



LION



# BRAVING THE TERRAIN

LION BREWERY (CEYLON) PLC  
Annual Report 2023/24

# CONTENTS

---

<b>Overview</b> » 1 - 20	History   <b>2</b> Performance Highlights   <b>3</b> Chairman's Message   <b>4</b> Chief Executive's Review   <b>6</b> Brand Portfolio   <b>8</b>
<b>Leadership</b> » 21 - 27	Profiles of Directors   <b>22</b> Executive Committee   <b>24</b> Senior Management Team   <b>26</b>
<b>Reviews</b> » 28 - 35	Environmental Social Governance (ESG) Review   <b>28</b> International Business Review   <b>34</b>
<b>Governance Reports</b> » 36 - 52	Annual Report of the Board of Directors on the Affairs of the Company   <b>36</b> Audit Committee Report   <b>50</b> Related Party Transactions Review Committee Report   <b>52</b>
<b>Financial Information</b> » 53 - 106	Financial Calendar   <b>54</b> Independent Auditor's Report   <b>55</b> Statement of Financial Position   <b>58</b> Statement of Profit or Loss and Other Comprehensive Income   <b>60</b> Statement of Changes in Equity   <b>61</b> Statement of Cash Flows   <b>63</b> Notes to the Financial Statements   <b>64</b> Value Added Statement   <b>100</b> Five-Year Summary   <b>101</b> Statement of Profit or Loss and Other Comprehensive Income (Group) - USD   <b>103</b> Statement of Financial Position (Group) - USD   <b>104</b> Notes to the Financial Statements - USD   <b>105</b> Five-Year Summary - USD   <b>106</b>
<b>Supplementary Information</b> » 107 - 116	Information to Shareholders & Investors   <b>107</b> Glossary of Financial Terms   <b>109</b> Notice of Meeting   <b>110</b> Form of Proxy   <b>115</b> Corporate Information   <b>Inner Back Cover</b>

A large, light gray silhouette of a group of people on a vehicle, possibly a truck or SUV, navigating a rocky, uneven terrain. The vehicle is positioned in the upper half of the page, with several figures standing on it and others on the ground. The background is a plain white color.

## BRAVING THE TERRAIN

At Lion Brewery (Ceylon) PLC, we hold innovation, cooperation and strategy to be the most important tools for success. In the year under review, the Company has boldly ventured through the rocky terrain of Sri Lanka's economic crises and challenges associated with frequent excise tax hikes, and has found success in its business activities and in its goal towards being recognisable and enjoyable by its consumers.

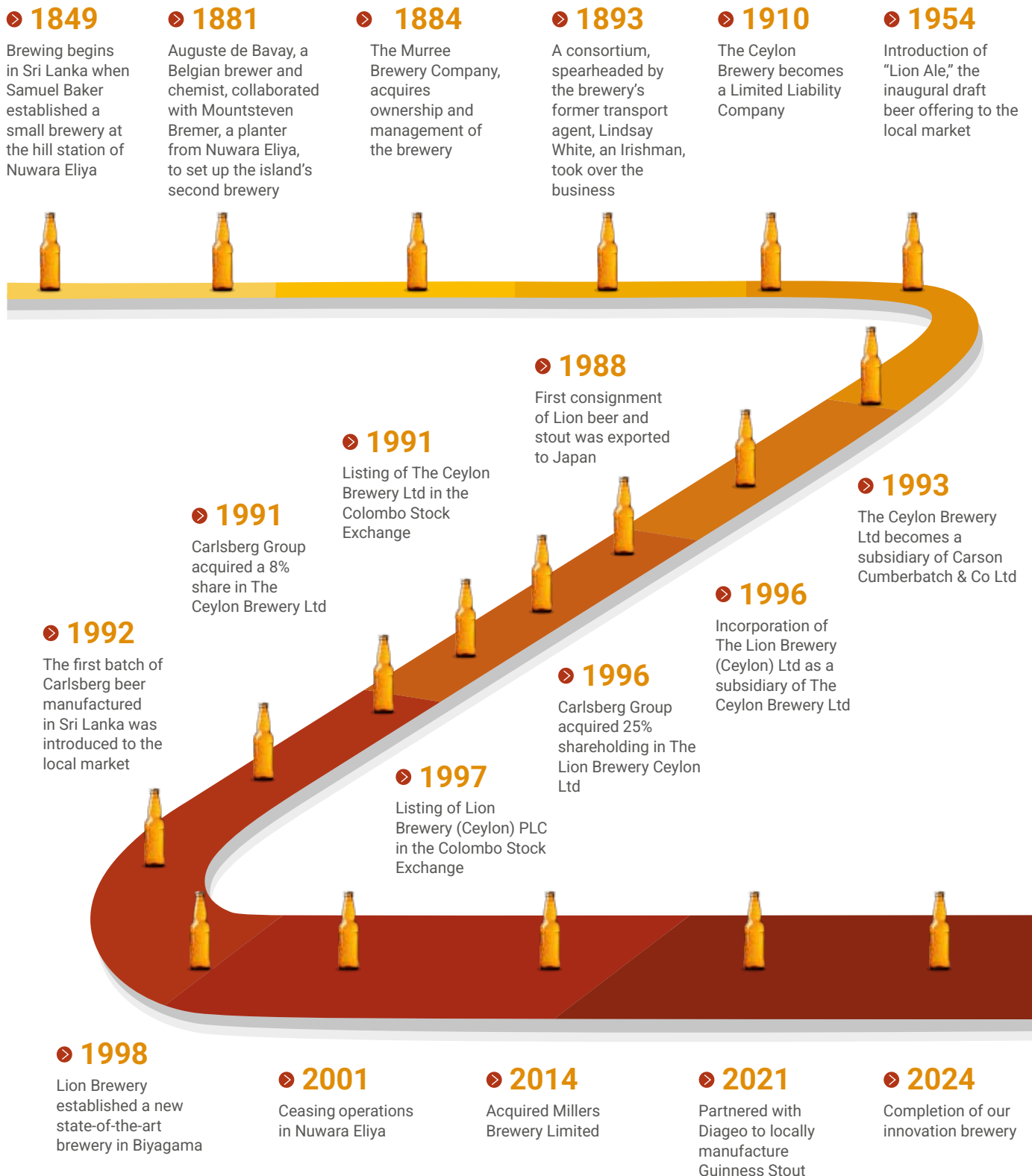
With a brewing heritage spanning more than a century, Lion Brewery (Ceylon) PLC is a testament to sheer willpower, strategic growth and unparalleled mastery. From humble beginnings in the lush landscapes of Nuwara Eliya, we have become revered inventors of taste, purveyors of quality and a staple of Sri Lankan beverages.

With a bold new rebrand that communicates our strength of pride and with exciting expansion of consumer choice, Lion Brewery (Ceylon) PLC has seen steady growth in profits, in collaboration, and in confidence. Armed with the energy of a synergistic workforce, along with the dedication of our partners and the enthusiasm of our consumers, Lion Brewery (Ceylon) PLC has stayed on top of its game – in Sri Lanka and beyond it.



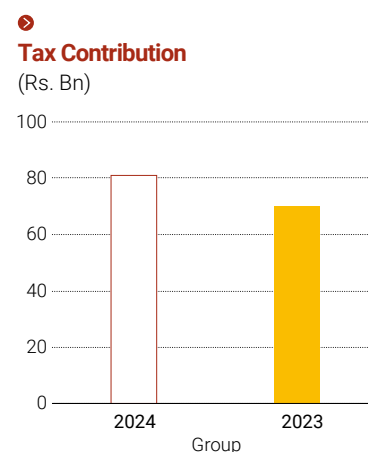
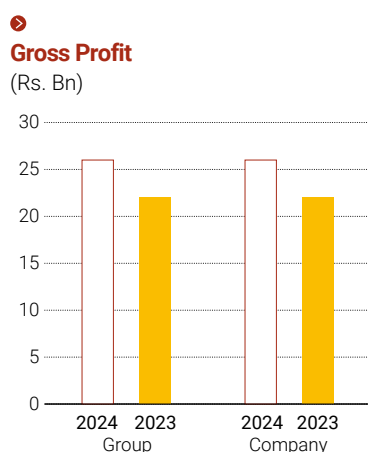
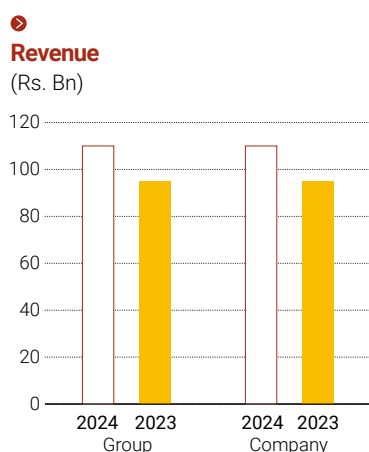
The report can be  
accessed online at  
[www.carsoncumberbatch.com](http://www.carsoncumberbatch.com)

# HISTORY



# PERFORMANCE HIGHLIGHTS

In Rs. '000s	2024	2023	Change %
<b>Revenue</b>	<b>109,755,568</b>	94,969,346	16
Profit from operations	15,367,756	13,070,252	18
Profit before taxation	14,001,948	11,189,253	25
Profit after taxation	8,403,478	6,991,603	20
Shareholders' funds	27,600,168	23,226,761	19
Total assets	55,352,860	47,371,945	17
Earnings per ordinary share (Rs.)	105.04	87.40	20
Net assets per ordinary share (Rs.)	345.00	290.33	19
Market capitalisation	76,260,000	57,180,000	33



Return on shareholders' funds

**39.25 %**



Return on capital employed

**70.65 times**



Dividends paid per ordinary share

**Rs. 43.50**

# CHAIRMAN'S MESSAGE

## Dear Shareholder,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Company for the year ended 31st March 2024. The Chief Executive's review provides a detailed account of the operating environment and the performance of your Company. Therefore, I will confine my remarks to an overview.

Sri Lanka experienced a steady economic recovery this year, marked by positive changes in key indicators. The Gross Domestic Product (GDP) achieved growth in the last two quarters, signalling a gradual turnaround from the economic crisis that began in 2022. The exchange rate remained stable, and the LKR appreciated towards the latter half of the year. With the reduction in aggregate import demand, cost inflation tapered off to low single digits from September 2023. The Average Weighted Prime Lending Rate (AWPLR), which was over 28 percent last year, has now reduced to low double-digit rates. However, the purchasing power of our consumers remains strained due to declining real incomes. The Government's shift to market-driven pricing for utilities has improved the profitability of state-owned entities, though the sustainability of these cost structures in a thriving business environment and a competitive global market remains uncertain.

In the alcobev industry, we faced a significant increase in excise duties due to multiple revisions over the past year. Within 365 days, the industry endured a cumulative 64% increase across three occasions, widening the gap between the legal and illicit alcohol markets, thereby driving growth in the latter. We support the Government's implementation of an inflation-indexed excise mechanism, as recommended by the IMF, to protect Government revenue and provide transparency.

“ **We restructured our International Business strategy to improve its profitability and growth trajectories. We consolidated resources and focused them on key growth markets, allowing us to invest significantly more in these selected markets** ”

This mechanism should align with proven systems in countries such as Canada and Australia. Additionally, the 3% increase in VAT compelled us to pass on these costs to consumers through incremental price adjustments across the portfolio, resulting in a decline in total alcohol beverage volumes for the year.

The pleasing increase in tourism helped enhance the Company volumes this year. Sri Lanka welcomed 1.48 million tourists, compared to 0.71 million the previous year, reflecting an impressive growth of 106%. This notable increase, particularly in the latter part of the financial year, boosted the volume of certain brands in our portfolio. The continued growth in tourism will be a bright spot for the business.

During the year under review, we restructured our International Business strategy to improve its profitability and growth trajectories. We consolidated resources and focused them on key growth markets, allowing us to invest significantly more in these selected markets. Consequently, we exited almost 20 markets. Despite these exits, our International Business grew by 20% during the year.

The margin environment remains challenging due to constant excise duty increases and significant inflation in the cost of goods. Currency devaluation and underlying inflation in our primary input commodities have created substantial margin headwinds for the business.

Despite these challenges, the Company achieved a profit after tax of Rs 8.4 billion on a turnover of Rs 109 billion. We paid a total of Rs 80.8 billion in taxes to the Government. An interim dividend of Rs 31.00 per share was paid to shareholders in December 2023, and a second interim dividend of Rs 12.50 per share was declared in May 2024, bringing the total dividend for this financial year to Rs 43.50 per share.

On 31st of December Ranil Goonetilleke, our long-standing CFO, retired from the Company after 25 exceptional years with the business. A key leader who helped shape the Company's contemporary history, Ranil provided leadership not just in finance but across the business and his guidance was ever present during the many crises the Company faced. Ranil continues to serve the board in a non-executive capacity, and we will benefit from his counsel.



Jehan Goonaratne, previously the Deputy CFO, succeeded Ranil as CFO. Jehan, 36, has been with the Company for nine years and has a deep understanding of the business. He will play a key role as we capitalise on future business opportunities.

I extend my heartfelt gratitude to the entire Lion Team for their unwavering commitment and exceptional service to customers throughout the year. I also thank our business partners, Carlsberg, our bankers, consignment agents, and suppliers for their unstinted support and assistance.

On behalf of the Board, I am pleased to welcome Ajay Baliga, who was appointed as an Independent Non-Executive Director on 2nd February 2024. The Board looks forward to benefiting from Ajay's extensive alcohol industry experience in developing and strengthening our business strategies.

In conclusion, I express my sincere gratitude to the Audit Committee, Remuneration Committee, Related Party Committee, and Nominations Committee, along with my esteemed colleagues on

the Board, for their invaluable advice and guidance. I eagerly anticipate our continued collaboration to uphold Lion Brewery's success.

Sincerely,

*(Sgd.)*

**D. A. Cabraal**

Chairman of the Board of Directors

Colombo  
10th June 2024

# CHIEF EXECUTIVE'S REVIEW

The operating environment of 23/24 was extremely challenging from a macro environmental perspective which has been detailed out in the Chairman's review. I will pick up some points which I would like to elaborate, but will mainly focus on our long-term growth trajectory with a snapshot of our operations during the year.

Taxes account for 69% of the consumer price. During the year under review there were multiple excise increases which were passed on to the consumer through price increases which impacted the affordability of the category vs the illicit sector. In the next couple of years, it is important to take into account that real incomes will grow, but at a slow pace and if pricing increases above inflation it will result in a long-term decline of this sector. It has been stated that future excise increases will be aligned to inflation which we as a Company support wholeheartedly, but the mechanism must be transparent, with increases equal to inflation. Countries such as Australia, Canada and others have implemented such schemes and GoSL should look to mirror these proven schemes.

The Government Policy on access liberalization was well thought through and has to be commended. This is in a context of there being only one off-premise licensed outlet every 45 sqkm on average, while in the Northern district this stands at one outlet per 167 sqkm. Clearly, this opens the door for informal activity as these distances are simply beyond reasonable. It is another lever which the Government should use to curb illicit by increasing access to legal products. The issuance of licenses in areas where poor licensed outlet penetration is prevalent has resulted in a positive direction. We hope these steps will continue, which will pave the way for a more consistent policy in respect of the alcoholic beverage category.

In the year under review the Executive Committee and the Senior Management Team spent time to envision your

“ **In the next five-year period cost optimisation and cash release will be a critical area. Future profitability will have to be balanced with cost as it will not be possible to put all the weight on to pricing without impacting consumer affordability** ”

Company's future growth trajectory and levers. The future goal of the business would be to grow both volume and value which will be a balancing act as straying to one extreme will compromise the other. To deliver on this objective the KEY LEVERS which were identified

- 1) Building a segmented and differentiated brand portfolio to drive premiumization in beer
- 2) Drive International Business
- 3) Explore adjacent categories for growth
- 4) Cost and cash optimisation

were seen as the focus areas around which our organisation strategies would be woven, and a brief summary of these variables are given next.

Bringing excitement and energy to the category by expanding consumer choice is the key deliverable of our ambition in building a consumer segmented and differentiated brand portfolio. In the last two years your Company has launched Carlsberg Smooth Draught, Guinness, Lion Ice and two variants of Somersby into the market. This has brought about new consumption occasions to the consumer. New styles of beer and flavours will continue to be introduced to drive premiumization and create consumer experience. The commencement of the construction of

the innovation brewery during 23/24 will be completed this year and will give added impetus to this task.

As our portfolio expands, building a flexible and agile supply chain to meet the challenges will be a critical part of the alignment of the total organisation around consumer choice. In 23/24 the Lion master brand strategy revamp was completed, which will set our iconic brand into good stead for future growth. In order to ensure consumer affordability, a key concern during the year, we launched the 500ml returnable glass bottle for both Lion Strong and Carlsberg Special Brew at a 15% -20% lower price to the 625ml bottle and 500ml can SKUs. This clearly demonstrates the Company's focus on both volume and value. Our volumes for the year declined, but the above initiatives have mitigated a steeper decline.

Our international business continued its double-digit growth (20%) with strong performance in all key markets. Our strategy shift from a broad spectrum to a few key focus markets was a big step taken during the year. With this move we have exited a large number of markets, thereby enabling us to channel resources into the three focused geographies of Africa, Middle East and South Asia. At an overall level we will be more proactive in obtaining consumer insights, fashioning portfolios based on deep market



understanding, working with strong partners with market knowledge in our way forward in respect of International Business. This area is covered in-depth in a separate section.

In the next five-year period cost optimisation and cash release will be a critical area. Future profitability will have to be balanced with cost as it will not be possible to put all the weight on to pricing without impacting consumer affordability. Our premiumization strategy will support mix but managing cost of sales and overheads will be an important aspect going into the next five years. Already the procurement team under supply chain has started looking at the area of directs, which constitute mainly cost of sales and our aggressively identifying opportunities to bring down the cost per dozen by bringing in new suppliers, better category buying, localization of imported materials and so on. Indirect materials are also being scrutinised to look at opportunities for cost optimisation. All cost related projects carry a principle that we will not embark on reduction if it compromises consumer quality and long-term health of Lion. Technology infusion is being considered proactively as a key enabler to manage the growth of our future overhead costs. All in all every element will be looked at to take non-value added cost out of the business. In 23/24 the teams delivered Rs 875 Mn on cost savings covering both cost of sales and overheads which is a remarkable achievement.

Optimisation of working capital to release cash is also a focus, but all risks will be considered when decisions are made in this regard due to the prevailing uncertainty.

The areas discussed above will rest on a set of key enablers outlined in our five-year long-term plan which are People and Talent, Sustainability, Digital Lion and Corporate Reputation.

As a business we will continue to set up benchmark HR practices, creating a Great

Place to Work and investing in our people as agreed in our long-term corporate direction. People and Talent will be a big challenge in the coming years due to migration. Our rewards and recognition and workplace transformation will be keeping this in mind. As our organisation commences implementing our long-term plan, building new capabilities will also take centre stage and necessary interventions will be made to ensure alignment.

The organisation has given due emphasis to sustainability by elevating this all-pervasive business area to an Executive Committee role which gives added impetus to drive these initiatives across all areas of the business. We have identified all focus areas based on materiality and have developed detailed action plans in this regard. A Sustainability Steering Committee reviews all initiatives on a quarterly basis in line with good governance practices and keeps the board updated. This strategy is also inter-connected to our corporate reputation and Employer branding.

A detailed review of 23/24 initiatives in People, Talent & Sustainability have been covered as it is detailed out in separate sections in the annual report.

Finally, on Digital Lion we have identified process automation, smart factory, Marktech, data analytics, cyber security and infrastructure as areas we will drive within a five-year horizon. During the year under review further strengthening of our ERP platform can be seen by SAP utilisation standing at 75%. There is further work which must be done, but we are taking the right steps forward in this regard. The Production System revamp was a major project undertaken during the year which successfully integrated Brewhouse data with SAP information feeds. This integration now provides us with dynamic visibility into our production processes.

I hope the above sections give you an idea about our long-term strategy and its integration into our operations. This is a divergence from just a review of 23/24, but I thought it is important that our valued shareholders have a glimpse of our future trajectory.

Our financial performance has been reasonable, with Group revenue standing at 109.7 Bn. During the year, Fitch Ratings affirmed the Company's National Long Term Rating at 'AAA(Ika)'. The Company paid Rs 80.8 Bn in taxes for the year 23/24. Over the past six years, the cumulative tax contribution totals Rs 304.9 Bn.

Ranil Goonetilleke, our longstanding CFO retired from Lion during the year, many lost a good friend and a loyal colleague. His contribution to Lion over a long tenure will not be forgotten, and he also goes into the hall of fame, like Suresh Shah who retired earlier.

I wish to thank the whole Lion team for the delivery of these outstanding results which would have not been possible if not for the team's commitment and hard work. Our valued business partners and their employees cannot be forgotten as they hold our frontlines. Finally, the support from the Chairman and the Board of Directors has been a great source of strength for the team during this challenging period.

Sincerely,

*(Sgd.)*

**R. H. Meewakkala**

Director/Chief Executive Officer

Colombo

10th June 2024

# BRAND PORTFOLIO

## LION Portfolio



### Lion Ice

- Lion Ice is cold-filtered with well-balanced malt and hop flavours that develop into a crisp dry refreshing finish. Super smooth on the palate and supremely sessionable, you can sip this fit-for-every-occasion light beer any time, any day! Best served cold at low temperatures.



### Lion Lager

- Born of our limitless thirst for adventure, Lion Lager's original recipe is brewed with the spirit of the present using the techniques and innovations of the future. Pouring bright and clear golden yellow in colour with a white frothy head, its slightly sweet notes complement a light malt profile. Deliciously thirst-quenching with a crisp, refreshing finish, Lion Lager keeps the good feelings flowing long after the climb is done. Best served cold at low temperatures.



### Lion Stout

- Asia's Most Awarded Stout and widely acclaimed to be among the best beers available. Lion Stout is the only Asian beer to be endorsed by legendary Beer Hunter Michael Jackson, the world's foremost beer critic, and the only stout from Asia to be included in Roger Protz's best-selling book 300 Beers to Try Before You Die. Dark in colour with a pronounced roasted flavour, Lion Stout is layered with notes of dark chocolate, coffee, toffee and toasted malt. Best served cold at low temperatures. Check our 99/100 score on RateBeer.



### Lion Strong

- Lion Strong Beer is a hard hitter! This robust and strong beer pours bright amber with a fine off-white head, offering a nose full of fruity malt that strikes the senses. Slick-bodied and moderately carbonated, Lion Strong leaves you on a bold, malty and respectably alcoholic note. Best served cold at low temperatures.



### GB Export

- GB Export pours deep copper in colour with a subtle spirit nose and a well-balanced malty-hop caramelised taste that is slightly sweet and less bitter. Moderately carbonated, the head dissipates quickly for the beer to go down easy. Best served cold at low temperatures.



### Ryder's Wild Apple

- Ryder's Wild Apple is a bold and refreshing beer that delivers a distinct flavour hit. Brewed with real apple juice, it delivers a crispy smooth sweetness balanced with a delightful dryness and bitterness. Best served cold at low temperatures.



### Ryder's Ginger Blast

- Ryder's Ginger Blast is a bold and refreshing beer that delivers a distinct flavour hit. Brewed with only the freshest Sri Lankan ginger, it packs a bite with just enough sweetness and tartness to balance the spice. Best served cold at low temperatures.

