



ANNUAL REPORT 2020/21

LION BREWERY (CEYLON) PLC

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

FINANCIAL HIGHLIGHTS

In Rs. '000s	2021	2020	Change %
Revenue	49,849,287	47,835,328	4
Profit from operations	4,705,937	4,905,437	(4)
Profit before taxation	4,257,822	4,388,333	(3)
Profit after taxation	2,471,096	2,812,130	(12)
Shareholders' funds	16,974,411	15,142,643	12
Total assets	35,153,565	38,784,301	(9)
Earnings per ordinary share (Rs.)	30.89	35.15	(12)
Net assets per ordinary share (Rs.)	212.18	189.28	12
Market capitalisation	45,520,000	41,600,000	9

CHAIRMAN'S MESSAGE

Dear Shareholder,

It is with much pleasure that I welcome you to the 25th Annual General Meeting of the Company and present the Annual Report for the year ended 31st March 2021. The Chief Executive's review in the ensuing pages presents the operational details of your Company and hence, I will confine my report to an overview.

It was a year dominated by the pandemic. The year began with a lockdown of the entire country which came into effect late March 2020 and continued until mid May 2020. All liquor sales outlets island wide were closed during the lockdown. They were reopened in mid May, with the exception of those in Colombo & Gampaha districts which were re-opened end May. This meant that sales for over one and half months were lost, including during the festive month of April. Thereafter, many sporadic local level lockdowns were enforced throughout the year in areas where the concentration of the pandemic was high. All liquor sales outlets in these areas were closed during these lockdowns with distribution also not possible. In the context of the lockdowns and uncertain conditions we operated in, a satisfactory post-tax profit of Rs. 2.47 billion was recorded albeit a drop of 12% versus last year's post-tax profit of Rs. 2.81 billion. However, turnover in 2020/21 increased by 4% over the previous year to Rs. 49.85 billion. This marginal increase in turnover was not volume driven, but a result of price revisions necessitated to pass through the excise duty increase effective December 2019. This increase in excise duty was a measure adopted to recoup lost Government revenue due to the reduction in the rate of VAT to 8%, from the previous rate of 15%.

The economic setbacks due to the pandemic resulted in the country recording a negative GDP growth of -3.6%, compared to the previous year's growth of 2.3%. All key sectors recorded a contraction, with industry being the worst affected but overseas worker remittances remained robust. Consequently, per capita GDP declined from

USD 3852 to USD 3682 in 2020. Not surprisingly, the adverse operating environment and the reduction in discretionary consumer spending negatively impacted beer consumption. In addition, the decline in tourism to almost zero levels caused a substantial reduction in mild beer volume. The steep devaluation of the Rupee against the USD and other foreign currencies and the erratic rate changes during the year added to the challenges causing the prices of raw & packaging materials, maintenance and other input costs to rise.

On the brighter side, Lion Brewery's exports grew 15% in volume, driven mainly by significant growth in Africa and Middle East which are relatively new markets offering much potential. Lion's beer brands are now enjoyed by consumers across 26 countries. The other markets including the tourism dependent Maldives recorded declines during the year. The Maldives market showed early signs of recovery with improved tourist arrivals, but this was short lived as the second wave led to significant visitor cancellations. Growing exports remains a priority for the business but will be a demanding task as Lion's brands have to face and overcome stiff challenges from over 20,000 competing local and international brands spread across these markets. It is therefore important that world class marketing strategies are adopted to compete against well entrenched brands. Sadly, bureaucratic and procedural delays take away management's focus from marketing to resolving local operational issues. The cumbersome procedures to obtain excise duty refunds resulting in unsettled dues of over two months compared to 3 to 5 days for such refunds in other countries is just one example. Such unnecessary delays and inefficiencies erode already thin margins required to compete in international markets. At a time when growing exports is critical to the country, it is vital that the bureaucracy helps the cause by improving the ease of doing export business.

During the financial year the Company paid Rs.36.5 billion in total Government taxes. Indeed, taxes would have been higher if not for the impeded operating environment.

Mr. Suresh Shah, CEO/Director since the inception of the Company in 1996, retired on 30th June 2021, after 30 years at the helm of the beverage sector of the Carson Cumberbatch Group. Suresh joined Lion's parent company Ceylon Beverage Holdings PLC (then known as Ceylon Brewery Limited) as its CEO/Director in June 1991. He was responsible for transforming the beverage operations from a small 'brewing as an art' facility in Nuwara Eliya to the hi-tech 'state of the art' plant in Biyagama. At the time he joined, the beverage sector turnover was Rs. 434 million, returning a profit before tax of Rs. 11 million per annum. Thirty years later, in 2020/21, turnover has increased to Rs. 49.8 billion with a profit before tax of Rs. 4.3 billion. In the process, Lion is now an AAA rated entity. Whilst thanking Suresh for the excellent leadership provided to the Company and to the beverage sector, on behalf of the Board, I wish him all the best for a very happy retirement. He has taken over non-executive responsibilities in other corporates including Lion's ultimate parent Carson Cumberbatch PLC & Bukit Darah PLC for which I wish him all the success.

Dr. Rajiv Meewakkala takes over as Chief Executive Officer/Director of the Company as from 1st July 2021. Rajiv brings with him years of senior management experience in both the private & public sectors. A marketer by profession, he joined the Board of Lion in September 2017, as an independent Non-Executive Director. I wish Rajiv all success in steering Lion onwards and look forward to working with him closely.

Mr. C K Lim, a representative Director appointed by Carlsberg Malaysia resigned from the Board on 16th October 2020. I thank him for his contribution during his short tenure. In his place, Ms. Vivian Gun, Chief Financial Officer Carlsberg Malaysia, was appointed on 19th October 2020. I welcome Vivian to the Board of Lion Brewery.

The pandemic resulted in many operational challenges. The Company had to quickly adapt to new ways of working taking into consideration

added COVID-19 related safety protocols and precautions. Thanks to the unreserved cooperation and vigilance demonstrated by all employees, the business was able to operate in a largely undisturbed manner. I thank all employees for the exemplary attention paid to all health & safety protocols and for the wholehearted commitment to successfully meet the numerous operational challenges.

A special thank you and a note of appreciation to our partners Carlsberg, our bankers, consignment agents, suppliers, customers and to our loyal consumers for the continued confidence placed in the Company.

In conclusion, I wish to express my sincere appreciation and thanks to the Audit Committee, Remuneration Committee, Related Party Committee, Nomination Committee and to my colleagues on the Board for their invaluable advice and guidance to steer the Company. As always, I look forward to working closely with all in taking Lion further and forward.

(Sgd.)
D A Cabraal
Chairman

Colombo
09th July 2021

CHIEF EXECUTIVE'S REVIEW

The 2020/21 year was yet another challenging period strewn with formidable challenges as a result of COVID-19, which triggered significant economic and social pressure on the operating environment. The Company demonstrated its characteristic lion-hearted spirit of facing challenges head-on, to deliver a satisfactory noteworthy performance with a turnover of Rs. 49.84 billion and post-tax profit of Rs. 2.47 billion for the year ended 31 March 2021, albeit a marginal decline in profitability of 12% was recorded. The performance can be considered as satisfactory considering the volatile operating environment.

As a measure to curb the spread of the COVID-19, the entire country was subject to a lockdown, which commenced on 17th March and continued till 11th May 2020. Although the country-wide lockdown was lifted on 11th May, liquor outlets which were completely shut during this period, were opened only on 15th May, that too with the exception of those in the Gampaha and Colombo District in the Western Province, which were opened only on 26th May. As a result of these extended closures, no sales were recorded during this period and, more importantly, the cash inflows due to the Company completely dried up. Thereafter, there were sporadic closures in several areas depending on the spread of the pandemic and the need to bring it under control.

However, despite these uncertainties, we ensured that there were no job cuts or salary reductions. In fact, all employees were paid their full salaries plus bonuses as per the pre-COVID-19 formula, including an additional special ex-gratia payment in recognition of their efforts to continue operations uninterrupted, given the difficult circumstances.

In addition to the employees, we also honoured all commitments towards our business partners and

the Government. No business partner lost money on account of their transactions with us. Despite the complete drying up of revenue and cash flows, Rs.687 million was paid to the Government as Excise Duty, even though the inventory for which this duty was applicable remained in our warehouses, unable to be sold. In addition to this, we also paid Rs. 202 million as VAT on 30th April 2020 and a further Rs. 71 million as income tax, scheduled to be paid before 15th May 2020. Both these payments were for the financial year 2019/20, but were scheduled to be paid in the financial year 2020/21, which were settled in full despite the complete shutdown of the business due to the lockdown.

MACROECONOMIC ENVIRONMENT

The Sri Lanka economy in 2020/21, already weakened by the 2019 Easter Sunday attacks, once again came under severe pressure despite policy interventions by the Government, to cushion the economy from the full impact of COVID-19 during the year under review. Echoing the global economic downturn induced by the pandemic, the Sri Lankan economy contracted by 3.6% in 2020, recording the deepest recession since independence.

Mobility restrictions and other containment measures imposed locally and internationally with a view to preventing the spread of COVID-19, hampered economic activity across all sectors. A significant slowdown was seen in the construction and manufacturing activities, while services sector also registered a notable contraction in the areas of transportation, other personal services, and accommodation, food and beverage services, along with agriculture, which registered a contraction during the year. The tourism sector was severely affected by global travel restrictions.

Investment expenditure contracted in 2020, reflecting subdued investor sentiments, while consumption expenditure displayed a marginal growth. Meanwhile, the unemployment rate rose above 5% for the first time since 2009 with a decline in the labour force participation rate in the wake of uncertainties surrounding the pandemic. Reflecting the combined effect of the contraction in Gross Domestic Product (GDP) at current market prices and the depreciation of the Sri Lankan rupee against the US dollar, GDP per capita declined to US dollars 3,682 in 2020 from US dollars 3,852 in the previous year.

In spite of the overall contraction, the economy began to show strong signs of recovery during the second half of 2020, responding to the pro-growth policy initiatives across fiscal and monetary policy fronts. Supported by timely policy measures undertaken by the Government and the Central Bank, the external sector battled strong headwinds in 2020. The slump in merchandise exports due to the mobility restrictions and lockdown measures was swiftly overcome, demonstrating the resilience of Sri Lankan exporters. Accordingly, export earnings rebounded within a relatively short span of time to reach pre-pandemic levels. Measures to curtail non-essential imports, together with the significantly low global petroleum prices, helped reduce the import expenditure in 2020, resulting in a notable improvement in the trade deficit.

Workers' remittances too recorded a notable recovery during 2020 despite the decline witnessed at the onset of the pandemic. Despite pressures experienced during March-April 2020 and in late 2020, significant volatilities in the exchange rate were prevented with timely measures, and the depreciation of the Sri Lankan rupee against the US dollar was contained at 2.6% in 2020. All these critical factors resulted in the volumes of the Company recording a marginal de-growth when compared with the previous year.

ALCOBEV INDUSTRY

Sri Lanka's alcoholic beverage (Alcobeve) industry was among one of the harder-hit sectors of the economy as the COVID-19 outbreak, which resulted in both off-premise and on-premise outlets, including hotels and restaurants closing down sporadically across the country through the year. This development not only shrank volumes for the brewery, but also caused tax losses amounting to billions of rupees, since the legal segment of the Alcobeve is a key revenue generating sector for the Government.

As the numbers indicate, the Alcobeve sector continues to be dominated by the informal sector, which employs illicit means to gain market share at the expense of their legal counterparts, thereby depriving state coffers of valuable revenue, since these illegal entities do not pay taxes. Unfortunately, Government policy over the years has pushed consumers towards illicit liquor. Low income-earners and daily wage-earners are the most susceptible to the trap of illicit alcohol, since they do not have disposable incomes to afford the tax-paid legal product. Moreover, illicit alcohol consumption is at its highest in rural areas as their economic condition leaves them little choice.

Clearly, the industry needs an improved policy framework to govern the production and sale of alcohol in the country, underscored by the need to curb the production, sale and consumption of illicit alcohol. The legal market comprising of arrack and beer retail products operates through approximately 2800 licensed outlets. This means that 65000 sq km of the country is serviced by these 2800 outlets. Thus, every outlet serves 23.21 sq km, with distances increasing in areas outside of the Western province. Therefore, outside of the Western Province, the distance between outlets is wide, with the worst being the Northern Province - with 80 sq km per outlet. Allowing more

CHIEF EXECUTIVE'S REVIEW

outlets would generate greater revenue for state coffers while ensuring that people in more remote areas could easily access legal products without being relegated to drinking illicit liquor.

In the short term, the policy objective should be to eliminate illicit alcohol. In the longer term, the objective must shift to reducing the per capita consumption of pure alcohol through moderation and lower alcohol products. A pragmatic policy mix would ensure a steady revenue stream for the Government, whilst ensuring affordability to consumers. We remain hopeful that the Government will implement a reasonable tax structure. The strong leadership currently at the helm of Government will hopefully enact a pragmatic set of alcohol related policies towards eradication of illicit alcohol, while valuing the effort of legal entities for complying with the necessary rules and regulations. It is hoped that the tax structure enacted will be fair across to industries and not make certain industries winners and others losers.

As the pioneer and innovator in the Alcobev industry, we remain hopeful that the Government and excise authorities will rationalise taxation for the sector, including the single GST in place of Excise Duty, which remains to be introduced and reconsider the new sticker system to regulate and prevent probable excise duty leakages. The production of beer is through a hi-tech encapsulated process where manual intervention is not required during the entire process. Leakage of our products is a near impossibility as the entire process can be audited with meter readings that generate output at every production stage. Also, filling, carbonation and capping has to be done within milliseconds and no bottling occurs outside of this process. Moreover, production at the brewery occurs under the 24-hour supervision of the excise department officials, who are present

full-time at the brewery premises - observing the production line and reconciling the output. A sticker for beer will only add on to the costs, and further not serve to add a single rupee as extra revenue to the Government, whilst also impacting volumes due to operational implications with a resulting impact on Government revenue. In fact, a sticker for beer is not required as beer is a highly regulated industry and tax stickers are not applied even in countries such as Malaysia. We remain hopeful that the Government will find a more pragmatic solution to manage this challenge, so as not to put undue pressure on the industry.

FINANCIAL PERFORMANCE

On a turnover of Rs. 49.84 billion, the Profit before tax was Rs. 4.25 billion - an increase of 4% and a decrease of 3% respectively over the numbers recorded last year. The marginal increase in turnover was not volume-driven. Instead, it was caused by price revisions in December 2019 that were taken as a result of an Excise Duty increase, which was imposed by the Government to recoup revenue it lost by reducing the VAT rate from 15% to 8%. Consequent to the payment of corporate tax at 40%, the Profit after tax for 2020/21 was Rs. 2.47 billion. As the principal activity of Lion Brewery is brewing and marketing of beer, the applicable tax rate is 40%, which is the rate for entities in the business of alcohol and tobacco. All other corporates enjoy a reduced tax rate of 24%.

During the financial year, a further impairment was taken on the Millers Brewery Brands amounting to Rs. 449 million. The depressed operating environment during the year contributed to lower volumes for Millers Brands. The Millers Brands, when marketed alongside Lion's brands, attract little traction. Hence, the decline in the volumes of the Millers brands gets compensated by demand for products from the Lion portfolio.

To ensure uninterrupted operations in the face of COVID-19-related operational challenges, the inventory levels were increased from their standard levels. Indeed, these caused interest costs to rise, but given the low interest rates prevalent during the financial year - coupled with improvements to the cash position of the Company - the finance costs were lower than last year, while the year ended with a net surplus cash position. The net assets per share rose from Rs. 189.28 at the end of the last financial year to Rs. 212.18 on 31st March 2021, an improvement of Rs. 22.9 per share.

At the time of writing this, a first interim dividend of Rs.14.40 has been proposed to be paid out for the financial year ended 31st March 2021.

OPERATIONAL PERFORMANCE

Despite having weathered many storms in the past, Lion Brewery (Ceylon) PLC has grown to be resilient, facing challenges with fortitude. These valuable qualities were tested yet again in FY2020/21 as the year under review witnessed the sustained impact of the COVID-19 global pandemic on Sri Lanka's economy, further exacerbated by lockdowns and mobility restrictions. In light of the constraints in the marketplace and the lack of opportunities to grow volumes, the Company remained focused on sustaining its core services while navigating logistical challenges. Along with maintaining the core activities, areas such as cost efficiency, supply chain efficiency and route to market were prioritised.

The salient pursuit during the year under review was to ensure the company's health and safety protocols complied with related guidelines issued by the health ministry and that both internal and external stakeholders were in compliance. Apart from ensuring the health and wellbeing of employees, and the safety of distributors and

partners in the retail trade, the stringent measures taken by the Company ensured operations continued uninterrupted. In order to maintain the integrity of the supply chain and adequate stocks, stock levels of finished goods and raw materials were increased during the year.

During the year, we completed one of the major milestones in our journey towards IT transformation, by establishing the SAP Digital core, SAP S/4HANA. The intention of migrating to SAP S/4HANA is threefold: to bring speed towards moving into a data-driven organisation, develop a scalable infrastructure on Cloud, and to improve business agility and efficiency in the processes.

In the backdrop of the operating environment caused by COVID-19, some office staff were compelled to work from home on a rostered basis. Switching to remote working was easy given the established scalable and secure infrastructure platform already in place. Most of our critical applications are hosted on Cloud, which allows users to connect and work securely from wherever they may be located physically. Nevertheless, the Company continues to be watchful of cyber security risks associated with online activities, including implementing preventive measures to mitigate cyber security risks by investing in supporting technology and, more importantly, creating awareness across the organisation. Lion's IT operations are governed by ISO 27001 since 2016.

SALES & MARKETING

Movement restrictions imposed by the Government to curb the spread of the pandemic in the country hindered the usual sales and marketing activities undertaken during the year. Regardless, the sales and marketing teams remained focused on supporting the nation to fight the pandemic by taking proactive measures to provide personal

CHIEF EXECUTIVE'S REVIEW

protection equipment kits including masks and sanitizers to employees and trade partners to keep them safe. The cost for social distancing floor markings at wine shops was also borne by the Company. Guidelines were also shared on how to handle its product during this time and posters was pasted inside and outside wine shops for consumers as well as the outlet owners, by educating them and reiterating the health guidelines.

Despite the difficult operating environment, the buzz and excitement about the Company's brands was sustained with the launch of the 'Ryders Ginger Blast' in the market in June 2020, a refreshing ginger infused beer variant. The initial introduction of this beer variant took place in March 2020, but due to the closure of outlets during that month the full-scale launch was postponed till June 2020. The new taste offers a refreshing and rejuvenating experience and tantalises the palate. The response to the new product from consumers was positive and uptake of the new brand is expected to show a pickup as the country emerges from lockdown after the third wave of infections.

The Lion brand has consistently set new benchmarks in sales and marketing tactics and the same was recognised by Brand Finance and LMD, which ranked Lion as the 8th Most Valuable Beverage brand in Sri Lanka, going up one notch from the previous year in the same rankings.

Considering the Company could operate for only 10 months in the year under review, as two months were spent under a national lockdown, it would not be fitting to compare financial results against the prior year.

Nevertheless, the Company was able to consolidate its position and maintain the same level of dominance and visibility through all the

sales channels. Considering the Government's accelerated vaccination drive, the economy is expected to open soon, which bodes well for the beer category as opening of wine shops, pubs and restaurants and hotels will be beneficial for sales. As people start emerging from isolation to meeting friends and family and socialising freely once again, this easing will augur well for Lion products.

EXPORTS

Exports performed strongly despite the global disruptions in supply chains, border closures and other pandemic-induced impacts. The Company's beer exports witnessed overall growth in volumes by 15% over the previous year, while recording revenue growth of 23%. The brand performed strongly in East African markets. Some of the markets, which were severely impacted by COVID-19, such as France and UK, saw a temporary drop in sales during the year. One of the biggest challenges that exporters were faced with during the year was a rise in shipping costs and securing vessels for shipments in 2020/21.

Africa, Rwanda, Uganda and South Sudan are key markets, along with Middle East, Qatar, UAE, Bahrain and Iraq. Lion has also entered the Chinese market and is getting some promising traction there with its brands. In the image markets, Lion beer is sold in the UK, Australia, US, Canada, France, Switzerland, Italy, Korea and Japan, markets where there is a concentration of Sri Lankan diaspora. Already, the Lion brand has cornered 40% market share in the Maldives, which unfortunately suffered during the year with a marked drop in tourists.

Unfazed by challenges, the Company is looking to expand into some image markets such as the US, UK, Australia and Canada, with a focus on building a strong franchise for Lion Stout. Markets such as Malaysia and Fiji are also on the Company's radar.

