



*Annual Report 2021/22*

**LION BREWERY (CEYLON) PLC**

# CONTENTS

1	Financial Highlights
2	Chairman's Message
4	Chief Executive's Review
7	Profiles of Directors
10	Senior Management Team
12	Annual Report of the Board of Directors on the Affairs of the Company
24	Audit Committee Report
27	Related Party Transactions Review Committee Report
30	Financial Calendar
31	Independent Auditor's Report
36	Statement of Financial Position
38	Statement of Profit or Loss and Other Comprehensive Income
40	Statement of Changes in Equity
42	Statement of Cash Flows
44	Notes to the Financial Statements
102	Value Added Statement
104	Five Year Summary
107	Statement of Profit or Loss and Other Comprehensive Income (Group) - USD
108	Statement of Financial Position (Group) - USD
110	Notes to the Financial Statements - USD
111	Five Year Summary - USD
113	Information to Shareholders & Investors
115	Glossary of Financial Terms
116	Notice of Meeting
119	Form of Proxy
	Corporate Information - <i>Inner Back Cover</i>



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

# FINANCIAL HIGHLIGHTS

In Rs. '000s	2022	2021	Change %
Revenue	58,570,885	49,849,287	17
Profit from operations	5,273,109	4,705,937	12
Profit before taxation	5,532,185	4,257,822	30
Profit after taxation	3,668,105	2,471,096	48
Shareholders' funds	19,927,661	16,974,411	17
Total assets	41,066,879	35,153,565	17
Earnings per ordinary share (Rs.)	45.85	30.89	48
Net assets per ordinary share (Rs.)	249.10	212.18	17
Market capitalisation	42,000,000	45,520,000	(8)

# CHAIRMAN'S MESSAGE

*Dear Shareholder,*

I am pleased to present the Annual Report for the year ended 31st March 2022. The Chief Executive's review presents a detailed analysis of your Company's operations, and therefore my statement is confined to an overview.

During the first half of the year under review, sales were disrupted due to the 3rd wave of the Covid pandemic. In order to curb its spread, a 52 day island wide lockdown was enforced over two separate periods. Whilst some retail shops were open during this lock down period, outlets licensed to sell beer were closed, resulting in the loss of sales and cash collections. However, in the second half of the year, with increasing vaccinations and the pandemic coming under control, the Company's operations returned to normal levels.

The rapid diminution of the country's foreign currency reserves due to a multitude of factors and the dwindling in-flow of dollars created an acute scarcity of foreign currency. This led to severe operational challenges affecting every aspect of business. Whilst its intensity was less severe in the first half of the year, its impact reached extreme proportions in the second half. Banks were compelled to prioritise the allocation of its limited foreign exchange to meet urgent and essential imports such as fuel, gas and medicines. We are extremely grateful to our suppliers for the unstinted support extended to the Company during this challenging period and in turn our commitments to them have been met in a timely manner.

The free float of the LKR in mid-March 2022 resulted in the sharp devaluation of the Rupee, with the US\$ appreciating to Rs.370/- by April 2022. This steep depreciation combined with

other economic factors has led to very high head line and core inflation, resulting in significant price increases across all inputs. In parallel, various geopolitical events have led to a considerable rise in global commodity prices. Aluminum which is a key ingredient in the manufacture of cans is one such commodity that experienced a steep rise in prices. The surge in global freight rates too caused the cost of imported inputs to increase significantly. In spite of increases in the price of the Company's product range to counter rising costs, gross margins suffered.

In this challenging and demanding backdrop the Company delivered a profit before tax of Rs. 5.5 billion compared to Rs.4.2 billion last year, on a turnover of Rs.58.6 billion versus Rs. 49.8 billion in the previous year. It must be noted that the sharp appreciation of the US\$ in March 2022 resulted in a substantial exchange gain; without this benefit, the profit before tax for the year would be Rs.4.9 billion. For the financial year 2021/22, the Company paid Rs.47 billion as Government taxes compared to Rs.37 billion last year.

Exports performed well recording a growth of 45% over the previous year despite the many operational challenges. The income received from exports greatly helped overcome the foreign exchange challenges faced during the year. If not for the numerous impediments, growth in exports would have been much higher. The lack of ships calling at the port of Colombo compounded by the scarcity of containers, hampered shipments and significantly increased freight costs. Export profitability was also challenged by rising costs of raw materials. The international business arm of the Company now exporting to around 26 countries, offers further promise and potential for growth in the years to come and will receive due focus.

The forthcoming year will be one of even greater challenges. As the country gears itself to overcome the economic, political and social crisis, consumers and businesses will have to brace themselves to steer through a period of severe turbulence. The significant changes in monetary policy already in motion will lead to significantly higher interest costs and liquidity issues, while increasing inflation will lead to higher prices that will impact demand. It is expected that the ongoing shortage in foreign exchange, the scarcity of fuel, interruptions to power supply, disruptions to global supply chains hampering supplies and rising commodity prices will continue to impede business in the forthcoming year. In addition, the expected revisions to fiscal policies will result in the increase of VAT and other taxes, adding to the challenges. Nevertheless, as proven in the past, guided by the Board, your Company's capable Management assisted by the diligent team of employees is committed towards overcoming the challenges to ensure business success.

Despite having to face numerous personal hardships and a multitude of business challenges, our dedicated team of employees across all levels has ensured that the Company's operations continued uninterrupted. The Company is deeply appreciative of the commitment and contribution of every employee and extends its grateful thanks to all team members.

A special thank you and a note of appreciation to our partners Carlsberg, our bankers, consignment agents and suppliers for the unstinted help and assistance provided. Also, a big thank-you to all our loyal consumers for the continued trust and confidence placed in the Company's brands.

**The forthcoming year will be one of even greater challenges. As the country gears itself to overcome the economic, political and social crisis, consumers and businesses will have to brace themselves to steer through a period of severe turbulence.**

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

(Sgd.)  
**D. A. Cabraal**  
Chairman

Colombo  
08th July 2022

# CHIEF EXECUTIVE'S REVIEW

## INDUSTRY & POLICY

The financial year saw the continued impact of the Covid pandemic which started easing towards the last two quarters bringing about a hope of economic revival. The expectation was short lived as the dollar crisis precipitated by the poor inflows started impacting the whole country and the operations of Lion. Therefore, a year which was expected to be a period of turnaround nosedived into a political and social crisis, leading to the economy going into a tailspin.

Within the context of a deteriorating economic environment Government and regulators must pursue a balanced and sensible approach to the industry as ad hoc policies will impact government revenue streams and create a thriving illicit sector. For the 2021/22 year, 60% of the price of beer is composed of excise tax, compared to world norms of between 20%-30%, which indicates that the pricing for beer is at a high level thereby compromising the value for money equation versus illicit products. In fact, WHO estimates 37% of the alcoholic beverages consumed in the country is duty-not-paid which is significantly higher than the global average. The estimated excise taxes for 2022 from the duty paid alcohol is Rs.180 billion (spirits + beer) which implies an estimated Rs.80+ billion rupees per annum of tax evasion. This situation is driven by the legal alcoholic beverage price threshold (both spirits and beer) creeping up versus illicit products which gives impetus for consumers to move to the illicit sector which is evidenced by WHO statistics indicating a 300% growth in the latter. Therefore, using excise as a short-term revenue generation tool will have disastrous consequences for the Government.

It must be put on record the successful initiative by the Ministry of Finance and the Excise Department of Sri Lanka in introducing tax stamps to alcoholic beverages to curtail illicit product. We fully support the initiative. There is more the Government can do to strengthen the security features to protect against counterfeiting. Currently, the suite of security features is not fully enabled thereby making it easier to counterfeit. We request the

Government to enhance and enforce the security features. Government should consider exempting exports from this initiative as it is an added cost to the product which impact competitiveness in international markets.

Another factor driving growth in the illicit category is restricted access. Sri Lanka has only 1,130 licensed retail liquor stores which, on average, implies an outlet serves an area greater than 57 sq KM. To put it into context, consumer goods companies sell in excess of 100,000 outlets. Retail liquor stores are not evenly placed across the country leading to very limited access to legal alcoholic beverages, especially in rural areas. In several parts of the country, one retail liquor store serves an area greater than 100sq KM. Some districts such as Kilinochchi district have no licensed stores. This creates the incentive for illicit alcohol growth as legal products are simply not available. The Government has proposed giving licenses for tourist board approved establishments for low alcoholic beverages i.e beer & wine. This is a step forward in the right direction of curtailing the illicit sector, increasing the tax net for government and creating business opportunities for SMEs in the hospitality business when tourism commences.

A balanced and practical approach is the only way forward. We urge Government not to take a short-term, ad hoc approach to the industry which would be counterproductive as it will compromise one of its key revenue streams and pave the way for the tax evading sector to thrive.

By addressing the key gaps highlighted above, Government will create a win-win outcome which increases tax revenue and provides consumers with regulated and better products.

## TAXATION

Following the end of the financial year, VAT was increased from 8% to 12%. It must be pointed out that the alcoholic beverage industry did not benefit from the VAT reductions in 2019. The 2019 VAT reduction was simultaneously offset by an equivalent excise tax increase. As such, the recent 2022 VAT

increase is entirely an incremental tax increase on the industry, not a claw back of a past tax reduction. The VAT increase is equivalent to a 7% increase in excise taxes. Note, this is in addition to the excise tax increase in November 2021.

A Social Security Levy will also come into effect in August. This tax will be levied on turnover at the rate of 2.5%. It will also be levied on the excise tax component of our turnover as well as several inputs, thereby providing a further boost to Government taxes.

### **OPERATING ENVIRONMENT**

Three consecutive years of turmoil began to take its toll in an accelerated manner. The steep depreciation of the Sri Lankan Rupee, the shortage of US Dollars, rising energy prices, shortages of gas and fuel, lower crop outputs threatening food security brought about a high interest, high inflationary environment where disposable incomes came under severe pressure. This situation created political turmoil and social unrest impacting tourism a major earner of forex and creating a vicious cycle.

Input costs on our key materials, cans and malt escalated rapidly with rising global commodity prices, example according to World Bank data, the average aluminum price grew from USD 2004 per ton in January 2021 to over USD 3500 following the outbreak of the Ukraine hostilities. Compounding this was the increase in global freight rates which rose from an average of US\$ 4827 in March 2021 to US\$ 8152, within a short span of a year. All the above factors linking together brought about an exponential increase in the cost base putting considerable pressure on our profit margins.

### **MANAGING THE DOMESTIC BUSINESS**

There was a renewed focus on strengthening our brand portfolio with the introduction of Guinness to premiumise the stout segment whilst the re-launch of Carlsberg with the International Premium Pilsner brought about renewed energy amongst consumers which is in line with the overall business strategy of creating a wider premium

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segment in Sri Lanka by offering choice and range to consumers. This approach will also be duly followed in other segments within the market. With closures and fuel shortages cutting across the year the logistics and trade teams did a remarkable job supplying the market continuously and ensuring availability. The uncertainties in the external environment provided a rationale for the Company to operate with increased inventory levels. This compromised the best practices in inventory management but ensured security of supply.

The company took a proactive approach in managing the high inflationary environment impact on our employees by increasing the salary levels of the lower levels of the organisation complemented by an ex-gratia one-off payment to all staff. This was extremely essential and created a positive momentum within the organisation with motivation levels high in a difficult environment. On the people strategy, steps were also taken to align & engage employees to organisational aspirations.

## CHIEF EXECUTIVE'S REVIEW

In a context of operating challenges, the administrative divisions play a key role in ensuring the security of the premises and facilitating the movement of staff to & from their homes to the Brewery. It was an incredible team effort which led to ensuring that operations continued uninterrupted.

### MANAGING THE EXPORT BUSINESS

It was yet again a successful year for exports with a 45% volume growth recorded against last year and this business accounts for little over 10% of our volume. Lion exports to over 26 countries. Lion beer remains a leader in the Maldives market with its availability in over 160 premium resorts & yachts. The export function is being transformed with added resources and management focus as it becomes a key growth pillar of the business. Annual execution plans are now aligned to the defined strategic purpose.

### FINANCIAL PERFORMANCE

On a turnover of Rs. 58.57 billion a profit after tax of Rs.3.66 billion was earned for the financial year 21/22. The sharp appreciation of the USD consequent to the free float of the LKR in the latter part of March earned a non-recurring unrealised exchange gain of Rs. 614 million. As explained above the operational costs of the Company rose significantly due to extraneous factors both in the local & global operating environment. These increases were partly offset by price increases, to the extent possible, but the pace at which cost escalations occurred was greater than what the consumer could bare. As such, our operating margins declined in the year.

At every quarter end an assessment is carried out to ascertain the carrying value of the Millers Brewery Limited (MBL) brands acquired in 2015. With the current economic downturn, the demand for MBL products were weak and had to be pushed with lower priced options. The future potential of these brands in this economic environment offers less promise than other brands in our portfolio Hence, giving due consideration

to this, the carrying value of the brands were assessed which resulted in an impairment of Rs. 464 million in the financial year 21/22.

A first interim dividend amounting to Rs. 14.40 per share was paid out in July 2021 from the profits earned during the financial year 20/21. Additionally, two interim dividends were paid amounting to Rs. 20.93 per share in November 2021 and June 2022 from the profits earned during the financial year 21/22.

### FUTURE OUTLOOK

We envisage that this current context will continue for at least another 12 months and then progressing to slow recovery.

In this period, we will continue to invest in our brands and strengthen the brand portfolio. Building a strong innovation pipeline will feature as a critical workstream to support both international and domestic markets. Building our markets internationally will have a disproportionate focus in line with our strategic ambition. Operational excellence and smart cost management will feature prominently in the business agenda. People development and capacity building within the organisation will continue aggressively and the organisation will invest in this area.

Finally, my appreciation is due to the consumers, customers, suppliers, bankers, business partners, Carlsberg, Diageo and Auditors for their continued faith in the Company, its products & processes. Special mention also has to be made about the Audit Committee, Remuneration Committee, Board of Directors and management & employees at all levels for advice, guidance and commitment in the affairs of the Company in this very difficult year.

(Sgd.)

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

Colombo  
08th July 2022

# PROFILES OF DIRECTORS

## **AMAL CABRAAL**

*(Chairman)*

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

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

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

## **HARI SELVANATHAN**

*(Deputy Chairman)*

Hari Selvanathan is the Chairman of Bukit Darah PLC and Deputy Chairman of Carson Cumberbatch PLC. He is the Deputy Chairman/ Group Chief Executive Officer of Goodhope Asia Holdings Ltd. He is the President Commissioner of the palm oil related companies in Indonesia. He holds directorships in several subsidiary companies within the Carsons Group and is also a Director of Sri Krishna Corporation (Private) Limited and the Chairman of Express Newspapers (Ceylon) Ltd. He is also the Chairman of Carsons Management Services (Private) Limited and Agro Harapan Lestari (Private) Limited, the Group's Management companies.

He was the Past President of the National Chamber of Commerce and Past Vice Chairman of the International Chamber of Commerce (Sri Lanka). He holds a Bachelor's Degree in Commerce.

## **RAJIV MEEWAKKALA**

*(Appointed Chief Executive Officer/Executive Director w.e.f. 01/07/2021)*

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

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

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

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

## PROFILES OF DIRECTORS

### CHANDIMA GUNAWARDENA

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

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

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

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

### RANIL GOONETILLEKE

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

### KRISHNA SELVANATHAN

Krishna Selvanathan - Director, Carsons Management Services (Private) Limited, is the CEO of Guardian Fund Management Limited and serves as a Board Member of other investment sector

companies within the Ceylon Guardian Group. He also serves as a Director of Lion Brewery (Ceylon) PLC and Pegasus Hotels of Ceylon PLC. He holds a BA Degree in Accounting & Finance and Business Administration from the University of Kent, U.K.

### MRS. SUSAN EVANS

Director of Lion Brewery (Ceylon) PLC and Ceylon Beverage Holdings PLC. Counts over 30 years' experience in strategy and marketing, largely with multi-national consumer product companies, Gillette, GlaxoSmithKline and Whirlpool. Whilst based in the UK, she held an international strategic marketing position and managed a global nutritional drinks brand portfolio with a turnover of £330 million worldwide.

For the past 20 years she has been working as a Senior Consultant in India and Sri Lanka on a wide variety of assignments covering industries as diverse as soft drinks, retail, passenger cars and industrial export products. Currently works with STING Consultants, the leading strategic marketing and brand consultancy in Sri Lanka. Also serves as a Trustee on Ayati Trust Sri Lanka and Hemas Outreach Foundation, both national charities involved in improving the potential of disabled and underprivileged children.

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

### SUDARSHAN SELVANATHAN

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

### **STEFANO CLINI**

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

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

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

Ms. Vivian Gun Ling Ling joined Carlsberg in 2018 as a Chief Financial Officer in Myanmar Carlsberg Co. Ltd (MCCL). She is responsible for Finance and IT functions. Prior to joining Carlsberg, she had held senior Finance roles with established Malaysian corporations including GlaxoSmithKline, British American Tobacco, BMW and KPMG. She has worked in Malaysia and other South East Asian countries including Myanmar and Vietnam. Ms. Gun is a qualified CPA Australia professional and was a member of the Chartered Institute of Management Accounting (CIMA). She graduated from Victoria University of Wellington, New Zealand in 1998 with a first class honours, majoring in Accounting and having been awarded the Tenaga Nasional Berhad scholarship to study there.