# BRAND PORTFOLIO

## International Brands



### Carlsberg International Premium Pilsner

- Probably the best beer in the world, Carlsberg is completely rebrewed with original Carlsberg yeast, offering a distinctively hoppy aroma and a crisp full flavour. The “Fresh Cap” scavenger removes oxygen from the headspace in the bottle and ensures beer that tastes fresh for longer. Best served cold at low temperatures.



### Carlsberg Smooth Draught

- Carlsberg Smooth Draught is the first freshly tapped beer available in packaged format. Brewed using original Carlsberg yeast, double hopping and a longer maturation process, the finer foam and bubbles deliver its signature smooth finish. The “Fresh Cap” oxygen scavenger revolutionises the easy-drinking refreshment of a great draught beer – anywhere, anytime. Best served cold at low temperatures.



### Carlsberg Premium Special Brew

- Carlsberg Premium Special Brew is the No 1 premium beer in the high alcohol category. A strong, dark malty lager, Special Brew is full-bodied and fruity tasting, with cognac notes and a distinct bitterness. Its unique taste and high alcohol content are enjoyed by those who seek a fun but serious drink. Best served cold at low temperatures.



### Guinness Foreign Extra Stout

- Guinness Foreign Extra Stout is a full-flavoured beer, born of a thirst for adventure. In the 1800s, Guinness struck out into uncharted territories, braving the perils of sea travel to export this distinctive beer across the globe. Brewed to travel the world, with more hops and roasted barley for a bold, bittersweet balance and full-flavoured, natural bite. This is Guinness with adventure in its soul. Best served cold at low temperatures.

“ Our global portfolio of local brands and brews keeps pace with the latest trends, tastes, and repertoire. Together with our partners Carlsberg and Diageo, we’re innovating and premiumizing to provide the next, best experience for consumers who want greater novelty from their familiar favourites. Our eyes are on the future of beer and beyond. ”

# BRAND PORTFOLIO

## International Brands



### Somersby Apple

- ◆ Somersby Apple Premium Beer is bursting with refreshing optimism. Perfect for sharing in the company of good friends, family, and odd acquaintances. Pleasantly sparkling sweetness with a fruity and sour balance, made for the kind of carefree enjoyment when a traditional beer just won't cut it. For best taste, serve over ice.



### Somersby Blackberry

- ◆ Somersby Blackberry Premium Beer is characterised by a mild crisp taste and rich aroma of blackberry. Pleasantly sparkling smooth and perfect for those who love a little extra fruity character without the sweetness taking over. For best taste, serve over ice.

# LION

## LOCAL PRIDE

Our local brands are irreplaceable heroes,  
rich in heritage and history...



330ml

325ml

LION ICE

# LOCAL PRIDE

They are at the centre of highly emotional moments in our consumers' lives...



LION LAGER

330ml

500ml

325ml

625ml



# LION



LION STOUT

625ml

325ml

500ml

330ml

# LOCAL PRIDE

Marking the importance of time spent together...



330ml

500ml

625ml

500ml

325ml

LION STRONG

# LION



625ml

GB EXPORT

500ml

RYDER'S  
WILD APPLE

500ml

RYDER'S  
GINGER BLAST

# INTERNATIONAL BRANDS

Our global brands inspire new expectations and experiences...



625ml

330ml

500ml

330ml

625ml

330ml

500ml

CARLSBERG INTERNATIONAL PREMIUM PILSNER

CARLSBERG SMOOTH DRAUGHT



625ml

500ml

500ml

625ml

325ml

500ml

CARLSBERG PREMIUM SPECIAL BREW

GUINNESS FOREIGN EXTRA STOUT

## INTERNATIONAL BRANDS

Enriching the lives of younger consumers and connecting them with the people and moments most important to them.



330ml

500ml

330ml

500ml

SOMERSBY BLACKBERRY

SOMERSBY APPLE

# Leadership

Profiles of Directors | **22**

Executive Committee | **24**

Senior Management Team | **26**



# PROFILE OF DIRECTORS

## ▶ **AMAL CABRAAL**

Chairman

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

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

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

## ▶ **HARI SELVANATHAN**

Deputy Chairman

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

He is the President Commissioner of the palm oil related companies in Indonesia, Director of Sri Krishna Corporation (Private) Limited.

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 Honolulu, MSc in International Marketing from the University of Strathclyde (Glasgow) and a Post Graduate Diploma in Marketing from the Chartered Institute of Marketing (UK).

## ▶ **CHANDIMA GUNAWARDENA** Non-Executive Director

Chandima Gunawardena currently serves as a Non-Executive Director of the Company, having joined the Board in 1996. During his tenure at Carson's group,

he has served on the Boards of most of its subsidiaries in Sri Lanka and overseas and continues to serve on some of the subsidiary boards as of date.

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

## ▶ **RANIL GOONETILLEKE** Non-Executive Director

A Fellow of the Chartered Institute of Management Accountants, 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 in 2005 was appointed Finance Director which post he held until his retirement in December 2023. He is currently the Chairman of the Exporters Association of Sri Lanka of the Ceylon Chamber of Commerce. He also serves as a Board Member of the National Council for Child and Youth Welfare.

## ▶ **KRISHNA SELVANATHAN** Non-Executive Director

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.

He holds a BA Degree in Accounting & Finance and Business Administration from the University of Kent, U.K.



➤  
**MRS. SUSAN EVANS**  
Non-Executive/Independent Director

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. 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**  
Non-Executive Director

Joined Carson Cumberbatch in 2019, focusing on the Group's beverage business. Prior to this, he was involved in various roles in the asset management industry from 2000 to 2019. He received a bachelor's degree from the University of Warwick.

➤  
**STEFANO CLINI**  
Non-Executive Director

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**  
Non-Executive Director

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.

➤  
**AJAY BALIGA**  
Non-Executive/Independent Director

Ajay B Baliga has over 40 years of experience in the Alcobev space in various roles with different companies, starting from factory management and production control to end-to-end global supply solutions.

A Chemical Engineer by qualification, he was an Executive Director for Allied Blenders and Distillers Private Ltd., a manufacturer & marketer of spirits brands based in Mumbai, India, till Jan 2020. Before this, he served as the Global Supply Director - Mainstream Spirits for Diageo, the global leader in beverage alcohol. He has in the past worked for United Spirits Limited (USL) and

Shaw Wallace & Company Ltd., both in executive and senior management roles. He served on the Executive Committee of United Spirits Ltd., India's largest alcobev manufacturer, and a Diageo Group Company, and thereafter on the Global Supply Executive Committee of Diageo PLC.

His areas of expertise lie in Corporate & Business Strategy, Governance, General Management, Projects & Acquisitions, Procurement & Sourcing, Supply & Planning, Regulatory & Compliance, Innovation & Product Development, Technical & Operations Excellence within the Indian and global space. His long years of association with the Indian alcobev space lends to his extensive knowledge, interest & insights on trends, consumer behaviour, market dynamics & regulatory framework for market penetration & development.

Presently, he also serves as a Director on the Board of the following publicly listed companies and a few Committees of the Board:

- EID Parry (India) Ltd., India: Non-Executive Independent Director
- Ramco Industries Ltd., India: Non-Executive Independent Director
- Globus Spirits Ltd., India: Non-Executive Director
- The Ramco Cements Ltd., India: Non-Executive Independent Director
- Lion Brewery (Ceylon) PLC, Sri Lanka: Non-Executive Independent Director

And on the Board of a wholly owned Indian subsidiary of a USA-based company:

- Next Century Spirits India Private Ltd.: Non-Executive Director

# EXECUTIVE COMMITTEE



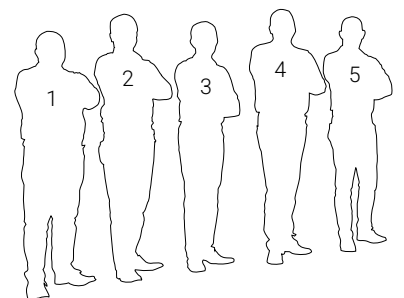
➤ 1  
**CHANNA SENARATNE**  
Chief External Affairs Officer

➤ 4  
**MADUSHANKA  
RANATUNGA**  
Chief Sales & Marketing Officer

➤ 2  
**JEHAN GOONARATNE**  
Chief Financial Officer

➤ 5  
**SAMPATH PERUMBULI**  
Chief Information Officer

➤ 3  
**NISHANTHA  
HULANGAMUWA**  
Chief International Business Officer





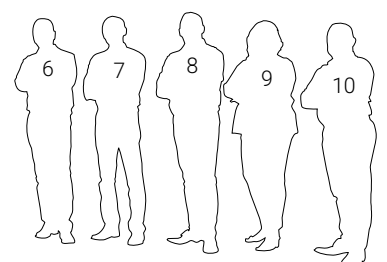
➤ 6  
**ESHANTHA SALGADO**  
Chief Sustainability Officer

➤ 9  
**RUWANDHI  
THANTHRIGE**  
Senior Vice President - Legal

➤ 7  
**RAJIV MEEWAKKALA**  
Chief Executive Officer

➤ 10  
**THUSITH  
GUNAWARNASURIYA**  
Chief Supply Chain Officer

➤ 8  
**NIRANJAN PERERA**  
Chief People Officer



# SENIOR MANAGEMENT TEAM



➤ 1  
**CHATHURA  
AMARAPRIYA**  
Senior Vice President -  
Brewing and Planning

➤ 4  
**ANURUDDHA  
JAYATHILAKE**  
Senior Vice President -  
Packaging

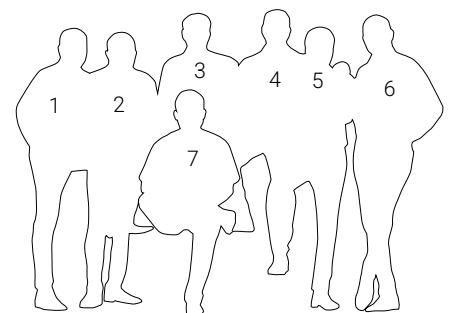
➤ 7  
**SHIRAN JANSZ**  
Senior Vice President -  
Strategic Procurement Initiatives

➤ 2  
**CHATHURA  
KARUNARATHNE**  
Senior Vice President -  
Procurement & Sourcing

➤ 5  
**WIDHURA NUWAN**  
Senior Vice President -  
Engineering

➤ 3  
**ARNO MATTHEE**  
Senior Vice President -  
Brew Master

➤ 6  
**CHANDANA DE SILVA**  
Senior Vice President -  
Quality Assurance





➤ 8  
**GAYAN DODANWALA**  
 Acting Senior Vice President -  
 Sales & Trade Marketing

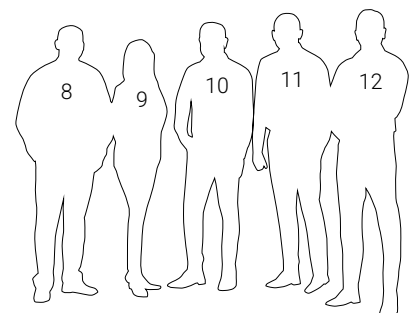
➤ 9  
**DANUSHKA SILVA**  
 Senior Vice President -  
 Marketing, Regular Category

➤ 10  
**KAVEEN GAYATHMA**  
 Senior Vice President -  
 Outbound Logistics

➤ 11  
**SUNETH WARNAKULA**  
 Senior Vice President -  
 ERP Systems

➤ 12  
**SHAMINDA SAMARAWEERA**  
 Deputy Chief Financial Officer

➤  
**SANDEEP MALLYA**  
 Senior Vice President - Marketing,  
 Premium Category (absent)



# ENVIRONMENTAL SOCIAL GOVERNANCE (ESG) REVIEW

Lion Brewery (Ceylon) PLC continues its sustainability journey within an ESG framework. ESG parameters are built into our day-to-day processes and is deemed a key enabler in our 2030 Long term plan. An ESG Committee chaired by the CEO, comprising Board representation, as well as the Management of Lion oversees this aspect, while the function is managed by the Senior Vice President Sustainability reporting directly to the CEO. The following report is representative of the Financial Year 2023/24

## Environmental

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

In the backdrop of a contraction in the packaged volume (resulting from a downturn in sales), as well as an increase in the percentage of bottle SKUs, all key indices were able to hold or improve, be it marginally.

The electricity consumption index maintained an 18% improvement from 2017/18 as a baseline year, while there was an improvement of 5% on furnace fuel consumption over the previous year, which corresponds to a 29% improvement on the baseline year's consumption. There was also a marginal improvement in water utilisation by 1% over the previous financial year, which in turn corresponds to a 33% improvement over the base line year.

The utility audit carried out in the previous period by Krones, utilising the "Brewnomic" methodology, identified several improvement opportunities, which were worked on during the year, with some degree of implementation towards the final quarter. These were featured in the Krones magazine of November 2023. The full benefit of these improvements will be seen in the year ahead.

With fermentation generating Carbon Dioxide in surplus of internal demand, we were able to provide the local market with 1772MT of CO<sub>2</sub>, which otherwise would have to be fulfilled by the direct burning of fossil fuel.

## Sustainable Packaging

Returnable bottles accounted for 92% of bottle volume, while returnable plastic crate reutilisation was at 96%. Both bottles and plastic crates carry recycled material, with the current year's purchases having 32% and 56% recycled material respectively.

## Management of By-products and Waste Material

22,869 MT of material was converted through reuse, recycling and upcycling. Towards further value addition, we have partnered with the Western Province Waste Management Authority, Sri Lanka Institute of Biotechnology, Sri Lanka Institute of Nanotechnology and other private sector entities on several development initiatives.

We continued to support the Melting Point brand in upcycling Aluminum and focusing attention on this aspect, as a means of driving proper segregation and value addition. To this end, the 2023 edition of the Lanka Premier League cricket trophy and the player awards were all crafted using damaged aluminum cans.

## Social

### Human Capital Management

The focus and investment on Human Capital Management has been a key agenda of the organisation. Efforts continued on key people strategic pillars, to ensure we remain on course with our Human Capital Transformation agenda.

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

## Lion Performance Philosophy & Talent Management

A review of the current performance management and the design of the new philosophy took place in line with our future organisational objectives. The philosophy on performance management and talent management was created with the Lion Senior Management Team and a global people consulting firm.

The Process included redefining.

- ◆ Goal Setting Process
- ◆ Manager Capability
- ◆ Performance Management Process
- ◆ Assessment for Top Leaders and Middle Management
- ◆ Talent Review Process
- ◆ Outcome Linkage of PMS Process
- ◆ Defining the Lion Behavioural Competency Framework
- ◆ Setting up the Talent Council

**Transforming Digital HR Practice**

Aligning with the organisational agenda on digital transformation, the Company initiated the implementation of SuccessFactors, a Human Resources Information System to digitalize all HR processes in the organisation. Stage 1 included implementing Employee Central, Performance Management, Career and Succession Planning, and People Analytics. This implementation is targeted at enhancing user experience, while improving existing processes in line with global best practices.

**“Tharanaya” Management Trainee Programme**

As part of the Talent Pipeline Development, the Company initiated its Structured Management Trainee programme to build a future talent pipeline. Keeping in line with the Company’s Employer brand proposition, a Brand asset was created and named “Tharanaya”, an “Adventurous Journey”.

The Management Trainee programme is a comprehensive structured 18-month programme where the selected candidates will go through an on-the-job training. The programme also entails a development focus post the training period to fast-track the potential candidates.

**Career Mobility**

During the year we had 57 people receiving career progression, with 15 people filling internal vacancies, 21 Job engagements and 21 progressions in the same grade. We also had 5 parallel movements and 1 overseas placement.

**Training & Development**

Company’s Focus on investing in training, development and exposure, continued through training & development need identification.

A total of 15,635 manhours were delivered during the year in the below categories, which is 46.39 manhours of training per head.

Behavioural	1,318 Hours
Technical	6,729 Hours
Health & Safety	796 Hours
Compliance	1,165 Hours
Familiarisation	2,424 Hours
Awareness	3,203 Hours

**Executive Development Programme - Nurturing Future Leaders**

A comprehensive Learning Intervention was launched for identified Executives, to groom them for the future. This is part of the company’s talent pipeline

development strategy and the programme was developed and facilitated by the Post Graduate Institute of Management (PIM). The modular programme consists of 12 Modules, including 2 specific modules on the industry the company operates in.

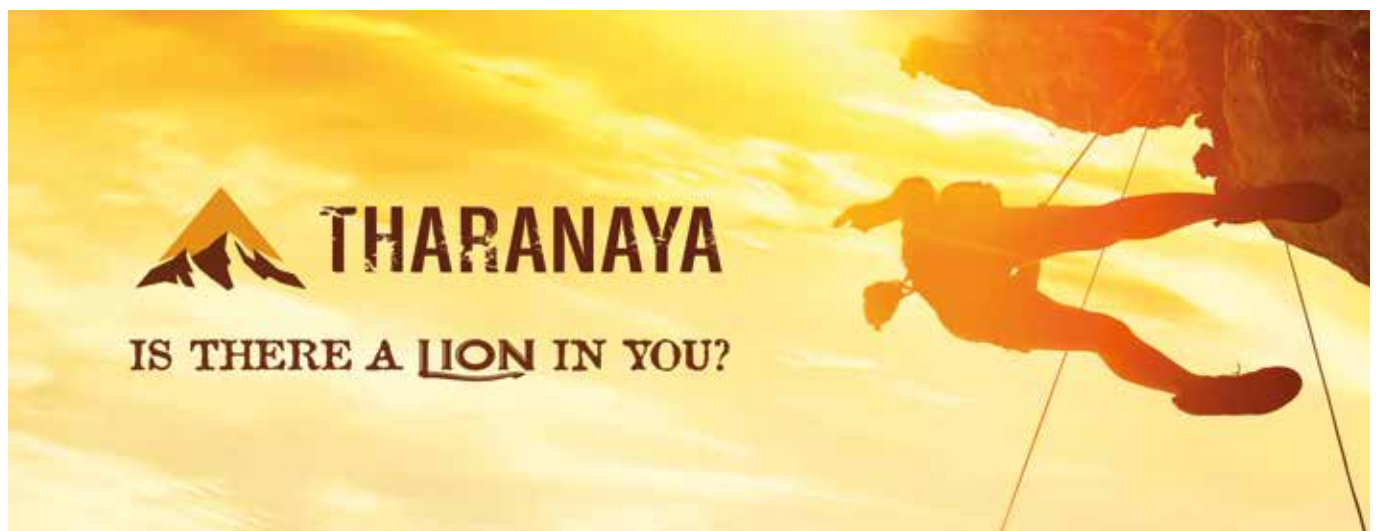
**Employee Wellness**

With a Vision of building the Healthiest workforce in Sri Lanka by 2025, the “Lion We Care” employee wellness programme, was launched during the previous year and continued with greater participation in wellness activities during the year.

Our free annual medical screening continued with the participation of 314 personnel which accounted for 93% of the total permanent cadre. There were also several programmes and activities which were also carried out towards creating awareness on employee wellness. These included

- Mental health programmes
- Physical activities through virtual step challenges with 8.4 Mn steps recorded
- Supportive participation at the Colombo Sugar Run

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



# ENVIRONMENTAL SOCIAL GOVERNANCE (ESG) REVIEW

## Employee Engagement: Forums

In keeping with the ETI Code and Company policy, employees are encouraged to be part of the decision making process, regarding organisational development and employee welfare. This takes place through formal and informal forums such as

- 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 what's happening in the organisation.
- CEO Connect - A forum where the CEO meets with selected cross functional levels of people on a focused group discussion, to understand the pulse of people.
- Lion Employee Welfare Committee - Provides an opportunity for people to express their concerns and suggestions 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.
- Launch of the "Athwela" Scholarship programme, supporting the education of Children of our employees.

## 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 Women's day, Mother's Day, Father's Day, Valentine's Day, etc.

- Activities also included celebrating all religious events in the organisation.
- Event for service provider personnel

## Occupational Health and Safety

Occupational health and safety remains a key materiality for the organisation in the context of our duty of care for our staff, as well as external service provider personnel deploying to our site.

The focus has remained on training and awareness with 2596 hours of training delivered of which 69% was for external personnel. Our objective being not only to prevent accidents but also to inculcate a culture, where the safety lens is used across functions. Our employee participation and engagement platforms saw 1075 safety improvements as part of our continuous improvement journey. The year was marked with "0" LTIs and also surpassing 1000 days since the last LTI. Lion was also recognised at the National Occupational Safety & Health Excellence Awards as the Silver award winner in the local category.

Lion was also able to partner with other entities towards strengthening safety. We were able to support the Work Place Health and Safety Association by hosting one of their round table discussions and also to share our experience of flood recovery and mitigation, to an industrial forum facilitated by Asia Pacific Alliance for Disaster Management (APAD). Our personnel were once more also able to benefit from the swift water rescue training provided by APAD. Our trained personnel, were then able to support the disaster management efforts in Matara later on in the year.

## 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, 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. In all, there was a significant improvement in the key metrics over the 1-year and 2-year horizons.

## Community and Economic Development

We have partnered with organisations involved in conservation efforts. We continued our support to "Wana Arana" which runs a beach clean up project from Mount Lavinia to Welawatta, as well as Clean Ocean Force which supports families doing beach clean ups in the Negombo area. We were also able to partner with the Negombo Hoteliers Association in carrying out a beach clean up project in the area.

Towards continued support towards community based waste segregation, we have been able to further provide bins using waste material generated in our manufacturing process. Twelve such units have been provided during this period, which has also been accompanied by localised planting campaigns. We also partnered with the Machang Restaurant Pub Chain in a tree planting campaign to commemorate World Environment Day, as a first step in involving trade partners in conservation activities.



We have continued to provide technical knowledge transfer to those engaged in professional and higher education by means of field visits to the Brewery. We have facilitated 32 visits covering 1161 personnel and delivering 3951h of training. We have also been able to facilitate 22 internships and 24 industrial training opportunities, towards practical skill enhancement of the emerging workforce.

### **Product Quality Safety and Transparency**

Towards ensuring product quality and safety, stringent controls remain in place. Our first time right quality index achieved 99.45%, while customer complaints was at 3.53 defects per million opportunities. Accuracy of testing was validated through the Brewing Analyte Proficiency Scheme (BAPS), while product tasting, which is an inherent part of the quality control process, has tasters validated through an industry benchmark scheme. 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 drive quality assurance by working with vendors who are third party validated for food safety or quality with over 90% of material items provided by such vendors. Our teams also ensure vendor audits are carried out from a compliance perspective, as well as towards sharing of best practice.

### **Responsible Consumption**

As a responsible Alcobev entity, Lion Brewery (Ceylon) PLC remains committed towards the WHO principle of reduction in the harmful use of alcohol. As part of this commitment we initiated don't drink and drive communications in the Machang chain as well as events through partnerships with ride sharing providers.

We have also started introducing responsible consumption messaging on point of sale materials depicting pack

shots. We continue to carry relevant signage across our portfolio. Currently, 47% of all local SKUs (excluding draught beer) carry 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.