Considering the high quality of Lion Stout, the Company intends to launch it in premium, specialty high-end craft-beer friendly destinations in image markets, because Lion truly has a world-class stout. The future looks inviting for the Company as it implements its plans to expand its footprint into Africa with a high alcohol portfolio.

SUPPLY CHAIN

The year in review was significantly disrupted by COVID-19, which saw a near two-month island-wide lockdown during the first wave of infections and then another disruption with the second wave in October, all of which resulted in staggered production which affected both volume and efficiencies. There were also cost impacts resulting from contingency measures such as carrying excess raw and packaging material to mitigate supply disruptions, both locally and internationally, while also carrying higher finished good stocks to mitigate the threat of a facility shutdown due to the pandemic. We are happy to report that the latter did not come into being given the stringent safety measures in place.

Given the pandemic situation, a considerable amount of time and effort were put into educating our staff, service providers, agent staff and retail business partners in the preventative best practices, which included E-flyers, signage, info packs, webinars and on ground training. Investments were also made in increasing hand washing facilities, providing masks, sanitisers and other relevant point of use PPE along with regular PCR screening of personnel towards adherence up and above the stipulated norms. Stringent protocols validated through a Red Cross Audit have been operational at the production facility to ensure not only staff but also service providers worked responsibly towards supporting the national drives to curtail the spread of COVID-19.

As part of its plans, Lion has made significant strides in improving its sustainability agenda over the last few years. During 2020/21, electricity consumption reduced by 22%, Furnace fuel consumption reduced by 27% and water consumption by 38% per unit of product - some of the success stories in our journey. The year under review, despite being heavily impacted by the pandemic, was still a year of achievement, as we were able to achieve YOY improvements in our electricity index, which showed a 5% reduction, while we were able to achieve a 7% reduction in our overall water consumption.

Our Occupational Health and Safety Management System successfully migrated from OHSAS 18001:2007 to ISO 45001:2018, while our ISO 22000:2005 Food Safety Management System migrated to the 2018 version. Our Environment Management System remains certified for ISO 14001:2015.

Our single-minded focus continues on product quality and was once more recognised this time at the Asia Beer Challenge, where Lion Strong and Lion Stout were awarded Gold, while our flavoured beer offering of Ryders Wild Apple was awarded Silver. We have also continued to hold our track record of being better than Six Sigma standard for customer complaints, recording only 1.04 DPMO during the period.

TRIBUTE TO SURESH SHAH

One of the key developments during the year under review which makes the entire Lion Brewery (Ceylon) PLC team including internal and external stakeholders, despondent, is the retirement of our dynamic erstwhile CEO, Suresh Shah, who hung up his boots from active duty at Lion Brewery (Ceylon) PLC w.e.f 30th June 2021. Mere words cannot express his dedication and commitment, helping the Company to grow and expand by leaps

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and bounds, elevating it to a AAA-rated entity and infusing it with processes, systems and machinery that has made it a world-class operation. Apart from taking the Company on a unique operational excellence journey, Suresh Shah also bequeaths the valuable legacy of a strong balance sheet despite the many challenges faced by the Alcobev sector in the country. Walking in his footsteps will be a hard act to follow for me personally, but I believe his legacy will be upheld by each team member as we bid him farewell and wish him every success and happiness as we look ahead with optimism to leverage emerging opportunities in a post-COVID-19 world.

FUTURE OUTLOOK

The accelerated vaccination programme taking place in the country coupled with a drop in infections rates from the third wave and inflow of tourists is promising as we see light at the end of the tunnel. Simultaneously, the Government's thrust on mega infrastructure projects such as highways and roads, while also ramping up the construction of the Colombo International Financial City offers hope for the future. As a financial hub, the benefits will trickle down to the rest of the city as nightlife and recreational options will have to be accelerated for the international jet set population living and working at the Financial Centre.

Lion Brewery (Ceylon) PLC is looking at widening its brand portfolio so as to provide more choices to consumers, expanding export markets to mitigate risks, while seeking sustainable growth across diverse channels. The Company will continue to invest in its operations to infuse value to its supply chain while partnering both internal and external stakeholders to prosperity.

(Sgd.)

R.H. Meewakkala

Chief Executive Officer

Colombo

09th July 2021

PROFILES OF DIRECTORS

AMAL CABRAAL

(Chairman)

Mr. Amal Cabraal, the Chairman of Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC is also the Chairman of Sunshine Holdings PLC, Silvermill Investment Holdings and CIC Feeds Group of Companies. He is a former Chairman and Chief Executive Officer of Unilever Sri Lanka and has over 4 decades of wide ranging local and international business experience.

Amal Cabraal is also a Non-Executive Director of John Keells Holdings PLC and Hatton National Bank PLC and serves as a business advisor to a number of companies. He is a member of the Board of the Ceylon Chamber of Commerce and serves on the Management Committee of the Mercantile Services Provident Society.

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

HARI SELVANATHAN

(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. He is the President Commissioner of the palm oil related companies in Indonesia. He holds directorships in several subsidiary companies within the Carsons Group and is also a Director of Sri Krishna Corporation (Private) Limited and the Chairman of Express Newspapers (Ceylon) Ltd. He is also the Chairman of Carsons Management Services (Private) Limited and Agro Harapan Lestari (Private) Limited, the Group's Management companies.

He was the Past President of the National Chamber of Commerce and Past Vice Chairman of the International Chamber of Commerce (Sri Lanka). He counts over 20 years' experience in commodity trading in International Markets.

He holds a Bachelor's Degree in Commerce.

SURESH SHAH

(Retired as Chief Executive Officer/Director w.e.f. 30/06/2021)

Mr. Suresh Shah is Chairman of Ceylon Tobacco Company PLC and a Director of Carson Cumberbatch PLC, Bukit Darah PLC and Hemas Manufacturing (Pvt) Ltd. He was previously a Board Member and Chief Executive of Ceylon Beverage Holdings PLC for 30 years. He was also the first Chief Executive of Lion Brewery (Ceylon) PLC and led the Company over its first 25 years whilst serving on its Board as well.

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

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

RAJIV MEEWAKKALA

(Chief Executive Officer)

(Non-Executive Independent Director until 30/06/2020. Appointed Chief Executive Officer-Designate/ Executive Director w.e.f. 01/07/2020 & Appointed Chief Executive Officer/Director w.e.f. 01/07/2021)

Rajiv was appointed as an Independent Non-Executive Director of Lion Brewery (Ceylon) PLC and Ceylon Beverage Holdings PLC on 1st September 2017.

Rajiv was appointed as the Chief Executive Officer of Lion Brewery (Ceylon) PLC and Ceylon Beverage Holdings PLC with effect from 1st July 2021.

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

PROFILES OF DIRECTORS

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 four decades of experience in varied fields of business and commercial activities and has held senior positions in Corporate, Mercantile and State Institutions. He was appointed to the Carsons Group Directorate in 1990.

He has served in the Management Committee of The Ceylon Chamber of Commerce for over 10 years and was a Founder Council member of the Sri Lanka Institute of Directors (SLID) and continued to serve in the council for over 10 years.

He is a Fellow of the Chartered Institute of Management Accountants, UK.

RANIL GOONETILLEKE

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

KRISHNA SELVANATHAN

Krishna Selvanathan - Director, Carsons Management Services (Private) Limited, is the CEO of Guardian Fund Management Limited and serves as a Board Member of other investment sector companies within the Ceylon Guardian Group. He also serves as a Director of Lion Brewery (Ceylon) PLC and Pegasus Hotels of Ceylon PLC. He holds a BA Degree in Accounting & Finance and Business Administration from the University of Kent, U.K.

MRS. SUSAN EVANS

Director of Lion Brewery (Ceylon) PLC and Ceylon Beverage Holdings PLC. Counts over 30 years' experience in strategy and marketing, largely with multi-national consumer product companies, Gillette, GlaxoSmithKline and Whirlpool. Whilst based in the UK, 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 20 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.

SUDARSHAN SELVANATHAN

Prior to joining Carson Cumberbatch PLC in 2019, he was a partner at JNE Partners LLP and a senior member of the investment team at MSD Capital. Prior to joining MSD in 2006, he served in various roles at Lone Star Funds and Lehman Brothers. He holds a BSc (Hons) Management Science from the University of Warwick, United Kingdom.

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 the Chairman of 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 by 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.

MS. VIVIAN GUN LING LING

(Appointed w.e.f. 19/10/2020)

Ms. Vivian Gun Ling Ling joined Carlsberg in 2018 as a Chief Financial Officer in Myanmar Carlsberg Co. Ltd (MCCL). She is responsible for Finance and IT functions. Prior to joining Carlsberg, she had held senior Finance roles with established Malaysian corporations including GlaxoSmithKline, British American Tobacco, BMW and KPMG. She has worked in Malaysia and other South East Asian countries including Myanmar and Vietnam. Ms. Gun is a qualified CPA Australia professional

and was a member of the Chartered Institute of Management Accounting (CIMA). She graduated from Victoria University of Wellington, New Zealand in 1998 with a first class honours, majoring in Accounting and having been awarded the Tenaga Nasional Berhad scholarship to study there.

LIM CHEE KEAT

(Resigned w.e.f. 16/10/2020)

Mr. Lim Chee Keat was the Chief Financial Officer (CFO) of Carlsberg Brewery Malaysia Berhad ("Carlsberg Malaysia"). He resigned from Carlsberg Malaysia on 16th October 2020. Prior to joining Carlsberg Malaysia, he was a Director and CFO of a telecommunications company based in Jakarta and he had held several senior Finance positions in Astro Malaysia, including CFO (Content Management & Production) and Group Financial Controller.

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

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

SENIOR MANAGEMENT TEAM



Rajiv Meewakkala
Director / Chief Executive Officer



Ranil Goonetilleke
Director – Finance



Stefan Atton
Vice President – International Business



Niresh de Silva
General Manager – Technical



Madhushanka Ranatunga
General Manager – Sales & Marketing



Nishantha Hulangamuwa
Head of Sales & Outbound Logistics



Shiran Jansz
Head of Procurement



Eshantha Salgado
Head of Technological Development & Sustainability



Keerthi Kanaheraarachchi
Head of Corporate Affairs



Prashanthan Pathmanathan
Financial Controller, Commercial



Shiyan Jayaweera
Head of Marketing



Ama Ekanayake
Head of Information Technology



Surani Amerasinghe
Head of Human Resources



Channa Senarathne
Head of Regulatory Affairs



Jehan Goonaratne
Financial Controller, Corporate Finance



Chandana De Silva
Quality Assurance Manager



Chaminda Bandaranayake
Head of Packaging



Ruwandhi Thantrige
Head of Legal



Widhura Nuwan
Chief Engineer



Kaveen Gayathma
Manager, Outbound Logistics

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

The Board of Directors of Lion Brewery (Ceylon) PLC have pleasure in presenting to the Shareholders their Report together with the Audited Consolidated Financial Statements of the Company and its Subsidiaries (the Group) for the year ended 31st March 2021.

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

The Annual Report was approved by the Board of Directors on 09th July 2021.

GENERAL

The Group consists of Lion Brewery (Ceylon) PLC and its fully owned subsidiaries Pearl Springs (Private) Limited and Millers Brewery Limited. Lion Brewery (Ceylon) PLC is a public limited liability Company incorporated in Sri Lanka in 1996. Its subsidiary Pearl Springs (Private) Limited is a wholly owned entity incorporated in 2015. Millers Brewery Limited is a wholly owned undertaking of Pearl Springs (Private) Limited.

PRINCIPAL ACTIVITY OF THE GROUP

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

REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Rating Review

Fitch Rating Lanka Limited on 3rd June 2020 revised the National Long-Term Rating of Lion Brewery (Ceylon) PLC to 'AAA(lka)'/Stable from 'AA-(lka)'/Stable.

Further details of significant events during the year are contained in the Chief Executive's Review on pages 04 to 10 of this Report.

STATEMENT OF DIRECTORS RESPONSIBILITIES

The responsibilities of the Directors in relation to the Financial Statements, are detailed in the following paragraphs, whilst the responsibilities of the Auditors are set out in the Report of the Auditors.

According to the Companies Act, No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995, the Directors are required to prepare Financial Statements for each financial year, giving a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the results for the said period.

In preparing these financial statements, the Directors are required to ensure that:

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

- provides the information required by and otherwise comply with the Companies Act, No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The Directors are responsible for ensuring that the Group maintains sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company in order to ensure that its Financial Statements meet with the requirements of the Companies Act, No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995.

They are also responsible for taking reasonable measures to safeguard the assets of the Group and in this regard to give proper consideration to the establishment of appropriate systems of internal control with a view to prevent, detect and rectify frauds and other irregularities.

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

The Directors confirm that to the best of their knowledge,

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

ACCOUNTING POLICIES AND CHANGES DURING THE YEAR

There were no major changes made to the accounting policies other than those disclosed in the notes to the Financial Statements for the financial year ended 31st March 2021.

FINANCIAL STATEMENTS

The Financial Statements which include the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and Notes to the Financial Statements of the Company and the Group for the year ended 31st March 2021 are set out on pages 40 to 104 of this Report.

RESERVES

After the above mentioned appropriations, the total reserves of the Group stand at Rs. 14,437 Mn (2020 - Rs. 12,605 Mn) comprising Capital Reserves of Rs. 1,388 Mn (2020 - Rs.1,388 Mn) and Revenue Reserves of Rs. 13,048 Mn (2020 - Rs. 11,216 Mn). Details are shown in the Statement of Changes in Equity on page 44.

CAPITAL EXPENDITURE ON PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

The total expenditure on the purchase of capital assets by the Group during the year amounted to Rs. 1,187 Mn (2020 - Rs.1895 Mn). The movements in capital assets during the year are set out in Notes 08 & 10 to the Financial Statements.

MARKET VALUE OF FREEHOLD PROPERTIES

The land and buildings owned by the Group were valued in March 2020 by a qualified independent valuer. The market value arrived at was Rs. 6,624 Mn. These are further explained in Note 08 to the Financial Statements.

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

RISK MANAGEMENT/MATERIAL FORESEEABLE RISK FACTORS

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

MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS

There were no material issues relating to employees and industrial relations during the year ended 31st March 2021.

STATUTORY PAYMENTS

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

GOING CONCERN

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

INDEPENDENT AUDITORS' REPORT

The Independent Auditors' Report on the Financial Statements is given on pages 35 to 39 of this Report.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in Note 1 to 7 in the notes to the Financial Statements on pages 48 to 63.

DONATIONS

There were no donations made during the year ended 31st March 2021 (2020 - Nil).

INTERESTS REGISTER

The Company maintains an Interests Register conforming to the provisions of the Companies Act, No. 07 of 2007.

All Directors have made declarations as provided for in Section 192(2) of the Companies Act aforesaid. The relevant details as required by the Companies Act, No. 07 of 2007 have been entered in the Interests Register during the year under review.

The Interests Register is available for inspection as required under the Companies Act.

REMUNERATION OF DIRECTORS

Directors' remuneration, for the financial year ended 31st March 2021 is given in Note 27 to the Financial Statements, on page 84.

DIRECTORS' INTEREST IN CONTRACTS AND SHARES

The Related Party Transactions of the Group as required by the Sri Lanka Accounting Standard LKAS 24 Related Party Disclosures are disclosed in Note 33 to the Financial Statements and have been declared at Meetings of the Board of Directors. The Directors have had no direct or indirect interest in any other contracts or proposed contracts in relation to the business of the Group, while they had the following interests in the ordinary shares of the Company as shown in the table below.

Directors	No. of shares as at	
	31st March 2021	31st March 2020
Mr. D. A. Cabraal (Chairman)	-	-
Mr. H. Selvanathan (Deputy Chairman)	1,579	1,579
Mr. S. K. Shah (Retired as Chief Executive Officer/Director w.e.f. 30/06/2021)	6,016	6,016
Mr. D. C. R. Gunawardena	34	34
Mr. D. R. P. Goonetilleke	1	1
Mr. K. Selvanathan (Director / Alternate Director to Mr. H. Selvanathan)	-	-
Mrs. S. J. F. Evans	-	-
Mr. R. H. Meewakkala (Appointed Chief Executive Officer-Designate w.e.f. 01/07/2020 & Appointed Chief Executive Officer w.e.f. 01/07/2021)	-	-
Mr. Lim C. K. (Resigned w.e.f. 16/10/2020)	-	-
Mr. S. Selvanathan	-	-
Mr. S. Clini	-	-
Ms. V. Gun L. L. (Appointed w.e.f. 19/10/2020)	-	-

DIRECTORS

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

Changes in the Directorate

Mr. Lim C. K. Non-Executive Director resigned from the Board with effect from 16th October 2020.

Ms. V. Gun L. L. was appointed as a Non-Executive Director of the Company with effect from 19th October 2020.

Mr. R. H. Meewakkala who was a Non-Executive Independent Director was appointed as the Chief Executive Officer-Designate with effect from 01st July 2020 and designated as an Executive Director.

He was appointed as the Chief Executive Officer of the Company w.e.f. 01st July 2021 and continues

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

to function in the capacity of an Executive Director of the Company.

Mr. S. K. Shah retired as the Chief Executive Officer/Director of the Company w.e.f. 30th June 2021 following a successful 30 year leadership of the Company.

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

In terms of Article 68 of the Articles of Association of the Company, Ms. V. Gun L. L. retires from the Board and being eligible offers herself for re-election.

Directors to retire by rotation

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

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

Appointment of Directors who have reached 70 years of age

Mr. H. Selvanathan - Executive Director who was over 70 years of age was appointed as a Director of the Company in terms of Section 210 of the Companies Act, No.07 of 2007 at the AGM held on 08th September 2020 for a period of one year commencing from the conclusion of the said AGM, i.e. till 08th September 2021.

Upon the recommendation of the Nomination Committee of the Company and the Board, it is recommended that Mr. H. Selvanathan who is over 70 years of age be re-appointed as a Director of

the Company for a further period of one year from the conclusion of the Annual General Meeting and that the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not be applicable to him.

Upon the recommendation of the Nomination Committee of the Company and the Board, it is also recommended that Mr. D. C. R. Gunawardena - Non-Executive Director who is 70 years of age be re-appointed as a Director of the Company for a period of one year from the conclusion of the Annual General Meeting and that the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not be applicable to him.

AUDITORS

Company's Auditors during the year under review were Messrs. KPMG, Chartered Accountants. Details of audit fees are set out in note No. 27 to the Financial Statements.

The retiring Auditors have expressed their willingness to continue in office. A Resolution to re-appoint them as Auditors of the Company and authorising the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

The Audit Committee reviewed the appointment of the Auditors, its effectiveness and its relationship with the Company, including the level of audit and non-audit fees paid to the Auditor.

Auditors' relationship or any interest with the Company

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

Related Party Transactions Review Committee

The Parent Company of the Company is Ceylon Beverage Holdings PLC (CBHPLC) and Carson Cumberbatch PLC (CCPLC) in turn is the Parent Company of CBHPLC. As per the Rule 9.2.3 of the Listing Rules of the Colombo Stock Exchange, the Related Party Transactions Review Committee of CCPLC functions as the Related Party Transactions Review Committee of the Company.

Related Party Transactions Review Committee Members	Executive / Non-Executive / Independent
Mr. W. M. R. S. Dias (Appointed Chairman & Member w.e.f. 01/01/2021)	Non-Executive/Independent Director of CCPLC
Mr. R. Theagarajah (Appointed w.e.f. 01/01/2021)	Non-Executive/Independent Director of CCPLC
Mr. D. C. R. Gunawardena	Non-Executive Director of CCPLC
Mr. H. Selvanathan	Executive Director of CCPLC
Mr. M. Selvanathan	Executive Director of CCPLC
Mr. S. K. Shah	Executive Director of CCPLC until 30/06/2021 & Non-Executive Director of CCPLC w.e.f. 01/07/2021
Mr. V. P. Malalasekera (Ceased to be Chairman & Member w.e.f. 31/12/2020)	Non-Executive/Independent Director of CCPLC
Mr. F. Mohideen (Ceased to be a Member w.e.f. 31/12/2020)	Non-Executive/Independent Director of CCPLC

The following members ceased to be members of the Related Party Transactions Review Committee, subsequent to their resignation as Non-Executive/Independent Directors of CCPLC w.e.f. 31st December 2020.

Mr. V. P. Malalasekera (Chairman)

Mr. F. Mohideen

The Related Party Transactions Review Committee Report is given on pages 32 to 33 of this Annual Report.

Declaration

The Directors have made self-declarations for the purpose of identifying parties related to them. The said declarations were noted at the 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 2021, 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 33 on pages 98 to 102 of the Financial Statements.

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

1. Non-Recurrent Related Party Transactions

There were no non-recurrent related party transactions where the aggregate value of the non-recurrent related party transactions exceed 10% of the equity or 5% of the total Asset whichever is lower of the Company as per the latest audited financial statements.

