

# A Journey with Purpose

A full-page photograph of a landscape at sunrise or sunset. The sun is a bright, glowing orb in the center of the horizon, casting a warm, golden light across the sky and the ground. The foreground is a field of tall grasses. In the middle ground, two people are sitting on the back of a dark-colored jeep, looking towards the sun. The background shows a line of trees and rolling hills under a hazy, orange sky.

LION BREWERY (CEYLON) PLC  
ANNUAL REPORT 2022/23

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

# Financial Highlights

In Rs. '000s	2023	2022	Change %
Revenue	94,969,346	58,570,885	62
Profit from operations	13,070,252	5,273,109	148
Profit before taxation	11,189,253	5,532,185	102
Profit after taxation	6,991,603	3,668,105	91
Shareholders' funds	23,226,761	19,927,661	17
Total assets	47,371,945	41,066,879	15
Earnings per ordinary share (Rs.)	87.40	45.85	91
Net assets per ordinary share (Rs.)	290.33	249.10	17
Market capitalisation	57,180,000	42,000,000	36

# Chairman's Message

*Dear Shareholder,*

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

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

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

The scarcity of essential goods caused inflation to spiral, directly impacting consumer spending power. Commodity prices, freight rates, and fuel costs rose significantly during the year.

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

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

Despite all these challenges, the Company achieved a profit after tax of Rs. 7.0 billion on a turnover of Rs. 94.9 billion. The Company paid a total of Rs. 69 billion in taxes to the government, reflecting a 48% increase compared to the previous year. In December 2022, an interim dividend of Rs. 13.60 per share was paid to the

shareholders, and in May 2023, a second interim dividend of Rs. 28.30 per share was declared. Therefore, the total dividend paid for this financial year amount to Rs. 41.9 per share.

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

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

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

*(Sgd.)*

**D. A. Cabraal**  
Chairman

Colombo  
June 20, 2023

# Chief Executive's Review

## OPERATING ENVIRONMENT

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

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

## TAXATION

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

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

## INDUSTRY & POLICY

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

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

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

In this backdrop an excise tax increase of 20% in January 2023 has resulted in a 8% drop during the period January to April in excise revenue to Government from alcoholic beverages. With another impending excise hike in this financial year of 20%, the prices of alcoholic beverages will go above the highest level of inflation the country has recorded. It would appear that taxation of alcoholic beverages has reached an inflection point where further increases are counterproductive. During the year, Lion Brewery contributed Rs 69 bn in total taxes to the Government of Sri Lanka. This represents a 48% year-on-year growth in tax revenues to Government despite the extreme challenges faced during the year.

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

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

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

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

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

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

# Chief Executive's Review

## BUSINESS OPERATIONS

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

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

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

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

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

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

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

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

On the sustainability front, the Company continued to pursue its annual objectives and remained committed to its agenda throughout the year. In fact, commencing this year, we have begun reporting on our sustainability platform to create awareness and educate our stakeholders on numerous initiatives driven by LION as we firmly believe in building our business for now and beyond with sustainability embedded into every



area of business. A special write-up on the Lion sustainability agenda is included in this year's annual report.

## OUR PEOPLE

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

The Company introduced a standardised grade structure which will drive progression of individuals and remuneration pegged to a comparator basket of companies, the next step will be to introduce a strong set of processes to manage high performance within the business which is part of embedding strong talent management culture within the business. There was no compromise in training & development of staff with 7,100 manhours of training & development of which 78% was external.

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

## FINANCIALS

Amidst this challenging and volatile backdrop, the Company achieved a turnover of Rs. 94.9 billion. Despite a steep increase in input cost stemming from the depreciation of the rupee, rising commodity prices, freight rates and rising interest rates, the Company recorded a profit after tax of Rs. 7.0 billion. During the year, Fitch Ratings

affirmed the Company's National Long Term Rating at 'AAA(lka)'.

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

We also continue to offer shareholders a consistent and attractive dividend and in December 2022, an interim dividend of Rs. 13.60 per share was paid to the shareholders, and in May 2023, a second interim dividend of Rs. 28.30 per share was declared. Therefore, the total dividend paid for this financial year amounts to Rs. 41.90 per share.

In January 2023, Pearl Springs (Pvt) Ltd a fully owned subsidiary of the Company was amalgamated to LION. The subsidiary was incorporated in 2014 to facilitate the acquisition of Millers Brewery Ltd and has since fulfilled its purpose. The amalgamation was carried out to optimise the capital structure of the group. As a result, Millers Brewery Limited will now function as a fully owned subsidiary of Lion Brewery (Ceylon) PLC

## FUTURE OUTLOOK

The year 2023/24 will be another turbulent period, from a country perspective the path to recovery seems evident with much to be done to enforce policy reforms overlooked for many a year in the past. Estimated contraction of 3% of the national economy for the forthcoming year in the backdrop of a significantly inflated cost base, fiscal consolidation will continue to dampen consumer spending and create an uncertain horizon over the next few months. The impending 20% excise increase will further push up the prices of the legal alcohol sector and create a thriving illicit market. The IMF agreement requires a further increase in January 2024 which will result in a cumulative

# Chief Executive's Review

excise tax increase of over 50% since January 2023. With prices at unaffordable levels, we expect the decline in tax revenues to continue. The only silver lining is the growth in tourism and its positive impact on the economy.

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

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

*(Sgd.)*

**R. H. Meewakkala**  
Chief Executive Officer

Colombo  
June 20, 2023

# Profiles of Directors

## **AMAL CABRAAL**

*(Chairman)*

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

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

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

## **HARI SELVANATHAN**

*(Deputy Chairman)*

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

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

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

He holds a Bachelor's Degree in Commerce.

## **RAJIV MEEWAKKALA**

*(Director/CEO)*

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

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

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

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

# Profiles of Directors

## **CHANDIMA GUNAWARDENA**

Chandima Gunawardena serves as a Non-Independent, Non-Executive Director of most of the Carsons Group Companies in Sri Lanka and overseas.

He is also a Director of Bukit Darah PLC. Since assuming Non- Executive status in the Group, he serves as an advisor to the Group's Strategic Planning and Management forums in Sri Lanka and serves on Board Committees, including the Audit Committees of the Group in Sri Lanka and overseas covering all operating sectors of the Group.

Mr. Gunawardena has over five decades of experience in varied fields of business and commercial activities and has held senior positions in Corporate, Mercantile and State Institutions. He was appointed to the Carsons Group Directorate in 1990. He continues to serve on advisory Boards of private sector initiatives in Sri Lanka and not for profit initiatives locally and at global level.

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

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

## **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 serves as a Director of Carsons Management Services (Private) Limited and is the CEO of Guardian Fund Management Limited. He also serves as a Director of Lion Brewery (Ceylon) PLC and Pegasus Hotels of Ceylon PLC and is an Alternate Director on the Boards of Carson Cumberbatch PLC and Bukit Darah 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 35 years' experience in strategy and marketing, largely with multi-national consumer product companies, Gillette, GlaxoSmithKline and Whirlpool. Whilst based in the UK, she held an international strategic marketing position and managed a global nutritional drinks brand portfolio with a turnover of £330 million worldwide.

For the past 25 years she has been working as a Senior Consultant in India and Sri Lanka on a wide variety of assignments covering industries as diverse as soft drinks, retail, passenger cars and industrial export products. Currently works with STING Consultants, the leading strategic marketing and brand consultancy in Sri Lanka. Also serves as a Trustee on Ayati Trust Sri Lanka and Hemas Outreach Foundation, both national charities involved in improving the potential of disabled and underprivileged children.

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

## **SUDARSHAN SELVANATHAN**

Joined Carson Cumberbatch in 2019, focusing on the Group's beverage businesses. Prior to this, he was a partner at JNE Partners LLP and a senior member of the investment team at MSD Capital, investing in equities and distressed debt. From 2000 to 2006, he served in various roles at Lone Star Funds and Lehman Brothers.

## **STEFANO CLINI**

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

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

## **MS. VIVIAN GUN LING LING**

Ms. Vivian Gun Ling Ling is the Chief Financial Officer of Carlsberg Brewery Malaysia Berhad. She joined Carlsberg in 2018 as a Chief Financial Officer in Myanmar Carlsberg Co. Ltd (MCCL) before taking on the current role. She is responsible for Finance and IT functions. Prior to joining Carlsberg, she had held senior finance roles with established Malaysian corporations including GlaxoSmithKline (GSK), 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 and a member of Malaysia Institute of Accountant. She was a member of the Chartered Institute of Management Accounting (CIMA). She graduated from Victoria University of Wellington, New Zealand.

# Senior Management team



*Left to Right*

- 1. Jehan Goonaratne**  
Deputy Chief Financial Officer
- 2. Suneth Warnakula**  
Senior Vice President - ERP Systems
- 3. Rajiv Meewakkala**  
Chief Executive Officer
- 4. Danushka Silva**  
Senior Vice President - Marketing, Regular Category
- 5. Kaveen Gayathma**  
Senior Vice President - Outbound Logistics
- 6. Mohan Wijebandara**  
Senior Vice President - Commercial Finance





**7. Ranil Goonetilleke**

Director/Chief Financial Officer

**8. Ruwandhi Thanthrige**

Senior Vice President - Legal

**9. Widhura Nuwan**

Senior Vice President - Engineering

**10. Madhushanka Ranatunga**

Chief Sales & Marketing Officer

**11. Chathura Karunaratne**

Senior Vice President - Procurement & Sourcing

**12. Eshantha Salgado**

Senior Vice President - Sustainability



# Senior Management team



*Left to Right*

**13. Channa Senarathne**

Senior Vice President - Regulatory Affairs

**14. Sandeep Mallya**

Senior Vice President-Marketing, Premium Category

**15. Niranjan Perera**

Chief People Officer

**16. Keerthi Kanaheraarachchi**

Senior Vice President - Corporate Affairs

**17. Sampath Perumbuli**

Chief Information Officer

**18. Anuruddha Jayathilake**

Senior Vice President-Packaging





**19. Stefan Atton**

Chief International Business Officer

**20. Chandana De Silva**

Senior Vice President - Quality Assurance

**21. Thusith Gunawarnasuriya**

Chief Supply Chain Officer

**22. Nishantha Hulangamuwa**

Senior Vice President - Trade & Outbound Logistics

**23. Shiran Jansz**

Senior Vice President - Strategic Procurement Initiatives

**24. Arno Matthee (Absent)**

Senior Vice President - Brew Master

# Environmental, Social and Governance (ESG) Review

Sustainability has always been one of the key building blocks of Lion Brewery (Ceylon) PLC (LION) operational model although not featuring in our external communications to date. During the year, we aligned our on-going sustainability initiatives with the standardised ESG framework. A process of peer benchmarking against global alcobev companies, as well as local conglomerates was carried out, followed by work on the identification of material topics and related reporting parameters. We were able to engage 15% of staff members across the organisation in this process, towards building an ownership and involvement in the journey that is to follow. The function is headed by the Senior Vice President Sustainability who reports to the CEO of Lion Brewery (Ceylon) PLC.

## ENVIRONMENT

### Responsible consumption of Electricity, Furnace Fuel and Water

LION progressed with improvements of 8% on electricity consumption over the previous year, which is 18% improvement on the five year average. The current year saw a focused project on the improvement of the compressed air system, which delivered 0.15kWhr/hl which is an overall improvement of 15% on the compressed air electricity index.

There were also improvements of 3% on furnace fuel consumption and 4% on water consumption against the previous years figures, which corresponds to a 16% and 33% improvement respectively, against the five year average for the same indices.

The facility also underwent an energy and water audit in Q4, that will now form the basis for focused improvement projects, in both the immediate and long term.

With fermentation naturally generating Carbon Dioxide (CO<sub>2</sub>), we were able to generate the product in excess of our own requirement. The

surplus CO<sub>2</sub>, was used to supply the local market with 1,817 MT of CO<sub>2</sub>, as opposed to it being fulfilled through the burning of fossil fuel.

All forklifts used on the premises are now run on electricity or LPG. Prime movers carrying out the long haul journeys have clear cut loading times and routes to ensure optimal fuel utilisation, while redistribution vehicles too have detailed route plans, where side loading capability ensures optimal loading and unloading, which in turn supports efficient vehicle utilisation and eventually minimisation of GHG emission for the given delivery.

### *Sustainable Packaging*

We continue to use returnable glass bottles and plastic crates in our operation. Glass bottles had a return rate of 86% with new bottles infused into the population containing 45% recycled glass, while plastic crates had a return rate of 98% with a 70% recycled cut powder inclusion.

### *Management of Waste Material*

Waste material disposal saw the conversion of 22,000 MT through Re-use, 2,100 MT through Re-cycling and 14MT through Up-cycling, this not only being supportive of the environment but also converting waste to income.

As part of our extended producer responsibility, our aluminum upcycling venture “Melting Point” saw the upgradation of a cottage industry establishment situated in Pilimathalawa Sri Lanka, which is known to be one of the centers for traditional smelting and crafting of metals. The process involved providing technical expertise from the University of Peradeniya and the Central Environment Authority of Sri Lanka, towards improving the efficiency and safety of the operation. We were also able to connect the manufacturers with premium retail outlets such as Odel and also the online platform Daraz towards value creation across the chain, thereby further strengthening the collection of cans once used.

Towards further driving the responsible disposal of aluminum cans, Melting Point initiative was able to design and distribute 118 can collection units, to selected outlets with the facilitation of the Department of Excise. These used cans have then been channelled back to recycling, thereby strengthening the circularity of the operation as a whole.

Towards value addition to some of our waste materials, we have initiated joint projects with the Western Province Waste Management Authority, as well as several private sector organisation and are also in discussion with Sri Lanka Institute of Biotechnology with regards to a similar endeavour.



# Environmental, Social and Governance (ESG) Review

## SOCIAL

### Human Capital Management

Human capital remains a key area of focus and there was extensive work in this area in the backdrop of a very challenging external environment, brought on by COVID19 in the previous financial years merging into the country financial crisis in the last financial year.

The overall People Strategy has been built on three pillars and significant work has taken place across all three verticals.

- Building Capacity to fuel the Growth of the organisation through Organisational Structure, and Design.
- Building Capability through Driving Learning Agility, Innovation, and Talent Pipeline Development.
- Inspiring a Culture of Excitement, Winning, Inclusion, and Well-being with a Shared Value System

### Building Capacity

#### Structure and Design

During the year, the Company concluded a comprehensive update of job evaluations which led to a strengthening of job grade definitions. This reduces unnecessary bias in the organisation whilst building transparency and also provides additional visibility on career paths.

Along with the Job Evaluation process, it was also important to refresh the Company's Rewards Philosophy to enable consistent, fair and objective decision-making in hiring and retaining talent. The Agenda for the Rewards Philosophy included,

- Creating a high-performance culture
- Rewarding key and critical talent
- Incentivising the right behaviours

- Driving internal parity across lines of business
- Offering careers and not just jobs optimising wage bill inefficiencies

In order to ensure fairness in remuneration, the Company has a clearly defined market benchmark process based on a basket of comparable organisations. It is also important to note that the Company, as a policy does not discriminate rewards based on gender hence, there is no disparity in Male / Female pay.

### Creating Employment & Career Mobility

Company's growth mindset paved the path to creating 31 new job roles (permanent/full-time) during the year. In an environment of economic crisis and high inflation, it is commendable to see the optimistic approach of the Company.

The Company also provided 36 upward career progressions, of which 70% was from the Executive grade, There were also 10 parallel movements giving cross-functional opportunities to people, as well as two job enlargements and one overseas placement recorded during the year.

### Building Capability

#### Training & Development

A total of 7,100 Manhours were delivered during the year in the below categories which is 22.5h of training per head,

Behavioural	2,961 Hours
Technical	1,725 Hours
Health & Safety	975 Hours
Compliance	522 Hours
Familiarisation	552 Hours
Awareness	360 Hours

## **Inspiring a Culture**

### ***Employee Wellness***

With a vision of building the healthiest workforce in Sri Lanka by 2025, the “LION We Care” employee Wellness Programme was launched during the year. “Most active workforce means the healthiest, happiest and strongest workforce”, being the theme.

Our free annual medical screening continued with the participation of 295 employees, while several initiatives were launched during the year, creating awareness on the subject, while also providing education and encouragement to employees towards having an active lifestyle. This included,

- Mental Health Programmes – 353 Hours
- Physical Activities through Virtual Step Challenges – 48.3Mn Steps recorded.
- Employee Wellness Day – Dedicated to Education and Awareness.
- Diabetes Day Awareness and Education
- Prevention of Domestic Abuse

We also continue to provide OPD, Hospitalisation and Surgical, Critical Illness, Personnel Accident and Life insurance coverage to all our employees.

### ***Employee Engagement: Forums***

In keeping with the ETI Code and Company policy, which provides Freedom of Association and the right to express suggestions/ideas, which in turn are respected, considered and enacted upon if feasible, the following forums are in operation

- Great Place to Work Survey, which checks the pulse of people and receives feedback.
- LION People Connect-an Open Forum every quarter, which connects and communicates with people on latest developments in the organisation.
- CEO Connect – A forum where the CEO meets with selected cross functional levels of people over a focused group discussion, to understand the pulse of people.
- LION Employee Welfare Committee – Provides an opportunity for people to express their concerns, suggestions etc. to the Management. This forum creates a platform for representatives from each function, to bring up, discuss and solve matters relating to employment and their welfare

### ***Employee Engagement Activities***

The Company executed its Employee Engagement Calendar during the year, ensuring people were engaged and motivated to work in the Company. This included several activities.

- LION Family Day
- Annual Staff Trip
- Annual Cricket Tournament
- Activities on special days such as Mother's Day, Father's Day, Valentine's Day etc.
- Activities also included celebrating all religious events in the organisation.
- Event for service personnel



# Environmental, Social and Governance (ESG) Review



## ***Occupational Health and Safety***

We continue to invest in the health and safety of our own staff as well as External Service Personnel deployed to our sites. Besides the enforcement of the proper use of PPE we were able to deliver 2,461 safety training hours, of which 65% was directed towards Service Provider Personnel, thereby enhancing their awareness and compliance as part of our Duty of Care. Selected personnel from LION were also able to benefit from training offered through the Asia Pacific Alliance for Disaster Management Sri Lanka on CPR and search and rescue.