### **Governance Compliant business conduct and ethical behaviour**

#### **Training**

All employees at the time of onboarding go through an induction programme. This covers the Code of Conduct, aspects of Social Compliance such as the Ethical Trading Initiative, operational processes and legal compliance including sector specific compliances such as NATA. We have also focused on strengthening our ESG knowledge base with 93.3% personnel now trained of the concept of ESG. We have also enhanced knowledge of anti bribery and anti corruption through focused legal trainings covering 90% of all staff, given the revision of the relevant acts.

### **System improvement, validation and reporting**

We have continued to operate within global standards such as 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 carried out stage one audits for ISO 50001 for our energy management system and will be looking for certification in due course.

Lion completed a periodic SEDEX Audit against SMETA 6.0 Best Practice Guidance structure and we have now completed two annual cycles of this social compliance framework.

The Company risk register was reviewed by the audit committee and presented to the board at the annual and quarterly plan presentations, while Internal audits from group auditors and financial audits from KPMG continued in the period of review.



# ENVIRONMENTAL SOCIAL GOVERNANCE (ESG) REVIEW

## **Diversity and Equality**

We continue to focus on the fundamental drivers of diversity. We have been able to increase our female employee ratio from 13% to 16% during the year.

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

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

This year too saw the service provider safety summit taking place where Management personnel of these entities were given a further understanding of social compliance such as the ETI Codes and the proposed safety improvement plans of the organisation. The opportunity was also taken to recognise safety performance levels through a competitive awards scheme, the highlight being that all the awards were crafted from upcycled Aluminum cans, which brings into context our commitments to the environment as well.

## **Data Security and Privacy**

Information system governance was further enhanced by strengthening the data protection mechanism such as data classification and mobile device management policies.

Migration to the Information Security Management System based on ISO/IEC 27001:2022 is in progress and had an Azure Identity Secure Score improvement from 77 % to 84.5% for the period of review.

## **Taxation and economic development**

We believe that tax compliance is not merely a statutory duty but also a testament to our commitment as a conscientious corporate citizen. With this ethos, we continue to contribute significantly to the national fiscal balance, with direct tax payments amounting to Rs.80.8 billion for the year in review. This amounts to a cumulative contribution of Rs. 304.9 billion over a span of six years. There were two upward tax revisions during the year, as well as an increase in VAT from 15% to 18%, all of which have put pressure on the legal alcobev sector.

We continue to uphold a policy of transparency and integrity in our dealings with the appropriate regulatory and tax institutions, ensuring compliance with regulatory requirements.

In conclusion, we remain confident that through due process and focused commitment we will meet our long-term sustainability goals, be it in a volatile and challenging environment.



# INTERNATIONAL WOMEN'S DAY

#IWD2024 #InspireInclusion



Women at Corporate, Legal & Regulatory Affairs



Women at Sales & Marketing



Women at Sales & Marketing



Women at Finance



Women at Supply Chain



Women at IT



Women at HR



Women at HR



Women at International Business

INSPIRING INCLUSION  
at LION



Women at LION

# INTERNATIONAL BUSINESS REVIEW

In FY24, the company’s international business demonstrated strong growth, and improved process and execution from planning to delivery and customer service. This year has been marked by significant achievements that underscore our commitment to adapt and thrive in a competitive global market.



**Key Achievements**

Volume Growth: Achieved a notable 20% increase in volume compared to the previous year, reflecting our effective market penetration strategies and operational efficiencies.

**Market Focus**

A strategic decision to streamline our market base from 35 to 17 countries has allowed us to concentrate our resources and efforts on key markets, optimising both margin and volume through an ideal product mix. This focused approach is pivotal in driving our international business forward, ensuring sustained growth and market leadership.

**Central & East Africa Focus:**

We plan to expand Lion beer’s presence significantly in our focus markets while seeking new partnerships across the region. Our focus on growing numeric distribution and consumer engagement-driven marketing strategies has contributed substantially to our growth.

**Market Dynamics:**

Africa’s rapid economic growth and expanding consumer base present immense opportunities. Our initiatives in this region are designed to capitalise on these trends, ensuring that Lion beer is well-positioned to meet increasing demand and consumer preferences.



Revenue Growth in USD

**28%**

increase year-over-year

**Africa**

Africa remains a cornerstone of our international business, exhibiting strong performance and growth potential. Our operations in countries such as the Democratic Republic of Congo (DRC), Kenya, and Rwanda have been successful. This diversified market benefits from our targeted portfolio strategy, which is underpinned by market insights ensuring accurate product placement and consumer satisfaction.



### Maldives

Lion has maintained its market leadership in the Maldives. Lion Lager, both in bottles and draught, has become a consumer favourite, reinforcing our brand's strong presence and appeal.

### Future Plans:

Looking ahead to FY25, we plan to introduce innovations to cater to evolving consumer tastes. The Maldives market shows significant potential, buoyed by a resurgence in tourism following the global economic downturn caused by the COVID-19 pandemic. Our long-term strategies aim to sustain and enhance our market dominance in this vibrant and growing market.

### Middle East

Our Middle East business has demonstrated consistent growth, and improved positioning of Lion beer across the key markets. The region's substantial government investments in infrastructure and development, along with its rapidly growing expatriate population, have created a favourable environment for our products.

### Expanding Presence in the UAE:

With the support of our channel partners, we have steadily increased our penetration of retail outlets throughout the UAE, effectively expanding our distribution network and maintaining a significant presence over competitors. The launch of Lion Lager on draught in on-trade outlets last year has been particularly successful, with its popularity continuing to grow among consumers.

### Growth Prospects:

The Middle East's economic growth and increasing consumer base present significant growth opportunities. Our strategic initiatives are designed to leverage these trends, ensuring that Lion beer continues to gain market share and consumer loyalty.

## Our Global Footprint



### Resilience and Future Outlook

Despite facing numerous economic challenges, both domestically in Sri Lanka and globally, our international business has been resilient. Our ability to adapt to changing market conditions has been a key factor. We have implemented robust risk management and flexible operational frameworks to ensure continuity and growth.

We are confident that our focused international strategy will continue to drive growth. Our commitment to excellence, innovation, and customer satisfaction positions us well to capitalise on emerging opportunities and navigate future challenges.

The future of our international business looks promising, and we remain dedicated to achieving sustainable growth and delivering value to our stakeholders.

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

The Board of Directors of Lion Brewery (Ceylon) PLC have pleasure in presenting to the Shareholders their Report together with the Audited Consolidated Financial Statements of the Company and its Subsidiaries (the Group) for the year ended 31st March 2024.

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 10th June 2024.

## General

Lion Brewery (Ceylon) PLC 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.

## 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 06 to 07 of this Report.

## Statement of Directors Responsibilities

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

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

the financial year and of the results for the said period.

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

- appropriate accounting policies have been selected and applied consistently, while material departures, if any, have been disclosed and explained,
- all applicable Accounting Standards have been complied with,
- reasonable and prudent judgments and estimates have been made, and,
- provides the information required by and otherwise comply with the Companies Act, No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

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

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

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

The Directors confirm that to the best of their knowledge,

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

## Accounting Policies and Changes During the Year

There were no major changes made to the accounting policies other than those disclosed in the notes to the Financial Statements for the financial year ended 31st March 2024.

## 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 2024 are set out on pages 58 to 99 of this Report.

## Reserves

After the above mentioned appropriations, the total reserves of the Group stand at Rs. 25,062 Mn (2023 - Rs. 20,689 Mn) comprising Capital Reserves of Rs. 2,836 Mn (2023 - Rs. 2,092 Mn) and Revenue Reserves of Rs. 22,234 Mn (2023 - Rs. 18,597 Mn) Translation reserve of Rs. -7 Mn (2023 - Nil). Details are shown in the Statement of Changes in Equity on page 62.

## 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. 5,440 Mn (2023 - Rs. 4,304 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 2024 by a qualified independent valuer. The market value arrived at was Rs.10,317 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 2024.

### 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 55 to 57 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 64 to 72.

### 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 2024 is given in Note 28 to the Financial Statements, on page 87.

### Directors' Interest in Contracts and Shares

The Related Party Transactions of the Group as required by the Sri Lanka Accounting Standard LKAS 24 Related Party Disclosures are disclosed in Note 34 to the Financial Statements and have been declared at Meetings of the Board of Directors. The

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

Directors	No. of shares as at	
	31st March 2024	31st March 2023
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)(resigned as an Alternate Director to Mr. H. Selvanathan w.e.f 31st December 2023)	-	-
Mrs. S. J. F. Evans	-	-
Mr. R. H. Meewakkala (Director/CEO)	-	-
Mr. S. Selvanathan	-	-
Mr. S. Clini	-	-
Ms. V. Gun L. L.	-	-
Mr. A.B. Baliga (appointed w.e.f 02nd February 2024)	-	-

### Directors

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

### Changes in the Directorate

Mr. H. Selvanathan (Deputy Chairman), Mr. K. Selvanathan and Mr. S. Selvanathan who were Executive Directors of the Company were designated by the Board as Non-Executive Directors of the Company with effect from 06th November 2023.

Mr. K. Selvanathan ceased to be an Alternate Director to Mr. H. Selvanathan with effect from 31st December 2023 in terms of Section 9.9 of the Listing Rules of the Colombo Stock Exchange.

Mr. D.R.P. Goonetilleke who was an Executive Director of the Company was designated by the Board as a Non-Executive Director of the Company with effect from 01st January 2024, subsequent to his retirement as Chief Financial Officer of the Company.

Upon the recommendation of the Nomination Committee, Mr. A.B. Baliga was appointed as Non-Executive/Independent Director of the Company with effect from 02nd February 2024.

### Re-election of newly appointed Directors, since the last AGM

In terms of Rule 9.11.5 (ii) of the Listing Rules of the Colombo Stock Exchange, the Nomination Committee recommended the re-election of Mr. D.R.P. Goonetilleke

who was re-designated as a Non-Executive Director of the Company effective 01st January 2024 and Mr. A.B. Baliga who was appointed to the Board since the last Annual General Meeting. Further, in terms of Rule 9.7.2 of the Listing Rules of the Colombo Stock Exchange the Board has ensured that Messrs. D.R.P. Goonetilleke and A.B. Baliga are fit and proper based on the 'Fit and Proper Criteria' stipulated in the Listing Rules.

Accordingly, in terms of Article 68 of the Articles of Association of the Company, shareholder approval is sought to re-elect Mr. D.R.P. Goonetilleke and Mr. A.B. Baliga at the Annual General Meeting to be held on Monday, 08th July 2024.

### Directors to retire by rotation

In terms of Rule 9.11.5 (ii) of the Listing Rule of the Colombo Stock Exchange, the Nomination Committee recommended the re-election of Ms. V. Gun and Mrs. S.J.F. Evans who retires by rotation. Further, in terms of Rule 9.7.2 of the Listing Rules of the Colombo Stock Exchange the Board has ensured that Ms. V. Gun and Mrs. S.J.F. Evans are fit and proper based on the 'Fit and Proper Criteria' stipulated in the Listing Rules.

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

Accordingly, in terms of Articles 72, 73, and 74 of the Articles of Association of the Company, shareholder approval is sought to re-elect Ms. V. Gun and Mrs. S.J.F. Evans, who retires by rotation and, being eligible, offer themselves for re-election.

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

Mr. H. Selvanathan – Non-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 18th July 2023 for a period of one year commencing from the conclusion of the said AGM, i.e. till 17th July 2024.

In terms of Rule 9.11.5 (ii) of the Listing Rule of the Colombo Stock Exchange, the Nomination Committee recommended the re-election of Messrs. H. Selvanathan and D. C. R. Gunawardena who are over 70 years of age. Further, in terms of Rule 9.7.2 of the Listing Rules of the Colombo Stock Exchange the Board has ensured that Messrs. H. Selvanathan and D. C. R. Gunawardena are fit and proper based on the 'Fit and Proper Criteria' stipulated in the Listing Rules.

Accordingly, Messrs. H. Selvanathan and D. C. R. Gunawardena who are over 70 years of age are to be reappointed 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. 28 to the Financial Statements.

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

The Audit Committee reviewed the appointment of the Auditors, its effectiveness and its relationship with the

Company, including the level of audit and non-audit fees paid to the Auditor.

## Auditors' relationship or any interest with the Company

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

## Related Party Transactions Review Committee

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

Related Party Transactions Review Committee Members	Executive/ Non-Executive/ Independent
Mr. W.M.R.S. Dias (Chairman)	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 / Non-Executive Director of CCPLC w.e.f. 06th November 2023
Mr. M. Selvanathan	Executive Director of CCPLC / Non-Executive Director of CCPLC w.e.f. 06th November 2023
Mr. S. K. Shah	Non-Executive Director of CCPLC

The Related Party Transactions Review Committee Report is given on page 52 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 2024, did not exceed 10% of Equity or 5% of the Total Assets of the Company as per the Audited Financial Statements as at 31st March 2024.

The details of the Related Party Transactions are given in Note 34 on pages 97 to 98 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 per the audited Financial Statements of at 31st March 2024.

### 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 Gross Revenue / Income as per the Audited Financial Statements of the Company as at 31st March 2024.



### 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 22 to 23 of the Annual Report.

Non-Independence of each of the Independent Directors, in terms of Rule 9.8.3. of the Listing Rules of the CSE.

\*Mr. D.A. Cabraal and Mrs. S.J.F. Evans have served as Directors for over 9 aggregate years and the Board has determined that since they do not exert control over the Company and are able to make unfettered judgments and act impartially, they are nevertheless independent.

Directors	Executive/Non-Executive/Independent
Mr. D. A. Cabraal (Chairman)	Non-Executive/Independent *
Mr. H. Selvanathan (Deputy Chairman)	Executive/Non-Executive w.e.f. 06th November 2023
Mr. D. C. R. Gunawardena	Non-Executive
Mr. D. R. P. Goonetilleke	Executive/Non-Executive w.e.f. 01st January 2024
Mr. K. Selvanathan (Director) (resigned as an Alternate Director to Mr. H. Selvanathan w.e.f 31st December 2023)	Executive/Non-Executive w.e.f. 06th November 2023
Mrs. S. J. F. Evans	Non-Executive/Independent*
Mr. R. H. Meewakkala (Director/CEO)	Executive
Mr. S. Selvanathan	Executive/Non-Executive w.e.f. 06th November 2023
Mr. S. Cline	Non-Executive
Ms. V. Gun L. L.	Non-Executive
Mr. A.B. Baliga (appointed w.e.f 02nd February 2024)	Non-Executive/Independent

The Company obtained an annual declaration from the Directors as per Rule 9.7.3 and 9.7.4 of the Listing Rules of the Colombo Stock Exchange (CSE) confirming that they have continuously satisfied the specified Fit and Proper Assessment Criteria set out in the Rules during the Financial Year and as at the reporting date. Therefore, no Director was identified as a person who has failed to fulfil the required assessment criteria during the year under review.

Each of the Independent Directors of the Company have submitted a signed declaration on Independence/Non-Independence as per Rule 9.8.5 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 28th May 2024, in order to enable the Board of Directors to determine the Independence/

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

## Directors' Meetings Attendance

During the period under review, the Board of Directors had 05 Board Meetings and the attendance of the Directors were as follows;

Directors	Meetings Attended
Mr. D. A. Cabraal (Chairman)	5/5
Mr. H. Selvanathan (Deputy Chairman)	5/5
Mr. D. C. R. Gunawardena	5/5
Mr. D. R. P. Goonetilleke	5/5
Mr. K. Selvanathan	4/5
Mrs. S. J. F. Evans	4/5
Mr. R. H. Meewakkala (Director/CEO)	5/5
Mr. S. Selvanathan	5/5
Mr. S. Clini	4/5
Ms. V. Gun L. L.	5/5
Mr. A.B. Baliga (appointed w.e.f 02/02/2024)	2/2

## Board Evaluation

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

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

## Audit Committee

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

Audit Committee Members	Executive/Non-Executive/Independent
Mr. A.S. Amaratunga (Chairman)	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 50 to 51 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 Listing Rules of the Colombo Stock Exchange, the Remuneration Committee of CCPLC functions as the Remuneration Committee of the Company.

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 Director.

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

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

## Scope and Objective

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

The Remuneration Committee Charter requires the Committee to meet at least twice a year. Accordingly, the Committee held 02 meetings during the period under review.

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

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

## Reporting and Responsibilities

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

Aggregated remuneration paid to the Non-Executive Directors of the Company is disclosed under Note 28 on page 87 of the Annual Report.

## Nomination Committee

### Nomination Committee Members Executive/Non-Executive/Independent

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

### Scope and Objective

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

### Functions and Proceedings

The Nomination Committee recommends new appointments as well as reviews and recommends re-election and re-appointment 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.

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

### Board Sub Committees

The Company is in the process of establishing three (03) Board Sub-Committees which is a mandatory requirement as per the amended Section 9.1.4 (4) of the Listing Rules, which is effective from 01st October 2024. Accordingly, the Company will establish its own Audit Committee, Remuneration Committee and Related Party Transaction Review Committee. All Sub-Committees will function under the oversight of its respective Chair and function as per the Committee Charter.

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

## Compliance with the Section 9 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance as at date

Rule No.	Subject	Criteria	Compliance Status	Details
9.1.3.	Applicability of Corporate Governance Rules	All Listed Entities shall publish a statement confirming the extent of compliance with the Corporate Governance Rules set out herein, in the Annual Report of the Entity	Compliant	Please refer to corporate governance point of page 38 of the Annual Report of the Board of Directors
9.2	Policies	Policies	Not Applicable	Considering the effective date of 01st October 2024, the Company is in the process of reviewing existing policies and establishing new policies to comply with the stipulated timeline.
9.3	Board Committees	Board Committees	Compliant	Please refer to pages 38 to 41 of the Annual Report of the Board of Directors.  Considering the effective date of 01st October 2024, the Company is in the process of establishing Board Sub committees.
9.4.1.	Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders	Listed Entities shall maintain records of all resolutions and information pertaining to its adoption	Compliant	The Company Secretaries maintain records of all resolutions and requisite information.
9.4.2	Communication and relations with shareholders and investors	Communication and relations with shareholders and investors	Compliant	Please refer to page 48 of the Annual Report of the Board of Directors.  Considering the effective date of 01st October 2024, the Company is in the process of introducing policies to comply with the stipulated timeline.
9.5	Policy on matters relating to the Board of Directors	Policy on matters relating to the Board of Directors	Compliant	Considering the effective date of 01st October 2024, the Company is in the process of introducing policies to comply within the stipulated timeline.
9.6.1	Chairperson and CEO	The Chairperson of every Listed Entity shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual.	Compliant	Chairman is an Independent Non-Executive Director
9.6.2	Chairperson and CEO	Where the Chairperson of a Listed Entity is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual, such Entity shall make a Market Announcement	Not Applicable	Chairman is an Independent Non-Executive Director and the positions of the Chairperson and CEO are not held by the same individual

Rule No.	Subject	Criteria	Compliance Status	Details
9.6.3. and 9.6.4.	The Requirement for a SID	SID to be appointed in the following instances; i. The positions of the Chairperson and CEO are held by the same individual. ii. The Chairperson is an Executive Director. iii. The Chairperson and CEO are Close Family Members or Related Parties.	Not Applicable	Chairman is an Independent Non-Executive Director, the positions of the Chairperson and CEO are not held by the same individual and the Chairman and CEO are not Close Family Members or Related Parties.
9.7	Fitness of Directors and CEO	Fitness of Directors and CEO	Compliant	The Company obtained annual declaration from the Directors confirming that they have continuously satisfied the specified Fit and Proper Assessment Criteria. All Directors met the fit and proper assessment criteria stipulated in the Listing Rules of the CSE.
9.8.1	Board Composition	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	Compliant	The Board comprises of 11 Directors.
9.8.2/9.8.3 and 9.8.5.	Independent Directors	Minimum no. of Independent Directors / Criteria for defining independence and declaration & disclosures relating to Directors	Compliant	Please refer to page 39 of the Annual Report of the Board of Directors.
9.9	Alternate Director	Alternate Director	Compliant	No Alternate Directors were appointed to the Board throughout the reporting period. The Company has set out Special Resolutions in the Notice of Meeting to change the Articles of Association of the Company to align with the Listing Rule requirement.
9.10.4.(a) and 9.10.4.(b)	Disclosure relating to Directors	Company shall publish a brief resume in the Annual Report including expertise in relevant functional areas of each Director	Compliant	Please refer the Profile of the Directors on pages 22 to 23.
9.10.4.(c)	Disclosure relating to Directors	Whether either the Director or Close Family Members has any material business relationships with other Directors of the Listed Entity	Compliant	As at the conclusion of the last AGM and throughout the financial year, none of the Directors or Close Family Members have had any material business relationship with other directors of the Company.
9.10.4.(d) /9.10.4.(e)/ 9.10.4.(f)/ 9.10.4.(g) and 9.10.4.(h)	Disclosure relating to Directors	Disclosure relating to Directors	Compliant	Please refer to pages 39 and 45 to 47 of the Annual Report of the Board of Directors.

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

Rule No.	Subject	Criteria	Compliance Status	Details
9.11	Nomination and Governance Committee	Nomination and Governance Committee	Compliant	Please refer to page 41 of the Annual Report of the Board of Directors. Considering the effective date of 01st October 2024, the Company is in the process of restructuring its own Nomination Committee to align with the new Listing Rules.
9.12	Remuneration Committee	Remuneration Committee	Compliant	Please refer to page 40 of the Annual Report of the Board of Directors. Considering the effective date of 01st October 2024, the Company is in the process of establishing Board Sub-committees.
9.13	Audit Committee	Audit Committee	Compliant	Please refer to page 40 of the Annual Report of the Board of Directors. Considering the effective date of 01st October 2024, the Company is in the process of establishing Board Sub-committees.
9.14	Related Party Transaction Review Committee	Related Party Transaction Review Committee	Compliant	Please refer to page 38 of the Annual Report of the Board of Directors. Considering the effective date of 01st October 2024, the Company is in the process of establishing Board Sub-committees.
9.16.(i)	Additional Disclosures	The Board of Directors should declare all material interests in contracts involving in the Entity and whether they have refrained from voting on matters in which they were materially interested	Compliant	Directors declared at a board meeting that they have no material interests in contracts with the Company and there were no matters in which they were materially interested.
9.16.(ii)	Additional Disclosures	The Board of Directors should conduct a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith	Compliant	The Board, having reviewed the system of internal controls covering financial, operational and compliance controls and risk management, is satisfied with the Company's adherence to and effectiveness of these controls for the period up to the date of signing the Financial Statements.

Rule No.	Subject	Criteria	Compliance Status	Details
9.16(iii)	Additional Disclosures	The Board of Directors should make arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions.	Compliant	The Board of Directors have declared that the Company and the Board of Directors have complied with applicable laws, rules and regulations and also are aware of changes particularly to the Listing Rules of the Colombo Stock Exchange including the new rules on Corporate Governance initially issued in October 2023 and all other applicable capital market provisions.
9.16(iv)	Additional Disclosures	The Board of Directors should disclose relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations.	Compliant	The Board of Directors have no disclosures to be made of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Company has operations.