### **SURESH SHAH**

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

Mr. Suresh Shah is Chairman of Ceylon Tobacco Company PLC and the start up online grocery and household products marketplace, Providore and a Director of Carson Cumberbatch PLC, Bukit Darah PLC and Hemas Manufacturing (Pvt) Ltd. Previously, he was Director & CEO of Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC, a position he held for 30 years.

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

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

# SENIOR MANAGEMENT TEAM



*Left to Right*

- 1. Sandeep Mallya**  
Head of Category - Premium
- 2. Chaminda Bandaranayake**  
Head of Manufacturing Development
- 3. Nirosch De Silva**  
General Manager - Technical
- 4. Jehan Goonaratne**  
Financial Controller - Corporate Finance
- 5. Mohan Wijebandara**  
Financial Controller - Commercial
- 6. Niranjana Perera**  
Head of Human Resources
- 7. Eshantha Salgado**  
Head of Sustainability
- 8. Shiran Jansz**  
Head of Procurement
- 9. Madhushanka Ranatunga**  
General Manager - Sales & Marketing
- 10. Rajiv Meewakkala**  
Director / CEO



**11. Ranil Goonetilleke**  
Director - Finance

**12. Stefan Atton**  
Vice President International Business

**13. Ruwandhi Thantrige**  
Head of Legal

**14. Keerthi Kanaheraarachchi**  
Head of Corporate Affairs

**15. Channa Senarathne**  
Head of Regulatory Affairs

**16. Chandana de Silva**  
Quality Assurance Manager

**17. Kaveen Gayathma**  
Head of Outbound Logistics

**18. Widhura Nuwan**  
Chief Engineer

**19. Sampath Perumbuli**  
Chief Information Officer

**20. Nishantha Hulangamuwa**  
Head of Trade & Outbound Logistics

**21. Arno Matthee**  
Brew Master

# 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 2022.

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 08th July 2022.

## GENERAL

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

## PRINCIPAL ACTIVITY OF THE GROUP

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

## REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

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

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the year are contained in the Chief Executive's Review on pages 04 to 06 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 2022.

## **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 2022 are set out on pages 36 to 101 of this Report.

## **RESERVES**

After the above mentioned appropriations, the total reserves of the Group stand at Rs.17,390 Mn (2021 - Rs.14,437 Mn) comprising Capital Reserves of Rs.2,092 Mn (2021 - Rs.1,388 Mn) and Revenue Reserves of Rs.15,298 Mn (2021 - Rs. 13,048 Mn). Details are shown in the Statement of Changes in Equity on page 40.

## **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.2,094 Mn (2021 - Rs.1,187 Mn). The movements in capital assets during the year are set out in Notes 08 & 10 to the Financial Statements.

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

## MARKET VALUE OF FREEHOLD PROPERTIES

The land and buildings owned by the Group were valued in March 2022 by a qualified independent valuer. The market value arrived at was Rs. 8,340 Mn. These are further explained in Note 08 to the Financial Statements.

## RISK MANAGEMENT/MATERIAL FORESEEABLE RISK FACTORS

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

## MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS

There were no material issues relating to employees and industrial relations during the year ended 31st March 2022.

## 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 31 to 35 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 44 to 61.

## DONATIONS

There were no donations made during the year ended 31st March 2022 (2021 - Nil).

## INTERESTS REGISTER

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

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

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

## REMUNERATION OF DIRECTORS

Directors' remuneration, for the financial year ended 31st March 2022 is given in Note 27 to the Financial Statements, on page 82.

## DIRECTORS' INTEREST IN CONTRACTS AND SHARES

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

Directors	No. of shares as at	
	31st March 2022	31st March 2021
Mr. D. A. Cabraal (Chairman)	-	-
Mr. H. Selvanathan (Deputy Chairman)	1,579	1,579
Mr. D. C. R. Gunawardena	34	34
Mr. D. R. P. Goonetilleke	1	1
Mr. K. Selvanathan (Director / Alternate Director to Mr. H. Selvanathan)	-	-
Mrs. S. J. F. Evans	-	-
Mr. R. H. Meewakkala (Appointed Chief Executive Officer w.e.f. 01/07/2021)	-	-
Mr. S. Selvanathan	-	-
Mr. S. Clini	-	-
Ms. V. Gun L. L.	-	-
Mr. S. K. Shah (Retired as Chief Executive Officer/Director w.e.f. 30/06/2021)	6,016	6,016

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

Mr. R. H. Meewakkala was appointed as the Chief Executive Officer of the Company w.e.f. 01st July 2021 and continues to function in the capacity of an Executive Director of the Company.

#### Directors to retire by rotation

In terms of Articles 72, 73 and 74 of the Articles of Association of the Company, Mrs. S. J. F. Evans retires by rotation and being eligible offers herself for re-election.

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

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

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

Mr. H. Selvanathan - Executive Director and Mr. D. C. R. Gunawardena - Non-Executive Director who were over 70 years of age were appointed as Directors of the Company in terms of Section 210 of the Companies Act, No.07 of 2007 at the AGM held on 13th August 2021 for a period of one year commencing from the conclusion of the said AGM, i.e. till 12th August 2022.

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

## AUDITORS

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

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

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

## Auditors' relationship or any interest with the Company

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

## Related Party Transactions Review Committee

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

<b>Related Party Transactions Review Committee Members</b>	<b>Executive/ Non-Executive/ Independent</b>
Mr. W. M. R. S. Dias	Non-Executive/ Independent Director of CCPLC
Mr. R. Theagarajah	Non-Executive/ Independent Director of CCPLC
Mr. D. C. R. Gunawardena	Non-Executive Director of CCPLC
Mr. H. Selvanathan	Executive Director of CCPLC
Mr. M. Selvanathan	Executive Director of CCPLC
Mr. S. K. Shah	Executive Director of CCPLC until 30/06/2021 & Non-Executive Director of CCPLC w.e.f. 01/07/2021

The Related Party Transactions Review Committee Report is given on pages 27 to 28 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 2022, did not exceed 10% of Equity or 5% of the Total Assets of the Company as at 31st March 2021.

The details of the Related Party Transactions are given in Note 33 on pages 96 to 100 of the Financial Statements.

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

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

#### 2. Recurrent Related Party Transactions

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

## CORPORATE GOVERNANCE

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

## BOARD OF DIRECTORS

The following Directors held office during the period under review and their brief profiles are given on pages 07 to 09 of the Annual Report.

Directors	Executive/ Non-Executive/ Independent
Mr. D. A. Cabraal (Chairman)	Non-Executive/ Independent *
Mr. H. Selvanathan (Deputy Chairman)	Executive
Mr. D. C. R. Gunawardena	Non-Executive
Mr. D. R. P. Goonetilleke	Executive
Mr. K. Selvanathan (Director / Alternate Director to Mr. H. Selvanathan)	Executive
Mrs. S. J. F. Evans	Non-Executive/ Independent **
Mr. R. H. Meewakkala (Appointed Chief Executive Officer w.e.f. 01/07/2021)	Executive
Mr. S. Selvanathan	Executive
Mr. S. Cini	Non-Executive
Ms. V. Gun L. L.	Non-Executive
Mr. S. K. Shah (Retired as Chief Executive Officer/ Director w.e.f. 30/06/2021)	Executive

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

Each of the Non-Executive Directors of the Company have submitted a signed declaration on Independence/ Non-Independence as per Rule 7.10.2(b) of the Listing Rules of the Colombo Stock Exchange (CSE). The said declarations were tabled at a Board Meeting of the Board of Directors of the Company held on 21st June 2022, in order to enable the Board of Directors to determine the Independence/ Non-Independence of each of the Non-Executive Directors, in terms of Rule 7.10.3(a) of the Listing Rules of the CSE.

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

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

## Directors' Meetings Attendance

As permitted by Article 83 (1)(b) of the Articles of Association of the Company, during the period under review, the Board of Directors had five (05) virtual Board Meetings through Microsoft Teams 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 (Director / Alternate Director to Mr. H. Selvanathan)	5/5
Mrs. S. J. F. Evans	5/5
Mr. R. H. Meewakkala (Appointed Chief Executive Officer w.e.f. 01/07/2021)	5/5
Mr. S. Selvanathan	5/5
Mr. S. Clini	3/5
Ms. V. Gun L. L.	5/5
Mr. S. K. Shah (Retired as Chief Executive Officer/ Director w.e.f. 30/06/2021)	1/1

## Board Evaluation

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

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

## Audit Committee

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

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

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

The Audit Committee Report is given on page 24 to 26 of this Annual Report.

## Remuneration Committee

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

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

## Scope and Objective

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

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

## Functions and Proceedings

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

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

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

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

The Remuneration Committee Charter requires the Committee to meet at least twice a year. As allowed by the Remuneration Committee Charter, the Committee held two (02) virtual meetings during the period under review.

<b>Remuneration Committee Members</b>	<b>Attended Meetings</b>
Mr. T. de Zoysa (Chairman)	1/2
Mr. D.C.R. Gunawardena	2/2
Mr. R. Theagarajah	2/2
Mr. W.M.R.S. Dias	2/2

## Reporting and Responsibilities

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

Aggregated remuneration paid to the Non-Executive Directors of the Company is disclosed under Note 27 on page 82 of the Annual Report.

## Nomination Committee

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

## Scope and Objective

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

## Functions and Proceedings

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

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

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

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

Committee held two (02) virtual meetings during the period under review.

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<b>Nomination Committee Members</b>	<b>Meetings Attended</b>
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Mr. D. A. Cabraal (Chairman)	2/2
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Mrs. S. J. F. Evans	2/2
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Mr. D. C. R. Gunawardena	2/2
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## **DIVIDEND**

1. A First Interim Dividend of Rs.14.40 per ordinary share amounting to Rs.1,152,000,000/- for the year ended 31st March 2021 was announced on 28th June 2021. Shareholders of the Company who had provided accurate bank account details were paid on 09th July 2021 and to the Shareholders who had not provided accurate bank account details or had not provided any bank account details, the dividends was paid on 29th July 2021.
2. A First Interim Dividend of Rs.3.68 per ordinary share amounting to Rs.294,400,000/- for the year ended 31st March 2022 was announced on 09th November 2021. Shareholders of the Company who had provided accurate bank account details were paid on 26th November 2021 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 09th December 2021.
3. A Second Interim Dividend of Rs.17.25 per ordinary share amounting to Rs.1,380,000,000/- for the year ended 31st

March 2022 was announced on 13th May 2022. Shareholders of the Company who had provided accurate bank account details were paid on 01st June 2022 and to the Shareholders who have not provided accurate bank account details or have not provided any bank account details, the dividends was paid on 15th June 2022.

## **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 2022 was Rs. 2,537,801,310/- consisting of 80,000,000 Ordinary shares.

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

## **EVENTS OCCURRING AFTER THE REPORTING DATE**

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

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

## SHARE INFORMATION

Information relating to share trading are given on pages 113 and 114 of this Report.

	Name of Shareholders	31st March 2022		31st March 2021	
		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	5,379,636	6.72
4	CARSON CUMBERBATCH PLC A/C NO. 02	4,107,793	5.13	4,107,793	5.13
	CARSON CUMBERBATCH PLC A/C NO. 01	1,778,808	2.22	1,402,060	1.75
5	BUKIT DARAH PLC A/C NO. 02	1,300,000	1.63	1,300,000	1.63
6	SSBT-AL MEHWAR COMMERCIAL INVESTMENTS L.L.C.	983,779	1.23	983,779	1.23
7	RBC INVESTOR SERVICES BANK-COELI SICAV I- FRONTIER MARKETS FUND	683,116	0.85	703,190	0.88
8	BBH-RONDURE NEW WORLD FUND	472,256	0.59	472,256	0.59
9	GF CAPITAL GLOBAL LIMITED	427,179	0.53	468,595	0.59
10	SAMPATH BANK PLC/MRS.PRIYANI DHARSHINI RATNAGOPAL	300,000	0.38	300,000	0.38
11	DEUTSCHE BANK AG AS TRUSTEE FOR JB VANTAGE VALUE EQUITY FUND	207,947	0.26	207,947	0.26
12	CITIBANK NEWYORK S/A NORGES BANK ACCOUNT 2	202,978	0.25	53,768	0.07
13	SSBT-FRANK RUSSEL TRUST COMPANY COMINGLED BENEFIT FUNDS TRUST GNA-6QH3	198,268	0.25	303,516	0.38
14	PORTELET LIMITED	161,920	0.20	161,920	0.20
15	TRANZ DOMINION, L.L.C.	129,251	0.16	129,251	0.16
16	METROCORP (PVT) LTD	86,792	0.11	-	-
17	NEWGREENS LIMITED	83,200	0.10	83,200	0.10
18	MR. M.A. JAFFERJEE	81,884	0.10	81,884	0.10
19	MR. A.N. ESUFALLY	73,760	0.09	73,760	0.09
20	FERN HOLDINGS (PRIVATE) LIMITED	68,701	0.09	68,701	0.09

## **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 08th July 2022.

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

## **ANNUAL GENERAL MEETING**

The 26th Annual General Meeting of the Company will be held on Wednesday, 03rd August 2022 at 9.00 a.m. at the 8th Floor of No.65C, Dharmapala Mawatha, Colombo 7, Sri Lanka by means of audio or audio and visual technology.

The Notice of the Annual General Meeting, setting out the business which will be transacted thereat is on page 116 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  
08th July 2022

# 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 Audit Committee consists of the following Members:

<b>Audit Committee Members</b>	<b>Executive / Non-Executive/ Independent</b>
Mr.A.S. Amaratunga (Chairman)	Non-Executive, Independent (CCPLC)
Mr.D.C.R. Gunawardena	Non-Executive (CCPLC)
Mr.Y.H. Ong	Non-Executive, Independent (CCPLC)

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

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

Mr.Y.H. Ong is a Non-Executive, Independent Director of CCPLC. He is an Independent Non-Executive Director, Chairman of the Audit Committee and Member of the Nominating Committee of Singapore Power Ltd. and Capitaland Group Pte Ltd. He has served as an

Independent Director of United Overseas Bank Ltd., Singapore. Mr. Ong had also served at Ernst & Young, Singapore for 30 years and was involved in audit and financial advisory work.

## MEETINGS OF THE AUDIT COMMITTEE

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

As allowed by the CCPLC-Audit Committee Charter, CCPLC-Audit Committee held Eleven (11) virtual Meetings during the financial year to discuss matters relating to the Company.

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

<b>Audit Committee Members</b>	<b>Meetings (virtual) attended (out of 11)</b>
Mr.A.S. Amaratunga (Chairman)	11/11
Mr.D.C.R. Gunawardena	11/11
Mr.Y.H. Ong	11/11

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

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

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

### **PURPOSE OF THE AUDIT COMMITTEE**

To assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process and the Company's process for monitoring compliance with laws and regulations, Company policies and procedures, and the code of conduct.

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

### **FINANCIAL STATEMENTS**

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

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

The financial statements of Lion Brewery (Ceylon) PLC for the year ended 31st March 2022 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 the Director/CEO, Director-Finance of the Company and Director-Finance, Carsons Management Services (Private) Limited that the said financial statements were prepared in accordance with the Sri Lanka Accounting Standards and the information required by the Companies Act No. 7 of 2007 therein and presented a true and fair view of the Company's state of affairs as at that date and the Company's activities during the year under review.

### **INTERNAL AUDIT**

The objectives of the Group Internal Audit work is to have an independent review of the system of internal controls as established by the management, its adequacy and integrity vis-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 2021/2022 and the Group Internal Audit carried out audits 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.

### **EXTERNAL AUDIT**

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

## **AUDIT COMMITTEE REPORT**

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

The Members of the Audit Committee have concurred to recommend to the Board of Directors the re-appointment of Messrs. KPMG, Chartered Accountants, as Auditors for the financial year ending 31st March 2023, subject to the approval of the shareholders of Lion Brewery (Ceylon) PLC at the Annual General Meeting.

(Sgd.)

**A.S. Amaratunga**

Chairman

Audit Committee

Carson Cumberbatch PLC

08th July 2022

# RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

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

## COMPOSITION OF THE COMMITTEE

The Members of the RPTRC are as follows:

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

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

## MEETINGS OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

CCPLC-RPTRC held One (01) virtual 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 10 Circular Resolutions, as well as 12 Circular Letters were circulated for their information during the financial year.

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

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

## RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

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

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

The RPTRC in discharging its function endeavours to ensure that :

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

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

The Related Party Transactions of the Company for the period 1st April 2021 to 31st March 2022 have been reviewed by the Members of the RPTRC and the comments and observations of the Committee have been communicated to the Board of Directors of the Company.

(Sgd.)

