Pubs 'N Places (Private) Limited	99.9%	
Retail Spaces (Private) Limited	100%	
Luxury Brands (Private) Limited	100%	
Millers Brewery Limited	52.25%	Wholly owned subsidiary of LBCPLC

On the 13th of March 2023 LBCPLC incorporated a new company "Lion Beer (Ceylon) Pte Ltd", in Singapore. LBCPLC holds 100% shareholding through the single share issued by this entity at a share price of SGD 1 as at 31st March 2023.

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

The Group had 348 (2022 – 285) employees at the end of the financial year. The Company had no employees as at the reporting date (2022 – Nil).

2 BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of Ceylon Beverage Holdings PLC, and its subsidiaries (Group) comprise the Statements of Financial Position, 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.

Further the tax liability arising from the Surcharge Tax Act No. 14 of 2022 has been accounted as recommended by Statement of Alternative Treatment (SoAT) issued by The Institute of Chartered Accountants of Sri Lanka and is disclosed under note 33.4 on Income Taxes.

The Financial Statements were authorised for issue by the Board of Directors on 20th June 2023.

2.2 Basis of Measurement

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

- ▶ Land and Building - Fair Value
- ▶ Investment Properties - Fair Value
- ▶ Employee defined benefit - Actuarially valued and obligation recognised at present value of the defined benefit obligation.

2.3 Going Concern

In preparing the Financial Statements for the year ended 31 March 2023, the management has assessed the possible effects of the prevailing macroeconomic conditions, on the businesses of the Company and its subsidiaries, to determine their ability to continue as a going concern.

Based on currently available information, the management is satisfied that having taken into consideration factors that could impact the revenue, supply chain, cash flows, accessibility to funds & costs, the Company and its subsidiaries would continue as a going concern. Consequent to giving due consideration to the presentations by management, the Directors are satisfied that the Company & its subsidiaries have adequate resources to continue as a going concern for the foreseeable future.

The Company had positive net assets, 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 Lankan Rupees has been rounded to the nearest thousand rupees.

2.5 Use of Estimates and Judgments

The preparation of Financial Statements in conformity with LKASs/SLFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual results may differ from these judgments and estimates.

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

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

- ▶ Note 09 – Revaluation of land & building
- ▶ Note 11 – Impairment test on Intangible Assets
- ▶ Note 15 – Provision for impairment of debtors
- ▶ Note 23 – Employee benefit obligations
- ▶ Note 24 – Net deferred tax liabilities
- ▶ Note 38 – Commitments and 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Changes in Significant Accounting Policies

The Group has consistently applied the following accounting policies to all periods presented in these Financial Statements

3.2 Basis of Consolidation

(i) Business Combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

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

The Group measures goodwill at the acquisition date as:

- ▶▶ the fair value of the consideration transferred; plus
- ▶▶ the recognised amount of any non-controlling interests in the acquiree; plus
- ▶▶ if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- ▶▶ the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

(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 Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

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	Principal activities
Lion Brewery (Ceylon) PLC	52.25%	Beverage
Lion Beer (Ceylon) Pte Ltd, SG.	52.25%	Beverage
Pubs 'N Places (Private) Limited	99.9%	Beverage
Retail Spaces (Private) Limited	100%	Beverage
Luxury Brands (Private) Limited	100%	Beverage
Pearl Springs (Private) Limited (Amalgamated with LBCPLC w.e.f. 31st January 2023)	52.25%	Investment holding
Millers Brewery Limited	52.25%	Beverage

Pearl Springs (Private) Limited amalgamated with LBCPLC with effect from 31 January 2023.

The accounting policies of Subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

In the Company's Financial Statements, investments in subsidiaries are carried at cost less impairment if any. The carrying amount of the investment at the date that such entity ceases to be a Subsidiary would be regarded at the cost of initial measurement of a financial asset.

(III) Loss of Control

When the Group loses control over a subsidiary, it de-recognises 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

(V) Financial Period

The Group Financial Statements are prepared to a common financial year ended 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.

3.2.1 Merger accounting for common control combination

The Group adopted the Statement of Recommended Practice (SoRP) for Merger Accounting for Common Control Combinations approved by the Council of the Institute of Chartered Accountants of Sri Lanka on 19th December 2012, applicable for annual periods beginning on or after 01st April 2012. The SoRP is applicable for Consolidated Financial Statements. Due to the absence of clear guidance of accounting for amalgamation in the separate Financial Statements, the Group adopted the SoRP for Merger Accounting for Common Control Combinations, in preparing the separate Financial Statements of Lion Brewery (Ceylon) PLC.

3.2.2 Consolidated Financial Statements/ separate Financial Statements

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. The assets and liabilities of the

acquired entity or business should be recorded at the book values as stated in the Financial Statements of the controlling party. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party or parties interests; and Comparative amounts in the Financial Statements are presented using the principles as set out above as if the entities or businesses had been combined at the previous balance sheet date unless the combining entities or businesses first came under common control at a later date.

The Consolidated Income Statement includes the results of each of the combining entities or businesses from the earliest date presented (i.e. including the comparative period) or since the date when the combining entities or businesses first came under the control of the controlling party or parties, where this is a shorter period, regardless of the date of the common control combination. The Consolidated Income Statement also takes into account the profit or loss attributable to the minority interest recorded in the Consolidated Financial Statements of the controlling party. Expenditure incurred in relation to a common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred. Consolidation is performed in accordance with LKAS 27. The principal consolidation entries are as follows: (a) the effects of all transactions between the combining entities or businesses, whether occurring before or after the common control combination, are eliminated; and (b) since the combined entity will present one set of Consolidated Financial Statements, a uniform set of accounting policies is adopted which may result in adjustments to the assets, liabilities and equity of the combining entities or businesses.

3.2.3 Effects of amalgamation-consolidated Financial Statements

The amalgamation of Pearl Springs (Pvt) Ltd with Lion Brewery (Ceylon) PLC was recognised as a common control combination in accordance with the Statement of Recommended Practice (SORP) on Merger Accounting Common Control Business Combination issued by the Institute of Chartered Accountants of Sri Lanka. Accordingly, there is no impact in the consolidated Financial Statements of the Group since Pearl Springs (Pvt) Ltd was consolidated to Lion Brewery Holding PLC as at 31st March 2022 as a fully owned subsidiary.

3.3 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 and 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.

3.4 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.

3.4.1 Financial assets

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.

NOTES TO THE FINANCIAL STATEMENTS

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 and 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.

The Group does not have any financial assets classified and measured at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI).

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 Group'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;
- ▶▶ 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 de-recognition 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.

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 de-recognition is recognised in profit or loss.
------------------------------------	---

The Group enters 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 de-recognised.

3.4.2 Financial liabilities Classification, subsequent measurement and gain and losses

Financial liabilities were classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held – for – trading, it is a derivative or it is 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 de-recognition is recognised in profit or loss.

3.4.3 De-recognition

Financial assets

The Group de-recognises 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.

Financial liabilities

The Group de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also de-recognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On de-recognition 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.

3.4.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has 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.

3.4.5 Impairment

Financial instruments and contract assets

The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

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.

Credit-impaired financial assets

The Group considers a financial asset to be in default when:

The debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to further actions of recovery.

At each reporting date, the Group assesses whether financial assets carried at amortised cost 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;
- ▶▶ a breach of contract such as a default;
- ▶▶ it is probable that the debtor will enter bankruptcy or other financial reorganisation

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 the profit or loss.

3.4.6 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.

3.4.7 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset 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. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.5 Property, plant and equipment

Recognition and Measurement

Property, plant and 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 and 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

An item of Property, Plant and Equipment that qualifies for recognition as an asset is initially measured at its cost.

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.

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

(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 and 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 de-recognised. 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 Group 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 reverses a revaluation decrease of the same asset previously recognised in Profit or Loss in which case the increase is recognised in the Profit or Loss.

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

NOTES TO THE FINANCIAL STATEMENTS

(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.

	Ceylon Beverage Holdings Years	Lion Brewery (Ceylon) PLC Years	Pubs 'N Places (Private) Limited Years	Luxury Brands (Private) Limited Years	Retail Spaces (Private) Limited Years	Millers Brewery Limited Years
Freehold buildings	-	2-50	9-50	-	-	40
Plant and machinery	-	3-22	-	-	-	20
Furniture and fittings	-	5-10	5	-	5	5
Office equipment	5-10	3-10	5	-	5	5
Computer equipment	-	2-5	3	3	3	3
Returnable containers	-	5	-	-	-	-
Motor vehicles	-	4-5	-	-	-	5
Laboratory equipment	-	4-5	-	-	-	-

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date the asset is de-recognised.

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.

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.

(VII) Refundable deposits and 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

(VIII) Capital work-in-progress

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

(IX) Impairment of property, plant and equipment

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognised in the Profit or Loss unless it reverses a previous revaluation surplus for the same asset.

(x) De-recognition

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

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

3.6 Investment properties

Investment property is property held either to earn rental income or capital appreciation or for both, but not for sale on the ordinary course of business, use in production or supply of goods and services or for administrative purposes. Investment

properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day- today servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions as at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in Profit or Loss.

Investment properties are de-recognised when either they have been disposed of or when the Investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in Profit or Loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by commencement/ end of owner occupation, commencement of development with a view to sale, commencement of an operating lease to another party or completion of construction or development.

For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Company as an owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in Profit or Loss.

NOTES TO THE FINANCIAL STATEMENTS

When the Company completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the Profit or Loss.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

3.7 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assess whether:

The contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has substantive substitution right, then the asset is not identified;

The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and

The Group has the right to direct the use of the asset. The Group has the right when it has the decision making rights that are most relevant to changing how and for what purpose the asset is used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for leases of land and buildings in which it is a lease, the Group has

electd not to separate non lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low-value Assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- ▶ fixed payments, including in-substance fixed payments;
- ▶ the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in assessment of whether the Group will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'Right of Use Asset' and lease liabilities in 'Lease Liability' in the statement of financial position.

The estimated useful life is as follows;

	Ceylon Beverage Holdings Years	Lion Brewery (Ceylon) PLC Years	Luxury Brands (Private) Limited Years	Pubs 'N Places (Private) Limited Years	Retail Spaces (Private) Limited Years
Computer software	5	5	5	5	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.

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

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.

Intangible assets with finite lives are amortised based on the cost of an asset less its residual value and recognised in the profit or loss on a straight line basis over the estimated useful lives of the intangible assets from the date that they are available for use. Amortisation methods useful lives and residual values are reviewed at each financial year.

NOTES TO THE FINANCIAL STATEMENTS

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

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

3.9 Inventories

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

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

Accordingly, the costs of inventories are accounted as follows:

Category	Basis
Raw and packing materials	Cost of purchase together with any incidental expenses. The cost of the inventories is based on the weighted average principle.
Work-in-progress	Raw material cost and a proportion of manufacturing expenses.
Finished goods	Raw material cost and manufacturing expenses in full.
Maintenance stock	On a weighted average basis.

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

3.10 Investments

Long term investments and investments in subsidiaries of the Group are classified as Non-Current Investments, which are stated in the

statement of Financial Position of the Company at cost less accumulated impairment losses, if any.

3.11 Cash and cash equivalents

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

3.12 Liabilities and Provisions

3.12.1 Liabilities

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

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

3.12.2 Refundable deposits

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

3.12.3 Provisions

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

3.13 Employee Benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment plan under which an entity pays a fixed contribution into a separate entity during the period of employment and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are

recognised as an expense in the Profit or Loss in the period during which related services are rendered by employees.

Employees' provident fund

The companies of the Group and Employees' contribute 12% & 10% respectively on the salary of each employee respectively. The said provident fund is being managed by the Central Bank of Sri Lanka.

The contribution of the Employee Provident Fund is recognised as an expense in the Profit or Loss as incurred.

Employees' trust fund

The companies of the Group contributes 3% of the salary of each employee to the Employees' Trust Fund.

The contribution of the Employee Trust Fund is recognised as an expense in the Profit or Loss as incurred.

(ii) Defined benefit plans

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

The calculation is performed annually by a qualified actuary using the Projected Unit Credit method (PUC). The 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.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on

curtailment is recognised immediately in profit or loss. The Company recognises gain or losses on the settlement of a defined plan when the settlement occurs

3.14 Capital commitments & contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured. Capital commitment and contingent liabilities of the Group are disclosed in the respective notes to the Financial Statements.

