Unlocking Networks of Value

JOHN KEELLS PLC

ANNUAL REPORT 2023/24

Unlocking Networks of Value

In today's interconnected business landscape, value extends far beyond monetary worth, encompassing a combination of relationships, resources, and opportunities that contribute to organisational success.

As a company that has been in business for over 150 years, we know that by harnessing the inherent potential of relationships and resources, we can tap into a wealth of collective expertise. This approach not only accelerates problem-solving and decision-making, but also cultivates a culture of continuous learning and collaboration, which is essential for thriving in today's complex landscape.

Now and in the years to come, John Keells PLC will focus on unlocking networks of value that lead to new avenues of innovation, growth, and prosperity.

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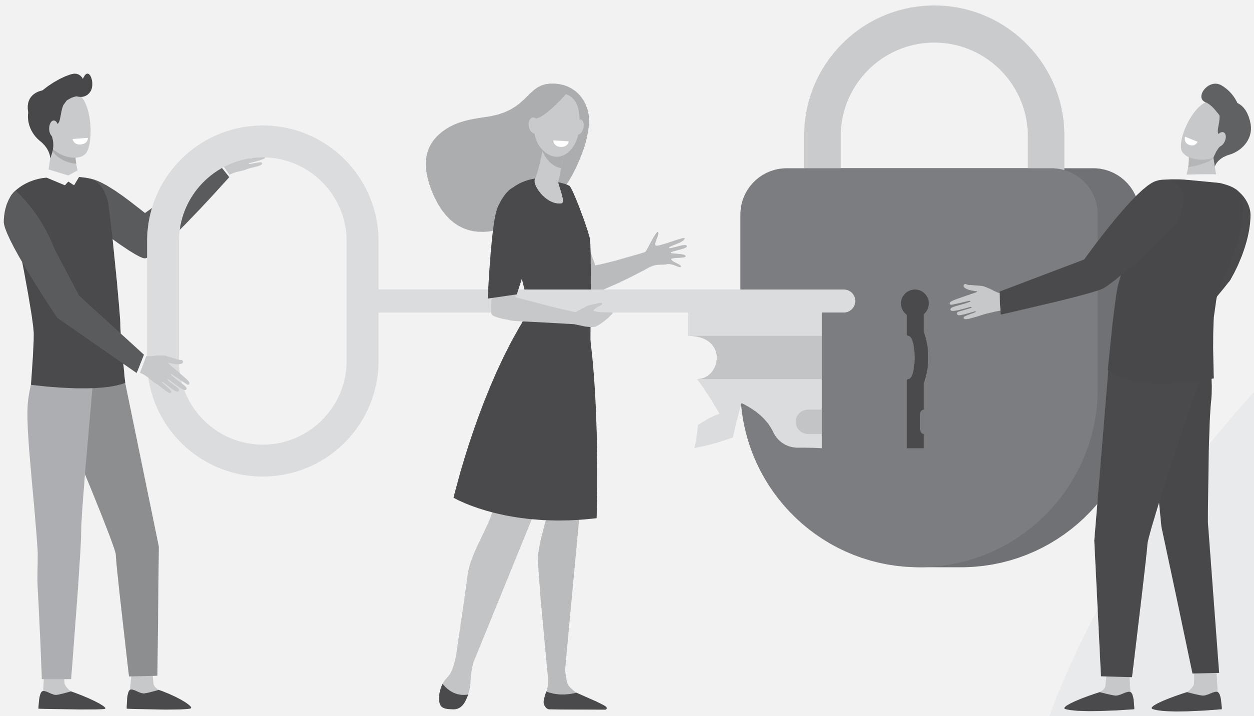
The Key to Unity



ABOUT US

About Us

This report analyses the responsive strategies and resources that have enabled us to thrive, transform, and remain pertinent to our stakeholders, enabling them to pursue the future and what it holds.

Resilience is our greatest source of confidence through turbulent times and economies. Our Annual Report demonstrates how we have moved with the times and performed exceptionally across a range of indicators by maintaining our long-term vision both now and into the years ahead.

About

John Keells PLC has streamlined its operations to welcome challenges and adapt to change while moving with the times in a fast-changing world. Today we have become a paradigm of innovation prospering through 150 years of experience and market leadership while setting a benchmark of quality, brand excellence, and good governance

Our Vision

To be internationally recognised as the best Produce Broker in the world.

Our Mission

To retain the pre-eminent position as Sri Lanka's leading Tea and Rubber broker; To uphold the traditions and ethics of the Tea and Rubber trades; To ensure superior customer service through a dedicated and motivated workforce.

Our Values

We are committed to the highest level of integrity and ethical conduct in all our business activities. We will look towards exceeding shareholder and customer expectations by achieving excellence in all areas of operations. We recognise the right of every individual to be treated with fairness, dignity and respect and assist our employees to improve their skills and reward their accomplishments. We will focus on corporate social responsibility and look to protect and safeguard the environment.

Introduction to the Report

The fiduciary duty of the board encompasses a steadfast commitment to transparency and accountability. John Keells PLC, adhering to rigorous reporting norms, unveils its Seventh Integrated Annual Report to prospective investors. This comprehensive document elucidates the value-creating potential of John Keells PLC and its affiliated entities, specifically John Keells Warehousing (Pvt) Ltd (JKW) and John Keells Stockbrokers (Pvt) Ltd (JKSB) (hereafter referred to as the "Group"), across short-, medium-, and long-term horizons.

This annual report has been meticulously crafted in strict adherence to both domestic and international financial and non-financial reporting standards and frameworks. It encompasses a range of materials including financial statements, supplementary reports, and disclosures, all meticulously assembled to meet the diverse information needs of our extensive array of stakeholders. The ensuing elucidation delineates the pivotal data that underpins the construction of this annual report, facilitating a comprehensive understanding and analysis thereof.