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

Chairman

Related Party Transactions Review Committee  
Carson Cumberbatch PLC

Colombo

08th July 2022

# FINANCIAL INFORMATION

30	Financial Calendar
31	Independent Auditor's Report
36	Statement of Financial Position
38	Statement of Profit or Loss and Other Comprehensive Income
40	Statement of Changes in Equity
42	Statement of Cash Flows
44	Notes to the Financial Statements

# FINANCIAL CALENDAR

<b>Financial Year</b>	<b>31st March 2022</b>
<b>Announcement of Results</b>	
<b>1st Quarter</b>	30th June 2021
Issued to Colombo Stock Exchange	13th August 2021
<b>2nd Quarter</b>	30th September 2021
Issued to Colombo Stock Exchange	09th November 2021
<b>3rd Quarter</b>	31st December 2021
Issued to Colombo Stock Exchange	14th February 2022
<b>4th Quarter</b>	31st March 2022
Issued to Colombo Stock Exchange	13th May 2022
<b>Meetings</b>	
25th Annual General Meeting	13th August 2021
26th Annual General Meeting	03th August 2022

# INDEPENDENT AUDITOR'S REPORT



KPMG  
(Chartered Accountants)  
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## TO THE SHAREHOLDERS OF LION BREWERY (CEYLON) PLC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Lion Brewery (Ceylon) PLC, (the "Company") and the consolidated financial statements of the Company and its subsidiaries (the "Group"), which comprise the statement of financial position as at 31st March 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 36 to 101 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 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for Opinion

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

#### Key Audit Matters

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

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

P. Y. S. Perera FCA  
W. J. C. Perera FCA  
W. K. D. C. Abeyratne FCA  
R. M. D. B. Rajapakse FCA  
M. N. M. Shameel FCA  
Ms. P. M. K. Sumanasekara FCA

C. P. Jayatilake FCA  
Ms. S. Joseph FCA  
S. T. D. L. Perera FCA  
Ms. B. K. D. T. N. Rodrigo FCA  
Ms. C. T. K. N. Perera ACA

T. J. S. Rajasari FCA  
Ms. S. M. B. Jayasekara 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, W. A. A. Weerasekara CFA, ACMA, MRICS



<b>Revenue Recognition</b>	
Refer Note 4.1 for accounting policy and Note 25 for information.	
<b>Risk Description</b>	<b>Our response</b>
<p>The Company recorded revenues of Rs.58.57 Bn for year ended 31 March 2022.</p> <p>Whilst revenue recognition and measurement is not complex for the Company, the Company operates in a market which is affected by different customer behaviour and the various discounts and locally imposed duties and fees in regard to revenue recognition introduce an inherent risk to the revenue recognition process and determines the respective accounting treatment. This, together with the focus on volumes and revenue as key performance measures resulted in revenue being selected as a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition from sales transactions.</li> <li>• Testing the operating effectiveness of key IT application controls over revenue, in addition to evaluating the integrity of the general IT control environment with the assistance of IT specialists.</li> <li>• Obtaining an understanding and testing design, implementation and operating effectiveness of controls over journal entries and post-closing adjustments on a sample basis.</li> <li>• Comparing revenue transactions recorded during the current year, on a sample basis, with invoices, sales contracts, underlying goods delivery and acceptance notes, where appropriate, to assess whether the related revenue was recognised in accordance with the Company's revenue recognition accounting policies.</li> <li>• Agreeing the monthly sales system reports to the general ledger to ensure that the revenue is accounted accurately and completely in the general ledger.</li> <li>• On a sample basis, testing that sales have been recognised in the correct accounting period and evaluating whether there are any significant product returns after the year end.</li> </ul>



**Carrying value of Brands acquired**

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

Risk Description	Our response
<p>The Company has recognised an intangible asset relating to Brands acquired with a carrying value of Rs. 0.67 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>Note 35.4 in the Financial Statements describes the implications of ongoing economic crisis to the current year financial statements and the possible effects of the future implications of current uncertain macro-economic environment on the Company's future prospects, performance and cash flows. Management has considered the uncertainties from these events and circumstances is prevailing when finalising these financial statements.</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 latest economic conditions pursuant to the Covid-19 outbreak and the prevailing uncertain and volatile macro-economic environment within the country including our own assessment based on the knowledge of the Company and the industry.</li> <li>• Recomputing and comparing the data used in the forecasted cash flow model with information maintained by management and historical trends.</li> <li>• Assessing the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgments.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT



## Other Information

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

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

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

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

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

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

### **Chartered Accountants**

Colombo, Sri Lanka  
08th July 2022

# STATEMENT OF FINANCIAL POSITION

As at 31st March In Rs.'000s	Notes	Company		Group	
		2022	2021	2022	2021
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant & equipment	8	18,829,387	17,408,326	20,542,588	18,819,887
Right of use assets	9	151,914	164,119	151,914	164,119
Intangible assets	10	750,093	1,225,109	750,093	1,225,109
Investments in subsidiary	11	1,029,623	1,029,623	-	-
<b>Total non-current assets</b>		<b>20,761,017</b>	<b>19,827,177</b>	<b>21,444,595</b>	<b>20,209,115</b>
<b>Current Assets</b>					
Inventories	12	4,438,517	3,493,117	4,438,517	3,493,117
Trade and other receivables	13	1,791,119	1,334,241	1,796,357	1,340,316
Amounts due from related companies	14	374,178	445,619	374,178	445,619
Cash and cash equivalents	15	12,889,986	9,525,907	13,013,232	9,665,398
<b>Total current assets</b>		<b>19,493,800</b>	<b>14,798,884</b>	<b>19,622,284</b>	<b>14,944,450</b>
<b>Total assets</b>		<b>40,254,817</b>	<b>34,626,061</b>	<b>41,066,879</b>	<b>35,153,565</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Stated capital	16	2,537,801	2,537,801	2,537,801	2,537,801
Capital reserves	17	1,487,870	972,968	2,092,103	1,388,475
Retained earnings		15,657,552	13,380,781	15,297,757	13,048,135
<b>Total equity</b>		<b>19,683,223</b>	<b>16,891,550</b>	<b>19,927,661</b>	<b>16,974,411</b>
<b>Non-Current Liabilities</b>					
Loans and borrowings	18	2,300,311	3,497,060	2,300,311	3,497,060
Lease creditor	9	160,546	165,321	160,546	165,321
Employee benefits	19	173,704	233,933	173,704	233,933
Net deferred tax liabilities	20	4,660,920	4,646,786	5,225,626	5,088,525
<b>Total non-current liabilities</b>		<b>7,295,481</b>	<b>8,543,100</b>	<b>7,860,187</b>	<b>8,984,839</b>

As at 31st March In Rs.'000s	Notes	Company		Group	
		2022	2021	2022	2021
<b>Current liabilities</b>					
Trade and other payables	21	3,234,345	1,873,132	3,235,794	1,874,996
Amounts due to related companies	22	155,756	123,342	155,756	122,828
Refundable deposits	23	2,301,181	1,900,393	2,301,181	1,900,393
Current tax liabilities	24	3,116,118	2,383,576	3,117,587	2,385,113
Loans and borrowings	18	3,347,696	1,868,664	3,347,696	1,868,664
Lease creditor	9	24,531	19,900	24,531	19,900
Bank overdrafts	15	1,096,486	1,022,404	1,096,486	1,022,421
<b>Total Current Liabilities</b>		<b>13,276,113</b>	<b>9,191,411</b>	<b>13,279,031</b>	<b>9,194,315</b>
<b>Total Liabilities</b>		<b>20,571,594</b>	<b>17,734,511</b>	<b>21,139,218</b>	<b>18,179,154</b>
<b>Total Equity and Liabilities</b>		<b>40,254,817</b>	<b>34,626,061</b>	<b>41,066,879</b>	<b>35,153,565</b>
<b>Net assets per ordinary share (Rs.)</b>		<b>246.04</b>	<b>211.14</b>	<b>249.10</b>	<b>212.18</b>

The Notes to the Financial Statements from page 44 to 101 form an integral part of these Financial Statements.

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

(Sgd.)

**J.N. Goonaratne**

Financial Controller-Corporate

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

Approved and signed on behalf of the Managers

Approved and signed on behalf of the Board

(Sgd.)

**V. R. Wijesinghe**

Director

(Sgd.)

**R. H. Meewakkala**

Director

(Sgd.)

**D.R.P. Goonetilleke**

Director

Carsons Management Services (Private) Limited

08th July 2022

Colombo

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March In Rs.'000s	Notes	Company		Group	
		2022	2021	2022	2021
Revenue	25	58,570,885	49,849,287	58,570,885	49,849,287
Cost of sales		(46,796,863)	(39,828,971)	(46,796,863)	(39,828,971)
<b>Gross profit</b>		<b>11,774,022</b>	<b>10,020,316</b>	<b>11,774,022</b>	<b>10,020,316</b>
Other income	26	189,598	331,241	189,902	338,404
		<b>11,963,620</b>	<b>10,351,557</b>	<b>11,963,924</b>	<b>10,358,720</b>
Distribution expenses		(3,397,314)	(2,815,812)	(3,397,314)	(2,815,812)
Administrative expenses		(2,122,587)	(1,617,768)	(2,156,933)	(1,665,071)
Other expenses		(672,990)	(562,558)	(672,990)	(722,816)
Impairment of intangible assets	10	(463,578)	(449,084)	(463,578)	(449,084)
<b>Profit from operations</b>	27	<b>5,307,151</b>	<b>4,906,335</b>	<b>5,273,109</b>	<b>4,705,937</b>
Finance income	28	644,827	688,286	648,869	695,281
Finance costs	28	(389,793)	(1,143,396)	(389,793)	(1,143,396)
<b>Net finance income / (cost)</b>		<b>255,034</b>	<b>(455,110)</b>	<b>259,076</b>	<b>(448,115)</b>
<b>Profit before taxation</b>		<b>5,562,185</b>	<b>4,451,225</b>	<b>5,532,185</b>	<b>4,257,822</b>
Income tax expense	29	(2,214,371)	(1,815,068)	(2,214,371)	(1,815,068)
Deferred taxation	29	347,440	(43,743)	350,291	28,342
<b>Profit for the year</b>		<b>3,695,254</b>	<b>2,592,414</b>	<b>3,668,105</b>	<b>2,471,096</b>

For the year ended 31st March In Rs.'000s	Notes	Company		Group	
		2022	2021	2022	2021
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Re-measurement of employee benefit obligations	19	45,763	1,119	45,763	1,119
Deferred tax charge on actuarial gain	29	(18,305)	(447)	(18,305)	(447)
Revaluation gain on land & buildings	8	858,170	-	1,172,713	-
Deferred tax charge on land and building revaluation	29	(343,268)	-	(469,085)	-
<b>Total other comprehensive income for the year net of tax</b>		<b>542,360</b>	<b>672</b>	<b>731,086</b>	<b>672</b>
<b>Total comprehensive income for the year</b>		<b>4,237,614</b>	<b>2,593,086</b>	<b>4,399,191</b>	<b>2,471,768</b>
<b>Earnings per ordinary share (Rs.)</b>		<b>46.19</b>	<b>32.41</b>	<b>45.85</b>	<b>30.89</b>

The notes to the Financial Statements from Page 44 to 101 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

# STATEMENT OF CHANGES IN EQUITY

In Rs.'000s	Stated Capital	Revaluation Reserve	Retained Earnings	Total Equity
<b>Company</b>				
Balance as at 1st April 2020	2,537,801	972,968	11,427,695	14,938,464
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	2,592,414	2,592,414
Other comprehensive income for the year	-	-	672	672
<b>Total comprehensive income for the year</b>	-	-	2,593,086	2,593,086
<b>Transactions with owners of the company</b>				
<b>Distribution made to owners</b>				
Ordinary dividends	-	-	(640,000)	(640,000)
<b>Balance as at 31st March 2021</b>	<b>2,537,801</b>	<b>972,968</b>	<b>13,380,781</b>	<b>16,891,550</b>
<b>Balance as at 1st April 2021</b>				
Balance as at 1st April 2021	2,537,801	972,968	13,380,781	16,891,550
<b>Total comprehensive income for the year</b>				
Profit for the period	-	-	3,695,254	3,695,254
Other comprehensive income for the year	-	514,902	27,458	542,360
<b>Total comprehensive income for the year</b>	-	514,902	3,722,712	4,237,614
<b>Transactions with owners of the company</b>				
<b>Distribution made to owners</b>				
Ordinary dividends	-	-	(1,446,400)	(1,446,400)
Forfeiture of unclaimed dividends	-	-	459	459
<b>Balance as at 31st March 2022</b>	<b>2,537,801</b>	<b>1,487,870</b>	<b>15,657,552</b>	<b>19,683,223</b>

The notes to the Financial Statements from Page 44 to 101 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

In Rs.'000s	Stated Capital	Revaluation Reserve	Retained Earnings	Total Equity
<b>Group</b>				
Balance as at 1st April 2020	2,537,801	1,388,475	11,216,367	15,142,643
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	2,471,096	2,471,096
Other comprehensive income for the year	-	-	672	672
<b>Total Comprehensive income for the year</b>	-	-	2,471,768	2,471,768

**Transactions with owners of the company**

**Distribution made to owners**

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

Balance as at 1st April 2021	2,537,801	1,388,475	13,048,135	16,974,411
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	3,668,105	3,668,105
Other comprehensive income for the year	-	703,628	27,458	731,086
<b>Total comprehensive income for the year</b>	-	703,628	3,695,563	4,399,191

**Transactions with owners of the company**

**Distributions made to owners**

Ordinary dividends	-	-	(1,446,400)	(1,446,400)
Forfeiture of unclaimed dividends	-	-	459	459
<b>Balance as at 31st March 2022</b>	2,537,801	2,092,103	15,297,757	19,927,661

The notes to the Financial Statements from Page 44 to 101 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	
		2022	2021	2022	2021
<b>Cash flows from operating activities</b>					
Profit before taxation		5,562,185	4,451,225	5,532,185	4,257,822
Adjustments for:					
Finance costs	28	981,268	1,189,239	981,268	1,189,239
Depreciation on property, plant & equipment	8	1,503,714	1,273,080	1,516,617	1,299,018
Loss on disposal of property, plant & equipment		12,006	20,557	12,006	21,013
Lease interest expense	9	25,734	28,716	25,734	28,716
Depreciation on right of use assets	9	32,127	32,208	32,127	32,208
Amortisation on intangible assets	10	12,360	7,437	12,360	7,437
Impairment of intangible assets	10	463,578	449,084	463,578	449,084
Net inventory provision / (reversal)	12	(10,315)	1,096	(10,315)	1,096
Provision for retirement benefit obligation	19	14,060	39,267	14,060	39,267
Impairment of property, plant & equipment	8	-	-	-	160,258
Gain on derecognition of right of use assets		-	(2,913)	-	(2,913)
Unrealised foreign exchange gain		(614,148)	(42,012)	(614,148)	(42,012)
Deposits written back		-	(168,072)	-	(168,072)
Finance income	28	(644,827)	(688,286)	(648,869)	(695,281)
<b>Operating cash flows before working capital changes</b>		<b>7,337,742</b>	<b>6,590,626</b>	<b>7,316,603</b>	<b>6,576,880</b>
Increase in inventories	12	(935,085)	(912,093)	(935,085)	(912,093)
Increase in trade and other receivables		(471,327)	(43,201)	(470,489)	(42,890)
Decrease in amounts due from related companies	14	71,441	163,405	71,441	163,405
Increase in tax payable		525,085	1,773,928	525,017	1,772,169
Increase in trade and other payables		1,253,147	398,902	1,252,732	391,652
Increase in amounts due to related companies	22	32,414	14,971	32,928	15,080
<b>Cash generated from operations</b>		<b>7,813,417</b>	<b>7,986,539</b>	<b>7,793,147</b>	<b>7,964,203</b>
Finance expenses paid		(939,681)	(1,114,498)	(939,681)	(1,114,496)
Retirement benefits paid	19	(28,526)	(2,952)	(28,526)	(2,952)
Tax paid		(2,006,914)	(1,301,862)	(2,006,914)	(1,301,862)
<b>Net cash generated from operating activities</b>		<b>4,838,296</b>	<b>5,567,227</b>	<b>4,818,026</b>	<b>5,544,893</b>

For the year ended 31st March In Rs.'000s	Notes	Company		Group	
		2022	2021	2022	2021
<b>Cash flows from investing activities</b>					
Purchase and construction of property, plant & equipment	8	(2,092,615)	(1,160,021)	(2,092,615)	(1,160,021)
Proceeds from sale of property, plant & equipment		14,005	-	14,005	-
Purchase of intangible assets	10	(922)	(27,196)	(922)	(27,196)
Agent deposits received	23	400,788	366,290	400,788	366,290
Interest received		644,827	688,286	648,869	695,281
<b>Net cash used in investing activities</b>		<b>(1,033,917)</b>	<b>(132,641)</b>	<b>(1,029,875)</b>	<b>(125,646)</b>
<b>Cash flows from financing activities</b>					
Repayments of lease rentals	9	(45,800)	(45,162)	(45,800)	(45,162)
Loans and borrowings obtained	18	2,000,000	3,000,000	2,000,000	3,000,000
Repayments of loans and borrowing	18	(1,759,300)	(10,300,300)	(1,759,300)	(10,300,300)
Forfeiture of unclaimed dividends		459	-	459	-
Dividend paid net of tax		(1,445,145)	(640,000)	(1,445,145)	(640,000)
<b>Net cash used in financing activities</b>		<b>(1,249,786)</b>	<b>(7,985,462)</b>	<b>(1,249,786)</b>	<b>(7,985,462)</b>
<b>Net increase /(decrease) in cash &amp; cash equivalents</b>					
		2,554,593	(2,550,876)	2,538,365	(2,566,215)
<b>Cash &amp; cash equivalents at the beginning of the year</b>					
		8,503,503	11,016,002	8,642,977	11,170,815
<b>Effect of exchange rate changes on cash and cash equivalents</b>					
		735,404	38,377	735,404	38,377
<b>Cash &amp; cash equivalents at the end of the year</b>					
	15	11,793,500	8,503,503	11,916,746	8,642,977
<b>Analysis of cash and cash equivalents</b>					
Cash and cash equivalents		12,889,986	9,525,907	13,013,232	9,665,398
Bank overdraft		(1,096,486)	(1,022,404)	(1,096,486)	(1,022,421)
		11,793,500	8,503,503	11,916,746	8,642,977

The notes to the Financial Statements from Page 44 to 101 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

# NOTES TO THE FINANCIAL STATEMENTS

## 1 CORPORATE INFORMATION

### 1.1 Reporting Entity

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

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

The Consolidated Financial Statements for the year ended 31st March 2022 comprise of the Company and its subsidiaries (together referred to as the “Group” and individually Group entities).