#### **Disclosures relating to the Directors as per Section 9.10.4 (e) of the Listing Rules of the Colombo Stock Exchange**

*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.*

Name of the Director	Name of the Company, functioning Capacity, Listed/Unlisted
Mr. D. A. Cabraal  (Total No. of Directorships - 18)  (Total No. of Companies within the Carson Cumberbatch PLC Group where Mr. D.A.Cabraal is a Key Management Personnel but not a Director - 04)	<p>Carson Cumberbatch PLC Group of companies;</p> <p>He is an Independent Non-Executive Director and Key Management Personnel in the mentioned Listed Companies - Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC.</p> <p><b>Other companies;</b></p> <p>He is a Independent Non-Executive Director and Key Management Personnel in the mentioned Listed Companies - John Keells Holdings PLC and Sunshine Holdings PLC</p> <p>He is a Director and Key Management Personnel in the mentioned Unlisted Companies - CIC Poultry Farms (Pvt) Ltd, CIC Bio Security Breeder Farms (Pvt) Ltd, CIC Feeds (Pvt) Ltd, CIC Vetcare (Pvt) Ltd, Sunshine Consumer Lanka Ltd, Sunshine Healthcare Lanka Ltd, Sunshine Foundation for Good , Sunshine Tea (Pvt) Ltd, Healthguard Pharmacy Ltd, Lina Manufacturing (Pvt) Ltd, Lina Spiro (Pvt) Ltd, Moose Clothing Colombo (Pvt) Ltd, Asiavet Lifesence (Private) Ltd and Silvermill Investment Holdings (Pvt) Ltd</p>

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

Name of the Director	Name of the Company, functioning Capacity, Listed/Unlisted
<p><b>Mr. H. Selvanathan</b></p> <p>(Total No. of Directorships - 26)</p> <p>(Total No. of Companies within the Carson Cumberbatch PLC Group where Mr. H. Selvanathan is a Key Management Personnel but not a Director - 07)</p>	<p><b>Carson Cumberbatch PLC Group of companies;</b></p> <p>He is a Non-Executive Director and Key Management Personnel in the mentioned Listed Companies - Carson Cumberbatch PLC, Bukit Darah PLC, Ceylon Beverage Holdings PLC, Lion Brewery (Ceylon) PLC.</p> <p>He is a Key Management Personnel in the mentioned Listed Companies - Ceylon Guardian Investment Trust PLC and Pegasus Hotels of Ceylon PLC.</p> <p>He is a Director and/or Key Management Personnel in other Unlisted Companies within the Carson Cumberbatch PLC Group.</p> <p><b>Other companies;</b></p> <p>He is a Director and Key Management Personnel in the mentioned Unlisted Companies - Riverside Resorts (Private) Limited, Hambros Investments (Pvt) Ltd, Interkrish Investment Co. (Pvt) Ltd, Ceylon Securities and Investments (Pvt) Ltd, Eskaycee Travels Limited, Krish Investment Co. (Pvt) Ltd, Korea Lanka Garments (Pvt) Ltd, S. Kanapathy Chetty (Pvt) Ltd, Sri Krishna Corporation (Pvt) Ltd, Skan Investments (Pvt) Ltd, Tower Investments (Pvt) Ltd, Bukit Investments (Pvt) Ltd, Fulcrum (Pvt) Limited, Goodhope Holdings (Pvt) Ltd, Goodhope Investment (Pvt) Ltd, Boutique Resorts (Pvt) Ltd.</p>
<p><b>Mr. D.C.R. Gunawardena</b></p> <p>(Total No. of Directorships - 11)</p> <p>(Total No. of Companies within the Carson Cumberbatch PLC Group where Mr. D.C.R. Gunawardena is a Key Management Personnel but not a Director - 04)</p>	<p><b>Carson Cumberbatch PLC Group of companies;</b></p> <p>He is a Non-Executive Director and Key Management Personnel in the mentioned Listed Companies - Ceylon Beverage Holdings PLC, Bukit Darah PLC, Carson Cumberbatch PLC and Lion Brewery (Ceylon) PLC.</p> <p>He is a Director and Key Management Personnel in other Unlisted Companies within the Carson Cumberbatch PLC Group.</p> <p><b>Other companies;</b></p> <p>He is a Director and Key Management Personnel on the mentioned Unlisted Companies - Carino (Pvt) Ltd and Noorani Estates Limited</p>
<p><b>Mr. D. R. P. Goonetilleke</b></p> <p>(Total No. of Directorships - 02)</p> <p>(Total No. of Companies within the Carson Cumberbatch PLC Group where Mr. D. R. P. Goonetilleke is a Key Management Personnel but not a Director - 01)</p>	<p><b>Carson Cumberbatch PLC Group of companies;</b></p> <p>He is an Non-Executive Director and Key Management Personnel in the mentioned Listed Company - Lion Brewery (Ceylon) PLC.</p> <p>He is a Director and Key Management Personnel in another Unlisted Company within the Carson Cumberbatch PLC Group</p>
<p><b>Mr. R. H. Meewakkala</b></p> <p>(Total No. of Directorships - 06)</p>	<p><b>Carson Cumberbatch PLC Group of companies;</b></p> <p>He is an Executive Director and Key Management Personnel in the mentioned Listed Companies - Lion Brewery (Ceylon) PLC and Ceylon Beverage Holdings PLC.</p> <p>He is a Director and Key Management Personnel in other Unlisted Companies within the Carson Cumberbatch PLC Group.</p>
<p><b>Mrs. S. J. F. Evans</b></p> <p>(Total No. of Directorships - 03)</p> <p>(Total No. of Companies within the Carson Cumberbatch PLC Group where Mrs. S. J. F. Evans is a Key Management Personnel but not a Director - 04)</p>	<p><b>Carson Cumberbatch PLC Group of companies;</b></p> <p>She is an Independent Non-Executive Director and Key Management Personnel in the mentioned Listed Companies - Lion Brewery (Ceylon) PLC and Ceylon Beverage Holdings PLC.</p> <p><b>Other companies;</b></p> <p>She is a Director and Key Management Personnel in another Unlisted Company - Kum Kum &amp; Company (Pvt) Ltd.</p>



Name of the Director	Name of the Company, functioning Capacity, Listed/Unlisted
<p><b>Mr. K. Selvanathan</b></p> <p>(Total No. of Directorships - 13)</p> <p>(Total No. of Companies within the Carson Cumberbatch PLC Group where Mr. K. Selvanathan is a Key Management Personnel but not a Director - 03)</p>	<p><b>Carson Cumberbatch PLC Group of companies;</b></p> <p>He is an Executive Director and Key Management Personnel in the mentioned Listed Companies - Ceylon Guardian Investment Trust PLC and Ceylon Investment PLC.</p> <p>He is a Non-Executive Director and Key Management Personnel in the mentioned Listed Companies - Lion Brewery (Ceylon) PLC and Pegasus Hotels of Ceylon PLC.</p> <p>He is a Director and/or Key Management Personnel in other Unlisted Companies within the Carson Cumberbatch PLC Group.</p> <p><b>Other companies;</b></p> <p>He is a Director and Key Management Personnel on the mentioned Unlisted Companies - Ceylon Securities and Investments (Pvt) Ltd, S. Kanapathy Chetty (Pvt) Ltd, Tower Investments (Pvt) Ltd, Sri Krishna Corporation (Pvt) Ltd, Interkrish Investment Company (Pvt) Ltd, Hambros Investments (Pvt) Ltd and Aurora Studio (Pvt) Limited.</p>
<p><b>Mr. S. Selvanathan</b></p> <p>(Total No. of Directorships - 07)</p> <p>(Total No. of Companies within the Carson Cumberbatch PLC Group where Mr. S. Selvanathan is a Key Management Personnel but not a Director - 01)</p>	<p><b>Carson Cumberbatch PLC Group of companies;</b></p> <p>He is a Non-Executive Director and Key Management Personnel in the mentioned Listed Company - Lion Brewery (Ceylon) PLC.</p> <p>He is a Director and/or Key Management Personnel in other Unlisted Companies within the Carson Cumberbatch PLC Group.</p> <p><b>Other companies;</b></p> <p>He is a Director and Key Management Personnel on the mentioned Unlisted Companies - Tower Investments (Pvt) Ltd, Sri Krishna Corporation (Pvt) Ltd, Interkrish Investment Company (Pvt) Ltd, Hambros Investments (Pvt) Ltd, Krish Investment Company (Pvt) Ltd.</p>
<p><b>Mr. S. Clini</b></p> <p>(Total No. of Directorships - 02)</p> <p>(Total No. of Companies within the Carson Cumberbatch PLC Group where Mr. S. Clini is a Key Management Personnel but not a Director - 04)</p>	<p><b>Carson Cumberbatch PLC Group of companies;</b></p> <p>He is a Non-Executive Director and Key Management Personnel in the mentioned Listed Companies - Lion Brewery (Ceylon) PLC and Ceylon Beverage Holdings PLC.</p>
<p><b>Ms. V. Gun L. L</b></p> <p>(Total No. of Directorships - 01)</p> <p>(Total No. of Companies within the Carson Cumberbatch PLC Group where Ms. V. Gun L.L is a Key Management Personnel but not a Director - 01)</p>	<p><b>Carson Cumberbatch PLC Group of Companies;</b></p> <p>She is a Non-Executive Director and Key Management Personnel in the mentioned Listed Company - Lion Brewery (Ceylon) PLC.</p>
<p><b>Mr. A.B. Baliga</b></p> <p>(Total No. of Directorships - 01)</p> <p>(Total No. of Companies within the Carson Cumberbatch PLC Group where Mr. A.B. Baliga is a Key Management Personnel but not a Director - 01)</p>	<p><b>Carson Cumberbatch PLC Group of Companies;</b></p> <p>He is an Independent Non-Executive Director and Key Management Personnel in the mentioned Listed Company - Lion Brewery (Ceylon) PLC.</p>

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

## Equitable Treatment to Shareholders

The Company ensures that the rights of all shareholders are preserved and has established procedures to ensure the fair and equitable treatment of all shareholders. An array of measures is also in place to ensure that shareholder views are identified and fully considered.

Shareholders' concerns are brought to the attention of the Board of Directors through the Company Secretaries who serve as a point of contact for all shareholders.

## Dividend

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. Shareholders who had not provided accurate bank account details or had not provided any bank account details were paid dividends on 19th June 2023 via cheques.

A First Interim Dividend of Rs.31/- per ordinary share amounting to Rs.2,480,000,000/- for the year ended 31st March 2024 was announced on 15th November 2023. Shareholders of the Company who had provided accurate bank account details were paid on 01st December 2023. Shareholders who had not provided accurate bank account details or had not provided any bank account details were paid dividends on 14th December 2023 via cheques.

A Second Interim Dividend of Rs.12/50 per ordinary share amounting to Rs.1,000,000,000/- for the year ended 31st March 2024 was announced on 09th May 2024. Shareholders of the Company who had provided accurate bank account details were paid on 29th May 2024. Shareholders who had not provided accurate bank account details or had not provided any bank account details will be paid dividends on 11th June 2024 via cheques.

## 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 2024 was Rs.2,537,801,310/- consisting of 80,000,000 Ordinary shares.

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

## Events Occurring After the Reporting Date

Further, to the Note 36 Events Occurring After the reporting date, no circumstances have arisen which would require adjustments to or disclosure in the Financial Statements.

## Share Information

Information relating to share trading are given on pages 107 and 108 of this Report.

Name of Shareholder	31st March 2024		31st March 2023	
	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	2,553,792	3.19	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.	783,779	0.98	983,779	1.23
7 RBC INVESTOR SERVICES BANK-COELI SICAV I- FRONTIER MARKETS FUNDS	683,116	0.85	683,116	0.85
8 GF CAPITAL GLOBAL LIMITED	427,179	0.53	427,179	0.53
9 SAMPATH BANK PLC/MRS.PRIYANI DHARSHINI RATNAGOPAL	300,000	0.38	300,000	0.38
10 J.B. COCOSHELL (PVT) LTD	265,518	0.33	166,829	0.21
11 PORTELET LIMITED	161,920	0.20	161,920	0.20
12 ODYSSEY CAPITAL PARTNERS (PRIVATE) LIMITED	159,521	0.19	-	-
13 DEUTSCHE BANK AG AS TRUSTEE FOR JB VANTAGE VALUE EQUITY FUND	133,771	0.17	267,947	0.33
14 TRANZ DOMINION,L.L.C.	129,251	0.16	129,251	0.16
15 SSBT-FRANK RUSSEL TRUST COMPANY COMINGLED BENEFIT FUNDS TRUST GNA-6QH3	114,879	0.14	198,268	0.25
16 MR. M. A. JAFFERJEE	91,884	0.11	91,884	0.11
17 NEWGREENS LIMITED	83,200	0.10	83,200	0.10
18 JB CAPITAL (PRIVATE) LIMITED	70,000	0.09	70,000	0.09
19 FERN HOLDINGS (PRIVATE) LIMITED	68,701	0.09	68,701	0.09
20 COMMERCIAL BANK OF CEYLON PLC A/C NO. 03	50,000	0.06	20,000	0.03

### **Amendment to Articles of Association of the Company**

The Board of Directors have proposed that the Articles 4(1), 16(2), 17, 47(2), 47(4), 74, 82, 88(1), 92 and 102, and the requisite Special Resolutions to give effect to the above is set out in the Notice Convening the Annual General Meeting on pages 110 to 112 of the Annual Report.

### **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 10th June 2024.

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

### **Annual General Meeting**

The 28th Annual General Meeting of the Company will be held on Monday, 08th July 2024 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 pages 110 to 112 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  
10th June 2024

# AUDIT COMMITTEE REPORT

The Parent Company of Lion Brewery (Ceylon) PLC (LBCPLC) 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.

CCPLC-Audit Committee held ten (10) Meetings during the financial year to discuss matters relating to the Company.

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

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

The Chief Executive Officer-Beverage Sector, Director-Finance/ Chief Financial Officer 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.

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

## Purpose of the Audit Committee

To assist the Board of Directors in fulfilling its oversight responsibilities of 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.

An Audit Committee Charter is in place.

## 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.

The financial statements, audit opinion and external audit matters of Lion Brewery (Ceylon) PLC for the year ended 31st March 2024 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 the Group Internal Audit work is to have an independent review of the system of internal controls as established by the management, its adequacy and integrity vis-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 2023/2024 and the Group Internal Audit carried out relevant reviews on the Beverage Sector companies based on the plan.

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

## Risk Management

The Committee reviews the Risk Management Reports, Dash board/Risk Register and the activities of the risk management function, especially the processes adopted with management to identify, assess and mitigate risks through appropriate and timely action.

### **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 all matters raised by the External Auditors after the final review.

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

Messrs. KPMG have been the External Auditors of the Company since 1996 and the Audit Engagement Partner for the financial year ended 31st March 2024 is Mr. Suren Rajakarier, who was appointed in 2019 following the rotation of the previous partner.

The Committee reviews the non-audit services obtained from Messrs. KPMG and the fees paid to them for such services at quarterly Audit Committee Meetings.

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 2025, subject to the approval of the shareholders of Lion Brewery (Ceylon) PLC at the Annual General Meeting.

The Committee is aware of the new Colombo Stock Exchange Listing Rules which were initially released in October 2023 and had several deliberations on same and on its impact to the Company. The Company is in the process of taking the necessary steps to ensure compliance with Section 9.13 of the said Rules by 1st October 2024.

*(Sgd.)*

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

10th June 2024

# 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	Non-Executive (CCPLC)*
Mr.M. Selvanathan	Non-Executive (CCPLC)*
Mr.S.K. Shah	Non-Executive (CCPLC)
Mr.R. Theagarajah	Non-Executive, Independent (CCPLC)

\*Mr.H. Selvanathan – Non-Executive Director w.e.f. 6th November 2023

\*Mr.M. Selvanathan – Non-Executive Director w.e.f. 6th November 2023

The RPTRC is compliant with Rule 9.14.2(1) of the Listing Rules of the Colombo Stock Exchange.

## 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. In addition, the approval of the RPTRC Members were sought via 21 Circular Resolutions during the financial year.

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

RPTRC Members	Meetings (physical & virtual) attended (out of 04)
Mr.W.M.R.S. Dias (Chairman)	4/4
Mr.D.C.R. Gunawardena	4/4
Mr.H. Selvanathan	4/4
Mr.M. Selvanathan	4/4
Mr.S.K. Shah	3/4
Mr.R. Theagarajah	3/4

## Purpose of the Committee

The objective of the RPTRC is to review all Related Party Transactions (RPTs) of the Listed Companies of the Carsons Group, other than those exempted by the Carsons Group RPT Code, prior to the

transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

## Policies and procedures

The RPTRC reviews the relevant Related Party Transactions of the Listed Companies of the Carsons Group and where the Committee decides that the approval of the Board of Directors of the

respective Companies are necessary to approve a Related Party Transaction, such Board approval is obtained prior to entering into the relevant Related Party Transaction.

- When reviewing a transaction, the RPTRC would decide whether the proposed transaction is carried out on an arm's length basis irrespective of whether it is recurrent or non-recurrent in nature.
- Reviewing and approval would be either by meeting of members (subject to quorum being present) or by circulation.
- In determining whether to obtain the approval of the Board of Directors for a Related Party Transaction, the RPTRC will take into account, among other factors it deems appropriate, whether the proposed RPTs pose a conflict of interest to the Directors.

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

The RPTRC in discharging its function endeavours to ensure that:

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

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

The Related Party Transactions of the Company for the period 1st April 2023 to 31st March 2024 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.

In accordance with Rule 9.14.8 (1) of the Listing Rules of the Colombo Stock Exchange there were no Non-Recurrent Related Party Transactions entered into by the Company, where the aggregate value of the Non-Recurrent Related Party Transactions exceeded 10% of the Shareholders' equity or 5% of the total assets, whichever is lower, as per the Audited Financial Statements as at 31st March 2024.

Further, as per Rule 9.14.8 (2) of the Listing Rules of the Colombo Stock Exchange there were no Recurrent Related Party Transactions entered into by the Company, where the aggregate value of the Recurrent Related Party Transactions exceeded 10% of the gross revenue/income as per the Audited Financial Statements as at 31st March 2024.

The Committee is aware of the new Colombo Stock Exchange Listing Rules which were initially released in October 2023 and had several deliberations on same and on its impact to the Company. The Company is in the process of taking the necessary steps to ensure compliance with Section 9.14 of the said Rules with effect from 1st October 2024.

The Company is in compliance with the existing Rules pertaining to RPTs.

(Sgd.)

**W.M.R.S. Dias**  
Chairman – Related Party Transactions Review Committee  
Carson Cumberbatch PLC

Colombo  
10th June 2024

## Financial Information

Financial Calendar | **54**

Independent Auditor's Report | **55**

Statement of Financial Position | **58**

Statement of Profit or Loss and  
Other Comprehensive Income | **60**

Statement of Changes in Equity | **61**

Statement of Cash Flows | **63**

Notes to the Financial Statements | **64**



## Financial Calendar

Financial Year	31st March 2024
<b>Announcement of Results</b>	
<b>1st Quarter</b>	30th June 2023
Issued to Colombo Stock Exchange	14th August 2023
<b>2nd Quarter</b>	30th September 2023
Issued to Colombo Stock Exchange	14th November 2023
<b>3rd Quarter</b>	31st December 2023
Issued to Colombo Stock Exchange	14th February 2024
<b>4th Quarter</b>	31st March 2024
Issued to Colombo Stock Exchange	17th May 2024
<b>Meetings</b>	
27th Annual General Meeting	18th July 2023
28th Annual General Meeting	08th July 2024



# INDEPENDENT AUDITOR'S REPORT



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

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

## To the shareholders of Lion Brewery (Ceylon) PLC Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Lion Brewery (Ceylon) PLC, (the "Company") and the consolidated financial statements of the Company and its subsidiaries (the "Group"), which comprise the statement of financial position as at 31st March 2024, 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 material accounting policies and other explanatory information as set out on pages 58 to 99 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 2024, 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 for professional Accountants 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.

### Revenue Recognition

Refer Note 4.1 for accounting policy and Note 26 for information.

Risk Description	Our response
<p>The Company recorded revenues of Rs. 109.7 Bn for year ended 31 March 2024.</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 behavior 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 year end.</li></ul>

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

C. P. Jayatilake FCA  
Ms. S. Joseph FCA  
R.M.D.B. Rajapakse FCA  
M.N.M. Shameel FCA  
Ms. P.M.K. Sumanasekara FCA

T. J. S. Rajakarier FCA  
W. K. D. C. Abeyrathne FCA  
Ms. B.K.D.T.N. Rodrigo FCA  
Ms. C.T.K.N. Perera ACA  
R.W.M.O.W.D.B. Rathnadiwakara FCA

W. W. J. C. Perera FCA  
G. A. U. Karunaratne FCA  
R. H. Rajan FCA  
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FCIT, K. Somasundaram ACMA (UK)

# INDEPENDENT AUDITOR'S REPORT



## 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 recognized an intangible asset relating to Brands acquired with a carrying value of Rs. 0.61 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 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.

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 relevant ethical requirements 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, actions taken to eliminate threats or safeguards applied.