2. Recurrent Related Party Transactions

There were no Recurrent Related Party Transactions entered into by the Company, where the aggregate value of the recurrent Related Party Transactions exceed 10% of the Gross Revenue/ Income of the Group, as per the latest audited financial statements.

CORPORATE GOVERNANCE

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

Board of Directors

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

Directors	Executive/ Non-Executive / Independent
Mr. D. A. Cabraal (Chairman)	Non-Executive/ Independent *
Mr. H. Selvanathan (Deputy Chairman)	Executive
Mr. S. K. Shah (Retired as Chief Executive Officer/Director w.e.f. 30/06/2021)	Executive

Directors	Executive/ Non-Executive / Independent
Mr. D. C. R. Gunawardena	Non-Executive
Mr. D. R. P. Goonetilleke	Executive
Mr. K. Selvanathan (Director / Alternate Director to Mr. H. Selvanathan)	Executive
Mrs. S. J. F. Evans	Non-Executive/ Independent **
Mr. R. H. Meewakkala (Appointed Chief Executive Officer-Designate w.e.f. 01/07/2020 & Appointed Chief Executive Officer w.e.f. 01/07/2021)	Non-Executive/ Independent until 30/06/2020 Executive w.e.f. 01/07/2020
Mr. Lim C. K. (Resigned w.e.f. 16/10/2020)	Non-Executive
Mr. S. Selvanathan	Executive
Mr. S. Clini	Non-Executive
Ms. V. Gun L. L. (Appointed w.e.f. 19/10/2020)	Non-Executive

Each of the Non-Executive Directors of the Company have submitted a signed declaration on Independence/Non-Independence as per Rule 7.10.2(b) of the Listing Rules of the Colombo Stock Exchange (CSE). The said declarations were tabled at a Board Meeting of the Board of Directors of the Company held on 09th July 2021, in order to enable the Board of Directors to determine the Independence/Non-Independence of each of the Non-Executive Directors, in terms of Rule 7.10.3(a) of the Listing Rules of the CSE.

* The Board has determined that Mr. D. A. Cabraal is an Independent/Non-Executive Director in spite of being a Director of

Ceylon Beverage Holdings PLC, which has a substantial shareholding in the Company, since he is not directly involved in the management of the Company.

** The Board has determined that Mrs. S. J. F. Evans is an Independent/Non-Executive Director in spite of being a Director of Ceylon Beverage Holdings PLC, which has a substantial shareholding in the Company, since 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 six (06) virtual Board Meetings through Microsoft Teams and the attendance of the Directors were as follows;

Directors	Meetings Attended
Mr. D. A. Cabraal (Chairman)	6/6
Mr. H. Selvanathan (Deputy Chairman)	6/6
Mr. S. K. Shah (Retired as Chief Executive Officer/ Director w.e.f. 30/06/2021)	6/6
Mr. D. C. R. Gunawardena	6/6
Mr. D. R. P. Goonetilleke	6/6
Mr. K. Selvanathan (Director / Alternate Director to Mr. H. Selvanathan)	5/6
Mrs. S. J. F. Evans	6/6
Mr. R. H. Meewakkala (Appointed Chief Executive Officer- Designate w.e.f. 01/07/2020 & Appointed Chief Executive Officer w.e.f. 01/07/2021)	5/5

Directors	Meetings Attended
Mr. Lim C. K. (Resigned w.e.f. 16/10/2020)	4/4
Mr. S. Selvanathan	6/6
Mr. S. Clini	6/6
Ms. V. Gun L. L. (Appointed w.e.f. 19/10/2020)	2/2

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

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

Audit Committee Members	Executive/ Non-Executive / Independent
Mr. A. S. Amaratunga (Appointed Chairman w.e.f. 01/01/2021)	Non-Executive/ Independent Director of CCPLC
Mr. D. C. R. Gunawardena	Non-Executive Director of CCPLC

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

Audit Committee Members	Executive/ Non-Executive / Independent
Mr. Y.H. Ong (Appointed w.e.f. 01/01/2021)	Non-Executive/ Independent Director of CCPLC
Mr. V. P. Malalasekera (Ceased to be Chairman & Member w.e.f. 31/12/2020)	Non-Executive/ Independent Director of CCPLC
Mr. F. Mohideen (Ceased to be a Member w.e.f. 31/12/2020)	Non-Executive/ Independent Director of CCPLC

The following members ceased to be members of the Audit Committee, subsequent to their resignation as Non-Executive/Independent Directors of CCPLC w.e.f. 31st December 2020.

Mr. V. P. Malalasekera (Chairman)

Mr. F. Mohideen

Mr. R. H. Meewakkala ceased to be the Observer representing the Beverage Sector at the Carson Cumberbatch PLC Audit Committee Meetings following his appointment as Chief Executive Officer of the Company w.e.f. 01st July 2021.

The Audit Committee Report is given on pages 29 to 31 of this Annual Report.

Remuneration Committee

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

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

Scope and Objective

The primary objective of the Remuneration Committee is to lead to establish a formal and transparent procedure for the development of a remuneration policy and the establishment of a remuneration structure.

A remuneration policy has been formulated based on market and industry factors and individual performance for all group Companies.

Functions and Proceedings

The Remuneration Committee recommends to the Board the remuneration to be paid to the Chief Executive Officer, Executive Directors and Non-Executive Directors. Based on the recommendation of the Remuneration Committee, the Board approves remuneration to the respective Directors.

The Chief Executive Officer, Director-in-charge and other members of senior management may be invited to attend meetings to discuss the performance of the Executive Directors and make

proposals as necessary. Neither Executive or Non-Executive Directors are involved in Remuneration Committee meetings when determinations are made in relation to the remuneration of the respective Directors.

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

The Remuneration Committee Charter requires the Committee to meet at least twice a year. As allowed by the Remuneration Committee Charter, the Committee held three (03) virtual meetings during the period under review.

Remuneration Committee Members	Attended Meetings
Mr. T. de Zoysa (Chairman)	3/3
Mr. D.C.R. Gunawardena	3/3
Mr. R Theagarajah	3/3
Mr. W.M.R.S. Dias	3/3

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 Executive and Non-Executive Directors of the Company is disclosed under Note 27 on page 84 of the Annual Report.

Nomination Committee

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

Scope and Objective

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

Functions and Proceedings

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

Any Director of the Board and the Chief Executive Officer/ Director-in-Charge and other members of senior management may be invited to attend Meetings of the Nomination Committee. The Committee may also invite appointed external consultants to aid the Committee in the discharge of its duties.

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

The Nomination Committee Charter requires the Committee to meet at least twice a year. As allowed by the Nomination Committee Charter, the

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

Committee held three (03) virtual meetings during the period under review.

Nomination Committee Members	Attended Meetings
Mr. D. A. Cabraal (Chairman)	3/3
Mrs. S. J. F. Evans	3/3
Mr. D. C. R. Gunawardena	3/3

DIVIDEND

1. A Final Dividend of Rs.8/- per ordinary share amounting to Rs.640,000,000/- for the year ended 31st March 2020 was paid on 11th September 2020 to the Shareholders of the Company who had provided accurate bank account details and to the Shareholders who had not provided accurate bank account details or had not provided any bank account details the dividends was paid on 29th September 2020.
2. A First Interim Dividend of Rs.14.40 per ordinary share amounting to Rs.1,152,000,000/- for the year ended 31st March 2021 was announced on 28th June 2021. Shareholders of the Company who had provided accurate bank account details were paid on 09th July 2021 and to the Shareholders who have not provided accurate bank account details or have not provided any bank account details the dividends will be paid on 29th July 2021.

SOLVENCY TEST

Taking into account the said distributions, the Directors are satisfied that the Company would meet the Solvency Test requirement under Section 56(2) of the Companies Act, No. 07 of 2007 immediately after the distributions.

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

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2021 was Rs. 2,537,801,310/- consisting of 80,000,000 ordinary shares.

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

EVENTS OCCURRING AFTER THE REPORTING DATE

Further, to the Note 35 Events Occurring After the reporting date, no circumstances have arisen which would require adjustments to or disclosure in the Financial Statements.

SHARE INFORMATION

Information relating to share trading are given on pages 116 and 117 of this Report.

	Name of Shareholders	31st March 2021		31st March 2020	
		No. of shares	%	No. of shares	%
1	CEYLON BEVERAGE HOLDINGS PLC	41,798,788	52.25	41,798,788	52.25
2	CARLSBERG BREWERY MALAYSIA BERHAD	20,000,686	25.00	20,000,686	25.00
3	CB NY S/A ALLAN GRAY FRONTIER MARKETS EQUITY FUND LIMITED	5,379,636	6.72	2,157,031	2.70
4	CARSON CUMBERBATCH PLC A/C NO. 02	4,107,793	5.13	4,107,793	5.13
5	CARSON CUMBERBATCH PLC A/C NO. 01	1,402,060	1.75	1,402,060	1.75
6	BUKIT DARAH PLC A/C NO. 02	1,300,000	1.63	1,300,000	1.63
7	SSBT-AL MEHWAR COMMERCIAL INVESTMENTS L.L.C.	983,779	1.23	983,779	1.23
8	RBC INVESTOR SERVICES BANK-COELI SICAV I- FRONTIER MARKETS FUND	703,190	0.88	1,273,190	1.59
9	BBH-RONDURE NEW WORLD FUND	472,256	0.59	472,256	0.59
10	GF CAPITAL GLOBAL LIMITED	468,595	0.59	468,595	0.59
11	SSBT-FRANK RUSSEL TRUST COMPANY COMINGLED BENEFIT FUNDS TRUST GNA-6QH3	303,516	0.38	436,967	0.55
12	SAMPATH BANK PLC/MRS.PRIYANI DHARSHINI RATNAGOPAL	300,000	0.38	300,000	0.38
13	DEUTSCHE BANK AG AS TRUSTEE FOR JB VANTAGE VALUE EQUITY FUND	207,947	0.26	-	-
14	PORTELET LIMITED	161,920	0.20	161,920	0.20
15	UNION ASSURANCE PLC-UNIVERSAL LIFE FUND	155,894	0.19	-	-
16	DEUTSCHE BANK AG-LONDON	150,000	0.19	272,614	0.34
17	TRANZ DOMINION,L.L.C.	129,251	0.16	129,251	0.16
18	SSBT-RUSSELL INVESTMENTS EMERGING MARKETS EQUITY POOL	106,498	0.13	39,447	0.05
19	NEWGREENS LIMITED	83,200	0.10	83,200	0.10
20	MR. M.A. JAFFERJEE	81,884	0.10	41,884	0.05

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 09th July 2021.

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 25th Annual General Meeting of the Company will be held on Friday, 13th August 2021 at 9.00 a.m. at the 8th Floor of No.65C, Dharmapala Mawatha, Colombo 7, Sri Lanka by means of audio or audio and visual technology.

The Notice of the Annual General Meeting, setting out the business which will be transacted thereat is on page 119 of the Annual Report.

Signed on behalf of the Board,

(Sgd.)
R. H. Meewakkala
CEO/Director

(Sgd.)
D. R. P. Goonetilleke
Director

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

Colombo
09th July 2021

AUDIT COMMITTEE REPORT

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

Mr.V.P. Malalasekera, Member/Chairman and Mr.F. Mohideen, Member of the Audit Committee resigned from the Board of CCPLC w.e.f. 31st December 2020 and ceased to be Members of the Audit Committee w.e.f. 31st December 2020.

On 1st January 2021 Mr.A.S. Amaratunga, Member of the Audit Committee was appointed Chairman of the Audit Committee and Mr.Y.H. Ong, Non-Executive, Independent Director of CCPLC was appointed a Member of the Audit Committee.

The Audit Committee consists of the following Members:

Audit Committee Members	Executive / Non-Executive/ Independent
Mr.A.S. Amaratunga (Appointed Chairman w.e.f. 1st January 2021)	Non-Executive, Independent (CCPLC)
Mr.D.C.R. Gunawardena	Non-Executive (CCPLC)
Mr.Y.H. Ong (Appointed Member w.e.f. 1st January 2021)	Non-Executive, Independent (CCPLC)
Mr.V.P. Malalasekera (Ceased to be Member/ Chairman w.e.f. 31st December 2020)	Non-Executive, Independent (CCPLC)
Mr.F. Mohideen (Ceased to be a Member w.e.f. 31st December 2020)	Non-Executive, Independent (CCPLC)

Mr.A.S. Amaratunga, 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 and a Commissioner of PT Agro Indomas, Indonesia, a subsidiary of CCPLC.

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

Mr.Y.H. Ong is a Non-Executive, Independent Director of CCPLC. He is also an Independent Non-Executive Director, Member of the Executive Committee, Audit Committee and the Board Risk Committee of United Overseas Bank Ltd., Singapore. Mr.Ong had served at Ernst & Young, Singapore for 30 years and was involved in audit and financial advisory work.

Mr.V.P. Malalasekera was a Non-Executive, Independent Director of CCPLC upto 31st December 2020 and was a former Director of Ceylon Tobacco Company PLC. Mr.F. Mohideen was a Non-Executive, Independent Director of CCPLC upto 31st December 2020 and was a former Deputy Secretary to the Treasury, a former Director of Bank of Ceylon and Securities and Exchange Commission of Sri Lanka.

Mr.R.H. Meewakkala ceased to be an Observer representing the Beverage Sector following his appointment as Chief Executive Officer of Lion Brewery (Ceylon) PLC and Ceylon Beverage Holdings PLC.

Meetings of the Audit Committee

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

As allowed by the CCPLC-Audit Committee Charter, CCPLC-Audit Committee held Seven (07) virtual Meetings during the financial year to discuss matters relating to the Company.

AUDIT COMMITTEE REPORT

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

Audit Committee Members	Meetings (virtual) Attended (out of seven)
Mr.A.S. Amaratunga (Chairman)	7/7
Mr.D.C.R. Gunawardena	7/7
Mr.Y.H. Ong *	3/7
Mr.V.P. Malalasekera**	4/7
Mr.F. Mohideen***	4/7

**Appointed Member w.e.f. 1st January 2021*

***Ceased to be Member/Chairman w.e.f. 31st December 2020*

****Ceased to be a Member w.e.f. 31st December 2020*

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

The Audit Committee met the External Auditors, Messrs. KPMG, twice during the year to discuss the audit scope, including Key Audit Matters and to deliberate the draft Financial Report and Accounts at the completion stage of the audit.

The Chairman-Audit Committee issues a written update for circulation to the Board following the Audit Committee Meetings, 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.

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.

Financial Statements

The interim financial statements of Lion Brewery (Ceylon) PLC have been reviewed by the Audit Committee Members at Audit Committee Meetings, prior to release of same to the Regulatory Authorities and to the shareholders.

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 Lion Brewery (Ceylon) PLC for the year ended 31st March 2021 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 Director/CEO, Director-Finance of the Company and Director-Finance, Carsons Management Services (Private) Limited 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 the 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-à-vis

objectives served and to determine the extent of adherence to the controls by staff responsible for the function and to take corrective/preventive action where necessary.

The Audit Committee approved the audit plan for the financial year 2020/2021 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 the relevant management staff and subsequently the audit reports were circulated to the Audit Committee and to senior management.

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 observations noted by the External Auditors.

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

The Members of the Audit Committee have concurred to recommend to the Board of Directors the re-appointment of Messrs. KPMG, Chartered Accountants, as Auditors for the financial year ending 31st March 2022, subject to the approval of the shareholders of Lion Brewery (Ceylon) PLC at the Annual General Meeting.

(Sgd.)

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

09th July 2021

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

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

Composition of the Committee

Mr.V.P. Malalasekera, Member/Chairman and Mr.F. Mohideen, Member of the RPTRC resigned from the Board of CCPLC w.e.f. 31st December 2020 and ceased to be Members of the RPTRC w.e.f. 31st December 2020.

On 1st January 2021 Mr.W.M.R.S. Dias, Non-Executive, Independent Director of CCPLC was appointed Chairman of the RPTRC and Mr.R. Theagarajah, Non-Executive, Independent Director of CCPLC was appointed as a Member of the RPTRC.

The Members of the RPTRC are as follows :

RPTRC Members	Executive/ Non-Executive / Independent
Mr.W.M.R.S. Dias (Appointed Chairman w.e.f. 1st January 2021)	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 (Appointed Member w.e.f. 1st January 2021)	Non-Executive, Independent (CCPLC)

RPTRC Members	Executive/ Non-Executive / Independent
Mr.V.P. Malalasekera (Ceased to be Member/ Chairman w.e.f. 31st December 2020)	Non-Executive, Independent (CCPLC)
Mr.F. Mohideen (Ceased to be a Member w.e.f. 31st December 2020)	Non-Executive, Independent (CCPLC)

**Executive Director of CCPLC upto 30th June 2021 &
Non-Executive Director of CCPLC w.e.f. 1st July 2021*

Meetings of the Related Party Transactions Review Committee

As allowed by the Carsons Group Related Party Transactions Compliance Code (Carsons Group RPT Code), CCPLC-RPTRC held Four (04) Virtual Meetings during the financial year. In addition, the approval of the RPTRC Members were sought via 15 Circular Resolutions and 06 Circular Letters were circulated for their information during the financial year.

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

RPTRC Members	Meetings (virtual) attended (out of four)
Mr.W.M.R.S. Dias (Chairman)*	1/4
Mr.D.C.R. Gunawardena	4/4
Mr.H. Selvanathan	1/4
Mr.M. Selvanathan	-
Mr.S.K. Shah	4/4
Mr.R. Theagarajah**	1/4
Mr.V.P. Malalasekera***	3/4
Mr.F. Mohideen****	1/4

**Appointed Chairman w.e.f. 1st January 2021*

***Appointed Member w.e.f. 1st January 2021*

****Ceased to be Member/Chairman w.e.f. 31st December 2020*

*****Ceased to be a Member w.e.f. 31st December 2020*

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.
- 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 2020 to 31st March 2021 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
09th July 2021

FINANCIAL CALENDAR

Financial Year	31st March 2021
Announcement of Results	
1st Quarter	30th June 2020
Issued to Colombo Stock Exchange	14th August 2020
2nd Quarter	30th September 2020
Issued to Colombo Stock Exchange	20th November 2020
3rd Quarter	31st December 2020
Issued to Colombo Stock Exchange	12th February 2021
4th Quarter	31st March 2021
Issued to Colombo Stock Exchange	17th May 2021
Meetings	
24th Annual General Meeting	8th September 2020
25th Annual General Meeting	13th August 2021

INDEPENDENT AUDITOR'S REPORT



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

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TO THE SHAREHOLDERS OF LION BREWERY (CEYLON) PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lion Brewery (Ceylon) PLC, (the "Company") and the consolidated financial statements of the Company and its subsidiaries (the "Group"), which comprise the statement of financial position as at 31st March 2021, 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 40 to 104 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 2021, 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

M.R. Mihular FCA	P.Y.S. Perera FCA	C.P. Jayatilake FCA
T.J.S. Rajakaner FCA	W.W.J.C. Perera FCA	Ms. S. Joseph FCA
Ms. S.M.S. Jayasekara ACA	W.K.D.C. Abeyrathne FCA	S.T.D.L. Perera FCA
G.A.U. Kanunaratne FCA	R.M.D.B. Rajapakse FCA	Ms. B.K.D.T.N. Rodrigo FCA
R.H. Rajan FCA	M.N.M. Shameel ACA	Ms. C.T.K.N. Perera ACA
A.M.P.P. Athalagoon ACA		

Principals - S.R.J. Perera FCMA(UK), LL.B., Attorney-at-Law, H.S. Goonewardene ACA
Ms. P. M. K. Sumanasekara FCA, W.A.A. Weerasekera CFA, ACMA, MRICS



Revenue Recognition	
Refer Note 4.1 for accounting policy and Note 25 for information.	
Risk Description	Our response
<p>The Company recorded revenues of Rs.49.8 Bn for year ended 31 March 2021.</p> <p>Whilst revenue recognition and measurement is not complex for the Company, the Company operates in a market which is affected by different customer behaviour and the various discounts and locally imposed duties and fees in regard to revenue recognition introduce an inherent risk to the revenue recognition process. This, together with the focus on volumes and revenue as key performance measures resulted in revenue being selected as a key audit matter.</p>	<p>Our audit procedures among others 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 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. • 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 Company’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.



Carrying value of Brands acquired

Refer Note 2.5 for Use of Estimates and Judgments, Note 3.7 for accounting policy and Note 10 for information.