3.15 Events subsequent to the reporting period

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

4 STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

4.1 Revenue recognition

Revenue 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 net of discounts and sales taxes.

Royalty

Royalty Income arising from the use of the Company's brands is recognised in the statement of profit or loss based on volume sold.

NOTES TO THE FINANCIAL STATEMENTS

Dividend

Dividend income is recognised in statement of profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Interest

Interest income is recognised on an accrual basis.

Others

Other income is recognised on an accrual basis. Net gains / losses of a revenue nature arising from the disposal of Property, Plant and Equipment and other Non-Current Assets, including investments, are accounted for in the Profit or Loss, after deducting from the proceeds from disposal, the carrying amount of such assets and the related selling expenses.

4.2 Expenditure recognition

(i) Operating expenditure

All expenditure incurred in running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to Profit or Loss in arriving at the profit for the year. For the purpose of presentation of Profit or Loss and Other Comprehensive Income, the Directors are of the opinion that function of expense method present fairly the elements of the enterprise's performance, hence such presentation method is adopted.

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

Repairs and renewals are charged to the Profit or Loss in the year in which the expenditure is incurred.

(ii) Finance income & finance cost

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in Profit or Loss, using the effective interest method.

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

Foreign currency gains and losses are reported on a net basis in finance cost.

(iii) Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred, except those that are directly attributable to the acquisition/construction of Property, Plant and Equipment which are capitalised as a part of the cost of the asset during the period of construction/development.

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 or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, contingent Liabilities and Contingent Assets.

(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. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act No 24 of 2017 and subsequent amendments and notices as explained under Note 33.

(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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.4 Dividend distribution

Dividend distribution is recognised as a liability in the period in which the dividends are approved by the Company's shareholders. Interim Dividends are recognised when approved by the board of directors

4.5 Earnings per share

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

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

NOTES TO THE FINANCIAL STATEMENTS

7 NEW ACCOUNTING STANDARDS NOT EFFECTIVE AT THE REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards (SLFRSs/LKASs) which will become applicable for financial periods beginning after 1 April 2023. Accordingly, the Group has not applied the following new standards in preparing these Financial Statements.

The following amended standards are not expected to have a significant impact on the Group's Financial Statements,

- ▶▶ Lease Liability in sale & Lease back (Amendments to SLFRS16). The amendment applies to annual reporting periods beginning on or after 1 January 2024.
- ▶▶ Disclosure of Accounting policies (Amendment to LKAS 1)
- ▶▶ Definition of Accounting estimates (Amendment to LKAS 8)
- ▶▶ Classification of Liabilities as Current or Non- current (Amendment to LKAS 1). The amendment applies to annual reporting periods beginning on or after 1 January 2023

8 RELATED PARTY TRANSACTIONS

Disclosures are made in respect of transactions in which one party has the ability to control or exercise significant influence over the financial and operating decisions / policies of the other, irrespective of whether a price is being charged or not. Related Party Transactions are disclosed in the respective notes to the Financial Statements.

9 PROPERTY, PLANT & EQUIPMENT

(a) Company

In Rs.'000s	Freehold land	Freehold buildings	Plant and machinery	Furniture and fittings	Office and equipment	Computer equipment	Motor vehicles	Laboratory equipment	Returnable containers	Capital work-in-progress	31st March 2023	31st March 2022
Cost / Valuation												
As at 1st April 2022	-	-	-	-	2,384	-	-	-	-	-	2,384	2,384
As at 31st March 2023	-	-	-	-	2,384	-	-	-	-	-	2,384	2,384
Accumulated Depreciation												
As at 1st April 2022	-	-	-	-	2,384	-	-	-	-	-	2,384	2,384
As at 31st March 2023	-	-	-	-	2,384	-	-	-	-	-	2,384	2,384
Net Book Value												
As at 31st March 2023	-	-	-	-	-	-	-	-	-	-	-	-
As at 31st March 2022	-	-	-	-	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

9 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

(b) Group	Freehold land	Freehold buildings	Plant and machinery	Furniture and fittings	Office equipment	Computer equipment	Motor vehicles	Laboratory equipment	Returnable containers	Capital work-in-progress	31st March 2023	31st March 2022
Cost / Valuation												
As at 1st April 2022	4,724,053	3,767,238	15,222,966	79,483	85,766	327,873	94,338	85,648	4,449,105	752,566	29,589,036	26,822,902
Additions	-	76,927	1,619,740	15,462	32,623	44,933	-	1,876	2,159,806	344,671	4,295,928	2,082,880
Transfers to PPE/Intangible assets	-	74,636	500,257	190	3,945	23,075	-	6,103	-	(610,619)	(2,413)	-
Impairment	-	-	(20,000)	-	-	-	-	-	-	(18,460)	(38,460)	-
Revaluations gain	-	-	-	-	-	-	-	-	-	-	-	1,172,713
Depreciation adjustment on revaluation	-	-	-	-	-	-	-	-	-	-	-	(199,828)
Disposals/ Breakages	-	(8,026)	(4,465)	-	-	-	(18,964)	-	(916,415)	-	(947,870)	(239,631)
As at 31st March 2023	4,724,053	3,910,775	17,318,498	95,125	122,234	395,881	75,374	93,627	5,692,496	468,158	32,896,221	29,589,036
Accumulated Depreciation												
As at 1st April 2022	-	119,840	5,796,359	58,296	62,468	289,543	50,195	71,316	2,544,580	21,984	9,014,578	7,953,148
Charge for the year	-	126,597	824,450	3,665	7,116	22,576	15,712	5,138	791,435	-	1,796,689	1,532,988
Depreciation adjustment on revaluation	-	-	-	-	-	-	-	-	-	-	-	(199,828)
Disposals/ Breakages	-	(6,050)	(4,464)	-	-	-	(18,964)	-	(882,019)	-	(911,497)	(271,730)
As at 31st March 2023	-	240,387	6,616,345	61,961	69,584	312,119	46,943	76,454	2,453,996	21,984	9,899,770	9,014,578
Net Book Value												
As at 31st March 2023	4,724,053	3,670,388	10,702,153	33,164	52,650	83,762	28,431	17,173	3,238,500	446,174	22,996,451	-
As at 31st March 2022	4,724,053	3,647,398	9,426,607	21,187	23,298	38,330	44,143	14,332	1,904,525	730,582	20,574,468	-

- (c) Except for the land at Nuwara Eliya (cost : Rs. 82Mn) all other freehold land and buildings of Lion Brewery (Ceylon) PLC and Millers Brewery Limited were revalued in the books to confirm with the market values as at 31st March 2022, which were assessed on market basis by Arthur Perera & Co. independent professional valuer at a value of Rs. 8,257Mn and the resultant surplus transferred to the Revaluation Reserves in the said period.
- (d) Carrying value of the revalued assets of the Group as at 31st March 2023, if they were carried at cost are given below:

In Rs.'000s	Group	
	Land	Buildings
Cost - As at 1st April 2022	1,986,179	3,027,166
Additions/ Transfers during the year	-	151,563
Disposal during the year	-	(8,026)
Cost as at 31st March 2023	1,986,179	3,170,703
Accumulated depreciation	-	(827,002)
Carrying value of assets at cost - As at 31st March 2023	1,986,179	2,343,701
Carrying value of assets at cost - As at 31st March 2022	1,986,179	2,290,510

- (e) Group property plant and equipment's has not been pledged as security against the borrowings during the period (2022 – Nil).
- (f) Borrowing cost has not been capitalised during the financial year (2022 – Nil).
- (g) Group property, plant and equipment with a cost / valuation of Rs. 2,707 Mn (2022- Rs. 2,823 Mn) have been fully depreciated and continue to be in use by the Group. The cost / valuation of fully depreciated assets of the Company amounts to Rs. 2.4Mn. (2022-Rs. 2.4 Mn).

NOTES TO THE FINANCIAL STATEMENTS

9 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

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

Company	Location	2023						2022					
		Extent of Lands		Valuation of lands	Number of buildings/ blocks	Cost/valuation of Buildings	Rs. '000s	Extent of lands		valuation of lands	Number of buildings/ blocks	Cost/valuation of buildings	Rs. '000s
		A	R	P	Rs. '000s	A		R	P	Rs. '000s	A	R	
Lion Brewery (Ceylon) PLC	Lands at Biyagama Land - Kaduwela Land - Jangalle Land - Kurunegala Nuwara Eliya	28	3	19.20	3,032,000	49	3,145,005	28	3	19.20	3,032,000	49	2,994,801
		3	-	27	304,200	1	12,930	3	-	27	304,200	1	12,930
		3	2	-	28,000	-	-	3	2	-	28,000	-	-
		3	-	34.25	192,844	-	-	3	-	34.25	192,844	-	-
		-	3	36.67	82,813	-	-	-	3	36.67	82,813	-	-
					3,639,857		3,157,935				3,639,857		3,007,731
Millers Brewery Limited	Factory and Office Premises	22	3	16.45	1,084,196	12	608,606					12	608,606
					1,084,196		608,606	22	3	15.73	1,084,196		608,606
Pubs N' Places (Private) Limited	No Lands	-	-	-	-	32	144,234					32	150,901
Total - Group		62	2	13.57	4,724,053	94	3,910,775	62	2	12.85	4,724,053	94	3,767,238

A: Acres R: Roods P: Perches

(i) Fair Value measurement

(j) 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.

(ii) *Valuation techniques and significant unobservable inputs*

The following tables show the valuation techniques used in measuring fair values, as well as the significant unobservable inputs used.

Property	Method of valuation	Estimated price per perch	Estimated price per square foot	Effective date of valuation	Correlation to fair value
Lion Brewery Ceylon PLC, Biyagama	OMV	LKR 600,000/- LKR 800,000/-	LKR 2,000/- - LKR 13,500/-	31.03.2022	Positive
Lion Brewery Ceylon PLC, Kaduwela	OMV	LKR 600,000/-	LKR 3,500/- - LKR 4,750/-	31.03.2022	Positive
Lion Brewery Ceylon PLC, Tangalle	OMV	LKR 50,000/-	-	31.03.2022	Positive
Lion Brewery Ceylon PLC, Kurunegala	OMV	LKR 375,000/-	-	31.03.2022	Positive
Millers Brewery Limited, Meegoda	OMV	LKR 3,750/- LKR 350,000/-	LKR 2,250/- - LKR 6,250/-	31.03.2022	Positive

Open market value (OMV) method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business.

The land at Nuwara Eliya [Lion Brewery (Ceylon) PLC] was purchased on 31st December 2021 and this property was not revalued as at 31st March 2022 as the directors are of the view that there is no material value difference against the market value at the time of valuation.

10 INVESTMENT PROPERTIES

10.1 Details of investment properties - Company

	Freehold land	Freehold buildings	2023	2022
Balance as at the beginning of the year	621,530	25,570	647,100	486,870
Change in fair value of investment properties	154,465	8,635	163,100	160,230
Balance as at the end of the year	775,995	34,205	810,200	647,100

NOTES TO THE FINANCIAL STATEMENTS

10 INVESTMENT PROPERTIES (CONTD.)

10.2 Valuation of investment properties

Property	Method of valuation	Extent land	Extent building	Estimated price per perch	Estimated price per square foot	Effective date of valuation	Correlation to fair value
Ceylon Beverage Holdings PLC, Nuwara Eliya	OMV	3A, 2R, 35P	6,720 sq. ft	LKR 1,250,000/-	LKR 7,500/- - LKR 12,500/-	31.03.2023	Positive
Ceylon Beverage Holdings PLC, Trincomalee	OMV	36.7P	2,428 sq. ft	LKR 850,000/-	LKR 7,500/-	31.03.2023	Positive

The property at Nuwara Eliya is valued at Rs.771.7 Mn whilst the property at Trincomalee is valued at Rs. 38.5 Mn. Changes in fair value adjustments on investment properties (gain/loss), which are unrealised, are recognised in the statement of profit or loss. Accordingly, the total net gain on changes in fair value, net of related deferred tax, is recorded in the fair value adjustment reserve as at the reporting date.

No rental income was generated during the period (2022 – Nil) and direct operating expenses of Rs. 12.5Mn (2022 – Rs. 17.1Mn) was incurred during the period in relation to the above investment properties.

10.3 Fair value hierarchy

The fair value of the investment property was determined by external, independent property valuer, Arthur Perera & Co. having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The fair values were determined based on recent market transactions for similar properties in the same location as the Company's investment properties.