GOVERNANCE, RISK MANAGEMENT AND OPERATIONS

- Laws and Regulations of the Companies Act No. 7 of 2007
- Listing Rules of the Colombo Stock Exchange (CSE) and subsequent revisions to date
- Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021, including directives and circulars
- Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka, to the extent of business exigency and as required by the Group
- Code of Best Practice on Corporate Governance (2013) jointly advocated by SEC and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- Code of Best Practices on Related Party Transactions (2013) advocated by SEC

FINANCIAL REPORTING

- Sri Lanka Accounting Standards (SLFRSs / LKASs) issued by the Institute of Chartered Accountants of Sri Lanka CA Sri Lanka

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY REPORTING

- Voluntary adoption of Global Reporting Initiatives (GRI) Standards
- United Nations Sustainable Development Goals

Introduction to the Report

Reporting Scope and Boundaries

This report covers the operations of the Company and the Group for the reporting period from 1st April 2023 to 31st March 2024. Any material event post reporting period, up to the date of sign-off by the Board of Directors on 20th May 2024, have been disclosed in note no. 37 to the financial statements ensuring relevance and reporting accuracy. Our last report for the most recent financial year ending 31st March 2023 is available on our website www.johnkeellstea.com.

Information on the Group's financial reporting is available in the Consolidated Financial Statements of the Group, which are organised in pages 106 through 112. A management discussion detailing the Group's activities can be located on pages 16 to 50. The risks, opportunities, and results covered in this report could have a significant impact on the organisation's capacity to generate value. During the time under review, there were no notable alterations made to the Group's supply chain, shareholding, size, or structure. Additionally, there were no significant revisions made to any of the data from the prior reporting period.

Corporate Governance

The cultivation and maintenance of a constructive operational rapport within our commercial interactions hinge significantly on effective governance practices. Hence, such practices are paramount and actively promoted throughout the entirety of our enterprise. The Corporate Governance segment, expounded upon in pages 55 to 84 of this report, delineates the implementation and initiation of Corporate Governance protocols within the Company and its affiliated entities. Furthermore, it provides comprehensive insight into both mandatory and voluntary compliance measures adhered to, in accordance with the corporate governance directives outlined in the Code of Best Practice on Corporate Governance, jointly issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Securities and Exchange Commission of Sri Lanka (SEC).

Statement of forecast to the future

Forward-looking statements included in this report discuss the possible future financial position and results of the Group's operations.

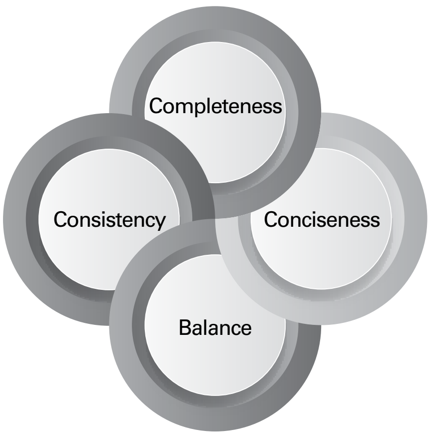
These statements, however, involve an element of risk and uncertainty. We do not undertake to update or revise these statements publicly in the event of a change of circumstances.

Information Verification and Quality Assurance

The Board is of the view that the Annual Report addresses all significant challenges that it considers to have an impact on the Company's ability to create value over the short, medium, and long terms. The Board further acknowledges that it is entrusted with preserving the integrity of the Report.

The information contained in this Report has been reviewed, as applicable by:

- The Board of Directors
- Audit Committee of the Company
- An independent auditor confirming the accuracy of the annual financial statements
- The Management Committee



The Six Capitals

In order to guide our strategy and create value, we rely on a mix of resources and connections. The following navigation symbols are used in the Report to display what are known as the six capitals