Risk Description	Our response
<p>The Company has recognised an intangible asset relating to Brands acquired with a carrying value of Rs. 1.14 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>Note 36 in the Financial Statements describes the impact of COVID-19 outbreak to the current year financial statements and the possible effects of the future implications of COVID-19 outbreak on the Company's future prospects, performance and cash flows. Management has considered the uncertainties from these events and circumstances as the outbreak is prevailing at the time of finalising these financial statements.</p>	<p>Our audit procedures among others included:</p> <ul style="list-style-type: none"> • Evaluating the appropriateness and consistency of underlying assumptions via corroborating estimates of future cash flows and discussing whether they are reasonable and supported by the most recent approved management budgets, including expected future performance of the CGUs, and discussing whether these are appropriate in light of future macroeconomic expectations in the markets including the latest economic conditions pursuant to the Covid-19 outbreak and 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.

INDEPENDENT AUDITOR'S REPORT



Other Information

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

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

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

Responsibilities of Management and Those Charged with Governance for the 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
09th July 2021

STATEMENT OF FINANCIAL POSITION

As at 31st March In Rs.'000s	Notes	Company		Group	
		2021	2020	2021	2020
ASSETS					
Non-Current Assets					
Property, plant & equipment	8	17,408,326	17,554,046	18,819,887	19,152,259
Right of use assets	9	164,119	162,759	164,119	162,759
Intangible assets	10	1,225,109	1,642,330	1,225,109	1,642,330
Investments in subsidiary	11	1,029,623	1,029,623	-	-
Total non-current assets		19,827,177	20,388,758	20,209,115	20,957,348
Current Assets					
Inventories	12	3,493,117	2,582,120	3,493,117	2,582,120
Trade and other receivables	13	1,334,241	1,291,041	1,340,316	1,297,428
Amounts due from related companies	14	445,619	609,024	445,619	609,024
Cash and cash equivalents	15	9,525,907	13,183,568	9,665,398	13,338,381
Total current assets		14,798,884	17,665,753	14,944,450	17,826,953
Total assets		34,626,061	38,054,511	35,153,565	38,784,301
EQUITY AND LIABILITIES					
Equity					
Stated capital	16	2,537,801	2,537,801	2,537,801	2,537,801
Capital reserves	17	972,968	972,968	1,388,475	1,388,475
Retained earnings		13,380,781	11,427,695	13,048,135	11,216,367
Total equity		16,891,550	14,938,464	16,974,411	15,142,643
Non-current liabilities					
Loans and borrowings	18	3,497,060	2,633,041	3,497,060	2,633,041
Lease creditor	9	165,321	158,642	165,321	158,642
Employee benefits	19	233,933	198,737	233,933	198,737
Net deferred tax liabilities	20	4,646,786	4,602,596	5,088,525	5,116,420
Total non-current liabilities		8,543,100	7,593,016	8,984,839	8,106,840

As at 31st March In Rs.'000s	Notes	Company		Group	
		2021	2020	2021	2020
Current liabilities					
Trade and other payables	21	1,873,132	1,477,865	1,874,996	1,486,979
Amounts due to related companies	22	123,342	108,371	122,828	107,748
Refundable deposits	23	1,900,393	1,715,620	1,900,393	1,715,620
Current tax liabilities	24	2,383,576	82,996	2,385,113	86,292
Loans and borrowings	18	1,868,664	9,958,243	1,868,664	9,958,243
Lease creditor	9	19,900	12,370	19,900	12,370
Bank overdrafts	15	1,022,404	2,167,566	1,022,421	2,167,566
Total current liabilities		9,191,411	15,523,031	9,194,315	15,534,818
Total liabilities		17,734,511	23,116,047	18,179,154	23,641,658
Total equity and liabilities		34,626,061	38,054,511	35,153,565	38,784,301
Net assets per ordinary share (Rs.)		211.14	186.73	212.18	189.28

The Notes to the Financial Statements from page 48 to 104 form an integral part of these Financial Statements.

I certify that the above Financial Statements comply with the requirements of Companies Act No.07 of 2007.

(Sgd.)

J.N. Goonaratne

Financial Controller-Corporate

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

Approved and signed on behalf of the Managers

Approved and signed on behalf of the Board

(Sgd.)

V. R. Wijesinghe

Director

(Sgd.)

R. H. Meewakkala

Director

(Sgd.)

D.R.P. Goonetilleke

Director

Carsons Management Services (Private) Limited

09th July 2021

Colombo

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March In Rs.'000s	Notes	Company		Group	
		2021	2020	2021	2020
Revenue	25	49,849,287	47,835,328	49,849,287	47,835,328
Cost of sales		(39,828,971)	(37,330,756)	(39,828,971)	(37,330,756)
Gross profit		10,020,316	10,504,572	10,020,316	10,504,572
Other income	26	331,241	150,253	338,404	162,319
		10,351,557	10,654,825	10,358,720	10,666,891
Distribution expenses		(2,815,812)	(2,908,894)	(2,815,812)	(2,908,894)
Administrative expenses		(1,617,768)	(1,556,963)	(1,665,071)	(1,594,622)
Other expenses		(562,558)	(517,623)	(722,816)	(517,623)
Impairment of intangible assets	10	(449,084)	(740,315)	(449,084)	(740,315)
Profit from operations	27	4,906,335	4,931,030	4,705,937	4,905,437
Finance income	28	688,286	1,012,709	695,281	1,020,932
Finance costs	28	(1,143,396)	(1,538,036)	(1,143,396)	(1,538,036)
Net finance cost		(455,110)	(525,327)	(448,115)	(517,104)
Profit before taxation		4,451,225	4,405,703	4,257,822	4,388,333
Income tax expense	29	(1,815,068)	(1,743,340)	(1,815,068)	(1,743,340)
Deferred taxation	29	(43,743)	229,037	28,342	167,137
Profit for the year		2,592,414	2,891,400	2,471,096	2,812,130

For the year ended 31st March In Rs.'000s	Notes	Company		Group	
		2021	2020	2021	2020
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Re-measurement of employee benefit obligations	19	1,119	11,545	1,119	11,545
Deferred tax charge on actuarial gain	29	(447)	(4,618)	(447)	(4,618)
Revaluation gain on land & buildings	8	-	317,351	-	560,472
Deferred tax charge on land and building revaluation	29	-	(126,940)	-	(278,767)
Total other comprehensive income for the year net of tax		672	197,338	672	288,632
Total comprehensive income for the year		2,593,086	3,088,738	2,471,768	3,100,762
Earnings per ordinary share (Rs.)		32.41	36.14	30.89	35.15

The notes to the Financial Statements from Page 48 to 104 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY

In Rs.'000s	Stated Capital	Revaluation Reserve	Retained Earnings	Total Equity
Company				
Balance as at 1st April 2019	2,537,801	782,557	9,008,246	12,328,604
Total comprehensive income for the year				
Profit for the year	-	-	2,891,400	2,891,400
Other comprehensive income for the year	-	190,411	6,927	197,338
Total comprehensive income for the year	-	190,411	2,898,327	3,088,738
Transactions with owners of the company				
Distribution made to owners				
Ordinary dividends	-	-	(480,000)	(480,000)
Forfeiture of unclaimed dividends	-	-	1,122	1,122
Balance as at 31st March 2020	2,537,801	972,968	11,427,695	14,938,464
Balance as at 1st April 2020	2,537,801	972,968	11,427,695	14,938,464
Total comprehensive income for the year				
Profit for the period	-	-	2,592,414	2,592,414
Other comprehensive income for the year	-	-	672	672
Total comprehensive income for the year	-	-	2,593,086	2,593,086
Transactions with owners of the company				
Distribution made to owners				
Ordinary dividends	-	-	(640,000)	(640,000)
Balance as at 31st March 2021	2,537,801	972,968	13,380,781	16,891,550

The notes to the Financial Statements from Page 48 to 104 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

In Rs.'000s	Stated Capital	Revaluation Reserve	Retained Earnings	Total Equity
Group				
Balance as at 1st April 2019	2,537,801	1,106,770	8,876,188	12,520,759
Total comprehensive income for the year				
Profit for the year	-	-	2,812,130	2,812,130
Other comprehensive income for the year	-	281,705	6,927	288,632
Total Comprehensive income for the year	-	281,705	2,819,057	3,100,762

Transactions with owners of the company

Distribution made to owners

Ordinary dividends	-	-	(480,000)	(480,000)
Forfeiture of unclaimed dividends	-	-	1,122	1,122
Balance as at 31st March 2020	2,537,801	1,388,475	11,216,367	15,142,643

Balance as at 1st April 2020	2,537,801	1,388,475	11,216,367	15,142,643
Total comprehensive income for the year				
Profit for the year	-	-	2,471,096	2,471,096
Other comprehensive income for the year	-	-	672	672
Total comprehensive income for the year	-	-	2,471,768	2,471,768

Transactions with owners of the company

Distributions made to owners

Ordinary dividends	-	-	(640,000)	(640,000)
Balance as at 31st March 2021	2,537,801	1,388,475	13,048,135	16,974,411

The notes to the Financial Statements from Page 48 to 104 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	
		2021	2020	2021	2020
Cash flows from operating activities					
Profit before taxation		4,451,225	4,405,703	4,257,822	4,388,333
Adjustments for:					
Finance costs	28	1,189,239	1,557,657	1,189,239	1,557,657
Depreciation on property, plant & equipment	8	1,273,080	1,185,684	1,299,018	1,212,460
Amortisation on Intangible assets	10	7,437	4,850	7,437	4,850
Depreciation on right of use assets	9	32,208	22,916	32,208	22,916
Net inventory provision	12	1,096	38,847	1,096	38,847
Provision for retirement benefit obligation	19	39,267	38,858	39,267	38,858
Gain on derecognition of right of use assets		(2,913)	-	(2,913)	-
Impairment of property, plant & equipment	8	-	4,729	160,258	4,729
Loss on disposal of returnable containers		-	132,443	-	132,443
Impairment of intangible assets	10	449,084	740,315	449,084	740,315
Loss/(gain) on disposal of property, plant & equipment		20,557	(8,951)	21,013	(19,246)
Deposits written back during the year		(168,072)	-	(168,072)	-
Lease interest expense	9	28,716	15,508	28,716	15,508
Foreign exchange loss		309	6,167	309	6,166
Finance Income	28	(688,286)	(1,012,709)	(695,281)	(1,020,932)
Operating cash flow before working capital changes		6,632,947	7,132,017	6,619,201	7,122,904
Increase in inventories	12	(912,093)	(515,156)	(912,093)	(515,156)
(Increase)/Decrease in trade and other receivables		(43,509)	454,327	(43,199)	455,641
Decrease in amounts due from related companies	14	163,405	104,206	163,405	104,206
Increase In tax payable		1,773,928	(1,754,305)	1,772,169	(1,753,671)
Increase in trade and other payables		395,267	377,126	388,017	379,387
Increase/(Decrease) in amounts due to related companies	22	14,971	(6,689)	15,080	(7,198)
Cash generated from operations		8,024,916	5,791,526	8,002,580	5,786,113
Finance expenses paid		(1,114,498)	(1,419,256)	(1,114,496)	(1,419,256)
Retirement benefits paid	19	(2,952)	(26,006)	(2,952)	(26,006)
Tax paid		(1,301,862)	(2,391,223)	(1,301,862)	(2,391,223)
Net cash generated from operating activities		5,605,604	1,955,041	5,583,270	1,949,628

For the year ended 31st March In Rs.'000s	Notes	Company		Group	
		2021	2020	2021	2020
Cash flows from investing activities					
Purchase and construction of property, plant & equipment	8	(1,160,021)	(1,889,170)	(1,160,021)	(1,889,170)
Purchase of intangible assets	10	(27,196)	(5,747)	(27,196)	(5,747)
Proceeds from sale of property, plant & equipment		-	9,713	-	37,350
Agent deposits received	23	366,290	259,396	366,290	259,396
Interest received		688,286	1,012,709	695,281	1,020,932
Net cash used in investing activities		(132,641)	(613,099)	(125,646)	(577,239)
Cash flows from financing activities					
Loans and borrowings obtained	18	3,000,000	4,373,249	3,000,000	4,373,249
Repayments of loans and borrowings	18	(10,300,300)	(1,592,619)	(10,300,300)	(1,592,619)
Repayments of debentures		-	(2,000,000)	-	(2,000,000)
Repayments of lease rentals	9	(45,162)	(30,171)	(45,162)	(30,171)
Forfeiture of unclaimed dividends		-	1,122	-	1,122
Dividend paid net of tax		(640,000)	(413,985)	(640,000)	(413,985)
Net cash (used in)/generated from financing activities		(7,985,462)	337,596	(7,985,462)	337,596
Net (decrease)/increase in cash & cash equivalents		(2,512,499)	1,679,538	(2,527,838)	1,709,985
Cash & cash equivalents at the beginning of the year		11,016,002	9,336,464	11,170,815	9,460,830
Cash & cash equivalents at the end of the year (Note 15)		8,503,503	11,016,002	8,642,977	11,170,815
Analysis of cash and cash equivalents					
Cash and cash equivalents		9,525,907	13,183,568	9,665,398	13,338,381
Bank overdraft		(1,022,404)	(2,167,566)	(1,022,421)	(2,167,566)
		8,503,503	11,016,002	8,642,977	11,170,815

The notes to the Financial Statements from Page 48 to 104 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

1.1 Reporting Entity

Lion Brewery (Ceylon) PLC (“LBCPLC”) is a public limited liability Company incorporated and domiciled in Sri Lanka and is listed on the Colombo Stock Exchange. Ceylon Beverage Holdings PLC is the immediate Parent Company of Lion Brewery (Ceylon) PLC. In the opinion of the Directors, Carson Cumberbatch PLC is the Parent Company of Ceylon Beverage Holdings PLC and Bukit Darah PLC is the Ultimate Parent and Controlling Entity of Ceylon Beverage Holdings PLC. The registered office of the Company is situated at No 61, Janadhipathi Mawatha, Colombo 01 and the principal place of business is situated at No 254, Colombo Road, Biyagama.

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

The Consolidated Financial Statements for the year ended 31st March 2021 comprise of the Company and its subsidiaries (together referred to as the “Group” and individually Group entities).

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

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

There were 239 employees in the Company and the Group as at the reporting date. (2020 -237).

2 BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of Lion Brewery (Ceylon) PLC (Company), and its subsidiaries (Group) comprise the Statements of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows together with the notes to the Financial Statements. The Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (hereinafter referred to as LKAS/ SLFRS) as laid down by the Institute of Chartered Accountants of Sri Lanka, the requirements of the Company’s Act No. 07 of 2007 and the listing rules of the Colombo Stock Exchange.

The Financial Statements were authorised for issue by the Board of Directors on 9th July 2021.

2.2 Basis of measurement

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

- Land & Building - Fair Value
- Employee defined benefit obligation - 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 2021, the management has assessed the possible effects of COVID-19 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 a 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 Lanka Rupees has been rounded to the nearest rupee thousands.

2.5 Use of estimates and Judgments

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

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

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

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

- Note 8 – Revaluation of Land & Building
- Note 10 – Impairment test on Intangible Assets
- Note 13 – Provision for impairment of debtors
- Note 19 – Employee benefit obligations
- Note 20 – Deferred tax liabilities/assets
- Note 34 – Commitments & Contingencies
- Note 36 – Impact from COVID 19 pandemic

2.6 Comparative Information

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

2.7 Measurement of Fair value

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non- financial assets and liabilities. The Group regularly reviews significant unobservable inputs and valuation adjustments.

If third party information is used to measure fair values, the Group assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

NOTES TO THE FINANCIAL STATEMENTS

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 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 subsidiaries at cost.

During the year the Company has held the following subsidiaries:

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

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

In the Company's Financial Statements, investments in subsidiaries are carried at cost less impairment if any.

The carrying amount of the investment at the date that such entity ceases to be a Subsidiary would be regarded at the cost of initial measurement of a financial asset.

(III) *Loss of Control*

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

(IV) *Non-Controlling Interest*

The Non-Controlling Interest is presented in the Consolidated Statement of Financial Position within equity, separated from the equity attributable to the Equity Holders to the Group. Non-controlling Interest in the Profit or Loss of the Group is disclosed separately in the Consolidated Statement of Profit or Loss and other Comprehensive Income. However, the Group does not have non-controlling interest as of the reporting date, as subsidiaries are wholly owned by the Company.

(V) *Financial Period*

The Consolidated Financial Statements are prepared to a common financial year ending 31st March.

(VI) *Intra-Group Transactions*

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

3.3 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 & 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

The Group's financial assets classified and measured at amortised cost are limited to its trade

debtors, related party receivables, short term investments and cash & cash equivalents.

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

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

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

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

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

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

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount

outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Financial assets - Subsequent measurement and gains and losses

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

NOTES TO THE FINANCIAL STATEMENTS

3.4.3 De-recognition

Financial assets

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

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

Financial liabilities

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

3.4.4 Offsetting

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

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;

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

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

3.5 Property, plant & equipment

Recognition & Measurement

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

(I) Recognition

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

(II) Measurement

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

NOTES TO THE FINANCIAL STATEMENTS

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 & Equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The cost of the day-to-day servicing of property, plant and equipment are recognised in the Profit or Loss as and when the expense is incurred.

(IV) *Revaluation of Land and Buildings*

The freehold land and buildings of the Company and subsidiaries have been revalued and revaluation of these assets is carried out at least once in every five years in order to ensure that the book values reflect the realisable values. Any surplus or deficit that arises is recognised in other

comprehensive income and accumulated in equity in the asset revaluation reserve except to the extent that it reserves a revaluation decrease of the same asset previously recognised in income statement in which case the increase is recognised in the income statement.

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

(V) *Depreciation*

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

Asset	Lion Brewery (Ceylon) PLC Years	Millers Brewery Limited Years
Freehold buildings	15 – 50	40
Plant & machinery	3 – 20	20
Furniture & fittings	5 – 10	5
Office equipment	3 – 10	5
Computer equipment	3	3
Returnable containers	5	-
Motor vehicles	4 – 5	5
Laboratory equipment	4	-

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

and residual values are reviewed at each reporting date.

(VI) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time the assets are substantially ready for their intended use. Borrowing Costs include foreign exchange differences to the extent that such differences are regarded as an adjustment to interest cost as permitted by the accounting standards.

(VII) Refundable Deposits & Returnable Containers

Returnable containers are classified under Property, Plant and Equipment. All purchases of returnable containers except empty bottles meant for Exports and specific local brands are recognised at cost and depreciated over a period of 5 years. In the event a returnable container breaks within the premises of the Group, the written down value on a first in first out (FIFO) basis will be charged to the Profit or Loss.

Empty bottles used for exports are recognised as an expense in the Profit or Loss at the time the export takes place.

Deposits are collected from the agents for the returnable containers in their possession and are classified under Current Liabilities. The said deposit will be refunded to the agent only upon them returning these returnable containers due to cessation of their operation or due to contraction in sales.

(VIII) Capital Work-in-Progress

The cost of self-constructed assets includes the cost of materials, direct labour, and direct overheads including any other costs directly attributable to bring the assets to a workable condition of their intended use and capitalised borrowing cost. Capital Work-In-Progress is

transferred to the respective asset accounts when the asset is available for use and all work connected to construction is completed.

(IX) Impairment of Property, Plant and Equipment

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

(x) De-recognition

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

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

3.6 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

NOTES TO THE FINANCIAL STATEMENTS

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 elected 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 an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it 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 liability in 'Lease creditor' in the statement of financial position.

3.7 Intangible Assets

An Intangible Asset is recognised if it is probable that future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. 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 and on a straight line basis over the estimated useful lives of the intangible assets from the date that they are available for use. Amortisation methods, useful lives and residual values are reviewed at each financial year end. The estimated useful life of a software license is 3-5 years.

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

in useful life from indefinite to finite is made on a prospective basis.

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

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

3.8 Inventories

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

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

Accordingly, the costs of inventories are accounted as follows:

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

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

NOTES TO THE FINANCIAL STATEMENTS

3.9 Investments

Long term investments and investments in subsidiaries of the Group are classified as non-current investments, which are stated in the Statement of Financial Position at cost less accumulated impairment losses, if any.

3.10 Cash and Cash Equivalents

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

3.11 Liabilities and Provisions

3.11.1 Liabilities

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

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

3.11.2 Refundable Deposits

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

3.11.3 Provisions

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

3.12 Employee Benefits

(i) Defined Contribution Plans

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

Employees' Provident Fund

The Company and Employees' contribute 12% & 10% respectively on the salary of each employee respectively. The contribution of the Employees' Provident Fund is recognised as an expense in the Profit or Loss.

Employees' Trust Fund

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

(ii) Defined Benefit Plans

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

The calculation is performed annually by a qualified actuary using the Projected Unit Credit method (PUC). The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value. However, under the payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continuous service. Any actuarial gains or losses arising are recognised in the Other Comprehensive Income and all expenses related to the defined benefit plans are in personnel expenses in the Profit or Loss. The liability was not externally funded.