The fair value measurement for the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Description	Location	Valuation technique	Significant unobservable Inputs	Interrelationship between Key unobservable Inputs and fair value measurements
Land & Building	Nuwara Eliya Trincomalee	OMV	Valuer has used market price per perch for excess land in existing location using a range of prices for similar lands based on adjusted fair value taking in to account of other valuation considerations.	Market value per perch was higher/(lower)

Open market value (OMV) method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business.

10.4 Restrictions on title and investment properties pledged as security for liabilities

There were no restrictions on titles of the investment properties as at the reporting date (2022 - Rs. Nil). No items of the investment properties were pledged as security for liabilities as at the reporting date (2022 - Rs. Nil).

10.5 Capitalisation of borrowing costs into investment properties

No borrowing cost capitalised for the year ended 31st March 2023 (2022 - Rs. Nil).

10.6 Contractual obligations to construct and develop investment properties

There were no contractual obligations entered to construct and develop investment properties as at the reporting date (2022 - Rs. Nil).

11 INTANGIBLE ASSETS

	Brands	Computer software	Excise licenses	31st March 2023	31st March 2022
In Rs.'000s					
Cost					
Beginning of the year	4,000,000	415,849	108,272	4,524,121	4,518,290
Additions for the year	-	7,815	-	7,815	7,457
Transfers during the year	-	2,413	-	2,413	-
Disposals during the year	-	-	(5,600)	(5,600)	(1,626)
End of the year	4,000,000	426,077	102,672	4,528,749	4,524,121
Amortisation/Impairment					
Beginning of the year	3,326,042	377,912	622	3,704,576	3,228,638
Amortisation for the year	-	12,101	-	12,101	12,360
Impairment during the year	353,229	-	-	353,229	463,578
End of the year	3,679,271	390,013	622	4,069,906	3,704,576
Net Book Value	320,729	36,064	102,050	458,843	819,545

NOTES TO THE FINANCIAL STATEMENTS

11 INTANGIBLE ASSETS - GROUP (CONTD.)

11.1 Brands - Lion Brewery (Ceylon) PLC

Lion Brewery (Ceylon) PLC acquired brands amounting to Rs. 4 Bn during the financial year 2014/15. The said acquisition consisted of five brands namely, Sando Power, Sando Stout, Three Coins, Grand Blonde and Irish Dark. The 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 and brands are tested for impairment annually.

11.2 Impairment assumptions of Brands - Lion Brewery (Ceylon) PLC

An impairment test was carried out for the brands acquired from Millers Brewery Ltd as at 31st March 2023 as per the accounting standard LKAS 36. The Company 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 adjusted with a risk premium. Cost of equity was determined based on the risk free rate of a 5 year treasury bond at 25.87% 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 growth was determined based on the historical records (rate not disclosed due to commercial sensitivity) along with a zero volume growth rate. Accordingly, the carrying value of the said brands as at 31st March stands at Rs. 320,730,082/- resulting an impairment of Rs. 353,228,759/- which has been charged to the income statement.

11.3 Computer Software

Computer software represent the costs incurred for the Group Enterprise Resource Planning ("ERP") systems, its related licenses and other software application that are used to generate financial and management information. Software with a finite life is amortised over the period of expected economic benefit.

11.4 Excise Licenses

Excise licenses contains liquor licenses held by the Group. Licenses 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 licenses are tested for impairment annually.

Impairment assumptions of Excise licenses - Pubs 'N Places (Private) Limited

The Company assessed the fair value of liquor licenses based on fair value less costs to sell method. As a result, market observable data was scrutinised but not available. Hence, the Company assessed fair value less costs to sell based on the asset's revenue generation capability. The value in use was estimated with a consistent revenue growth, cost estimates and by assuming a discount factor of 30.86%. Accordingly, no impairment was required during the year.

12 RIGHT OF USE ASSETS

As at 31st March	Company		Group	
	2023	2022	2023	2022
In Rs.'000s				
Balance as at 1st April	-	-	207,281	239,149
Additions during the period	-	-	76,046	40,857
De-recognition of asset	-	-	(7,614)	(2,569)
Depreciation charge for the period	-	-	(65,766)	(70,156)
Balance as at 31st March	-	-	209,947	207,281

12.1 Lease Liability

As at 31st March	Company		Group	
	2023	2022	2023	2022
In Rs.'000s				
Balance as at 1st April	-	-	253,608	275,321
Leases obtained	-	-	76,046	40,857
Interest expenses for the period	-	-	43,670	36,773
Derecognition of lease liability	-	-	(9,453)	(3,283)
Lease rentals paid	-	-	(102,316)	(96,060)
Balance as at 31st March	-	-	261,555	253,608

NOTES TO THE FINANCIAL STATEMENTS

12 RIGHT OF USE ASSETS (CONTD.)

Analysis of lease liabilities by period of repayment

As at 31st March 2023	Company			Group		
	Contractual CF	Interest	Present value of lease payments	Contractual CF	Interest	Present value of lease payments
In Rs.'000s						
Current	-	-	-	85,366	(40,312)	45,054
Non current	-	-	-	348,760	(132,259)	216,501
	-	-	-	434,126	(172,571)	261,555

Analysis of lease liabilities by period of repayment

As at 31st March 2022	Company			Group		
	Contractual CF	Interest	Present value of lease payments	Contractual CF	Interest	Present value of lease payments
In Rs.'000s						
Current	-	-	-	88,843	(31,344)	57,499
Non current	-	-	-	275,300	(79,191)	196,109
	-	-	-	364,143	(110,535)	253,608

Following are the amounts recognised in profit or loss.

As at 31st March	Company		Group	
	2023	2022	2023	2022
In Rs.'000s				
Depreciation of right of use assets	-	-	65,766	70,156
Interest expenses on lease liability	-	-	43,670	36,773
Total amount recognised in profit or loss	-	-	109,436	106,929

There were no expenses relating to short term leases and leases of low value assets during the financial year (2022 - Nil).

13 INVESTMENT IN SUBSIDIARIES

	No. of Shares	% holding	Cost as at 31st March 2023	Market Value/ Directors Value as at 31st March 2023	No. of Shares	% holding	Cost as at 31st March 2022	Market Value/ Directors Value as at 31st March 2022
			Rs.'000s	Rs.'000s			Rs.'000s	Rs.'000s
Lion Brewery (Ceylon) PLC								
- Ordinary shares	41,798,788	52.25	1,410,084	29,875,684	41,798,788	52.25	1,410,084	21,944,364
Pubs 'N Places (Private) Limited								
- Ordinary shares	51,188,102	99.90	511,880	-	51,188,102	99.90	511,880	175,000
- Impairment Provision	-	-	(511,880)	-	-	-	(336,880)	-
							175,000	175,000
Retail Spaces (Private) Limited								
- Ordinary shares	1	100.00	0.01	0.01	1	100.00	0.01	0.01
Luxury Brands (Private) Limited								
- Ordinary shares	65,000,001	100.00	650,000	650,000	25,000,001	100.00	250,000	250,000
			650,000	650,000				
			2,060,084	30,525,684			1,835,084	22,369,364

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

NOTES TO THE FINANCIAL STATEMENTS

13 INVESTMENT IN SUBSIDIARIES (CONTD.)

13.2 The recoverable amount of investment in Pubs 'N Places (Private) Limited was estimated based on the present value of the future cash flows expected to be derived from the investment (value in use). The value in use was estimated by assuming a discount factor of 30.86%. In doing so, average growth levels estimated by the Management was used in the projections for the next five years and the recoverable value to Ceylon Beverage Holdings PLC of its investment in Pubs 'N Places (Private) Limited, was ascertained to be Nil, necessitating an adjustment for impairment of Rs.175,000,000/- during the year.

13.3 The recoverable amount of investment in Luxury Brands (Private) Limited was estimated based on the present value of the future cash flows expected to be derived from the investment (value in use). The value in use was estimated by assuming a discount factor of 30.86%. The cash flow projections included specific estimates for five years and a terminal growth thereafter. In doing so, the recoverable value to Ceylon Beverage Holdings PLC of its investment in Luxury Brands (Private) Limited was estimated to be higher than its carrying amount (i.e., Rs.650,000,000/-), hence it was concluded that no impairment was required during the year.

13.4 Non-Controlling Interest (NCI) in Subsidiary

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

As at 31st March In Rs.'000s	Group	
	2023	2022
NCI - percentage	47.75%	47.75%
Non - current assets	11,237,918	10,239,794
Current assets	11,382,186	9,369,641
Non - current liabilities	(3,770,002)	(3,753,527)
Current liabilities	(7,759,611)	(6,340,737)
Net assets	11,090,491	9,515,171
Carrying amount of NCI	11,090,491	9,515,171

As at 31st March	Group	
	2023	2022
In Rs.'000s		
Revenue	94,969,346	58,570,885
Profit	6,991,603	3,668,105
Other comprehensive income	(30,539)	731,086
Total comprehensive income	6,961,064	4,399,191
Profit Allocated to NCI	3,338,490	1,751,520
Other comprehensive income allocated to NCI	(14,582)	349,094
Cash flow from operating activities	715,473	2,300,607
Cash flow used in investing activities	(1,132,172)	(491,765)
Cash flow used in financing activities	(816,672)	(596,773)
Net increase/(decrease) in cash and cash equivalents	(1,233,370)	1,212,069

14 INVENTORIES

As at 31st March	Company		Group	
	2023	2022	2023	2022
In Rs.'000s				
Raw and Packing materials	-	-	2,435,500	1,139,770
Work in progress	-	-	882,799	376,444
Finished goods	-	-	3,173,433	2,499,861
Maintenance spares and others	-	-	1,072,669	585,081
	-	-	7,564,401	4,601,156
Impairment provision for inventory (Note 14.1)	-	-	(113,056)	(64,045)
	-	-	7,451,345	4,537,111

14.1 Impairment provision for inventory

Balance as at the beginning of the year	-	-	64,045	74,362
Provisions during the year	-	-	319,361	40,538
Reversals/Write-offs during the year	-	-	(270,350)	(50,855)
Balance as at end of the year	-	-	113,056	64,045

NOTES TO THE FINANCIAL STATEMENTS

15 TRADE AND OTHER RECEIVABLES

As at 31st March	Company		Group	
	2023	2022	2023	2022
In Rs.'000s				
Trade receivables	-	-	1,081,298	685,881
Impairment provision for doubtful debts (Note 15.1)	-	-	(67,304)	(57,374)
	-	-	1,013,994	628,507
Advances given to business partners	-	-	166,064	228,839
Other advances	-	-	3,786,562	1,060,275
Prepayments	-	-	418,608	422,603
Other receivables	7,614	570	145,674	65,909
	7,614	570	5,530,902	2,406,133

15.1 Impairment provision for doubtful debts

As at 31st March	Company		Group	
	2023	2022	2023	2022
In Rs.'000s				
Balance at the beginning of the year	-	-	57,374	57,536
Provisions/(reversal) during the year	-	-	9,930	(162)
Balance at the end of the year	-	-	67,304	57,374

16 AMOUNTS DUE FROM RELATED COMPANIES

As at 31st March	Company		Group	
	2023	2022	2023	2022
In Rs.'000s				
Pubs 'N Places (Private) Limited	219,403	134,091	-	-
Impairment Provision for receivable from intercompany (Note 16.1)	(44,403)	-	-	-
Balance as at end of the year	175,000	134,091	-	-

16.1 Impairment Provision for receivable from intercompany

As at 31st March	Company		Group	
	2023	2022	2023	2022
In Rs.'000s				
Balance at the beginning of the year	-	-	-	-
Provisions during the year	44,403	-	-	-
Balance at the end of the year	44,403	-	-	-

17 CURRENT TAXATION

As at 31st March	Company		Group	
	2023	2022	2023	2022
In Rs.'000s				
Income tax (recoverable)	-	-	639	-
	-	-	639	-

18 CASH AND CASH EQUIVALENTS

As at 31st March	Company		Group	
	2023	2022	2023	2022
In Rs.'000s				
Fixed deposits with financial institutions	-	-	7,109,322	9,134,538
Savings accounts	-	-	99,479	869,721
Cash at bank	20,298	28,305	4,083,890	3,106,202
Cash in hand	70	70	55,355	3,850
	20,368	28,375	11,348,046	13,114,311

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

Cash and cash equivalents	20,368	28,375	11,348,046	13,114,311
Bank overdrafts	(147,784)	(171,607)	(2,044,898)	(1,976,761)
	(127,416)	(143,232)	9,303,148	11,137,550

NOTES TO THE FINANCIAL STATEMENTS

19 STATED CAPITAL

As at 31st March	Company		Group	
	2023	2022	2023	2022
In Rs.'000s				
20,988,090 ordinary shares	533,384	533,384	533,384	533,384

The Stated Capital of the Company as at 31st March 2023 was Rs.533,384,288/- consisting of 20,988,090 ordinary shares.