Icon Guide


Financial Capital


Manufactured Capital


Intellectual Capital


Human Capital


Social and Relationship Capital

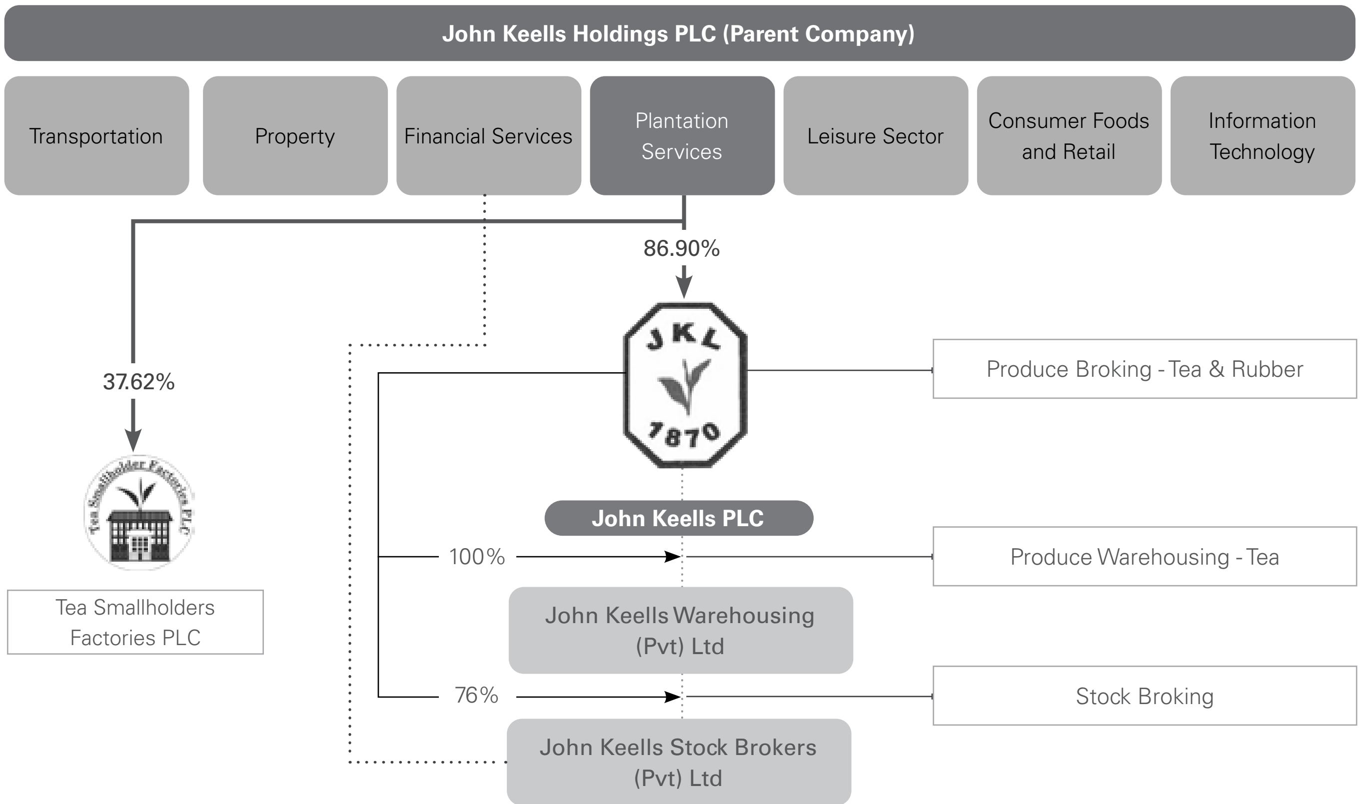

Natural Capital

Feedback

We understand Integrated Reporting is an evolving principle and a continuous journey of improvement. We welcome your comments, suggestions and queries on this Report; please direct your feedback to,

Devika Weerasinghe
Chief Financial Officer
John Keells PLC,
No. 186, Vauxhall Street,
Colombo 02.
E-mail: devika@keells.com

Group Structure



Senior Management Team

JOHN KEELLS PLC

- Hishantha De Mel – Chief Executive Officer / Vice President John Keells Holdings PLC
- Ravin Vannitamby – Head of Operations / Assistant Vice President John Keells Holdings PLC
- Deshan Bandaranayake – Head of Marketing / Assistant Vice President John Keells Holdings PLC
- Riza Ahamed – Sector Financial Controller / Assistant Vice President John Keells Holdings PLC
- Rochelle Perera– Senior Manager Human Resources
- Janith De Silva – Manager Tea
- Kaveesha Hettiarachchi – Manager Tea
- Anushka Mohotti Gamage - Manager Tea
- Duran De Alwis – Manager Tea
- Rajnesh Ramanathan – Manager Tea
- Nishika Thadhani– Manager Finance
- Rajkumar Nagaratnam – Head of Business Processes & Solutions, Transportation Sector

JOHN KEELLS WAREHOUSING (PVT) LTD

- Suranga Edirisinghe - Manager Warehousing

JOHN KEELLS STOCK BROKERS (PVT) LTD

- Tivanka Ratnayake – Chief Executive Officer / Vice President John Keells Holdings PLC
- Sherin Cader – Chief Financial Officer, Financial Services Sector / Executive Vice President John Keells Holdings PLC
- Nithila Talgaswatte – Chief Operating Officer / Senior Assistant Vice President John Keells Holdings PLC
- Akmal Mashoor – Head of Sales / Assistant Vice President John Keells Holdings PLC
- Navin Ratnayake – Head of Research / Assistant Vice President John Keells Holdings PLC
- Chryshanthi Manuel – Compliance Officer
- Dishan Leo – Senior Manager Research
- Chiranthaka Suraweera – Senior Manager Research
- Noor Anis – Manager Sales
- Marinus Fernando – Manager IT
- Vanitha Saravana – Head of Documentation
- Harsha Senanayake – Head of Business Systems, Financial Services Sector/ Senior Vice President John Keells Holdings PLC

Performance Highlights

Year ended 31st March		2023/24	2022/2023	2021/2022
RESULTS OF THE YEAR				
Group revenue	Rs. 000's	**941,974**	1,024,588	946,147
Group profits /(Loss)before interest and tax (EBIT)	Rs. 000's	**249,236**	533,379	409,531
Group profits/ (Loss) before tax	Rs. 000's	**220,875**	495,392	377,457
Group profits / (Loss)after tax	Rs. 000's	**144,001**	309,497	266,084
Group profits/(Loss) attributable to shareholders	Rs. 000's	**151,063**	305,850	229,577
Earnings / (loss) per share	Rs.	**2.48**	5.03	3.78
Interest cover	No. of times	**8.79**	14.04	12.77
Return on equity	%	**3.48**	7.29	6.29
Return on capital employed	%	**5.78**	12.55	8.81
FINANCIAL POSITION AT THE YEAR END				
Total assets	Rs. 000's	**6,021,094**	5,965,630	6,079,440
Total debt	Rs. 000's	**201,520**	84,123	321,945
Number of shares in issue	000's	**60,800**	60,800	60,800
Total shareholder funds	Rs. 000's	**4,056,924**	4,164,830	4,325,004
Net assets per share	Rs.	**67.64**	68.50	71.13
Net debt	Rs. 000's	**(238,999)**	(509,895)	(354,087)
Debt/Equity	%	**4.97**	2.02	7.44
Debt/Total assets	%	**3.35**	1.41	5.30
MARKET / SHAREHOLDER INFORMATION				
Market price as at 31st March	Rs.	**64.80**	68.80	68.50
Market capitalisation	Rs. 000's	**3,939,840**	4,183,040	4,164,800
Enterprise value	Rs. 000's	**4,178,838**	4,692,936	4,518,887
Price earning ratio	No. of times	**26.13**	13.68	18.14
Dividend paid	Rs. 000's	**176,320**	179,360	139,232
Dividend per share	Rs.	**2.90**	2.95	2.29
Dividend pay-out ratio	%	**116.72**	58.64	60.65
Dividend yield	%	**4.48**	4.29	3.34