3.13 Capital Commitments & Contingencies

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

3.14 Events Subsequent to the Reporting Period

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

4 STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

4.1 Revenue Recognition

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

(i) Interest

Income is recognised on an accrual basis.

(ii) Others

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

4.2 Expenditure Recognition

(i) Operating Expenditure

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

Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure. Repairs and renewals are charged to the Profit or Loss in the year in which the expenditure is incurred.

(ii) Finance Income & Finance Cost

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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.

(i) Current Taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively 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. Current tax payable also includes any tax liability arising from the declaration of dividends.

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 thereto.

(ii) Deferred Taxation

Deferred tax is provided using the balance sheet liability method, providing for the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

Deferred tax assets including those related to temporary tax effects of income tax losses and credits available to be carried forward, are

recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.4 Earnings per Share

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

4.5 Dividend Distribution

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

5 STATEMENT OF CASH FLOWS

5.1 Cash and Cash Equivalents

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

For the purpose of statement of cash flow, cash and cash equivalents comprise of cash in hand, cash in bank and deposits held at banks, net of bank overdrafts.

Investments with short maturities, i.e. three months or less from the date of acquisition are also treated as cash equivalents.

The statement of cash flows has been prepared using the "Indirect Method".

Interest paid are classified as operating cash flows, interests received are classified as investing cash flows while dividends paid are classified as

financing cash flows for the purpose of presenting of statement of cash flows.

6 SEGMENTAL REPORTING

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

7 NEW ACCOUNTING STANDARDS NOT EFFECTIVE AT THE REPORTING DATE

The 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 1st January 2021. 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,

- I. Onerous contracts - Cost of fulfilling a contract (Amendments to LKAS 37) - The amendments apply for annual reporting periods beginning on or after 1st January 2022.
- II. Property, plant and equipment: Proceeds before Intended Use (Amendments to LKAS 16) - The amendment applies to annual reporting periods beginning on or after 1st January 2022.
- III. Classification of liabilities as current or non-current (Amendments to LKAS 1) - The amendment applies to annual reporting periods beginning on or after 1st January 2023.
- IV. Reference to Conceptual Framework (Amendments to IFRS 3) - The amendment applies to annual reporting periods beginning on or after 1st January 2022.
- V. Annual Improvements to SLFRS Standards 2018–2020 - The amendments are effective for annual reporting periods beginning on or after 1st January 2022.

NOTES TO THE FINANCIAL STATEMENTS

8 PROPERTY, PLANT & EQUIPMENT

8.1 Property, Plant & Equipment - Company

In Rs. '000s	Freehold Land	Freehold Buildings	Plant & Machinery	Furniture & Fittings	Office Equipment	Computer Equipment	Motor Vehicles	Laboratory Equipment	Returnable Containers	Capital Work-in-Progress	31st March 2021	31st March 2020
Cost / Valuation												
As at 1st April 2020	2,791,830	2,430,321	13,378,544	32,259	41,779	258,854	148,952	70,139	3,455,934	1,604,310	24,212,922	22,982,182
Additions	-	104,750	219,459	8,189	1,985	6,707	-	478	622,968	195,485	1,160,021	1,889,170
Transfers to PPE/intangible assets	-	497,030	976,470	194	1,723	6,243	-	-	-	(1,493,764)	(12,104)	(3,536)
Revaluation gain/(loss)	-	-	-	-	-	-	-	-	-	-	-	317,351
Depreciation adjustment on revaluation	-	-	-	-	-	-	-	-	-	-	-	(256,420)
Disposals/ Breakages	-	-	(27,958)	-	-	-	-	-	(415,951)	-	(443,909)	(715,825)
As at 31st March 2021	2,791,830	3,032,101	14,546,515	40,642	45,487	271,804	148,952	70,617	3,662,951	306,031	24,916,930	24,212,922
Accumulated Depreciation												
As at 1st April 2020	-	-	4,089,139	20,941	25,945	231,134	71,611	66,866	2,150,386	2,854	6,658,876	6,307,503
Charge for the year	-	80,574	708,201	2,925	4,573	25,407	21,452	1,520	428,428	-	1,273,080	1,185,684
Depreciation adjustment on revaluation	-	-	-	-	-	-	-	-	-	-	-	(256,420)
Impairment	-	-	-	-	-	-	-	-	-	-	-	4,729
Disposals/ Breakages	-	-	(7,401)	-	-	-	-	-	(415,951)	-	(423,352)	(582,620)
As at 31st March 2021	-	80,574	4,789,939	23,866	30,518	256,541	93,063	68,386	2,162,863	2,854	7,508,604	6,658,876
Net Book Value												
As at 31st March 2021	2,791,830	2,951,527	9,756,576	16,776	14,969	15,263	55,889	2,231	1,500,088	303,177	17,408,326	
As at 31st March 2020	2,791,830	2,430,321	9,289,405	11,318	15,834	27,720	77,341	3,273	1,305,548	1,601,456		17,654,046

Except for the land at Kurunagala, all other freehold land and buildings of the Company were revalued as at 31st March 2020 by Arthur Perera & Company, independent professional valuer at a value of Rs. 5,151 Mn and the resultant surplus arising from there was transferred to the Revaluation Reserve.

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

In Rs. 000s	Freehold		Furniture & Fittings		Office Equipment		Computer Equipment		Motor Vehicles		Laboratory Equipment		Returnable Containers		Capital Work-in-Progress		31st March	
	Land	Buildings	Machinery	Furniture & Fittings	Equipment	Equipment	Equipment	Equipment	Vehicles	Equipment	Equipment	Containers	-Progress	2021	2020			
Cost / Valuation																		
As at 1st April 2020	3,715,561	2,908,772	13,639,493	39,717	42,094	268,323	149,097	70,139	3,457,885	1,604,310	25,895,392	24,455,478						
Additions	-	104,750	219,459	8,189	1,985	6,707	-	478	622,968	195,485	1,160,021	1,893,170						
Transfers from work in progress	-	497,030	976,470	194	1,723	6,243	-	-	-	(1,493,764)	(12,104)	(3,536)						
Revaluation gain	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation adjustment on revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals/ Breakages	-	-	(28,778)	-	-	-	-	-	-	-	(415,953)	-	-	-	-	-	-	(268,543)
As at 31st March 2021	3,715,561	3,510,562	14,806,644	48,100	45,802	281,273	149,097	70,617	3,664,900	306,031	26,598,578	25,895,392						
Accumulated Depreciation																		
As at 1st April 2020	-	-	4,156,339	26,115	26,261	240,605	71,756	66,866	2,152,337	2,854	6,743,133	6,381,591						
Charge for the year	-	92,533	721,238	3,867	4,573	25,407	21,452	1,520	428,428	-	1,299,018	1,212,460						
Depreciation adjustment on revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	160,258	-	-	-	-	-	-	-	160,258	4,729						
Disposals/ Breakages	-	-	(7,765)	-	-	-	-	-	(415,953)	-	(423,718)	(587,104)						
As at 31st March 2021	-	92,533	5,030,060	29,982	30,834	266,012	93,208	68,386	2,164,812	2,854	7,778,691	6,743,133						
Net Book Value																		
As at 31st March 2021	3,715,561	3,418,019	9,776,584	18,118	14,968	15,261	55,889	2,231	1,500,088	303,177	18,819,887	18,819,887						
As at 31st March 2020	3,715,561	2,908,772	9,483,154	13,602	15,833	27,718	77,341	3,273	1,305,548	1,601,456	19,152,259	19,152,259						

Freehold land and buildings of subsidiary (Millers Brewery Limited) were revalued as at 31st March 2020 by Arthur Perera & Company, independent professional valuer at a value of Rs. 1,402 Mn and the resultant surplus arising from there was transferred to the Revaluation Reserve.

NOTES TO THE FINANCIAL STATEMENTS

8.2 The Management of Millers Brewery Limited evaluated the recoverable value of its plant and machinery as at 31st March 2021 on the basis of their recoverable values if disposed as scrap, since there is no plan or intention to use these items for operational purposes. As a result, an impairment of Rs. 160.25Mn has been charged to the income statement.

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

In Rs.'000s	Company		Group	
	Land	Buildings	Land	Buildings
Cost as at 1st April 2020	1,579,121	1,879,775	1,891,470	2,267,336
Additions during the year	-	601,780	-	601,780
Cost as at 31st March 2021	1,579,121	2,481,555	1,891,470	2,869,116
Accumulated depreciation	-	(498,662)	-	(571,699)
Carrying amount as at 31st March 2021	1,579,121	1,982,893	1,891,470	2,297,417
Carrying amount as at 31st March 2020	1,579,121	1,879,775	1,891,470	2,267,336

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

Location	2021						2020					
	Extent of Lands		Cost/ valuation of Lands Rs.000s	Number of buildings/ Blocks	Cost/ valuation of Buildings Rs.000s	Extent of Lands			Cost/ valuation of Lands Rs.000s	Number of buildings/ Blocks	Cost/ valuation of Buildings Rs.000s	
	A	R				P	A	R				P
Lion Brewery Ceylon PLC	28.00	2.00	4.46	2,445,380	49	3,022,101	28.00	2.00	4.46	2,445,380	46	2,420,321
Biyagama	3.00	-	27.00	253,500	-	10,000	3.00	-	27.00	253,500	-	10,000
Kaduwela	3.00	2.00	-	22,400	-	-	3.00	2.00	-	22,400	-	-
Tangalle	3.00	-	35.00	70,550	-	-	3.00	-	35.00	70,550	-	-
Total- Company	38.00	1.00	26.46	2,791,830	49	3,032,101	38.00	1.00	26.46	2,791,830	46	2,430,321
Millers Brewery Limited												
Meegoda	22.00	2.00	37.43	923,731	12	478,451	22.00	2.00	37.43	923,731	12	478,451
Total- Group	61.00	0.00	23.89	3,715,561	61	3,510,552	61.00	0.00	23.89	3,715,561	58	2,908,772

A: Acres R: Roods P: Perches

8.5 The cost of fully-depreciated property, plant and equipment of the Group and the Company which are still in use amounted to Rs. 2,856Mn (2020 - Rs. 2,928Mn) and Rs. 2,833Mn (2020 - Rs. 2,906Mn) respectively.

8.6 Property plant and equipment has not been pledged as security against the borrowings during the period and the borrowing cost has not been capitalised during the financial year (2020 – Nil).

8.7 Fair Value measurement

(a) Fair Value Hierarchy

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

NOTES TO THE FINANCIAL STATEMENTS

(b) Valuation techniques and significant unobservable inputs

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

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 500,000/- - LKR 625,000/-	LKR 1,500/- - LKR 11,000/-	31.03.2020	Positive
Lion Brewery Ceylon PLC, Kaduwela	OMV	LKR 500,000/-	LKR 2,250/- - LKR 3,750/-	31.03.2020	Positive
Lion Brewery Ceylon PLC, Tangalle	OMV	LKR 40,000/-	-	31.03.2020	Positive
Millers Brewery Limited, Meegoda	OMV	LKR 3,400/- - LKR 300,000/-	LKR 2,500/- - LKR 5,000/-	31.03.2020	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 Kurunagala was purchased in the 2019/20 financial year and this property was not revalued as at 31st March 2020 as the directors are of the view that there is no material value difference against the market value at the time of valuation.

9 RIGHT OF USE ASSETS

As at 31st March In Rs.'000s	Company		Group	
	2021	2020	2021	2020
Balance as at 1st April	162,759	107,239	162,759	107,239
Additions during the period	47,777	78,436	47,777	78,436
Derecognition of assets	(17,011)	-	(17,011)	-
Depreciation charge for the period	(32,208)	(22,916)	(32,208)	(22,916)
Depreciation on derecognised assets	2,802	-	2,802	-
Balance as at 31st March	164,119	162,759	164,119	162,759

9.1 LEASE CREDITOR

Balance as at 1st April	171,012	107,239	171,012	107,239
Leases obtained	47,777	78,436	47,777	78,436
Interest expenses for the period	28,716	15,508	28,716	15,508
Derecognition of lease liability	(17,122)	-	(17,122)	-
Lease rentals paid	(45,162)	(30,171)	(45,162)	(30,171)
Balance as at 31st March	185,221	171,012	185,221	171,012

Analysis of lease liabilities by period of re-payment

As at 31st March 2021 In Rs.'000s	Company			Group		
	Contractual CF	Interest	Present Value of lease payments	Contractual CF	Interest	Present Value of lease payments
Current	45,142	(25,242)	19,900	45,142	(25,242)	19,900
Non current	251,800	(86,479)	165,321	251,800	(86,479)	165,321
	296,942	(111,721)	185,221	296,942	(111,721)	185,221

NOTES TO THE FINANCIAL STATEMENTS

Analysis of lease liabilities by period of re-payment

As at 31st March 2020	Company			Group		
	Contractual CF	Interest	Present Value of lease payments	Contractual CF	Interest	Present Value of lease payments
In Rs.'000s						
Current	35,953	(23,583)	12,370	35,953	(23,583)	12,370
Non current	260,338	(101,696)	158,642	260,338	(101,696)	158,642
	296,291	(125,279)	171,012	296,291	(125,279)	171,012

As at 31st March	Company		Group	
	2021	2020	2021	2020
In Rs.'000s				

Following are the amounts recognised in profit or loss during the financial year

Depreciation of right of use assets	32,208	22,916	32,208	22,916
Interest expenses on lease liability	28,716	15,508	28,716	15,508
Total amount recognised in profit or loss	60,924	38,424	60,924	38,424

There were no expenses relating to short term leases and leases of low value assets during the financial year.

10 INTANGIBLE ASSETS

As at 31st March In Rs.'000s	Brands	Computer Software	Excise License	2021	2020
COMPANY					
Cost					
Opening balance	4,000,000	374,036	38,200	4,412,236	4,402,953
Additions during the year	-	27,196	-	27,196	5,747
Transfers from capital WIP	-	12,104	-	12,104	3,536
Closing balance	4,000,000	413,336	38,200	4,451,536	4,412,236
Amortisation					
Opening balance	2,413,380	356,526	-	2,769,906	2,024,741
Amortisation for the year	-	7,437	-	7,437	4,850
Impairment	449,084	-	-	449,084	740,315
Closing balance	2,862,464	363,963	-	3,226,427	2,769,906
Net Book Value	1,137,536	49,373	38,200	1,225,109	1,642,330
GROUP					
Cost					
Opening balance	4,000,000	374,036	38,200	4,412,236	4,402,953
Additions during the year	-	27,196	-	27,196	5,747
Transfers from capital WIP	-	12,104	-	12,104	3,536
Closing balance	4,000,000	413,336	38,200	4,451,536	4,412,236
Amortisation					
Opening balance	2,413,380	356,526	-	2,769,906	2,024,741
Amortisation for the year	-	7,437	-	7,437	4,850
Impairment	449,084	-	-	449,084	740,315
Closing balance	2,862,464	363,963	-	3,226,427	2,769,906
Net Book Value	1,137,536	49,373	38,200	1,225,109	1,642,330

NOTES TO THE FINANCIAL STATEMENTS

10.1 Brands of Millers Brewery Limited

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

Assumptions

Considering the impact on the business due to COVID-19, an impairment test was carried out for the brands acquired from Millers Brewery Ltd as at 31st March 2021 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 10 year treasury bond at 7.47% 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. Accordingly, the carrying value of the said brands as at 31st March stands at Rs. 1,137,536,481/- resulting an impairment of Rs. 449,084,004/- which has been charged to the income statement.

10.2 Computer Software

Computer software represent the costs incurred for the 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.

10.3 Excise Licenses

Excise licenses contains wholesale distributor licenses held by the company. 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.

11 INVESTMENT IN SUBSIDIARY

Company

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

In Rs.'000s	No of Shares	% holding	Market Value / Directors Value as at 31st March 2021	Cost as at 31st March 2021	Market Value / Directors Value as at 31st March 2020	Cost as at 31st March 2020
Pearl Springs (Private) Limited	115,000,000	100%		1,150,000		1,150,000
Impairment provision				(120,377)		(120,377)
Carrying value			1,029,623	1,029,623	1,029,623	1,029,623

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

12 INVENTORIES

As at 31st March In Rs.'000s	Company		Group	
	2021	2020	2021	2020
Raw and packing materials	617,215	499,256	617,215	499,256
Work in progress	265,128	245,750	265,128	245,750
Finished goods	2,127,178	1,423,164	2,127,178	1,423,164
Maintenance spares & others	557,958	487,216	557,958	487,216
	3,567,479	2,655,386	3,567,479	2,655,386
Impairment provision for inventory (Note 12.1)	(74,362)	(73,266)	(74,362)	(73,266)
	3,493,117	2,582,120	3,493,117	2,582,120

12.1 Impairment provision for inventory

Balance as at beginning of the year	73,266	34,419	73,266	34,419
Provisions made during the year	50,341	41,538	50,341	41,538
Reversals during the year	(49,245)	(2,691)	(49,245)	(2,691)
Balance as at end of the year	74,362	73,266	74,362	73,266

NOTES TO THE FINANCIAL STATEMENTS

13 TRADE AND OTHER RECEIVABLES

As at 31st March In Rs.'000s	Company		Group	
	2021	2020	2021	2020
Trade receivables	512,239	233,031	512,239	233,031
Provision for impairment (Note 13.1)	(51)	(51)	(51)	(51)
	512,188	232,980	512,188	232,980
Advances	459,655	607,759	459,655	607,759
Prepayments	334,563	213,691	334,563	213,691
Other receivables	27,835	236,611	33,910	242,998
	1,334,241	1,291,041	1,340,316	1,297,428

13.1 Provision for Impairment

Balance as at beginning of the year	51	25,065	51	25,065
Written off during the year	-	(25,014)	-	(25,014)
Balance as at end of the year	51	51	51	51

14 AMOUNTS DUE FROM RELATED COMPANIES

As at 31st March In Rs.'000s	Company		Group	
	2021	2020	2021	2020
Pubs 'N Places (Private) Ltd	67,468	101,064	67,468	101,064
Ceylon Beverage Holdings PLC	378,151	501,460	378,151	501,460
Carsons Management Services (Private) Limited	-	6,500	-	6,500
	445,619	609,024	445,619	609,024

15 CASH AND CASH EQUIVALENTS

As at 31st March In Rs.'000s	Company		Group	
	2021	2020	2021	2020
Fixed deposits with financial institutions	8,084,645	7,959,925	8,199,645	8,074,925
Savings accounts	203,937	3,058,472	203,997	3,058,532
Cash at bank	1,233,125	2,160,561	1,257,556	2,200,314
Cash in hand	4,200	4,610	4,200	4,610
	9,525,907	13,183,568	9,665,398	13,338,381

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

Cash and cash equivalents	9,525,907	13,183,568	9,665,398	13,338,381
Bank overdrafts	(1,022,404)	(2,167,566)	(1,022,421)	(2,167,566)
	8,503,503	11,016,002	8,642,977	11,170,815

16 STATED CAPITAL

As at 31st March In Rs.'000s	Company		Group	
	2021	2020	2021	2020
Shares issued and fully paid (80,000,000 ordinary shares)	2,537,801	2,537,801	2,537,801	2,537,801

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings of the Company. All ordinary shares rank equally with regard to the right to the Company's residual assets, at the point of distribution.

NOTES TO THE FINANCIAL STATEMENTS

17 CAPITAL RESERVES

The capital reserve relates to revaluation of land and buildings. It comprises of the increase in the fair value of land and buildings at the date of revaluation net of deferred tax.