Towards our aim of driving towards Zero Accidents, our own personnel contributed 776 safety improvement suggestions, which have been

duly converted. These actions combined, delivered an LTI-free year in 2022/23, with just 4 first-aid injuries for the period.

## ***Building a Sustainable and Engaged Work Force***

LION'S efforts and commitment detailed above were further validated by LION being recertified as a Great Place to Work with a very notable high score. There was a significant increase in employee participation, in the key metrics over the 1-year and 2-year horizons reaching 96%, which is a reflection of the engagement and belief of our colleagues that their voices are heard and their inputs are integral to how we operate.

### Community and Economic Development

Since January 2023, the Lion Brewery initiative Melting Point has teamed up with “Wana Arana” to initiate a beach clean up program themed “Lasanna Werala”. The project now deploys personnel across a 4 Km stretch of the western coast from Mount Lavinia to Wellawatta, frequented by both locals and tourists. The project also installed waste bins along the stretch, which in conjunction with the clean up efforts has seen a total of 786Kg of aluminum cans and 2,572 kg of plastic bottles and containers having been collected and sent for recycling in Q4. Melting Point facilitated two beach clean up programs during the year, one of which marked World Clean Up Day in September 2022. This initiative attracted over 200 volunteers thereby, facilitating community engagement in local conservation, as well as providing our own staff focused opportunities to engage in CSR. These activities have contributed towards fulfilling an identified employee need of being able to engage in CSR.

We were also able to support a community based program focused on proper waste segregation and disposal by providing them with used barrels and the assistance needed to construct segregation bins. This pilot project saw the deployment of ninety three bin units and we hope to expand on this in the coming year.



We have continued to provide opportunities for those engaged in University and Managerial Education to carry out field visits to the production facility, towards fulfilling course requirements for industrial exposure. We were able to accommodate 15 such visits covering 539 personnel and delivering 1,965 hours of training. We have also been able to support vocational training by providing internship placements for 39 personnel to commence their technical trainings during the period.

**melting point**  
CAN TO CRAFT

**සයනා වෙරළ**  
கடற்கரை பாத்தலத்திற்காக மட்டுமே  
BEACH IS ONLY FOR FOOTPRINTS

**MINISTRY OF URBAN DEVELOPMENT WATER SUPPLY & HOUSING FACILITIES**

*“Earth provides enough to satisfy every man's needs, but not every man's greed.”*  
-Mahatma Gandhi

# Environmental, Social and Governance (ESG) Review

## **Product Quality Safety and Transparency**

Towards ensuring product quality and safety, stringent controls remain in place. Our first time right quality index achieved 99.4%, while customer complaints were at 0.61 defects per million opportunities. Accuracy of testing was validated through the Brewing Analytes Proficiency Scheme (BAPS), while product tasting which is an inherent part of the quality control process has tasters validated through a scheme for which Flavour Active UK provides the required material. We also regularly submit our products to a leading global Sensory Analysis Panel towards continuous improvement of the sensorial attributes of our product offerings.

We continue to focus on our quality assurance aspect by seeking vendors who are third party validated and to that end, 63% our direct raw material vendors and 100% of our direct/primary packaging material vendors fall into this category. Our QA teams continue their vendor audits both from a compliance perspective, as well as from a continuous improvement perspective, building up vendor knowledge and capability, towards driving higher levels of quality assurance.

## **Responsible Consumption and Marketing**

As a responsible Alcobev entity, Lion Brewery (Ceylon) PLC (LION) remains committed towards the WHO principle of reduction in the harmful use of alcohol. To this end currently, 49% of all local SKUs (excluding draught beer) carry voluntary notification of a combination of "legal age for consumption", "don't drink when pregnant", "don't drink and drive" as well as "don't litter" and "recycle" signage. We plan to extend responsible consumption messaging into point of sales material containing product visuals in the coming year.

In a market, where the consumer demand is driven by high alcohol products offerings, 4 product variants namely Somersby Apple, Somersby Blackberry, Lion Ice and Carlsberg Smooth, all of

which are below 5% ABV, were introduced into the market to increase the range of low alcohol products for consumers to choose from.



## **GOVERNANCE**

### **Compliant Business Conduct and Ethical Behaviour**

#### **Training**

All employees at the time of onboarding sign up to the code of conduct, that is then followed up by an induction program covering operational processes as well as legal compliance.

During the period all employees received knowledge transfer on Social Compliance as per the aspects of the Ethical Trading Initiative towards understanding the elements, as a fore runner towards expanding the same to our vendors and service partners, as part of our commitment to Responsible Sourcing of Materials and Service.

Being a regulated industry governed by a National Alcohol and Tobacco Act (NATA) it is essential that front line sales and marketing personnel are educated on the many rules and regulation involved. To this end training was given under the theme "Excise Regulations to be followed in trade and distribution" which was delivered through the facilitation on officers from the Department of Excise in the form of a workshop



## **System Improvement, Validation and Reporting**

Towards greater governance, the procure to pay process was reviewed and aligned to the standard process in the SAP ERP system, by transforming it into a centralised business function.

We have continued to adhere to global standards for ISO 22000:2018, ISO 14001:2015, ISO 45001:2018 and ISO 27001: 2013, all of which were certified for continuity and remain at the core of our Food Safety, Environment, Occupational Health and Safety and Information Security Management systems respectively. We have also had external fire audits, which have down graded our risk rating from medium to low

As part of our Business partner Diageo's vendor governance requirement, LION faced a SEDEX Audit against SMETA 6.0 Best Practice Guidance structure and have signed up for the three year annual audit programme which looks at Social compliance.

Towards strengthening the internal governance function, the finance department was further resourced with a Manager Control Assurance towards improving the coverage and also following up on implementation of identified process improvements

The Company risk register was reviewed by the audit committee and presented to the board at the annual and quarterly plan presentations.

## **Responsible Sourcing of Materials and Services**

We were also able to facilitate a full day training program for 18 personnel from key service providers, which was carried out by the Employees Federation of Sri Lanka on the main aspects of ETI, along with operational best practice with regards to labour management.

This was done post the Service Provider Summit of 2023, attended by mainly the Executive cadre of these organisations, where the ETI requirements as well as the expectations of the organisation with regards to health, safety and compliance were explained. The programme culminated with an awards ceremony to recognise those who had excelled in the aspects of safety and compliance as per our internal assessment criteria.

## **Diversity and Equality**

We continue to focus on our diversity ratios. Female representation at board level stands at 20% and we have been able to increase our female employee representation within operations by 20% over the previous period. The Company has done well to encourage more female employees in the system with 20% of new hires during the period being females.

It was also encouraging to see almost equal scores emerging from both genders on the overall Trust Index for the GPTW survey, which reiterates the commitment to Gender equity in the organisation.

Efforts on gender diversity were supported through activities such as celebrating Women's Day with the theme of "Embracing Equity in a Meaningful Way" while stressing the importance of Gender diversity as a strategy of the organisation. The main event comprised a key note address followed by a panel discussion, while there were employee recognition activities during the day, that was also extended to service provider personnel.

## **Data Security and Privacy**

Information system governance was also further enhanced, with strengthening of data security with encryption and mass storage restriction to users. Towards greater focus on Cyber Security a Senior level recruitment of an Assistant Vice President Cyber Security, also took place during this period.

# Environmental, Social and Governance (ESG) Review



The Information Security management system based on ISO/IEC 27001:2013 had an Azure Identity Secure Score improvement from 72% to 77% during the period.

### **Taxation and Economic Development**

We believe that paying taxes is not only a legal obligation, but also a social responsibility of a corporate citizen. To this end we continue to contribute significantly to the national fiscal balance and have contributed Rs. 69.6 billion by way of direct taxes for the year in review. This amounts to a cumulative figure of Rs. 175 billion over the past five years. We maintain an open and transparent relationship with relevant regulatory and tax authorities and ensure relevant compliances.

The period in review saw the implementation of a foolproof sticker by the Department of Excise, towards prevention of adulteration and tax leakage in the alcobev industry. We welcome this governance initiative and urge the authorities to continue to improve the forensic features of the implementation, while also addressing the operational issues and inefficiencies faced in its application on high speed lines.

The organisation has been able to make progress in its ESG journey during the past year, be it in the backdrop of the Sri Lankan financial crisis and its related outcomes. We remain focused on the journey ahead, confident that through measured process, endeavour and personnel responsibility in driving excellence, we will do our part in building a sustainable business within a sustainable future.

# International Business Review

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

The Company's revenue from international operations has shown progress, with a growth of 72% since the 2020/21 financial year. Similarly, volume has experienced a significant increase of 56% over the same period. These figures reflect a good foundation and potential for further expansion in the future.

In the Maldives, LION has established itself as a dominant player, recording close to a 50% market share. Supply chain challenges, which

impacted the ability to meet market demand, were successfully resolved in the last quarter of the financial year. LION's presence in over 140 resorts solidifies its market position, and the Company remains a formidable force in the Maldivian market together with our partner Carlsberg. With the robust growth of Maldives as super a premium destination serving customers from varied geographies, the Maldives remains an important avenue to grow our brand awareness.

The GCC has emerged as a region of substantial growth for the Company. LION achieved an overall growth of 19% increase in the region. Key markets transitioned to stronger distribution partners. Retail penetration expanded in key hubs such as Dubai which is experiencing a tailwind following progressive regulatory changes increasing the affordability and availability of alcoholic beverages. The addition of sales resources in the region also contributed to growing retail penetration. This combination of improved distribution partnerships and increasing retail penetration was repeated





across the region. Equally, the Company also focused on correcting margins through a mixture of cost optimization and limited pricing adjustments.

East Africa has also proven to be a promising region for LION's international business. Despite civil unrest in certain geographies), the Company achieved 10% growth in volume across the African market. LION's growing presence in East Africa has been a key highlight with the expansion of operations in Rwanda, the introduction of LION into Seychelles and the penetration of Carrefour in select African countries.

LION has also made notable strides in Canada, focusing on the Ontario region. Retail penetration grew in the key alcohol retail chains for our flagship products, Lion Lager and Lion Stout, with volumes growing month on month despite hurdles in relation to retail pricing and pack mix. In addition,

select consumer level activations were conducted to drive trial and awareness. Over the course of the coming year, we hope to conclude initiatives intended to reset pricing, align retail pack mix with market demand and expand our on-trade footprint. We are hopeful that this will result in increased levels of trial for Lion Stout.

LION's international business has shown good progress across multiple regions and countries. Whilst there remains much to be done, the Company's strategic initiatives, such as strengthening sales resources, resetting the distribution network, have proven effective in driving growth and expanding market presence. The Company's ongoing efforts to refine LION's brand positioning will allow the brand to differentiate itself.



# International Business Review



Furthermore, the Company's commitment to innovation and product development will play a crucial role in driving future growth. The Company's innovation capability will increase when the ongoing investments behind product are completed. By continuously introducing new and exciting offerings, the Company can cater to evolving consumer preferences.

Overall, the good performance of the Company's international business in the 2022/23 financial year, coupled with its strategic initiatives, expansion efforts, quality product portfolio and a commitment to customer satisfaction, provides a solid foundation for future growth.

# Annual Report of the Board of Directors on the affairs of the Company

The Board of Directors of Lion Brewery (Ceylon) PLC (LION) 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 2023.

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 20th June 2023.

## GENERAL

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

As at the reporting date, the Group consists of Lion Brewery (Ceylon) PLC and its fully owned subsidiaries Millers Brewery Limited and Lion Beer (Ceylon) Pte. Ltd., Singapore.

Pearl Springs (Private) Limited [PSPL] was a fully owned subsidiary of Lion Brewery (Ceylon) PLC. As permitted under Section 244(1)(a) of the Companies Act, No. 07 of 2007, PSPL merged with LION on 31st January 2023.

PSPL was the sole shareholder of Millers Brewery Limited and subsequent to the amalgamation of PSPL and LION, Millers Brewery Limited became a fully owned subsidiary of LION.

Lion Beer (Ceylon) Pte. Ltd. was incorporated in Singapore on 13th March 2023 and its sole shareholder is Lion Brewery (Ceylon) PLC.

## 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

Details of significant events during the year are contained in the Chief Executive's Review on pages 04 to 08 of this report.

## STATEMENT OF DIRECTORS RESPONSIBILITIES

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

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

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

- appropriate accounting policies have been selected and applied consistently, while material departures, if any, have been disclosed and explained,

# Annual Report of the Board of Directors on the affairs of the Company

- all applicable Accounting Standards have been complied with,
- reasonable and prudent judgement 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.
- 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.

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,

## **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 2023.

## **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 2023 are set out on pages 52 to 114 of this Report.

## **RESERVES**

After the above mentioned appropriations, the total reserves of the Group stand at Rs.20,689 Mn (2022 - Rs.17,390 Mn) comprising Capital Reserves of Rs. 2,092 Mn (2022 - Rs. 2,092 Mn) and Revenue Reserves of Rs. 18,597 Mn (2022 - Rs. 415,298 Mn). Details are shown in the Statement of Changes in Equity on page 56.

## **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. 4,304 Mn (2022 - Rs. 2,094 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 2022 by a qualified independent valuer. The market value arrived at was Rs. 8,340 Mn. These are further explained in Note 08 to the Financial Statements.

## **RISK MANAGEMENT/MATERIAL FORESEEABLE RISK FACTORS**

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

## **MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS**

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

## **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 47 to 51 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 60 to 77.

## **DONATIONS**

There were no donations made during the year ended 31st March 2023 (2022 - 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 2023 is given in Note 27 to the Financial Statements, on page 98.

## **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.

# Annual Report of the Board of Directors on the affairs of the Company

Directors	No. of shares as at	
	31st March	31st March
	2023	2022
Mr. D. A. Cabraal (Chairman)	-	-
Mr. H. Selvanathan (Deputy Chairman)	1,579	1,579
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 (Director/CEO)	-	-
Mr. S. Selvanathan	-	-
Mr. S. Clini	-	-
Ms. V. Gun L. L.	-	-

## DIRECTORS

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

### Directors to retire by rotation

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

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.

### Appointment of Directors who are over 70 years of age

Mr. H. Selvanathan - Executive Director and Mr. D. C. R. Gunawardena - Non-Executive Director who were over 70 years of age were appointed as Directors of the Company in terms of Section 210 of the Companies Act, No.07 of 2007 at the AGM

held on 03rd August 2022 for a period of one year commencing from the conclusion of the said AGM, i.e. till 02nd August 2023.

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

## AUDITORS

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

<b>Related Party Transactions Review Committee Members</b>	<b>Executive/ Non-Executive/ Independent</b>
Mr. W. M. R. S. Dias	Non-Executive/ Independent Director of CCPLC
Mr. R. Theagarajah	Non-Executive/ Independent Director of CCPLC
Mr. D. C. R. Gunawardena	Non-Executive Director of CCPLC
Mr. H. Selvanathan	Executive Director of CCPLC
Mr. M. Selvanathan	Executive Director of CCPLC
Mr. S. K. Shah	Non-Executive Director of CCPLC

The Related Party Transactions Review Committee Report is given on pages 43 to 44 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**

The Directors declare in terms of the requirements of the Listing Rules of the Colombo Stock Exchange that the transactions carried out by the Company with its Related Parties during the year ended 31st March 2023, did not exceed 10% of Equity or 5% of the Total Assets of the Company as at 31st March 2022.

The details of the Related Party Transactions are given in Note 33 on pages 112 to 113 of the Financial Statements.

#### **1. Non-Recurrent Related Party Transactions**

There were no Non-Recurrent Related Party Transactions entered in to by the Company, where the aggregate value of the Non-Recurrent Related Party Transactions exceeds 10% of the Shareholders' equity or 5% of the total assets, whichever is lower, of the Company as at 31st March 2022.

#### **2. Recurrent Related Party Transactions**

There were no Recurrent Related Party Transactions entered in to by the Company, where the aggregate value of the Recurrent Related Party Transactions exceeds 10% of the Shareholders' equity or 5% of the total assets, whichever is lower, of the Company as at 31st March 2022.

# Annual Report of the Board of Directors on the affairs of the Company

## 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 09 to 11 of the Annual Report.

Directors	Executive/ Non-Executive/ Independent
Mr. D. A. Cabraal (Chairman)	Non-Executive/ Independent *
Mr. H. Selvanathan (Deputy Chairman)	Executive
Mr. 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 (Director/CEO)	Executive
Mr. S. Selvanathan	Executive
Mr. S. Clini	Non-Executive
Ms. V. Gun L. L.	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 06th June 2023, in order to enable the Board of Directors to determine the Independence/ Non-Independence of each of the Non-Executive Directors, in terms of Rule 7.10.3(a) of the Listing Rules of the CSE.

\* The Board has determined that Mr. D. A. Cabraal is an Independent/ Non-Executive Director in spite of being a Director of Ceylon Beverage Holdings PLC, which has a substantial shareholding in the Company and in spite of being on the Board for more than 9 years since he is not directly involved in the management of the Company.

\*\* The Board has determined that Mrs. S. J. F. Evans is an Independent/ Non-Executive Director in spite of being a Director of Ceylon Beverage Holdings PLC, which has a substantial shareholding in the Company and in spite of being on the Board for more than 9 years since she is not directly involved in the management of the Company.

## Directors' Meetings Attendance

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

Directors	Meetings Attended
Mr. D. A. Cabraal (Chairman)	4/4
Mr. H. Selvanathan (Deputy Chairman)	4/4
Mr. D. C. R. Gunawardena	4/4
Mr. D. R. P. Goonetilleke	4/4
Mr. K. Selvanathan (Director / Alternate Director to Mr. H. Selvanathan)	3/4
Mrs. S. J. F. Evans	4/4
Mr. R. H. Meewakkala (Director/CEO)	4/4
Mr. S. Selvanathan	4/4
Mr. S. Clini	3/4
Ms. V. Gun L. L.	4/4

## Board Evaluation

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

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

## Audit Committee

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.

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

The Audit Committee Report is given on page 40 to 42 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.

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

## Scope and Objective

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

The remuneration policy has been formulated based on market and industry factors with appropriate incentives to encourage enhanced performance and also in a fair and responsible manner for all group companies.

## Functions and Proceedings

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

The Chief Executive Officer, Director-in-charge and other members of senior management may be invited to attend meetings to discuss the performance of the Executive Directors and make proposals as necessary. Neither Executive or Non-Executive Directors are involved in Remuneration Committee meetings when determinations are made in relation to the remuneration of the respective Directors.