Year ended 31st March		2023/24	2022/2023	2021/2022
FINANCIAL CAPITAL				
Economic Value added	Rs. 000's	**1,046,632**	1,197,694	1,053,720
Proportion of purchases form local suppliers within Sri Lanka	%	**100**	100	100
MANUFACTURED CAPITAL				
Total Property Plant and Equipment	Rs. 000's	**871,016**	594,406	399,415
NATURAL CAPITAL				
Total carbon foot print (MT)	MT	**95.00**	100.00	128.00
Water withdrawal (m3)	(m3)	**5,714.00**	5,287.00	5,266.00
Water withdrawal (m3) per Rs. million revenue	No. of times	**1.01**	5.16	5.57
Significant environment fines*	Rs.	**Nil**	Nil	Nil
HUMAN CAPITAL				
Turnover per employee	Rs. 000's	**12,233**	13,481	12,450
Total employees	Number	**77**	76	76
Number of injuries during the work	Number	**Nil**	Nil	Nil
Number of lost days	Number	**Nil**	Nil	Nil
Number of employees receiving performance review	%	**100**	100	100
SOCIAL AND RELATIONSHIP CAPITAL				
Proportion of business analysed for risk of corruption	%	**100**	100	100
Significant fines for violation of laws/regulations*	Rs.	**Nil**	Nil	Nil
Significant fines for product/service issues*	Rs.	**Nil**	Nil	Nil
INTELLECTUAL CAPITAL				
Software Development - work in progress	Rs. 000's	**Nil**	Nil	Nil
Intangible assets	Rs. 000's	**Nil**	Nil	Nil

Milestones

1870

Edwin John came to Ceylon, as the Island was then called, to join his brother George. Together, they established themselves as Produce and Exchange Brokers.

1876

A partnership styled "John Brothers and Company" was formed with offices situated in Colombo and Kandy.

1878

This partnership was dissolved, and Edwin John started an establishment of his own titled "E. John" and carried on the business of produce and exchange broking. The first decade of business of E. John was one of low activity. Villers records this period thus, "Business in those days was very limited. Coffee had all but gone out, Tea had not expanded sufficiently and the little business in Chinchona was not enough to go around." During this period, Reginald, son of Edwin John, joined his father in Ceylon.

1890

Prospects began to improve rapidly with the approaching tea business.

1895

Reginald John was taken into the partnership of E. John and Co. By this time, business was growing quite rapidly in tea, shares, oil, and exchange.

1948

E. John and Co. amalgamated with two London Tea Broking firms, William Jas and Hy Thompson and Co. and Geo White and Co. The firm was then incorporated as a private limited liability company and the name was changed to E. John, Thompson, White and Co. Ltd.

1960

E. John, Thompson, White and Co. Ltd., amalgamated with Keells and Waldock Ltd. The name was changed to John Keells Thompson White Ltd. This Company had its office in the National Mutual Insurance Company building in Chatham Street. The first Chairperson of the Company was Douglas Armitage and, on his retirement, he was succeeded by A.G.R. Willis. The Company acquired its Glennie Street premises from Dodwell and Company which were initially used as a warehouse.

1962

The firm moved to the sixth floor of the then newly constructed Ceylinco House.

1966

The initial step towards diversification of the activities of the Company was taken with the acquisition of Ceylon Mineral Waters Ltd.

1970

M. C. Bostock was elected Chairperson of the Company.

1971

John Keells Limited moved its offices to Glennie Street, Slave Island.

1976

John Keells Limited., became a People's Company.

1986

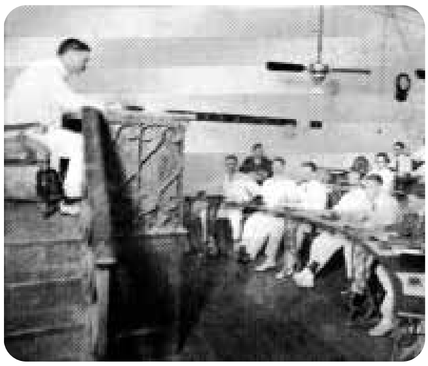
John Keells Holdings PLC acquired the controlling interest of John Keells Limited., M.C. Bostock retired and D.J.M. Blackler took over as the Chairperson of the Company.

1990

K. Balendra took over as Chairperson, the first Sri Lankan to hold this position. John Keells Limited., acquired controlling interests in John Keells Stock brokers (Pvt) Ltd.

1993

Financial Statements of the associates Keells Realtors Ltd and International Tourists and Hoteliers Ltd. were incorporated to the Consolidated Accounts.



2000

K. Balendra retired as Chairperson on 31st December 2000.

2001

V. Lintotawela took over as Chairperson on 1st January 2001. John Keells Limited incorporated John Keells Warehousing (Pvt) Ltd a fully owned subsidiary with B.O.I status.

2003

The state-of-the-art warehouse of John Keells Warehousing (Pvt) Ltd., which is the largest hi-tech tea warehouse in this part of the region was commissioned for storing pre-auctioned produce.

2005

V. Lintotawela retired as Chairperson on 31st December 2005 and S. Ratnayake took over as Chairperson on 01st January 2006.

2007

The name of the Company was changed to John Keells PLC which is a new requirement of the Companies Act No. 7 of 2007.