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

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

There were 263 employees in the Company and the Group as at the reporting date (2021-239).

## 2 BASIS OF PREPARATION

### 2.1 Statement of Compliance

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

The Financial Statements were authorised for issue by the Board of Directors on 08th July 2022.

### 2.2 Basis of measurement

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

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

### 2.3 Going Concern

In preparing the financial statements for the year ended 31 March 2022, the management has assessed the possible effects of COVID-19 and 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 & 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 judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

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

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

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

- Note 08 - Revaluation of land & building
- Note 10 - Impairment test on intangible assets
- Note 13 - Provision for impairment of debtors
- Note 19 - Employee benefit obligations
- Note 20 - Net deferred tax liabilities
- Note 34 - Commitments & contingencies

## **2.6 Comparative Information**

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

## **2.7 Measurement of Fair value**

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

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

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

## 3 SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Changes in Significant Accounting Policies

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

### 3.2 Basis of Consolidation

#### (I) Business Combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities

and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

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

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

The Group measures goodwill at the acquisition date as:

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

## *(II) Subsidiaries*

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

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

During the year the Company has held the following subsidiaries:

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

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

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

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

## *(III) Loss of Control*

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

## *(IV) Non-Controlling Interest*

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

## *(V) Financial Period*

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

## *(VI) Intra-Group Transactions*

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

# NOTES TO THE FINANCIAL STATEMENTS

## 3.3 Foreign Currency Transactions

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

Monetary assets and liabilities denominated in foreign currencies are translated to Sri Lankan Rupees at the foreign exchange rate ruling as at the reporting date.

Foreign exchange differences arising on the settlement or reporting of the Group's monetary items at rates different from those which were initially recorded are dealt with in the Profit or Loss.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost at the reporting date are translated to Sri Lankan Rupees at the foreign exchange rate ruling at the date of initial transaction.

Non-monetary assets & liabilities that are stated at fair value, denominated in foreign currencies are translated to Sri Lanka Rupees at the exchange rate ruling at the dates that the values were determined. Foreign exchange differences arising on translation are recognised in the Profit or Loss.

## 3.4 Financial instruments Recognition and initial measurement

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

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.

# NOTES TO THE FINANCIAL STATEMENTS

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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

### 3.4.6 Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is irrevocable based on historical experience of recoveries of similar assets. For Agents, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to recovery of amounts due. Further, write off requires the approval of Board of Directors.

### 3.4.7 Impairment of Non-Financial Assets

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

An impairment loss is recognised if the carrying amount of an 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 & equipment

#### Recognition & Measurement

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

#### (I) Recognition

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

#### (II) Measurement

An item of Property, Plant and Equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditures 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 income statement in which case the increase is recognised in the income statement.

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

### (V) Depreciation

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

Asset	Lion Brewery (Ceylon) PLC Years	Millers Brewery Limited Years
Freehold buildings	2 - 50	40
Plant & machinery	3 - 22	20
Furniture & fittings	5 - 10	5
Office equipment	3 - 10	5
Computer equipment	2 - 5	3
Returnable containers	5	-
Motor vehicles	4 - 5	5
Laboratory equipment	4 - 5	-

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

### (VI) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time the assets are substantially ready for their intended use. Borrowing Costs include foreign exchange

## NOTES TO THE FINANCIAL STATEMENTS

differences to the extent that such differences are regarded as an adjustment to interest cost as permitted by the accounting standards.

### *(VII) Refundable Deposits & Returnable Containers*

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

Empty bottles used for exports are recognised as an expense in the Profit or Loss at the time the export takes place. Deposits are collected from the agents for the returnable containers in their possession and are classified under Current Liabilities. The said deposit will be refunded to the agent only upon them returning these returnable containers due to cessation of their operation or due to contraction in sales.

### *(VIII) Capital Work-in-Progress*

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

### *(IX) Impairment of Property, Plant and Equipment*

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists

and where the carrying value exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognised in the Profit or Loss unless it reverses a previous revaluation surplus for the same asset.

### *(x) De-recognition*

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

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

## **3.6 Leases**

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

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

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

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

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

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

#### As a lessee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-

of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

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

## NOTES TO THE FINANCIAL STATEMENTS

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

### 3.7 Intangible Assets

An Intangible Asset is recognised if it is probable that future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure of an intangible asset is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the Profit or Loss as incurred.

Intangible assets with finite lives are amortised based on the cost of an asset less its residual value and recognised in the Profit or Loss and on a straight line basis over the estimated useful lives of the intangible assets from the date that they are available for use. Amortisation methods, useful lives and residual values are reviewed at each financial year end. The estimated useful life of a software license is 3-5 years.

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

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

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

### 3.8 Inventories

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

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

Accordingly, the costs of inventories are accounted as follows: recognised in the Profit or Loss as incurred.

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

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

### **3.9 Investments**

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

### **3.10 Cash and Cash Equivalents**

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

### **3.11 Liabilities and Provisions**

#### **3.11.1 Liabilities**

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

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

#### **3.11.2 Refundable Deposits**

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

#### **3.11.3 Provisions**

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

### **3.12 Employee Benefits**

#### *(i) Defined Contribution Plans*

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

#### *Employees' Provident Fund*

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

#### *Employees' Trust Fund*

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

#### *(ii) Defined Benefit Plans*

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

The calculation is performed annually by a qualified actuary using the Projected Unit Credit method (PUC). The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value. However, under the payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continuous service. Any actuarial gains or losses arising are recognised in the Other Comprehensive Income and all expenses related to the defined benefit

# NOTES TO THE FINANCIAL STATEMENTS

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 & Contingencies

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

### 3.14 Events Subsequent to the Reporting Period

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

## 4 STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### 4.1 Revenue Recognition

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

#### (i) Interest

Income is recognised on an accrual basis.

#### (ii) Others

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

### 4.2 Expenditure Recognition

#### (i) Operating Expenditure

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

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

#### (ii) Finance Income & Finance Cost

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

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

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

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

### **4.3 Income Tax**

Income tax comprises of current and deferred tax. Income tax is recognised directly in the Profit or Loss except to the extent that if it relates to items recognised directly in equity or in other comprehensive income.

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

#### *(i) Current Taxation*

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

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

#### *(ii) Deferred Taxation*

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

Deferred tax assets including those related to temporary tax effects of income tax losses and credits available to be carried forward, are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 4.4 Earnings per Share

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

## 4.5 Dividend Distribution

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

## 5 STATEMENT OF CASH FLOWS

### 5.1 Cash and Cash Equivalents

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

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

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

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

Interest paid are classified as operating cash flows, interests received are classified as investing cash flows while dividends paid are classified as financing cash flows for the purpose of presenting of statement of cash flows.

## 6 SEGMENTAL REPORTING

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

## 7 NEW ACCOUNTING STANDARDS NOT EFFECTIVE AT THE REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards (SLFRSs/LKASs) which will become applicable for financial periods beginning after 1st April 2022. Accordingly, the Group has not applied the following new standards in preparing these Financial Statements.

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

- (i) Annual Improvements to SLFRS Standards 2018–2020. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.
- (ii) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to LKAS 16). The amendment applies to annual reporting periods beginning on or after 1 January 2022.
- (iii) Reference to Conceptual Framework (Amendments to SLFRS 3). The amendment applies to annual reporting period beginning on or after 1 January 2022.

- (iv) Classification of Liabilities as Current or Non-current (Amendments to LKAS 1). The amendment applies to annual reporting periods beginning on or after 1 January 2023
- (v) Onerous Contracts - Cost of Fulfilling a Contract (Amendments to LKAS 37). The amendments are effective for annual reporting periods beginning on or after 1 January 2022.
- (vi) Disclosure of Accounting Policies (Amendments to LKAS 1). The amendment applies to annual reporting periods beginning on or after 1 January 2023.
- (vii) Definition of Accounting Estimates (Amendments to LKAS 8). The amendment applies to annual reporting periods beginning on or after 1 January 2023.
- (viii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12). The amendment applies to annual reporting periods beginning on or after 1 January 2023.

# NOTES TO THE FINANCIAL STATEMENTS

## 8 PROPERTY, PLANT & EQUIPMENT

### 8.1 Property, Plant & Equipment - Company

In Rs.'000s	Freehold Land	Freehold Buildings	Plant & Machinery	Furniture & Fittings	Office Equipment	Computer Equipment	Motor Vehicles	Laboratory Equipment	Returnable Containers	Capital Work-in-Progress	31st March 2022	31st March 2021
Cost/ Valuation												
As at 1st April 2021	2,791,830	3,032,101	14,546,515	40,642	45,487	271,804	148,952	70,617	3,632,951	306,031	24,916,990	24,212,922
Additions	13,527	31,612	320,988	6,077	12,403	33,596	33,700	15,030	987,109	638,573	2,082,615	1,160,021
Transfers to PPE/triangble assets	81,041	15,211	109,011	294	2,072	3,529	-	-	10	(211,168)	-	(12,104)
Revaluation gain	753,458	104,712	-	-	-	-	-	-	-	-	888,170	-
Depreciation adjustment on revaluation	-	(175,905)	-	-	-	-	-	-	-	-	(175,905)	-
Disposals/Breakages	-	-	(13,672)	-	-	-	(74,463)	-	(202,918)	-	(291,053)	(443,909)
As at 31st March 2022	3,639,856	3,007,731	14,962,842	47,013	59,932	308,929	108,189	85,647	4,447,152	733,436	27,400,757	24,916,930
Accumulated Depreciation												
As at 1st April 2021	-	80,574	4,789,939	23,866	30,518	256,541	93,083	68,386	2,162,863	2,854	7,508,604	6,658,876
Charge for the year	-	95,331	779,833	3,008	6,026	14,341	19,564	2,390	582,681	-	1,503,714	1,273,080
Depreciation adjustment on revaluation	-	(175,905)	-	-	-	-	-	-	-	-	(175,905)	-
Disposals/Breakages	-	-	(13,542)	-	-	-	(48,583)	-	(202,918)	-	(265,043)	(423,352)
As at 31st March 2022	-	-	5,556,230	26,874	36,544	270,882	64,044	71,316	2,542,626	2,854	8,571,370	7,508,604
Net Book Value												
As at 31st March 2022	3,639,856	3,007,731	9,406,612	20,139	23,418	38,047	44,145	14,331	1,904,526	730,582	18,829,387	17,408,326
As at 31st March 2021	2,791,830	2,951,527	9,756,576	16,776	14,969	15,263	55,889	2,231	1,500,088	303,177	17,408,326	17,408,326

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

## 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 2022	31st March 2021
Cost / Valuation												
As at 1st April 2021	3,715,561	3,510,552	14,806,644	48,100	45,802	281,273	149,097	70,617	3,664,900	306,031	26,598,578	25,895,392
Additions	13,527	31,612	320,988	6,077	12,403	33,596	33,700	15,030	987,109	638,573	2,092,615	1,160,021
Transfers from work in progress	81,041	15,211	109,011	294	2,072	3,529	-	-	10	(211,168)	-	(12,104)
Revaluation gain	913,923	258,790	-	-	-	-	-	-	-	-	1,172,713	-
Depreciation adjustment on revaluation	-	(199,828)	-	-	-	-	-	-	-	-	(199,828)	-
Disposals/Breakages	-	-	(13,672)	-	-	-	(74,463)	-	(202,918)	-	(291,053)	(444,731)
As at 31st March 2022	4,724,052	3,616,337	15,222,971	54,471	60,277	318,388	108,334	85,647	4,449,101	738,436	29,373,025	26,598,578
Accumulated Depreciation												
As at 1st April 2021	-	92,533	5,030,070	29,982	30,834	266,012	93,208	68,386	2,164,812	2,854	7,778,691	6,743,133
Charge for the year	-	107,295	779,833	3,947	6,026	14,341	19,564	2,930	582,681	-	1,516,617	1,299,018
Depreciation adjustment on revaluation	-	(199,828)	-	-	-	-	-	-	-	-	(199,828)	-
Impairment	-	-	-	-	-	-	-	-	-	-	-	160,258
Disposals/Breakages	-	-	(13,542)	-	-	-	(48,583)	-	(202,918)	-	(265,043)	(423,718)
As at 31st March 2022	-	-	5,796,361	33,929	36,860	290,353	64,189	71,316	2,544,575	2,854	8,830,437	7,778,691
Net Book Value												
As at 31st March 2022	4,724,052	3,616,337	9,426,610	20,542	23,417	36,045	44,145	14,331	1,904,526	730,582	20,542,588	18,819,887
As at 31st March 2021	3,715,561	3,418,019	9,776,584	18,118	14,968	15,261	55,889	2,231	1,500,088	303,177	26,598,578	25,895,392

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

## NOTES TO THE FINANCIAL STATEMENTS

### 8 PROPERTY, PLANT & EQUIPMENT CONTD.

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

In Rs.'000s	Company		Group	
	Land	Buildings	Land	Buildings
Cost as at 1st April 2021	1,579,121	2,481,555	1,891,470	2,869,116
Additions during the year	94,568	46,823	94,568	46,823
Cost as at 31st March 2022	1,673,689	2,528,378	1,986,038	2,915,939
Accumulated depreciation	-	(572,215)	-	(656,486)
<b>Carrying amount as at 31st March 2022</b>	<b>1,673,689</b>	<b>1,956,163</b>	<b>1,986,038</b>	<b>2,259,453</b>
<b>Carrying amount as at 31st March 2021</b>	<b>1,579,121</b>	<b>1,982,893</b>	<b>1,891,470</b>	<b>2,297,417</b>

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

Location	2022						2021						
	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	28.00	3.00	19.20	3,032,000	49	2,994,801	28.00	2.00	4.46	2,445,380	49	3,022,101	
Kaduvela	3.00	-	27.00	304,200	1	12,930	3.00	-	27.00	253,500	1	10,000	
Tangalle	3.00	2.00	-	28,000	-	-	3.00	2.00	-	22,400	-	-	
Kurunegala	3.00	-	34.25	192,844	-	-	3.00	-	35.00	70,550	-	-	
Nuwara Eliya	-	3.00	36.67	82,812	-	-	-	-	-	-	-	-	
<b>Total- Company</b>	<b>39.00</b>	<b>2.00</b>	<b>37.12</b>	<b>3,639,856</b>	<b>50</b>	<b>3,007,731</b>	<b>38.00</b>	<b>1.00</b>	<b>26.46</b>	<b>2,791,830</b>	<b>50</b>	<b>3,032,101</b>	
<b>Millers Brewery Limited</b>													
Meegoda	22.00	3.00	16.45	1,084,196	12	608,606	22.00	2.00	37.43	923,731	12	478,451	
<b>Total- Group</b>	<b>62.00</b>	<b>2.00</b>	<b>13.57</b>	<b>4,724,052</b>	<b>62</b>	<b>3,616,337</b>	<b>61.00</b>	<b>0.00</b>	<b>23.89</b>	<b>3,715,561</b>	<b>62</b>	<b>3,510,552</b>	

A: Acres R: Rods P: Perches

**8.4** The cost of fully-depreciated property, plant and equipment of the Group and the Company which are still in use amounted to Rs. 2,747 Mn (2020/21 - Rs. 2,856 Mn) and Rs. 2,724 Mn (2020/21 - Rs. 2,833 Mn) respectively.

**8.5** Property plant and equipment has not been pledged as security against the borrowings during the period and the borrowing cost has not been capitalised during the financial year (2021-2022).

### 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.

### 8.6 Fair Value measurement Contd.

#### (b) Valuation techniques and significant unobservable inputs

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

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

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

The land at Nuwara Eliya was purchased in the 2021/22 financial year and this property was not revalued as at 31st March 2022 as the directors are of the view that there is no material value difference against the market value at the time of valuation.

## 9 RIGHT OF USE ASSETS

As at 31st March In Rs.'000s	Company		Group	
	2022	2021	2022	2021
Balance as at 1 April	164,119	162,759	164,119	162,759
Additions during the period	19,922	47,777	19,922	47,777
Derecognition of assets	-	(17,011)	-	(17,011)
Depreciation charge for the period	(32,127)	(32,208)	(32,127)	(32,208)
Depreciation on derecognised assets	-	2,802	-	2,802
Balance as at 31 March	151,914	164,119	151,914	164,119

### 9.1 Lease Creditor

Balance as at 1 April	185,221	171,012	185,221	171,012
Leases obtained	19,922	47,777	19,922	47,777
Interest expenses for the period	25,734	28,716	25,734	28,716
Derecognition of lease liability	-	(17,122)	-	(17,122)
Lease rentals paid	(45,800)	(45,162)	(45,800)	(45,162)
Balance as at 31 March	185,077	185,221	185,077	185,221

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 9 RIGHT OF USE ASSETS CONTD.