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  
10th June 2024

# STATEMENT OF FINANCIAL POSITION

As at 31st March In Rs.'000s	Notes	Company		Group	
		2024	2023	2024	2023
<b>ASSETS</b>					
<b>Non- Current Assets</b>					
Property, plant & equipment	8	25,115,951	21,297,983	27,146,278	22,975,571
Right of use assets	9	173,464	164,345	173,464	164,345
Intangible assets	10	713,813	394,991	713,813	394,991
Investments in subsidiaries	11	1,255,600	1,150,000	-	-
<b>Total Non-current assets</b>		<b>27,258,828</b>	<b>23,007,319</b>	<b>28,033,555</b>	<b>23,534,907</b>
<b>Current Assets</b>					
Inventories	12	8,767,135	7,188,830	8,778,530	7,188,830
Trade and other receivables	13	5,582,037	5,024,094	5,613,156	5,037,618
Amounts due from related companies	14	468,365	383,511	468,363	383,511
Cash and cash equivalents	15	12,098,727	11,104,008	12,459,256	11,227,079
<b>Total current assets</b>		<b>26,916,264</b>	<b>23,700,443</b>	<b>27,319,305</b>	<b>23,837,038</b>
<b>Total assets</b>		<b>54,175,092</b>	<b>46,707,762</b>	<b>55,352,860</b>	<b>47,371,945</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	2,005,484	1,487,870	2,835,823	2,092,103
Retained earnings		22,583,969	18,966,356	22,233,549	18,596,857
Translation reserve	18	-	-	(7,005)	-
<b>Total equity</b>		<b>27,127,254</b>	<b>22,992,027</b>	<b>27,600,168</b>	<b>23,226,761</b>
<b>Non- Current Liabilities</b>					
Loans and borrowings	19	1,373,569	1,924,442	1,373,569	1,924,442
Lease creditor	9	194,798	179,789	194,798	179,789
Employee benefits	20	285,268	249,767	285,268	249,767
Net deferred tax liabilities	21	5,744,129	4,990,136	6,433,379	5,540,692
<b>Total non- current liabilities</b>		<b>7,597,764</b>	<b>7,344,134</b>	<b>8,287,014</b>	<b>7,894,690</b>

As at 31st March In Rs.'000s	Notes	Company		Group	
		2024	2023	2024	2023
<b>Current Liabilities</b>					
Trade and other payables	22	4,391,474	4,527,102	4,407,065	4,528,414
Amounts due to related companies	23	148,606	199,132	148,619	76,041
Refundable deposits	24	2,996,694	2,742,490	2,996,694	2,742,490
Current tax liabilities	25	6,872,156	2,679,393	6,872,156	2,680,065
Loans and borrowings	19	3,219,699	4,680,158	3,219,699	4,680,158
Lease creditor	9	24,397	27,012	24,397	27,012
Bank overdrafts	15	1,797,048	1,516,314	1,797,048	1,516,314
<b>Total current liabilities</b>		<b>19,450,074</b>	<b>16,371,601</b>	<b>19,465,678</b>	<b>16,250,494</b>
<b>Total liabilities</b>		<b>27,047,838</b>	<b>23,715,735</b>	<b>27,752,692</b>	<b>24,145,184</b>
<b>Total equity and liabilities</b>		<b>54,175,092</b>	<b>46,707,762</b>	<b>55,352,860</b>	<b>47,371,945</b>
<b>Net assets per ordinary share (Rs.)</b>		<b>339.09</b>	<b>287.40</b>	<b>345.00</b>	<b>290.33</b>

The Notes to the Financial Statements from page 64 to 99 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**

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

10th June 2024

Colombo

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March In Rs.'000s	Notes	Company		Group	
		2024	2023	2024	2023
Revenue	26	109,745,332	94,969,346	109,755,568	94,969,346
Cost of sales		(83,383,016)	(72,506,090)	(83,390,743)	(72,506,090)
<b>Gross profit</b>		<b>26,362,316</b>	<b>22,463,256</b>	<b>26,364,825</b>	<b>22,463,256</b>
Other income	27	484,385	291,296	489,921	299,029
		26,846,701	22,754,552	26,854,746	22,762,285
Distribution expenses		(7,295,037)	(5,847,362)	(7,295,037)	(5,847,362)
Administrative expenses		(3,897,860)	(2,723,473)	(3,927,573)	(2,777,048)
Other expenses		(555,443)	(717,138)	(555,443)	(714,394)
Reversal/(provision) - impairment of intangible assets	10	291,063	(353,229)	291,063	(353,229)
<b>Profit from operations</b>	28	<b>15,389,424</b>	<b>13,113,350</b>	<b>15,367,756</b>	<b>13,070,252</b>
Finance income	29	1,189,758	1,457,475	1,215,800	1,476,719
Finance costs	29	(2,581,608)	(3,357,718)	(2,581,608)	(3,357,718)
<b>Net finance income / (cost)</b>		<b>(1,391,850)</b>	<b>(1,900,243)</b>	<b>(1,365,808)</b>	<b>(1,880,999)</b>
<b>Profit before taxation</b>		<b>13,997,574</b>	<b>11,213,107</b>	<b>14,001,948</b>	<b>11,189,253</b>
Income tax expense	30	(5,189,000)	(3,862,223)	(5,186,338)	(3,862,223)
Deferred tax	30	(424,175)	(349,577)	(412,132)	(335,427)
<b>Profit for the year</b>		<b>8,384,399</b>	<b>7,001,307</b>	<b>8,403,478</b>	<b>6,991,603</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Re-measurement of employee benefit obligations	20	(38,146)	(50,899)	(38,146)	(50,899)
Deferred tax on actuarial loss	30	15,258	20,360	15,258	20,360
Revaluation gain on land & buildings	8	862,690	-	1,239,533	-
Deferred tax charge on land and building revaluation	30	(345,076)	-	(495,813)	-
<b>Item that are or may be reclassified subsequently to profit or loss</b>					
Foreign currency translation loss from foreign operation		-	-	(7,005)	-
<b>Total other comprehensive income/(expense) for the year net of tax</b>		<b>494,726</b>	<b>(30,539)</b>	<b>713,827</b>	<b>(30,539)</b>
<b>Total comprehensive income for the year</b>		<b>8,879,125</b>	<b>6,970,768</b>	<b>9,117,305</b>	<b>6,961,064</b>
Earnings per ordinary share (Rs.)	32	104.80	87.52	105.04	87.40

The notes to the Financial Statements from Page 64 to 99 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	Translation Reserve	Retained Earnings	Total Equity
<b>Company</b>						
Balance as at 1st April 2022		2,537,801	1,487,870	-	15,657,552	19,683,223
Surcharge tax		-	-	-	(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>-</b>	<b>14,463,588</b>	<b>18,489,259</b>
<b>Total comprehensive income for the year</b>						
Profit for the year		-	-	-	7,001,307	7,001,307
Other comprehensive income/(loss) for the year		-	-	-	(30,539)	(30,539)
<b>Total comprehensive income for the year</b>		<b>-</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	31	-	-	-	(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>-</b>	<b>18,966,356</b>	<b>22,992,027</b>
<b>Balance as at 1st April 2023</b>		<b>2,537,801</b>	<b>1,487,870</b>	<b>-</b>	<b>18,966,356</b>	<b>22,992,027</b>
Profit for the period		-	-	-	8,384,399	8,384,399
Other comprehensive income/(loss) for the year		-	517,614	-	(22,888)	494,726
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>517,614</b>	<b>-</b>	<b>8,361,511</b>	<b>8,879,125</b>
<b>Transactions with owners of the company</b>						
<b>Distribution made to owners</b>						
Ordinary dividends	31	-	-	-	(4,744,000)	(4,744,000)
Forfeiture of unclaimed dividends		-	-	-	102	102
<b>Balance as at 31st March 2024</b>		<b>2,537,801</b>	<b>2,005,484</b>	<b>-</b>	<b>22,583,969</b>	<b>27,127,254</b>

The notes to the Financial Statements from Page 64 to 99 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	Translation Reserve	Retained Earnings	Total Equity
<b>Group</b>						
Balance as at 1st April 2022		2,537,801	2,092,103	-	15,297,757	19,927,661
Surcharge tax		-	-	-	(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>-</b>	<b>14,103,793</b>	<b>18,733,697</b>
<b>Total comprehensive income for the year</b>						
Profit for the year		-	-	-	6,991,603	6,991,603
Other comprehensive income/(loss) for the year		-	-	-	(30,539)	(30,539)
<b>Total Comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>6,961,064</b>	<b>6,961,064</b>
<b>Transactions with owners of the company</b>						
<b>Distribution made to owners</b>						
Ordinary dividends	31	-	-	-	(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>-</b>	<b>18,596,857</b>	<b>23,226,761</b>
<b>Balance as at 1st April 2023</b>						
Balance as at 1st April 2023		2,537,801	2,092,103	-	18,596,857	23,226,761
Profit for the year		-	-	-	8,403,478	8,403,478
Other comprehensive income/(loss) for the year		-	743,720	(7,005)	(22,888)	713,827
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>743,720</b>	<b>(7,005)</b>	<b>8,380,590</b>	<b>9,117,305</b>
<b>Transactions with owners of the company</b>						
<b>Distributions made to owners</b>						
Ordinary dividends	31	-	-	-	(4,744,000)	(4,744,000)
Forfeiture of unclaimed dividends		-	-	-	102	102
<b>Balance as at 31st March 2024</b>		<b>2,537,801</b>	<b>2,835,823</b>	<b>(7,005)</b>	<b>22,233,549</b>	<b>27,600,168</b>

The notes to the Financial Statements from Page 64 to 99 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	
		2024	2023	2024	2023
<b>Cash flows from operating activities</b>					
Profit before taxation		13,997,574	11,213,107	14,001,948	11,189,253
Adjustments for:					
Finance costs	29	2,395,673	3,346,073	2,395,673	3,346,073
Depreciation on property, plant & equipment	8	2,322,867	1,770,704	2,353,351	1,786,317
(Gain)/loss on disposal of property, plant & equipment		(189,513)	21,080	(189,513)	21,080
Lease interest expense	9	37,035	30,379	37,035	30,379
Amortisation on intangible assets	10	13,463	12,101	13,463	12,101
Provision/(reversal) - impairment of intangible assets	10	(291,063)	353,229	(291,063)	353,229
Net inventory provision / (reversal)	12	(63,220)	49,010	(63,220)	49,010
Depreciation of right of use assets	9	38,873	35,055	38,873	35,055
Provision for retirement benefit obligation	20	69,253	42,988	69,253	42,988
Gain on derecognition of right of use assets		(14,330)	-	(14,330)	-
Impairment of property, plant & equipment	8	84,888	18,460	84,888	38,460
Provision/(reversal) for bad & doubtful debts		(2,140)	11,875	(2,140)	11,875
Reversal of impairment for investment in Pearl Springs (Pvt) Ltd		-	(120,377)	-	-
Unrealised foreign exchange gain		(7,694)	(459,624)	(7,694)	(459,623)
Finance Income	29	(1,189,758)	(1,457,475)	(1,215,800)	(1,476,719)
<b>Operating cash flow before working capital changes</b>		<b>17,201,908</b>	<b>14,866,585</b>	<b>17,210,724</b>	<b>14,979,478</b>
Increase in inventories	12	(1,515,085)	(2,799,322)	(1,526,480)	(2,799,321)
Increase in trade and other receivables		(545,297)	(3,311,786)	(562,891)	(3,320,073)
(Increase) / decrease in amounts due from related companies	14	(84,854)	(9,333)	(84,854)	(9,333)
Increase / (decrease) in tax payable		3,175,763	(462,948)	3,177,755	(463,746)
Increase in trade and other payables		(130,889)	1,441,091	(116,610)	1,440,954
Increase/(decrease) in amounts due to related companies	22	(50,526)	43,376	72,578	(79,715)
<b>Operating cash flows before working capital changes</b>		<b>18,051,020</b>	<b>9,767,663</b>	<b>18,170,222</b>	<b>9,748,244</b>
Finance expenses paid		(2,565,339)	(3,202,082)	(2,565,339)	(3,202,082)
Retirement benefits paid	20	(71,898)	(17,824)	(71,898)	(17,824)
Surcharge tax paid		-	(1,193,964)	-	(1,193,964)
Tax paid		(4,172,000)	(3,836,000)	(4,172,000)	(3,836,000)
<b>Net cash generated from operating activities</b>		<b>11,241,783</b>	<b>1,517,793</b>	<b>11,360,985</b>	<b>1,498,374</b>
<b>Cash flows from investing activities</b>					
Purchase and construction of property, plant & equipment	8	(5,391,912)	(4,295,928)	(5,398,293)	(4,295,928)
Proceeds from sale of property, plant & equipment		21,345	14,675	21,345	14,675
Purchase of intangible assets	10	(41,222)	(7,815)	(41,222)	(7,815)
Agent deposits received	24	451,251	441,309	451,251	441,309
Investment in subsidiaries	11	(105,600)	-	-	-
Interest received		1,189,758	1,457,475	1,215,800	1,476,719
<b>Net cash used in investing activities</b>		<b>(3,876,380)</b>	<b>(2,390,284)</b>	<b>(3,751,119)</b>	<b>(2,371,040)</b>
<b>Cash flows from financing activities</b>					
Repayments of lease rentals	9	(58,303)	(56,141)	(58,303)	(56,141)
Loans and borrowings obtained	19	1,900,000	2,000,000	1,900,000	2,000,000
Repayments of loans and borrowings	19	(3,741,667)	(1,187,400)	(3,741,667)	(1,187,400)
Forfeiture of unclaimed dividends		102	-	102	-
Dividend paid net of tax		(4,737,625)	(2,466,766)	(4,737,625)	(2,466,766)
<b>Net cash used in financing activities</b>		<b>(6,637,493)</b>	<b>(1,710,307)</b>	<b>(6,637,493)</b>	<b>(1,710,307)</b>
<b>Net increase / (decrease) in cash &amp; cash equivalents</b>		<b>727,910</b>	<b>(2,582,798)</b>	<b>972,373</b>	<b>(2,582,973)</b>
Cash & cash equivalents at the beginning of the year		9,587,694	11,793,500	9,710,765	11,916,746
Effect of movements in exchange rate on translation reserve		-	-	(7,005)	-
Effect of exchange rate changes on cash and cash equivalents		(13,925)	376,992	(13,925)	376,992
<b>Cash &amp; cash equivalents at the end of the year</b>	15	<b>10,301,679</b>	<b>9,587,694</b>	<b>10,662,208</b>	<b>9,710,765</b>
<b>Analysis of cash and cash equivalents</b>					
Cash and cash equivalents		12,098,727	11,104,008	12,459,256	11,227,079
Bank overdraft		(1,797,048)	(1,516,314)	(1,797,048)	(1,516,314)
	15	<b>10,301,679</b>	<b>9,587,694</b>	<b>10,662,208</b>	<b>9,710,765</b>

The notes to the Financial Statements from Page 64 to 99 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.

The Consolidated Financial Statements for the year ended 31st March 2024 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, Singapore	100%
Millers Brewery Limited	100%

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

There were 337 employees in the Company and the Group as at the reporting date (2023-330).

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

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

The Financial Statements were authorised for issue by the Board of Directors on 10th June 2024.

### 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 2024, 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 20 - Employee benefit obligations
- Note 21 - Net deferred tax liabilities
- Note 35 - 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 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 MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all periods presented in these Consolidated Financial Statements and have been applied consistently by Group entities, unless otherwise indicated.

#### 3.1 Changes in material accounting policies

##### Amendments to LKAS 1 and SLFRS Practice Statement 2 - Disclosure of accounting policies

The group has adopted Amendments to LKAS 1 with effect from 01st January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity specific accounting policy information that users need to understand other information in the financial statements.

In certain instances, the amendments had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in these financial statements.

##### Amendments to LKAS 12 - Deferred tax related to assets and liabilities arising from a Single Transaction

The group has adopted to Amendments to LKAS 1 with effect from 01st January 2023. The amendments to LKAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's consolidated Financial Statements.

### 3.2 Basis of consolidation

#### (I) Business combinations

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

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

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

The Group measures goodwill at the acquisition date as:

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

#### (II) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate

that there are changes to one or more of the elements of control.

The cost of an acquisition is measured at the fair value of the consideration, including contingent consideration. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair value at the date of acquisition. Subsequent to the acquisition the Company continues to recognise the investment in subsidiaries at cost.

During the year the Company has held the following subsidiaries:

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

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.

### 3.3.1 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.

### 3.3.2 Foreign operations

The assets and liabilities of foreign operations are translated to Sri Lanka Rupees at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Sri Lanka Rupees at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and

accumulated in the translation reserve in equity.

## 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 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.

#### (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)	Lion Beer (Ceylon) Pte Ltd, Singapore (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 exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognised in the Profit or Loss unless it reverses a previous revaluation surplus for the same asset.

#### (x) De-recognition

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

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

### 3.6 Leases

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

- The contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or 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.

# NOTES TO THE FINANCIAL STATEMENTS

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for leases of land and buildings in which it is a lease, the Group has elected not to separate non lease components and account for the lease and non-lease components as a single lease component.

## Short-term leases and leases of low-value Assets

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

## As a lessee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain 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. The estimated useful life of a Trade Mark is 20 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

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

### 3.10 Cash and cash equivalents

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

### 3.11 Liabilities and provisions

#### 3.11.1 Liabilities

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

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

#### 3.11.2 Refundable deposits

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

#### 3.11.3 Provisions

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

### 3.12 Employee benefits

#### (i) Defined contribution plans

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

#### Employees' provident fund

The Company and Employees contribute 12% & 10% respectively on the salary

of each employee respectively. The contribution 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

# NOTES TO THE FINANCIAL STATEMENTS

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 it relates to items recognised directly in equity or in other comprehensive income.

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

### (i) Current taxation

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

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and any subsequent amendments thereto, including any amendments legislated by Inland Revenue (Amendment) Act No. 45 of 2022.

### (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.

## 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 and amended Sri Lanka Accounting Standards (SLFRSs/LKASs) which will become applicable from annual periods beginning on or after 1st January 2024. Accordingly, the Group has not early adopted the amended standards in preparing these Financial Statements.

The Group does not expect that the adoption of the below listed Standards will have a material impact on the financial statements of the Group and Company.

1. Amendments to LKAS 1: Classification of liabilities as current or non-current
2. Amendments to LKAS 7 and SLFRS 7: Supplier Finance Arrangements
3. Amendments to LKAS 12: International Tax Reform-Pillar Two Model Rule
4. Amendments to SLFRS 16: Lease Liability in a Sale and Leaseback
5. Amendment to LKAS 21: Lack of Exchangeability
6. General Requirements for Disclosure of Sustainability-related Financial Information (SLFRS S1)
7. Climate-related Disclosures (SLFRS S2)

## 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 2024	31st March 2023
<b>Cost / Valuation</b>												
As at 1st April 2023	3,639,856	3,157,935	17,082,839	62,655	96,430	376,937	89,225	93,627	5,690,543	449,028	30,739,075	27,400,757
Additions	482,246	277,882	857,803	11,641	25,472	83,296	-	11,555	2,020,375	1,621,642	5,391,912	4,295,928
Transfers to PPE / Intangible assets	-	106,475	294,175	1,891	5,123	-	-	15,548	-	(423,212)	-	(2,413)
Impairment	-	-	(83,431)	(837)	(250)	(370)	-	-	-	-	(84,888)	(18,460)
Revaluation gain/(loss)	318,546	544,144	-	-	-	-	-	-	-	-	862,690	-
Depreciation adjustment on revaluation	-	(240,772)	-	-	-	-	-	-	-	-	(240,772)	-
Disposals/ Breakages	-	-	-	-	(2,765)	(13,364)	(30,042)	-	(331,125)	(17,350)	(394,646)	(936,738)
<b>As at 31st March 2024</b>	<b>4,440,648</b>	<b>3,845,664</b>	<b>18,151,386</b>	<b>75,350</b>	<b>124,010</b>	<b>446,499</b>	<b>59,183</b>	<b>120,730</b>	<b>7,379,793</b>	<b>1,630,108</b>	<b>36,273,371</b>	<b>30,739,074</b>
<b>Accumulated Depreciation</b>												
As at 1st April 2023	-	101,572	6,380,680	30,022	43,467	293,208	60,792	76,454	2,452,042	2,854	9,441,091	8,571,370
Charge for the year	-	139,200	980,608	5,369	16,110	39,469	14,288	10,164	1,117,659	-	2,322,867	1,770,704
Depreciation adjustment on revaluation	-	(240,772)	-	-	-	-	-	-	-	-	(240,772)	-
Disposals/ Breakages	-	-	-	-	(92)	(11,924)	(29,686)	-	(321,215)	(2,849)	(365,766)	(900,983)
<b>As at 31st March 2024</b>	<b>-</b>	<b>-</b>	<b>7,361,288</b>	<b>35,391</b>	<b>59,485</b>	<b>320,753</b>	<b>45,394</b>	<b>86,618</b>	<b>3,248,486</b>	<b>5</b>	<b>11,157,420</b>	<b>9,441,091</b>
<b>Net Book Value</b>												
As at 31st March 2024	4,440,648	3,845,664	10,790,098	39,959	64,525	125,746	13,789	34,112	4,131,307	1,630,103	25,115,951	
As at 31st March 2023	3,639,856	3,056,363	10,702,159	32,633	52,963	83,729	28,433	17,173	3,238,501	446,174	21,297,983	

All freehold land and buildings of the Company were revalued based on the group policy as at 31st March 2024 which were assessed on a going concern basis by Arthur Perera & Company, an independent professional valuer at a value of Rs.8,286 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

### 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 2024	31st March 2023
Cost / Valuation												
As at 1st April 2023	4,724,052	3,766,541	17,318,504	70,113	96,745	386,406	89,370	93,627	5,692,492	449,028	32,686,878	29,373,025
Additions	482,246	284,263	857,803	11,641	25,472	83,296	-	11,555	2,020,375	1,621,642	5,398,293	4,295,928
Transfers from work in progress	-	106,475	294,175	1,891	5,123	-	-	15,548	-	(423,212)	-	(2,413)
Impairment	-	-	(83,431)	(837)	(250)	(370)	-	-	-	-	(84,888)	(38,460)
Revaluation gain/(loss)	550,851	688,682	-	-	-	-	-	-	-	-	1,239,533	-
Depreciation adjustment on revaluation	-	(286,471)	-	-	-	-	-	-	-	-	(286,471)	-
Disposals/Breakages	-	-	-	-	(2,765)	(13,364)	(30,042)	-	(331,125)	(17,350)	(394,646)	(941,202)
<b>As at 31st March 2024</b>	<b>5,757,149</b>	<b>4,559,490</b>	<b>18,387,051</b>	<b>82,808</b>	<b>124,325</b>	<b>455,968</b>	<b>59,328</b>	<b>120,730</b>	<b>7,381,742</b>	<b>1,630,108</b>	<b>38,558,699</b>	<b>32,686,878</b>
Accumulated Depreciation												
As at 1st April 2023	-	116,787	6,616,347	37,475	43,783	302,679	60,937	76,454	2,453,991	2,854	9,711,307	8,830,437
Charge for the year	-	169,684	980,608	5,369	16,110	39,469	14,288	10,164	1,117,659	-	2,353,351	1,786,317
Depreciation adjustment on revaluation	-	(286,471)	-	-	(92)	(11,924)	(29,686)	-	(321,215)	(2,849)	(286,471)	-
Disposals/Breakages	-	-	-	-	-	-	-	-	-	-	(365,766)	(905,447)
<b>As at 31st March 2024</b>	<b>-</b>	<b>-</b>	<b>7,596,955</b>	<b>42,844</b>	<b>59,801</b>	<b>330,224</b>	<b>45,539</b>	<b>86,618</b>	<b>3,250,435</b>	<b>5</b>	<b>11,412,421</b>	<b>9,711,307</b>
Net Book Value												
As at 31st March 2024	5,757,149	4,559,490	10,790,096	39,964	64,524	125,744	13,789	34,112	4,131,307	1,630,103	27,146,278	
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

Freehold land and buildings of subsidiary (Millers Brewery Limited) were revalued based on the group policy as at 31st March 2024 by Arthur Perera & Company, independent professional valuer at a value of Rs. 2,030 Mn and the resultant surplus arising from there was transferred to the Revaluation Reserve in the said period.

### 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 2023	1,673,689	2,679,941	1,986,038	3,067,502
Additions during the year	482,246	384,357	482,246	390,738
Cost as at 31st March 2024	2,155,935	3,064,298	2,468,284	3,458,240
Accumulated depreciation	-	(731,130)	-	(837,900)
<b>Carrying amount as at 31st March 2024</b>	<b>2,155,935</b>	<b>2,333,168</b>	<b>2,468,284</b>	<b>2,620,340</b>
<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>

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

Location	2024				2023						
	Extent of Lands		Cost/ valuation of Lands Rs.000s	Number of buildings/ Blocks	Cost/ valuation of Buildings Rs.000s	Extent of Lands		Cost/ valuation of Lands Rs.000s	Number of buildings/ Blocks	Cost/ valuation of Buildings Rs.000s	
	A	R	P			A	R	P			
Lion Brewery (Ceylon) PLC											
Biyagama	29.00	-	23.78	3,628,450	49	28.00	3.00	19.20	3,032,000	49	3,145,005
Kaduwela	3.00	-	27.00	431,000	1	3.00	-	27.00	304,200	1	12,930
Tangalle	3.00	2.00	-	32,200	1	3.00	2.00	-	28,000	-	-
Kurunegala	3.00	-	34.25	252,000	1	3.00	-	34.25	192,844	-	-
Nuwara Eliya		3.00	36.67	96,998	-		3.00	36.67	82,812	-	-
<b>Total Company</b>	<b>40.00</b>	<b>-</b>	<b>1.70</b>	<b>4,440,648</b>	<b>52</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>Millers Brewery Limited</b>											
Meegoda	22.00	3.00	16.45	1,316,501	12	22.00	3.00	16.45	1,084,196	12	608,606
<b>Total Group</b>	<b>62.00</b>	<b>3.00</b>	<b>18.15</b>	<b>5,757,149</b>	<b>64</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>

A: Acres R: Roods 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. 2,631 Mn (2022/23 - Rs. 2,571 Mn) and Rs. 2,342 Mn (2022/23 - Rs. 2,539 Mn) respectively.