2010

The Board of Directors at a meeting held on 20th July 2010 resolved to increase the number of shares by way of share sub – division based on a ratio of one (1) share for every (1) one share held. Consequently, the number of shares after the sub – division increased to 30.40 million shares from 15.20 million shares.

2011

The Board of Directors at a meeting held on 11th May 2011 resolved to increase the number of shares by way of a share sub-division based on a ratio of one (1) share for every (1) one share held. Consequently, the number of shares after the sub – division increased to 60.80 million shares from the previous 30.40 million shares.

2013

The Company disposed of its land at 130, Glennie Street Colombo 2.

2015

To ensure compliance with the new Securities Exchange Commission directive, which was to come into effect from 1st January 2016, the shares of the Company, which were listed on the Main Board, were transferred to the Diri Savi Board of the Colombo Stock Exchange.

2016

In compliance with the Capital Adequacy Requirement implemented by The Colombo Stock Exchange on stock broking firms, JKPLC increased its investment in its subsidiary John Keells Stock Brokers (Pvt) Ltd by accepting the rights for 0.57 million shares.

2018

Mr. K. N. J. Balendra and Mr. J. G. A. Cooray appointed as the new directors of John Keells PLC (w.e.f. 01st January 2018) with the retirement of Mr. A. D. Gunewardene and Mr. J. R. F. Peiris

2019

Mr. K. N. J. Balendra was appointed as the new Chairperson (w.e.f. 01st January 2019) with the retirement of Mr. S. Ratnayake.

2020

John Keells PLC Celebrates 150 years of association with Ceylon Tea.

2021

The first online tea auction was conducted on Saturday, April 04th, 2021.

Chairperson's Message

It gives me great pleasure to share, on behalf of the Board of Directors of John Keells PLC (JKPLC), the Integrated Annual Report and Financial Statements for the financial year ended 31 March 2024. Despite the external market dynamics and the resultant challenges to the operating environment, JKPLC has demonstrated steadfast commitment and determination, buoyed by the continued support from our stakeholders

Overview of the Sri Lankan Economy

The Sri Lankan economy recorded a gradual recovery during the latter part of calendar year 2023, marking the end of a prolonged period of economic contraction spanning six consecutive quarters. Growth was primarily driven by multiple much-needed policy adjustments and structural reforms implemented by the Government and the Central Bank of Sri Lanka (CBSL) since end of calendar year 2022. Inflation significantly decelerated to single digits by the end of the calendar year 2023, on the back of various policy actions aimed at controlling inflation levels, from the peak levels of 70 percent witnessed in calendar year 2022. Both the Government's primary balance and the external current account recorded a surplus in the calendar year 2023. There was also a sustained and strong buildup of the external reserves position of the country to USD 4.4 billion by end of calendar year 2023 [Calendar year 2022: USD 1.9 billion]. Further, the country's foreign exchange reserves, began to exhibit measured improvement. The Sri Lankan Rupee strengthened significantly by 11percent on average during the 2023/24.

The CBSL reduced the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) by 550 basis points each, respectively, during the calendar year 2023. The reduction in interest rates, which had posed a significant impediment to business activity, initiated a favourable downward trend. This, in turn, facilitated the resumption of credit flow to the private sector, thereby revitalising economic activity.. The progress on the International Monetary Fund (IMF) 48-month Extended Fund Facility (EFF) programme and the Domestic Debt Optimisation (DDO) plan has been commendable. It is encouraging that Sri Lanka's international financing partners continued to extend their support to help achieve this balance between critical reforms and ensuring a strong safety net for vulnerable segments of the community.

Financial Performance Highlights

The overall performance of JKPLC during the year was subdued mainly due to the challenges encountered in the tea and rubber industries. The Group recorded an 8 percent decline in consolidated revenue amounting to Rs.941.97 million in comparison to Rs.1,024.59 million recorded in 2022/23. Profit after tax for the current financial year declined by 53 percent to Rs.144.00 million, compared to the Rs.309.50 million reported in the previous financial year.

The produce broking segment accounted for 59 percent of the Group's consolidated revenue, while the stockbroking segment and the warehousing segment accounted for 24 percent and 16 percent respectively. A breakdown of revenue in the produce broking segment showcases tea and rubber as the main contributors.

During the year under review, the Group implemented various cost management initiatives aimed at enhancing operational efficiency which included streamlining processes, upholding a commitment to providing personalised services to producers, and continuing to offer value-added services to buyers.

Tea Segment Performance

The Tea Segment encountered multitude of challenges during the year under review mainly attributed to adverse weather conditions, notably unprecedented rainfall and increased wet days, leading to disruptions in tea production by affecting the optimal growth conditions for the tea plants, resulting in lower volume of tea production than previously planned. Additionally, the appreciation of the Sri Lankan Rupee against the US dollar exerted further pressure on tea prices, particularly during the fourth quarter of 2023/24,as compared with the depreciation of the Sri Lankan Rupee during the previous financial year. Further, disruptions in purchasing of Ceylon Tea in global export markets also caused concerns and were reflected in auction prices and sales volumes. Additionally, the Red Sea crisis led to substantial escalations in freight and insurance expenses and created uncertainty among tea exporters/buyers.

The Tea Segment of the Company mirroring industry trends recorded a 18 percent average decline in the Rupee average tea prices during the year under review, contrasting with the significant average price hikes observed during the previous financial year. However, total tea volumes sold by JKPLC recorded an increase during the financial year 2023/24 amounting to 34.38 million kilograms compared to 32.45 million kilograms sold in the previous financial year. The total segmental revenue recorded a decline by Rs.85.20 million in comparison to Rs.641.17 million recorded in the previous financial year due to appreciation in LKR impacting the average tea price. The Company's income from tea brokerage and income from sellers' interest decreased by 14 percent and 10 percent, respectively during the year. Consequently, the Tea Segment's profit before tax declined by 49 percent to Rs.218.63 million compared to Rs.427.30 million recorded in the previous financial year.