As at 31st March In Rs.'000s	Company		Group	
	2021	2020	2021	2020
Balance as at beginning of the year	972,968	782,557	1,388,475	1,106,770
Deferred tax charge on land and building revaluation	-	(126,940)	-	(278,767)
Revaluation of land and buildings	-	317,351	-	560,472
Balance as at end of the year	972,968	972,968	1,388,475	1,388,475

18 LOANS AND BORROWINGS

As at 31st March In Rs.'000s	Company		Group	
	2021	2020	2021	2020
Balance as at the beginning of the year	11,922,000	9,141,370	11,922,000	9,141,370
Obtained during the year	3,000,000	4,373,249	3,000,000	4,373,249
Repayments during the year	(10,300,300)	(1,592,619)	(10,300,300)	(1,592,619)
	4,621,700	11,922,000	4,621,700	11,922,000
Interest payable	744,024	669,284	744,024	669,284
Balance as at the end of the year	5,365,724	12,591,284	5,365,724	12,591,284

18.1 Details of loans and borrowings

Name of the Lender	31st March 2021 Rs. '000s	31st March 2020 Rs. '000s	Repayment Terms	Security Offered	Type of Interest
DFCC - Rs. 1 Bn (2015)	-	100,000	Payable in 60 equal monthly instalments commencing from October 2015	Unsecured	Floating
DFCC - Rs. 1 Bn (2016)	-	200,000	Payable in 60 equal monthly instalments commencing from April 2016	Unsecured	Floating
Commercial Bank- Rs. 1Bn (2017)	296,200	505,000	7th to the 12th Month - Rs. 10Mn per month (Rs.60 Mn) and the balance thereof for Rs. 940 Mn to be settled in 53 equal monthly instalments of Rs.17.40 Mn and a final instalment Rs.17.80 Mn commencing from October 2017.	Unsecured	Floating
Commercial Bank - Rs. 1.5 Bn (2020)	1,250,000	-	Payable in 12 equal quarterly instalments commencing from December 2020 quarterly	Unsecured	Fixed
Commercial Bank - Rs. 1.5 Bn (2020)	1,312,500	-	Payable in 16 equal quarterly instalments commencing from December 2020 quarterly	Unsecured	Fixed
HNB - Rs. 2Bn	488,000	992,000	Payable in 4 years, commencing from April 2018	Unsecured	Floating
NDBIB - Rs. 1.5Bn	1,275,000	1,425,000	Payable in 8 years, commencing from July 2019	Unsecured	Floating
Commercial Bank	-	3,950,000	1 month - Renewable	Unsecured	Fixed
HNB	-	2,000,000	2 month - Renewable	Unsecured	Fixed
DFCC	-	2,000,000	12 month - Renewable	Unsecured	Floating
Sampath Bank	-	750,000	1 month - Renewable	Unsecured	Fixed
Total	4,621,700	11,922,000			

NOTES TO THE FINANCIAL STATEMENTS

18.2 Composition of loans and borrowings repayment

As at 31st March In Rs.'000s	Company		Group	
	2021	2020	2021	2020
Classified under non current liabilities				
Loans and borrowings falling due after one year	2,862,400	2,059,200	2,862,400	2,059,200
Interest payable	634,660	573,841	634,660	573,841
	3,497,060	2,633,041	3,497,060	2,633,041
Classified under current liabilities				
Loans and borrowings falling due within one year	1,759,299	9,862,800	1,759,299	9,862,800
Interest payable	109,365	95,443	109,365	95,443
	1,868,664	9,958,243	1,868,664	9,958,243
Balance as at the end of the year	5,365,724	12,591,284	5,365,724	12,591,284

19 EMPLOYEE BENEFITS

As at 31st March In Rs.'000s	Company		Group	
	2021	2020	2021	2020
The amounts recognised in the statements of financial position are as follows:				
Present value of unfunded obligation	233,933	198,737	233,933	198,737
Liability in the statements of financial position	233,933	198,737	233,933	198,737
The movement in the defined benefit obligation over the year as follows:				
As at 1st April	198,737	197,430	198,737	197,430
Interest cost	19,874	21,717	19,874	21,717
Current service cost	19,393	17,141	19,393	17,141
Actuarial gain	(1,119)	(11,545)	(1,119)	(11,545)
Benefits paid	(2,952)	(26,006)	(2,952)	(26,006)
As at 31st March	233,933	198,737	233,933	198,737

For the year ended 31st March In Rs.'000s	Company		Group	
	2021	2020	2021	2020
The amounts recognised in the Statement of Profit or Loss are as follows:				
Interest cost	19,874	21,717	19,874	21,717
Current service cost	19,393	17,141	19,393	17,141
	39,267	38,858	39,267	38,858

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

Actuarial gain	1,119	11,545	1,119	11,545
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19.1 The gratuity liability as at 31st March 2021 was valued under the Projected Unit Credit (PUC) method by Mr. M Poopalanathan, AIA, of M/s. Actuarial and Management Consultants (Private) Limited, a firm of professional actuaries.

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

For the year ended 31st March	Company		Group	
	2021	2020	2021	2020
Discount rate	7.7%	10.0%	7.7%	10.0%
Salary increment rate	6.0%	8.0%	6.0%	8.0%

19.2 Sensitivity of assumptions used

Reasonable possible changes at the reporting date to one of the actuarial assumptions, holding other assumptions constant would have affected the defined benefit obligations by the amounts shown below,

In Rs.'000s	Discount rate		Salary increment rate	
	2021		2021	
	Company	Group	Company	Group
Increase by one percentage	(12,454)	(12,454)	14,767	14,767
Decrease by one percentage	13,784	13,784	(13,547)	(13,547)

NOTES TO THE FINANCIAL STATEMENTS

20 NET DEFERRED TAX LIABILITIES

As at 31st March In Rs.'000s	Company		Group	
	2021	2020	2021	2020
Deferred tax liability	4,847,698	4,713,178	5,289,437	5,227,002
Deferred tax asset	(200,912)	(110,582)	(200,912)	(110,582)
Balance as at the end of the year	4,646,786	4,602,596	5,088,525	5,116,420

Movement In Deferred Tax Balances - Company In Rs.'000s	Balance as at 1st April 2020	Recognised in Profit or Loss	Recognised in OCI	Balance as at 31st March 2021
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Deferred Tax Liability

Property plant and equipment	4,701,112	(79,683)	-	4,621,429
Intangible assets	12,066	148,555	-	160,621
Right of use assets	-	65,648	-	65,648

Deferred Tax Assets

Employee benefit	(79,495)	(14,525)	447	(93,573)
Lease creditor	-	(74,088)	-	(74,088)
Inventory provision	(31,087)	(2,164)	-	(33,251)

Net tax liabilities	4,602,596	43,743	447	4,646,786
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Movement In Deferred Tax Balances - Group In Rs.'000s	Balance as at 1st April 2020	Recognised in Profit or Loss	Recognised in OCI	Balance as at 31st March 2021
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Deferred Tax Liability

Property plant and equipment	5,214,936	(151,768)	-	5,063,168
Intangible assets	12,066	148,555	-	160,621
Right of use assets	-	65,648	-	65,648

Deferred Tax Assets

Employee benefit	(79,495)	(14,525)	447	(93,573)
Lease creditor	-	(74,088)	-	(74,088)
Inventory provision	(31,087)	(2,164)	-	(33,251)

Net tax liabilities	5,116,420	(28,342)	447	5,088,525
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Movement In Deferred Tax Balances - Company In Rs.'000s	Balance as at 1st April 2019	Recognised in Profit or Loss	Recognised in OCI	Balance as at 31st March 2020
Deferred Tax Liability				
Property plant and equipment	4,676,712	(102,540)	126,940	4,701,112
Intangible assets	133,162	(121,096)	-	12,066
Deferred Tax Assets				
Employee benefit	(78,972)	(5,141)	4,618	(79,495)
Provision for trade receivables	(10,026)	10,026	-	-
Inventory provision	(20,801)	(10,286)	-	(31,087)
Net tax liabilities	4,700,075	(229,037)	131,558	4,602,596

Movement In Deferred Tax Balances - Group In Rs.'000s	Balance as at 1st April 2019	Recognised in Profit or Loss	Recognised in OCI	Balance as at 31st March 2020
Deferred Tax Liability				
Property plant and equipment	4,976,808	(40,639)	278,767	5,214,936
Intangible assets	133,163	(121,097)	-	12,066
Deferred Tax Assets				
Employee benefit	(78,972)	(5,141)	4,618	(79,495)
Provision for trade receivables	(10,026)	10,026	-	-
Inventory provision	(20,801)	(10,286)	-	(31,087)
Net tax liabilities	5,000,172	(167,137)	283,385	5,116,420

As at 31st March 2021, the Group has not recognised deferred tax asset amounting to Rs. 593Mn on brought forward tax losses of Rs. 1,483 Mn for Millers Brewery Limited as the utilisation against the future taxable profits are uncertain.

NOTES TO THE FINANCIAL STATEMENTS

21 TRADE AND OTHER PAYABLES

As at 31st March In Rs.'000s	Company		Group	
	2021	2020	2021	2020
Trade payables	1,143,741	742,857	1,143,741	742,857
Trade discounts	140,934	146,945	140,934	146,945
Accruals	348,530	319,839	350,398	322,947
Other payables	239,927	268,224	239,923	274,230
	1,873,132	1,477,865	1,874,996	1,486,979

22 AMOUNTS DUE TO RELATED COMPANIES

Carlsberg A/S	122,828	107,748	122,828	107,748
Millers Brewery Limited	514	623	-	-
	123,342	108,371	122,828	107,748

23 REFUNDABLE DEPOSITS

Balance as at the beginning of the year	1,715,620	1,456,224	1,715,620	1,456,224
Deposits received during the year	366,290	259,396	366,290	259,396
Deposits written back during the year	(181,517)	-	(181,517)	-
Balance as at the end of the year	1,900,393	1,715,620	1,900,393	1,715,620

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

24 CURRENT TAX LIABILITIES

As at 31st March In Rs.'000s	Company		Group	
	2021	2020	2021	2020
Excise duty (recoverable)/payable	1,370,885	(237,451)	1,370,885	(237,451)
Value added tax	369,905	190,867	368,780	191,501
Income tax	642,786	129,580	645,448	132,242
	2,383,576	82,996	2,385,113	86,292

25 REVENUE

For the year ended 31st March In Rs.'000s	Company		Group	
	2021	2020	2021	2020
Local revenue	48,533,690	46,773,429	48,533,690	46,773,429
Export revenue	1,315,597	1,061,899	1,315,597	1,061,899
	49,849,287	47,835,328	49,849,287	47,835,328

26 OTHER INCOME

For the year ended 31st March In Rs.'000s	Company		Group	
	2021	2020	2021	2020
Profit on disposal of property, plant & equipment and right of use assets	2,912	8,951	2,912	19,246
Empty deposit written back	168,072	-	168,072	-
Other income	160,257	141,302	167,420	143,073
	331,241	150,253	338,404	162,319

NOTES TO THE FINANCIAL STATEMENTS

27 PROFIT FROM OPERATIONS

Profit from operations is stated after charging all expenses/(reversals) including the following :

For the year ended 31st March In Rs.'000s	Company		Group	
	2021	2020	2021	2020
Directors' fees and emoluments (Note 33.2)	30,652	37,554	30,652	37,554
Auditors' remuneration				
- Audit fee	1,850	1,850	2,060	2,060
- Audit related services	75	75	75	75
- Non audit services	1,070	2,175	1,070	2,175
Depreciation on property, plant & equipment (Note 8)	1,273,080	1,185,684	1,299,018	1,212,460
Amortisation of intangible assets (Note 10)	7,437	4,850	7,437	4,850
Depreciation of right of use assets (Note 9)	32,208	22,916	32,208	22,916
Impairment of property, plant & equipment	-	4,729	160,258	4,729
Loss on disposal of returnable containers	-	132,443	-	132,443
Royalty	302,928	324,796	302,928	324,796
Supporting service fees	488,427	528,441	488,427	528,441
Personnel expenses (Note 27.1)	959,968	922,255	959,968	922,255
27.1 Personnel expenses				
Salaries, wages and other related expenses	862,565	824,834	862,565	824,834
Defined benefit plan costs (Note 19)	39,267	38,858	39,267	38,858
Defined contribution plan cost - EPF & ETF	58,136	58,563	58,136	58,563
	959,968	922,255	959,968	922,255

28 NET FINANCE COST

For the year ended 31st March In Rs.'000s	Company		Group	
	2021	2020	2021	2020
Finance Income				
Interest income - fixed deposits	567,306	932,983	574,301	941,206
Interest income - intercompany loans	31,287	70,329	31,287	70,329
Interest income - savings & call deposit	89,693	9,397	89,693	9,397
Total finance income	688,286	1,012,709	695,281	1,020,932
Interest Expenses				
Interest expenses -term loans	402,867	545,609	402,867	545,609
Interest expenses -bank overdrafts	22,443	45,051	22,443	45,051
Interest on debentures	-	125,299	-	125,299
Interest on lease	28,716	15,508	28,716	15,508
Interest expenses - others	735,213	826,190	735,213	826,190
Total interest expenses	1,189,239	1,557,657	1,189,239	1,557,657
Net gain on foreign exchange transactions	(45,843)	(19,621)	(45,843)	(19,621)
Total finance costs	1,143,396	1,538,036	1,143,396	1,538,036
Net finance cost	(455,110)	(525,327)	(448,115)	(517,104)

NOTES TO THE FINANCIAL STATEMENTS

29 INCOME TAX / DEFERRED TAX

For the year ended 31st March In Rs.'000s	Company		Group	
	2021	2020	2021	2020
Income tax (Note 29.1.1)	1,815,068	1,743,340	1,815,068	1,743,340
Deferred tax charge/(reversal)	43,743	(229,037)	(28,342)	(167,137)
Total income tax	1,858,811	1,514,303	1,786,726	1,576,203
Deferred tax recognised in other comprehensive income				
Re-measurement of employee benefit obligations	447	4,618	447	4,618
Revaluation gain on land and buildings	-	126,940	-	278,767
	447	131,558	447	283,385
29.1.1 Reconciliation of the accounting profit and tax expenses				
Profit before taxation	4,451,225	4,405,703	4,257,822	4,388,333
Remeasurement of employee benefit obligations	1,119	11,545	1,119	11,545
Profit before tax adjustments	4,452,344	4,417,248	4,258,941	4,399,878
Aggregate of disallowable expenses	1,905,540	2,259,104	2,102,176	2,308,559
Aggregate of allowable claims	(2,162,899)	(2,606,697)	(2,169,341)	(2,608,308)
Utilisation of tax losses	-	-	(25,754)	(30,716)
Operating losses incurred during the year	-	-	28,963	242
Tax adjusted profit	4,194,985	4,069,655	4,194,985	4,069,655
Investment income - interest income	688,286	1,012,709	688,286	1,012,709
Assessable income /taxable income	4,883,271	5,082,364	4,883,271	5,082,364
Current tax on local operations (Note 29.3)	1,634,741	1,617,108	1,634,741	1,617,108
Current tax on export profits (Note 29.3)	15,138	3,764	15,138	3,764
Current tax on interest income (Note 29.3)	165,189	273,431	165,189	273,431
Over provision in respect of prior year	-	(150,963)	-	(150,963)
Total current tax expense	1,815,068	1,743,340	1,815,068	1,743,340

29.1.2 Reconciliation of the effective tax rate

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

For the year ended 31st March	Company		Group	
	2021	2020	2021	2020
In Rs.'000s				
Profit before taxation	4,451,225	4,405,703	4,257,822	4,388,333
Tax charge on profit	1,858,811	1,514,303	1,786,726	1,576,203
Effective tax rate	41.8%	34.4%	42.0%	35.9%

For the year ended 31st March	Company				Group			
	%	2021	%	2020	%	2021	%	2020
In Rs.'000s								
Profit before taxation		4,451,225		4,405,703		4,257,822		4,388,333
Tax calculated @ 40%	40.0%	1,780,490	40.0%	1,762,281	40.0%	1,703,129	40.0%	1,755,333
The Effect of Tax								
Aggregate of disallowable expenses	17.1%	762,216	20.5%	903,642	19.7%	840,870	21.0%	923,424
Aggregate of allowable claims	(19.4%)	(865,159)	(23.7%)	(1,042,679)	(20.4%)	(867,736)	(23.8%)	(1,043,323)
Operating losses incurred during the year	-	-	-	-	0.3%	11,585	0.0%	97
Rate differential & over/under provision LY	3.1%	137,521	2.7%	120,096	2.8%	120,517	2.7%	120,095
Tax loss utilised	-	-	-	-	(0.2%)	(10,302)	(0.3%)	(12,286)
Deferred tax charge	1.0%	43,743	(5.2%)	(229,037)	(0.3%)	(11,337)	(3.8%)	(167,137)
Tax charge	41.8%	1,858,811	34.4%	1,514,303	42.0%	1,786,726	35.9%	1,576,203

29.2 Analysis of Tax Losses

For the year ended 31st March	Company		Group	
	2021	2020	2021	2020
In Rs.'000s				
Tax losses brought forward	-	-	1,497,047	1,538,233
Adjustment on losses brought forward	-	-	(17,071)	(10,470)
Tax losses incurred during the year	-	-	28,963	-
Utilisation of tax losses during the year	-	-	(25,754)	(30,716)
Tax losses carried forward	-	-	1,483,185	1,497,047

NOTES TO THE FINANCIAL STATEMENTS

29.3 Income Tax

Company

In terms of the Inland Revenue Act No. 24 of 2017 and amendments thereto, the profits & income from operating profits of local operations are liable to income tax at the rate of 40% (2020 - 40%) and profits attributable to export turnover are liable at 14% (2020 - 40% & 14%). Income arising on interest income were considered as separate source of income and which is taxed at 24%. (2020 - 28%)

Group

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.

In terms of the provisions of the Inland Revenue Act, No. 24 of 2017 and amendments thereto, Companies within the Group are liable to taxation at a tax rate of 24% (2020 - 28% & 24%).

As per section 19 of the Inland Revenue Act No. 24 of 2017 and amendments thereto, any unclaimed tax losses B/F or incurred during the year could be carried forward for further 6 years subjecting to maximum of 6 years based on the year in which that such losses were incurred. Such losses can be set off against the profits without any limitation but subjecting to source of income as provided in the Act. Millers Brewery Limited in the group have carried forward tax losses which are available to be set off against the future tax profits of the company.

30 DIVIDENDS

For the year ended 31st March In Rs.'000s	2021	2020
On ordinary shares Rs.14.40 per share - (2020 - Rs. 8/-)	1,152,000	640,000
	1,152,000	640,000

30.1 The Board of Directors has approved first interim dividend of Rs. 14.40 per share for the year ended 31st March 2021 on 25th June 2021. In Accordance with Sri Lanka Accounting Standards LKAS 10 Events after the Reporting period, this dividend has not been recognised as a liability as at 31st March 2021.

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

31 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	
	2021	2020	2021	2020
In Rs.'000s				
Net profit attributable to ordinary shareholders (as the Numerator)	2,592,414	2,891,400	2,471,096	2,812,130
Number of ordinary shares in '000 (as denominator)	80,000	80,000	80,000	80,000
Earnings per ordinary share basic and diluted (Rs.)	32.41	36.14	30.89	35.15

32 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT

32.1 Accounting classifications and fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows. (In Rs.000). 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).

NOTES TO THE FINANCIAL STATEMENTS

As at 31st March	Company					
	Financial Instrument Category In Rs.'000s	2021			2020	
		Amortised Cost	FVTPL	FVOCI	Amortised Cost	FVTPL
Financial assets						
Trade and other receivables	540,023	-	-	469,591	-	-
Amounts due from related companies	445,619	-	-	609,024	-	-
Cash and cash equivalents	9,525,907	-	-	13,183,568	-	-
Financial liabilities						
Loans and borrowings	5,365,724	-	-	12,591,284	-	-
Trade and other payables	1,873,132	-	-	1,477,865	-	-
Lease creditor	185,221	-	-	171,012	-	-
Amounts due to related companies	123,342	-	-	108,371	-	-
Bank overdraft	1,022,404	-	-	2,167,566	-	-

As at 31st March	Group					
	Financial Instrument Category In Rs.'000s	2021			2020	
		Amortised Cost	FVTPL	FVOCI	Amortised Cost	FVTPL
Financial assets						
Trade and other receivables	546,098	-	-	475,978	-	-
Amounts due from related companies	445,619	-	-	609,024	-	-
Cash and cash equivalents	9,665,398	-	-	13,338,381	-	-
Financial liabilities						
Loans and borrowings	5,365,724	-	-	12,591,284	-	-
Trade and other payables	1,874,996	-	-	1,486,979	-	-
Lease creditor	185,221	-	-	171,012	-	-
Amounts due to related companies	122,828	-	-	107,748	-	-
Bank overdraft	1,022,421	-	-	2,167,566	-	-

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

32.2 Financial Risk Management

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

In particular, the key financial risk categories are:

- A. Credit Risk/Counterparty Risk
- B. Liquidity risk
- C. Market risk

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

Risk Management Framework

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

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

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

32.2.1 Credit Risk/Counterparty Risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

32.2.2 Management of credit risk

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

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

32.2.3 Exposure to credit risk

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

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

As at 31st March In Rs.'000s	Company		Group	
	2021	2020	2021	2020
Trade and other receivables	540,023	469,591	546,098	475,978
Amounts due from related companies	445,619	609,024	445,619	609,024
Cash and cash equivalents	9,521,707	13,178,958	9,661,198	13,333,771
	10,507,349	14,257,573	10,652,915	14,418,773

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

Financial institutions	9,521,707	13,178,958	9,661,198	13,333,771
Customers and other parties	540,023	469,591	546,098	475,978
Related parties	445,619	609,024	445,619	609,024
	10,507,349	14,257,573	10,652,915	14,418,773

32.2.4 Trade & Other Receivables

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

The bank guarantees and the facility from the bank cover 81% (2020 - 89%) of the trade receivables.