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

(b) Borrowing cost has not been capitalised during the financial year (2023 - Nil).

### 8.6 Fair Value measurement

(a) Fair Value Hierarchy

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

# NOTES TO THE FINANCIAL STATEMENTS

## 8 PROPERTY, PLANT & EQUIPMENT CONTD.

### 8.7 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 675,000/- -LKR 1,000,000/-	LKR 2,500/- - LKR 16,250/-	31.03.2024	Positive
Lion Brewery (Ceylon) PLC, Kaduwela	OMV	LKR 850,000/-	LKR 4,250/- - LKR 5,500/-	31.03.2024	Positive
Lion Brewery (Ceylon) PLC, Tangalle	OMV	LKR 57,500/-	LKR 7,500/-	31.03.2024	Positive
Lion Brewery (Ceylon) PLC, Kurunagala	OMV	LKR 490,000/-	LKR 4,000/- - LKR 8,000/-	31.03.2024	Positive
Lion Brewery (Ceylon) PLC, Nuwara Eliya	OMV	LKR 560,000/-	LKR 5,500/-	31.03.2024	Positive
Millers Brewery Limited, Meegoda	OMV	LKR 4,375/- - LKR 425,000/-	LKR 2,750/- - LKR 7,750/-	31.03.2024	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.

## 9 RIGHT OF USE ASSETS

As at 31st March In Rs.'000s	Company		Group	
	2024	2023	2024	2023
Balance as at 1 April	164,345	151,914	164,345	151,914
Additions during the period	62,384	47,486	62,384	47,486
Derecognition of assets	(14,392)	-	(14,392)	-
Depreciation charge for the period	(38,873)	(35,055)	(38,873)	(35,055)
Balance as at 31 March	173,464	164,345	173,464	164,345

### 9.1 Lease creditor

Balance as at 1 April	206,801	185,077	206,801	185,077
Leases obtained	62,384	47,486	62,384	47,486
Interest expenses for the period	37,035	30,379	37,035	30,379
Derecognition of lease liability	(28,722)	-	(28,722)	-
Lease rentals paid	(58,303)	(56,141)	(58,303)	(56,141)
Balance as at 31 March	219,195	206,801	219,195	206,801

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

As at 31 March 2024	Company			Group		
	Contractual CF	Interest	Present Value of lease payments	Contractual CF	Interest	Present Value of lease payments
In Rs.'000s						
Current	66,520	(42,123)	24,397	66,520	(42,123)	24,397
Non current	321,127	(126,329)	194,798	321,127	(126,329)	194,798
	387,647	(168,452)	219,195	387,647	(168,452)	219,195

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

As at 31st March 2023	Company			Group		
	Contractual CF	Interest	Present Value of lease payments	Contractual CF	Interest	Present Value of lease payments
In Rs.'000s						
Current	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	360,443	(153,642)	206,801

As at 31st March	Company		Group	
	2024	2023	2024	2023
In Rs.'000s				

Following are the amounts recognised in statement of profit or loss and statement of cash flows during the financial year

Depreciation of right of use assets	38,873	35,055	38,873	35,055
Interest expenses on lease liability	37,035	30,379	37,035	30,379
Total amount recognised in statement of profit or loss and statement of cash flows	75,908	65,434	75,908	65,434

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

# NOTES TO THE FINANCIAL STATEMENTS

## 10 INTANGIBLE ASSETS

As at 31st March					2024	2023
In Rs.'000s	Brands	Computer Software	Excise Licenses	Trade Mark		
<b>COMPANY</b>						
<b>Cost</b>						
Opening balance	4,000,000	424,486	38,200	-	4,462,686	4,452,458
Additions during the year	-	-	-	41,222	41,222	7,815
Transfers from capital WIP	-	-	-	-	-	2,413
Closing balance	4,000,000	424,486	38,200	41,222	4,503,908	4,462,686
<b>Amortisation/Impairment</b>						
Opening balance	3,679,271	388,424	-	-	4,067,695	3,702,365
Amortisation for the year	-	12,604	-	859	13,463	12,101
Impairment /(reversal) during the year	(291,063)	-	-	-	(291,063)	353,229
Closing balance	3,388,208	401,028	-	859	3,790,095	4,067,695
<b>Net Book Value</b>	<b>611,792</b>	<b>23,458</b>	<b>38,200</b>	<b>40,363</b>	<b>713,813</b>	<b>394,991</b>
<b>GROUP</b>						
<b>Cost</b>						
Opening balance	4,000,000	424,486	38,200	-	4,462,686	4,452,458
Additions during the year	-	-	-	41,222	41,222	7,815
Transfers from capital WIP	-	-	-	-	-	2,413
Closing balance	4,000,000	424,486	38,200	41,222	4,503,908	4,462,686
<b>Amortisation/Impairment</b>						
Opening balance	3,679,271	388,424	-	-	4,067,695	3,702,365
Amortisation for the year	-	12,604	-	859	13,463	12,101
Impairment /(reversal) during the year	(291,063)	-	-	-	(291,063)	353,229
Closing balance	3,388,208	401,028	-	859	3,790,095	4,067,695
<b>Net Book Value</b>	<b>611,792</b>	<b>23,458</b>	<b>38,200</b>	<b>40,363</b>	<b>713,813</b>	<b>394,991</b>

### 10.1 Brands of Millers Brewery Ltd

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 2024 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 12.40% 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 2024 stands at Rs. 611,792,845/- resulting in an impairment reversal of Rs. 291,062,762/- which has been credited to the income statement.

### 10.2 Computer Software

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



### 10.3 Excise Licenses

Excise licenses contains wholesale distributor licenses held by the Company. Licenses are not amortised as the useful life is considered to be infinite given the nature of the assets. However, the assessment of indefinite life is reviewed annually. These licenses are tested for impairment annually.

### 10.4 Trade Mark

Trademarks contains intellectual property owned by the Company. Trademarks with a finite life are amortised over the period of expected economic benefit.

## 11 INVESTMENT IN SUBSIDIARIES COMPANY

In Rs.'000s	No of Shares	% holding	Market Value / Directors Value as at 31st March 2024	Cost as at 31st March 2024	Market Value / Directors Value as at 31st March 2023	Cost as at 31st March 2023
Millers Brewery Limited	115,000,000	100%	1,150,000	1,150,000	1,150,000	1,150,000
Lion Beer (Ceylon) Pte Ltd, Singapore (Note 11.1)	434,946	100%	105,600	105,600	-	-
<b>Balance</b>			<b>1,255,600</b>	<b>1,255,600</b>	<b>1,150,000</b>	<b>1,150,000</b>

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

**11.1** During the year, the Company invested Rs. 105,600,000/- in exchange for 434,945 ordinary shares in Lion Beer (Ceylon) Pte Ltd, Singapore. This entity is a fully owned subsidiary of Lion Brewery (Ceylon) PLC.

## 12 INVENTORIES

As at 31st March In Rs.'000s	Company		Group	
	2024	2023	2024	2023
Raw and packing materials	1,784,670	2,435,500	1,796,065	2,435,500
Work in progress	968,151	882,799	968,151	882,799
Finished goods	4,407,726	2,904,864	4,407,726	2,904,864
Maintenance spares & others	1,656,424	1,078,723	1,656,424	1,078,723
	<b>8,816,971</b>	<b>7,301,886</b>	<b>8,828,366</b>	<b>7,301,886</b>
Provision for inventory (Note 12.1)	(49,836)	(113,056)	(49,836)	(113,056)
	<b>8,767,135</b>	<b>7,188,830</b>	<b>8,778,530</b>	<b>7,188,830</b>

### 12.1 Impairment provision for inventory

Balance as at beginning of the year	113,056	64,047	113,056	64,047
Provisions made during the year	48,189	319,361	48,189	319,361
Reversals/written off during the year	(111,409)	(270,351)	(111,409)	(270,351)
<b>Balance as at end of the year</b>	<b>49,836</b>	<b>113,056</b>	<b>49,836</b>	<b>113,056</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 13 TRADE AND OTHER RECEIVABLES

As at 31st March In Rs.'000s	Company		Group	
	2024	2023	2024	2023
Trade receivables	3,878,123	1,035,573	3,878,123	1,035,573
Provision for Impairment (Note 13.1)	(9,096)	(11,236)	(9,096)	(11,236)
	3,869,027	1,024,337	3,869,027	1,024,337
Advances	1,076,702	3,553,411	1,076,702	3,553,411
Prepayments	531,539	362,939	542,042	365,674
Other receivables	104,769	83,407	125,385	94,196
	5,582,037	5,024,094	5,613,156	5,037,618

### 13.1 Provision for Impairment

Balance as at beginning of the year	11,236	51	11,236	51
Provisions made/(reversal) during the year	(2,140)	11,185	(2,140)	11,185
Balance as at end of the year	9,096	11,236	9,096	11,236

## 14 AMOUNTS DUE FROM RELATED COMPANIES

As at 31st March In Rs.'000s	Company		Group	
	2024	2023	2024	2023
Millers Brewery Limited	2	-	-	-
Luxury Brands (Private) Ltd	7,123	-	7,123	-
Pubs 'N Places (Private) Ltd	-	10,719	-	10,719
Ceylon Beverage Holdings PLC	461,240	372,792	461,240	372,792
	468,365	383,511	468,363	383,511

## 15 CASH AND CASH EQUIVALENTS

As at 31st March In Rs.'000s	Company		Group	
	2024	2023	2024	2023
Fixed deposits with financial institutions	6,439,827	6,994,322	6,554,827	7,109,322
Savings accounts	1,678,958	99,419	1,679,026	99,479
Cash at bank	3,969,533	3,955,542	4,214,994	3,963,553
Cash in hand	10,409	54,725	10,409	54,725
	12,098,727	11,104,008	12,459,256	11,227,079

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

Cash and cash equivalents	12,098,727	11,104,008	12,459,256	11,227,079
Bank overdrafts	(1,797,048)	(1,516,314)	(1,797,048)	(1,516,314)
	10,301,679	9,587,694	10,662,208	9,710,765

## 16 STATED CAPITAL

As at 31st March In Rs.'000s	Company		Group	
	2024	2023	2024	2023
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 2024 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	
	2024	2023	2024	2023
Balance as at beginning of the year	1,487,870	1,487,870	2,092,103	2,092,103
Revaluation of land and buildings	862,690	-	1,239,533	-
Deferred tax charge on land and building revaluation	(345,076)	-	(495,813)	-
Balance as at end of the year	2,005,484	1,487,870	2,835,823	2,092,103

## 18 TRANSLATION RESERVE

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. An amount of Rs. 7,005,000/- was recognised in the Group Statement of Financial Position as at 31st March 2024.

## 19 LOANS AND BORROWINGS

As at 31st March In Rs.'000s	Company		Group	
	2024	2023	2024	2023
Balance as at the beginning of the year	5,675,000	4,862,400	5,675,000	4,862,400
Obtained during the year	1,900,000	2,000,000	1,900,000	2,000,000
Repayments during the year	(3,741,667)	(1,187,400)	(3,741,667)	(1,187,400)
	3,833,333	5,675,000	3,833,333	5,675,000
Interest payable	759,935	929,600	759,935	929,600
Balance as at the end of the year	4,593,268	6,604,600	4,593,268	6,604,600

# NOTES TO THE FINANCIAL STATEMENTS

## 19.1 Details of loans and borrowings

Name of the Lender	31st March 2024 Rs. '000s	31st March 2023 Rs. '000s	Repayment Terms	Security Offered	Type of Interest
NDBIB - Rs. 1.5Bn (2019)	562,500	862,500	Payable in 8 years, commencing from July 2019	Unsecured	Floating
Commercial Bank - Rs. 1.5 Bn (2020)	-	250,000	Payable in 12 equal quarterly installments commencing from December 2021	Unsecured	Fixed
Commercial Bank - Rs. 1.5 Bn (2020)	187,500	562,500	Payable in 16 equal quarterly installments commencing from December 2021	Unsecured	Fixed
Commercial Bank (2024)	1,500,000	4,000,000	Payable in 1 month - Renewable	Unsecured	Fixed
Bank of China - Rs. 1.9 Bn (2023)	1,583,333	-	Payable in 12 equal quarterly installments commencing from November 2023	Unsecured	Floating
<b>Total</b>	<b>3,833,333</b>	<b>5,675,000</b>			

## 19.2 Composition of loans and borrowings repayment

As at 31st March In Rs.'000s	Company		Group	
	2024	2023	2024	2023
<b>Classified under non current liabilities</b>				
Loans and borrowings falling due after one year	1,137,500	1,050,000	1,137,500	1,050,000
Interest payable	236,069	874,442	236,069	874,442
	<b>1,373,569</b>	<b>1,924,442</b>	<b>1,373,569</b>	<b>1,924,442</b>
<b>Classified under current liabilities</b>				
Loans and borrowings falling due within one year	2,695,833	4,625,000	2,695,833	4,625,000
Interest payable	523,866	55,158	523,866	55,158
	<b>3,219,699</b>	<b>4,680,158</b>	<b>3,219,699</b>	<b>4,680,158</b>
<b>Balance as at the end of the year</b>	<b>4,593,268</b>	<b>6,604,600</b>	<b>4,593,268</b>	<b>6,604,600</b>

## 20 EMPLOYEE BENEFITS

As at 31st March In Rs.'000s	Company		Group	
	2024	2023	2024	2023
The amounts recognised in the Statements of Financial Position are as follows:				
Present value of unfunded obligation	285,268	249,767	285,268	249,767
<b>Liability in the statements of financial position</b>	<b>285,268</b>	<b>249,767</b>	<b>285,268</b>	<b>249,767</b>
The movement in the defined benefit obligation over the year as follows:				
Balance as at 1st April	249,767	173,704	249,767	173,704
Interest cost	44,958	26,055	44,958	26,055
Current service cost	24,295	16,933	24,295	16,933
Actuarial gain	38,146	50,899	38,146	50,899
Benefits paid	(71,898)	(17,824)	(71,898)	(17,824)
<b>Balance as at 31st March</b>	<b>285,268</b>	<b>249,767</b>	<b>285,268</b>	<b>249,767</b>

For the year ended 31st March In Rs.'000s	Company		Group	
	2024	2023	2024	2023
The amounts recognised in the Statement of Profit or Loss are as follows:				
Interest cost	44,958	26,055	44,958	26,055
Current service cost	24,295	16,933	24,295	16,933
	69,253	42,988	69,253	42,988

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

Actuarial gain	38,146	50,899	38,146	50,899
----------------	--------	--------	--------	--------

**20.1** The gratuity liability as at 31st March 2024 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:

As at 31st March In Rs.'000s	Company		Group	
	2024	2023	2024	2023
Discount rate	12.0%	18.0%	12.0%	18.0%
Salary increment	11.0%	15.0%	11.0%	15.0%
Weighted average duration (years) of defined benefit obligation	6.0	5.30	6.0	5.30

A long-term treasury bond rate of 12 % p.a. (2023 – 18% p.a.) has been used to discount future liabilities taking into consideration remaining working life of eligible employees.

## 20.2 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	
	2024		2024	
	Company	Group	Company	Group
Increase by one percentage	(15,708)	(15,708)	18,466	18,466
Decrease by one percentage	17,276	17,276	(17,041)	(17,041)

# NOTES TO THE FINANCIAL STATEMENTS

## 21 NET DEFERRED TAX LIABILITIES

As at 31st March In Rs.'000s	Company		Group	
	2024	2023	2024	2023
Deferred tax liability	5,996,920	5,238,881	6,686,170	5,789,437
Deferred tax asset	(252,791)	(248,745)	(252,791)	(248,745)
Balance as at the end of the year	5,744,129	4,990,136	6,433,379	5,540,692

Movement In Deferred Tax Balances - Company In Rs.'000s	Balance as at 1st April 2023	Recognised in Profit or Loss	Recognised in OCI	Balance as at 31st March 2024
<b>Deferred Tax Liability</b>				
Property plant and equipment	5,055,839	373,142	345,076	5,774,057
Intangible assets	117,304	33,096	-	150,400
Unrealised exchange difference	-	3,078	-	3,078
Right of use assets	65,738	3,647	-	69,385
<b>Deferred Tax Assets</b>				
Employee benefit	(99,906)	1,057	(15,258)	(114,107)
Lease creditor	(82,720)	(4,958)	-	(87,678)
Provisions for inventory & trade receivables	(66,119)	15,113	-	(51,006)
<b>Net deferred tax liabilities</b>	4,990,136	424,175	329,818	5,744,129

Movement In Deferred Tax Balances - Group In Rs.'000s	Balance as at 1 April 2023	Recognised in Profit or Loss	Recognised in OCI	Balance as at 31 March 2024
<b>Deferred Tax Liability</b>				
Property plant and equipment	5,606,395	361,099	495,813	6,463,307
Intangible assets	117,304	33,096	-	150,400
Unrealised exchange differences	-	3,078	-	3,078
Right of use assets	65,738	3,647	-	69,385
<b>Deferred Tax Assets</b>				
Employee benefit	(99,906)	1,057	(15,258)	(114,107)
Lease creditor	(82,720)	(4,958)	-	(87,678)
Provisions for inventory & trade receivables	(66,119)	15,113	-	(51,006)
<b>Net deferred tax liabilities</b>	5,540,692	412,132	480,555	6,433,379

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
<b>Deferred Tax Liability</b>				
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
<b>Deferred Tax Assets</b>				
Employee benefit	(69,481)	(10,065)	(20,360)	(99,906)
Lease creditor	(74,030)	(8,690)	-	(82,720)
Provisions for inventory & trade receivables	(36,922)	(29,197)	-	(66,119)
<b>Net deferred 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
<b>Deferred Tax Liability</b>				
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
<b>Deferred Tax Assets</b>				
Employee benefit	(69,481)	(10,065)	(20,360)	(99,906)
Lease Creditor	(74,030)	(8,690)	-	(82,720)
Provisions for inventory & trade receivables	(36,922)	(29,197)	-	(66,119)
<b>Net deferred tax liabilities</b>	<b>5,225,626</b>	<b>335,426</b>	<b>(20,360)</b>	<b>5,540,692</b>

As at 31st March 2024, the Group has not recognised deferred tax asset amounting to Rs. 575Mn (2023 - 598 Mn) on brought forward tax losses of Rs. 1,437 Mn (2023 - 1,495 Mn) for Millers Brewery Limited as the utilisation against the future taxable profits are uncertain.

## 22 TRADE AND OTHER PAYABLES

As at 31st March In Rs.'000s	Company		Group	
	2024	2023	2024	2023
Trade payables	2,572,918	2,953,541	2,586,410	2,954,853
Trade discounts	139,567	254,569	139,567	254,569
Accruals	1,131,425	925,271	1,133,524	925,271
Other payables	547,564	393,721	547,564	393,721
	<b>4,391,474</b>	<b>4,527,102</b>	<b>4,407,065</b>	<b>4,528,414</b>

## 23 AMOUNTS DUE TO RELATED COMPANIES

Carlsberg A/S	123,606	76,041	123,606	76,041
Ceylon Beverage Holdings PLC	22,429	-	22,429	-
Lion Beer (Ceylon) Pte Ltd	-	-	13	-
Pubs 'N Places (Pvt) Ltd	2,454	-	2,454	-
Luxury Brands (Pvt) Ltd	117	-	117	-
Millers Brewery Limited	-	123,091	-	-
	<b>148,606</b>	<b>199,132</b>	<b>148,619</b>	<b>76,041</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 24 REFUNDABLE DEPOSITS

As at 31st March In Rs.'000s	Company		Group	
	2024	2023	2024	2023
Balance as at the beginning of the year	2,742,490	2,301,181	2,742,490	2,301,181
Deposits received during the year	451,251	441,309	451,251	441,309
Empty deposit write back during the year	(197,047)	-	(197,047)	-
Balance as at the end of the year	2,996,694	2,742,490	2,996,694	2,742,490

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

## 25 CURRENT TAX LIABILITIES

As at 31st March In Rs.'000s	Company		Group	
	2024	2023	2024	2023
Excise duty payable	2,974,930	812,892	2,974,930	812,892
Value added tax	1,742,848	791,303	1,742,848	789,313
Social security contribution levy	260,912	198,732	260,912	198,732
Income tax	1,893,466	876,466	1,893,466	879,128
	6,872,156	2,679,393	6,872,156	2,680,065

## 26 REVENUE

For the year ended 31st March In Rs.'000s	Company		Group	
	2024	2023	2024	2023
Local revenue	104,858,957	90,738,362	104,858,957	90,738,362
Export revenue	4,886,375	4,230,984	4,896,611	4,230,984
	109,745,332	94,969,346	109,755,568	94,969,346

## 27 OTHER INCOME

For the year ended 31st March In Rs.'000s	Company		Group	
	2024	2023	2024	2023
Profit on disposal of property, plant & equipment and right of use assets	189,513	14,675	189,513	14,675
Other income	294,872	276,621	300,408	284,354
	484,385	291,296	489,921	299,029



## 28 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	
	2024	2023	2024	2023
Directors' fees and emoluments (Note 34.2)	44,675	44,428	44,675	44,428
Auditors' remuneration				
- Audit Fee	2,700	2,525	2,850	2,660
- Audit related services	714	1,150	714	1,150
- Non Audit Services	-	580	-	580
Depreciation on property, plant & equipment (Note 8)	2,322,867	1,770,704	2,353,351	1,786,317
Depreciation of right of use assets (Note 9)	38,873	35,055	38,873	35,055
Impairment of property, plant & equipment (Note 8)	84,888	18,460	84,888	38,460
Amortisation of intangible assets (Note 10)	13,463	12,101	13,463	12,101
Reversal/(provision) for impairment of intangible assets (Note 10)	291,063	(353,229)	291,063	(353,229)
Royalty	609,555	473,387	609,555	473,387
Supporting service fees	923,077	628,010	923,077	628,010
Personnel expenses (Note 28.1)	2,177,778	1,448,408	2,177,778	1,448,408
<b>28.1 Personnel expenses</b>				
Salaries, wages and other related expenses	1,987,120	1,311,951	1,987,120	1,311,951
Defined benefit plan costs (Note 20)	69,253	42,988	69,253	42,988
Defined contribution plan cost - EPF & ETF	121,405	93,468	121,405	93,468
	2,177,778	1,448,408	2,177,778	1,448,408