Rubber Segment Performance

The Company's Rubber Segment also faced challenges during the year under review, recording a 17 percent decline in revenue which reduced to Rs.7.49 million from Rs.9.00 million recorded in the previous year. JKPLC's average price per kilogram decreased to Rs.484.12, compared to the previous year's average of Rs.571.58. Additionally, rubber sales volumes handled by the Company fell by 5 percent to 1.30 million kilograms for the year ended 31 March 2024, compared to 1.37 million kilograms recorded in the previous financial year. Consequently, the Segment's profit before tax recorded a decrease of 48 percent, to Rs.2.46 million compared to Rs.4.74 million recorded in the previous financial year.

Warehousing Segment Performance

Despite challenges stemming from declining tea and rubber production, the Warehousing Segment experienced growth during the year in both utilisation and profitability. This growth is attributable to the effective strategies implemented by the Company in the previous financial year.

As a result, the Segment achieved a utilisation rate of 88 percent for the year under review compared to the 81 percent recorded in the previous financial year. Additionally, the Segment's total revenue increased by 19 percent to Rs.154.34 million during the year under review compared to Rs.129.40 million recorded during the previous financial year.

Stock Broking Segment Performance

The Stock Broking Segment experienced a subdued performance due to the lacklustre performance of the Colombo Stock Exchange (CSE) during the year. However, while investor sentiment was subdued at the onset of 2023/24 due to a 'wait and see' approach regarding the domestic debt optimisation plan by the Government, the steep reduction in interest rates and lower inflation rates spurred growth in investor participation towards the latter part of the financial year. The All-Share Price Index (ASPI) closed at 11,444 points, marking a growth of 23 percent from 9,301 points as at 31 March 2023. John Keells Stockbroking (JKSB) recorded a revenue of Rs.232 million for the financial year while continuing to enhance its processes and systems. We expect a revival in foreign investor participation in tandem with the improvement of the macroeconomy, which will contribute to improved activity in the CSE.

Valuing Employees

The Company places significant emphasis on valuing its employees, recognising that this extends beyond acknowledging their contributions. It involves creating an environment where they feel respected, supported, and motivated to excel and advance in their careers. In furtherance of this view, the Company continued to invest in employee training and development, providing growth opportunities and ensuring competitive compensation and benefits, affirming that our employees are truly valued.

Dedication to Upholding Robust ESG Principles

JKPLC remains committed to environmental, social, and governance (ESG) principles, deeply integrated within the governance and sustainability frameworks of the John Keells Group. During the year under review, we persisted in upholding sustainability and governance as fundamental elements of our business operations.

Adhering to Effective Governance and Accountability Principles

I am pleased to state that there were no reported violations of the Group Code of Conduct and Code of Business Conduct and Ethics of the Code of Best Practice of Corporate Governance 2017, issued by the Institute of Chartered Accountants of Sri Lanka. I also wish to affirm our commitment to upholding Group policies, where emphasis is placed on ethical and legal dealings, zero tolerance for corruption, bribery and any form of harassment or discrimination in our workplace and any work-related situations.

Chairperson's Message

Integrated Reporting

The Board of Directors holds responsibility for ensuring the accuracy and integrity of this Annual Report which has been prepared in adherence to the Integrated Reporting Framework published in 2021. This framework was first established by the International Integrated Reporting Council but is now a part of the IFRS Foundation. We affirm the credibility, reliability, and integrity of the information presented to the best of our knowledge. To strengthen this assurance, external validation has been obtained from independent auditors, as applicable.

The Way Forward

The outlook for the industry remains positive, being export-oriented, with the potential to capitalise on the broader global macroeconomic recovery, despite industry-specific challenges such as unpredictable weather patterns and increased global competition. Further, the Tea Segment of JKPLC is poised for improvement in the forthcoming financial year, attributed to the enhanced fertilizer utilisation observed during the year under review, which is anticipated to increase crop production and quality, consequently leading to an increase in auction prices and sales volumes. Global tea markets are expected to expand, driven by increasing worldwide consumption and Sri Lanka stands to benefit from growing demand, particularly for low-grown tea, both from traditional markets and emerging tea-drinking countries. However, headwinds from geopolitical tensions stemming from the Russia-Ukraine and Israel-Palestine conflicts, present challenges in key Ceylon Tea exporting markets such as Iran and Iraq including impact of any currency devaluation in key import markets. Fluctuations in the LKR exchange rate also adds further risks to the industry.

The gradually improving conditions of the rubber industry together with expectations of improved weather patterns in the forthcoming financial year, provide a basis for the Company's continued outlook on the growth potential of the Rubber Segment of the Company in the medium to long-term. We are optimistic about the opportunities within the rubber industry for both production expansion and the introduction of innovative, high-quality rubber products. This involves focusing on enhancing productivity, implementing innovative production techniques, and conducting targeted research and development initiatives.

The advancements achieved in our Warehousing Segment instil confidence to upholding an optimistic outlook with a commitment to fully leveraging our facilities to bolster the Company's growth and profitability. Prudent cost management and the ongoing implementation of productivity-enhancing measures will remain priorities to effectively navigate any short-term challenges stemming from the macroeconomic landscape.

Retirement of Directors

Ms. K D Weerasinghe will retire from the Board of Directors w.e.f 30th June 2024 consequent to her retirement from employment in John Keells PLC. I would like to place on record our deep appreciation for the invaluable services provided by Ms. K D Weerasinghe during her tenure on the Board.