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.

20 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	Company		Group	
	2023	2022	2023	2022
In Rs.'000s				
Balance as at beginning of the year	19,924	19,924	1,103,358	735,712
Deferred tax charge on land and building revaluation	-	-	-	(245,097)
Revaluation of land and buildings	-	-	-	612,743
Balance as at end of the year	19,924	19,924	1,103,358	1,103,358
Represented by :				
Revaluation reserve	-	-	1,083,434	1,083,434
General capital reserve (Note 20.1)	19,924	19,924	19,924	19,924
	19,924	19,924	1,103,358	1,103,358

20.1 General capital reserve consists of such amounts that have been transferred from time to time, from retained earnings and other reserves.

21 REVENUE RESERVES

As at 31st March	Company		Group	
	2023	2022	2023	2022
In Rs.'000s				
Retained earnings	1,352,682	1,492,565	10,345,024	8,720,708
Represented by:				
Retained profits	700,453	891,338	9,692,795	8,119,481
Fair value adjustment reserve (Note 21.1)	652,229	601,227	652,229	601,227
	1,352,682	1,492,565	10,345,024	8,720,708

The movement of the above reserves are given in the Statement of Changes in Equity.

21.1 Fair value adjustment reserve

Gains arising, net of related deferred taxes, from fair value adjustment of investment properties will be transferred from retained earnings to fair value adjustment reserve and any losses arising, net of related deferred taxes, will be transferred to fair value adjustment reserve to the extent that loss does not exceed the balance held in the said reserve as at 31st March 2023.

22 LOANS AND BORROWINGS

22.1 Loans and borrowings

As at 31st March	Group			
	2023	2022	2023	2022
In Rs.'000s				
Balance as at the beginning of the year	-	25,000	4,862,400	4,646,700
Loan obtained during the year	400,000	-	2,400,000	2,000,000
Repayments during the year	-	(25,000)	(1,187,400)	(1,784,300)
	400,000	-	6,075,000	4,862,400
Interest Payable	-	-	929,600	785,607
Balance at the end of the year	400,000	-	7,004,600	5,648,007

NOTES TO THE FINANCIAL STATEMENTS

22 LOANS AND BORROWINGS (CONTD.)

22.2 Details of Borrowings

Name of the Lender	31st March 2023 Rs. '000s	31st March 2022 Rs. '000s	Repayment terms	Security offered	Type of interest
Ceylon Beverage Holdings PLC					
HNB	400,000	-	06 months - Renewable	Unsecured	Floating
	400,000				
Lion Brewery (Ceylon) PLC					
Commercial Bank - Rs. 1 Bn	-	87,400	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 installments of Rs.17.40 Mn and a final installment of Rs.17.80 Mn. commencing from October 2017.	Unsecured	Floating
Commercial Bank - Rs. 1.5 Bn	250,000	750,000	Payable in 12 equal quarterly installments commencing from December 2020	Unsecured	Fixed
Commercial Bank - Rs. 1.5 Bn	562,500	937,500	Payable in 16 equal quarterly installments commencing from December 2020	Unsecured	Fixed
NDBIB - Rs. 1.5Bn	862,500	1,087,500	Payable in 8 years commencing from July 2019	Unsecured	Floating
Commercial Bank	4,000,000	1,000,000	1 month - Renewable	Unsecured	Fixed
Citi Bank	-	1,000,000	1 month - Renewable	Unsecured	Fixed
	5,675,000	4,862,400			
Total	6,075,000	4,862,400			

22.3 Composition of loans and borrowings repayment

As at 31st March In Rs.'000s	Company		Group	
	2023	2022	2023	2022
Classified under non current liabilities				
Loans and borrowings falling due after one year	-	-	1,050,000	1,675,000
Interest payable	-	-	874,442	625,311
	-	-	1,924,442	2,300,311
Classified under current liabilities				
Loans and borrowings falling due within one year	400,000	-	5,025,000	3,187,400
Interest payable	-	-	55,158	160,296
Total Loans and borrowings falling due within one year	400,000	-	5,080,158	3,347,696
Balance as at the end of the year	400,000	-	7,004,600	5,648,007

23 EMPLOYEE BENEFITS

The amounts recognised in the Statement of Financial Position are as follows:

Present value of unfunded obligation	-	-	257,730	182,996
Liability in the statement of financial position	-	-	257,730	182,996

The movement in the defined benefit obligation over the year is as follows:

As at 1 April	-	-	182,996	243,171
Interest cost	-	-	26,055	18,013
Current service cost	-	-	15,604	14,403
Actuarial gain/(loss)	-	-	50,899	(45,763)
Past service cost	-	-	-	(17,569)
Benefits paid	-	-	(17,824)	(29,259)
As at 31st March	-	-	257,730	182,996

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

Interest cost	-	-	26,055	18,013
Past service cost	-	-	-	(17,569)
Current service cost	-	-	15,604	14,403
Total included under staff cost	-	-	41,659	14,847

The amount recognised in the Statement of Other Comprehensive Income are as follows:

Actuarial gain	-	-	50,899	(45,763)
	-	-	50,899	(45,763)

NOTES TO THE FINANCIAL STATEMENTS

23 EMPLOYEE BENEFITS (CONTD.)

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

23.2 The gratuity liability of Lion Brewery (Ceylon) PLC as at 31st March 2023 was Rs. 249,766,759/- (2022 - Rs. 173,703,876/-) 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 gratuity liabilities of Pubs N' Places (Pvt) Limited, Luxury Brands (Pvt) Limited and Retail Spaces (Pvt) Limited as at 31st March 2023 amounting to Rs. 1,747,444/- (2022 - Rs. 4,610,265/-), Rs. 4,779,817/- (2022 - Rs.3,491,416/-) and Rs. 1,435,618/- (2022 - Rs. 1,191,117/-), respectively has been computed based on formula method by multiplying half month's salary into number of years in service, which is in line with LKAS 19.

The principal assumptions made are given below:

- ▶▶ Rate of discount 18% p.a. (2022 - 15% p.a)
- ▶▶ Rate of pay increase 15% p.a. (2022-10% p.a)
- ▶▶ Weighted average duration (years) of defined benefit obligation 5.3 (2022 - 6.41).
- ▶▶ The company will continue in business as a going concern.

As per the guidelines issued by the Institute of Chartered Accountants of Sri Lanka, the discount rate has been adjusted to convert the coupon bearing yield to a zero coupon yield to match the characteristics of the gratuity payment liability and the resulting yield to maturity for the purpose of valuing employee benefit obligations as per LKAS 19.

23.3 The above provisions are not externally funded.

23.4 Sensitivity of assumptions used

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

In Rs.'000s	Group	
	Discount rate	Salary increment
Increase by one percentage	(10,882)	13,054
Decrease by one percentage	11,924	(12,075)

24 NET DEFERRED TAX LIABILITIES

As at 31st March	Company		Group	
	2023	2022	2023	2022
In Rs.'000s				
Deferred tax asset	-	-	(26,378)	(1,548)
Deferred tax liability	143,682	31,584	5,687,986	5,260,140
Balance as at the end of the year	143,682	31,584	5,661,608	5,258,592

Movement in deferred tax balances - Company

As at 31st March	Balance as at 1st April 2022	Recognised in profit or loss	Recognised in OCI	Balance as at 31st March 2023
In Rs.'000s				
Deferred tax liability				
Investment property	31,584	112,098	-	143,682
Net Tax liabilities	31,584	112,098	-	143,682

Movement in deferred tax balances - Group

As at 31st March	Balance as at 1st April 2022	Recognised in profit or loss	Recognised in OCI	Balance as at 31st March 2023
In Rs.'000s				
Deferred tax liability				
Property plant and equipments	5,207,681	411,751	-	5,619,432
Investment property	31,584	112,098	-	143,682
Intangible assets	141,400	(24,097)	-	117,303
Right of use assets	62,704	5,731	-	68,435
Deferred tax assets				
Employee benefit	(71,164)	(51,445)	20,360	(102,249)
Lease liabilities	(76,478)	(9,736)	-	(86,214)
Inventory provision	(37,135)	(39,709)	-	(76,844)
Brought forward tax losses	-	(21,937)	-	(21,937)
Net tax liabilities	5,258,592	382,656	20,360	5,661,608

NOTES TO THE FINANCIAL STATEMENTS

24 NET DEFERRED TAX LIABILITIES (CONTD.)

Movement in deferred tax balances - Company

As at 31st March	Balance as at 1st April 2021	Recognised in profit or loss	Recognised in OCI	Balance as at 31st March 2022
In Rs.'000s				
Deferred Tax Liability				
Investment property	15,561	16,023	-	31,584
Net Tax liabilities	15,561	16,023	-	31,584

Movement in deferred tax balances - Group

As at 31st March	Balance as at 1st April 2021	Recognised in profit or loss	Recognised in OCI	Balance as at 31st March 2022
In Rs.'000s				
Deferred tax liability				
Property plant and equipment's	5,066,324	(327,728)	469,085	5,207,681
Investment property	15,561	16,023	-	31,584
Intangible assets	160,621	(19,221)	-	141,400
Right of use assets	67,240	(4,536)	-	62,704
Deferred tax assets				
Employee benefit	(95,346)	5,877	18,305	(71,164)
Lease liabilities	(75,933)	(545)	-	(76,478)
Inventory provision	(38,192)	1,057	-	(37,135)
Brought forward tax losses	(17,422)	17,422	-	-
Net tax liabilities	5,082,853	(311,651)	487,390	5,258,592

As at 31st March 2023, the subsidiaries, namely Millers Brewery Limited and Pubs 'N Places (Private) Limited have not recognised deferred tax assets amounting to Rs.655 Mn on brought forward tax losses of Rs.1,686 Mn, since the utilisation against future taxable profits is not certain.

Luxury Brands (Private) Limited has recognised a deferred tax asset amounting to Rs.21.9 Mn on tax loss of Rs.55 Mn incurred during the financial year ended 31st March 2023, since the utilisation of the said tax loss is probable based on forecasted future taxable profits.

25 TRADE AND OTHER PAYABLES

As at 31st March	Company		Group	
	2023	2022	2023	2022
In Rs. '000s				
Trade payables	-	-	3,119,165	2,420,851
Trade discounts	-	-	254,569	180,555
Accruals	-	-	935,816	396,779
Other payables	27,968	20,524	520,349	494,525
	27,968	20,524	4,829,899	3,492,710

26 AMOUNTS DUE TO RELATED COMPANIES

As at 31st March	Company		Group	
	2023	2022	2023	2022
In Rs. '000s				
Lion Brewery (Ceylon) PLC	372,791	337,741	-	-
Carlsberg A/S	-	-	76,041	155,757
	372,791	337,741	76,041	155,757

27 REFUNDABLE DEPOSITS

As at 31st March	Company		Group	
	2023	2022	2023	2022
In Rs. '000s				
Balance as at the beginning of the year	-	-	2,301,181	1,900,393
Deposits received during the year	-	-	441,309	400,788
Balance as at the end of the year	-	-	2,742,490	2,301,181

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

NOTES TO THE FINANCIAL STATEMENTS

28 CURRENT TAX LIABILITIES

As at 31st March	Company		Group	
	2023	2022	2023	2022
In Rs.'000s				
Excise Duty payable	-	-	812,892	1,764,515
Value added tax	1,405	-	884,209	500,166
Income tax	73,646	37,891	956,296	899,025
Social security contribution levy	-	-	201,898	-
	75,051	37,891	2,855,295	3,163,706

29 REVENUE

29.1 Revenue streams

For the year ended 31st March	Company		Group	
	2023	2022	2023	2022
In Rs.'000s				
Dividend income	1,289,493	755,722	-	-
Royalty income	201,917	180,140	-	-
Brewery income	-	-	94,232,960	58,110,811
Retail trade income	-	-	2,705,562	2,100,409
	1,491,410	935,862	96,938,522	60,211,220