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

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

As at 31st March In Rs.'000s	Company		Group	
	2022	2021	2022	2021

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

Depreciation of right of use assets	32,127	32,208	32,127	32,208
Interest expenses on lease liability	25,734	28,716	25,734	28,716
<b>Total amount recognised in profit or loss</b>	<b>57,861</b>	<b>60,924</b>	<b>57,861</b>	<b>60,924</b>

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

## 10 INTANGIBLE ASSETS

As at 31st March In Rs.'000s	Brands	Computer Software	Excise License	2022	2021
<b>COMPANY</b>					
<b>Cost</b>					
Opening balance	4,000,000	413,336	38,200	4,451,536	4,412,236
Additions during the year	-	922	-	922	27,196
Transfers from capital WIP	-	-	-	-	12,104
Closing balance	4,000,000	414,258	38,200	4,452,458	4,451,536
<b>Amortisation/Impairment</b>					
Opening balance	2,862,464	363,963	-	3,226,427	2,769,906
Amortisation for the year	-	12,360	-	12,360	7,437
Impairment during the year	463,578	-	-	463,578	449,084
Closing balance	3,326,042	376,323	-	3,702,365	3,226,427
<b>Net Book Value</b>	673,958	37,935	38,200	750,093	1,225,109
<b>GROUP</b>					
<b>Cost</b>					
Opening balance	4,000,000	413,336	38,200	4,451,536	4,412,236
Additions during the year	-	922	-	922	27,196
Transfers from capital WIP	-	-	-	-	12,104
Closing balance	4,000,000	414,258	38,200	4,452,458	4,451,536
<b>Amortisation/Impairment</b>					
Opening balance	2,862,464	363,963	-	3,226,427	2,769,906
Amortisation for the year	-	12,360	-	12,360	7,437
Impairment	463,578	-	-	463,578	449,084
Closing balance	3,326,042	376,323	-	3,702,365	3,226,427
<b>Net Book Value</b>	673,958	37,935	38,200	750,093	1,225,109

# NOTES TO THE FINANCIAL STATEMENTS

## 10 INTANGIBLE ASSETS CONTD.

### 10.1 Brands of Millers Brewery Limited

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

#### Assumptions

An impairment test was carried out for the brands acquired from Millers Brewery Ltd as at 31st March 2022 as per the accounting standard LKAS 36. The Company computed its recoverable amount of the acquired brands by forecasting the annual sales values and discounting such estimated cash flows by its cost of equity adjusted with a risk premium. Cost of equity was determined based on the risk free rate of a 10 year treasury bond at 15.24% for the relevant cash flows, whereas the equity risk premium added was based on non-observable inputs as estimated for a valuation of the business in a previous period. Therefore, the difference in the discount rate compared with previous financial year is the change in the risk free rate due to market changes. The contribution growth was determined based on the historical records (rate not disclosed due to commercial sensitivity) along with a zero volume growth rate. Accordingly, the carrying value of the said brands as at 31st March stands at Rs. 673,958,842/- resulting an impairment of Rs. 463,577,639/- which has been charged to the income statement.

### 10.2 Computer Software

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

### 10.3 Excise Licenses

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

## 11 INVESTMENT IN SUBSIDIARY

### Company

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

	No of Shares	% holding	Market Value / Directors Value as at 31st March 2022	Cost as at 31st March 2022	Market Value / Directors Value as at 31st March 2021	Cost as at 31st March 2021
<b>In Rs.'000s</b>						
Pearl Springs (Private) Limited	115,000,000	100%		1,150,000		1,150,000
Impairment provision				(120,377)		(120,377)
<b>Balance</b>			<b>1,029,623</b>	<b>1,029,623</b>	<b>1,029,623</b>	<b>1,029,623</b>

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

## 12 INVENTORIES

As at 31st March In Rs.'000s	Company		Group	
	2022	2021	2022	2021
Raw and packing materials	1,139,770	617,215	1,139,770	617,215
Work in progress	376,444	265,128	376,444	265,128
Finished goods	2,404,227	2,127,178	2,404,227	2,127,178
Maintenance spares & others	582,123	557,958	582,123	557,958
	4,502,564	3,567,479	4,502,564	3,567,479
Provision for inventory (Note 12.1)	(64,047)	(74,362)	(64,047)	(74,362)
	<b>4,438,517</b>	<b>3,493,117</b>	<b>4,438,517</b>	<b>3,493,117</b>

### 12.1 Impairment provision for inventory

Balance as at beginning of the year	74,362	73,266	74,362	73,266
Provisions made during the year	40,540	50,341	40,540	50,341
Reversals/written off during the year	(50,855)	(49,245)	(50,855)	(49,245)
Balance as at end of the year	<b>64,047</b>	<b>74,362</b>	<b>64,047</b>	<b>74,362</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 13 TRADE AND OTHER RECEIVABLES

As at 31st March In Rs.'000s	Company		Group	
	2022	2021	2022	2021
Trade receivables	606,356	512,239	606,356	512,239
Provision for impairment (Note 13.1)	(51)	(51)	(51)	(51)
	606,305	512,188	606,305	512,188
Advances	751,355	459,655	751,355	459,655
Prepayments	386,141	334,563	388,641	334,563
Other receivables	47,318	27,835	50,056	33,910
	1,791,119	1,334,241	1,796,357	1,340,316

#### 13.1 Provision for Impairment

Balance as at beginning of the year	51	51	51	51
Provisions made/(written off) during the year	-	-	-	-
Balance as at end of the year	51	51	51	51

### 14 AMOUNTS DUE FROM RELATED COMPANIES

As at 31st March In Rs.'000s	Company		Group	
	2022	2021	2022	2021
Pubs 'N Places (Private) Ltd	36,437	67,468	36,437	67,468
Ceylon Beverage Holdings PLC	337,741	378,151	337,741	378,151
	374,178	445,619	374,178	445,619

## 15 CASH AND CASH EQUIVALENTS

As at 31st March In Rs.'000s	Company		Group	
	2022	2021	2022	2021
Fixed deposits with financial institutions	9,019,538	8,084,645	9,134,538	8,199,645
Savings accounts	869,660	203,937	869,721	203,997
Cash at bank	2,997,518	1,233,125	3,005,703	1,257,556
Cash in hand	3,270	4,200	3,270	4,200
	<b>12,889,986</b>	<b>9,525,907</b>	<b>13,013,232</b>	<b>9,665,398</b>

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

Cash and cash equivalents	12,889,986	9,525,907	13,013,232	9,665,398
Bank overdrafts	(1,096,486)	(1,022,404)	(1,096,486)	(1,022,421)
	<b>11,793,500</b>	<b>8,503,503</b>	<b>11,916,746</b>	<b>8,642,977</b>

## 16 STATED CAPITAL

As at 31st March In Rs.'000s	Company		Group	
	2022	2021	2022	2021
Shares issued and fully paid (80,000,000 ordinary shares)	2,537,801	2,537,801	2,537,801	2,537,801

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

## NOTES TO THE FINANCIAL STATEMENTS

### 17 CAPITAL RESERVES

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

As at 31st March In Rs.'000s	Company		Group	
	2022	2021	2022	2021
Balance as at beginning of the year	972,968	972,968	1,388,475	1,388,475
Revaluation of land and buildings	858,170	-	1,172,713	-
Deferred tax charge on land and building revaluation	(343,268)	-	(469,085)	-
Balance as at end of the year	1,487,870	972,968	2,092,103	1,388,475

### 18 LOANS AND BORROWINGS

As at 31st March In Rs.'000s	Company		Group	
	2022	2021	2022	2021
Balance as at the beginning of the year	4,621,700	11,922,000	4,621,700	11,922,000
Obtained during the year	2,000,000	3,000,000	2,000,000	3,000,000
Repayments during the year	(1,759,300)	(10,300,300)	(1,759,300)	(10,300,300)
	4,862,400	4,621,700	4,862,400	4,621,700
Interest payable	785,607	744,024	785,607	744,024
Balance as at the end of the year	5,648,007	5,365,724	5,648,007	5,365,724

### 18.1 Details of loans and borrowings

Name of the Lender	31st March 2022	31st March 2021	Repayment Terms	Security Offered	Type of Interest
	Rs. '000s	Rs. '000s			
Commercial Bank- Rs. 1Bn (2017)	87,400	296,200	7th to the 12th Month - Rs. 10Mn per month (Rs.60 Mn)and the balance thereof for Rs. 940 Mn to be settled in 53 equal monthly instalments of Rs. 17.40 Mn and a final instalment Rs. 17.80 Mn commencing from October 2017.	Unsecured	Floating
Commercial Bank - Rs. 1.5 Bn (2020)	750,000	1,250,000	Payable in 12 equal quarterly instalments commencing from December 2020	Unsecured	Fixed
Commercial Bank - Rs. 1.5 Bn (2020)	937,500	1,312,500	Payable in 16 equal quarterly instalments commencing from December 2020	Unsecured	Fixed
HNB- Rs. 2Bn (2018)	-	488,000	Payable in 4 years. commencing from April 2018	Unsecured	Floating
NDBIB - Rs. 1.5Bn (2019)	1,087,500	1,275,000	Payable in 8 years. commencing from July 2019	Unsecured	Floating
Commercial Bank	1,000,000	-	1 month - Renewable	Unsecured	Fixed
Citi Bank	1,000,000	-	1 month - Renewable	Unsecured	Fixed
<b>Total</b>	<b>4,862,400</b>	<b>4,621,700</b>			

# NOTES TO THE FINANCIAL STATEMENTS

## 18 LOANS AND BORROWINGS CONTD.

### 18.2 Composition of loans and borrowings repayment

As at 31st March In Rs.'000s	Company		Group	
	2022	2021	2022	2021
<b>Classified under non current liabilities</b>				
Loans and borrowings falling due after one year	1,675,000	2,862,400	1,675,000	2,862,400
Interest payable	625,311	634,660	625,311	634,660
	<b>2,300,311</b>	<b>3,497,060</b>	<b>2,300,311</b>	<b>3,497,060</b>
<b>Classified under current liabilities</b>				
Loans and borrowings falling due within one year	3,187,400	1,759,299	3,187,400	1,759,299
Interest payable	160,296	109,365	160,296	109,365
	<b>3,347,696</b>	<b>1,868,664</b>	<b>3,347,696</b>	<b>1,868,664</b>
<b>Balance as at the end of the year</b>	<b>5,648,007</b>	<b>5,365,724</b>	<b>5,648,007</b>	<b>5,365,724</b>

## 19 EMPLOYEE BENEFITS

As at 31st March In Rs.'000s	Company		Group	
	2022	2021	2022	2021
The amounts recognised in the statements of financial position are as follows:				
Present value of unfunded obligation	173,704	233,933	173,704	233,933
<b>Liability in the statements of financial position</b>	<b>173,704</b>	<b>233,933</b>	<b>173,704</b>	<b>233,933</b>
The movement in the defined benefit obligation over the year as follows:				
As at 1st April	233,933	198,737	233,933	198,737
Interest cost	18,013	19,874	18,013	19,874
Current service cost	13,616	19,393	13,616	19,393
Actuarial gain	(45,763)	(1,119)	(45,763)	(1,119)
Past service cost	(17,569)	-	(17,569)	-
Benefits paid	(28,526)	(2,952)	(28,526)	(2,952)
<b>As at 31st March</b>	<b>173,704</b>	<b>233,933</b>	<b>173,704</b>	<b>233,933</b>

For the year ended 31st March In Rs.'000s	Company		Group	
	2022	2021	2022	2021
The amounts recognised in the Statement of Profit or Loss are as follows:				
Interest cost	18,013	19,874	18,013	19,874
Current service cost	13,616	19,393	13,616	19,393
Past service cost	(17,569)	-	(17,569)	-
	14,060	39,267	14,060	39,267

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

Actuarial gain	45,763	1,119	45,763	1,119
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**19.1** The gratuity liability as at 31st March 2022 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.

Under the Minimum Retirement Age of Workers Act No 28 of 2021, retirement benefit plan of the Group and the Company was amended due to the increase in retirement age.

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

For the year ended 31st March	Company		Group	
	2022	2021	2022	2021
Discount rate	15.0%	7.7%	15.0%	7.7%
Salary increment rate	10.0%	6.0%	10.0%	6.0%
Weighted average duration (years) of defined benefit obligation	6.41	9.28	6.41	9.28

## 19.2 Sensitivity of assumptions used

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

In Rs.'000s	Discount rate		Salary increment rate	
	2022		2022	
	Company	Group	Company	Group
Increase by one percentage	(7,331)	(7,331)	8,937	8,937
Decrease by one percentage	7,993	7,993	(8,303)	(8,303)

# NOTES TO THE FINANCIAL STATEMENTS

## 20 NET DEFERRED TAX LIABILITIES

As at 31st March In Rs.'000s	Company		Group	
	2022	2021	2022	2021
Deferred tax liability	4,841,353	4,847,698	5,406,059	5,289,437
Deferred tax asset	(180,433)	(200,912)	(180,433)	(200,912)
Balance as at the end of the year	4,660,920	4,646,786	5,225,626	5,088,525

Movement In Deferred Tax Balances - Company In Rs.'000s	Balance as at 1 April 2021	Recognised in Profit or Loss	Recognised in OCI	Balance as at 31 March 2022
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### Deferred Tax Liability

Property plant and equipment	4,621,429	(325,510)	343,268	4,639,187
Intangible assets	160,621	(19,221)	-	141,400
Right of use assets	65,648	(4,882)	-	60,766

### Deferred Tax Assets

Employee benefit	(93,573)	5,787	18,305	(69,481)
Lease creditor	(74,088)	58	-	(74,030)
Inventory provision	(33,251)	(3,671)	-	(36,922)
<b>Net tax liabilities</b>	4,646,786	(347,440)	361,573	4,660,920

Movement In Deferred Tax Balances - Group In Rs.'000s	Balance as at 1 April 2021	Recognised in Profit or Loss	Recognised in OCI	Balance as at 31 March 2022
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### Deferred Tax Liability

Property Plant and equipment	5,063,168	(328,362)	469,085	5,203,892
Intangible assets	160,621	(19,221)	-	141,400
Right of use assets	65,648	(4,882)	-	60,766

### Deferred Tax Assets

Employee benefit	(93,573)	5,787	18,305	(69,481)
Lease creditor	(74,088)	58	-	(74,030)
Inventory provision	(33,251)	(3,671)	-	(36,922)
<b>Net tax liabilities</b>	5,088,525	(350,291)	487,390	5,225,626

<b>Movement In Deferred Tax Balances - Company In Rs.'000s</b>	<b>Balance as at 1 April 2020</b>	<b>Recognised in Profit or Loss</b>	<b>Recognised in OCI</b>	<b>Balance as at 31 March 2021</b>
<b>Deferred Tax Liability</b>				
Property Plant and equipment	4,701,112	(79,683)	-	4,621,429
Intangible assets	12,066	148,555	-	160,621
Right of use assets	-	65,648	-	65,648
<b>Deferred Tax Assets</b>				
Employee benefit	(79,495)	(14,525)	447	(93,573)
Lease creditor	-	(74,088)	-	(74,088)
Inventory provision	(31,087)	(2,164)	-	(33,251)
<b>Net tax liabilities</b>	<b>4,602,596</b>	<b>43,743</b>	<b>447</b>	<b>4,646,786</b>

<b>Movement In Deferred Tax Balances - Group In Rs.'000s</b>	<b>Balance as at 1 April 2020</b>	<b>Recognised in Profit or Loss</b>	<b>Recognised in OCI</b>	<b>Balance as at 31 March 2021</b>
<b>Deferred Tax Liability</b>				
Property Plant and equipment	5,214,936	(151,768)	-	5,063,168
Intangible assets	12,066	148,555	-	160,621
Right of use assets	-	65,648	-	65,648
<b>Deferred Tax Assets</b>				
Employee benefit	(79,495)	(14,525)	447	(93,573)
Lease creditor	-	(74,088)	-	(74,088)
Inventory provision	(31,087)	(2,164)	-	(33,251)
<b>Net tax liabilities</b>	<b>5,116,420</b>	<b>(28,342)</b>	<b>447</b>	<b>5,088,525</b>

As at 31st March 2022, the Group has not recognised deferred tax asset amounting to Rs. 602 Mn on brought forward tax losses of Rs. 1,506 Mn for Millers Brewery Limited as the utilisation against the future taxable profits are uncertain.