# Annual Report of the Board of Directors on the affairs of the Company

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

The Remuneration Committee Charter requires the Committee to meet at least twice a year. As allowed by the Remuneration Committee Charter, the Committee held 01 virtual meeting and 01 physical meeting during the period under review.

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

## Reporting and Responsibilities

The Committee Chairman reports to the Board on its proceedings on all matters within its duties and responsibilities. The Committee makes recommendations to the Board as deemed appropriate on any area within its limit where action or improvements are needed.

Aggregated remuneration paid to the Non-Executive Directors of the Company is disclosed under Note 27 on page 98 of the Annual Report.

## Nomination Committee

<b>Nomination Committee Members</b>	<b>Executive / Non-Executive/ Independent</b>
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 Committee held three (03) virtual meetings during the period under review.

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

## DIVIDEND

1. A Second Interim Dividend of Rs.17.25 per ordinary share amounting to Rs.1,380,000,000/- for the year ended 31st March 2022 was announced on 13th May 2022. Shareholders of the Company who had provided accurate bank account details were paid on 01st June 2022 and to the Shareholders who had not provided accurate bank account details or had not provided any bank account details, the dividend was paid on 15th June 2022.

2. A First Interim Dividend of Rs.13.60 per ordinary share amounting to Rs.1,088,000,000/- for the year ending 31st March 2023 was announced on 21st November 2022. Shareholders of the Company who had provided accurate bank account details were paid on 08th December 2022 and to the Shareholders who had not provided accurate bank account details or had not provided any bank account details, the dividend was paid on 21st December 2022.
3. A Second Interim Dividend of Rs.28.30 per ordinary share amounting to Rs.2,264,000,000/- for the year ended 31st March 2023 was announced on 19th May 2023. Shareholders of the Company who had provided accurate bank account details were paid on 06th June 2023 and to the Shareholders who had not provided accurate bank account details or had not provided any bank account details, the dividend was paid on 19th June 2023.

### **SOLVENCY TEST**

At the time of approving the above distributions, the Directors were satisfied that the Company would meet the Solvency Test requirement under Section 56(2) of the Companies Act, No. 07 of 2007 immediately after the said distributions.

The Company's Auditors, 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 2023 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.

# Annual Report of the Board of Directors on the affairs of the Company

## SHARE INFORMATION

Information relating to share trading are given on pages 126 and 127 of this Report.

	Name of Shareholders	31st March 2023		31st March 2022	
		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	5,589,256	6.99	5,589,256	6.99
4	CARSON CUMBERBATCH PLC A/C NO. 02	4,107,793	5.13	4,107,793	5.13
	CARSON CUMBERBATCH PLC A/C NO. 01	1,778,808	2.22	1,778,808	2.22
5	BUKIT DARAH PLC A/C NO. 02	1,300,000	1.63	1,300,000	1.63
6	SSBT-AL MEHWAR COMMERCIAL INVESTMENTS L.L.C.	983,779	1.23	983,779	1.23
7	RBC INVESTOR SERVICES BANK-COELI SICAV I- FRONTIER MARKETS FUND	683,116	0.85	683,116	0.85
8	GF CAPITAL GLOBAL LIMITED	427,179	0.53	427,179	0.53
9	CITIBANK NEWYORK S/A NORGES BANK ACCOUNT 2	391,664	0.49	202,978	0.25
10	SAMPATH BANK PLC/MRS.PRIYANI DHARSHINI RATNAGOPAL	300,000	0.38	300,000	0.38
11	DEUTSCHE BANK AG AS TRUSTEE FOR JB VANTAGE VALUE EQUITY FUND	267,947	0.33	207,947	0.26
12	SSBT-FRANK RUSSEL TRUST COMPANY COMINGLED BENEFIT FUNDS TRUST GNA- 6QH3	198,268	0.25	198,268	0.25
13	J.B. COCOSHELL (PVT) LTD	166,829	0.21	48,714	0.06
14	PORTELET LIMITED	161,920	0.20	161,920	0.20
15	TRANZ DOMINION,L.L.C.	129,251	0.16	129,251	0.16
16	PEOPLES LEASING & FINANCE PLC/ C.D.KOHOMBANWICKRAMAGE	105,939	0.13	-	-
17	PERSHING LLC S/A AUERBACH GRAYSON AND CO.	92,000	0.12	-	-
18	MR. M.A. JAFFERJEE	91,884	0.11	81,884	0.10
19	NEWGREENS LIMITED	83,200	0.10	83,200	0.10
20	JB CAPITAL (PRIVATE) LIMITED	70,000	0.09	60,000	0.08



## **ANNUAL REPORT**

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

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

The appropriate number of copies of the Annual Report would be submitted to the Colombo Stock Exchange, the Sri Lanka Accounting and Auditing Standards Monitoring Board and the Registrar General of Companies, within applicable time frames.

## **ANNUAL GENERAL MEETING**

The 27th Annual General Meeting of the Company will be held on Tuesday, 18th July 2023 at 9.00 a.m. at the Auditorium of The Institute of Chartered Accountants of Sri Lanka (Ground Floor), 30A, Malalasekara Mawatha, Colombo 07, Sri Lanka.

The Notice of the Annual General Meeting, setting out the business which will be transacted thereat is on page 129 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  
20th June 2023

# Audit Committee Report

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

The Members of the Audit Committee are as follows:

1. Mr. A.S. Amaratunga (Chairman)  
A Non-Executive, Independent Director of CCPLC, is also a Non-Executive, Independent Director of Hemas Holdings PLC, Chairman of Hemas Holdings PLC-Audit Committee, Member of MAS Holdings Audit Committee and a Commissioner of PT Agro Indomas, Indonesia, a subsidiary of CCPLC.
2. Mr. D.C.R. Gunawardena  
A Non-Executive Director of CCPLC and in most of its Group Companies. Mr. Gunawardena is a Fellow of the Chartered Institute of Management Accountants, U.K.
3. Mr. Y.H. Ong  
A Non-Executive, Independent Director of CCPLC. He is also an Independent Non-Executive Director, Chairman of the Audit Committee and Member of the Nominating Committee of Singapore Power Ltd. and Capitaland Group Pte Ltd. He has served as an Independent Director of United Overseas Bank Ltd., Singapore. Mr. Ong had also served at Ernst & Young, Singapore for 30 years and was involved in audit and financial advisory work.

## MEETINGS OF THE AUDIT COMMITTEE

The audit aspects of 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 Twelve (12) virtual Meetings during the financial year to discuss matters relating to the Company.

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

<b>Audit Committee Members</b>	<b>Meetings attended</b>
Mr. A.S. Amaratunga (Chairman)	12/12
Mr. D.C.R. Gunawardena	12/12
Mr. Y.H. Ong	12/12

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

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

## PURPOSE OF THE AUDIT COMMITTEE

To assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over

financial reporting, the audit process and the Company's process for monitoring compliance with laws and regulations, Company policies and procedures and the code of conduct.

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

## **FINANCIAL STATEMENTS**

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

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

The Financial Statements of Lion Brewery (Ceylon) PLC for the year ended 31st March 2023 were reviewed at a Meeting of the Audit Committee, together with the External Auditors, Messrs. KPMG, prior to release of same to the Regulatory Authorities and to the shareholders. The Audit Committee was provided with confirmations and declarations as required by management that the said Financial Statements were prepared in accordance with the Sri Lanka Accounting Standards and the information required by the Companies Act No. 7 of 2007 therein and presented a true and fair view of the Company's state of affairs as at that date and the Company's activities during the year under review.

## **INTERNAL AUDIT**

The objectives of Group Internal Audit work is to have an independent review of the system of internal controls as established by the management, its adequacy and integrity vis-a-vis objectives served and to determine the extent of adherence to the controls by staff responsible for the function and to take corrective/preventive action where necessary.

The Audit Committee approved the audit plan for the financial year 2022/2023 and the Group Internal Audit carried out audits on the Beverage Sector companies based on the plan.

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

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

## **EXTERNAL AUDIT**

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

The Members of the Audit Committee have determined that the independence of Messrs. KPMG, Chartered Accountants have not been impaired by any event or service that gives rise to a conflict of interest. The Committee also reviewed arrangements made by the Auditors to maintain

# Audit Committee Report

their independence and confirmation has been received from the Auditors of their compliance with the guidance on independence given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

The Members of the Audit Committee have 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 2024, 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

20th June 2023

# 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

The Members of the RPTRC are as follows :

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

## MEETINGS OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

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

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

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

## PURPOSE OF THE COMMITTEE

The objective of the RPTRC is to review all Related Party Transactions (RPTs) of the Listed Companies of the Carsons Group, other than those exempted by the Carsons Group RPT Code, prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

## POLICIES AND PROCEDURES

- The RPTRC reviews the relevant Related Party Transactions of the Listed Companies of the Carsons Group and where the Committee decides that the approval of the Board of Directors of the respective Companies are necessary to approve a Related Party Transaction, such Board approval is obtained prior to entering into the relevant Related Party Transaction.
- When reviewing a transaction, the RPTRC would decide whether the proposed transaction is carried out on an arm's length basis irrespective of whether it is recurrent or non-recurrent in nature.
- Reviewing and approval would be either by meeting of members (subject to quorum being present) or by circulation.

# Related Party Transactions Review Committee Report

- In determining whether to obtain the approval of the Board of Directors for a Related Party Transaction, the RPTRC will take into account, among other factors it deems appropriate, whether the proposed RPTs pose a conflict of interest to the Directors.

The self-declarations from the Directors and Key Management Personnel are obtained for the purpose of identifying parties related to them. Further, the guidelines which senior management must follow in routing Related Party Transactions to the relevant forum, including transaction threshold values and pricing where applicable have been documented even in the case of once approved recurrent transactions which are of operational nature, which as per the Carsons Group RPT Code need not be repeatedly approved, if within the broad thresholds.

The RPTRC in discharging its function endeavours to ensure that :

- there is compliance with the Carsons Group RPT Code;
- shareholder interests are protected; and
- fairness and transparency are maintained.

The Committee has a criteria for designating Carsons Group Key Management Personnel (KMP) and quarterly disclosures are made by the KMPs so designated, as relevant.

The Related Party Transactions of the Company for the period 1st April 2022 to 31st March 2023 have been reviewed by the Members of the RPTRC and the comments and observations of the Committee have been communicated to the Board of Directors of the Company.

*(Sgd.)*

**W.M.R.S. Dias**

Chairman

Related Party Transactions Review Committee  
Carson Cumberbatch PLC

Colombo

20th June 2023

# Financial Information

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# Financial Calendar

<b>Financial Year</b>	<b>31st March 2023</b>
<b>Announcement of Results</b>	
<b>1st Quarter</b>	30th June 2022
Issued to Colombo Stock Exchange	12th August 2022
<b>2nd Quarter</b>	30th September 2022
Issued to Colombo Stock Exchange	14th November 2022
<b>3rd Quarter</b>	31st December 2022
Issued to Colombo Stock Exchange	14th February 2023
<b>4th Quarter</b>	31st March 2023
Issued to Colombo Stock Exchange	19th May 2023
<b>Meetings</b>	
26th Annual General Meeting	03rd August 2022
27th Annual General Meeting	18th July 2023



# Independent Auditor's Report



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

Tel : +94 - 11 542 6426  
Fax : +94 - 11 244 5872  
+94 - 11 244 6058  
Internet : [www.kpmg.com/lk](http://www.kpmg.com/lk)

## TO THE SHAREHOLDERS OF LION BREWERY (CEYLON) PLC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Lion Brewery (Ceylon) PLC, (the "Company") and the consolidated financial statements of the Company and its subsidiaries (the "Group"), which comprise the statement of financial position as at 31st March 2023, 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 52 to 114 of the Annual Report.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and Group as at 31st March 2023, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for Opinion

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

#### Key Audit Matters

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

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

C.P. Jayatilaka FCA, T.J.S. Rajakumar FCA, W.W.J.C. Perera FCA  
Ms. B. Joseph FCA, Ms. S.M.B. Jayasekara FCA, W.K.D.C. Abeyrathne FCA  
S.T.D.C. Perera FCA, G.A.U. Kumaramma FCA, R.V.D.B. Rajapaksa FCA  
Ms. G.K.D.T.H. Rathnayake FCA, R.H. Ranjan FCA, M.N.W. Shanmugan FCA  
Ms. C.T.K.N. Perera ACA, A.M.R.P. Alshakoon ACA, Ms. P.M.K. Sumarasinghara FCA  
Principals - S.R.I. Perera FCA(UK), I.L.B. Attorney-at-Law, H.S. Gooneratne ACA,  
Ms. F.R. Ziyad FCA(UK), FTI

# Independent Auditor’s Report



<b>Revenue Recognition</b>	
Refer Note 4.1 for accounting policy and Note 25 for information.	
<b>Risk Description</b>	<b>Our response</b>
<p>The Company recorded revenues of Rs.95 Bn for year ended 31 March 2023.</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 and determines the respective accounting treatment. This, together with the focus on volumes and revenue as key performance measures resulted in revenue being selected as a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• Obtaining an understanding and testing design, implementation and operating effectiveness of controls over journal entries and post-closing adjustments on a sample basis.</li> <li>• 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.</li> <li>• Agreeing the monthly sales system reports to the general ledger to ensure that the revenue is accounted accurately and completely in the general ledger.</li> <li>• 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.</li> </ul>



**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. 0.32 Bn as at the reporting date.</p> <p>The annual impairment testing relating to the brand which is an indefinite life intangible asset is considered to be a key audit matter due to the significant judgment required in determining the assumptions to be used to estimate the recoverable amount.</p> <p>The recoverable amount of the CGU, which is based on the higher of the value in use or fair value less costs of disposal, has been derived from a discounted forecast cash flow model. This model uses several key assumptions, including estimates of future sales volumes, contribution growth rate, terminal value growth rates and the cost of equity (discount rate).</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Evaluating the appropriateness of the impairment testing methodology and consistency of underlying assumptions via corroborating estimates of future cash flows and discussing whether they are reasonable and supported by the most recent approved management budgets, including expected future performance of the CGUs, and discussing whether these are appropriate in light of future macroeconomic expectations in the markets including the prevailing uncertain and volatile macro-economic environment within the country including our own assessment based on the knowledge of the Company and the industry.</li> <li>• Recomputing and comparing the data used in the forecasted cash flow model with information maintained by management and historical trends.</li> <li>• Assessing the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgments.</li> </ul>

**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.

# Independent Auditor's Report



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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional

omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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

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

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

### **Report on Other Legal and Regulatory Requirements**

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

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

### **Chartered Accountants**

Colombo, Sri Lanka  
20 June 2023

# Statement of Financial Position

As at 31st March In Rs.'000s	Notes	Company		Group	
		2023	2022	2023	2022
<b>ASSETS</b>					
<b>Non- Current Assets</b>					
Property, plant & equipment	8	21,297,983	18,829,387	22,975,571	20,542,588
Right of use assets	9	164,345	151,914	164,345	151,914
Intangible assets	10	394,991	750,093	394,991	750,093
Investments in subsidiaries	11	1,150,000	1,029,623	-	-
<b>Total non-current assets</b>		<b>23,007,319</b>	<b>20,761,017</b>	<b>23,534,907</b>	<b>21,444,595</b>
<b>Current Assets</b>					
Inventories	12	7,188,830	4,438,517	7,188,830	4,438,517
Trade and other receivables	13	5,024,094	1,791,119	5,037,618	1,796,357
Amounts due from related companies	14	383,511	374,178	383,511	374,178
Cash and cash equivalents	15	11,104,008	12,889,986	11,227,079	13,013,232
<b>Total current assets</b>		<b>23,700,443</b>	<b>19,493,800</b>	<b>23,837,038</b>	<b>19,622,284</b>
<b>Total assets</b>		<b>46,707,762</b>	<b>40,254,817</b>	<b>47,371,945</b>	<b>41,066,879</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Stated capital	16	2,537,801	2,537,801	2,537,801	2,537,801
Capital reserves	17	1,487,870	1,487,870	2,092,103	2,092,103
Retained earnings		18,966,356	15,657,552	18,596,857	15,297,757
<b>Total equity</b>		<b>22,992,027</b>	<b>19,683,223</b>	<b>23,226,761</b>	<b>19,927,661</b>
<b>Non-Current Liabilities</b>					
Loans and borrowings	18	1,924,442	2,300,311	1,924,442	2,300,311
Lease creditor	9	179,789	160,546	179,789	160,546
Employee benefits	19	249,767	173,704	249,767	173,704
Net deferred tax liabilities	20	4,990,136	4,660,920	5,540,692	5,225,626
<b>Total non-current liabilities</b>		<b>7,344,134</b>	<b>7,295,481</b>	<b>7,894,690</b>	<b>7,860,187</b>

As at 31st March In Rs.'000s	Notes	Company		Group	
		2023	2022	2023	2022
<b>Current Liabilities</b>					
Trade and other payables	21	4,527,102	3,234,345	4,528,414	3,235,794
Amounts due to related companies	22	199,132	155,756	76,041	155,756
Refundable deposits	23	2,742,490	2,301,181	2,742,490	2,301,181
Current tax liabilities	24	2,679,393	3,116,118	2,680,065	3,117,587
Loans and borrowings	18	4,680,158	3,347,696	4,680,158	3,347,696
Lease creditor	9	27,012	24,531	27,012	24,531
Bank overdrafts	15	1,516,314	1,096,486	1,516,314	1,096,486
<b>Total current liabilities</b>		<b>16,371,601</b>	<b>13,276,113</b>	<b>16,250,494</b>	<b>13,279,031</b>
<b>Total liabilities</b>		<b>23,715,735</b>	<b>20,571,594</b>	<b>24,145,184</b>	<b>21,139,218</b>
<b>Total equity and liabilities</b>		<b>46,707,762</b>	<b>40,254,817</b>	<b>47,371,945</b>	<b>41,066,879</b>
<b>Net assets per ordinary share (Rs.)</b>		<b>287.40</b>	<b>246.04</b>	<b>290.33</b>	<b>249.10</b>

The Notes to the Financial Statements from page 60 to 114 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**