29.2 Geographic revenue

For the year ended 31st March	Company		Group	
	2023	2022	2023	2022
In Rs.'000s				
Local revenue	1,491,410	935,862	92,707,538	58,074,985
Export revenue	-	-	4,230,984	2,136,235
	1,491,410	935,862	96,938,522	60,211,220

30 OTHER INCOME

As at 31st March	Company		Group	
	2023	2022	2023	2022
In Rs.'000s				
Profit on disposal of property, plant & equipment and right of use assets	-	-	14,675	7,674
Other income	-	-	289,739	186,248
	-	-	304,414	193,922

31 PROFIT FROM OPERATIONS

For the year ended 31st March	Company		Group	
	2023	2022	2023	2022
In Rs.'000s				
Profit from operations is stated after charging all expenses including the following;				
Directors' fees and emoluments (Note 37.2)	2,358	2,112	46,786	39,747
Auditors' remuneration				
- Audit Fee and related expenses	895	770	5,125	4,377
- Audit related services	385	310	1,515	465
- Non audit services	-	-	600	730
Depreciation on property, plant equipment (Note 9)	-	-	1,796,689	1,532,988
Depreciation on right of use assets (Note 12.1)	-	-	65,766	70,156
Amortisation of intangible assets (Note 11)	-	-	12,101	12,360
Impairment of property, plant equipment (Note 9)	-	-	38,460	-
Royalty	-	-	271,469	123,557
Impairment of intangible assets (Note 11)	-	-	353,229	463,578
Impairment of intercompany receivable (Note 16.1)	44,403	-	-	-
Impairment of investments in subsidiaries (Note 13)	175,000	83,989	-	-
Impairment of doubtful debts (Note 15.1)	-	-	9,930	(162)
Support service fees	1,134	962	629,343	823,647
Personnel expenses (Note 31.1)	-	-	1,536,943	1,175,175

NOTES TO THE FINANCIAL STATEMENTS

31 PROFIT FROM OPERATIONS (CONTD.)

31.1 Personnel expenses

For the year ended 31st March	Company		Group	
	2023	2022	2023	2022
In Rs.'000s				
Salaries, wages and other related expenses	-	-	1,397,289	1,088,410
Defined benefit plan costs-gratuity (Note 23)	-	-	41,659	14,847
Defined contribution plan costs- EPF & ETF	-	-	97,995	71,918
	-	-	1,536,943	1,175,175

32 NET FINANCE COSTS

For the year ended 31st March	Company		Group	
	2023	2022	2023	2022
In Rs.'000s				
Finance income:				
Interest income - fixed deposit	-	-	1,356,757	481,015
Interest income - intercompany loans	39,833	8,220	-	-
Interest income - savings & call deposit	-	-	54,764	146,581
Total Finance income	39,833	8,220	1,411,521	627,596
Finance cost :				
Interest expenses - term loans	-	754	395,160	349,344
Interest expenses - bank overdrafts	34,187	14,358	337,340	86,256
Interest on lease	-	-	43,670	36,773
Interest expenses - intercompany loans	62,937	19,442	-	-
Interest expenses - short term loans & agent finance cost	-	-	2,830,730	589,719
Finance cost	97,124	34,554	3,606,900	1,062,092
Net foreign exchange gain/(loss)	-	-	8,541	(607,372)
Total finance cost (net of exchange gain or loss)	97,124	34,554	3,615,441	454,720
Net finance (income)/cost	57,291	26,334	2,203,920	(172,876)

33 INCOME TAX / DEFERRED TAX

For the year ended 31st March	Company		Group	
	2023	2022	2023	2022
In Rs.'000s				

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

Income tax (Note 33.1)	228,781	144,561	4,091,422	2,375,031
Deferred tax charge/(reversal)	112,098	16,023	423,377	(311,653)
Total tax	340,879	160,584	4,514,799	2,063,378

The amount recognised in the Statement of Other Comprehensive Income are as follows:

Re-measurement of employee benefit obligation	-	-	(20,360)	18,305
Revaluation gain on land & buildings	-	-	-	469,085
	-	-	(20,360)	487,390

NOTES TO THE FINANCIAL STATEMENTS

33 INCOME TAX / DEFERRED TAX (CONTD.)

33.1 Reconciliation of the accounting profit and tax expenses

For the year ended 31st March	Company		Group	
	2023	2022	2023	2022
In Rs.'000s				
Profits before taxation	1,343,453	958,208	11,260,903	5,885,176
Consolidation adjustments	-	-	1,070,127	671,749
Remeasurement of employee benefit obligations (Note 23)	-	-	(50,899)	45,763
Profits before tax adjustments	1,343,453	958,208	12,280,131	6,602,688
Aggregate of disallowable expenses	201,304	105,703	3,167,018	2,319,340
Aggregate of allowable claims	(202,933)	(168,450)	(4,887,279)	(2,671,855)
Operating losses incurred during the year	-	-	103,692	39,313
Tax adjusted profit	1,341,824	895,461	10,663,562	6,289,486
Investment income - interest	39,833	8,220	1,479,749	622,637
Total statutory income	1,381,657	903,681	12,143,311	6,912,123
Utilisation of tax loss	-	-	(46,291)	(64,390)
Assessable/taxable income	1,381,657	903,681	12,097,020	6,847,733
Current tax on local operations (Note 33.3)	217,796	143,216	3,585,427	2,199,765
Current tax on export profits (Note 33.3)	-	-	99,757	26,467
Current tax on interest income (Note 33.3)	10,985	1,973	406,238	149,433
Over provision in respect of prior year	-	(628)	-	(634)
Total current tax expense	228,781	144,561	4,091,422	2,375,031

33.1.1 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	
	2023	2022	2023	2022
In Rs.'000s				
Profit before taxation	1,343,453	958,208	11,260,903	5,885,176
Tax charge on profit	340,879	160,584	4,514,799	2,063,378
Effective tax rate	25.4%	16.8%	40.1%	35.1%

For the year ended 31st March	Company				Group			
	%	2023	%	2022	%	2023	%	2022
In Rs.'000s								
Profit before taxation		1,343,453		958,208		11,260,903		5,885,176
Tax calculated	27.0	362,732	24.0	229,970	40.0	4,504,361	40.0	2,354,070
The effect of tax								
Aggregate of disallowable expenses	4.0	54,352	2.6	25,369	11.2	1,266,807	15.8	927,736
Aggregate of allowable claims	-4.1	(54,792)	-4.2	(40,428)	-17.4	(1,954,912)	-18.2	(1,068,742)
Operating losses incurred during the year	0.0	-	0.0	-	0.4	41,477	0.3	15,725
Rate differential & over/under provision (last year)	-9.9	(133,511)	-7.3	(70,350)	2.2	252,205	2.9	171,997
Dividend tax	0.0	-	0.0	-	0.0	-	0.0	-
Tax loss utilised	0.0	-	0.0	-	-0.2	(18,516)	-0.4	(25,756)
Deferred tax charge	8.3	112,098	1.7	16,023	3.8	423,377	-5.3	(311,653)
Tax charge	25.4	340,879	16.8	160,584	40.1	4,514,799	35.1	2,063,378

NOTES TO THE FINANCIAL STATEMENTS

33 INCOME TAX / DEFERRED TAX (CONTD.)

33.2 Analysis of tax losses

For the year ended 31st March	Company		Group	
	2023	2022	2023	2022
In Rs.'000s				
Tax losses brought forward	-	-	1,683,925	1,709,107
Adjustment on losses brought forward	-	-	-	(105)
Tax losses incurred during the Year	-	-	103,692	39,313
Utilisation of tax losses during the Year	-	-	(46,291)	(64,390)
Tax losses carried forward	-	-	1,741,326	1,683,925

33.3 Income Tax

Company

- (a) In terms of the provisions of the Inland Revenue Act No 24 of 2017 and amendments thereto, the Company is liable to taxation at 24% and 30% respectively for the first six months and second six months (2022 - 24%).
- (b) As per the Inland Revenue Act No 24 of 2017 and amendments thereto, Dividend income received by the company is liable to income tax at 14% for first six months and 15% for the second six months (2022 - 14%).

Group

- (a) Group tax expenses is based on the taxable profit of individual companies within the Group. At present, the tax laws of Sri Lanka do not provide for Group taxation.
- (b) In terms of the provisions of the Inland Revenue Act, No. 24 of 2017 and amendments thereto, Companies within the Group except Lion Brewery (Ceylon) PLC, Luxury Brands (Private) Limited and Millers Brewery Limited are liable to taxation at a tax rate of 24% for first six months and 30% for second six months (2022 - 24%).
- (c) In terms of provisions of the Inland Revenue Act No. 24 of 2017 and amendments there to, Lion Brewery (Ceylon) PLC, Luxury Brands (Private) Limited and Millers Brewery Limited are liable to income tax at 40% and profits attributable to export is taxable at 14% for first six months and 30% for second six months (2022 -40% &14%).
- (d) As per section 19 of the Inland Revenue Act No. 24 of 2017 and amendments thereto, any unclaimed tax losses brought forward or losses incurred during the year could be carried forward for further 6 years subject to maximum of 6 years based on the year in which such losses were incurred. Such losses can be set off against the profits without any limitation but subject to source of income as provided in the Act.

33.4 Surcharge Tax

According to the Surcharge Tax Act No. 14 of 2022 which was legislated on 8th April 2022, the Group is liable for Surcharge Tax of Rs. 1,231 Mn out of the taxable income of Rs. 5,227 Mn for year of assessment 2020/21.

Total Surcharge tax liability of Rs.1,231 Mn has been recognised as an adjustment to retained earnings of 1st April 2022 in the statement of Changes in Equity as per the Addendum to Statement of Alternative Treatment (SoAT) issued by The Institute of Chartered Accountants of Sri Lanka. The said Addendum recommends to recognise Surcharge Tax through the Statement of Changes in Equity as an equity adjustment on the first day of the first reporting period ending after enactment of the said Act.

Statement of Changes in Equity as at the Beginning of the Financial Year,

In Rs.'000s	Company	Group
Balance as at 1st April 2022	891,338	17,634,652
Adjustment for Surcharge Tax	(35,754)	(1,230,756)
Adjusted Balance as at 1 April 2022	855,584	16,403,896

34 EARNINGS PER ORDINARY SHARE

The calculation of Earnings per Ordinary Share is based on profit for the year attributable to the ordinary shareholders and weighted average number of ordinary shares outstanding during the year. There were no potentially dilutive ordinary shares outstanding at any time during the year /previous year, therefore, diluted earnings per share is same as basic earnings per share.

For the year ended 31st March	Company		Group	
	2023	2022	2023	2022
In Rs.'000s				
Net Profit/(loss) attributable to equity holders of the Company (as the Numerator)	1,002,574	797,624	3,407,614	2,070,278
Number of ordinary shares (as denominator-'000s)	20,988	20,988	20,988	20,988
Earnings per ordinary share basic and diluted (Rs.)	47.77	38.00	162.36	98.64

NOTES TO THE FINANCIAL STATEMENTS

35 DIVIDENDS

For the year ended 31st March	Company	
	2023	2022
In Rs.'000s		
On ordinary shares Rs.52.75 per share - (2022 - Rs. 31.23)	1,107,122	655,458
Total dividend	1,107,122	655,458

35.1 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 approving the interim dividends. A statement of solvency was compiled and was duly signed by the Board of Directors.

35.2 The Board of Directors have approved a first interim dividend of Rs. 28.84 per share for the year ending 31st March 2024 on 13th June 2023. In Accordance with Sri Lanka Accounting Standards LKAS 10 Events after the reporting period, this dividend has not been recognised as a liability in the Financial Statements as at 31st March 2023.

36 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT

36.1 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	Company					
	2023			2022		
Financial Instrument Category	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI
In Rs.'000s						
Financial assets						
Trade and other receivables	7,614	-	-	570	-	-
Amounts due from related companies	175,000	-	-	134,091	-	-
Cash and cash equivalents	20,368	-	-	28,375	-	-
Financial liabilities						
Loans and borrowings	400,000	-	-	-	-	-
Trade and other payables	27,968	-	-	20,524	-	-
Amounts due to related companies	372,791	-	-	337,741	-	-
Bank overdraft	147,784	-	-	171,607	-	-

As at 31st March Financial Instrument Category In Rs.'000s	Group					
	2023			2022		
	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI
Financial assets						
Trade and other receivables	1,159,668	-	-	694,416	-	-
Amounts due from related companies	-	-	-	-	-	-
Cash and cash equivalents	11,348,046	-	-	13,114,311	-	-
Financial liabilities						
Loans and borrowings	7,004,600	-	-	5,648,007	-	-
Trade and other payables	4,829,899	-	-	3,492,710	-	-
Amounts due to related companies	76,041	-	-	155,757	-	-
Lease liabilities	261,555	-	-	253,608	-	-
Bank overdraft	2,044,898	-	-	1,976,761	-	-

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

36.2 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 exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk, and management of capital. Further quantitative disclosures are included throughout these Financial Statements.