## NOTES TO THE FINANCIAL STATEMENTS

### 21 TRADE AND OTHER PAYABLES

As at 31st March In Rs.'000s	Company		Group	
	2022	2021	2022	2021
Trade payables	2,297,875	1,143,741	2,297,875	1,143,741
Trade discounts	180,555	140,934	180,555	140,934
Accruals	381,555	348,530	383,004	350,398
Other payables	374,360	239,927	374,360	239,923
	<b>3,234,345</b>	<b>1,873,132</b>	<b>3,235,794</b>	<b>1,874,996</b>

### 22 AMOUNTS DUE TO RELATED COMPANIES

Carlsberg A/S	155,756	122,828	155,756	122,828
Millers Brewery Limited	-	514	-	-
	<b>155,756</b>	<b>123,342</b>	<b>155,756</b>	<b>122,828</b>

### 23 REFUNDABLE DEPOSITS

Balance as at the beginning of the year	1,900,393	1,715,620	1,900,393	1,715,620
Deposits received during the year	400,788	366,290	400,788	366,290
Empty deposit write back during the year	-	(181,517)	-	(181,517)
Balance as at the end of the year	<b>2,301,181</b>	<b>1,900,393</b>	<b>2,301,181</b>	<b>1,900,393</b>

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

### 24 CURRENT TAX LIABILITIES

As at 31st March In Rs.'000s	Company		Group	
	2022	2021	2022	2021
Excise duty payable	1,764,515	1,370,885	1,764,515	1,370,885
Value added tax	501,359	369,905	500,166	368,780
Income tax	850,244	642,786	852,906	645,448
	<b>3,116,118</b>	<b>2,383,576</b>	<b>3,117,587</b>	<b>2,385,113</b>

## 25 REVENUE

For the year ended 31st March In Rs.'000s	Company		Group	
	2022	2021	2022	2021
Local revenue	56,464,185	48,533,690	56,464,185	48,533,690
Export revenue	2,106,700	1,315,597	2,106,700	1,315,597
	58,570,885	49,849,287	58,570,885	49,849,287

## 26 OTHER INCOME

For the year ended 31st March In Rs.'000s	Company		Group	
	2022	2021	2022	2021
Profit on disposal of property, plant & equipment and right of use assets	7,674	2,912	7,674	2,912
Empty deposit written back	-	168,072	-	168,072
Other income	181,924	160,257	182,228	167,420
	189,598	331,241	189,902	338,404

# NOTES TO THE FINANCIAL STATEMENTS

## 27 PROFIT FROM OPERATIONS

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

For the year ended 31st March In Rs.'000s	Company		Group	
	2022	2021	2022	2021
Directors' fees and emoluments (Note 33.2)	37,635	30,652	37,635	30,652
Auditors' remuneration				
- Audit fee	2,035	1,850	2,266	2,060
- Audit related services	155	75	155	75
- Non audit services	730	1,070	730	1,070
Depreciation on property, plant & equipment (Note 8)	1,503,714	1,273,080	1,516,617	1,299,018
Depreciation of right of use assets (Note 9)	32,127	32,208	32,127	32,208
Amortisation of intangible assets (Note 10)	12,360	7,437	12,360	7,437
Impairment of property, plant & equipment	-	-	-	160,258
Royalty	303,697	302,928	303,697	302,928
Supporting service fees	823,050	488,427	823,050	488,427
Personnel expenses (Note 27.1)	1,086,798	959,968	1,086,798	959,968
<b>27.1 Personnel expenses</b>				
Salaries, wages and other related expenses	1,005,455	862,565	1,005,455	862,565
Defined benefit plan costs (Note 19)	14,060	39,267	14,060	39,267
Defined contribution plan cost - EPF & ETF	67,283	58,136	67,283	58,136
	<b>1,086,798</b>	<b>959,968</b>	<b>1,086,798</b>	<b>959,968</b>

## 28 NET FINANCE COST

For the year ended 31st March In Rs.'000s	Company		Group	
	2022	2021	2022	2021
<b>Finance Income</b>				
Interest income - fixed deposits	476,974	567,306	481,015	574,301
Interest income - intercompany loans	21,621	31,287	21,621	31,287
Interest income - savings & call deposit	146,232	89,693	146,233	89,693
<b>Total finance income</b>	<b>644,827</b>	<b>688,286</b>	<b>648,869</b>	<b>695,281</b>
<b>Finance Cost</b>				
Interest expenses - term loans	348,590	402,867	348,590	402,867
Interest expenses - bank overdrafts	17,226	22,443	17,226	22,443
Interest on lease	25,734	28,716	25,734	28,716
Interest expenses - others	589,718	735,213	589,718	735,213
<b>Finance costs</b>	<b>981,268</b>	<b>1,189,239</b>	<b>981,268</b>	<b>1,189,239</b>
Net gain on foreign exchange transactions	(591,475)	(45,843)	(591,475)	(45,843)
<b>Total finance cost</b>	<b>389,793</b>	<b>1,143,396</b>	<b>389,793</b>	<b>1,143,396</b>
<b>Net finance income/(cost)</b>	<b>255,034</b>	<b>(455,110)</b>	<b>259,076</b>	<b>(448,115)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 29 INCOME TAX / DEFERRED TAX

For the year ended 31st March In Rs.'000s	Company		Group	
	2022	2021	2022	2021
Income tax (Note 29.1.1)	2,214,371	1,815,068	2,214,371	1,815,068
Deferred tax (reversal)/charge	(347,440)	43,743	(350,291)	(28,342)
<b>Total tax</b>	<b>1,866,931</b>	<b>1,858,811</b>	<b>1,864,080</b>	<b>1,786,726</b>
<b>Deferred tax recognised in other comprehensive income</b>				
Re-measurement of employee benefit obligations	18,305	447	18,305	447
Revaluation gain on land and buildings	343,268	-	469,085	-
	<b>361,573</b>	<b>447</b>	<b>487,390</b>	<b>447</b>
<b>29.1.1 Reconciliation of the accounting profit and tax expenses</b>				
Profit before taxation	5,562,185	4,451,225	5,532,185	4,257,822
Remeasurement of employee benefit obligations	45,763	1,119	45,763	1,119
<b>Profit before tax adjustments</b>	<b>5,607,948</b>	<b>4,452,344</b>	<b>5,577,948</b>	<b>4,258,941</b>
Aggregate of disallowable expenses	2,113,850	1,905,540	2,127,000	2,102,176
Aggregate of allowable claims	(2,432,651)	(2,162,899)	(2,438,428)	(2,169,341)
Utilisation of tax losses	-	-	(16,686)	(25,754)
Operating losses incurred during the year	-	-	39,313	28,963
<b>Tax adjusted profit</b>	<b>5,289,147</b>	<b>4,194,985</b>	<b>5,289,147</b>	<b>4,194,985</b>
Investment income - interest income	614,417	688,286	614,417	688,286
<b>Assessable income /taxable income</b>	<b>5,903,564</b>	<b>4,883,271</b>	<b>5,903,564</b>	<b>4,883,271</b>
Current tax on local operations (Note 29.3)	2,040,444	1,634,741	2,040,444	1,634,741
Current tax on export profits (Note 29.3)	26,467	15,138	26,467	15,138
Current tax on interest income (Note 29.3)	147,460	165,189	147,460	165,189
<b>Total current tax expense</b>	<b>2,214,371</b>	<b>1,815,068</b>	<b>2,214,371</b>	<b>1,815,068</b>

### 29.1.2 Reconciliation of the effective tax rate

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

For the year ended 31st March In Rs.'000s	Company		Group	
	2022	2021	2022	2021
Profit before taxation	5,562,185	4,451,225	5,532,185	4,257,822
Tax charge on profit	1,866,931	1,858,811	1,864,080	1,786,726
Effective tax rate	33.6%	41.8%	33.7%	42.0%

For the year ended 31st March In Rs.'000s	Company				Group			
	%	2022	%	2021	%	2022	%	2021
Profit before taxation		5,562,185		4,451,225		5,532,185		4,257,822
Tax calculated @ 40%	40.0%	2,224,874	40.0%	1,780,490	40.0%	2,212,874	40.0%	1,703,129

#### The Effect of Tax

Aggregate of disallowable expenses	15.2%	845,540	17.1%	762,216	15.4%	850,800	19.7%	840,870
Aggregate of allowable claims	(17.5%)	(973,060)	(19.4%)	(865,159)	(17.6%)	(975,371)	(20.4%)	(867,736)
Operating losses incurred during the year	-	-	-	-	0.3%	15,725	0.3%	11,585
Rate differential & over/under provision LY	2.1%	117,017	3.1%	137,521	2.1%	117,017	3.2%	137,522
Tax loss utilised	-	-	-	-	(0.1%)	(6,674)	(0.2%)	(10,302)
Deferred tax (reversal) / charge	(6.2%)	(347,440)	1.0%	43,743	(6.3%)	(350,291)	(0.7%)	(28,342)
<b>Tax charge</b>	<b>33.6%</b>	<b>1,866,931</b>	<b>41.8%</b>	<b>1,858,811</b>	<b>33.7%</b>	<b>1,864,080</b>	<b>42.0%</b>	<b>1,786,726</b>

### 29.2 Analysis of Tax Losses

For the year ended 31st March In Rs.'000s	Company		Group	
	2022	2021	2022	2021
Tax losses brought forward	-	-	1,483,185	1,497,047
Adjustment on losses brought forward	-	-	(105)	(17,071)
Tax losses incurred during the year	-	-	39,313	28,963
Utilisation of tax losses during the year	-	-	(16,686)	(25,754)
<b>Tax losses carried forward</b>	<b>-</b>	<b>-</b>	<b>1,505,707</b>	<b>1,483,185</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 29 INCOME TAX / DEFERRED TAX CONTD.

### 29.3 Income Tax

#### Company

In terms of the Inland Revenue Act No. 24 of 2017 and amendments thereto, the profits & income from local operations are liable to income tax at the rate of 40% (2021 - 40%) and profits attributable to export turnover are liable at 14% (2021 - 14%). Income arising from interest income is considered as separate source of income which is taxed at 24% (2021 - 24%). As per the subsection (iii) of Section (i) of the Third Schedule of the Act, interest income accruing or derived by the Company from foreign currency accounts are exempt from tax effective from 1st January 2021.

#### Group

Group tax expenses is based on the taxable profit of individual companies within the Group. At present, the tax laws of Sri Lanka do not provide for Group taxation.

In terms of the provisions of the Inland Revenue Act, No. 24 of 2017 and amendments thereto, Companies within the Group are liable to taxation at a tax rate of 24% (2021 - 24%).

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

## 30 DIVIDENDS

For the year ended 31st March In Rs.'000s	2022	2021
On ordinary shares Rs. 3.68 per share and Rs. 17.25 per share (2021 - Rs. 14.40)	1,674,400	1,152,000
	1,674,400	1,152,000

- 30.1 First interim dividend of Rs. 3.68 per ordinary share amounting to Rs. 294,400,000/- for the year ended 31st March 2022 was paid on 26th November 2021 to the Shareholders of the Company who had provided accurate bank account details and to the Shareholders who had not provided accurate bank account details or had not provided any bank account details the dividends was paid on 09th December 2021.
- 30.2 The Board of Directors has approved second interim dividend of Rs. 17.25 per share for the year ended 31st March 2022 on 12th May 2022. 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 2022.
- 30.3 As required by Section 56 of the Companies Act No 7 of 2007, the Board of Directors were satisfied that the solvency of the Company is in accordance with the Section 57, prior to approving the interim dividend. A statement of solvency was compiled and was duly signed by the Board of Directors.

### 31 EARNINGS PER ORDINARY SHARE

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

For the year ended 31st March In Rs.'000s	Company		Group	
	2022	2021	2022	2021
Net profit attributable to ordinary shareholders (as the numerator)	3,695,254	2,592,414	3,668,105	2,471,096
Number of ordinary shares in '000 (as denominator)	80,000	80,000	80,000	80,000
<b>Earnings per ordinary share basic and diluted (Rs.)</b>	<b>46.19</b>	<b>32.41</b>	<b>45.85</b>	<b>30.89</b>

### 32 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT

#### 32.1 Accounting classifications and fair values

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

## NOTES TO THE FINANCIAL STATEMENTS

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

As at 31st March	Company					
	2022			2021		
Financial Instrument Category In Rs.'000s	Amortised Cost	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI
<b>Financial assets</b>						
Trade and other receivables	653,623	-	-	540,023	-	-
Amounts due from related companies	374,178	-	-	445,619	-	-
Cash and cash equivalents	12,889,986	-	-	9,525,907	-	-
<b>Financial liabilities</b>						
Loans and borrowings	5,648,007	-	-	5,365,724	-	-
Trade and other payables	3,234,345	-	-	1,873,132	-	-
Lease creditor	185,077	-	-	185,221	-	-
Amounts due to related companies	155,756	-	-	123,342	-	-
Bank overdraft	1,096,486	-	-	1,022,404	-	-

As at 31st March	Group					
	2022			2021		
Financial Instrument Category In Rs.'000s	Amortised Cost	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI
<b>Financial assets</b>						
Trade and other receivables	656,361	-	-	546,098	-	-
Amounts due from related companies	374,178	-	-	445,619	-	-
Cash and cash equivalents	13,013,232	-	-	9,665,398	-	-
<b>Financial liabilities</b>						
Loans and borrowings	5,648,007	-	-	5,365,724	-	-
Trade and other payables	3,235,794	-	-	1,874,996	-	-
Lease creditor	185,077	-	-	185,221	-	-
Amounts due to related companies	155,756	-	-	122,828	-	-
Bank overdraft	1,096,486	-	-	1,022,421	-	-

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

## **32.2 Financial Risk Management**

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

In particular, the key financial risk categories are:

- A. Credit risk/counterparty risk
- B. Liquidity risk
- C. Market risk

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

### **Risk Management Framework**

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

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

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

#### **32.2.1 Credit Risk/Counterparty Risk**

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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

#### 32.2.2 Management of credit risk

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

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

#### 32.2.3 Exposure to credit risk

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

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

As at 31st March In Rs.'000s	Company		Group	
	2022	2021	2022	2021
Trade and other receivables	653,623	540,023	656,361	546,098
Amounts due from related companies	374,178	445,619	374,178	445,619
Cash and cash equivalents	12,886,716	9,521,707	13,009,962	9,661,198
	<b>13,914,517</b>	<b>10,507,349</b>	<b>14,040,501</b>	<b>10,652,915</b>

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

Financial institutions	12,886,716	9,521,707	13,009,962	9,661,198
Customers and other parties	653,623	540,023	656,361	546,098
Related parties	374,178	445,619	374,178	445,619
	<b>13,914,517</b>	<b>10,507,349</b>	<b>14,040,501</b>	<b>10,652,915</b>

### 32.2.4 Trade & Other Receivables

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

The bank guarantees and the facility from the bank cover 95% (2021 - 81%) of the trade receivables.

### 32.2.5 Impairment Losses

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

As at 31st March In Rs.'000s	Company		Group	
	2022	2021	2022	2021
Age				
Past due 0 - 365 days	605,015	512,188	605,015	512,188
More than 365 days	1,341	51	1,341	51
	<b>606,356</b>	<b>512,239</b>	<b>606,356</b>	<b>512,239</b>

### 32.3.1 Liquidity risk

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

### 32.3.2 Management of liquidity risk

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

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

# NOTES TO THE FINANCIAL STATEMENTS

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

### 32.3.3 The Maturity Analysis of Liabilities

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

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

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

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

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

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

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

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

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

### 32.4.1 Market Risk

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

### 32.4.2 Management of market risks

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

# NOTES TO THE FINANCIAL STATEMENTS

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

### 32.4.3 Currency Risk

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

The following significant exchange rates were applied during the year:

In Rs.	Closing exchange rates		Average exchange rates	
	2022	2021	2022	2021
US Dollar (USD)	299.00	202.04	205.22	188.39
Great Britain Pound (GBP)	394.57	278.24	280.20	246.47
Euro (EUR)	334.56	237.40	238.26	219.87

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. 89 Mn impact on pre-tax profit.

### 32.4.4 Interest Rate Risk

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

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

#### 32.4.4.1 Fixed and Variable rated instruments

As at 31st March In Rs.'000s	Company		Group	
	2022	2021	2022	2021
<b>Fixed rated instruments</b>				
Financial assets	9,019,538	8,084,645	9,134,538	8,199,645
Financial liabilities	3,872,577	2,747,721	3,872,577	2,747,721
<b>Variable rated instruments</b>				
Financial assets	869,660	203,937	869,721	203,997
Financial liabilities	2,271,386	3,081,604	2,271,386	3,081,621

#### 32.4.4.2 Sensitivity analysis on interest rate fluctuation

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

Instrument In Rs.'000s	Increase by one percentage	Decrease by one percentage
Commercial Bank-Rs. 1 Bn	874	(874)
NDBIB Loan- Rs.1.5 Bn	10,875	(10,875)
<b>Potential impact</b>	<b>11,749</b>	<b>(11,749)</b>

#### 32.4.4.3 Management of interest rate risk

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

# NOTES TO THE FINANCIAL STATEMENTS

## 33 RELATED PARTY DISCLOSURES

### 33.1 Parent and ultimate controlling party

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

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

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

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

For the year ended 31st March In Rs.'000s	Company		Group	
	2022	2021	2022	2021
Short term employee benefits	37,635	30,652	37,635	30,652
	37,635	30,652	37,635	30,652

As at 31st March 2022 an amount of Rs. 28,525,146/- (2021 - Rs. 26,719,396/-) is payable towards gratuity of Key Management Personnel whilst a Company maintained vehicle is provided for both official & private use.

During the financial year Company transferred two motor vehicles to a key management personnel at a value of Rs. 3,125,000/-.

### 33.3 Other related party transactions

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

Transactions with related parties are carried out on an arms length basis. Outstanding balances as at year end are unsecured, interest free (except for Ceylon Beverage Holdings PLC and Pubs 'N Places (Private) Limited) and all related-party dues are on demand and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables for the year ended 31st March 2022 and the Group has not recorded any impairment for receivables relating to amount owed by Group entities.