Deputy Chief Financial Officer

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  
20th June 2023  
Colombo

# Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March In Rs.'000s	Notes	Company		Group	
		2023	2022	2023	2022
Revenue	25	94,969,346	58,570,885	94,969,346	58,570,885
Cost of sales		(72,506,090)	(47,536,502)	(72,506,090)	(47,536,502)
<b>Gross profit</b>		<b>22,463,256</b>	<b>11,034,383</b>	<b>22,463,256</b>	<b>11,034,383</b>
Other income	26	291,296	189,598	299,029	189,902
		22,754,552	11,223,981	22,762,285	11,224,285
Distribution expenses		(5,847,362)	(2,849,970)	(5,847,362)	(2,849,970)
Administrative expenses		(2,723,473)	(2,122,587)	(2,777,048)	(2,156,933)
Other expenses		(717,138)	(480,695)	(714,394)	(480,695)
Impairment of intangible assets	10	(353,229)	(463,578)	(353,229)	(463,578)
<b>Profit from operations</b>	27	<b>13,113,350</b>	<b>5,307,151</b>	<b>13,070,252</b>	<b>5,273,109</b>
Finance income	28	1,457,475	644,827	1,476,719	648,869
Finance costs	28	(3,357,718)	(389,793)	(3,357,718)	(389,793)
<b>Net finance income / (cost)</b>		<b>(1,900,243)</b>	<b>255,034</b>	<b>(1,880,999)</b>	<b>259,076</b>
<b>Profit before taxation</b>		<b>11,213,107</b>	<b>5,562,185</b>	<b>11,189,253</b>	<b>5,532,185</b>
Income tax expense	29	(3,862,223)	(2,214,371)	(3,862,223)	(2,214,371)
Deferred tax	29	(349,577)	347,440	(335,427)	350,291
<b>Profit for the year</b>		<b>7,001,307</b>	<b>3,695,254</b>	<b>6,991,603</b>	<b>3,668,105</b>



For the year ended 31st March In Rs.'000s	Notes	Company		Group	
		2023	2022	2023	2022
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Re-measurement of employee benefit obligations	19	(50,899)	45,763	(50,899)	45,763
Deferred tax charge on actuarial gain / (loss)	29	20,360	(18,305)	20,360	(18,305)
Revaluation gain on land & buildings	8	-	858,170	-	1,172,713
Deferred tax charge on land and building revaluation	29	-	(343,268)	-	(469,085)
<b>Total other comprehensive income for the year net of tax</b>		<b>(30,539)</b>	<b>542,360</b>	<b>(30,539)</b>	<b>731,086</b>
<b>Total comprehensive income for the year</b>		<b>6,970,768</b>	<b>4,237,614</b>	<b>6,961,064</b>	<b>4,399,191</b>
<b>Earnings per ordinary share (Rs.)</b>		<b>87.52</b>	<b>46.19</b>	<b>87.40</b>	<b>45.85</b>

The notes to the Financial Statements from Page 60 to 114 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

# Statement of Changes in Equity

In Rs.'000s	Notes	Stated Capital	Revaluation Reserve	Retained Earnings	Total Equity
<b>Company</b>					
Balance as at 1st April 2021		2,537,801	972,968	13,380,781	16,891,550
<b>Total comprehensive income for the year</b>					
Profit for the year		-	-	3,695,254	3,695,254
Other comprehensive income for the year		-	514,902	27,458	542,360
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>514,902</b>	<b>3,722,712</b>	<b>4,237,614</b>
<b>Transactions with owners of the company</b>					
<b>Distribution made to owners</b>					
Ordinary dividends	30	-	-	(1,446,400)	(1,446,400)
Forfeiture of unclaimed dividends		-	-	459	459
<b>Balance as at 31st March 2022</b>		<b>2,537,801</b>	<b>1,487,870</b>	<b>15,657,552</b>	<b>19,683,223</b>
<b>Balance as at 1st April 2022</b>		<b>2,537,801</b>	<b>1,487,870</b>	<b>15,657,552</b>	<b>19,683,223</b>
Surcharge tax	29.4			(1,193,964)	(1,193,964)
<b>Balance as at 1st April 2022 (Adjusted)</b>		<b>2,537,801</b>	<b>1,487,870</b>	<b>14,463,588</b>	<b>18,489,259</b>
Profit for the period		-	-	7,001,307	7,001,307
Other comprehensive income for the year		-	-	(30,539)	(30,539)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>6,970,768</b>	<b>6,970,768</b>
<b>Transactions with owners of the company</b>					
<b>Distribution made to owners</b>					
Ordinary dividends	30	-	-	(2,468,000)	(2,468,000)
<b>Balance as at 31st March 2023</b>		<b>2,537,801</b>	<b>1,487,870</b>	<b>18,966,356</b>	<b>22,992,027</b>

The notes to the Financial Statements from Page 60 to 114 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

In Rs.'000s	Notes	Stated Capital	Revaluation Reserve	Retained Earnings	Total Equity
<b>Group</b>					
Balance as at 1st April 2021		2,537,801	1,388,475	13,048,135	16,974,411
<b>Total comprehensive income for the year</b>					
Profit for the year		-	-	3,668,105	3,668,105
Other comprehensive income for the year		-	703,628	27,458	731,086
<b>Total Comprehensive income for the year</b>		-	<b>703,628</b>	<b>3,695,563</b>	<b>4,399,191</b>
<b>Transactions with owners of the company</b>					
<b>Distribution made to owners</b>					
Ordinary dividends	30	-	-	(1,446,400)	(1,446,400)
Forfeiture of unclaimed dividends		-	-	459	459
<b>Balance as at 31st March 2022</b>		<b>2,537,801</b>	<b>2,092,103</b>	<b>15,297,757</b>	<b>19,927,661</b>
<b>Balance as at 1st April 2022</b>		<b>2,537,801</b>	<b>2,092,103</b>	<b>15,297,757</b>	<b>19,927,661</b>
Surcharge tax	29.4			(1,193,964)	(1,193,964)
<b>Balance as at 1st April 2022 (Adjusted)</b>		<b>2,537,801</b>	<b>2,092,103</b>	<b>14,103,793</b>	<b>18,733,697</b>
Profit for the year		-	-	6,991,603	6,991,603
Other comprehensive income for the year		-	-	(30,539)	(30,539)
<b>Total comprehensive income for the year</b>		-	-	<b>6,961,064</b>	<b>6,961,064</b>
<b>Transactions with owners of the company</b>					
<b>Distributions made to owners</b>					
Ordinary dividends	30	-	-	(2,468,000)	(2,468,000)
<b>Balance as at 31st March 2023</b>		<b>2,537,801</b>	<b>2,092,103</b>	<b>18,596,857</b>	<b>23,226,761</b>

The notes to the Financial Statements from Page 60 to 114 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

# Statement of Cash Flows

For the year ended 31st March In Rs.'000s	Notes	Company		Group	
		2023	2022	2023	2022
<b>Cash flows from operating activities</b>					
Profit before taxation		11,213,107	5,562,185	11,189,253	5,532,185
Adjustments for:					
Finance costs	28	3,346,073	981,268	3,346,073	981,268
Depreciation on property, plant & equipment	8	1,770,704	1,503,714	1,786,317	1,516,617
Loss on disposal of property, plant & equipment		21,080	12,006	21,080	12,006
Lease interest expense	9	30,379	25,734	30,379	25,734
Amortisation on Intangible assets	10	12,101	12,360	12,101	12,360
Impairment of intangible assets	10	353,229	463,578	353,229	463,578
Net inventory provision/(reversal)	12	49,010	(10,315)	49,010	(10,315)
Depreciation on right of use assets	9	35,055	32,127	35,055	32,127
Provision for retirement benefit obligation	19	42,988	14,060	42,988	14,060
Provision for bad & doubtful debts		11,875	-	11,875	-
Impairment of property, plant & equipment	8	18,460	-	38,460	-
Reversal of impairment for investment in Pearl Springs (Pvt) Ltd		(120,377)	-	-	-
Unrealised foreign exchange gain		(459,624)	(614,148)	(459,623)	(614,148)
Finance Income	28	(1,457,475)	(644,827)	(1,476,719)	(648,869)
<b>Operating cash flow before working capital changes</b>		<b>14,866,585</b>	<b>7,337,742</b>	<b>14,979,478</b>	<b>7,316,603</b>
Increase in inventories	12	(2,799,322)	(935,085)	(2,799,322)	(935,085)
Increase in trade and other receivables		(3,311,786)	(471,327)	(3,320,072)	(470,489)
(Increase) / decrease in amounts due from related companies	14	(9,333)	71,441	(9,333)	71,441
Increase / (decrease) in tax payable		(462,948)	525,085	(463,746)	525,017
Increase in trade and other payables		1,441,091	1,253,147	1,440,954	1,252,732
Increase/(Decrease) in amounts due to related companies	22	43,376	32,414	(79,715)	32,928
<b>Operating cash flows before working capital changes</b>		<b>9,767,663</b>	<b>7,813,417</b>	<b>9,748,243</b>	<b>7,793,147</b>
Finance expenses paid		(3,202,082)	(939,681)	(3,202,082)	(939,681)
Retirement benefits paid	19	(17,824)	(28,526)	(17,824)	(28,526)
Surcharge Tax paid		(1,193,964)	-	(1,193,964)	-
Tax paid		(3,836,000)	(2,006,914)	(3,836,000)	(2,006,914)
<b>Net cash generated from operating activities</b>		<b>1,517,793</b>	<b>4,838,296</b>	<b>1,498,373</b>	<b>4,818,026</b>

For the year ended 31st March In Rs.'000s	Notes	Company		Group	
		2023	2022	2023	2022
<b>Cash flows from investing activities</b>					
Purchase and construction of property, plant & equipment	8	(4,295,928)	(2,092,615)	(4,295,928)	(2,092,615)
Proceeds from sale of property, plant & equipment		14,675	14,005	14,675	14,005
Purchase of intangible assets	10	(7,815)	(922)	(7,815)	(922)
Agent deposits received	23	441,309	400,788	441,309	400,788
Interest received		1,457,475	644,827	1,476,719	648,869
<b>Net cash used in investing activities</b>		<b>(2,390,284)</b>	<b>(1,033,917)</b>	<b>(2,371,040)</b>	<b>(1,029,875)</b>
<b>Cash flows from financing activities</b>					
Repayments of lease rentals	9	(56,141)	(45,800)	(56,141)	(45,800)
Loans and borrowings obtained	18	2,000,000	2,000,000	2,000,000	2,000,000
Repayments of loans and borrowings	18	(1,187,400)	(1,759,300)	(1,187,400)	(1,759,300)
Forfeiture of unclaimed dividends		-	459	-	459
Dividend paid net of tax		(2,466,766)	(1,445,145)	(2,466,766)	(1,445,145)
<b>Net cash used in financing activities</b>		<b>(1,710,307)</b>	<b>(1,249,786)</b>	<b>(1,710,307)</b>	<b>(1,249,786)</b>
<b>Net increase /(decrease) in cash &amp; cash equivalents</b>		<b>(2,582,798)</b>	<b>2,554,593</b>	<b>(2,582,974)</b>	<b>2,538,365</b>
Cash & cash equivalents at the beginning of the year		11,793,500	8,503,503	11,916,746	8,642,977
Effect of exchange rate changes on cash and cash equivalents		376,992	735,404	376,992	735,404
Cash & cash equivalents at the end of the year	15	9,587,694	11,793,500	9,710,765	11,916,746
<b>Analysis of cash and cash equivalents</b>					
Cash and cash equivalents		11,104,008	12,889,986	11,227,079	13,013,232
Bank overdraft		(1,516,314)	(1,096,486)	(1,516,314)	(1,096,486)
		9,587,694	11,793,500	9,710,765	11,916,746

The notes to the Financial Statements from Page 60 to 114 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) was 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.

As per the resolution made by the directors of the Company Pearl Springs (Private) Limited has been amalgamated with the Company with effect from 31st January 2023.

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

Subsidiary	Controlling interest
Lion Beer (Ceylon) Pte Ltd, SG.	100%
Millers Brewery Limited	100%

During the year, the Company incorporated a new Company “ Lion Beer (Ceylon) Pte Ltd”, in Singapore on the 13th of March 2023. The

Company holds 100% shareholding through the single share issued by this entity at a share price of SGD 1 as at 31st March 2023.

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

There were 330 employees in the Company and the Group as at the reporting date (2022-263).

## 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.

Further the tax liability arising from the Surcharge Tax Act No. 14 of 2022 has been accounted as recommended by Statement of Alternative Treatment (SoAT) issued by The Institute of Chartered Accountants of Sri Lanka is disclosed under the note number 29.4 on Income Taxes.

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

### 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 31st March 2023, the management has assessed the possible effects of the current economic crisis, 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 and its subsidiaries have adequate resources to continue as a going concern for the foreseeable future.

The Company had positive net assets, working capital and cash flow positions as at the reporting date. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on a going concern basis.

### 2.4 Functional currency and presentation currency

The Financial Statements are presented in Sri Lankan Rupees, which is the Group's functional currency. All financial information presented in Sri 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 judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Judgements 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 08 - 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 - Net deferred tax liabilities
- Note 34 - Commitments & contingencies

### 2.6 Comparative information

The presentation and classification of the Financial Statements of the previous year has 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 Group's accounting policies and disclosures require the measurement of fair values for both financial and non- financial assets and



# Notes to the Financial Statements

liabilities. The Group regularly reviews significant unobservable inputs and valuation adjustments.

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

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

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

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

**Level 3:** Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## 3 SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Changes in significant accounting policies

The Group has consistently applied the 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:

<b>Subsidiary</b>	<b>Controlling Interest</b>
Pearl Springs (Private) Limited, Colombo (Subsequently amalgamated)	100%
Millers Brewery Limited, Meegoda	100%
Lion Beer (Ceylon) Pte Ltd, Singapore	100%

Pearl Springs (Private) Limited amalgamated with Lion Brewery (Ceylon) PLC effective from 31st January 2023.

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

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

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

**(III) Loss of control**

When the Group loses control over a subsidiary, it 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.

# Notes to the Financial Statements

## *(VI) Intra-Group transactions*

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

### **3.2.1. Merger accounting for common control combination**

The Group adopted the Statement of Recommended Practice (SoRP) for Merger Accounting for Common Control Combinations approved by the Council of the Institute of Chartered Accountants of Sri Lanka on 19 December, 2012, applicable for annual periods beginning on or after 1st April 2012. The SoRP is applicable for Consolidated Financial Statements. Due to the absence of clear guidance of accounting for amalgamation in the separate Financial Statements, the Group adopted the SoRP for Merger Accounting for Common Control Combinations, in preparing the separate Financial Statements of the Company.

### **3.2.2. Consolidated Financial Statements/ separate Financial Statements**

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

unless the combining entities or businesses first came under common control at a later date.

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

### **3.2.3 Effects of amalgamation-Consolidated Financial Statements**

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

### 3.3 Foreign currency transactions

Transactions in foreign currencies are translated to Sri Lankan Rupees at the foreign exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to Sri Lankan Rupees at the foreign exchange rate prevailing 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 prevailing 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 prevailing at the dates that the values were determined. Foreign exchange differences arising on translation are recognised in the Profit or Loss.

### 3.4 Financial instruments recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated.

All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

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

directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### 3.4.1 Financial assets

##### Classification and subsequent measurement of financial assets

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

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

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

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

# Notes to the Financial Statements

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 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.
- 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.

#### **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.

#### **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.

# Notes to the Financial Statements

## **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 subjected 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 assets or cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in the Profit or Loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGU (if any) and then to reduce the carrying amounts of other assets in the CGU (group of CGUs) on pro rata basis. For other assets, an impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **3.5 Property, plant and equipment**

#### **Recognition and Measurement**

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

#### *(I) Recognition*

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

#### *(II) Measurement*

An item of Property, Plant and Equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integrated to the functionality of the related equipment is capitalised as part of that equipment.

Expenditure on repairs or maintenance of property, plant and equipment made to restore or maintain future economic benefits expected from the assets has been recognised as an expense when incurred.

The Group applies the revaluation model for freehold land and buildings while cost model is applied for other items classified under Property Plant and Equipment.

#### *(III) Subsequent expenditure*

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised. The cost of replacing part of an item of Property, Plant & 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.

# Notes to the Financial Statements

## (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 two years in order to ensure that the book values reflect the realisable values. Any surplus or deficit that arises is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve except to the extent that it reverses a revaluation decrease of the same asset previously recognised in Statement of Profit or Loss in which case the increase is recognised in the income statement.

A revaluation deficit is recognised in the Statement of Profit or Loss except to the extent that it offsets an existing surplus on the same asset recognised in 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	2 - 50	40
Plant & machinery	3 - 22	20
Furniture & fittings	5 - 10	5
Office equipment	3 - 10	5
Computer equipment	2 - 5	3
Returnable containers	5	-
Motor vehicles	4 - 5	5
Laboratory equipment	4 - 5	-

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by 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 and returnable containers*

Returnable containers are classified under Property, Plant and Equipment. All purchases of returnable containers except empty bottles meant for Exports and specific local brands are recognised at cost 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 exceeds the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognised in the Profit or Loss unless it reverses a previous revaluation surplus for the same asset.

### *(x) De-recognition*

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

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

## **3.6 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 assesses whether:

- The contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

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

# Notes to the Financial Statements

## *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 remeasurement 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 they are 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 & 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: recognised in the Profit or Loss as incurred.

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

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

### 3.9 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.

# Notes to the Financial Statements

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 to 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 to 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. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gain or losses on the settlement of a defined plan when the settlement occurs.

## **3.13 Capital commitments and 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 to customers 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 presents 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 and 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 comprises 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 in the finance cost.

### **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.



# Notes to the Financial Statements

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

## *(i) Current taxation*

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

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

## *(ii) Deferred tax*

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

Deferred tax assets including those related to temporary tax effects of income tax losses and credits available to be carried forward, are recognised only to the extent that it is probable that future taxable profits will be available against which

the asset can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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. Such reductions are reversed when the probability of future taxable profits improves.

## **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.

- (iii) Definition of Accounting estimates (Amendment to LKAS 8)
- (iv) Classification of Liabilities as Current or Non-current (Amendment to LKAS 1). The amendment applies to annual reporting periods beginning on or after 1 January 2023.

## **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 April 2023. Accordingly, the Group has not applied the following new standards in preparing these Financial Statements.