32.2.5 Impairment Losses

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

As at 31st March In Rs.'000s	Company		Group	
	2021	2020	2021	2020
Age				
Past due 0 - 365 days	512,188	232,980	512,188	232,980
More than 365 days	51	51	51	51
	512,239	233,031	512,239	233,031

32.3.1 Liquidity risk

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

32.3.2 Management of liquidity risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

32.3.3 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 2021 (Current & Non-Current) - Company

In Rs.'000s	Total	Current Up to Year 1	Non-Current Above year 1
Bank overdrafts	1,022,404	1,022,404	-
Loans and borrowings	5,365,724	1,868,664	3,497,060
Trade & other payables	1,873,132	1,873,132	-
Amounts due to related companies	123,342	123,342	-
Lease creditor	296,942	45,142	251,800
	8,681,544	4,932,684	3,748,860

As at 31st March 2020 (Current & Non-Current) - Company

In Rs.'000s	Total	Current Up to Year 1	Non-Current Above year 1
Bank overdrafts	2,167,566	2,167,566	-
Loans and borrowings	12,591,284	9,958,243	2,633,041
Trade & other payables	1,477,865	1,477,865	-
Amounts due to related companies	108,371	108,371	-
Lease creditor	296,291	35,953	260,338
	16,641,377	13,747,998	2,893,379

As at 31st March 2021 (Current & Non-Current) - Group

In Rs.'000s	Total	Current Up to Year 1	Non-Current Above year 1
Bank overdrafts	1,022,421	1,022,421	-
Loans and borrowings	5,365,724	1,868,664	3,497,060
Trade & other payables	1,874,996	1,874,996	-
Amounts due to related companies	122,828	122,828	-
Lease creditor	296,942	45,142	251,800
	8,682,911	4,934,051	3,748,860

As at 31st March 2020 (Current & Non-Current) - Group

In Rs.'000s	Total	Current Up to Year 1	Non-Current Above year 1
Bank overdrafts	2,167,566	2,167,566	-
Loans and borrowings	12,591,284	9,958,243	2,633,041
Trade & other payables	1,486,979	1,486,979	-
Amounts due to related companies	107,748	107,748	-
Lease creditor	296,291	35,953	260,338
	16,649,868	13,756,489	2,893,379

32.4.1 Market Risk

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

32.4.2 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.

NOTES TO THE FINANCIAL STATEMENTS

32.4.3 Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar (USD), Euro (EUR) and the Great Britain Pound (GBP). As protection against exchange rate fluctuations, the Group backs its commitments in local currency. The Group does not use any derivative financial instruments to hedge the risk.

The following significant exchange rates were applied during the year:

In Rs.	Closing exchange rates		Average exchange rates	
	2021	2020	2021	2020
US Dollar (USD)	202.04	192.45	188.39	179.47
Great Britain Pound (GBP)	278.24	238.79	246.47	228.20
Euro (EUR)	237.40	213.56	219.87	199.43

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. 48.8 Mn impact on pre-tax profit.

32.4.4 Interest Rate Risk

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

The Group's short-term investments are at fixed interest rates and mature within one year from the date of the deposit.

32.4.4.1 Fixed and Variable rated instruments

As at 31st March In Rs.'000s	Company		Group	
	2021	2020	2021	2020
Fixed rated instruments				
Financial assets	8,084,645	7,959,925	8,199,645	8,074,925
Financial liabilities	2,747,721	6,871,012	2,747,721	6,871,012
Variable rated instruments				
Financial assets	203,937	3,058,472	203,997	3,058,532
Financial liabilities	3,081,604	7,389,566	3,081,621	7,389,566

32.4.4.2 Sensitivity analysis on interest rate fluctuation

If one percentage point change in the interest rate would have the following impact on pre tax profit.

Instrument In Rs.'000s	Increase by one percentage	Decrease by one percentage
Commercial Bank - Rs. 1 Bn	2,962	(2,962)
HNB - Rs. 2 Bn	4,880	(4,880)
NDBIB Loan- Rs.1.5 Bn	12,750	(12,750)
Potential impact	20,592	(20,592)

32.4.4.3 Management of interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS

33 RELATED PARTY DISCLOSURES

33.1 Parent and ultimate controlling party

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

33.2 Transactions with key management personnel (KMP)

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

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

For the year ended 31st March In Rs.'000s	Company		Group	
	2021	2020	2021	2020
Short term employee benefits	30,652	37,554	30,652	37,554
	30,652	37,554	30,652	37,554

As at 31st March 2021 an amount of Rs. 26,719,396/- (2020 - Rs. 23,755,699/-) is payable towards gratuity of Key Management Personnel whilst a Company maintained vehicle is provided for both official & private use.

33.3 Other related party transactions

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

Transactions with related parties are carried out on an arms length basis. Outstanding balances as at year end are unsecured, interest free (except for Ceylon Beverage Holdings 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 2021 and the Group has not recorded any impairment for receivables relating to amount owed by Group entities.

Non-recurrent related party transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets, whichever is lower, of the Company as per 31st March 2020 audited financial statements, which required additional disclosures in the 2020/21 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.

Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31st March 2020 audited financial Statements, which required additional disclosures in the 2020/21 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.

(A) Transactions with Parent Company - Ceylon Beverage Holdings PLC

Messrs. D.A.Cabraal, H Selvanathan, S.K.Shah (retired as Chief Executive Officer & Executive Director w.e.f. 30/06/2021), D.C.R. Gunawardena, R.H. Meewakkala (appointed Chief Executive Officer-Designate w.e.f. 01/07/2020 & Appointed Chief Executive Officer w.e.f. 01/07/2021 continues to be an Executive Director on the Board (CEO/Executive Director)), S. Clini and Mrs. S. J. F. Evans (appointed to Ceylon Beverage Holdings PLC w.e.f 01/10/2020) Directors of the company are also Directors of Ceylon Beverage Holdings PLC with which the following contracts / transactions have been entered into during the period by the Company in the normal course of business.

- (i) As per the licensed brewing agreement with Ceylon Beverage Holdings PLC, the Company was charged Rs. 160,134,729/- (2019/20 - Rs. 159,348,804/-) as royalty during the period.
- (ii) A dividend of Rs. 334,390,304/- was paid by the company to Ceylon Beverage Holdings PLC during the year (2019/20 - Rs. 215,681,746/-)
- (iii) As per the loan agreement with Ceylon Beverage Holdings PLC, the Company charged Rs. 25,733,505/- (2019/20 - Rs. 57,707,719/-) at a rate of AWPLR+1% as loan interest during the period.
- (iv) Balance receivable from Ceylon Beverage Holdings PLC as at 31st March 2021 is Rs. 378,150,804/- (2019/20 - Rs. 501,459,843/-)

NOTES TO THE FINANCIAL STATEMENTS

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

Messrs. S.K. Shah (resigned w.e.f. 30/06/2021), D.R.P. Goonetilleke and R.H. Meewakkala, Directors of the Company are also Directors of Pubs 'N Places (Private) Limited, to which the Company sold beer for a total value of Rs. 154,862,995/- during the period (2019/20 - Rs. 195,294,979/-). In addition to this,

- (i) An amount of Rs. 4,323,876/- was paid by the Company to Pubs 'N Places (Private) Limited as trade rebates on beer purchases during the period.(2019/20 - Rs. 5,690,051/-).
- (ii) As per the loan agreement with Pubs 'N Places (Private) Limited, the Company charged Rs. 5,553,724/- (2019/20- Rs. 12,621,180/-) at a rate of AWPLR+1% as loan interest during the period.
- (iii) An amount of Rs. 36,666,520/- was paid by the company to Pubs 'N Places (Private) Limited as marketing fee for the outlets operated by Pubs 'N Places (Private) Limited during the period. (2019/20 - Rs. 24,416,569/-).
- (iv) Balance receivable from Pubs 'N Places (Private) Limited as at 31st March 2021 is Rs. 67,468,046/- (2019/20 - Rs. 101,064,163/-)

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

Messrs. S.K. Shah (resigned w.e.f. 30/06/2021), D.R.P. Goonetilleke and R.H. Meewakkala, Directors of the Company are also Directors of Retail Spaces (Private) Limited, to which the Company sold beer for a total value of Rs. 283,734,702/- (2019/20 - Rs. 262,919,767/-) during the period.

- (i) Balance receivable from Retail Spaces (Private) Limited as at 31st March 2021 is Nil. (2019/20 - Nil)

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

Messrs. S.K. Shah (resigned w.e.f. 30/06/2021), D.R.P. Goonetilleke and R.H. Meewakkala, Directors of the Company are also Directors of Luxury Brands (Private) Limited, for which the Company provided distribution services for a fee amounting to Rs. 2,886,716/- (2019/20 - Rs. 13,975,430/-) during the period. In addition to this,

- (i) Lion Brewery (Ceylon) PLC purchased Rs. 2,220,000/- worth of beer coolers during the period. (2019/20 - Nil)
- (ii) Balance receivable from Luxury Brands (Private) Limited as at 31st March 2021 is Nil. (2019/20 - Nil)

(E) Transactions with Subsidiary - Millers Brewery Limited

Messrs. S.K. Shah (resigned w.e.f. 30/06/2021), D.R.P. Goonetilleke and R.H. Meewakkala Directors of the Company are also Directors of Millers Brewery Limited.

- (i) An amount of Rs. 9,065,248/- (2019/20 - Rs.7,596,000/-) was charged by Millers Brewery Limited for warehouse services provided to the Company during the period.
- (ii) Company purchased Rs. 150,000/- (2019/20 - Rs. 9,920,058/-) worth of fixed assets from Millers Brewery Limited during the period which had net book value of Rs. 152,917/- (2019/20 - Rs. 9,920,058/-) at the disposal date.
- (iii) Balance payable to Millers Brewery Limited as at 31st March 2021 is Rs. 513,590/- (2019/20 - Rs. 623,010/-)

(F) Transactions with Group entities

Messrs. H.Selvanathan, S.K.Shah (resigned w.e.f. 30/06/2021) and K. Selvanathan, S.Selvanathan Directors of the Company, are also Directors of Carsons Management Services (Private) Limited., which provides support services to the Company. An amount of Rs. 653,522,364/- (2019/20 - Rs. 604,304,691/-) was charged by Carsons Management Services (Private) Limited to the Company during the period, which included support services fees of Rs. 488,426,525/- (2019/20 - Rs. 528,440,512/-) and other reimbursable expenses incurred by Carsons Management Services (Private) Limited on behalf of the Company. Balance receivable from Carsons Management Services (Private) Limited as at 31st March 2021 is nil. (2019/20 - Rs. 6,500,000/-)

(G) Transactions with other related entities

(a) Messrs. S. Clini, Mr. Lim C. K. (resigned on 16/10/2020) and Ms. V. Gun (appointed w.e.f. 19/10/2020) Directors of the Company represents the Carlsberg Group with which the following contracts / transactions have been entered into during the period by the Company in the normal course of business.

- (i) As per the licensed brewing agreement, a sum of Rs. 142,792,835/- (2019/20 - Rs. 165,446,581/-) was charged as royalty during the period by Carlsberg A/S.
- (ii) LBCL purchases part of its requirement of the raw material Aroma Hop from Carlsberg A/S. There were purchases during the period for a sum of Rs. 1,809,535/- (2019/20 - Rs. 8,827,641/-)
- (iii) An amount of Rs. 122,828,483/- remains payable as at 31st March 2021. (2019/20 - Rs. 107,747,594/-)

(b) Mr. D.C.R. Gunawardena, Director of the Company, is also a Director of Equity One Limited with which the following transactions have been entered into during the period by the Company in the normal course of business.

- (i) An amount of Rs. 45,432/- has been charged for the use of conference room during the period. (2019/20 - Nil)
- (ii) Balance payable/receivable to Equity One Limited as at 31st March 2021 is Nil. (2019/20 - Nil)

(c) Messrs. D.C.R. Gunawardena and K. Selvanathan Directors of the Company are also Directors of Pegasus Hotels of Ceylon PLC with which the following transactions have been entered into during the period by the Company in the normal course of business.

- (i) An amount of Rs. 613,921/- recognised as income from sale of Beer in the normal course of business. (2019/20 - Rs. 2,011,540/-)
- (ii) An amount of Rs. 609,497/- was charged for services provided (2019/20- Rs. 668,586/-) during the period
- (iii) Balance payable/receivable to Pegasus Hotels of Ceylon PLC as at 31st March 2021 is Nil. (2019/20 - Nil)

NOTES TO THE FINANCIAL STATEMENTS

- (d) Mr. D.C.R. Gunawardena, Director of the Company, is also a Director of Equity Hotels Limited following transactions have been entered into during the period by the Company in the normal course of business.
- (i) An amount of Rs. 51,317/- is recognised as income from sale of Beer to Equity Hotels Limited in the normal course of business (2019/20 - Rs. 422,332/-)
- (ii) Balance payable/receivable to Equity Hotels Limited as at 31st March 2021 is Nil. (2019/20 - Nil)

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

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

34 COMMITMENTS AND CONTINGENCIES

34.1 Finance Commitments

Document credits established for foreign purchases of the Company as at 31st March 2021 amounts to Rs. 2,360,499,818/- (2019/20 - Rs. 335,296,976/-)

34.2 Contingencies

Contingent liabilities as at 31st March 2021 amounts to Rs. 200,110,727/- (2019/20 - Rs. 239,964,854/-), being bank guarantees given to Government bodies and foreign suppliers for operational purposes.

35 EVENTS OCCURRING AFTER THE REPORTING PERIOD

The Board of Directors has approved first interim dividend of Rs. 14.40 per share for the year ended 31st March 2021 on 25th June 2021. In Accordance with Sri Lanka Accounting Standards LKAS 10 Events after the Reporting period, this dividend has not been recognised as a liability as at 31st March 2021.

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

36 IMPACT FROM CORONAVIRUS (COVID-19) PANDEMIC

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these Consolidated Financial Statements. The estimation uncertainty is associated with:

- the extent and duration of the disruption to the business arising from the actions by government, businesses and consumers to contain the spread of the virus;
- the extent and duration of the expected economic downturn (and forecasts for key economic factors including GDP and employment). This includes the disruption to capital markets, deteriorating credit, liquidity concerns, increasing unemployment, declines in consumer discretionary spending, reductions in production because of decreased demand, and other restructuring activities; and

- the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

The Group has developed various accounting estimates in these Consolidated Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 March 2021 about future events that the Directors believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Group. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to recoverable amount assessments of non-financial assets, investments in subsidiaries, recoverable value of property plant and equipment and net realisable value of inventory.

The impact of the COVID-19 pandemic on each of these accounting estimates is discussed further. Readers should carefully consider these disclosures in light of the inherent uncertainty described above.

Non Financial Assets

Recoverable value of property plant and equipment and net realisable value of inventory

At 31 March 2021, the Group assessed the recoverable value of property plant and equipment and net realisable value of inventory balances. Based on the revised sales forecasts and resultant production capacity utilisation no reduction was observed in the recoverable values of property plant and equipment and of inventory.

Under prevailing circumstances, it is premature to ascertain the full impact COVID-19 would have on the real estate market as the pandemic is still evolving. However, all the available information in the market have been taken into account in determining the fair value of the properties as at the reporting date by the property valuer.

Intangible Assets

At 31 March 2021, the impairment assessment of the Company's Brands that are classified as intangible assets (MBL Brands) were carried out. The Company performed a cashflow projection to assess if the carrying value of the assets were impaired.

The Cashflow calculations are sensitive to a number of key assumptions, including discount rates, long term sales growth rates and future profitability. Changes in key assumptions could have a positive or adverse impact on the recoverable amount of the asset. The method of calculation is given in note 10.

The management has considered the impact from COVID-19 to the best extent possible when arriving in the calculation. However, the actual impact of COVID-19 on the valuation of MBL brands is uncertain. Significant management judgment is required to determine the assumptions underpinning the Cashflow projections.

NOTES TO THE FINANCIAL STATEMENTS

Investment in subsidiaries

At 31 March 2021, the Company assessed the recoverable value of its subsidiaries in light of the COVID-19 impact on its operations and fair value of assets and have concluded that the investment value is retained.

The management performed multiple stress tested scenarios considering cost management practices, cash reserves, ability to secure additional funding to finance the adverse effect to the cash flow, ability to secure supplies, expected revenue streams, credit and collection management practices and ability to defer non-essential capital expenditure.

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.

37 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to give proper presentations as at 31st March 2021.

38 SEGMENTAL ANALYSIS

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

39 DIRECTORS RESPONSIBILITY STATEMENT

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

VALUE ADDED STATEMENT

For the year ended 31st March In Rs.'000s	2021	2020
Revenue	49,849,287	47,835,328
Value added tax	4,013,871	6,353,397
Other income	338,404	162,319
Finance income	695,281	1,020,932
	54,896,843	55,371,976
Cost of material & services bought from outside	(11,370,862)	(9,502,123)
Value added	43,525,981	45,869,853

For the year ended 31st March In Rs.'000s	2021	%	2020	%
Distributed as follows				
To employees				
as remuneration and other employee costs	959,968	2.21	922,255	2.01
To Government				
as value added tax	4,013,871	9.22	6,353,397	13.85
as excise duty	30,646,315	70.41	29,233,357	63.73
as income tax	1,800,000	4.14	2,009,000	4.38
as nation building tax	-	-	626,037	1.36
as withholding tax	-	-	22,914	0.05
as economic service charge	-	-	183,868	0.40
To providers of capital				
as dividends to shareholders	1,152,000	2.65	640,000	1.40
as finance expenses	1,143,396	2.63	1,538,036	3.35
Retained in the business				
as depreciation/amortisation	1,338,663	3.08	1,240,226	2.70
as profit for the year	2,471,768	5.68	3,100,762	6.76
	43,525,981	100.00	45,869,853	100.00

VALUE ADDED STATEMENT

Notes:

- 1 The statement of value added shows the quantum of wealth generated by the activities of the Company and its applications.
- 2 The total tax liability / payment made to the Government during the year include the following:

In Rs.'000s	2021	2020
Value added tax	4,013,871	6,353,397
Excise duty	30,646,315	29,233,357
Income tax	1,800,000	2,009,000
Economic service charge	-	183,868
Nation building tax	-	626,037
Withholding tax	-	22,914
Total tax liability/payments made to the Government	36,460,186	38,428,573

FIVE YEAR SUMMARY

Year ended 31st March In Rs.'000s	2021	2020	2019	2018	2017
Revenue	49,849,287	47,835,328	42,830,494	29,798,010	20,799,537
Progressive insurance receipts on business interruption	-	-	-	1,205,359	1,000,000
Other income	338,404	162,319	143,060	75,788	64,778
	50,187,691	47,997,647	42,973,554	31,079,157	21,864,315
Total expenditure	(45,032,670)	(42,351,895)	(36,725,974)	(27,448,999)	(21,211,962)
Impairment of intangible assets	(449,084)	(740,315)	-	-	(1,673,065)
Operating Profit/(loss)	4,705,937	4,905,437	6,247,580	3,630,158	(1,020,712)
Progressive insurance receipts on property damage	-	-	-	752,263	1,066,448
Stocks and PPE quantified and written-off to date due to flood related damages	-	-	-	-	(1,041,358)
Reversal of unabsorbed VAT provision	-	-	-	-	339,811
Profit/(loss) before finance cost	4,705,937	4,905,437	6,247,580	4,382,421	(655,811)
Net finance expenses	(448,115)	(517,104)	(934,256)	(1,334,791)	(1,259,244)
Profit/(loss) before tax	4,257,822	4,388,333	5,313,324	3,047,630	(1,915,055)
Income tax expense	(1,786,726)	(1,576,203)	(2,092,444)	(1,209,754)	467,728
Profit/(loss) for the year	2,471,096	2,812,130	3,220,880	1,837,876	(1,447,327)
Total other comprehensive income/ (loss) for the year net of tax	672	288,632	208,466	(420,856)	15,586
Total comprehensive income/ (loss) for the year	2,471,768	3,100,762	3,429,346	1,417,020	(1,431,741)
Dividends - Ordinary (Note 30.1)	1,152,000	640,000	800,000	320,000	-