#### Non-recurrent related party transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets, whichever is lower, of the Company as per 31 March 2021 audited financial statements, which required additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

#### Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2021 audited financial Statements, which required additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

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

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

- (i) As per the licensed brewing agreement with Ceylon Beverage Holdings PLC, the Company was charged Rs. 180,139,761/- (2020/21 - Rs. 160,134,729/-) as royalty during the period.
- (ii) A dividend of Rs. 755,722,087/- was paid by the company to Ceylon Beverage Holdings PLC during the year (2020/21 - Rs. 334,390,304/-).
- (iii) As per the loan agreement with Ceylon Beverage Holdings PLC, the Company charged Rs. 19,441,611/- (2020/21 - Rs. 25,733,505/-) at a rate of AWPLR+1% as loan interest during the period.
- (iv) Balance receivable from Ceylon Beverage Holdings PLC as at 31st March 2022 is Rs. 337,740,750/- (2020/21 - Rs. 378,150,804/-).

# NOTES TO THE FINANCIAL STATEMENTS

## 33 RELATED PARTY DISCLOSURES CONTD.

### 33.3 Other related party transactions Contd.

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

Messrs. S.K. Shah (resigned w.e.f. 30/06/2021), D.R.P. Goonetilleke and R.H. Meewakkala, Directors of the Company are also Directors of Retail Spaces (Private) Limited, to which the Company sold beer for a total value of Rs. 138,597,893 /- during the period (2020/21-Rs. 154,862,995/-). In addition to this,

- (i) An amount of Rs. 3,389,970/- was paid by the Company to Pubs 'N Places (Private) Limited as trade rebates on beer purchases during the period.(2020/21- Rs. 4,323,876/-).
- (ii) As per the loan agreement with Pubs 'N Places (Private) Limited, the Company charged Rs. 2,179,123/- (2020/21- Rs. 5,553,724/-) at a rate of AWPLR+1% as loan interest during the period.
- (iii) An amount of Rs. 30,749,877/- was paid by the company to Pubs 'N Places (Private) Limited as marketing fee for the outlets operated by Pubs 'N Places (Private) Limited during the period. (2020/21 - Rs. 36,666,520/-).
- (iv) Balance receivable from Pubs 'N Places (Private) Limited as at 31st March 2022 is Rs. 36,437,302/- (2020/21 - Rs. 67,468,046/-).

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

Messrs. S.K. Shah (resigned w.e.f. 30/06/2021), D.R.P. Goonetilleke and R.H. Meewakkala, Directors of the Company are also Directors of Retail Spaces (Private) Limited, to which the Company sold beer for a total value of Rs. 321,475,904/- (2020/21 - Rs. 283,734,702/-) during the period.

- (i) Balance receivable from Retail Spaces (Private) Limited as at 31st March 2022 is Nil. (2020/21 - Nil)

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

Messrs. S.K. Shah (resigned w.e.f. 30/06/2021), D.R.P. Goonetilleke and R.H. Meewakkala, Directors of the Company are also Directors of Luxury Brands (Private) Limited, for which the Company provided distribution services for a fee amounting to Rs. 3,688,723/- (2020/21 - Rs. 2,886,716/-) during the period. In addition to this,

- (i) Lion Brewery (Ceylon) PLC purchased Rs. 2,220,000/- worth of beer coolers in 2020/21 .
- (ii) Balance receivable from Luxury Brands (Private) Limited as at 31st March 2022 is Nil. (2020/21 - Nil)

#### (E) Transactions with Subsidiary - Millers Brewery Limited

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

- (i) An amount of Rs. 13,258,470/- (2020/21 -Rs.9,065,248/-) was charged by Millers Brewery Limited for warehouse services provided to the Company during the period.
- (ii) Company purchased Rs. 150,000/- worth of fixed assets from Millers Brewery Limited in 2020/21 which had net book value of Rs. 152,917/- at the disposal date.
- (iii) Balance payable to Millers Brewery Limited as at 31st March 2022 is Nil. (2020/21 - Rs. 513,590/-).

## **(F) Transactions with Group entities**

Messrs. H.Selvanathan, S.K.Shah (resigned w.e.f. 30/06/2021), K. Selvanathan and S. Selvanathan Directors of the Company, are also Directors of Carsons Management Services (Private) Limited., which provides supporting services to the Company. An amount of Rs. 1,087,141,868/- (2020/21 - Rs. 653,522,364/-) was charged by Carsons Management Services (Private) Limited to the Company during the period, which included support services fees of Rs. 823,050,000/- (2020/21 - Rs. 488,426,525/-) and other reimbursable expenses incurred by Carsons Management Services (Private) Limited on behalf of the Company. Balance receivable from Carsons Management Services (Private) Limited as at 31st March 2022 is Nil. (2020/21 - Nil).

## **(G) Transactions with other related entities**

- (a)** Mr. S. Clini and Ms. V. Gun Directors of the Company represents the Carlsberg Group with which the following contracts / transactions have been entered into during the period by the Company in the normal course of business.
- (i) As per the licensed brewing agreement, a sum of Rs. 123,557,037/- (2020/21 - Rs. 142,792,835/-) was charged as royalty during the period by Carlsberg A/S.
  - (ii) An amount of Rs. 155,755,785/- remains payable as at 31st March 2022. (2020/21 - Rs. 122,828,483/-).
- (b)** Mr. D.C.R. Gunawardena, Director of the Company, is also a Director of Equity One Limited with which the following transactions have been entered into during the period by the Company in the normal course of business.
- (i) An amount of Rs. 70,600/- has been charged for the use of conference room during the period. (2020/21 - 45,432/-).
  - (ii) Balance payable/receivable to Equity One Limited as at 31st March 2022 is Nil (2020/21 - Nil).
- (c)** Messrs. D.C.R. Gunawardena and K. Selvanathan Directors of the Company are also Directors of Pegasus Hotels of Ceylon PLC with which the following transactions have been entered into during the period by the Company in the normal course of business.
- (i) An amount of Rs. 1,021,068/- recognised as income from sale of beer in the normal course of business (2020/21 - Rs. 613,921/-).
  - (ii) An amount of Rs. 26,000/- was charged for the hotel services provided during the period (2020/21 - Rs. 609,497/-).
  - (iii) Balance payable/receivable to Pegasus Hotels of Ceylon PLC as at 31st March 2022 is Nil. (2020/21 - Nil).

# NOTES TO THE FINANCIAL STATEMENTS

## 33 RELATED PARTY DISCLOSURES CONTD.

### 33.3 Other related party transactions Contd.

- (d) Mr. D.C.R. Gunawardena, Director of the Company, who was a Director of Equity Hotels Limited until 31 March 2022 with which the following transactions have been entered into during the period by the Company in the normal course of business.
- (i) An amount of Rs. 258,913/- is recognised as income from sale of beer to Equity Hotels Limited in the normal course of business (2020/21 - Rs. 51,317/-).
- (ii) Balance payable/receivable to Equity Hotels Limited as at 31st March 2022 is Nil (2020/21 - Nil).

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

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

## 34 COMMITMENTS AND CONTINGENCIES

### 34.1 Finance Commitments

Document credits established for foreign purchases of the Company as at 31st March 2022 amounts to Rs. 2,703,598,404/- (2020/21 - Rs. 2,360,499,818/-).

### 34.2 Capital Commitments

Capital expenditure committed by the Company for which a provision has not been made in the Financial Statements amounts to Rs. 893,574,836/- at 31st March 2022 (2020/21 - Rs. 89,297,680/-).

### 34.3 Contingencies

Contingent liabilities as at 31st March 2022 amounts to Rs. 1,141,663,791/- (2020/21 - Rs. 200,110,727/-), being bank guarantees given to Government bodies and foreign suppliers for operational purposes.

## 35 EVENTS OCCURRING AFTER THE REPORTING PERIOD

### 35.1 Interim dividend

The Board of Directors has approved second interim dividend of Rs. 17.25 per share for the year ended 31st March 2022 on 12th May 2022. 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 2022.

### 35.2 Surcharge tax

According to the Surcharge Tax Act No. 14 of 2022 which was legislated on 8th April 2022, the Group is liable for the surcharge tax of Rs. 1,193,963,584/- out of the taxable income of Rs. 4,775,854,335/- for year of assessment 2020/21. Therefore, the surcharge tax shall be deemed to be an expense in the financial statements for the year ended 31st March 2021. Since the Act supersedes the requirements of the Sri Lanka Accounting Standards, the surcharge tax expense is accounted as recommended by the Statement of Alternative Treatment on accounting for Surcharge Tax issued by the Institute of Chartered Accountants of Sri Lanka, in April 2022.

The impact of the surcharge tax on the comparative year is as follows,

#### In Rs.'000s

Profit after tax for the year ended 31st March 2021	2,471,096
Surcharge tax levied under Surcharge Act	(1,193,964)
Comparable profit for the year 2020/2021	1,277,132

### 35.3 Value added tax

According to the Gazette No 2282/26 enacted on 31st May 2022, Value Added Tax (VAT) charged based on the Value Added Tax Act No 14 of 2002 as amended by Act No 6 of 2005, has been increased from 8% to 12% effective from 1st June 2022.

### 35.4 Operating environment

The free floating of the USD caused a sharp depreciation of the SLR resulting in steep increases in the prices of raw materials & other inputs including freight costs applicable to both direct & indirect imports. Due to the short supply of USD in the formal banking channels, the Letters of Credit for direct imports are established consequent to careful financial planning, giving consideration to their due settlement dates & the ability to settle the suppliers on time. The Company has supporting export revenue in USD to supplement to the extent possible, the foreign currency requirement for direct imports. The inventory levels are also appropriately managed to minimise the impact of any eventualities. Due to various operational challenges, the associated costs have risen which remains to be addressed on a clean sheet basis. As the transport is carried out by outsourced parties, it is managed to the best of their abilities.

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

## 36 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to give proper presentations as at 31st March 2022.

## 37 SEGMENTAL ANALYSIS

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

## 38 DIRECTORS RESPONSIBILITY STATEMENT

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

# VALUE ADDED STATEMENT

For the year ended 31st March In Rs.'000s	2022	2021
Revenue	58,570,885	49,849,287
Value added tax	4,656,883	4,013,871
Other income	189,902	338,404
Finance income	648,869	695,281
	64,066,539	54,896,843
Cost of material & services bought from outside	(8,003,483)	(10,499,125)
<b>Value added</b>	<b>56,063,056</b>	<b>44,397,718</b>

For the year ended 31st March In Rs.'000s	2022	%	2021	%
Distributed as follows				
<b>To employees</b>				
as remuneration and other employee costs	1,086,798	1.94	959,968	2.16
<b>To Government</b>				
as value added tax	4,656,883	8.31	4,013,871	9.04
as excise duty	38,963,054	69.50	30,646,315	69.03
as excise other levies	278,326	0.50	112,312	0.25
as import duty	967,507	1.73	759,425	1.71
as income tax	2,086,000	3.72	1,800,000	4.05
<b>To providers of capital</b>				
as dividends to shareholders	1,674,400	2.99	1,152,000	2.59
as finance expenses	389,793	0.70	1,143,396	2.58
<b>Retained in the business</b>				
as depreciation/amortisation	1,561,104	2.76	1,338,663	3.02
as profit for the year	4,399,191	7.85	2,471,768	5.57
	56,063,056	100.00	44,397,718	100.00

## VALUE ADDED STATEMENT

### Notes:

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

In Rs.'000s	2022	2021
Value added tax	4,656,883	4,013,871
Excise duty	38,963,054	30,646,315
Excise other levies	278,326	112,312
Import duty	967,507	759,425
Income tax	2,086,000	1,800,000
<b>Total tax liability/payments made to the Government</b>	<b>46,951,770</b>	<b>37,331,923</b>

# FIVE YEAR SUMMARY

Year ended 31st March In Rs.'000s	2022	2021	2020	2019	2018
Revenue	58,570,885	49,849,287	47,835,328	42,830,494	29,798,010
Progressive insurance receipts on business interruption	-	-	-	-	1,205,359
Other income	189,902	338,404	162,319	143,060	75,788
	<b>58,760,787</b>	50,187,691	47,997,647	42,973,554	31,079,157
Total expenditure	(53,024,100)	(45,032,670)	(42,351,895)	(36,725,974)	(27,448,999)
Impairment of intangible assets	(463,578)	(449,084)	(740,315)	-	-
<b>Operating profit</b>	<b>5,273,109</b>	4,705,937	4,905,437	6,247,580	3,630,158
Progressive insurance receipts on property damage	-	-	-	-	752,263
<b>Profit before finance cost</b>	<b>5,273,109</b>	4,705,937	4,905,437	6,247,580	4,382,421
Net finance income / (expenses)	259,076	(448,115)	(517,104)	(934,256)	(1,334,791)
<b>Profit before tax</b>	<b>5,532,185</b>	4,257,822	4,388,333	5,313,324	3,047,630
Income tax expense	(1,864,080)	(1,786,726)	(1,576,203)	(2,092,444)	(1,209,754)
<b>Profit for the year</b>	<b>3,668,105</b>	2,471,096	2,812,130	3,220,880	1,837,876
Total other comprehensive income/ (loss) for the year net of tax	731,086	672	288,632	208,466	(420,856)
<b>Total comprehensive income for the year</b>	<b>4,399,191</b>	2,471,768	3,100,762	3,429,346	1,417,020
Dividends - Ordinary (Note 30)	1,674,400	1,152,000	640,000	800,000	320,000
Excise duty expense	38,963,054	30,646,315	29,233,357	24,140,705	17,812,430

As at 31st March In Rs.'000s	2022	2021	2020	2019	2018
<b>STATEMENT OF FINANCIAL POSITION</b>					
Stated capital	2,537,801	2,537,801	2,537,801	2,537,801	2,537,801
Capital reserves	2,092,103	1,388,475	1,388,475	1,106,770	905,824
Retained profits	15,297,757	13,048,135	11,216,367	8,876,188	5,967,788
	<b>19,927,661</b>	16,974,411	15,142,643	12,520,759	9,411,413
Loans & borrowings and leases	5,833,084	5,550,945	12,762,296	9,593,967	11,681,673
Debentures	-	-	-	2,078,285	3,110,582
Less: Cash	(11,916,746)	(8,642,977)	(11,170,815)	(9,460,830)	(7,128,583)
<b>CAPITAL EMPLOYED</b>	<b>13,843,999</b>	13,882,379	16,734,124	14,732,181	17,075,085
<b>REPRESENTED BY</b>					
Total non-current assets	21,444,595	20,209,115	20,957,348	20,452,100	20,507,540
Total current assets excluding cash & cash equivalents	6,609,052	5,279,052	4,488,572	4,578,276	4,805,209
Total current liabilities-excluding borrowings & overdraft	(8,810,318)	(6,283,330)	(3,396,639)	(5,100,593)	(4,444,755)
Employee benefits	(173,704)	(233,933)	(198,737)	(197,430)	(184,877)
Deferred tax liabilities	(5,225,626)	(5,088,525)	(5,116,420)	(5,000,172)	(3,608,032)
	<b>13,843,999</b>	13,882,379	16,734,124	14,732,181	17,075,085

## FIVE YEAR SUMMARY

Year ended 31st March In Rs.'000s	2022	2021	2020	2019	2018
<b>CASH FLOW STATISTICS</b>					
Net cash inflows from operating activities	4,818,026	5,544,893	1,949,628	5,531,361	2,731,870
Net cash inflows/(outflows) from investing activities	(1,029,875)	(125,646)	(577,239)	394,586	(363,400)
Net cash inflows/(outflows) from financing activities	(1,249,786)	(7,985,462)	337,596	(3,593,700)	(1,484,116)
<b>Net cash movement for the year</b>	<b>2,538,365</b>	<b>(2,566,215)</b>	<b>1,709,985</b>	<b>2,332,247</b>	<b>884,354</b>

## RATIOS & STATISTICS

Return on shareholders' funds (%)	22.08	14.56	20.48	27.39	15.06
Return on capital employed (ROCE) (times)	38.09	33.90	29.31	42.41	25.67
Assets turnover (times)	1.43	1.42	1.23	1.21	0.89
Equity to total assets (times)	2.06	2.07	2.56	2.82	3.55
Interest cover (times)	-	10.50	9.49	6.69	3.28
Gearing ratio (%)	-	-	9.51	15.01	44.88
Current ratio (times)	1.48	1.63	1.15	1.04	0.96
Quick ratio (times)	1.14	1.25	0.98	0.89	0.84
Price earnings ratio (times)	11.45	18.42	14.79	13.79	22.87
Net assets per share (Rs.)	249.10	212.18	189.28	156.51	117.64
Dividends - Ordinary (Rs.) (Note 30)	20.93	14.40	8.00	10.00	4.00
Dividend payout ratio (%) - Company	45.31	44.44	22.13	24.46	15.84

Figures in brackets indicate deductions.

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

For the year ended 31st March In USD '000s	Note	2022	2021
Revenue	2	285,405	264,613
Cost of sales		(228,033)	(211,422)
<b>Gross profit</b>		<b>57,372</b>	<b>53,191</b>
Other income		925	1,796
		<b>58,297</b>	<b>54,987</b>
Distribution expenses		(16,555)	(14,947)
Administrative expenses		(10,510)	(8,839)
Other expenses		(3,279)	(3,837)
Impairment of intangible assets		(2,259)	(2,384)
<b>Profit from operations</b>		<b>25,694</b>	<b>24,980</b>
Finance income		3,162	3,691
Finance costs		(1,899)	(6,069)
<b>Net finance income / (cost)</b>		<b>1,263</b>	<b>(2,378)</b>
<b>Profit before taxation</b>		<b>26,957</b>	<b>22,602</b>
Income tax expense		(10,790)	(9,635)
Deferred taxation		1,707	150
<b>Profit for the period</b>		<b>17,874</b>	<b>13,117</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement of employee benefit obligations		223	6
Deferred tax charge on actuarial gain		(89)	(2)
Revaluation gain on land & buildings		5,714	-
Deferred tax charge on land and building revaluation		(2,286)	-
<b>Total other comprehensive income for the year net of tax</b>		<b>3,562</b>	<b>4</b>
<b>Total comprehensive income for the year</b>		<b>21,436</b>	<b>13,121</b>

Figures in brackets indicate deductions.