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

- (i) Lease Liability in sale & Lease back (Amendments to SLFRS 16). The amendment applies to annual reporting periods beginning on or after 1 January 2024.
- (ii) Disclosure of Accounting policies (Amendment to LKAS 1)

# 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 2023	31st March 2022
Cost / Valuation												
As at 1st April 2022	3,639,856	3,007,731	14,962,842	47,013	59,962	308,929	108,189	85,647	4,447,152	733,436	27,400,757	24,918,930
Additions	-	76,927	1,619,740	15,452	32,523	44,933	-	1,876	2,159,806	344,671	4,295,928	2,092,615
Transfers to PPE / Intangible assets	-	74,636	500,257	190	3,945	23,075	-	6,104	-	(610,619)	(2,413)	-
Impairment	-	-	-	-	-	-	-	-	-	(18,460)	(18,460)	-
Revaluations gain	-	-	-	-	-	-	-	-	-	-	-	858,170
Depreciation adjustment on revaluation	-	-	-	-	-	-	-	-	-	-	-	(175,905)
Disposals/ Breakages	-	(1,359)	-	-	-	-	(18,964)	-	(916,415)	-	(936,738)	(291,053)
<b>As at 31st March 2023</b>	<b>3,639,856</b>	<b>3,157,935</b>	<b>17,082,839</b>	<b>62,655</b>	<b>96,430</b>	<b>376,937</b>	<b>89,225</b>	<b>93,627</b>	<b>5,690,543</b>	<b>449,028</b>	<b>30,739,074</b>	<b>27,400,757</b>
Accumulated Depreciation												
As at 1st April 2022	-	-	5,556,230	26,874	36,544	270,882	64,044	71,316	2,542,626	2,854	8,571,370	7,508,604
Charge for the year	-	101,572	824,450	3,148	6,923	22,326	15,712	5,138	791,435	-	1,770,704	1,503,714
Depreciation adjustment on revaluation	-	-	-	-	-	-	-	-	-	-	-	(175,905)
Disposals/ Breakages	-	-	-	-	-	-	(18,964)	-	(882,019)	-	(900,983)	(265,043)
<b>As at 31st March 2023</b>	<b>-</b>	<b>101,572</b>	<b>6,380,680</b>	<b>30,022</b>	<b>43,467</b>	<b>293,208</b>	<b>60,792</b>	<b>76,454</b>	<b>2,452,042</b>	<b>2,854</b>	<b>9,441,091</b>	<b>8,571,370</b>
<b>Net Book Value</b>												
<b>As at 31st March 2023</b>	<b>3,639,856</b>	<b>3,056,363</b>	<b>10,702,159</b>	<b>32,633</b>	<b>52,963</b>	<b>83,729</b>	<b>28,433</b>	<b>17,173</b>	<b>3,238,501</b>	<b>446,174</b>	<b>21,297,983</b>	
<b>As at 31st March 2022</b>	<b>3,639,856</b>	<b>3,007,731</b>	<b>9,406,612</b>	<b>20,139</b>	<b>23,418</b>	<b>38,047</b>	<b>44,145</b>	<b>14,331</b>	<b>1,904,526</b>	<b>730,582</b>		<b>18,829,387</b>

Except for the land at Nuwara Eliya, all other freehold land and buildings of the Company were revalued based on the group policy as at 31st March 2022 which were assessed on a going concern basis by Arthur Perera & Company, an independent professional valuer at a value of Rs.6,565 Mn and the resultant surplus arising from there was transferred to the Revaluation Reserve in the said period.

## 8.1 Property, plant & equipment - Group

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 2023	31st March 2022
<b>Cost / Valuation</b>												
As at 1st April 2022	4,724,052	3,616,337	15,222,971	54,471	60,277	318,398	108,334	85,647	4,449,101	733,436	29,373,025	26,598,578
Additions	-	76,927	1,619,740	15,452	32,523	44,933	-	1,876	2,159,806	344,671	4,295,928	2,092,615
Transfers from work in progress	-	74,636	500,257	190	3,945	23,075	-	6,104	-	(610,619)	(2,413)	-
Impairment	-	-	(20,000)	-	-	-	-	-	-	(18,460)	(38,460)	-
Revaluation gain	-	-	-	-	-	-	-	-	-	-	-	1,172,713
Depreciation adjustment on revaluation	-	-	-	-	-	-	-	-	-	-	-	(199,828)
Disposals/ Breakages	-	(1,359)	(4,464)	-	-	-	(18,964)	-	(916,415)	-	(941,202)	(291,053)
<b>As at 31st March 2023</b>	<b>4,724,052</b>	<b>3,766,541</b>	<b>17,318,504</b>	<b>70,113</b>	<b>96,745</b>	<b>386,406</b>	<b>89,370</b>	<b>93,627</b>	<b>5,692,492</b>	<b>449,028</b>	<b>32,686,878</b>	<b>29,373,025</b>
<b>Accumulated Depreciation</b>												
As at 1st April 2022	-	-	5,796,361	33,929	36,860	280,353	64,189	71,316	2,544,575	2,854	8,630,437	7,779,691
Charge for the year	-	116,787	824,450	3,546	6,923	22,326	15,712	5,138	791,435	-	1,786,317	1,516,617
Depreciation adjustment on revaluation	-	-	-	-	-	-	-	-	-	-	-	(199,828)
Disposals/ Breakages	-	-	(4,464)	-	-	-	(18,964)	-	(882,019)	-	(905,447)	(265,043)
<b>As at 31st March 2023</b>	<b>-</b>	<b>116,787</b>	<b>6,616,347</b>	<b>37,475</b>	<b>43,783</b>	<b>302,679</b>	<b>60,937</b>	<b>76,454</b>	<b>2,453,991</b>	<b>2,854</b>	<b>9,711,307</b>	<b>8,630,437</b>
<b>Net Book Value</b>												
As at 31st March 2023	4,724,052	3,649,754	10,702,157	32,638	52,962	83,727	28,433	17,173	3,238,501	446,174	22,975,571	-
As at 31st March 2022	4,724,052	3,616,337	9,426,610	20,542	23,417	38,045	44,145	14,331	1,904,526	730,582	20,542,588	-

Freehold land and buildings of subsidiary (Millers Brewery Limited) were revalued based on the group policy as at 31st March 2022 by Arthur Perera & Company, independent professional valuer at a value of Rs. 1,692 Mn and the resultant surplus arising from there was transferred to the Revaluation Reserve in the said period.

# Notes to the Financial Statements

## 8 PROPERTY, PLANT & EQUIPMENT CONTD.

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

In Rs.'000s	Company		Group	
	Land	Buildings	Land	Buildings
Cost as at 1st April 2022	1,673,689	2,528,378	1,986,038	2,915,939
Additions during the year	-	151,563	-	151,563
Cost as at 31st March 2023	1,673,689	2,679,941	1,986,038	3,067,502
Accumulated depreciation	-	(647,567)	-	(743,072)
<b>Carrying amount as at 31st March 2023</b>	<b>1,673,689</b>	<b>2,032,374</b>	<b>1,986,038</b>	<b>2,324,431</b>
<b>Carrying amount as at 31st March 2022</b>	<b>1,673,689</b>	<b>1,956,163</b>	<b>1,986,038</b>	<b>2,259,453</b>

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

Location	2023						2022					
	Extent of Lands		Cost/ valuation of Lands	Number of buildings/ Blocks	Cost/ valuation of Buildings	Rs.000s	Extent of Lands		Cost/ valuation of Lands	Number of buildings/ Blocks	Cost/ valuation of Buildings	Rs.000s
	A	R	P	A	R	P	A	R	P	A	R	P
Lion Brewery (Ceylon) PLC												
Biyagama	28.00	3.00	19.20	3,032,000	49	3,145,005	28.00	3.00	19.20	3,032,000	49	2,994,801
Kaduwela	3.00	-	27.00	304,200	1	12,930	3.00	-	27.00	304,200	1	12,930
Tangalle	3.00	2.00	-	28,000	-	-	3.00	2.00	-	28,000	-	-
Kurunegala	3.00	-	34.25	192,844	-	-	3.00	-	34.25	192,844	-	-
Nuwara Eliya	-	3.00	36.67	82,812	-	-	-	3.00	36.67	82,812	-	-
<b>Total- Company</b>	<b>39.00</b>	<b>2.00</b>	<b>37.12</b>	<b>3,639,856</b>	<b>50</b>	<b>3,157,935</b>	<b>39.00</b>	<b>2.00</b>	<b>37.12</b>	<b>3,639,856</b>	<b>50</b>	<b>3,007,731</b>
<b>Millers Brewery Limited</b>												
Meegoda	22.00	3.00	16.45	1,084,196	12	608,606	22.00	3.00	16.45	1,084,196	12	608,606
<b>Total- Group</b>	<b>62.00</b>	<b>2.00</b>	<b>13.57</b>	<b>4,724,052</b>	<b>62</b>	<b>3,766,541</b>	<b>62.00</b>	<b>2.00</b>	<b>13.57</b>	<b>4,724,052</b>	<b>62</b>	<b>3,616,337</b>

A: Acres R: Rods P: Perches

**8.4** The cost of fully-depreciated property, plant and equipment of the Group and the Company which are still in use amounts to Rs. 2,571 Mn (2021/22 - Rs. 2,747 Mn) and Rs. 2,539 Mn (2021/22 - Rs. 2,724 Mn) respectively.

**8.5 (a)** Property plant and equipment has not been pledged as security against the borrowings during the period.

**8.6 (b)** Borrowing cost has not been capitalised during the financial year (2022 - Nil).

### 8.6 Fair Value measurement

#### (a) Fair Value Hierarchy

The fair value of the land and buildings was determined by an 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

## 8 PROPERTY, PLANT & EQUIPMENT CONTD.

### 8.6 Fair Value measurement Contd.

#### (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 600,000/- -LKR 800,000/-	LKR 2,000/- - LKR 13,500/-	31.03.2022	Positive
Lion Brewery (Ceylon) PLC, Kaduwela	OMV	LKR 600,000/-	LKR 3,500/- - LKR 4,750/-	31.03.2022	Positive
Lion Brewery (Ceylon) PLC, Tangalle	OMV	LKR 50,000/-	-	31.03.2022	Positive
Lion Brewery (Ceylon) PLC, Kurunegala	OMV	LKR 375,000/-	-	31.03.2022	Positive
Millers Brewery Limited, Meegoda	OMV	LKR 3,750/- - LKR 350,000/-	LKR 2,250/- - LKR 6,250/-	31.03.2022	Positive

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

The land in Nuwara Eliya was purchased on 31st December 2021. This property was not revalued as at 31st March 2022 as the directors are of the view that there is no material value difference against the market value at the time of valuation.

## 9 RIGHT OF USE ASSETS

As at 31st March In Rs.'000s	Company		Group	
	2023	2022	2023	2022
Balance as at 1st April	151,914	164,119	151,914	164,119
Additions during the period	47,486	19,922	47,486	19,922
Depreciation charge for the period	(35,055)	(32,127)	(35,055)	(32,127)
Balance as at 31st March	164,345	151,914	164,345	151,914

### 9.1 Lease creditor

Balance as at 1st April	185,077	185,221	185,077	185,221
Leases obtained	47,486	19,922	47,486	19,922
Interest expenses for the period	30,379	25,734	30,379	25,734
Lease rentals paid	(56,141)	(45,800)	(56,141)	(45,800)
Balance as at 31st March	206,801	185,077	206,801	185,077

### Analysis of lease liabilities by period of re-payment

As at 31st March 2023 In Rs.'000s	Company			Group		
	Contractual CF	Interest	Present Value of lease payments	Contractual CF	Interest	Present Value of lease payments
Current	61,529	(34,517)	27,012	61,529	(34,517)	27,012
Non current	298,914	(119,125)	179,789	298,914	(119,125)	179,789
	360,443	(153,642)	206,801	360,444	(153,642)	206,801



# Notes to the Financial Statements

## 9 RIGHT OF USE ASSETS CONTD.

### Analysis of lease liabilities by period of re-payment

As at 31st March 2022	Company			Group		
	Contractual CF	Interest	Present Value of lease payments	Contractual CF	Interest	Present Value of lease payments
In Rs.'000s						
Current	48,652	(24,121)	24,531	48,652	(24,121)	24,531
Non current	234,519	(73,973)	160,546	234,519	(73,973)	160,546
	283,171	(98,094)	185,077	283,171	(98,094)	185,077

As at 31st March In Rs.'000s	Company		Group	
	2023	2022	2023	2022
Following are the amounts recognised in profit or loss during the financial year				
Depreciation of right of use assets	35,055	32,127	35,055	32,127
Interest expenses on lease liability	30,379	25,734	30,379	25,734
<b>Total amount recognised in profit or loss</b>	<b>65,434</b>	<b>57,861</b>	<b>65,434</b>	<b>57,861</b>

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	2023	2022
<b>COMPANY</b>					
<b>Cost</b>					
Opening balance	4,000,000	414,258	38,200	4,452,458	4,451,536
Additions during the year	-	7,815	-	7,815	922
Transfers from capital WIP	-	2,413	-	2,413	-
Closing balance	4,000,000	424,486	38,200	4,462,686	4,452,458
<b>Amortisation/Impairment</b>					
Opening balance	3,326,042	376,323	-	3,702,365	3,226,427
Amortisation for the year	-	12,101	-	12,101	12,360
Impairment during the year	353,229	-	-	353,229	463,578
Closing balance	3,679,271	388,424	-	4,067,695	3,702,365
<b>Net Book Value</b>	<b>320,729</b>	<b>36,062</b>	<b>38,200</b>	<b>394,991</b>	<b>750,093</b>
<b>GROUP</b>					
<b>Cost</b>					
Opening balance	4,000,000	414,258	38,200	4,452,458	4,451,536
Additions during the year	-	7,815	-	7,815	922
Transfers from capital WIP	-	2,413	-	2,413	-
Closing balance	4,000,000	424,486	38,200	4,462,686	4,452,458
<b>Amortisation/Impairment</b>					
Opening balance	3,326,042	376,323	-	3,702,365	3,226,427
Amortisation for the year	-	12,101	-	12,101	12,360
Impairment during the year	353,229	-	-	353,229	463,578
Closing balance	3,679,271	388,424	-	4,067,695	3,702,365
<b>Net Book Value</b>	<b>320,729</b>	<b>36,062</b>	<b>38,200</b>	<b>394,991</b>	<b>750,093</b>

# Notes to the Financial Statements

## 10 INTANGIBLE ASSETS CONTD.

### 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.

#### Assumptions

An impairment test was carried out for the brands acquired from Millers Brewery Ltd as at 31st March 2023 as per the accounting standard LKAS 36. The Company computed its recoverable amount of the acquired brands by forecasting the annual sales values and discounting such estimated cash flows by its cost of equity adjusted with a risk premium. Cost of equity was determined based on the risk free rate of a 5 year treasury bond at 25.87% (2022-15.24%) for the relevant cash flows, whereas the equity risk premium added was based on non-observable inputs as estimated for a valuation of the business in a previous period. Therefore, the difference in the discount rate compared with previous financial year is the change in the risk free rate due to market changes. The contribution growth was determined based on the historical records (rate not disclosed due to commercial sensitivity) along with a zero volume growth rate. Accordingly, the carrying value of the said brands as at 31st March stands at Rs. 320,729,082/- result in an impairment of Rs. 353,228,759/- which has been charged to the Statement of Profit or Loss.

### 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.

## 11 INVESTMENT IN SUBSIDIARIES

### Company

On the 31st January 2023, Lion Brewery (Ceylon) PLC (the Company) & it's fully owned subsidiary Pearl Springs (Private) Limited were amalgamated, resulting in Lion Brewery (Ceylon) PLC becoming the continuing entity. Consequent to the amalgamation, Millers Brewery Limited which was previously fully owned by Pearl Springs (Private) Limited, is now a wholly owned subsidiary of Lion Brewery (Ceylon) PLC.

In Rs.'000s	No of Shares	% holding	Market Value / Directors Value as at 31st March 2023	Cost as at 31st March 2022	Market Value / Directors Value as at 31st March 2022	Cost as at 31st March 2022
Millers Brewery Limited, Meegoda	115,000,000	100%		1,150,000		-
Lion Beer (Ceylon) Pte Ltd, Singapore (Note 11.1)	1	100%		-		-
Pearl Springs (Private) Limited, Colombo				-		1,150,000
Impairment provision				-		(120,377)
<b>Balance</b>			<b>1,150,000</b>	<b>1,150,000</b>	<b>1,029,623</b>	<b>1,029,623</b>

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

### 11.1 Incorporation of a subsidiary

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

### 11.2 Amalgamation of a subsidiary

Pearl Springs (Pvt) Ltd (PSPL), which was a subsidiary of the Group, was amalgamated with Lion Brewery Ceylon PLC (the Company). The Board of Directors resolved to amalgamate PSPL and the Company w.e.f 31st January 2023 in accordance with Section 244 (i) (a) of the Companies Act No. 7 of 2007. The Group received the Certificate of Amalgamation on 31st January 2023. Accordingly, on 31st January 2023 the book values of PSPL, was amalgamated with that of the Company and the investment in subsidiary of Rs. 1,150Mn. recorded in the Company, was set off against the equity of PSPL. This results LBCPLC having direct ownership of MBL since the date of the amalgamation.

PSPL operated as the investment holding company of Millers Brewery (Pvt) Ltd & had no active business operations since 20th May 2014. Since PSPL operated as a dormant entity with no material effect to the Group, Management has not restated the comparative figures as recommended by the guidelines issued under Statement of Recommended Practice (SORP) on Merger Accounting Common Control Business Combination issued by the Institute of Chartered Accountants of Sri Lanka.