36.3 Risk management framework

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

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

NOTES TO THE FINANCIAL STATEMENTS

36 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTD.)

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

36.4 Credit risk/Counterparty risk

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

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

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

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

36.4.1 Management of credit risk

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

Item	Procedure
Fixed deposits	Deposits are only with reputed and established commercial banks with a rating of "A-" or above.
Trade and other receivables	Most of trade receivables are covered through either bank guarantees or as a discounting arrangement without recourse to the Company with a commercial bank.
Amounts Due from related companies	Monitor the balance outstanding regularly
Cash & Cash equivalents	Monitor the balance outstanding regularly and balances are with reputed and established banks with a rating of "BBB+" or above

36.4.2 Exposure to credit risk

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

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

As at 31st March In Rs.'000s	Company		Group	
	2023	2022	2023	2022
Trade and other receivables	7,614	570	1,159,668	694,416
Amounts due from related companies	175,000	134,091	-	-
Cash and cash equivalents	20,298	28,305	11,292,691	13,110,461
	202,912	162,966	12,452,359	13,804,877

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

As at 31st March In Rs.'000s	Company		Group	
	2023	2022	2023	2022
Financial institutions	20,298	28,305	11,292,691	13,110,461
Customers and other parties	7,614	570	1,159,668	694,416
Related parties	175,000	134,091	-	-
	202,912	162,966	12,452,359	13,804,877

36.4.3 Trade & other receivable

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

The bank guarantees and the facility from the bank cover 85% (2022 - 96%) of the trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

36 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTD.)

36.4.4 Impairment losses

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

As at 31st March	Company		Group	
	2023	2022	2023	2022
In Rs.'000s				
Age				
0 - 365 days	-	-	1,013,994	628,507
More than 365 days	-	-	67,304	57,374
	-	-	1,081,298	685,881

36.5 Liquidity risk

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

36.5.1 Management of liquidity risk

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

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

36.5.2 The maturity analysis of liabilities

The tables below summarises the maturity profile of financial liabilities on contractual undiscounted (principal plus interest) payments.

As at 31st March 2023 (Current and non current)	Company			Group		
	Total	Current Up to Year 1	Non- Current Above year 1	Total	Current Up to Year 1	Non- Current Above year 1
In Rs.'000s						
Bank overdrafts	147,784	147,784	-	2,044,898	2,044,898	-
Loans and borrowings	400,000	400,000	-	7,004,600	5,080,158	1,924,442
Trade & other payables	27,968	27,968	-	4,829,899	4,829,899	-
Amount payable to related parties	372,791	372,791	-	76,041	76,041	-
Lease liabilities	-	-	-	434,126	85,366	348,760
	948,543	948,543	-	14,389,564	12,116,362	2,273,202

As at 31st March 2022 (Current and non current) In Rs.'000s	Company			Group		
	Total	Current (up to year 1)	Non- current (above year 1)	Total	Current (up to year 1)	Non- Current (above year 1)
Bank overdrafts	171,607	171,607	-	1,976,761	1,976,761	-
Loans and borrowings	-	-	-	5,648,007	3,347,696	2,300,311
Trade & other payables	20,524	20,524	-	3,492,710	3,492,710	-
Amount payable to related parties	337,741	337,741	-	155,757	155,757	-
Lease liabilities	-	-	-	364,143	88,843	275,300
	529,872	529,872	-	11,637,378	9,061,767	2,575,611

36.6 Market risk

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

36.6.1 Management of market risks

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

36.6.2 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. 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.

NOTES TO THE FINANCIAL STATEMENTS

36 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTD.)

The following significant exchange rates were applied during the year:

	Closing exchange rates		Average exchange rates	
	2023	2022	2023	2022
In Rs.				
US Dollar (USD)	336.01	299.00	355.54	205.22
Great Britain Pound (GBP)	416.44	394.57	428.50	280.20
Euro (EUR)	366.71	334.56	370.29	238.26

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. 87Mn impact on pre-tax profit.

36.6.3 Interest rate risk

Interest rate risk is the risk to the earnings and economic value of equity (EVE) arising from adverse movements in interest rates. The Group's short-term investments are at fixed interest rates and mature within one year from the date of the deposit.

36.6.4 Fixed and variable rated instruments

As at 31st March	Company		Group	
	2023	2022	2023	2022
In Rs.'000s				
Fixed rate instruments				
- Financial assets	-	-	7,109,322	9,134,538
- Financial liabilities	-	-	5,074,055	3,941,108
Variable rate instruments				
- Financial assets	-	-	99,479	869,721
- Financial liabilities	547,784	171,607	3,307,398	3,151,661

36.6.5 Sensitivity analysis on interest rate fluctuation

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

Instrument	Company		Group	
	Increase by one percentage	Decrease by one percentage	Increase by one percentage	Decrease by one percentage
In Rs.'000s				
HNB - 400Mn	4,000	(4,000)	4,000	(4,000)
NDBIB Loans- Rs.1.5 Bn	-	-	8,625	(8,625)
Potential impact	4,000	(4,000)	12,625	(12,625)

36.6.6 Management of interest rate risk

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

37 RELATED PARTY DISCLOSURES

37.1 Parent and ultimate controlling party

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.

37.2 Transactions with Key Management Personnel (KMP)

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

(ii) Compensation paid to the Key Management Personnel of the Company comprise as follows;

For the year ended/as at 31st March	Company		Group	
	2023	2022	2023	2022
In Rs.'000s				
Short term employee benefits	2,358	2,112	46,786	39,747
	2,358	2,112	46,786	39,747

As at 31st March 2023 an amount of Rs. 40,680,000/- (2022 - Rs. 28,525,146/-) is payable towards gratuity of Key Management Personnel whilst a Group maintained vehicle is provided for both official & private use.

NOTES TO THE FINANCIAL STATEMENTS

37 RELATED PARTY DISCLOSURES (CONTD.)

37.2 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.

Transactions with related parties are carried out on an arm's length basis. Outstanding balances as at year end are unsecured, interest free (except for Lion Brewery (Ceylon) PLC and Pubs 'N Places (Private) Limited) and all related-party dues are on demand and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables for the year ended 31st March 2023 and the Group has not recorded any impairment for receivables relating to amount owed by Group entities except as disclosed under note 31.

Non-recurrent related party transactions

All non-recurrent related party transactions which in aggregate value exceeded 10% of the equity or 5% of the total assets (whichever lower), of the Company as per 31st March 2022 audited Financial Statements, which required additional disclosures in the 2022/23 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission are disclosed under page 19 in the directors report.

Recurrent related party transactions

All Recurrent Related Party transactions which in aggregate value exceeded 10% of the revenue of the Company as per 31st March 2022 audited Financial Statements are disclosed under page 19 in the directors report, as required by Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

37.2.1 Transactions with subsidiary companies

In Rs.'000s

Name of the company	Relationship	Nature of the transaction	Company		Group	
			2023	2022	2023	2022
Lion Brewery (Ceylon) PLC.	Subsidiary	Interest Expenses	62,937	19,442	-	-
		Royalty Income	201,917	180,140	-	-
		Dividend Income	1,289,493	755,722	-	-
Pubs N Places (Private) Limited	Subsidiary	Interest Income	39,833	8,220	-	-
		Impairment of intercompany receivables	44,403	-	-	-
Carsons Management Services (Private) Limited	Related entity	Support service fee paid	605	471	629,343	823,647
		Secretarial & other fee paid	528	491	95,967	265,551
S K C Management Services Ltd.	Related entity	Reimbursement of Casual Wages	1,618	900	-	-

38 CONTINGENT LIABILITIES AND COMMITMENTS

38.1 Contingencies

(a) Company

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

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

This matter came up for Argument before the Supreme Court on 12th July 2021 and Judgment was delivered on 16th December 2022 where the Company's Appeal relating to the decision to institute MC action was allowed.

Certificate of Excise Duty in default issued by the Director General of Customs and Excise Duty action filed in the Magistrates' Court of Fort is quashed.

The Director General of Excise is directed to consider the representations made by the Company in respect of the second show cause notice and make a determination under section 9(2) of the said Act. Further, directed to conclude the inquiry within six months from the date of this judgment.

However, the security deposited by the Company should not be withdrawn until a determination is made in terms of section 9(2) and the other relevant provisions of the said Act are complied with.

Despite the lapse of 6 months, inquiry is still pending and there has been an exchange of correspondence with the Director General of Customs and Excise Duty, where the Company is currently awaiting the determination from the Authority on the information provided. Next steps in the conduct of the inquiry will depend on the determination made by the Director General of Customs and Excise Duty.

(ii) Contingent liabilities as at 31st March 2023 amounts to Rs. 78Mn (2022 - Rs. 1,141Mn), being bank guarantees given to Government bodies and foreign suppliers for operational purposes.

38.2 Finance Commitments

Document credits established for foreign purchases of the Group as at 31st March 2023 amounts to Rs. 1,657Mn (2022 - Rs. 2,703Mn).

NOTES TO THE FINANCIAL STATEMENTS

38 CONTINGENT LIABILITIES AND COMMITMENTS (CONTD.)

38.3 Capital Commitments

Capital expenditure committed by the Group for which a provision has not been made in the Financial Statements amounts to Rs. 700Mn at 31st March 2023 (2022 - Rs. 893Mn).

39 EVENTS OCCURRING AFTER THE REPORTING PERIOD

The Board of Directors have approved a first interim dividend of Rs. 28.84 per share for the year ending 31st March 2024 on 13th June 2023. In Accordance with Sri Lanka Accounting Standards LKAS 10 Events after the reporting period, this dividend has not been recognised as a liability in the Financial Statements as at 31st March 2023.

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

40 COMPARATIVE FIGURES

Empty bottle depreciation and machinery maintenance expenses were previously reported under distribution expenses and other expenses respectively. Both empty bottle depreciation and machinery maintenance expenses have been reclassified under cost of sales in the financial year ended 31st March 2023. The previous years have been amended, where relevant, for better presentation to be comparable with those of the current year.