FIVE YEAR SUMMARY

As at 31st March In Rs.'000s	2021	2020	2019	2018	2017
STATEMENT OF FINANCIAL POSITION					
Stated capital	2,537,801	2,537,801	2,537,801	2,537,801	2,537,801
Capital reserves	1,388,475	1,388,475	1,106,770	905,824	1,302,117
Retained profits	13,048,135	11,216,367	8,876,188	5,967,788	4,474,475
	16,974,411	15,142,643	12,520,759	9,411,413	8,314,393
Loans and borrowings	5,550,945	12,762,296	9,593,967	11,681,673	12,701,633
Debentures	-	-	2,078,285	3,110,582	3,936,732
Less: Cash	(8,642,977)	(11,170,815)	(9,460,830)	(7,128,583)	(6,244,229)
CAPITAL EMPLOYED	13,882,379	16,734,124	14,732,181	17,075,085	18,708,529
REPRESENTED BY					
Total non-current assets	20,209,115	20,957,348	20,452,100	20,507,540	20,335,112
Total current assets excluding cash & cash equivalents	5,279,052	4,488,572	4,578,276	4,805,209	3,432,411
Total current liabilities-excluding borrowings & overdraft	(6,283,330)	(3,396,639)	(5,100,593)	(4,444,755)	(2,605,526)
Employee benefits	(233,933)	(198,737)	(197,430)	(184,877)	(74,230)
Deferred tax liabilities	(5,088,525)	(5,116,420)	(5,000,172)	(3,608,032)	(2,379,238)
	13,882,379	16,734,124	14,732,181	17,075,085	18,708,529

Year ended 31st March In Rs.'000s	2021	2020	2019	2018	2017
CASH FLOW STATISTICS					
Net cash inflows from operating activities	5,583,270	1,949,628	5,531,361	2,731,870	190,319
Net cash inflows/(outflows) from investing activities	(125,646)	(577,239)	394,586	(363,400)	(2,954,933)
Net cash inflows/(outflows) from financing activities	(7,985,462)	337,596	(3,593,700)	(1,484,116)	6,491,033
Net cash movement for the year	(2,527,838)	1,709,985	2,332,247	884,354	3,726,419

RATIOS & STATISTICS

Return on shareholders' funds (%)	14.56	20.48	27.39	15.06	(17.22)
Return on capital employed (ROCE) (times)	33.90	29.31	42.41	25.67	(3.51)
Assets turnover (times)	1.42	1.23	1.21	0.89	0.88
Equity to total assets (times)	2.07	2.56	2.82	3.55	3.77
Interest cover (times)	10.50	9.49	6.69	3.28	(0.52)
Gearing ratio (%)	-	9.51	15.01	44.88	55.56
Current ratio (times)	1.63	1.15	1.04	0.96	0.87
Quick ratio (times)	1.25	0.98	0.89	0.84	0.71
Price earnings ratio (times)	18.42	14.79	13.79	22.87	(25.43)
Net assets per share (Rs.)	212.18	189.28	156.51	117.64	103.93
Dividends - Ordinary (Rs.) (Note 30.1)	14.40	8.00	10.00	4.00	-
Dividend payout ratio (%) - Company	44.44	22.13	24.46	15.84	-

Figures in brackets indicate deductions.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (GROUP) - USD

For the year ended 31st March In USD '000s	Note	2021	2020
Revenue	2	264,613	266,533
Cost of sales		(211,422)	(208,002)
Gross profit		53,191	58,531
Other income		1,796	904
		54,987	59,435
Distribution expenses		(14,947)	(16,208)
Administrative expenses		(8,839)	(8,885)
Other expenses		(3,837)	(2,884)
Impairment of intangible assets		(2,384)	(4,125)
Profit from operations		24,980	27,333
Finance income		3,691	5,689
Finance costs		(6,069)	(8,570)
Net finance costs		(2,378)	(2,881)
Profit before taxation		22,602	24,452
Income tax expense		(9,635)	(9,714)
Deferred Taxation		150	931
Profit for the period		13,117	15,669
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of employee benefit obligations		6	64
Deferred tax charge on actuarial gain		(2)	(26)
Revaluation gain on land & buildings		-	3,123
Deferred tax charge on land and building revaluation		-	(1,553)
Total other comprehensive income for the year net of tax		4	1,608
Total comprehensive income for the year		13,121	17,277

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION (GROUP) - USD

As at 31st March In USD '000s	2021	2020
ASSETS		
Non-Current Assets		
Property, plant & equipment	93,149	99,517
Right of use assets	812	846
Intangible Assets	6,064	8,534
Total non-current assets	100,025	108,897
Current Assets		
Inventories	17,289	13,417
Trade and other receivables	6,634	6,742
Amounts due from related companies	2,206	3,165
Cash and cash equivalents	47,839	69,307
Total current assets	73,968	92,631
Total assets	173,993	201,528
EQUITY AND LIABILITIES		
Equity		
Stated capital	33,068	33,068
Capital reserves	8,513	8,513
Retained earnings	42,435	37,105
Total equity	84,016	78,686
Non-Current Liabilities		
Loans and borrowings	17,309	13,681
Lease creditor	818	824
Employee benefits	1,158	1,033
Net deferred tax liabilities	25,186	26,585
Total non-current liabilities	44,471	42,123

**STATEMENT OF
FINANCIAL POSITION (GROUP) - USD**

As at 31st March In USD '000s	2021	2020
Current Liabilities		
Trade and other payables	9,280	7,726
Amounts due to related companies	608	560
Refundable deposits	9,406	8,914
Current tax liabilities	11,805	448
Loans and borrowings	9,249	51,744
Lease creditor	98	64
Bank overdrafts	5,060	11,263
Total current liabilities	45,506	80,719
Total liabilities	89,977	122,842
Total equity and liabilities	173,993	201,528

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 the Financial Statements.

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

As at 31st March		2021	2020
Income statement	Average rate	188.39	179.47
Monetary assets and liabilities	Closing rate	202.04	192.45
Non-current assets and liabilities	Closing rate	202.04	192.45
Ordinary share capital	Historical rate	76.74	76.74

2 REVENUE

For the year ended 31st March In USD '000s		2021	2020
Local revenue		257,629	260,616
Export revenue		6,984	5,917
		264,613	266,533

FIVE YEAR SUMMARY - USD

Year ended 31st March In USD '000s	2021	2020	2019	2018	2017
Revenue	264,613	266,533	253,851	191,393	138,123
Progressive insurance receipts on business interruption	-	-	-	7,742	6,641
Other income	1,796	904	848	487	430
	266,409	267,437	254,699	199,622	145,194
Total expenditure	(239,045)	(235,979)	(217,671)	(176,306)	(140,861)
Impairment of intangible assets	(2,384)	(4,125)	-	-	(11,110)
Operating Profit/(loss)	24,980	27,333	37,028	23,316	(6,777)
Progressive insurance receipts on property damage	-	-	-	4,832	7,082
Stocks and PPE quantified and written-off to date due to flood related damages	-	-	-	-	(6,915)
Reversal of unabsorbed VAT provision	-	-	-	-	2,257
Profit/(loss) before finance cost	24,980	27,333	37,028	28,148	(4,353)
Net finance expenses	(2,378)	(2,881)	(5,538)	(8,573)	(8,362)
Profit/(loss) before tax	22,602	24,452	31,490	19,575	(12,715)
Income tax expense	(9,485)	(8,783)	(12,401)	(7,770)	3,106
Profit/(loss) for the year	13,117	15,669	19,089	11,805	(9,609)
Total other comprehensive income/(loss) for the year	4	1,608	1,235	(2,703)	103
Total comprehensive income/ (loss) for the year	13,121	17,277	20,324	9,102	(9,506)
Dividends - Ordinary	5,702	3,566	4,742	2,055	-

As at 31st March In USD '000s	2021	2020	2019	2018	2017
STATEMENT OF FINANCIAL POSITION					
Stated capital	33,068	33,068	33,068	33,068	33,068
Capital reserves	8,513	8,513	6,943	5,752	8,460
Retained profits	42,435	37,105	30,324	20,938	12,492
	84,016	78,686	70,335	59,758	54,020
Loans and borrowings	27,474	66,313	53,893	74,174	82,527
Debentures	-	-	11,675	19,751	25,578
Less-Cash	(42,779)	(58,044)	(53,146)	(45,264)	(40,571)
CAPITAL EMPLOYED	68,711	86,955	82,757	108,419	121,554
REPRESENTED BY					
Total non-current assets	100,025	108,897	114,888	130,215	132,124
Total current assets excluding cash & cash equivalents	26,129	23,324	25,718	30,511	22,301
Total current liabilities-excluding borrowings & overdraft	(31,099)	(17,648)	(28,652)	(28,223)	(16,930)
Employee benefits	(1,158)	(1,033)	(1,109)	(1,174)	(482)
Deferred tax liabilities	(25,186)	(26,585)	(28,088)	(22,910)	(15,459)
	68,711	86,955	82,757	108,419	121,554

INFORMATION TO SHAREHOLDERS & INVESTORS

1 STOCK EXCHANGE LISTING

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

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

2 SHARE VALUATION

The market price of the Company's share as at 31st March 2021 was Rs. 569/- per share (2020 - Rs. 520/-)

3 ORDINARY SHAREHOLDERS

As at 31st March	2021	2020
Number of shareholders	1,268	1,161

(a) Frequency distribution of shareholdings as at 31st March 2021

Distribution of Shares	Residents			Non-Residents			Total		
	No. of Members	No. of Shares	%	No. of Members	No. of Shares	%	No. of Members	No. of Shares	%
1 - 1,000	1,038	163,270	0.20	12	5,027	0.01	1,050	168,297	0.21
1001 - 10,000	148	432,168	0.54	16	51,482	0.07	164	483,650	0.60
10,001 - 100,000	29	942,901	1.18	7	273,343	0.34	36	1,216,244	1.52
100,001 - 1,000,000	3	663,841	0.83	9	3,479,005	4.35	12	4,142,846	5.18
Above 1,000,000	4	48,608,641	60.76	2	25,380,322	31.72	6	73,988,963	92.49
Grand Total	1,222	50,810,821	63.51	46	29,189,179	36.49	1,268	80,000,000	100.00

(b) Category of Shareholders

Categories of Shareholders as at 31st March 2021	No. of Shareholders	No. of Shares	%
Individual	1,159	1,031,375	1.29
Institutions	109	78,968,625	98.71
Total	1,268	80,000,000	100.00

(c) The number of shares held by non-residents as at 31st March 2021 was 29,189,179 (2020 - 29,895,038) which amounts to 36.49% (2020 - 37.37%) of the total number of shares in issue.

(d) Public Holding

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

The Company's Public Holding as at 31st March 2021

Market Capitalisation of the Public Holding	Rs.6.34 Billion
Percentage of ordinary shares held by the public	13.92%
Number of Public Shareholders	1,244

4 MARKET PERFORMANCE- ORDINARY SHARES

For the year ended 31st March	2021	2020
Highest (Rs.)	639.90	650.00
Lowest (Rs.)	445.00	500.00
Value of Shares traded (Rs. Mn)	2,814	1,467
No. of shares traded	5,374,644	2,549,677

5 MARKET CAPITALISATION

The market capitalisation of the Company , which is the number of ordinary shares in issue multiplied by the market value of a share was Rs. 45,520,000,000/- as at 31st March 2021. (2020 - Rs. 41,600,000,000/-)

6 DIVIDENDS

- 6.1** A Final Dividend of Rs.8/- per ordinary share amounting to Rs.640,000,000/- for the year ended 31st March 2020 was paid on 11th September 2020 to the Shareholders of the Company who had provided accurate bank account details and to the Shareholders who had not provided accurate bank account details or had not provided any bank account details the dividends was paid on 29th September 2020.
- 6.2** A First Interim Dividend of Rs.14.40 per ordinary share amounting to Rs.1,152,000,000/- for the year ended 31st March 2021 was announced on 28th June 2021. Shareholders of the Company who had provided accurate bank account details were paid on 09th July 2021 and to the Shareholders who have not provided accurate bank account details or have not provided any bank account details, the dividends will be paid on 29th July 2021. In Accordance with Sri Lanka Accounting Standards LKAS 10 Events after the Reporting period, this dividend has not been recognised as a liability as at 31st March 2021.

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 ordinary dividend. It measures the number of times ordinary dividends are covered by distributable profits.

DIVIDEND PER ORDINARY SHARE

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

EARNINGS PER ORDINARY SHARE

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

EQUITY

Stated capital plus reserves.

EVENTS OCCURRING AFTER REPORTING DATE

Significant events that occur between the reporting date and the date on which financial statements are authorised for issue.

GEARING

Ratio of borrowings to capital employed.

INTEREST COVER

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

MARKET CAPITALISATION

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

NET ASSETS PER ORDINARY SHARE

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

PRICE EARNING RATIO - (P/E)

Market price of a share divided by earnings per share

RELATED PARTIES

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

REVENUE RESERVES

Reserves considered as being available for future distribution and appropriations.

VALUE ADDITION

The quantum of wealth generated by the activities of the Company

WORKING CAPITAL

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

DIVIDEND PAYOUT RATIO

The percentage of earnings paid to shareholders in dividends.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the 25th Annual General Meeting of **LION BREWERY (CEYLON) PLC** will be held on Friday, 13th August 2021 at 9.00 a.m. at the 8th Floor of No.65C, Dharmapala Mawatha, Colombo 07, Sri Lanka by means of audio or audio and visual technology 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 2021 together with the Report of the Auditors thereon.
2. To re-elect Ms. V. Gun L. L. as a Director in terms of Article 68 of the Articles of Association of the Company.
3. To re-elect Mr. D. A. Cabraal who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.
4. To re-elect Mr. K. Selvanathan who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.
5. 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 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 Mr. D. C. R. Gunawardena as a Director of the Company who is seventy years of age and to consider and if deemed fit to pass the following resolution:

“IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to Mr. D. C. R. Gunawardena who is 70 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year.”

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

By Order of the Board

(Sgd)

K. D. De Silva (Mrs)

Director

Carsons Management Services (Private) Limited
Secretaries

Colombo

09th July 2021

NOTICE OF MEETING

Notes:

1. This Notice and the submission of the Form of Proxy should be read in conjunction with the ‘Procedure to be followed at the Annual General Meeting of the Company scheduled for 13th August 2021’, which is enclosed with the Annual Report.
2. The Annual Report 2020/21 and the Notice convening the Annual General Meeting (AGM), together with the Procedure to be followed at the AGM will be posted to the Shareholders, provided that the postal department is in operation at the time of posting the said documents. In the event restrictions are imposed to control the COVID-19 pandemic and the postal operations are curtailed at the time of posting, the Notice convening the AGM will be published in one issue of a daily newspaper/ e-newspaper in Sinhala, English and Tamil languages.
3. The documents will also be made available on the Colombo Stock Exchange website www.cse.lk and on the Group’s website www.carsoncumberbatch.com and you may access same directly through the URL link http://www.carsoncumberbatch.com/investor_information/annual_reports_2020_2021/lion-brewery-ceylon-plc-annual-report-2020-21.pdf
4. Having considered the prevailing COVID-19 pandemic situation in the country and the health and safety guidelines issued by the Health Authorities in order to prevent the spread of COVID-19, the Board of Directors decided on 09th July 2021 to convene the AGM of the Company through an “audio-visual” technology in conformity with the applicable regulatory provisions and Article 43(b) of the Articles of Association of the Company.
5. Shareholders who wish to participate at the AGM through the online platform are kindly requested to complete and forward the “Registration Form (Annexure 1)” as morefully explained in the said “Procedure to be followed at the Annual General Meeting of the Company scheduled for 13th August 2021” enclosed with the Annual Report.
6. A member 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.
7. The completed Form of Proxy and Registration Form (Annexure 1), as relevant, must be submitted to the Company not later than 4.45 p.m. on 11th August 2021,
 - via email to LIONAGM2021@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.
8. 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.
9. The transfer books of the Company will remain open.

FORM OF PROXY

* I/We of
 being *a Shareholder/Shareholders of LION BREWERY (CEYLON) PLC
 hereby appoint of
 bearing NIC No./ Passport No.....or failing him/her.

DAMIAN AMAL CABRAAL	Or failing him,
HARIHARAN SELVANATHAN	Or failing him,
DON CHANDIMA RAJAKARUNA GUNAWARDENA	Or failing him,
DILKUSHAN RANIL PIERIS GOONETILLEKE	Or failing him,
KRISHNA SELVANATHAN	Or failing him,
SUSAN JULIET FARRINGTON EVANS	Or failing her,
RAJIV HERATH MEEWAKKALA	Or failing him,
SUDARSHAN SELVANATHAN	Or failing him,
STEFANO CLINI	Or failing him,
VIVIAN GUN LING LING	

as *my/our proxy to attend at the 25th Annual General Meeting of the Company to be held on Friday, 13th August 2021 at 9.00 a.m. at the 8th Floor, No. 65C, Dharmapala Mawatha, Colombo 07, Sri Lanka by means of audio or audio and visual technology and at any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. To re-elect Ms. V. Gun L. L. as a Director in terms of Article 68 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
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.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. K. Selvanathan who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4. 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"/>
5. To re-appoint Mr. D. C. R. Gunawardena who is seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
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.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day ofTwo Thousand and Twenty One.

.....
 Signature/s

Notes

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

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the form of proxy after filling in legibly your full name and address, and sign in the space provided. Please fill in the date of signature.
2. If you wish to appoint a person other than the Directors as your proxy, please insert the relevant details in the space provided overleaf.
3. In terms of Article 54 of the Articles of Association of the Company:
The instrument appointing a proxy shall be in writing and:
 - (i) in the case of an individual shall be signed by the appointor or by his attorney; and
 - (ii) in the case of a Corporation shall be either under its common seal or signed by its attorney or by an authorised officer on behalf of the Corporation.The Company may, but shall not be bound to, require evidence of the authority of any such attorney or officer.
A proxy need not be a shareholder of the Company.
4. In terms of Article 50 of the Articles of Association of the Company:
In the case of joint-holders of a share, the senior who tenders a vote, whether in person or by proxy or by attorney or by representative, shall be accepted to the exclusion of the votes of the other joint-holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
5. To be valid the completed **Form of Proxy** together with the **Registration Form (Annexure 1)** should be submitted to the Company **not later than 4.45 p.m. on 11th August 2021**,
 - via email to LIONAGM2021@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.
6. Shareholders who are unable to participate at the meeting through the online meeting platform (i.e. Zoom platform) may appoint a proxy as his/her/its proxy by forwarding the duly completed Form of Proxy together with the Registration Form (Annexure 1) **not later than 4.45 p.m. on 11th August 2021**, clearly indicating their vote under each matter set out in the Form of Proxy as per the instructions set out in the '**Procedure to be followed at the Annual General Meeting of the Company scheduled for 13th August 2021**', enclosed with the Annual Report.
7. Shareholders could also appoint a member of the Board to act as their proxy if they so choose. The Shareholders who wish to appoint a Director as his/her/its proxy must forward the duly completed Form of Proxy clearly indicating their vote under each matter set out in the **Form of Proxy** and forward same together with the **Registration Form (Annexure 1)**, attached herewith to the Company.

Please fill in the following details:

Name & contact no. of Shareholder :.....

CDS Account No. / Folio No. :.....

Name & contact no. of Proxyholder :.....

NIC No. of the Proxyholder :.....

CORPORATE INFORMATION

NAME OF COMPANY

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

COMPANY REGISTRATION NUMBER

PQ 57

LEGAL FORM

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

SUBSIDIARY COMPANIES

Pearl Springs (Private) Limited
Millers Brewery Limited

PARENT AND CONTROLLING ENTITY

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

DIRECTORS

Mr. D. A. Cabraal (Chairman)
Mr. H. Selvanathan (Deputy Chairman)
Mr. S. K. Shah (Retired as Chief Executive Officer/
Director w.e.f. 30/06/2021)
Mr. D. C. R. Gunawardena
Mr. K. Selvanathan (Director / Alternate Director to
H. Selvanathan)
Mr. D. R. P. Goonetilleke
Mrs. S. J. F. Evans
Mr. R. H. Meewakkala (Appointed Chief Executive
Officer-Designate w.e.f. 01/07/2020 & Appointed
Chief Executive Officer w.e.f. 01/07/2021)
Mr. Lim C. K. (Resigned w.e.f. 16/10/2020)
Mr. S. Selvanathan
Mr. S. Clini
Ms. V. Gun L. L. (Appointed w.e.f. 19/10/2020)

BANKERS

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

LEGAL ADVISERS

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

AUDITORS

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

MANAGERS & SECRETARIES

Carsons Management Services (Private) Limited
No. 61, Janadhipathi Mawatha
Colombo 01, Sri Lanka
Tel : +94 11 2039 200
Fax: +94 11 2039 300

REGISTERED OFFICE

No. 61, Janadhipathi Mawatha
Colombo 01, Sri Lanka
Tel : +94 11 2039 200
Fax: +94 11 2039 300

CORPORATE OFFICE & BREWERY

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

GROUP WEBSITE

www.carsoncumberbatch.com

Designed & produced by

emagewise

Printed by Printage (Pvt) Ltd

Lion Brewery (Ceylon) PLC

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

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