# Notes to the Financial Statements

## 12 INVENTORIES

As at 31st March In Rs.'000s	Company		Group	
	2023	2022	2023	2022
Raw and packing materials	2,435,500	1,139,770	2,435,500	1,139,770
Work in progress	882,799	376,444	882,799	376,444
Finished goods	2,904,864	2,404,227	2,904,864	2,404,227
Maintenance spares & others	1,078,723	582,123	1,078,723	582,123
	7,301,886	4,502,564	7,301,886	4,502,564
Provision for inventory (Note 12.1)	(113,056)	(64,047)	(113,056)	(64,047)
	7,188,830	4,438,517	7,188,830	4,438,517

### 12.1 Impairment provision for inventory

Balance as at beginning of the year	64,047	74,362	64,047	74,362
Provisions made during the year	319,361	40,540	319,361	40,540
Reversals/written off during the year	(270,351)	(50,855)	(270,351)	(50,855)
Balance as at end of the year	113,056	64,047	113,056	64,047

## 13 TRADE AND OTHER RECEIVABLES

As at 31st March In Rs.'000s	Company		Group	
	2023	2022	2023	2022
Trade receivables	1,035,573	606,356	1,035,573	606,356
Provision for impairment (Note 13.1)	(11,236)	(51)	(11,236)	(51)
	1,024,337	606,305	1,024,337	606,305
Advances	3,553,411	751,355	3,553,411	751,355
Prepayments	362,939	386,141	365,674	388,641
Other receivables	83,407	47,318	94,196	50,056
	5,024,094	1,791,119	5,037,618	1,796,357

As at 31st March In Rs.'000s	Company		Group	
	2023	2022	2023	2022

### 13.1 Provision for Impairment

Balance as at beginning of the year	51	51	51	51
Provisions made during the year	11,185	-	11,185	-
Balance as at end of the year	11,236	51	11,236	51

### 14 AMOUNTS DUE FROM RELATED COMPANIES

As at 31st March In Rs.'000s	Company		Group	
	2023	2022	2023	2022
Pubs 'N Places (Private) Ltd	10,719	36,437	10,719	36,437
Ceylon Beverage Holdings PLC	372,792	337,741	372,792	337,741
	383,511	374,178	383,511	374,178

### 15 CASH AND CASH EQUIVALENTS

As at 31st March In Rs.'000s	Company		Group	
	2023	2022	2023	2022
Fixed deposits with financial institutions	6,994,322	9,019,538	7,109,322	9,134,538
Savings accounts	99,419	869,660	99,479	869,721
Cash at bank	3,955,542	2,997,518	3,963,553	3,005,703
Cash in hand	54,725	3,270	54,725	3,270
	11,104,008	12,889,986	11,227,079	13,013,232

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

Cash and cash equivalents	11,104,008	12,889,986	11,227,079	13,013,232
Bank overdrafts	(1,516,314)	(1,096,486)	(1,516,314)	(1,096,486)
	9,587,694	11,793,500	9,710,765	11,916,746

# Notes to the Financial Statements

## 16 STATED CAPITAL

As at 31st March In Rs.'000s	Company		Group	
	2023	2022	2023	2022
Shares issued and fully paid (80,000,000 ordinary shares)	2,537,801	2,537,801	2,537,801	2,537,801

The stated capital of the Company as at 31st March 2023 was Rs.2,537,801,310/- consisting of 80,000,000 ordinary shares.

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

## 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	
	2023	2022	2023	2022
Balance as at beginning of the year	1,487,870	972,968	2,092,103	1,388,475
Revaluation of land and buildings	-	858,170	-	1,172,713
Deferred tax charge on land and building revaluation	-	(343,268)	-	(469,085)
Balance as at end of the year	1,487,870	1,487,870	2,092,103	2,092,103

## 18 LOANS AND BORROWINGS

As at 31st March In Rs.'000s	Company		Group	
	2023	2022	2023	2022
Balance as at the beginning of the year	4,862,400	4,621,700	4,862,400	4,621,700
Obtained during the year	2,000,000	2,000,000	2,000,000	2,000,000
Repayments during the year	(1,187,400)	(1,759,300)	(1,187,400)	(1,759,300)
	5,675,000	4,862,400	5,675,000	4,862,400
Interest payable	929,600	785,607	929,600	785,607
Balance as at the end of the year	6,604,600	5,648,007	6,604,600	5,648,007

### 18.1 Details of loans and borrowings

Name of the Lender	31st March 2023	31st March 2022	Repayment Terms	Security Offered	Type of Interest
	Rs. '000s	Rs. '000s			
Commercial Bank- Rs. 1Bn (2017)	-	87,400	7th to the 12th Month - Rs. 10Mn per month (Rs.60 Mn) and the balance 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
NDBIB - Rs. 1.5Bn (2019)	862,500	1,087,500	Payable in 8 years. commencing from July 2019	Unsecured	Floating
Commercial Bank - Rs. 1.5 Bn (2020)	250,000	750,000	Payable in 12 equal quarterly instalments commencing from December 2021	Unsecured	Fixed
Commercial Bank - Rs. 1.5 Bn (2020)	562,500	937,500	Payable in 16 equal quarterly instalments commencing from December 2021	Unsecured	Fixed
Commercial Bank	4,000,000	1,000,000	1 month - Renewable	Unsecured	Fixed
Citi Bank	-	1,000,000	1 month - Renewable	Unsecured	Fixed
<b>Total</b>	<b>5,675,000</b>	<b>4,862,400</b>			



# Notes to the Financial Statements

## 18 LOANS AND BORROWINGS CONTD.

### 18.2 Composition of loans and borrowings repayment

As at 31st March In Rs.'000s	Company		Group	
	2023	2022	2023	2022
<b>Classified under non current liabilities</b>				
Loans and borrowings falling due after one year	1,050,000	1,675,000	1,050,000	1,675,000
Interest payable	874,442	625,311	874,442	625,311
	<b>1,924,442</b>	<b>2,300,311</b>	<b>1,924,442</b>	<b>2,300,311</b>
<b>Classified under current liabilities</b>				
Loans and borrowings falling due within one year	4,625,000	3,187,400	4,625,000	3,187,400
Interest payable	55,158	160,296	55,158	160,296
	<b>4,680,158</b>	<b>3,347,696</b>	<b>4,680,158</b>	<b>3,347,696</b>
<b>Balance as at the end of the year</b>	<b>6,604,600</b>	<b>5,648,007</b>	<b>6,604,600</b>	<b>5,648,007</b>

## 19 EMPLOYEE BENEFITS

As at 31st March In Rs.'000s	Company		Group	
	2023	2022	2023	2022
The amounts recognised in the Statements of Financial Position are as follows:				
Present value of unfunded obligation	249,767	173,704	249,767	173,704
<b>Liability in the statements of financial position</b>	<b>249,767</b>	<b>173,704</b>	<b>249,767</b>	<b>173,704</b>
The movement in the defined benefit obligation over the year as follows:				
As at 1st April	173,704	233,933	173,704	233,933
Interest cost	26,055	18,013	26,055	18,013
Current service cost	16,933	13,616	16,933	13,616
Actuarial gain	50,899	(45,763)	50,899	(45,763)
Past service cost	-	(17,569)	-	(17,569)
Benefits paid	(17,824)	(28,526)	(17,824)	(28,526)
<b>As at 31st March</b>	<b>249,767</b>	<b>173,704</b>	<b>249,767</b>	<b>173,704</b>

For the year ended 31st March In Rs.'000s	Company		Group	
	2023	2022	2023	2022
The amounts recognised in the Statement of Profit or Loss are as follows:				
Interest cost	26,055	18,013	26,055	18,013
Current service cost	16,933	13,616	16,933	13,616
Past service cost	-	(17,569)	-	(17,569)
	42,988	14,060	42,988	14,060

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

Actuarial gain	50,899	(45,763)	50,899	(45,763)
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**19.1** The gratuity liability as at 31st March 2023 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	
	2023	2022	2023	2022
Discount rate	18.0%	15.0%	18.0%	15.0%
Salary increment rate	15.0%	10.0%	15.0%	10.0%
Weighted average duration (years) of defined benefit obligation	5.3	6.41	5.3	6.41

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

## 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	
	2023		2023	
	Company	Group	Company	Group
Increase by one percentage	(10,882)	(10,882)	13,054	13,054
Decrease by one percentage	11,924	11,924	(12,075)	(12,075)

# Notes to the Financial Statements

## 20 NET DEFERRED TAX LIABILITIES

As at 31st March In Rs.'000s	Company		Group	
	2023	2022	2023	2022
Deferred tax liability	5,238,881	4,841,353	5,789,437	5,406,059
Deferred tax asset	(248,745)	(180,433)	(248,745)	(180,433)
Balance as at the end of the year	4,990,136	4,660,920	5,540,692	5,225,626

Movement In Deferred Tax Balances - Company In Rs.'000s	Balance as at 1st April 2022	Recognised in Profit or Loss	Recognised in OCI	Balance as at 31st March 2023
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### Deferred Tax Liability

Property, plant and equipment	4,639,187	416,652	-	5,055,839
Intangible assets	141,400	(24,096)	-	117,304
Right of use assets	60,766	4,972	-	65,738

### Deferred Tax Assets

Employee benefit	(69,481)	(10,065)	(20,360)	(99,906)
Lease creditor	(74,030)	(8,690)	-	(82,720)
Inventory provision	(36,922)	(29,197)	-	(66,119)
<b>Net tax liabilities</b>	<b>4,660,920</b>	<b>349,576</b>	<b>(20,360)</b>	<b>4,990,136</b>

Movement In Deferred Tax Balances - Group In Rs.'000s	Balance as at 1st April 2022	Recognised in Profit or Loss	Recognised in OCI	Balance as at 31st March 2023
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### Deferred Tax Liability

Property, plant and equipment	5,203,892	402,503	-	5,606,395
Intangible assets	141,400	(24,096)	-	117,304
Right of use assets	60,766	4,972	-	65,738

### Deferred Tax Assets

Employee benefit	(69,481)	(10,065)	(20,360)	(99,906)
Lease creditor	(74,030)	(8,690)	-	(82,720)
Inventory provision	(36,922)	(29,197)	-	(66,119)
<b>Net tax liabilities</b>	<b>5,225,626</b>	<b>335,426</b>	<b>(20,360)</b>	<b>5,540,692</b>

<b>Movement In Deferred Tax Balances - Company In Rs.'000s</b>	<b>Balance as at 1st April 2021</b>	<b>Recognised in Profit or Loss</b>	<b>Recognised in OCI</b>	<b>Balance as at 31st March 2022</b>
<b>Deferred Tax Liability</b>				
Property, plant and equipment	4,621,429	(325,510)	343,268	4,639,187
Intangible assets	160,621	(19,221)	-	141,400
Right of use assets	65,648	(4,882)	-	60,766
<b>Deferred Tax Assets</b>				
Employee benefit	(93,573)	5,787	18,305	(69,481)
Lease creditor	(74,088)	58	-	(74,030)
Inventory provision	(33,251)	(3,671)	-	(36,922)
<b>Net tax liabilities</b>	<b>4,646,786</b>	<b>(347,440)</b>	<b>361,573</b>	<b>4,660,920</b>

<b>Movement In Deferred Tax Balances - Group In Rs.'000s</b>	<b>Balance as at 1st April 2021</b>	<b>Recognised in Profit or Loss</b>	<b>Recognised in OCI</b>	<b>Balance as at 31st March 2022</b>
<b>Deferred Tax Liability</b>				
Property, plant and equipment	5,063,168	(328,362)	469,085	5,203,892
Intangible assets	160,621	(19,221)	-	141,400
Right of use assets	65,648	(4,882)	-	60,766
<b>Deferred Tax Assets</b>				
Employee benefit	(93,573)	5,787	18,305	(69,481)
Lease creditor	(74,088)	58	-	(74,030)
Inventory provision	(33,251)	(3,671)	-	(36,922)
<b>Net tax liabilities</b>	<b>5,088,525</b>	<b>(350,291)</b>	<b>487,390</b>	<b>5,225,626</b>

As at 31st March 2023, the Group has not recognised deferred tax asset amounting to Rs. 598Mn on brought forward tax losses of Rs. 1,495 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	
	2023	2022	2023	2022
Trade payables	2,953,541	2,297,875	2,954,853	2,297,875
Trade discounts	254,569	180,555	254,569	180,555
Accruals	925,271	381,555	925,271	383,004
Other payables	393,721	374,360	393,721	374,360
	<b>4,527,102</b>	<b>3,234,345</b>	<b>4,528,414</b>	<b>3,235,794</b>

## 22 AMOUNTS DUE TO RELATED COMPANIES

Carlsberg A/S	76,041	155,756	76,041	155,756
Millers Brewery Limited	123,091	-	-	-
	<b>199,132</b>	<b>155,756</b>	<b>76,041</b>	<b>155,756</b>

## 23 REFUNDABLE DEPOSITS

Balance as at the beginning of the year	2,301,181	1,900,393	2,301,181	1,900,393
Deposits received during the year	441,309	400,788	441,309	400,788
Balance as at the end of the year	<b>2,742,490</b>	<b>2,301,181</b>	<b>2,742,490</b>	<b>2,301,181</b>

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	
	2023	2022	2023	2022
Excise duty payable	812,892	1,764,515	812,892	1,764,515
Value added tax	791,303	501,359	789,313	500,166
Social security contribution levy	198,732	-	198,732	-
Income tax	876,466	850,244	879,128	852,906
	<b>2,679,393</b>	<b>3,116,118</b>	<b>2,680,065</b>	<b>3,117,587</b>

**25 REVENUE**

For the year ended 31st March In Rs.'000s	Company		Group	
	2023	2022	2023	2022
Local revenue	90,738,362	56,464,185	90,738,362	56,464,185
Export revenue	4,230,984	2,106,700	4,230,984	2,106,700
	94,969,346	58,570,885	94,969,346	58,570,885

**26 OTHER INCOME**

For the year ended 31st March In Rs.'000s	Company		Group	
	2023	2022	2023	2022
Profit on disposal of property, plant & equipment and right of use assets	14,675	7,674	14,675	7,674
Other income	276,621	181,924	284,354	182,228
	291,296	189,598	299,029	189,902

# 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	
	2023	2022	2023	2022
Directors' fees and emoluments (Note 33.2)	44,428	37,635	44,428	37,635
Auditors' remuneration				
- Audit fee	2,525	2,035	2,660	2,266
- Audit related services	1,150	155	1,150	155
- Non audit services	580	730	580	730
Depreciation on property, plant & equipment (Note 8)	1,770,704	1,503,714	1,786,317	1,516,617
Depreciation of right of use assets (Note 9)	35,055	32,127	35,055	32,127
Amortisation of intangible assets (Note 10)	12,101	12,360	12,101	12,360
Impairment of property, plant & equipment	18,460	-	38,460	-
Royalty	473,387	303,697	473,387	303,697
Support service fees	628,010	823,050	628,010	823,050
Personnel expenses (Note 27.1)	1,448,407	1,086,798	1,448,407	1,086,798
<b>27.1 Personnel expenses</b>				
Salaries, wages and other related expenses	1,311,951	1,005,455	1,311,951	1,005,455
Defined benefit plan costs (Note 19)	42,988	14,060	42,988	14,060
Defined contribution plan cost - EPF & ETF	93,468	67,283	93,468	67,283
	<b>1,448,407</b>	<b>1,086,798</b>	<b>1,448,407</b>	<b>1,086,798</b>

## 28 NET FINANCE COST

For the year ended 31st March In Rs.'000s	Company		Group	
	2023	2022	2023	2022
<b>Finance Income</b>				
Interest income - fixed deposits	1,337,513	476,974	1,356,757	481,015
Interest income - intercompany loans	65,473	21,621	65,473	21,621
Interest income - savings & call deposit	54,489	146,232	54,489	146,233
<b>Total finance income</b>	<b>1,457,475</b>	<b>644,827</b>	<b>1,476,719</b>	<b>648,869</b>
<b>Finance Cost</b>				
Interest expenses - term loans	395,160	348,590	395,160	348,590
Interest expenses - bank overdrafts	112,514	17,226	112,514	17,226
Interest on lease	30,379	25,734	30,379	25,734
Interest expenses - short term loans & agent finance cost	2,808,020	589,718	2,808,020	589,718
<b>Finance costs</b>	<b>3,346,073</b>	<b>981,268</b>	<b>3,346,073</b>	<b>981,268</b>
Net loss/(gain) on foreign exchange transactions	11,645	(591,475)	11,645	(591,475)
<b>Total finance cost</b>	<b>3,357,718</b>	<b>389,793</b>	<b>3,357,718</b>	<b>389,793</b>
<b>Net finance income/(cost)</b>	<b>(1,900,243)</b>	<b>255,034</b>	<b>(1,880,999)</b>	<b>259,076</b>



# Notes to the Financial Statements

## 29 INCOME TAX / DEFERRED TAX

For the year ended 31st March In Rs.'000s	Company		Group	
	2023	2022	2023	2022
Income tax (Note 29.1.1)	3,862,223	2,214,371	3,862,223	2,214,371
Deferred tax (reversal)/charge	349,577	(347,440)	335,427	(350,291)
<b>Total tax</b>	<b>4,211,800</b>	<b>1,866,931</b>	<b>4,197,650</b>	<b>1,864,080</b>
<b>Deferred tax recognised in other comprehensive income</b>				
Re-measurement of employee benefit obligations	(20,360)	18,305	(20,360)	18,305
Revaluation gain on land and buildings	-	343,268	-	469,085
	(20,360)	361,573	(20,360)	487,390
<b>29.1.1 Reconciliation of the accounting profit and tax expenses</b>				
Profit before taxation	11,213,107	5,562,185	11,189,253	5,532,185
Remeasurement of employee benefit obligations	(50,899)	45,763	(50,899)	45,763
<b>Profit before tax adjustments</b>	<b>11,162,208</b>	<b>5,607,948</b>	<b>11,138,354</b>	<b>5,577,948</b>
Aggregate of disallowable expenses	2,745,639	2,113,850	2,778,508	2,127,000
Aggregate of allowable claims	(4,636,687)	(2,432,651)	(4,636,926)	(2,438,428)
Utilisation of tax losses			(46,291)	(16,686)
Operating losses incurred during the year	-	-	37,515	39,313
<b>Tax adjusted profit</b>	<b>9,271,160</b>	<b>5,289,147</b>	<b>9,271,160</b>	<b>5,289,147</b>
Investment income - Interest Income	1,439,916	614,417	1,439,916	614,417
<b>Assessable income/taxable income</b>	<b>10,711,076</b>	<b>5,903,564</b>	<b>10,711,076</b>	<b>5,903,564</b>
Current tax on local operations (Note 29.3)	3,367,214	2,040,444	3,367,214	2,040,444
Current tax on export profits (Note 29.3)	99,756	26,467	99,756	26,467
Current tax on interest income (Note 29.3)	395,253	147,460	395,253	147,460
<b>Total current tax expense</b>	<b>3,862,223</b>	<b>2,214,371</b>	<b>3,862,223</b>	<b>2,214,371</b>

### 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 In Rs.'000s	Company		Group	
	2023	2022	2023	2022
Profit before taxation	11,213,107	5,562,185	11,189,253	5,532,185
Tax charge on profit	4,211,800	1,866,931	4,197,650	1,864,080
Effective tax rate	37.6%	33.6%	37.5%	33.7%
For the year ended 31st March In Rs.'000s	Company		Group	
	%	%	%	%
	2023	2022	2023	2022
Profit before taxation	11,213,107	5,562,185	11,189,253	5,532,185
Tax calculated @ 40%	4,485,243	2,224,874	4,475,701	2,212,874
	40.0%	40.0%	40.0%	40.0%
<b>The Effect of Tax</b>				
Aggregate of disallowable expenses	9.8%	15.2%	9.9%	15.4%
Aggregate of allowable claims	(16.5%)	(17.5%)	(16.6%)	(17.6%)
Operating losses incurred during the year	-	-	0.1%	0.3%
Rate differential & over/under provision LY	1.2%	2.1%	1.2%	2.1%
Tax loss utilised	-	-	(0.2%)	(0.1%)
Deferred tax charge	3.1%	(6.2%)	3.0%	(6.3%)
<b>Tax charge</b>	<b>37.6%</b>	<b>33.6%</b>	<b>37.5%</b>	<b>33.7%</b>

# Notes to the Financial Statements

## 29 INCOME TAX/DEFERRED TAX (CONTD.)

### 29.2 Analysis of tax losses

For the year ended 31st March In Rs.'000s	Company		Group	
	2023	2022	2023	2022
Tax losses brought forward	-	-	1,505,707	1,483,185
Adjustment on losses brought forward	-	-	(1,985)	(105)
Tax losses incurred during the year	-	-	37,515	39,313
Utilisation of tax losses during the year	-	-	(46,291)	(16,686)
<b>Tax losses carried forward</b>	-	-	<b>1,494,946</b>	<b>1,505,707</b>

### 29.3 Income Tax

#### Company

In terms of the Inland Revenue Act No. 24 of 2017 and amendments thereto, Operating profits of local operations are liable to income tax at the rate of 40% (2022 - 40%) and profits attributable to export turnover are liable at 14% for first six months, Whilst 30% has been applied for second six months. (2022 - 14%). Other Income were liable to tax at the rate of 24% and 30% for the first six months and the second six months respectively. (2022 - 24%).