41 SEGMENTAL ANALYSIS

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

42 DIRECTOR'S 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	2023	2022
In Rs.'000s		
VALUE ADDED		
Revenue	96,938,522	60,211,220
Other income	304,414	193,922
Finance income	1,411,521	627,596
Value added tax	12,786,669	4,867,959
	111,441,126	65,900,697
Cost of material and services bought from outside	(25,915,850)	(10,184,791)
	85,525,276	55,715,906

For the year ended 31st March	2023	%	2022	%
In Rs.'000s				
DISTRIBUTED AS FOLLOWS:				
To Employees				
As remuneration and other employee costs	1,536,943	1.80	1,175,175	2.11
To Government				
As Excise duty	47,713,370	55.79	39,049,818	70.09
As Excise levies	731,512	0.86	278,780	0.50
As Import duty	3,303,176	3.86	1,561,563	2.80
As Value added tax	12,786,669	14.95	4,867,959	8.74
As Income tax	3,830,083	4.48	2,235,131	4.01
As Surcharge Tax	1,230,756	1.44	-	-
As Social Security Contribution Levy	1,049,545	1.23	-	-
To Providers' of Capital				
As Dividends to shareholders	1,107,122	1.29	655,458	1.18
As Finance expenses	3,615,441	4.23	454,720	0.82
Retained in the Business				
As Depreciation/amortisation	1,874,556	2.19	1,615,505	2.90
As Minority interest	3,338,490	3.90	1,751,520	3.14
As Profit for the year	3,407,614	3.98	2,070,278	3.72
	85,525,276	100.00	55,715,906	100.00

VALUE ADDED STATEMENT

Notes:

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

	2023	2022
In Rs.'000s		
Value added tax	12,786,669	4,867,959
Excise duty	47,713,370	39,049,818
Excise levies	731,512	278,780
Import duty	3,303,176	1,561,563
Income tax	3,830,083	2,235,131
Surcharge Tax	1,230,756	-
Social Security Contribution Levy	1,049,545	-
Total tax liabilities / payments made to the Government	70,645,111	47,993,251

FIVE YEAR SUMMARY

Year ended 31st March	2023	2022	2021	2020	2019
In Rs.'000s					
OPERATING RESULTS					
Revenue	96,938,522	60,211,220	51,172,154	49,215,361	44,216,827
Other income	304,414	193,922	343,869	153,337	138,025
Net gains arising from changes in fair value of investment properties	163,100	160,230	-	155,609	-
	97,406,036	60,565,372	51,516,023	49,524,307	44,354,852
Total expenditure	(83,587,984)	(54,389,494)	(46,194,221)	(43,550,492)	(38,054,387)
Impairment of intangible assets	(353,229)	(463,578)	(449,084)	(740,315)	-
Profit before finance cost	13,464,823	5,712,300	4,872,718	5,233,500	6,300,465
Net finance income/(costs)	(2,203,920)	172,876	(588,211)	(739,260)	(1,084,592)
Profit before taxation	11,260,903	5,885,176	4,284,507	4,494,240	5,215,873
Income tax expense	(4,514,799)	(2,063,378)	(1,850,010)	(1,677,977)	(2,150,610)
Profit for the year	6,746,104	3,821,798	2,434,497	2,816,263	3,065,263
Total other comprehensive income/ (cost) for the year	(30,539)	731,086	672	288,632	208,466
Total comprehensive income for the year	6,715,565	4,552,884	2,435,169	3,104,895	3,273,729
Dividends - Ordinary	1,107,118	655,456	287,537	209,881	146,917
Excise duty	47,713,370	39,049,818	30,739,354	29,233,357	24,140,705

FIVE YEAR SUMMARY

As at 31st March	2023	2022	2021	2020	2019
In Rs.'000s					
STATEMENT OF FINANCIAL POSITION					
Stated capital	533,384	533,384	533,384	533,384	533,384
Capital reserve	1,103,358	1,103,358	735,712	735,712	588,521
Revenue reserve	10,345,024	8,720,708	7,290,140	6,321,790	5,049,101
	11,981,766	10,357,450	8,559,236	7,590,886	6,171,006
Non controlling interest	11,090,491	9,515,171	8,104,994	7,230,325	5,978,375
	23,072,257	19,872,621	16,664,230	14,821,211	12,149,381
Loans, borrowings and leases	7,004,600	5,648,007	5,390,787	12,646,497	11,757,640
Less - net cash	(9,303,148)	(11,137,550)	(7,686,214)	(10,181,555)	(8,668,761)
Capital Employed	20,773,709	14,383,078	14,368,803	17,286,153	15,238,260

Represented by:

Non-current assets	24,501,819	22,249,932	20,909,285	21,727,839	20,950,490
Current assets excluding cash and cash equivalents	12,982,886	6,943,244	5,520,462	4,933,671	4,864,352
Current liabilities excluding borrowings & OD	(10,548,779)	(9,170,853)	(6,492,972)	(3,758,648)	(5,369,858)
Lease liabilities	(216,501)	(196,109)	(218,088)	(274,532)	-
Retirement benefit obligations	(257,730)	(182,996)	(243,171)	(207,333)	(204,058)
Deferred tax liabilities	(5,687,986)	(5,260,140)	(5,106,713)	(5,134,844)	(5,002,666)
	20,773,709	14,383,078	14,368,803	17,286,153	15,238,260

Year ended 31st March	2023	2022	2021	2020	2019
In Rs.'000s					
Cash Flow Statistics					
Net cash (outflows)/inflows from operating activities	1,406,818	4,990,359	5,650,184	1,964,068	5,640,305
Net cash (outflows)/inflows from investing activities	(2,450,913)	(1,057,948)	(157,919)	(647,748)	233,327
Net cash inflows/ (outflows) from financing activities	(1,167,299)	(1,216,479)	(8,025,983)	196,474	(3,764,929)
Net cash movement for the year	(2,211,394)	2,715,932	(2,533,718)	1,512,794	2,108,702

As at 31st March	2023	2022	2021	2020	2019
------------------	------	------	------	------	------

RATIOS & STATISTICS

Operational Ratios

Return on shareholders' funds (%)	28.44	19.99	14.66	19.41	24.75
Return on capital employed (ROCE) (times)	64.82	39.72	33.91	30.28	41.35
Equity to total assets (times)	2.12	2.13	2.17	2.70	2.99
Assets turnover (times)	1.99	1.42	1.42	1.23	1.22
Gearing ratio (%)	-	-	-	14.26	20.27
Interest cover (times)	6.11	-	8.28	7.08	5.81
Current ratio (times)	1.38	1.38	1.46	1.08	0.98
Quick asset ratio (times)	0.96	1.07	1.11	0.90	0.82
Price earnings ratio (times)	4.80	7.90	13.04	11.40	11.34
Dividends per share (Rs.)	52.75	31.23	13.70	10.00	7.00
Dividend payout ratio (%) (company)	110.43	82.18	90.55	53.64	-

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - USD

For the year ended 31st March	Company		Group	
	2023	2022	2023	2022
In USD '000s				
Revenue	4,195	4,560	272,652	293,398
Cost of sales	-	-	(207,447)	(229,556)
Gross profit	4,195	4,560	65,205	63,842
Other income	-	-	856	945
Net gains arising from changes in fair value of investment properties	459	781	459	781
	4,654	5,341	66,520	65,568
Distribution expenses	-	-	(16,924)	(19,711)
Administrative expenses	(97)	(134)	(8,719)	(11,531)
Other expenses	-	-	(2,011)	(4,232)
Impairment of intangible assets	-	-	(994)	(2,259)
Impairment provision for intercompany receivable	(125)	-	-	-
Impairment of investments in subsidiaries	(492)	(409)	-	-
Profit before finance cost	3,940	4,798	37,872	27,835
Finance income	112	40	3,970	3,058
Finance costs	(273)	(168)	(10,169)	(2,216)
Net finance costs	(161)	(128)	(6,199)	842
Profit before taxation	3,779	4,670	31,673	28,677
Income tax expenses	(959)	(783)	(12,699)	(10,054)
Profit after taxation	2,820	3,887	18,974	18,623
Other comprehensive income				
Items that will never be reclassified to profit or loss				
Remeasurement of employee benefit obligation	-	-	(143)	223
Deferred tax adjustment	-	-	57	(89)
Change in revaluation of property plant & equipment	-	-	-	5,714
Deferred tax adjustment	-	-	-	(2,286)
Total other comprehensive income for the year	-	-	(86)	3,562
Total comprehensive income	2,820	3,887	18,888	22,185

For the year ended 31st March In USD '000s	Company		Group	
	2023	2022	2023	2022
Profit attributable to				
- Equity holders of the company	2,820	3,887	9,584	10,088
- Non controlling interest	-	-	9,390	8,535
Profit available for appropriation	2,820	3,887	18,974	18,623
Total comprehensive income attributable to				
- Equity holders of the company	2,820	3,887	9,539	11,949
- Non controlling interest	-	-	9,349	10,236
Profit available for appropriation	2,820	3,887	18,888	22,185

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION - USD

As at 31st March	Company		Group	
	2023	2022	2023	2022
In USD '000s				
ASSETS				
Non-current assets				
Property, plant & equipment	-	-	68,440	68,811
Investment properties	2,411	2,164	2,411	2,164
Right of use assets	-	-	625	693
Intangible assets	-	-	1,366	2,741
Deferred tax assets	-	-	79	5
Investments in subsidiaries	6,131	6,137	-	-
Total non-current assets	8,542	8,301	72,921	74,414
Current assets				
Inventories	-	-	22,176	15,174
Trade & other receivables	23	2	16,461	8,047
Amounts due from related companies	521	448	-	-
Current taxation	-	-	2	-
Cash and cash equivalents	61	95	33,773	43,861
Total current assets	605	545	72,412	67,082
Total assets	9,147	8,846	145,333	141,496
EQUITY AND LIABILITIES				
Equity				
Stated capital	9,198	9,198	9,198	9,198
Capital reserves	59	67	3,284	3,690
Revenue reserves	(3,583)	(2,425)	23,180	21,754
Equity attributable to equity holders of the company	5,674	6,840	35,662	34,642
Non - controlling interest	-	-	33,006	31,823
Total equity	5,674	6,840	68,668	66,465

As at 31st March	Company		Group	
	2023	2022	2023	2022
In USD '000s				
Non - current liabilities				
Loans and borrowings	-	-	5,727	7,693
Lease liabilities	-	-	644	656
Employee benefits	-	-	767	612
Deferred tax liabilities	428	106	16,928	17,592
Total non- current liabilities	428	106	24,066	26,553
Current liabilities				
Trade and other payables	83	69	14,374	11,681
Amounts due to related companies	1,109	1,130	226	521
Refundable deposits	-	-	8,162	7,696
Tax liabilities	223	127	8,498	10,581
Loans and borrowings	1,190	-	15,119	11,196
Lease liabilities	-	-	134	192
Bank overdraft	440	574	6,086	6,611
Total current liabilities	3,045	1,900	52,599	48,478
Total liabilities	3,473	2,006	76,665	75,031
Total equity and liabilities	9,147	8,846	145,333	141,496

NOTES TO THE FINANCIAL STATEMENTS - USD

1 BASIS OF CONVERSION

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

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

As at 31st March		2023	2022
In Rs.			
Income statement	Average rate	355.54	205.22
Monetary assets and liabilities	Closing rate	336.01	299.00
Non-current assets and liabilities	Closing rate	336.01	299.00
Ordinary share capital	Historical rate	57.99	57.99

2 REVENUE

For the year ended 31st March	Company		Group	
	2023	2022	2023	2022
In USD '000s				
(A) Revenue streams				
Dividend income	3,627	3,682	-	-
Royalty income	568	878	-	-
Brewery income	-	-	265,042	283,163
Retail trade income	-	-	7,610	10,235
	4,195	4,560	272,652	293,398
(B) Geographic revenue				
Local revenue	4,195	4,560	260,752	282,989
Export revenue	-	-	11,900	10,409
	4,195	4,560	272,652	293,398

FIVE YEAR SUMMARY - USD

Year ended 31st March	2023	2022	2021	2020	2019
In USD '000s					
Revenue	272,652	293,398	271,635	274,222	262,068
Other income	856	945	1,825	854	818
Net gains arising from changes in fair value of investment properties	459	781	-	867	-
	273,967	295,124	273,460	275,943	262,886
Total expenditure	(235,101)	(265,030)	(245,211)	(242,658)	(225,544)
Impairment of intangible assets	(994)	(2,259)	(2,384)	(4,125)	-
Profit before finance cost	37,872	27,835	25,865	29,160	37,342
Net finance costs	(6,199)	842	(3,122)	(4,119)	(6,428)
Profit before taxation	31,673	28,677	22,743	25,041	30,914
Income tax expense	(12,699)	(10,054)	(9,821)	(9,349)	(12,746)
Profit for the year	18,974	18,623	12,922	15,692	18,168
Total other comprehensive Income for the year	(86)	3,562	4	1,608	1,235
Total comprehensive Income for the year	18,888	22,185	12,926	17,300	19,403
Dividends - Ordinary	3,114	3,194	766	804	848
Excise duty paid	134,200	190,283	163,169	162,887	143,081

FIVE YEAR SUMMARY - USD

As at 31st March	2023	2022	2021	2020	2019
In USD '000s					
STATEMENT OF FINANCIAL POSITION					
Share capitals	9,198	9,198	9,198	9,198	9,198
Capital reserves	3,284	3,690	3,641	3,823	3,306
Revenue reserves	23,180	21,754	29,524	26,423	22,163
	35,662	34,642	42,363	39,444	34,667
Non controlling interest	33,006	31,823	40,116	37,569	33,584
	68,668	66,465	82,479	77,013	68,251
Loans, borrowings and leases	20,844	18,890	26,682	65,712	66,050
Less - Cash	(27,687)	(37,249)	(38,042)	(52,904)	(48,698)
Capital employed	61,825	48,106	71,119	89,821	85,603
Represented by:					
Non-current assets	72,920	74,414	103,491	112,899	117,693
Current assets excluding cash and cash equivalents	38,638	23,224	27,324	25,636	27,326
Current liabilities excluding borrowings & OD	(31,394)	(30,672)	(32,137)	(19,530)	(30,166)
Lease liabilities	(644)	(656)	(1,079)	(1,426)	-
Retirement benefit obligations	(767)	(612)	(1,204)	(1,077)	(1,146)
Deferred tax liabilities	(16,928)	(17,592)	(25,276)	(26,681)	(28,104)
	61,825	48,106	71,119	89,821	85,603

INFORMATION TO SHAREHOLDERS & INVESTORS

1 STOCK EXCHANGE LISTING

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

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

2 ORDINARY SHAREHOLDERS

As at 31st March	2023	2022
Number of Shareholders	960	991

3 FREQUENCY DISTRIBUTION OF SHAREHOLDINGS AS AT 31ST MARCH 2023

Distribution of Shares	Residents			Non-Residents			Total		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1-1,000	783	108,026	0.51	60	14,639	0.07	843	122,665	0.59
1001-10,000	74	200,090	0.95	31	82,370	0.39	105	282,460	1.34
10,001-100,000	3	36,146	0.17	3	128,186	0.61	6	164,332	0.78
100,001-1,000,000	1	144,423	0.69	2	774,000	3.69	3	918,423	4.38
Above 1,000,000	1	15,726,912	74.93	2	3,773,298	17.98	3	19,500,210	92.91
Grand Total	862	16,215,597	77.25	98	4,772,493	22.74	960	20,988,090	100.00

4 CATEGORIES OF SHAREHOLDERS

As at 31st March 2023	No. of Shareholders	No. of Shares	%
Individual	890	429,231	2.05
Institutions	70	20,558,859	97.95
Total	960	20,988,090	100.00

- 5 The number of shares held by non-residents as at 31st March 2023 was 4,772,493 (2022 - 4,772,463) which amounts to 22.74% (2022 - 22.74%) of the total number of shares in issue.