# STATEMENT OF FINANCIAL POSITION (GROUP) - USD

As at 31st March In USD '000s	2022	2021
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant & equipment	68,704	93,149
Right of use assets	508	812
Intangible assets	2,509	6,064
<b>Total non-current assets</b>	<b>71,721</b>	<b>100,025</b>
<b>Current Assets</b>		
Inventories	14,845	17,289
Trade and other receivables	6,008	6,634
Amounts due from related companies	1,251	2,206
Cash and cash equivalents	43,523	47,839
<b>Total current assets</b>	<b>65,627</b>	<b>73,968</b>
<b>Total assets</b>	<b>137,348</b>	<b>173,993</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Stated capital	33,068	33,068
Capital reserves	11,942	8,513
Retained earnings	21,639	42,435
<b>Total equity</b>	<b>66,649</b>	<b>84,016</b>
<b>Non-Current Liabilities</b>		
Loans and borrowings	7,693	17,309
Lease creditor	537	818
Employee benefits	581	1,158
Net deferred tax liabilities	17,477	25,186
<b>Total non-current liabilities</b>	<b>26,288</b>	<b>44,471</b>

## STATEMENT OF FINANCIAL POSITION (GROUP) - USD

As at 31st March In USD '000s	2022	2021
<b>Current Liabilities</b>		
Trade and other payables	10,822	9,280
Amounts due to related companies	521	608
Refundable deposits	7,696	9,406
Current tax liabilities	10,427	11,805
Loans and borrowings	11,196	9,249
Lease creditor	82	98
Bank overdrafts	3,667	5,060
<b>Total current liabilities</b>	<b>44,411</b>	<b>45,506</b>
<b>Total liabilities</b>	<b>70,699</b>	<b>89,977</b>
<b>Total equity and liabilities</b>	<b>137,348</b>	<b>173,993</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:

<b>As at 31st March</b>		<b>2022</b>	<b>2021</b>
Income statement	Average rate	205.22	188.39
Monetary assets and liabilities	Closing rate	299.00	202.04
Non-current assets and liabilities	Closing rate	299.00	202.04
Ordinary share capital	Historical rate	76.74	76.74

## 2 REVENUE

<b>For the year ended 31st March In USD '000s</b>		<b>2022</b>	<b>2021</b>
Local revenue		275,140	257,629
Export revenue		10,265	6,984
		<b>285,405</b>	<b>264,613</b>

# FIVE YEAR SUMMARY - USD

Year ended 31st March In USD '000s	2022	2021	2020	2019	2018
<b>Revenue</b>	<b>285,405</b>	264,613	266,533	253,851	191,393
Progressive insurance receipts on business interruption	-	-	-	-	7,742
Other income	925	1,796	904	848	487
	<b>286,330</b>	266,409	267,437	254,699	199,622
Total expenditure	<b>(258,377)</b>	(239,045)	(235,979)	(217,671)	(176,306)
Impairment of intangible assets	<b>(2,259)</b>	(2,384)	(4,125)	-	-
<b>Operating profit</b>	<b>25,694</b>	24,980	27,333	37,028	23,316
Progressive insurance receipts on property damage	-	-	-	-	4,832
<b>Profit before finance cost</b>	<b>25,694</b>	24,980	27,333	37,028	28,148
Net finance income / (expenses)	<b>1,263</b>	(2,378)	(2,881)	(5,538)	(8,573)
<b>Profit before tax</b>	<b>26,957</b>	22,602	24,452	31,490	19,575
Income tax expense	<b>(9,083)</b>	(9,485)	(8,783)	(12,401)	(7,770)
<b>Profit for the year</b>	<b>17,874</b>	13,117	15,669	19,089	11,805
Total other comprehensive income / (loss) for the year	<b>3,562</b>	4	1,608	1,235	(2,703)
<b>Total comprehensive income for the year</b>	<b>21,436</b>	13,121	17,277	20,324	9,102
Dividends - Ordinary	<b>5,238</b>	5,702	3,566	4,742	2,055
Excise duty expense	<b>189,860</b>	162,675	162,887	143,081	114,410

## FIVE YEAR SUMMARY - USD

As at 31st March In USD '000s	2022	2021	2020	2019	2018
<b>STATEMENT OF FINANCIAL POSITION</b>					
Stated capital	33,068	33,068	33,068	33,068	33,068
Capital reserves	11,942	8,513	8,513	6,943	5,752
Retained profits	21,639	42,435	37,105	30,324	20,938
	<b>66,649</b>	<b>84,016</b>	<b>78,686</b>	<b>70,335</b>	<b>59,758</b>
Loans & borrowings and leases	19,508	27,474	66,313	53,893	74,174
Debentures	-	-	-	11,675	19,751
Less-Cash	(39,856)	(42,779)	(58,044)	(53,146)	(45,264)
<b>CAPITAL EMPLOYED</b>	<b>46,301</b>	<b>68,711</b>	<b>86,955</b>	<b>82,757</b>	<b>108,419</b>
<b>REPRESENTED BY</b>					
Total non-current assets	71,721	100,025	108,897	114,888	130,215
Total current assets excluding cash & cash equivalents	22,104	26,129	23,324	25,718	30,511
Total current liabilities-excluding borrowings & overdraft	(29,466)	(31,099)	(17,648)	(28,652)	(28,223)
Employee benefits	(581)	(1,158)	(1,033)	(1,109)	(1,174)
Deferred tax liabilities	(17,477)	(25,186)	(26,585)	(28,088)	(22,910)
	<b>46,301</b>	<b>68,711</b>	<b>86,955</b>	<b>82,757</b>	<b>108,419</b>

# INFORMATION TO SHAREHOLDERS & INVESTORS

## 1 STOCK EXCHANGE LISTING

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

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

## 2 SHARE VALUATION

The market price of the Company's share as at 31st March 2022 was Rs. 525/- per share (2021 - Rs. 569/-).

## 3 ORDINARY SHAREHOLDERS

As at 31st March	2022	2021
Number of shareholders	1,279	1,268

### (a) Frequency distribution of shareholdings as at 31st March 2022

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	1,066	159,989	0.20	12	5,052	0.01	1,078	165,041	0.21
1001 - 10,000	142	393,048	0.49	15	48,790	0.06	157	441,838	0.55
10,001 - 100,000	23	832,065	1.04	5	219,031	0.27	28	1,051,096	1.31
100,001 - 1,000,000	2	507,947	0.63	8	3,258,747	4.07	10	3,766,694	4.71
Above 1,000,000	4	48,985,389	61.23	2	25,589,942	31.99	6	74,575,331	93.22
<b>Grand Total</b>	<b>1,237</b>	<b>50,878,438</b>	<b>63.59</b>	<b>42</b>	<b>29,121,562</b>	<b>36.40</b>	<b>1,279</b>	<b>80,000,000</b>	<b>100.00</b>

### (b) Categories of Shareholders as at 31st March 2022

	No. of Shareholders	No. of Shares	%
Individual	1,188	967,778	1.21
Institutions	91	79,032,222	98.79
<b>Total</b>	<b>1,279</b>	<b>80,000,000</b>	<b>100.00</b>

(c) The number of shares held by non-residents as at 31st March 2022 was 29,121,562 (2021 - 29,189,179) which amounts to 36.40% (2021 - 36.49%) of the total number of shares in issue.

# INFORMATION TO SHAREHOLDERS & INVESTORS

## (d) Public Holding

The Company is in compliance with the Minimum Public Holding requirements for Companies listed on the Main Board as per Rule 7.14.1 (i)(a) of the Listing Rules of the Colombo Stock Exchange, under Option 3, i.e. Float-Adjusted Market Capitalisation of Rs.5 Bn with 500 Public Shareholders and a Public Holding percentage of 7.5%.

### The Company's Public Holding as at 31st March 2022

Market Capitalisation of the Public Holding	Rs. 5.65 Billion
Percentage of ordinary shares held by the public	13.46%
Number of Public Shareholders	1,256

## 4 MARKET PERFORMANCE- ORDINARY SHARES

For the year ended 31st March	2022	2021
Highest (Rs.)	615.00	639.90
Lowest (Rs.)	451.00	445.00
Value of Shares traded (Rs. Mn)	487	2,814
No. of shares traded	890,157	5,374,644

## 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. 42,000,000,000/- as at 31st March 2022. (2021 - Rs. 45,520,000,000/-).

## 6 DIVIDENDS

- 6.1** A First Interim Dividend of Rs.14.40 per ordinary share amounting to Rs.1,152,000,000/- for the year ended 31st March 2021 was announced on 28th June 2021. Shareholders of the Company who had provided accurate bank account details were paid on 09th July 2021 and to the Shareholders who had not provided accurate bank account details or had not provided any bank account details, the dividends was paid on 29th July 2021.
- 6.2** A First Interim Dividend of Rs.3.68 per ordinary share amounting to Rs.294,400,000/- for the year ended 31st March 2022 was announced on 09th November 2021. Shareholders of the Company who had provided accurate bank account details were paid on 26th November 2021 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 09th December 2021.
- 6.3** A Second Interim Dividend of Rs.17.25 per ordinary share amounting to Rs.1,380,000,000/- for the year ended 31st March 2022 was announced on 13th May 2022. Shareholders of the Company who had provided accurate bank account details were paid on 01st June 2022 and to the Shareholders who had not provided accurate bank account details or have not provided any bank account details, the dividends was paid on 15th June 2022.

# 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 divide by Net interest charges.

## **MARKET CAPITALISATION**

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

## **NET ASSETS PER ORDINARY SHARE**

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

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

Market price of a share divided by earnings per share

## **RELATED PARTIES**

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

## **REVENUE RESERVES**

Reserves considered as being available for future distribution and appropriations.

## **VALUE ADDITION**

The quantum of wealth generated by the activities of the Company

## **WORKING CAPITAL**

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

## **DIVIDEND PAYOUT RATIO**

The percentage of earnings paid to shareholders in dividends.

# NOTICE OF MEETING

**NOTICE IS HEREBY GIVEN** that the 26th Annual General Meeting of **LION BREWERY (CEYLON) PLC** will be held on **Wednesday, 03rd August 2022 at 9.00 a.m.** at the 8th Floor of No.65C, Dharmapala Mawatha, Colombo 07, Sri Lanka by means of audio or audio and visual technology for the following purposes:

1. To consider the Annual Report of the Board of Directors including the Financial Statements for the financial year ended 31st March 2022 together with the Report of the Auditors thereon.
2. 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.
3. To re-elect Mr. S. Clini who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.
4. To re-appoint Mr. H. Selvanathan as a Director of the Company who is over seventy years of age and to consider and if deemed fit to pass the following resolution;

**"IT IS HEREBY RESOLVED** that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to Mr. H. Selvanathan who is 73 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."

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

**"IT IS HEREBY RESOLVED** that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to Mr. D. C. R. Gunawardena who is 71 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."

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

By Order of the Board

(Sgd)

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

Director

**CARSONS MANAGEMENT SERVICES  
(PRIVATE) LIMITED**

Secretaries

Colombo

08th July 2022

# NOTICE OF MEETING

## Notes:

1. This Notice and the submission of the Form of Proxy should be read in conjunction with the **'Procedure to be followed at the Annual General Meeting of the Company scheduled for 03rd August 2022'**, which is enclosed with the Annual Report.
2. The Annual Report 2021/22 and the Notice convening the Annual General Meeting (AGM), together with the Procedure to be followed at the AGM will be posted to the Shareholders, provided that the postal department is in operation at the time of posting the said documents. In the event postal operations are curtailed at the time of posting, the Notice convening the AGM will be published in one issue of a daily newspaper/e-newspaper in Sinhala, English and Tamil languages.
3. The documents will also be made available on the Colombo Stock Exchange website [www.cse.lk](http://www.cse.lk) and on the Group's website [www.carsoncumberbatch.com](http://www.carsoncumberbatch.com) and you may access same directly through the URL link [http://www.carsoncumberbatch.com/investor\\_information/annual\\_reports\\_2021\\_2022/lion-brewery-ceylon-annual-report-2021-22.pdf](http://www.carsoncumberbatch.com/investor_information/annual_reports_2021_2022/lion-brewery-ceylon-annual-report-2021-22.pdf)
4. As permitted by Article 43(b) of the Articles of Association of the Company, the Board of Directors decided on 08th July 2022 to convene the AGM of the Company through an "audio-visual" technology in view of protecting public health and safety.
5. Shareholders who wish to participate at the AGM through the online platform are kindly requested to complete and forward the **"Registration Form (Annexure 1)"** as morefully explained in the said **"Procedure to be followed at the Annual General Meeting of the Company scheduled for 03rd August 2022"** enclosed with the Annual Report.
6. A member is entitled to appoint a proxy to attend and vote instead of him/herself. A proxy need not be a member of the Company. A Form of Proxy accompanies this Notice.
7. The completed **Form of Proxy and Registration Form (Annexure 1)**, as relevant, must be submitted to the Company **not later than 4.45 p.m. on 01st August 2022**,
  - via email to [LIONAGM2022@carcumb.com](mailto:LIONAGM2022@carcumb.com), or
  - via WhatsApp or Viber to mobile no. +94 764 765 463 or +94 712 791 246, or
  - by hand or post to the registered office of the Company, No. 61, Janadhipathi Mawatha, Colombo 1.
8. A person representing a Corporation is required to submit a certified copy of the resolution authorising him/her to act as the representative of the Corporation. A representative need not be a member.
9. The transfer books of the Company will remain open.



# FORM OF PROXY

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

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

as \*my/our proxy to attend at the 26th Annual General Meeting of the Company to be held on **Wednesday, 03rd August 2022 at 9.00 a.m.** at the 8th Floor, No. 65C, Dharmapala Mawatha, Colombo 07, Sri Lanka by means of audio or audio and visual technology and at any adjournment thereof and at every poll which may be taken in consequence thereof.

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

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

.....  
 Signature/s

## Notes

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

# FORM OF PROXY

## INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the form of proxy after filling in legibly your full name and address, and sign in the space provided. Please fill in the date of signature.
2. If you wish to appoint a person other than the Directors as your proxy, please insert the relevant details in the space provided overleaf.
3. In terms of Article 54 of the Articles of Association of the Company:  
The instrument appointing a proxy shall be in writing and:
  - (i) in the case of an individual shall be signed by the appointor or by his attorney; and
  - (ii) in the case of a Corporation shall be either under its common seal or signed by its attorney or by an authorised officer on behalf of the Corporation.The Company may, but shall not be bound to, require evidence of the authority of any such attorney or officer.  
A proxy need not be a shareholder of the Company.
4. In terms of Article 50 of the Articles of Association of the Company:  
In the case of joint-holders of a share, the senior who tenders a vote, whether in person or by proxy or by attorney or by representative, shall be accepted to the exclusion of the votes of the other joint-holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
5. To be valid the completed Form of Proxy together with the **Registration Form (Annexure 1)** should be submitted to the Company **not later than 4.45 p.m. on 01st August 2022**.
  - via email to [LIONAGM2022@carcumb.com](mailto:LIONAGM2022@carcumb.com), or
  - via WhatsApp or Viber to mobile no. +94 764 765 463 or +94 712 791 246, or
  - by hand or post to the registered office of the Company, No. 61, Janadhipathi Mawatha, Colombo 1.
6. Shareholders who are unable to participate at the meeting through the online meeting platform (i.e. Zoom platform) may appoint a proxy as his/her/its proxy by forwarding the duly completed Form of Proxy together with the Registration Form (Annexure 1) **not later than 4.45 p.m. on 01st August 2022**, clearly indicating their vote under each matter set out in the Form of Proxy as per the instructions set out in the '**Procedure to be followed at the Annual General Meeting of the Company scheduled for 03rd August 2022**', enclosed with the Annual Report.
7. Shareholders could also appoint a member of the Board to act as their proxy if they so choose. The Shareholders who wish to appoint a Director as his/her/its proxy must forward the duly completed Form of Proxy clearly indicating their vote under each matter set out in the Form of Proxy and forward same together with the **Registration Form (Annexure 1)**, attached herewith to the Company.

Please fill in the following details:

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

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

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

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

# CORPORATE INFORMATION

## NAME OF COMPANY

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

## COMPANY REGISTRATION NUMBER

PQ 57

## LEGAL FORM

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

## SUBSIDIARY COMPANIES

Pearl Springs (Private) Limited  
Millers Brewery Limited

## PARENT AND CONTROLLING ENTITY

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

## DIRECTORS

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

## BANKERS

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

## LEGAL ADVISERS

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

## AUDITORS

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

## MANAGERS & SECRETARIES

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

## REGISTERED OFFICE

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

## CORPORATE OFFICE & BREWERY

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

## GROUP WEBSITE

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

Designed & produced by



Printed by Printage (Pvt) Ltd

**Lion Brewery (Ceylon) PLC**  
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