As per the subsection (iii) of Section (i) of the Third Schedule of the Act, interest income accruing or derived by the Company from foreign currency accounts are exempt from tax effective from 1st January 2021.

#### 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% and 30% for the first six months and the second six months, respectively (2022 - 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 subject 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 subject to source of income as provided in the Act. Millers Brewery Limited in the group has carried forward tax losses amounting Rs. 1,495Mn, which are available to be set off against the future tax profits of the Company.

## 29.4 Surcharge tax

According to the Surcharge Tax Act No. 14 of 2022 which was legislated on 8th April 2022, the Group is liable for the surcharge tax of Rs. 1,194Mn out of taxable income of Rs. 4,776 Mn for year of assessment 2020/21.

Total Surcharge tax liability of Rs. 1,194Mn has been recognised as an adjustment to retained earnings of 1st April 2022 in the statement of Changes in Equity as per the Addendum to Statement of Alternative Treatment (SoAT) issued by The Institute of Chartered Accountants of Sri Lanka. The said Addendum recommends to recognise Surcharge Tax through the Statement of Changes in Equity as an equity adjustment on the first day of the first reporting period ending after enactment of the said Act.

The Company paid Rs. 597Mn as first instalment on 20th April 2022 and the balance amount of Rs. 597Mn was paid on 20th July 2022.

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

<b>In Rs. Mn</b>	<b>Company</b>	<b>Group</b>
Reported Retained Earnings Balance as at 1st April 2022	15,658	15,298
Adjustment for Surcharge Tax	(1,194)	(1,194)
<b>Adjusted Retained Earnings Balance as at 1st April 2022</b>	<b>14,464</b>	<b>14,104</b>

# Notes to the Financial Statements

## 30 DIVIDENDS

For the year ended 31st March In Rs.'000s	2023	2022
On ordinary shares Rs. 13.60 per share and Rs. 28.30 per share (2022 - Rs. 3.68 per share & Rs.17.25 per share)	3,352,000	1,674,400
	<b>3,352,000</b>	<b>1,674,400</b>

**30.1** First interim dividend of Rs. 13.60 per ordinary share amounting to Rs. 1,088,000,000/- for the year ended 31st March 2023 was paid on 08th December 2022 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 dividend was paid on 21st December 2022.

**30.2** The Board of Directors has approved a second interim dividend of Rs. 28.30 per share for the year ended 31st March 2023 on 18th May 2023. 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 2023.

**30.3** 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 In Rs.'000s	Company		Group	
	2023	2022	2023	2022
Net profit attributable to ordinary shareholders (as the numerator)	7,001,307	3,695,254	6,991,603	3,668,105
Number of ordinary shares in '000 (as denominator)	80,000	80,000	80,000	80,000
<b>Earnings per ordinary share basic and diluted (Rs.)</b>	<b>87.52</b>	<b>46.19</b>	<b>87.40</b>	<b>45.85</b>

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

As at 31st March	Company					
	Financial Instrument category In Rs. '000s	2023			2022	
		Amortised Cost	FVTPL	FVOCI	Amortised Cost	FVTPL
<b>Financial assets</b>						
Trade and other receivables	1,107,744	-	-	653,623	-	-
Amounts due from related companies	383,511	-	-	374,178	-	-
Cash and cash equivalents	11,104,008	-	-	12,889,986	-	-
<b>Financial liabilities</b>						
Loans and borrowings	6,604,600	-	-	5,648,007	-	-
Trade and other payables	4,527,102	-	-	3,234,345	-	-
Lease creditor	206,801	-	-	185,077	-	-
Amounts due to related companies	199,132	-	-	155,756	-	-
Bank overdraft	1,516,314	-	-	1,096,486	-	-

As at 31st March	Group					
	Financial Instrument Category In Rs.'000s	2023			2022	
		Amortised Cost	FVTPL	FVOCI	Amortised Cost	FVTPL
<b>Financial assets</b>						
Trade and other receivables	1,118,533	-	-	656,361	-	-
Amounts due from related companies	383,511	-	-	374,178	-	-
Cash and cash equivalents	11,227,079	-	-	13,013,232	-	-
<b>Financial liabilities</b>						
Loans and borrowings	6,604,600	-	-	5,648,007	-	-
Trade and other payables	4,528,414	-	-	3,235,794	-	-
Lease creditor	206,801	-	-	185,077	-	-
Amounts due to related companies	76,041	-	-	155,756	-	-
Bank overdraft	1,516,314	-	-	1,096,486	-	-

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

# Notes to the Financial Statements

## **32 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTD.)**

### **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

### 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 on discounting arrangements with a commercial bank without recourse to the Company
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	
	2023	2022	2023	2022
Trade and other receivables	1,107,744	653,623	1,118,533	656,361
Amounts due from related companies	383,511	374,178	383,511	374,178
Cash and cash equivalents	11,049,283	12,886,716	11,172,354	13,009,962
	12,540,538	13,914,517	12,674,398	14,040,501

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

Financial institutions	11,049,283	12,886,716	11,172,354	13,009,962
Customers and other parties	1,107,744	653,623	1,118,533	656,361
Related parties	383,511	374,178	383,511	374,178
	12,540,538	13,914,517	12,674,398	14,040,501



# Notes to the Financial Statements

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

### 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 85% (2022 - 95%) 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	
	2023	2022	2023	2022
Age				
0 - 365 days	1,024,337	605,015	1,024,337	605,015
More than 365 days	11,236	1,341	11,236	1,341
	<b>1,035,573</b>	<b>606,356</b>	<b>1,035,573</b>	<b>606,356</b>

### 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:

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

### 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 2023 (Current & Non Current) - Company

In Rs.'000s	Total	Current Up to Year 1	Non-Current Above year 1
Bank overdrafts	1,516,314	1,516,314	-
Loans and borrowings	6,604,600	4,680,158	1,924,442
Trade & other payables	4,527,102	4,527,102	-
Amounts due to related companies	199,132	199,132	-
Lease creditor	360,443	61,529	298,914
	13,207,591	10,984,235	2,223,356

#### As at 31st March 2022 (Current & Non Current) - Company

In Rs.'000s	Total	Current Up to Year 1	Non-Current Above year 1
Bank overdrafts	1,096,486	1,096,486	-
Loans and borrowings	5,648,007	3,347,696	2,300,311
Trade & other payables	3,234,345	3,234,345	-
Amounts due to related companies	155,756	155,756	-
Lease creditor	283,171	48,652	234,519
	10,417,765	7,882,935	2,534,830

#### As at 31st March 2023 (Current & Non Current) - Group

In Rs.'000s	Total	Current Up to Year 1	Non-Current Above year 1
Bank overdrafts	1,516,314	1,516,314	-
Loans and borrowings	6,604,600	4,680,158	1,924,442
Trade & other payables	4,528,414	4,528,414	-
Amounts due to related companies	76,041	76,041	-
Lease creditor	360,443	61,529	298,914
	13,085,812	10,862,456	2,223,356

# Notes to the Financial Statements

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

As at 31st March 2022 (Current & Non Current) - Group

In Rs.'000s	Total	Current Up to Year 1	Non-Current Above year 1
Bank overdrafts	1,096,486	1,096,486	-
Loans and borrowings	5,648,007	3,347,696	2,300,311
Trade & other payables	3,235,794	3,235,794	-
Amounts due to related companies	155,756	155,756	-
Lease creditor	283,171	48,652	234,519
	10,419,214	7,884,384	2,534,830

### 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.

### 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	
	2023	2022	2023	2022
US Dollar (USD)	336.01	299.00	355.54	205.22
Great Britain Pound (GBP)	416.44	394.57	428.50	280.20
Euro (EUR)	366.71	334.56	370.29	238.26

The Group considered a further 5% strengthening or weakening of the functional currency against non-functional currencies as a reasonably possible change. The impact is calculated with reference to the financial assets or liabilities held as at the year end. A 5% increase or decrease of functional currency against non-functional currencies would result in Rs. 87Mn impact on pre-tax profit.

#### 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	
	2023	2022	2023	2022
<b>Fixed rated instruments</b>				
Financial assets	6,994,322	9,019,538	7,109,322	9,134,538
Financial liabilities	5,019,301	3,872,577	5,019,301	3,872,577
<b>Variable rated instruments</b>				
Financial assets	99,419	869,660	99,479	869,721
Financial liabilities	2,378,814	2,271,386	2,378,814	2,271,386

##### 32.4.4.2 Sensitivity analysis on interest rate fluctuation

A 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
NDBIB Loan- Rs.1.5 Bn	8,625	(8,625)
<b>Potential impact</b>	<b>8,625</b>	<b>(8,625)</b>

##### 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. 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	
	2023	2022	2023	2022
Short term employee benefits	44,428	37,635	44,428	37,635
	44,428	37,635	44,428	37,635

As at 31st March 2023 an amount of Rs. 40,680,000/- (2022 - Rs. 28,525,146/-) is payable towards gratuity of Key Management Personnel whilst a 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 2023 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 2022 audited financial statements, which required additional disclosures in the 2022/23 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

### 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 2022 audited financial Statements, which required additional disclosures in the 2022/23 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

#### 33.4 Transactions with related companies

Name of the Company In Rs. '000s	Relationship	Nature of the transaction	Company				Group	
			2023	2022	2023	2022		
Ceylon Beverage Holdings PLC	Parent company	Interest income	62,937	19,442	62,937	19,442		
		Royalty paid	201,917	180,140	201,917	180,140		
		Dividend paid	1,289,493	757,722	1,289,493	757,722		
Pubs N Places (Private) Limited	Fellow Subsidiary	Beer sale income	212,326	138,598	212,326	138,598		
		Rebate on beer purchases paid	3,503	3,390	3,503	3,390		
		Interest income	2,537	2,179	2,537	2,179		
		Marketing fees paid	25,333	30,750	25,333	30,750		
Retail Spaces (Private) Limited	Fellow Subsidiary	Beer sale income	524,061	321,476	524,061	321,476		
Luxury Brands (Private) Limited	Fellow Subsidiary	Distribution fee income	3,929	3,689	3,929	3,689		
		Rent Income	10,547	-	10,547	-		
Millers Brewery Limited	Subsidiary	Rent paid	27,047	13,258	27,047	13,258		
		Keg sample purchase	15	-	15	-		
Carsons Management Services (Private) Limited	Related entity	Support service fee paid	628,010	823,050	628,010	823,050		
		Reimbursement of expenses	115,310	264,092	115,310	264,092		
Carlsberg A/S	Related entity	Royalty paid	271,469	123,557	271,469	123,557		
Equity One Ltd	Related entity	Service for meeting rooms	41	71	41	71		
Pegasus Hotels of Ceylon PLC	Related entity	Beer sale income	3,153	1,021	3,153	1,021		
		Hotel services	106	26	106	26		
Equity Hotels LTD	Related entity	Beer sale income	529	259	529	259		

# Notes to the Financial Statements

## **34 COMMITMENTS AND CONTINGENCIES**

### **34.1 Finance commitments**

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

### **34.2 Capital commitments**

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

### **34.3 Contingencies**

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

## **35 EVENTS OCCURRING AFTER THE REPORTING PERIOD**

### **35.1 Interim dividend**

The Board of Directors has approved second interim dividend of Rs. 28.30 per share for the year ended 31st March 2023 on 18th May 2023. 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 2023.

## **36 COMPARATIVE FIGURES**

Empty bottle depreciation(2022-Rs.192Mn) and machinery maintenance expenses (2022-Rs.547Mn) were previously reported under distribution expenses and other expenses respectively. Both empty bottle depreciation and machinery maintenance expenses have been reclassified under cost of sales in the financial year ended 31st March 2023. The previous year has been amended where relevant, for better presentation to be comparable with those of the current year.

## **37 SEGMENTAL ANALYSIS**

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

## **38 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	2023	2022
Revenue	94,969,346	58,570,885
Value added tax	12,321,043	4,656,883
Other income	299,029	189,902
Finance income	1,476,719	648,869
	<b>109,066,137</b>	<b>64,066,539</b>
Cost of material & services bought from outside	<b>(22,471,028)</b>	<b>(8,003,483)</b>
<b>Value added</b>	<b>86,595,109</b>	<b>56,063,056</b>

For the year ended 31st March In Rs.'000s	2023	%	2022	%
Distributed as follows				
<b>To employees</b>				
as remuneration and other employee costs	1,448,407	1.67	1,086,798	1.94
<b>To Government</b>				
as value added tax	12,321,043	14.23	4,656,883	8.31
as excise duty	47,638,763	55.01	38,963,054	69.50
as excise other levies	730,847	0.84	278,326	0.50
as import duty	3,097,613	3.58	967,507	1.73
as income tax	3,636,000	4.20	2,086,000	3.72
as surcharge tax	1,193,964	1.38	-	0.00
as social security contribution levy	1,024,217	1.18	-	0.00
<b>To providers of capital</b>				
as dividends to shareholders	3,352,000	3.87	1,674,400	2.99
as finance expenses	3,357,718	3.88	389,793	0.70
<b>Retained in the business</b>				
as depreciation/amortisation	1,833,473	2.12	1,561,104	2.76
as profit for the year	6,961,064	8.04	4,399,191	7.85
	<b>86,595,109</b>	<b>100.00</b>	<b>56,063,056</b>	<b>100.00</b>



# Value Added Statement

## Notes:

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

In Rs.'000s	2023	2022
Value added tax	12,321,043	4,656,883
Excise duty	47,638,763	38,963,054
Excise other levies	730,847	278,326
Import duty	3,097,613	967,507
Income tax	3,636,000	2,086,000
Surcharge tax	1,193,964	-
Social security contribution levy	1,024,217	-
<b>Total tax liability/payments made to the Government</b>	<b>69,642,447</b>	<b>46,951,770</b>

# Five Year Summary

Year ended 31st March In Rs.'000s	2023	2022	2021	2020	2019
Revenue	94,969,346	58,570,885	49,849,287	47,835,328	42,830,494
Other income	299,029	189,902	338,404	162,319	143,060
	95,268,375	58,760,787	50,187,691	47,997,647	42,973,554
Total expenditure	(81,844,894)	(53,024,100)	(45,032,670)	(42,351,895)	(36,725,974)
Impairment of intangible assets	(353,229)	(463,578)	(449,084)	(740,315)	-
Operating profit before finance cost	13,070,252	5,273,109	4,705,937	4,905,437	6,247,580
Net finance income/(expenses)	(1,880,999)	259,076	(448,115)	(517,104)	(934,256)
Profit before tax	11,189,253	5,532,185	4,257,822	4,388,333	5,313,324
Income tax expense	(4,197,650)	(1,864,080)	(1,786,726)	(1,576,203)	(2,092,444)
Profit for the year	6,991,603	3,668,105	2,471,096	2,812,130	3,220,880
Total other comprehensive income/(loss) for the year net of tax	(30,539)	731,086	672	288,632	208,466
Total comprehensive income for the year	6,961,064	4,399,191	2,471,768	3,100,762	3,429,346
Dividends -Ordinary (Note 30)	3,352,000	1,674,400	1,152,000	640,000	800,000
Excise duty expense	47,638,763	38,963,054	30,646,315	29,233,357	24,140,705

# Five Year Summary

As at 31st March In Rs.'000s	2023	2022	2021	2020	2019
<b>STATEMENT OF FINANCIAL POSITION</b>					
Stated capital	2,537,801	2,537,801	2,537,801	2,537,801	2,537,801
Capital reserves	2,092,103	2,092,103	1,388,475	1,388,475	1,106,770
Retained profits	18,596,857	15,297,757	13,048,135	11,216,367	8,876,188
	<b>23,226,761</b>	<b>19,927,661</b>	<b>16,974,411</b>	<b>15,142,643</b>	<b>12,520,759</b>
Loans and borrowings and leases	6,811,401	5,833,084	5,550,945	12,762,296	9,593,967
Debentures	-	-	-	-	2,078,285
Less: Cash	(9,710,765)	(11,916,746)	(8,642,977)	(11,170,815)	(9,460,830)
<b>CAPITAL EMPLOYED</b>	<b>20,327,397</b>	<b>13,843,999</b>	<b>13,882,379</b>	<b>16,734,124</b>	<b>14,732,181</b>
<b>REPRESENTED BY</b>					
Total non-current assets	23,534,907	21,444,595	20,209,115	20,957,348	20,452,100
Total current assets excluding cash & cash equivalents	12,609,959	6,609,052	5,279,052	4,488,572	4,578,276
Total current liabilities-excluding borrowings & OD	(10,027,010)	(8,810,318)	(6,283,330)	(3,396,639)	(5,100,593)
Employee benefits	(249,767)	(173,704)	(233,933)	(198,737)	(197,430)
Deferred tax liabilities	(5,540,692)	(5,225,626)	(5,088,525)	(5,116,420)	(5,000,172)
	<b>20,327,397</b>	<b>13,843,999</b>	<b>13,882,379</b>	<b>16,734,124</b>	<b>14,732,181</b>