Acknowledgements and Appreciation

I extend my gratitude and appreciation to the Board of Directors for their support and guidance. My appreciation also goes out to our teams, whose unwavering dedication and commitment have been instrumental in enabling the Group to achieve its objectives. Lastly, I express my appreciation to all our stakeholders, encompassing business partners, shareholders, and regulators, for their enduring support, trust, and loyalty towards the Group.

Krishan Balendra

K N J Balendra
Chairperson

20th May 2024

The Markers of Strength

MANAGEMENT DISCUSSION AND ANALYSIS

Our Value Creation model

VISION : To be internationally recognised as the best Produce Broker in the world.

Fundamental forms of Capital deployed by John Keells PLC

Value creation levels

STAKEHOLDER RETURNS

INPUTS

Financial Capital

- Shareholder funds
- Cash flow from operations
- Short term debts

Natural Capital

- Energy
- Water
- Other natural resources

Human Capital

- Recruitment of a diversified workforce
- Experienced and efficient workforce
- Skills and competencies
- Training and development

Social & Relationship Capital

- Dedicated CSR team
- Community development
- Stakeholder engagement
- Health and safety initiatives

Intellectual Capital

- Brand development
- Technological expertise

Manufactured Capital

- Capital expenditure on property, plant and equipment
- Insurance / Maintenance plan cost

VALUES | CARING | EXCELLENCE

Transformed forms of Capital that produce stakeholder value

AND ENGAGEMENT

ACTIVITIES	OUTPUTS	MANAGING THE POSITIVE AND NEGATIVE OUTCOMES
• Effective and responsible investment of shareholder funds • Business development activities • Cost reduction initiatives	• Shareholder returns and dividends • Payments to other stakeholders • Share price appreciation	• Financial stability • Financial growth • Creation of wealth
• Adoption of Global Goals • Environmental impact assessment and mitigation of impact • Roll-out of carbon footprint and energy initiatives • Strengthening of water and waste management processes	• Disposal of all effluent and waste efficiently • Reduction of carbon footprint • Reduced resource consumption through better monitoring	• Pursue further renewable sources of energy • Optimizing the use of plastic • Maximising energy & water usage
• Channelling of employee skills and expertise for business growth • Training and development of employee cadre • Performance management and appraisals • Employee survey initiatives • Structured career development programmes	• Staff motivation • Talented and efficient workforce • Job satisfaction • Career progression • Safe and equitable environment	• Alignment of workforce with Group vision • Improved productivity and eficiency
• Investment in community and livelihood development • Regular dialogue with investors, analysts and other stakeholders • Social impact assessments • Identification of key stakeholders and material aspects in relation to them • Awareness creation and engagement of suppliers through the Supplier • Management Framework • Social needs assessment based on Sustainable Development Goals (SDGs)/UN Global Compact/national agenda	• Community skills development • Well-informed and sound investment decisions • Better supplier/distributor and stakeholder relations	• Brand visibility and reputation • Strengthened supply chain • Adherence to UN SDGs
	• Intellectual assets • Sound judgments Goodwill	• Evolving businesses to suit the ever-changing, dynamic consumer • An organisation better prepared to face challenges
• Development of intangible infrastructure, processes and procedures to improve efficiency • New product development • Innovation	• Total assets purchases Insurance claims recoveries • Cost savings on efficient usage of assets • Durability of Assets	• Efficient usage of assets and innovative solutions to reduce service cost

TRUST **INNOVATION** **INTEGRITY**

Stakeholder Relationships

Stakeholder Engagement

At JKPLC, we consider our stakeholders to be fundamental to our identity. Different stakeholder groups play crucial roles in various aspects of our organisation's functioning and development. Their collective input is what empowers JKPLC to succeed and flourish, even amid adversity. Therefore, in the past year, the company concentrated on addressing specific needs and concerns of diverse stakeholder groups, aiming to establish lasting value for the future.

	Customers	Employees	Shareholders	Supplier
How we engage	• Face to face meetings, client visits • Create customer value individually and as a group	• Staff engagement activities • Performance Management System • Open door policy	• Annual General Meeting • Annual report and Quarterly Financial Statements • Website (Ongoing)	• On-site visits to and from suppliers • One-on-one discussion on issues such as product quality and improvements • Information reports on product quality and improvements
Stakeholder expectation	• Service quality • Value for money • Product responsibility • Informing market performance	• Health & safety considerations • Job security • Competitive compensation and benefits • Opportunities for skill development and career progression • Diversity and equal opportunity	• Sustainable Growth and business continuity • Good risk and crisis management • Compliance Corporate Governance and Ethics • Transparency and credibility of disclosures	• Continued business opportunities • Knowledge sharing • Fair pricing • Long term business relationships
Strategic response	• Linking the sellers' capabilities and export market conditions • Adopting latest technology	• Continuation of flexible and agile work arrangements • Ongoing training and development opportunities • Promote diversity, equity, and inclusion • Review of salary and organisation structures • Rewarding on outstanding performance	• Implementing strategies to support market share price increases • Accomplishing corporate goals and objectives • Sustaining consistent financial growth over time • Sustaining exemplary governance standards • Growth in shareholder funds • Dividend payments	• Timely payments • Fostering transparent communications • Welcoming feedback and suggestions • Building long term relationships