## 29 NET FINANCE COST

For the year ended 31st March In Rs.'000s	Company		Group	
	2024	2023	2024	2023
<b>Finance Income</b>				
Interest income - fixed deposits	1,046,893	1,337,513	1,072,935	1,356,757
Interest income - intercompany loans	67,132	65,473	67,132	65,473
Interest income - savings & call deposit	75,733	54,489	75,733	54,489
<b>Total finance income</b>	1,189,758	1,457,475	1,215,800	1,476,719
<b>Finance cost :</b>				
Interest expenses - term loans	393,458	395,160	393,458	395,160
Interest expenses - bank overdrafts	54,021	112,514	54,021	112,514
Interest on lease	37,035	30,379	37,035	30,379
Interest expenses -short term loans & agent finance cost	1,911,159	2,808,020	1,911,159	2,808,020
<b>Finance cost</b>	2,395,673	3,346,073	2,395,673	3,346,073
Net gain on foreign exchange transactions	185,935	11,645	185,935	11,645
<b>Total Finance cost</b>	2,581,608	3,357,718	2,581,608	3,357,718
<b>Net Finance Cost</b>	(1,391,850)	(1,900,243)	(1,365,808)	(1,880,999)

# NOTES TO THE FINANCIAL STATEMENTS

## 30 INCOME TAX / DEFERRED TAX

For the year ended 31st March In Rs.'000s	Company		Group	
	2024	2023	2024	2023
Income tax (Note 30.1.1)	5,189,000	3,862,223	5,186,338	3,862,223
Deferred tax	424,175	349,577	412,132	335,427
<b>Total income tax</b>	<b>5,613,175</b>	<b>4,211,800</b>	<b>5,598,470</b>	<b>4,197,650</b>
Deferred tax recognised in other comprehensive income				
Re-measurement of employee benefit obligations	(15,258)	(20,360)	(15,258)	(20,360)
Revaluation gain on land and buildings	345,076	-	495,813	-
	<b>329,818</b>	<b>(20,360)</b>	<b>480,555</b>	<b>(20,360)</b>
<b>30.1.1 Reconciliation of the accounting profit and tax expenses</b>				
Profit before taxation	13,997,574	11,213,107	14,001,948	11,189,253
Remeasurement of employee benefit obligations (Note 20)	(38,146)	(50,899)	(38,146)	(50,899)
<b>Adjusted profit before tax</b>	<b>13,959,428</b>	<b>11,162,208</b>	<b>13,963,802</b>	<b>11,138,354</b>
Aggregate of disallowable expenses	2,566,936	2,745,639	2,597,420	2,778,508
Aggregate of allowable claims	(4,294,653)	(4,636,687)	(4,295,028)	(4,636,926)
Utilisation of tax losses	-	-	(68,709)	(46,291)
Operating losses incurred during the year	-	-	34,226	37,515
<b>Tax adjusted profit</b>	<b>12,231,711</b>	<b>9,271,160</b>	<b>12,231,711</b>	<b>9,271,160</b>
Investment income - Interest Income	1,165,661	1,439,916	1,165,661	1,439,916
<b>Assessable income /taxable income</b>	<b>13,397,372</b>	<b>10,711,076</b>	<b>13,397,372</b>	<b>10,711,076</b>
Tax on local operations (Note 30.3)	4,679,153	3,367,214	4,679,153	3,367,214
Tax on Export Profits (Note 30.3)	160,148	99,756	160,148	99,756
Tax on interest income (Note 30.3)	349,699	395,253	349,699	395,253
Over provision in respect of prior years	-	-	(2,662)	-
<b>Total tax expense</b>	<b>5,189,000</b>	<b>3,862,223</b>	<b>5,186,338</b>	<b>3,862,223</b>

### 30.1.2 Reconciliation of the effective tax rate

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

For the year ended 31st March In Rs.'000s	Company		Group	
	2024	2023	2024	2023
Profit before taxation	13,997,574	11,213,107	14,001,948	11,189,253
Tax charge on profit	5,613,175	4,211,800	5,598,470	4,197,650
Effective tax rate	40.0%	37.6%	40.0%	37.5%

For the year ended 31st March In Rs.'000s	Company				Group			
	%	2024	%	2023	%	2024	%	2023
Profit before taxation		13,997,574		11,213,107		14,001,948		11,189,253
Tax calculated @ 40%	40.0%	5,599,030	40.0%	4,485,243	40.0%	5,600,779	40.0%	4,475,701
<b>The Effect of Tax</b>								
Aggregate of disallowable expenses	7.3%	1,026,774	9.8%	1,098,256	7.4%	1,038,968	9.9%	1,111,403
Aggregate of allowable claims	(12.3%)	(1,717,861)	(16.5%)	(1,854,675)	(12.3%)	(1,718,010)	(16.6%)	(1,854,770)
Operating losses incurred during the year		-		-	0.1%	13,691	0.1%	15,006
Rate differential & over/under provision LY	2.0%	281,057	1.2%	133,400	2.0%	278,394	1.2%	133,400
Tax loss utilised		-		-	(0.2%)	(27,484)	(0.2%)	(18,516)
Deferred tax charge	3.0%	424,175	3.1%	349,576	2.9%	412,132	3.0%	335,426
<b>Tax charge</b>	<b>40.0%</b>	<b>5,613,175</b>	<b>37.6%</b>	<b>4,211,800</b>	<b>40.0%</b>	<b>5,598,470</b>	<b>37.5%</b>	<b>4,197,650</b>

### 30.2 Analysis of tax losses

For the year ended 31st March In Rs.'000s	Company		Group	
	2024	2023	2024	2023
Tax losses brought forward	-	-	1,499,342	1,505,707
Adjustment on losses brought forward	-	-	(27,801)	2,411
Tax losses incurred during the year	-	-	34,226	37,515
Utilisation of tax losses during the year	-	-	(68,709)	(46,291)
<b>Tax losses carried forward</b>	<b>-</b>	<b>-</b>	<b>1,437,058</b>	<b>1,499,342</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 30.3 Income Tax - Company

### **Company**

In terms of the Inland Revenue Act No. 24 of 2017 and amendments thereto, including any amendments legislated by Inland Revenue (Amendment) Act No. 45 of 2022. Operating profits of local operations are liable to income tax at the rate of 40% (2023 - 40%) and profits attributable to export turnover are liable at 30% (2023 - 14% for first six months, Whilst 30% has been applied for second six months). Other Income were liable to tax at the rate of 30% (2023 - 24% for first Six months and 30% for the second six months).

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.

### **Income Tax - Group**

#### **Tax in Sri Lanka**

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, including any amendments legislated by Inland Revenue (Amendment) Act No. 45 of 2022. Operational profit of the Companies within the Group are liable to taxation at a tax rate of 40% & profit from export operations & other income are at the rate of 30%. (2023 - 40% & 24% for the first six months and 30% for second six months respectively).

As per section 19 of the Inland Revenue Act No. 24 of 2017 and amendments thereto, any unclaimed tax losses B/F or incurred during the year could be carried forward for further 6 years subjecting to maximum of 6 years based on the year in which that such losses were incurred. Such losses can be set off against the profits without any limitation but subject to source of income as provided in the Act. Millers Brewery Pvt Limited in the group have carried forward tax losses amounting to Rs.1,437 Mn, which are available to be set off against the future tax profits of the company. Adjustment for the tax losses of Lion Beer (Ceylon)Pte.Ltd is made in accordance with the provisions of relevant statute in Singapore.

#### **Tax on Overseas Operation**

Lion Beer (Ceylon)Pte.Ltd is liable for income tax in accordance with the provisions of the Singapore income tax law. The corporate income tax rate applicable to Lion Beer (Ceylon) Pte.Ltd is 17%.

### 31 DIVIDENDS

For the year ended 31st March In Rs.'000s	2024	2023
On ordinary shares Rs. 31.00 per share and Rs. 12.50 per share (2023 - Rs. 13.60 per share & Rs.28.30 per share)	3,480,000	3,352,000
	3,480,000	3,352,000

- 31.1** A First Interim Dividend of Rs.31.00 per ordinary share amounting to Rs.2,480,000,000/- for the year ending 31st March 2024 was announced on 15th November 2023. Shareholders of the Company who had provided accurate bank account details were paid on 01st December 2023 and to the Shareholders who had not provided accurate bank account details or had not provided any bank account details, the dividends was paid on 14th December 2023.
- 31.2** A Second Interim Dividend of Rs.12.50 per ordinary share amounting to Rs.1,000,000,000/- for the year ended 31st March 2024 was announced on 09th May 2024. Shareholders of the Company who had provided accurate bank account details were paid on 29th May 2024 and to the Shareholders who had not provided accurate bank account details or had not provided any bank account details, the dividends will be paid on 11th June 2024.
- 31.3** 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 two interim dividends. A statement of solvency was compiled and was duly signed by the Board of Directors.

### 32 EARNINGS PER ORDINARY SHARE

The calculation of earnings per ordinary share is based on profit for the year attributable to the ordinary shareholders and weighted average number of ordinary shares outstanding during the year. 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	
	2024	2023	2024	2023
Net profit attributable to ordinary shareholders (as the numerator)	8,384,399	7,001,307	8,403,478	6,991,603
Number of ordinary shares in '000 (as denominator)	80,000	80,000	80,000	80,000
Earnings per ordinary share basic and diluted (Rs.)	104.80	87.52	105.04	87.40

# NOTES TO THE FINANCIAL STATEMENTS

## 33 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT

### 33.1 Accounting classifications and fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows. (In Rs.000). SLFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI (fair value through other comprehensive income) and FVTPL (fair value through profit or loss).

As at 31st March Financial Instrument category In Rs. '000s	Company					
	Amortised Cost	2024 FVTPL	FVOCI	Amortised Cost	2023 FVTPL	FVOCI
<b>Financial assets</b>						
Trade and other receivables	3,973,796	-	-	1,107,744	-	-
Amounts due from related companies	468,365	-	-	383,511	-	-
Cash and cash equivalents	12,098,727	-	-	11,104,008	-	-
<b>Financial liabilities</b>						
Loans and borrowings	4,593,268	-	-	6,604,600	-	-
Trade and other payables	4,391,474	-	-	4,527,102	-	-
Lease creditor	219,195	-	-	206,801	-	-
Refundable deposits	2,996,694	-	-	2,742,490	-	-
Amounts due to related companies	148,606	-	-	199,132	-	-
Bank Overdraft	1,797,048	-	-	1,516,314	-	-

As at 31st March Financial Instrument Category In Rs.'000s	Group					
	Amortised Cost	2024 FVTPL	FVOCI	Amortised Cost	2023 FVTPL	FVOCI
<b>Financial assets</b>						
Trade and other receivables	3,994,412	-	-	1,118,533	-	-
Amounts due from related companies	468,363	-	-	383,511	-	-
Cash and cash equivalents	12,459,256	-	-	11,227,079	-	-
<b>Financial liabilities</b>						
Loans and borrowings	4,593,268	-	-	6,604,600	-	-
Trade and other payables	4,407,065	-	-	4,528,414	-	-
Lease creditor	219,195	-	-	206,801	-	-
Refundable deposits	2,996,694	-	-	2,742,490	-	-
Amounts due to related companies	148,619	-	-	76,041	-	-
Bank Overdraft	1,797,048	-	-	1,516,314	-	-

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.

### 33.2 Financial Risk Management

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

In particular, the key financial risk categories are:

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

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

#### Risk management framework

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

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

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

#### 33.2.1 Credit Risk/Counterparty Risk

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

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

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

#### 33.2.2 Management of credit risk

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

Item	Procedure
Fixed deposits	Deposits are only with reputed and established commercial banks with a rating of "A-" or above.
Trade and other receivables	Most of trade receivables are covered through either bank guarantees or on discounting arrangements with 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 balances are with reputed and established banks with a rating of "BBB+" or above.

# NOTES TO THE FINANCIAL STATEMENTS

### 33.2.3 Exposure to credit risk

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

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

As at 31st March In Rs.'000s	Company		Group	
	2024	2023	2024	2023
Trade and other receivables	3,973,796	1,107,744	3,994,412	1,118,533
Amounts due from related companies	468,365	383,511	468,363	383,511
Cash and cash equivalents	12,088,318	11,104,008	12,448,847	11,227,079
	<b>16,530,479</b>	<b>12,595,263</b>	<b>16,911,622</b>	<b>12,729,123</b>

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

Financial institutions	12,088,318	11,104,008	12,448,847	11,227,079
Customers and other parties	3,973,796	1,107,744	3,994,412	1,118,533
Related parties	468,365	383,511	468,363	383,511
	<b>16,530,479</b>	<b>12,595,263</b>	<b>16,911,622</b>	<b>12,729,123</b>

### 33.2.4 Trade & Other Receivables

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

In the case of international customers, credit terms are offered after evaluation by senior management.

The bank guarantees and the facility from the bank cover 86% (2023 - 85%) of the trade receivables.

### 33.2.5 Impairment losses

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

As at 31st March In Rs.'000s	Company		Group	
	2024	2023	2024	2023
Age				
0 - 365 days	3,869,027	1,024,337	3,869,027	1,024,337
More than 365 days	9,096	11,236	9,096	11,236
	<b>3,878,123</b>	<b>1,035,573</b>	<b>3,878,123</b>	<b>1,035,573</b>

### 33.3.1 Liquidity risk

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

### 33.3.2 Management of liquidity risk

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

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



### 33.3.3 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 2024 (Current & Non Current) - Company

In Rs.'000s	Total	Current Up to Year 1	Non-Current Above year 1
Bank overdrafts	1,797,048	1,797,048	-
Loans and borrowings	4,593,268	3,219,699	1,373,569
Trade & other payables	4,391,474	4,391,474	-
Amounts due to related companies	148,606	148,606	-
Lease creditor	387,647	66,520	321,127
Refundable deposits	2,996,694	2,996,694	-
	14,314,737	12,620,041	1,694,696

#### 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
Refundable deposits	2,742,490	2,742,490	-
	15,950,081	13,726,725	2,223,356

#### As at 31st March 2024 (Current & Non Current) - Group

In Rs.'000s	Carrying value	Current Up to Year 1	Non-Current Above year 1
Bank overdrafts	1,797,048	1,797,048	-
Loans and borrowings	4,593,268	3,219,699	1,373,569
Trade & other payables	4,407,065	4,407,065	-
Amounts due to related companies	148,619	148,619	-
Lease creditor	387,647	66,520	321,127
Refundable deposits	2,996,694	2,996,694	-
	14,330,341	12,635,645	1,694,696

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

In Rs.'000s	Carrying value	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
Refundable deposits	2,742,490	2,742,490	-
	15,828,302	13,604,946	2,223,356

# NOTES TO THE FINANCIAL STATEMENTS

## 33.4.1 Market risk

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

## 33.4.2 Management of market risks

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

## 33.4.3 Currency risk

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

The following significant exchange rates were applied during the year:

In Rs.	Closing exchange rates		Average exchange rates	
	2024	2023	2024	2023
US Dollar (USD)	305.33	336.01	323.91	355.54
Great Britain Pound (GBP)	387.24	416.44	408.52	428.50
Euro (EUR)	332.11	366.71	352.98	370.29

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. 113Mn impact on pre-tax profit.

## 33.4.4 Interest rate risk

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

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

### 33.4.4.1 Fixed and variable rated instruments

As at 31st March In Rs.'000s	Company		Group	
	2024	2023	2024	2023
<b>Fixed rated instruments</b>				
- Financial assets	6,439,827	6,994,322	6,554,827	7,109,322
- Financial liabilities	1,906,695	5,019,301	1,906,695	5,019,301
<b>Variable rated instruments</b>				
- Financial assets	1,678,958	99,419	1,679,026	99,479
- Financial liabilities	3,942,881	2,378,814	3,942,881	2,378,814

### 33.4.4.2 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
BOCC - Rs. 1.9 Bn	15,833	(15,833)
NDBIB Loan- Rs.1.5 Bn	5,625	(5,625)
<b>Potential impact</b>	<b>21,458</b>	<b>(21,458)</b>

### 33.4.4.3 Management of interest rate risk

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

## 34 RELATED PARTY DISCLOSURES

### 34.1 Parent and ultimate controlling party

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

### 34.2 Transactions with key management personnel (KMP)

According to Sri Lanka Accounting Standard 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	
	2024	2023	2024	2023
Short term employee benefits	44,675	44,428	44,675	44,428
	44,675	44,428	44,675	44,428

As at 31st March 2024 an amount of Rs. 48,307,500/- was paid towards gratuity of Key Management Personnel whilst a Company maintained vehicle is provided for both official & private use.

### 34.3 Other related party transactions

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

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 2024 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 during the year which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2024 audited financial statements, which required additional disclosures in the Annual Report under Colombo Stock Exchange Listing Rule 9.14.8 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 31 March 2024 audited financial Statements, which required additional disclosures in the Annual Report under Colombo Stock Exchange listing Rule 9.14.8 and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

# NOTES TO THE FINANCIAL STATEMENTS

## 34.4 Transactions with related companies

Name of the Company In Rs.'000s	Relationship	Nature of the transaction	Company		Group	
			2024	2023	2024	2023
Ceylon Beverage Holdings PLC	Parent company	Interest income	66,757	62,937	66,757	62,937
		Royalty paid	184,881	201,917	184,881	201,917
		Dividend paid	2,106,868	1,289,493	2,106,868	1,289,493
Pubs 'N Places (Private) Limited	Fellow Subsidiary	Beer sale income	162,010	212,326	162,010	212,326
		Rebate on beer purchases paid	2,720	3,503	2,720	3,503
		Interest income	376	2,537	376	2,537
		Marketing assistance fee	23,167	25,333	23,167	25,333
Retail Spaces (Private) Limited	Fellow Subsidiary	Beer sale income	686,653	524,061	686,653	524,061
Luxury Brands (Private) Limited	Fellow Subsidiary	Distribution fee income	4,591	3,929	4,591	3,929
Millers Brewery Limited	Subsidiary	Rent income	4,860	10,547	4,860	10,547
		Rent paid	37,410	27,047	-	-
		Purchase of fixed asset	1,420	15	-	-
Carsons Management Services (Private) Limited	Related entity	Support service fee paid	923,077	628,010	923,077	628,010
		Reimbursement of expenses	157,453	115,310	157,453	115,310
Carlsberg A/S	Related entity	Royalty paid	415,474	271,469	415,474	271,469
Carlsberg Brewery Malaysia Berhad	Related entity	Purchase of raw materials	518,933	601,252	518,933	601,252
Equity One Ltd	Related entity	Service for meeting rooms	92	41	92	41
Pegasus Hotels of Ceylon PLC	Related entity	Beer sale income	4,741	3,153	4,741	3,153
	Related entity	Hotel services	-	106	-	106
Equity Hotels Ltd	Related entity	Beer sale income	1,194	529	1,194	529

## 35 COMMITMENTS AND CONTINGENCIES

### 35.1 Finance commitments

Document credits established for foreign purchases of the Company as at 31st March 2024 amounts to Rs. 1,308 Mn (2023 - Rs. 1,657Mn).

### 35.2 Capital commitments

Capital expenditure committed by the Company for which a provision has not been made in the Financial Statements amounts to Rs. 1,249 Mn as at 31st March 2024 (2023 - Rs. 700Mn).

### 35.3 Contingencies

Contingent liabilities as at 31st March 2024 amounts to Rs. 781Mn (2023 - Rs. 78 Mn), being bank guarantees given to Government bodies and foreign suppliers for operational purposes.

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

#### **Interim dividend**

The Board of Directors approved a second interim dividend of Rs. 12.50 per share for the year ended 31st March 2024 on 09th May 2024. 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 2024.

### **37 COMPARATIVE FIGURES**

Where required comparative figures have been reclassified to give proper presentations as at 31st March 2024.

### **38 SEGMENTAL ANALYSIS**

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

### **39 DIRECTORS RESPONSIBILITY STATEMENT**

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

# VALUE ADDED STATEMENT

For the year ended 31st March In Rs.'000s	2024	2023
Revenue	109,755,568	94,969,346
Value added tax	17,043,986	12,321,043
Other income	489,921	299,029
Finance income	1,215,800	1,476,719
	128,505,275	109,066,137
Cost of material & services bought from outside	(27,934,038)	(22,471,027)
<b>Value added</b>	<b>100,571,237</b>	<b>86,595,110</b>

For the year ended 31st March In Rs.'000s	2024	%	2023	%
Distributed as follows				
<b>To employees</b>				
as remuneration and other employee costs	2,177,778	2.17	1,448,408	1.67
<b>To Government</b>				
as value added tax	17,043,986	16.95	12,321,043	8.31
as excise duty	52,457,109	52.16	47,638,763	69.50
as other excise levies	720,966	0.72	730,847	0.50
as import duty	3,487,732	3.47	3,097,613	1.73
as income tax	4,822,000	4.79	3,636,000	3.72
as surcharge tax	-	-	1,193,964	0.00
as social security contribution levy	2,277,067	2.26	1,024,217	0.00
<b>To providers of capital</b>				
as dividends to shareholders	3,480,000	3.46	3,352,000	3.87
as finance expenses	2,581,608	2.57	3,357,718	3.88
<b>Retained in the business</b>				
as depreciation/amortisation	2,405,686	2.39	1,833,473	2.12
as profit for the year	9,117,305	9.07	6,961,064	8.04
	100,571,237	100.00	86,595,110	100.00

## Notes:

- The Statement of Value Added shows the quantum of wealth generated by the activities of the Group and its applications.
- The total tax liability / payment made to the Government during the year include the following:

In Rs.'000s	2024	2023
Value added tax	17,043,986	12,321,043
Excise duty	52,457,109	47,638,763
Other excise levies	720,966	730,847
Import duty	3,487,732	3,097,613
Income tax	4,822,000	3,636,000
Surcharge tax	-	1,193,964
Social security contribution levy	2,277,067	1,024,217
<b>Total tax liability/payments made to the Government</b>	<b>80,808,860</b>	<b>69,642,447</b>

# FIVE YEAR SUMMARY

Year ended 31st March In Rs.'000s	2024	2023	2022	2021	2020
Revenue	109,755,568	94,969,346	58,570,885	49,849,287	47,835,328
Other income	489,921	299,029	189,902	338,404	162,319
	110,245,489	95,268,375	58,760,787	50,187,691	47,997,647
Total expenditure	(95,168,796)	(81,844,894)	(53,024,100)	(45,032,670)	(42,351,895)
Reversal/(provision) impairment of intangible assets	291,063	(353,229)	(463,578)	(449,084)	(740,315)
<b>Profit before finance cost</b>	<b>15,367,756</b>	<b>13,070,252</b>	<b>5,273,109</b>	<b>4,705,937</b>	<b>4,905,437</b>
Net finance expenses	(1,365,808)	(1,880,999)	259,076	(448,115)	(517,104)
<b>Profit before tax</b>	<b>14,001,948</b>	<b>11,189,253</b>	<b>5,532,185</b>	<b>4,257,822</b>	<b>4,388,333</b>
Income tax expense	(5,598,470)	(4,197,650)	(1,864,080)	(1,786,726)	(1,576,203)
<b>Profit for the year</b>	<b>8,403,478</b>	<b>6,991,603</b>	<b>3,668,105</b>	<b>2,471,096</b>	<b>2,812,130</b>
Total other comprehensive income/(loss) for the year net of tax	713,827	(30,539)	731,086	672	288,632
<b>Total comprehensive income for the year</b>	<b>9,117,305</b>	<b>6,961,064</b>	<b>4,399,191</b>	<b>2,471,768</b>	<b>3,100,762</b>
Dividends -Ordinary (Note 31)	3,480,000	3,352,000	1,674,400	1,152,000	640,000
Excise duty expense	52,457,109	47,638,763	38,963,054	30,646,315	29,233,357
As at 31st March In Rs.'000s	2024	2023	2022	2021	2020
<b>BALANCE SHEET</b>					
<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	2,835,823	2,092,103	2,092,103	1,388,475	1,388,475
Retained profits	22,233,549	18,596,857	15,297,757	13,048,135	11,216,367
Translation reserve	(7,005)	-	-	-	-
	27,600,168	23,226,761	19,927,661	16,974,411	15,142,643
Loans and borrowings	4,812,463	6,811,401	5,833,084	5,550,945	12,762,296
Less: Cash	(10,662,208)	(9,710,765)	(11,916,746)	(8,642,977)	(11,170,815)
<b>CAPITAL EMPLOYED</b>	<b>21,750,423</b>	<b>20,327,397</b>	<b>13,843,999</b>	<b>13,882,379</b>	<b>16,734,124</b>
<b>REPRESENTED BY</b>					
Total non-current assets	28,033,555	23,534,907	21,444,595	20,209,115	20,957,348
Total current assets excluding cash & cash equivalents	14,860,049	12,609,959	6,609,052	5,279,052	4,488,572
Total current liabilities-excluding borrowings & overdraft	(14,424,534)	(10,027,010)	(8,810,318)	(6,283,330)	(3,396,639)
Employee benefits	(285,268)	(249,767)	(173,704)	(233,933)	(198,737)
Deferred tax liabilities	(6,433,379)	(5,540,692)	(5,225,626)	(5,088,525)	(5,116,420)
	21,750,423	20,327,397	13,843,999	13,882,379	16,734,124