<b>As at 31st March In Rs.'000s</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>CASH FLOW STATISTICS</b>					
Net cash inflows from operating activities	<b>1,498,373</b>	4,818,026	5,544,893	1,949,628	5,531,361
Net cash inflows/(outflows) from investing activities	<b>(2,371,040)</b>	(1,029,875)	(125,646)	(577,239)	394,586
Net cash inflows/(outflows) from financing activities	<b>(1,710,307)</b>	(1,249,786)	(7,985,462)	337,596	(3,593,700)
<b>Net cash movement for the year</b>	<b>(2,582,974)</b>	2,538,365	(2,566,215)	1,709,985	2,332,247

#### **RATIOS & STATISTICS**

Return on shareholders' funds (%)	<b>29.97</b>	22.08	14.56	20.48	27.39
Return on capital employed (ROCE) (times)	<b>64.30</b>	38.09	33.90	29.31	42.41
Assets turnover (times)	<b>2.00</b>	1.43	1.42	1.23	1.21
Equity to total assets (times)	<b>2.04</b>	2.06	2.07	2.56	2.82
Interest cover (times)	<b>6.95</b>	-	10.50	9.49	6.69
Gearing ratio (%)	-	-	-	9.51	15.01
Current ratio (times)	<b>1.47</b>	1.48	1.63	1.15	1.04
Quick ratio (times)	<b>1.02</b>	1.14	1.25	0.98	0.89
Price earnings ratio (times)	<b>8.18</b>	11.45	18.42	14.79	13.79
Net assets per share (Rs)	<b>290.33</b>	249.10	212.18	189.28	156.51
Dividends - Ordinary (Rs.) (Note 30)	<b>41.90</b>	20.93	14.40	8.00	10.00
Dividend payout ratio (%) - Company	<b>47.88</b>	45.31	44.44	22.13	24.46

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	2023	2022
Revenue	2	267,113	285,405
Cost of sales		(203,932)	(231,637)
<b>Gross profit</b>		<b>63,181</b>	<b>53,768</b>
Other income		841	925
		64,022	54,693
Distribution expenses		(16,446)	(13,887)
Administrative expenses		(7,811)	(10,510)
Other expenses		(2,009)	(2,342)
Impairment of intangible assets		(994)	(2,259)
<b>Profit from operations</b>		<b>36,762</b>	<b>25,694</b>
Finance income		4,153	3,162
Finance costs		(9,444)	(1,899)
<b>Net finance income/(cost)</b>		<b>(5,291)</b>	<b>1,263</b>
<b>Profit before taxation</b>		<b>31,471</b>	<b>26,957</b>
Income tax expense		(10,863)	(10,790)
Deferred Taxation		(943)	1,707
<b>Profit for the period</b>		<b>19,665</b>	<b>17,874</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement of employee benefit obligations		(143)	223
Deferred tax charge on actuarial gain/(loss)		57	(89)
Revaluation gain on land & buildings		-	5,714
Deferred tax charge on land and building revaluation		-	(2,286)
<b>Total other comprehensive income for the year net of tax</b>		<b>(86)</b>	<b>3,562</b>
<b>Total comprehensive income for the year</b>		<b>19,579</b>	<b>21,436</b>

Figures in brackets indicate deductions.

# Statement of Financial Position (Group) - USD

As at 31st March In USD '000s	2023	2022
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant & equipment	68,378	68,704
Right of use assets	489	508
Intangible assets	1,176	2,509
<b>Total non-current assets</b>	<b>70,043</b>	<b>71,721</b>
<b>Current Assets</b>		
Inventories	21,395	14,845
Trade and other receivables	14,992	6,008
Amounts due from related companies	1,141	1,251
Cash and cash equivalents	33,413	43,523
<b>Total current assets</b>	<b>70,941</b>	<b>65,627</b>
<b>Total assets</b>	<b>140,984</b>	<b>137,348</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Stated capital	33,068	33,068
Capital reserves	11,942	11,942
Retained earnings	24,116	21,639
<b>Total equity</b>	<b>69,126</b>	<b>66,649</b>
<b>Non-Current Liabilities</b>		
Loans and borrowings	5,727	7,693
Lease creditor	535	537
Employee benefits	743	581
Net deferred tax liabilities	16,490	17,477
<b>Total non-current liabilities</b>	<b>23,495</b>	<b>26,288</b>

# Statement of Financial Position (Group) - USD

As at 31st March In USD '000s	2023	2022
<b>Current Liabilities</b>		
Trade and other payables	13,477	10,822
Amounts due to related companies	226	521
Refundable deposits	8,162	7,696
Current tax liabilities	7,976	10,427
Loans and borrowings	13,929	11,196
Lease creditor	80	82
Bank overdrafts	4,513	3,667
<b>Total current liabilities</b>	48,363	44,411
<b>Total liabilities</b>	71,858	70,699
<b>Total equity and liabilities</b>	140,984	137,348

# 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		2022	2021
Income statement	Average rate	355.54	205.22
Monetary assets and liabilities	Closing rate	336.01	299.00
Non-current assets and liabilities	Closing rate	336.01	299.00
Ordinary share capital	Historical rate	76.74	76.74

## 2 REVENUE

For the year ended 31st March In USD '000s		2022	2021
Local revenue		255,213	275,140
Export revenue		11,900	10,265
		267,113	285,405



# Five Year Summary - USD

Year ended 31st March In USD '000s	2023	2022	2021	2020	2019
Revenue	267,113	285,405	264,613	266,533	253,851
Other income	841	925	1,796	904	848
	267,954	286,330	266,409	267,437	254,699
Total expenditure	(230,199)	(258,377)	(239,045)	(235,979)	(217,671)
Impairment of intangible assets	(997)	(2,259)	(2,384)	(4,125)	-
<b>Operating profit before finance cost</b>	<b>36,762</b>	<b>25,694</b>	<b>24,980</b>	<b>27,333</b>	<b>37,028</b>
Net finance income/(cost) expenses	(5,291)	1,263	(2,378)	(2,881)	(5,538)
<b>Profit before tax</b>	<b>31,471</b>	<b>26,957</b>	<b>22,602</b>	<b>24,452</b>	<b>31,490</b>
Income tax expense	(11,806)	(9,083)	(9,485)	(8,783)	(12,401)
<b>Profit for the year</b>	<b>19,665</b>	<b>17,874</b>	<b>13,117</b>	<b>15,669</b>	<b>19,089</b>
Total other comprehensive income/ (loss) for the year	(86)	3,562	4	1,608	1,235
<b>Total comprehensive income for the year</b>	<b>19,579</b>	<b>21,436</b>	<b>13,121</b>	<b>17,277</b>	<b>20,324</b>
Dividends -Ordinary	10,039	5,238	5,702	3,566	4,742
Excise duty expense	133,990	189,860	162,675	162,887	143,081

<b>Year ended 31st March In USD '000s</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>STATEMENT OF FINANCIAL POSITION</b>					
Stated capital	<b>33,068</b>	33,068	33,068	33,068	33,068
Capital reserves	<b>11,942</b>	11,942	8,513	8,513	6,943
Retained profits	<b>24,116</b>	21,639	42,435	37,105	30,324
	<b>69,126</b>	66,649	84,016	78,686	70,335
Loans and borrowings and leases	<b>20,271</b>	19,508	27,474	66,313	53,893
Debentures	-	-	-	-	11,675
Less-Cash	<b>(28,900)</b>	(39,856)	(42,779)	(58,044)	(53,146)
<b>CAPITAL EMPLOYED</b>	<b>60,497</b>	46,301	68,711	86,955	82,757
<b>REPRESENTED BY</b>					
Total non-current assets	<b>70,043</b>	71,721	100,025	108,897	114,888
Total current assets excluding cash & cash equivalents	<b>37,528</b>	22,104	26,129	23,324	25,718
Total current liabilities-excluding borrowings & overdraft	<b>(29,841)</b>	(29,466)	(31,099)	(17,648)	(28,652)
Employee benefits	<b>(743)</b>	(581)	(1,158)	(1,033)	(1,109)
Deferred tax liabilities	<b>(16,490)</b>	(17,477)	(25,186)	(26,585)	(28,088)
	<b>60,497</b>	46,301	68,711	86,955	82,757

# 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 2023 was Rs. 714.75 per share (2022 - Rs. 525/-)

## 3 ORDINARY SHAREHOLDERS

As at 31st March	2023	2022
Number of Shareholders	1,253	1,279

### (a) Frequency distribution of shareholdings as at 31st March 2023

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	1,044	161,609	0.20	14	4,882	0.01	1,058	166,491	0.21
1001 - 10,000	133	371,719	0.46	14	46,790	0.06	147	418,509	0.52
10,001 - 100,000	23	677,705	0.85	8	346,072	0.43	31	1,023,777	1.28
100,001 - 1,000,000	4	840,715	1.05	7	2,975,177	3.72	11	3,815,892	4.77
Above 1,000,000	4	48,985,389	61.23	2	25,589,942	31.99	6	74,575,331	93.22
<b>Grand Total</b>	<b>1,208</b>	<b>51,037,137</b>	<b>63.79</b>	<b>45</b>	<b>28,962,863</b>	<b>36.21</b>	<b>1,253</b>	<b>80,000,000</b>	<b>100.00</b>

### (b) Categories of Shareholders as at 31st March 2023

	No. of Shareholders	No. of Shares	%
Individual	1,158	966,818	1.21
Institutions	95	79,033,182	98.79
<b>Total</b>	<b>1,253</b>	<b>80,000,000</b>	<b>100.00</b>

(c) The number of shares held by non-residents as at 31st March 2023 was 28,962,863 (2022 - 29,121,562) which amounts to 36.20% (2022 - 36.40%) 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 7.14.1 (i) (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 2023

Market Capitalisation of the Public Holding	Rs.7.47 Billion
Percentage of ordinary shares held by the public	13.06%
Number of Public Shareholders	1,228

#### 4 MARKET PERFORMANCE- ORDINARY SHARES

For the year ended 31st March	2023	2022
Highest (Rs.)	728.00	615.00
Lowest (Rs.)	420.00	451.00
Last traded (Rs.)	714.75	525.00
Value of Shares traded (Rs.Mn)	441	487
No. of shares traded	800,646	890,157

#### 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. 57,180,000,000/- as at 31st March 2023. (2022 - Rs. 42,000,000,000/-)

#### 6 DIVIDENDS

- 6.1** A Second Interim Dividend of Rs.17.25 per ordinary share amounting to Rs.1,380,000,000/- for the year ended 31st March 2022 was announced on 13th May 2022. Shareholders of the Company who had provided accurate bank account details were paid on 01st June 2022 and to the Shareholders who had not provided accurate bank account details or have not provided any bank account details, the dividend were paid on 15th June 2022.
- 6.2** A First Interim Dividend of Rs.13.60 per ordinary share amounting to Rs.1,088,000,000/- for the year ended 31st March 2023 was announced on 21st November 2022. Shareholders of the Company who had provided accurate bank account details were paid on 08th December 2022 and to the Shareholders who had not provided accurate bank account details or had not provided any bank account details, the dividend were paid on 21st December 2022.
- 6.3** A Second Interim Dividend of Rs.28.30 per ordinary share amounting to Rs.2,264,000,000/- for the year ended 31st March 2023 was announced on 19th May 2023. Shareholders of the Company who had provided accurate bank account details were paid on 06th June 2023 and to the Shareholders who had not provided accurate bank account details or had not provided any bank account details, the dividend were paid on 19th June 2023.

# Glossary of Financial terms

## **APPROPRIATIONS**

Apportioning of earnings as dividends, capital and revenue reserves

## **CAPITAL RESERVES**

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

## **CASH EQUIVALENTS**

Liquid investments with original maturities of twelve months or less.

## **CONTINGENT LIABILITIES**

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

## **CURRENT RATIO**

Current assets divided by current liabilities.

## **DEBT**

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

## **DIVIDEND COVER (ORDINARY)**

Post tax profit 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 divided 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.

## **PRICE EARNING RATIO - (P/E)**

Market price of a share divided by earnings per share

## **RELATED PARTIES**

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

## **REVENUE RESERVES**

Reserves considered as being available for future distribution and appropriations.

## **VALUE ADDITION**

The quantum of wealth generated by the activities of the Company

## **WORKING CAPITAL**

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

## **DIVIDEND PAYOUT RATIO**

The percentage of earnings paid to shareholders in dividends.

# Notice of Meeting

**NOTICE IS HEREBY GIVEN** that the 27th Annual General Meeting of **LION BREWERY (CEYLON) PLC** will be held on **Tuesday, 18th July 2023 at 9.00 a.m.** at the Auditorium of The Institute of Chartered Accountants of Sri Lanka (Ground Floor), 30A, Malalasekara Mawatha, Colombo 07, Sri Lanka for the following purposes:

1. To consider the Annual Report of the Board of Directors including the Financial Statements for the financial year ended 31st March 2023 together with the Report of the Auditors thereon.
2. To re-elect Mr. D. A. Cabraal who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.
3. To re-elect Mr. K. Selvanathan who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.
4. To re-appoint Mr. H. Selvanathan as a Director of the Company who is over seventy years of age and to consider and if deemed fit to pass the following resolution;

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

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

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

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

By Order of the Board

(Sgd)

**K. D. De Silva (Mrs)**

Director

**CARSONS MANAGEMENT SERVICES**

**(PRIVATE) LIMITED**

Secretaries

Colombo

20th June 2023

# Notice of Meeting

## Notes:

1. The Annual Report 2022/23 will be made available on the Colombo Stock Exchange website [www.cse.lk](http://www.cse.lk) and on the Group's website [www.carsoncumberbatch.com](http://www.carsoncumberbatch.com).
2. A Shareholder is entitled to appoint a proxy to attend and vote instead of him/herself. A proxy need not be a member of the Company. A Form of Proxy accompanies this Notice.
3. The completed **Form of Proxy** should be submitted to the Company **not later than 4.45 p.m. on 16th July 2023**,
  - via email to [LIONAGM2023@carcumb.com](mailto:LIONAGM2023@carcumb.com), or
  - via WhatsApp or Viber to mobile no. +94 764 765 463 or +94 712 791 246, or
  - by hand or post to the registered office of the Company, No. 61, Janadhipathi Mawatha, Colombo 1.
4. A person representing a Corporation is required to submit a certified copy of the resolution authorising him/her to act as the representative of the Corporation. A representative need not be a member.
5. The transfer books of the Company will remain open.
6. Security Check

We shall be obliged if the shareholders/proxies attending the Annual General Meeting, produce their National Identity Card to the security personnel stationed at the entrance lobby.

# Form of Proxy

\* I/We ..... of .....  
 ..... being \*a Shareholder/Shareholders of **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 (MRS)	Or failing her,
RAJIV HERATH MEEWAKKALA	Or failing him,
SUDARSHAN SELVANATHAN	Or failing him,
STEFANO CLINI	Or failing him,
VIVIAN GUN LING LING (MS)	

as \*my/our proxy to attend at the 27th Annual General Meeting of the Company to be held on **Tuesday, 18th July 2023 at 9.00 a.m.** at the Auditorium of The Institute of Chartered Accountants of Sri Lanka (Ground Floor), 30A, Malalasekara Mawatha, Colombo 07, Sri Lanka and at any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. To re-elect Mr. D. A. Cabraal who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-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"/>
3. To re-appoint Mr. H. Selvanathan who is over seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Mr. D. C. R. Gunawardena who is over seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act, No.07 of 2007 and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this ..... day of .....Two Thousand and Twenty Three.

.....  
 Signature/s

## Notes

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



# Form of Proxy

## INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the form of proxy after filling in legibly your full name and address, 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. Shareholders could also appoint a member of the Board to act as their proxy if they so choose.

3. In terms of Article 54 of the Articles of Association of the Company:

The instrument appointing a proxy shall be in writing and:

- (i) in the case of an individual shall be signed by the appointor or by his attorney; and
- (ii) in the case of a Corporation shall be either under its common seal or signed by its attorney or by an authorised officer on behalf of the Corporation.

The Company may, but shall not be bound to, require evidence of the authority of any such attorney or officer.

AA proxy need not be a shareholder of the Company.

4. In terms of Article 50 of the Articles of Association of the Company:

In the case of joint-holders of a share, the senior who tenders a vote, whether in person or by proxy or by attorney or by representative, shall be accepted to the exclusion of the votes of the other joint-holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.

5. To be valid, the completed **Form of Proxy** should be submitted to the Company **not later than 4.45 p.m. on 16th July 2023**,

- via email to [LIONAGM2023@carcumb.com](mailto:LIONAGM2023@carcumb.com), or
- via WhatsApp or Viber to mobile no. +94 764 765 463 or +94 712 791 246, or
- by hand or post to the registered office of the Company, No. 61, Janadhipathi Mawatha, Colombo 1.

Please fill in the following details:

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

Millers Brewery Limited  
Pearl Springs (Private) Limited  
(Amalgamated with Lion Brewery (Ceylon) PLC  
on 31/01/2023)  
Lion Beer (Ceylon) Pte Ltd, Singapore  
(Incorporated on 13/03/2023)

## PARENT AND CONTROLLING ENTITY

Ceylon Beverage Holdings PLC is the immediate  
Parent Company of Lion Brewery (Ceylon) PLC.  
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. 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 (Director/CEO)  
Mr. S. Selvanathan  
Mr. S. Clini  
Ms. V. Gun L. L.

## BANKERS

Citibank  
Commercial Bank  
Deutsche Bank  
Hatton National Bank  
Nations Trust Bank  
Standard Chartered Bank  
Sampath Bank  
DFCC Bank  
National Development Bank  
Bank of China Ltd

## 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](http://www.carsoncumberbatch.com)

Designed & produced by



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