INFORMATION TO SHAREHOLDERS & INVESTORS

6 PUBLIC HOLDING

The Company is in compliance with the Minimum Public Holding requirements for Companies listed on the Diri Savi Board as per Rule 7.14.1 (i) (b) of the Listing Rules of the Colombo Stock Exchange, under Option 1, i.e. Float-Adjusted Market Capitalisation of Rs.1 Billion with 200 Public Shareholders and a Public Holding percentage of 7.5%.

The Company's Public Holding as at 31st March 2023

Market Capitalisation of the Public Holding	Rs.5.78 Billion
Percentage of ordinary shares held by the public	24.29%
Number of Public Shareholders	941

7 MARKET PERFORMANCE - ORDINARY SHARES

For The year ended 31st March	2023	2022
Highest (Rs.)	1,150.00	894.50
Lowest (Rs.)	531.00	660.00
Last Traded (Rs.)	1,134.00	706.75
Value of Shares Traded (Rs.Mn)	6.44	89.51
No. of shares traded	7,633	120,543

8 MARKET CAPITALISATION

The market capitalisation of the Company, which is the number of ordinary shares in issue multiplied by the market value of a share, was Rs. 23,800,494/- as at 31st March 2023 (31st March 2022 - Rs. 14,833,333/-).

9 DIVIDEND

- 9.1** First Interim Dividend of Rs.29/75 per ordinary share for the financial year ending 31st March 2023 was announced on 07th June 2022. Shareholders of the Company who had provided accurate bank account details were paid on 24th June 2022 and to the Shareholders who have not provided accurate bank account details or have not provided any bank account details, the dividend was paid on 07th July 2022.
- 9.2** Second Interim Dividend of Rs.23/- per ordinary share for the financial year ending 31st March 2023 was announced on 18th January 2023. Shareholders of the Company who had provided accurate bank account details were paid on 03rd February 2023 and to the Shareholders who have not provided accurate bank account details or have not provided any bank account details, the dividend was paid on 16th February 2023.
- 9.3** First Interim Dividend of Rs.28/84 per ordinary share for the financial year ending 31st March 2024 was announced on 13th June 2023. Shareholders of the Company who had provided accurate bank account details will be paid on 30th June 2023 and to the Shareholders who have not provided accurate bank account details or have not provided any bank account details, the dividend will be paid on 14th July 2023.

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 twelve months or less.

CONTINGENT LIABILITIES

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

CURRENT RATIO

Current assets divided by current liabilities.

DEBT

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

DIVIDEND COVER (ORDINARY)

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

DIVIDEND PER ORDINARY SHARE

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

DIVIDEND PAYOUT RATIO

The percentage of earnings paid to shareholders in dividends.

EARNINGS PER ORDINARY SHARE

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

EQUITY

Ordinary share capital plus reserves.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Significant events that occur between the Balance Sheet date and the date on which Financial Statements are authorised for issue.

GEARING

Ratio of Borrowings to capital employed.

INTEREST COVER

Profits before tax and interest charges divided by interest charges.

MARKET CAPITALISATION

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

NET ASSETS PER ORDINARY SHARE

Total assets less liabilities excluding preference share capital divided by the number of ordinary shares in issue.

PRICE EARNINGS RATIO - (P/ E)

Market price of a share divided by earnings per share

RELATED PARTIES

One party has ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

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).

NOTES

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the 112th Annual General Meeting of **CEYLON BEVERAGE HOLDINGS PLC** will be held on **Tuesday, 18th July 2023 at 10.00 a.m.** at the Auditorium of The Institute of Chartered Accountants of Sri Lanka (Ground Floor), 30A, Malalasekara Mawatha, Colombo 07, 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 2023 together with the Report of the Auditors thereon.
2. 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.

3. To re-appoint Mr. M. Selvanathan as a Director of the Company who is over seventy years of age and to consider and if deemed fit to pass the following resolution;

“IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to Mr. M. Selvanathan who is 76 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year.”

4. To re-appoint Mr. H. Selvanathan as a Director of the Company who is over seventy years of age and to consider and if deemed fit to pass the following resolution;

“IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to Mr. H. Selvanathan who is 74 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year.”

5. To re-appoint Mr. D. C. R. Gunawardena as a Director of the Company who is over seventy years of age and to consider and if deemed fit to pass the following resolution;

“IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to Mr. D. C. R. Gunawardena who is 72 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year.”

6. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act, No. 07 of 2007 and to authorise the Directors to determine their remuneration.

By Order of the Board

(Sgd.)

K. D. De Silva (Mrs)

Director

Carsons Management Services (Private) Limited

Secretaries

Colombo

20th June 2023

NOTICE OF MEETING

Notes:

1. The Annual Report 2022/23 will be made available on the Colombo Stock Exchange website www.cse.lk and on the Group's website www.carsoncumberbatch.com.
2. A Shareholder is entitled to appoint a proxy to attend and vote instead of him/herself. A proxy need not be a member of the Company. A Form of Proxy accompanies this Notice.
3. The completed Form of Proxy should be submitted to the Company not later than 4.45 p.m. on 16th July 2023,
 - ▶▶ via email to CBHAGM2023@carcumb.com, or
 - ▶▶ via WhatsApp or Viber to mobile no. +94 764 765 463 or +94 712 791 246, or
 - ▶▶ by hand or post to the registered office of the Company, No. 61, Janadhipathi Mawatha, Colombo 1.
4. A person representing a Corporation is required to submit a certified copy of the resolution authorising him/her to act as the representative of the Corporation. A representative need not be a member.
5. The transfer books of the Company will remain open.
6. Security Check
We shall be obliged if the shareholders/proxies attending the Annual General Meeting, produce their National Identity Card to the security personnel stationed at the entrance lobby.

FORM OF PROXY

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

DAMIAN AMAL CABRAAL	Or failing him,
HARIHARAN SELVANATHAN	Or failing him,
MANOHARAN SELVANATHAN	Or failing him,
DON CHANDIMA RAJAKARUNA GUNAWARDENA	Or failing him,
RAJIV HERATH MEEWAKKALA	Or failing him,
STEFANO CLINI	Or failing him,
SUSAN JULIET FARRINGTON EVANS (MRS.)	

as *my/our proxy to attend at the 112th Annual General Meeting of the Company to be held on **Tuesday, 18th July 2023 at 10.00 a.m.** at the Auditorium of The Institute of Chartered Accountants of Sri Lanka (Ground Floor), 30A, Malalasekara Mawatha, Colombo 07, Sri Lanka and at any adjournment thereof and at every poll which may be taken in consequence thereof.

		For	Against
1.	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"/>
2.	To re-appoint Mr. M. Selvanathan who is over seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3.	To re-appoint Mr. H. Selvanathan who is over seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4.	To re-appoint Mr. D. C. R. Gunawardena who is over seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5.	To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act, No. 07 of 2007 and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day ofTwo Thousand and Twenty Three.

.....
Signature/s

Notes

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

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the form of proxy after filling in legibly your full name and address, by signing in the space provided. Please fill in the date of signature.
2. If you wish to appoint a person other than the Directors as your proxy, please insert the relevant details in the space provided overleaf. Shareholders could also appoint a member of the Board to act as their proxy if they so choose.
3. In terms of Article 54 of the Articles of Association of the Company:
The instrument appointing a proxy shall be in writing and;
 - (i) in the case of an individual shall be signed by the appointor or by his attorney; and
 - (ii) in the case of a Corporation shall be either under its common seal or signed by its attorney or by an authorised officer on behalf of the Corporation.The Company may, but shall not be bound to, require evidence of the authority of any such attorney or officer.
A proxy need not be a Shareholder of the Company.
4. In the case of joint-holders of a share, the senior who tenders a vote, whether in person or by proxy or by attorney or by representative, shall be accepted to the exclusion of the votes of the other joint-holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
5. To be valid, the completed Form of Proxy should be submitted to the Company **not later than 4.45 p.m. on 16th July 2023**,
 - ▶▶ via email to CBHAGM2023@carcumb.com, or
 - ▶▶ via WhatsApp or Viber to mobile no. +94 764 765 463 or +94 712 791 246, or
 - ▶▶ by hand or post to the registered office of the Company, No. 61, Janadhipathi Mawatha, Colombo 1.

Please fill in the following details: (include here)

Name & contact no. of Shareholder :

CDS Account No. / Folio No. :

Name & contact no. of Proxyholder :

NIC No. of the Proxyholder :

CORPORATE INFORMATION

NAME OF THE COMPANY

Ceylon Beverage Holdings PLC
(A Carson Cumberbatch Company)

COMPANY REGISTRATION NUMBER

PQ 35

LEGAL FORM

A public Quoted Company with Limited Liability incorporated in Sri Lanka in 1910. Official listing of the Colombo Stock Exchange was obtained in April 1991.

SUBSIDIARY COMPANIES

Lion Brewery (Ceylon) PLC
Pubs 'N Places (Private) Limited
Retail Spaces (Private) Limited
Luxury Brands (Private) Limited
Millers Brewery Limited
Pearl Springs (Private) Limited
(Amalgamated with Lion Brewery (Ceylon) PLC on 31/01/2023)
Lion Beer (Ceylon) Pte Ltd, Singapore
(Incorporated on 13/03/2023)

PARENT AND CONTROLLING ENTITY

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. M. Selvanathan (Director / Alternate Director to H. Selvanathan)
Mr. D. C. R. Gunawardena
Mr. R. H. Meewakkala (Director/CEO)
Mr. S. Clini
Mrs. S. J. F. Evans

BANKERS

Citibank
Commercial Bank of Ceylon PLC
Deutsche Bank
DFCC Bank
Hatton National Bank PLC
Nations Trust Bank
National Development Bank PLC
Peoples' Bank
Standard Chartered Bank
Sampath Bank PLC
Bank of China Limited

LEGAL ADVISERS

Messrs. F. J. & G. De Saram
216, De Saram Place
Colombo 10
Sri Lanka
Tel : + 94 11 4718 200
Fax : + 94 11 4718 220

AUDITORS

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

MANAGERS & SECRETARIES

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

REGISTERED OFFICE

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

CORPORATE OFFICE & BREWERY

254, Colombo Road, Biyagama
Sri Lanka
Tel : +94 11 2465 900 (10 Lines)
Fax : +94 11 2465 901

GROUP WEBSITE

www.carsoncumberbatch.com

Designed & produced by

emagewise

Printed by Printage (Pvt) Ltd

Ceylon Beverage Holdings PLC

P.O. Box 24, No. 61, Janadhipathi Mawatha,
Colombo 01, Sri Lanka.

Tel : +94 11 2039 200 Fax: +94 11 2039 300