# FIVE YEAR SUMMARY

Year ended 31st March In Rs.'000s	2024	2023	2022	2021	2020
<b>CASH FLOW STATISTICS</b>					
Net cash inflows from operating activities	11,360,984	1,498,374	4,818,026	5,544,893	1,949,628
Net cash inflows/(outflows) from investing activities	(3,751,118)	(2,371,040)	(1,029,875)	(125,646)	(577,239)
Net cash inflows/(outflows) from financing activities	(6,637,493)	(1,710,307)	(1,249,786)	(7,985,462)	337,596
<b>Net cash movement for the year</b>	<b>972,373</b>	<b>(2,582,973)</b>	<b>2,538,365</b>	<b>(2,566,215)</b>	<b>1,709,985</b>
<b>RATIOS &amp; STATISTICS</b>					
Return on shareholders' funds (%)	39.25	29.97	22.08	14.56	20.48
Return on capital employed (ROCE) (times)	70.65	64.30	38.09	33.90	29.31
Assets turnover (times)	1.98	2.00	1.43	1.42	1.23
Equity to total assets (times)	2.38	2.04	2.06	2.07	2.56
Interest cover (times)	11.25	6.95	-	10.50	9.49
Gearing ratio (%)	-	-	-	-	9.51
Current ratio (times)	1.40	1.47	1.48	1.63	1.15
Quick ratio (times)	0.95	1.02	1.14	1.25	0.98
Price earnings ratio (times)	9.07	8.18	11.45	18.42	14.79
Net assets per share (Rs)	345.00	290.33	249.10	212.18	189.28
Dividends - Ordinary (Rs.) (Note 31.1)	43.50	41.90	20.93	14.40	8.00
Dividend payout ratio (%) - Company	41.51	47.88	45.31	44.44	22.13

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	2024	2023
Revenue	2	338,846	267,113
Cost of sales		(257,450)	(203,932)
<b>Gross profit</b>		<b>81,396</b>	<b>63,181</b>
Other income		1,513	841
		<b>82,908</b>	<b>64,022</b>
Distribution expenses		(22,522)	(16,446)
Administrative expenses		(12,126)	(7,811)
Other expenses		(1,715)	(2,009)
Reversal/(provision) impairment of intangible assets		899	(994)
<b>Profit from operations</b>		<b>47,445</b>	<b>36,762</b>
Finance income		3,754	4,153
Finance costs		(7,970)	(9,444)
<b>Net finance costs</b>		<b>(4,217)</b>	<b>(5,291)</b>
<b>Profit before taxation</b>		<b>43,228</b>	<b>31,471</b>
Income tax expense		(16,012)	(10,863)
Deferred taxation		(1,272)	(943)
<b>Profit for the period</b>		<b>25,944</b>	<b>19,665</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement of employee benefit obligations		(118)	(143)
Deferred tax charge on actuarial gain		49	57
Revaluation gain on land & buildings		3,827	-
Deferred tax charge on land and building revaluation		(1,531)	-
<b>Item that are or may be reclassified subsequently to profit or loss</b>			
Foreign currency translation gain from foreign operation		(23)	-
<b>Total other comprehensive income for the year net of tax</b>		<b>2,204</b>	<b>(86)</b>
<b>Total comprehensive income for the year</b>		<b>28,148</b>	<b>19,579</b>

Figures in brackets indicate deductions.

# STATEMENT OF FINANCIAL POSITION

## - GROUP - USD

As at 31st March In USD '000s	2024	2023
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant & equipment	88,908	68,378
Right of use assets	568	489
Intangible assets	2,338	1,176
<b>Total non-current assets</b>	<b>91,814</b>	<b>70,043</b>
<b>Current Assets</b>		
Inventories	28,751	21,395
Trade and other receivables	18,384	14,992
Amounts due from related companies	1,534	1,141
Cash and cash equivalents	40,806	33,413
<b>Total current assets</b>	<b>89,475</b>	<b>70,941</b>
<b>Total assets</b>	<b>181,289</b>	<b>140,984</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Stated capital	33,068	33,068
Capital reserves	14,238	11,942
Translation reserve	(23)	-
Retained earnings	43,111	24,116
<b>Total equity</b>	<b>90,394</b>	<b>69,126</b>
<b>Non-Current Liabilities</b>		
Loans and borrowings	4,499	5,727
Lease creditor	638	535
Employee benefits	934	743
Net deferred tax liabilities	21,070	16,490
<b>Total non-current liabilities</b>	<b>27,141</b>	<b>23,495</b>
<b>Current Liabilities</b>		
Trade and other payables	14,434	13,477
Amounts due to related companies	487	226
Refundable deposits	9,815	8,162
Current tax liabilities	22,507	7,976
Loans and borrowings	10,545	13,929
Lease creditor	80	80
Bank overdrafts	5,886	4,513
<b>Total current liabilities</b>	<b>63,754</b>	<b>48,363</b>
<b>Total liabilities</b>	<b>90,895</b>	<b>71,858</b>
<b>Total equity and liabilities</b>	<b>181,289</b>	<b>140,984</b>

# 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		2024	2023
Income statement	Average rate	323.91	355.54
Monetary assets and liabilities	Closing rate	305.33	336.01
Non-current assets and liabilities	Closing rate	305.33	336.01
Ordinary share capital	Historical rate	76.74	76.74

## 2 REVENUE

For the year ended 31st March In USD '000s		2024	2023
Local revenue		323,729	255,213
Export revenue		15,117	11,900
		338,846	267,113

# FIVE YEAR SUMMARY - USD

Year ended 31st March In USD '000s	2024	2023	2022	2021	2020
Revenue	338,846	267,113	285,405	264,613	266,533
Other income	1,513	841	925	1,796	904
	340,359	267,954	286,330	266,409	267,437
Total expenditure	(293,813)	(230,199)	(258,377)	(239,045)	(235,979)
Reversal/(provision) impairment of intangible assets	899	(993)	(2,259)	(2,384)	(4,125)
<b>Operating profit before finance cost</b>	<b>47,445</b>	<b>36,762</b>	<b>25,694</b>	<b>24,980</b>	<b>27,333</b>
Net finance income/(cost) expenses	(4,217)	(5,291)	1,263	(2,378)	(2,881)
<b>Profit before tax</b>	<b>43,228</b>	<b>31,471</b>	<b>26,957</b>	<b>22,602</b>	<b>24,452</b>
Income tax expense	(17,284)	(11,806)	(9,083)	(9,485)	(8,783)
<b>Profit for the year</b>	<b>25,944</b>	<b>19,665</b>	<b>17,874</b>	<b>13,117</b>	<b>15,669</b>
Total other comprehensive income/(loss) for the year	2,204	(86)	3,562	4	1,608
<b>Total comprehensive income for the year</b>	<b>28,148</b>	<b>19,579</b>	<b>21,436</b>	<b>13,121</b>	<b>17,277</b>
Dividends -Ordinary	10,768	10,039	5,238	5,702	3,566
Excise duty expense	161,950	133,990	189,860	162,675	162,887

Year ended 31st March In USD '000s	2024	2023	2022	2021	2020
<b>STATEMENT OF FINANCIAL POSITION</b>					
Stated capital	33,068	33,068	33,068	33,068	33,068
Capital reserves	14,238	11,942	11,942	8,513	8,513
Translation reserve	(23)	-	-	-	-
Retained profits	43,111	24,116	21,639	42,435	37,105
	90,394	69,126	66,649	84,016	78,686
Loans and borrowings	15,762	20,271	19,508	27,474	66,313
Less-Cash	(34,920)	(28,900)	(39,856)	(42,779)	(58,044)
<b>CAPITAL EMPLOYED</b>	<b>71,236</b>	<b>60,497</b>	<b>46,301</b>	<b>68,711</b>	<b>86,955</b>

## REPRESENTED BY

Total non-current assets	91,814	70,043	71,721	100,025	108,897
Total current assets excluding cash & cash equivalents	48,669	37,528	22,104	26,129	23,324
Total current liabilities-excluding borrowings & OD	(47,243)	(29,841)	(29,466)	(31,099)	(17,648)
Employee benefits	(934)	(743)	(581)	(1,158)	(1,033)
Deferred tax liabilities	(21,070)	(16,490)	(17,477)	(25,186)	(26,585)
	71,236	60,497	46,301	68,711	86,955

# INFORMATION TO SHAREHOLDERS AND 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 2024 was Rs. 953.25 per share (2023 - Rs. 714.75)

## 3 ORDINARY SHAREHOLDERS

As at 31st March	2024	2023
Number of Shareholders	1,286	1,253

### (a) Frequency distribution of shareholdings as at 31st March 2024

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	1,080	157,398	0.20	14	5,102	0.01	1,094	162,500	0.20
1001 - 10,000	132	381,813	0.48	13	44,661	0.06	145	426,474	0.53
10,001 - 100,000	24	686,962	0.86	7	214,815	0.27	31	901,777	1.13
100,001 - 1,000,000	4	858,810	1.07	6	2,300,124	2.88	10	3,158,934	3.95
Above 1,000,000	4	49,760,373	62.20	2	25,589,942	31.99	6	75,350,315	94.19
Grand Total	1,244	51,845,356	64.81	42	28,154,644	35.19	1,286	80,000,000	100.00

### (b) Category of Shareholders

Categories of Shareholders as at 31st March 2024	No. of Shareholders	No. of Shares	%
Individual	1,199	925,054	1.16
Institutions	87	79,074,946	98.84
Total	1,286	80,000,000	100

(c) The number of shares held by non-residents as at 31st March 2024 was 28,154,644 (2023 - 28,962,863) which amounts to 35.19% (2023 - 36.20%) of the total number of shares in issue.

### (d) Public Holding

The Company is in compliance with the Minimum Public Holding requirements for Companies listed on the Main Board as per Rule 7.13.1 (i) (a) of the Listing Rules of the Colombo Stock Exchange, under Option 2, i.e. Float-Adjusted Market Capitalisation of Rs.7.5 Billion with 500 Public Shareholders and a Public Holding percentage of 5%.

#### The Company's Public Holding as at 31st March 2024

Float Adjusted Market Capitalisation (Rs.)	9,227,460,000
Percentage of ordinary shares held by the public	12.10%
Number of Public Shareholders	1,262

# INFORMATION TO SHAREHOLDERS AND INVESTORS

## 4 MARKET PERFORMANCE- ORDINARY SHARES

For the year ended 31st March	2024	2023
Highest (Rs.)	991.00	728.00
Lowest (Rs.)	510.00	420.00
Last traded (Rs.)	953.25	714.75
Value of Shares traded (Rs.Mn)	1,174	441
No. of shares traded	1,340,361	800,646

## 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. 76,260,000,000/- as at 31st March 2024. (2023 - Rs. 57,180,000,000/-)

## 6 DIVIDENDS

- 6.1** 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 dividends was paid on 19th June 2023 via cheques.
- 6.2** A First Interim Dividend of Rs.31/- per ordinary share amounting to Rs.2,480,000,000/- for the year ended 31st March 2024 was announced on 15th November 2023. Shareholders of the Company who had provided accurate bank account details were paid on 01st December 2023 and to the Shareholders who had not provided accurate bank account details or had not provided any bank account details, the dividends was paid on 14th December 2023 via cheques.
- 6.3** A Second Interim Dividend of Rs.12/50 per ordinary share amounting to Rs.1,000,000,000/- for the year ended 31st March 2024 was announced on 09th May 2024. Shareholders of the Company who had provided accurate bank account details were paid on 29th May 2024 and to the Shareholders who had not provided accurate bank account details or had not provided any bank account details, the dividends will be paid on 11th June 2024 via cheques.

# 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

LION BREWERY (CEYLON) PLC (Company No. PQ 57)

NOTICE IS HEREBY GIVEN that the 28th Annual General Meeting of LION BREWERY (CEYLON) PLC will be held on **Monday, 08th July 2024 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 2024 together with the Report of the Auditors thereon.
2. To re-elect as a Director Mr. D. R. P. Goonetilleke, who has been appointed to the Board as a Non-Executive Director since the last Annual General Meeting, in terms of Article 68 of the Articles of Association of the Company.
3. To re-elect as a Director Mr. A.B. Baliga, who has been appointed to the Board as an Independent Non-Executive Director since the last Annual General Meeting, in terms of Article 68 of the Articles of Association of the Company.
4. To re-elect Ms. V. Gun who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.
5. To re-elect Mrs. S.J.F. Evans who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.
6. 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."
7. 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."

8. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act, No. 07 of 2007 and to authorize the Directors to determine their remuneration.
9. To amend the Articles of Association of the Company and to consider and if deemed fit to pass the following Resolutions as a Special Resolutions;

#### Special Resolution (1)

"That the first paragraph of Article 4(1) to be amended by deleting the word "Special" and replacing the same with the word "Ordinary" in line 4 thereof. The amended Article would read as follows:

"4 (1) Subject to the provisions of the Act, paragraphs (2) and (3) of this Article and in accordance with the provisions of the rules and regulations of the Colombo Stock Exchange in force for the time being and from time to time, the Shares of the Company shall be issued with the approval of the Shareholders by Ordinary Resolution as shall have been recommended by the Board. The Shares may be divided into several classes and there may be attached any preferential, deferred or other special rights, privileges, conditions or restrictions whether with regard to distributions, voting, return of capital or otherwise. The Company may also issue:-"

#### Special Resolution (2)

"That Article 16(2) to be amended by deleting the words "an interim dividend" and replacing the same with the words "interim and final dividends", appearing between the words "of" and "to" in lines 1 and 2 thereof.

The amended Article would read as follows;

"16(2) The Board may from time to time approve the payment of interim and final dividends to Shareholders, where that appears to be justified by the Company's profits, without the need for approval by an Ordinary Resolution of the Shareholders."

The side note to Article 16(2) to be deleted and replaced with "interim and final dividends".

#### Special Resolution (3)

"That Article 17 to be amended by inserting the words within brackets "(which shall include a particular class of shares in the Company)," between the words "Shares" and "from" in line 1 thereof and inserting the words "without the need for approval of Shareholders" in between the words "Board" and "and" in line 3 thereof. The amended Article would read as follows;

"17. The Company may agree to purchase or otherwise acquire its own Shares (which shall include a particular class of shares in the Company), from one or more of the Shareholders or from all of the Shareholders with the approval of the Board without the need for approval of the Shareholders and in accordance with the provisions of the Act".

#### Special Resolution (4)

" That Article 47(2) to be amended by adding the phrase "or any other method of expression as may be used in the context of and allowed by the electronic platform and/or application used by the Company to conduct such meeting" at the end of it to make provision for method of voting at virtual meetings. The amended Article 47(2) would read as follows;

"47(2)In the case of a meeting of Shareholders held under paragraph (b) of Article 43, unless a poll is demanded, voting at the meeting shall be by Shareholders signifying individually their assent or dissent by voice or any other method of expression as may be used in the context of and allowed by the electronic platform and/or application used by the Company to conduct such meeting."

#### Special Resolution (5)

"That Article 47(4) to be amended by insertion of a new item "(i) the chairman of the meeting; or" and renumbering the balance items as (ii) and (iii). The amended Article would read as follows;

"47(4) At a meeting of Shareholders, a poll may be demanded by :

- (i) the chairman of the meeting; or
- (ii) not less than five (05) Shareholders (present in person or by proxy) having the right to vote at that meeting; or



- (iii) by a Shareholder or Shareholders representing not less than one-tenth (1/10th) of the total voting rights of all the Shareholders having the right to vote at the meeting."

**Special Resolution (6)**

"That Article 74 to be amended by inserting the phrase "subject to being recommended by the Board" in between the words "re-election" and "and" in line 1 thereof. The amended Article would read as follows;

"74. Every retiring Director shall be eligible for re-election subject to being recommended by the Board and shall act as a Director throughout the meeting at which he retires".

**Special Resolution (7)**

"That Article 82 to be amended as follows:

- Article 82(1) to be deleted in its entirety and replaced with the following Article;

"82 (1) Alternate directors shall only be appointed in exceptional circumstances as determined by the Board. Any director who wishes to appoint one of his co-directors or any other person as an alternate director to act in his place shall obtain the prior approval of the Board and appoint such alternate director by notice in Writing left at the Office. The provisions contained in the following sub- Articles shall apply to any such alternate director".

- Article 82(5) to be deleted in its entirety and be replaced with the following new Article;

"82(5) An alternate director shall be appointed for a maximum period of one (01) year unless provided otherwise in the Listing Rules of the Colombo Stock Exchange, but he shall ipso facto cease to be an alternate director in any one of the following events prior to completion of his term:-"

- The following sub-articles will be introduced immediately after Article 82(7);

"82(8) If an alternate director is appointed for a Non-Executive Director such alternate should not be an executive of the Company.

82(9) If an alternate director is appointed by an Independent Director, the person so appointed should meet the criteria for independence specified in any applicable rules of the Company including the Listing Rules of Colombo Stock Exchange and shall satisfy the requirements relating to the

minimum number of Independent Directors specified therein. The Nominations and Governance Committee shall review and determine that the person nominated as the alternate would qualify as an Independent Director before such appointment is made.

82(10) The Company shall make an immediate Market Announcement regarding the appointment of an alternate director. Such Market Announcement shall include the following:-

- a) the exceptional circumstances leading to such appointment;
- b) the information on the capacity in which such alternate director is appointed, i.e. whether as an Executive Director, Non-Executive Director or Independent Director;
- c) the time period for which he is appointed, which shall not exceed one (01) year from the date of appointment; and
- d) a statement by the Company indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Company.

82(11) The attendance of any alternate director at any meeting, including a board committee meeting shall be counted for the purpose of quorum.

82(12) The words "Executive Director", "Independent Director", "Non-Executive Director", "Market Announcement" and "Nominations and Governance Committee" shall have the meanings and definitions applicable to them in the Listing Rules of the Colombo Stock Exchange."

**Special Resolution (8)**

"That the sub Article (iv) of Article 88(1) to be deleted in its entirety and sub Articles from (v) to (xii) to be renumbered accordingly as a corresponding amendment to the amendment proposed to Article 4(1) above.

**Special Resolution (9)**

" That the existing Article 92 to be deleted in its entirety and be replaced by the following;

"92. The Board may, from time to time by Resolution, appoint any person or persons as its attorney for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Articles) and for such

periods and subject to such conditions as the Board may from time to time think fit."

**Special Resolution (10)**

" That Article 102 to be amended by the introduction of a new sub article as follows;

"102(3) Notwithstanding the above, the Board may by Resolution authorize any contract or other enforceable obligation executed in terms of Section 19 of the Act to be entered into on behalf of the Company in writing, without the Common Seal being affixed thereon, and signed under the name of the Company by:

- (i) any two Directors of the Company;
- (ii) any one Director signing together with the Company Secretary or any other person or class of persons duly authorized by the Board; or
- (iii) one or more Attorneys appointed by the Company."

By Order of the Board

(Sgd)

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

Director

**CARSONS MANAGEMENT SERVICES (PRIVATE) LIMITED**

Secretaries

Colombo

10th June 2024

# NOTICE OF MEETING

## Notes:

1. The Annual Report 2023/24 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 06th July 2024**,
  - via email to [LIONAGM2024@carcumb.com](mailto:LIONAGM2024@carcumb.com), or
  - via WhatsApp or Viber to mobile no. +94 764 765 463 or +94 767 410 683, 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 authorizing 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.



# Notes

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

# FORM OF PROXY

LION BREWERY (CEYLON) PLC (Company No. PQ 57)

\* 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)           | Or failing her, |
| AJAY BHASKAR BALIGA                 |                 |

as \*my/our proxy to attend at the 28th Annual General Meeting of the Company to be held on Monday, 8th July 2024 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 as a Director Mr. D. R. P. Goonetilleke, who has been appointed to the Board as a Non-Executive Director since the last Annual General Meeting, in terms of Article 68 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect as a Director Mr. A.B. Baliga, who has been appointed to the Board as an Independent Non-Executive Director since the last Annual General Meeting, in terms of Article 68 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Ms. V. Gun who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mrs. S.J.F. Evans who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Mr. H. Selvanathan who is over seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
6. 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"/>
7. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act, No.07 of 2007 and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
8. To pass the following Special Resolutions to amend the Articles of Association of the Company as set out in the Notice.		
Special Resolution 1	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution 2	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution 3	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution 4	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution 5	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution 6	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution 7	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution 8	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution 9	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution 10	<input type="checkbox"/>	<input type="checkbox"/>

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

.....  
Signature/s

# FORM OF PROXY

## Notes

1. \* Please delete the inappropriate words.
2. 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.
3. A shareholder is not entitled to appoint more than one proxy on the same occasion.
4. Instructions are given below.

## 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.  
A proxy need not be a shareholder of the Company.
4. In terms of Article 50 of the Articles of Association of the Company:  
In the case of joint-holders of a share, the senior who tenders a vote, whether in person or by proxy or by attorney or by representative, shall be accepted to the exclusion of the votes of the other joint-holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
5. The completed **Form of Proxy** should be submitted to the Company not later than **4.45 p.m. on 06th July 2024**,
  - via email to **LIONAGM2024@carcumb.com**, or
  - via WhatsApp or Viber to mobile no. +94 764 765 463 or +94 767 410 683, 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  
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  
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.  
Mr. A. B. Baliga (appointed w.e.f 02/02/2024)

## BANKERS

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

## LEGAL ADVISERS

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

## AUDITORS

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

## MANAGERS & SECRETARIES

Carsons Management Services (Private)  
Limited  
No. 61, Janadhipathi Mawatha  
Colombo 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

**emagewise**

Printing by Softwave Printing and Publishing (Pvt) Ltd

**LION**

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