Stakeholder Engagement

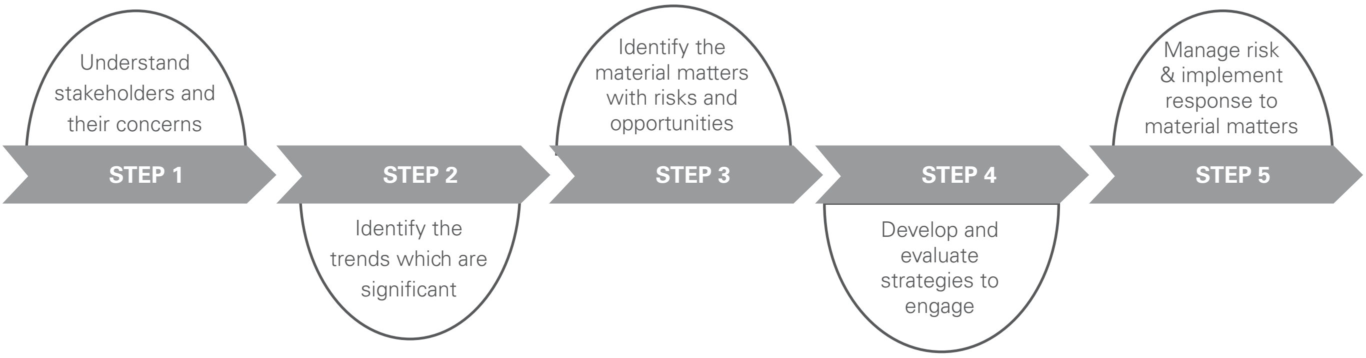
Engaging stakeholders marks the initial phase of our journey in understanding how we deliver economic, social, and environmental value to them. This engagement occurs at various levels and times, utilising diverse tools and methodologies to gain a comprehensive understanding of their expectations from our company. Our approach to stakeholder engagement is decentralised, with every employee tasked with fostering relationships with stakeholders. There isn't a dedicated team solely responsible for stakeholder management; instead, each team interacting with stakeholders assumes responsibility and is held accountable for maintaining relationships and meeting expectations, both internally and externally. Each business unit and division within the company is entrusted with nurturing inclusive, mutually beneficial relationships with their respective stakeholders. They are expected to document processes and procedures and adhere to the overarching guidelines provided by the company, ensuring proactive and transparent engagement on an ongoing basis.

Stakeholder Involvement

The company's consistent and continuous engagement with all stakeholder groups reflects our commitment to implementing an integrated sustainability approach, aimed at fostering long-term business resilience. Consequently, stakeholder engagement goes beyond mere communication to these groups. Our goal is to cultivate profound and meaningful partnerships with stakeholders, ensuring alignment with our values and fostering a willingness to collaborate closely for mutual benefit and prosperity. This, in turn, facilitates the establishment of enduring relationships with our stakeholders.

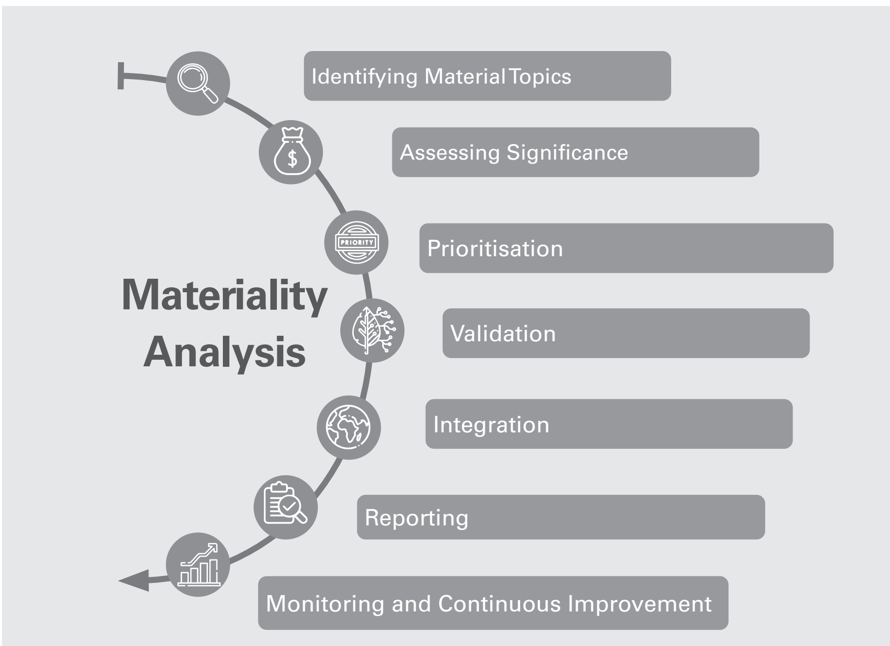
Stakeholder Engagement Process

The JKPLC stakeholder engagement process is built on these five ideologies.



Materiality

The feedback received through the Stakeholder engagement process, enables the determination of Material Aspects. A two-pronged approach is used to map each Material Aspect in relation to its importance to the stakeholder as well as the significance to the Company. A materiality matrix is then prepared to assign a rank to each Material Aspect. Aspects are ranked high, medium and low in order of importance with issues showing up as "High" considered to be of increased significance to both stakeholders and the Company issues that rank as "Medium" indicate a relatively moderate impact on the business, while "Low" ranking issues are deemed to have only a marginal impact on the business. This materiality mapping mechanism also forms the basis for JKPLC's strategy development and planning process.



Stakeholder Relationships

Materiality Analysis Process

Material topics and corresponding principles as per GRI Standard guidelines.

GRI Standard No	Material topic	Boundary	Impact to Company	Impact to Community	Overall Impact
ECONOMIC					
201	Economic Performance	Internal	High	High	High
204	Procurement Practices	Internal	Low	Low	Low
205	Anti-corruption	Internal	Low	Low	Low
206	Anti-competitive Behaviour	Internal	Low	Low	Low
ENVIRONMENTAL					
302	Energy	Internal	Medium	Medium	Medium
303	Water	Internal	Medium	Medium	Medium
305	Emissions	Internal	Medium	Medium	Medium
306	Effluents and Waste	Environment	Medium	Medium	Medium
307	Environmental Compliance	Environment	Medium	Medium	Medium
308	Supplier Environmental Assessment	Suppliers	Low	Low	Low
SOCIAL					
401	Employment	Internal	High	High	High
402	Labour/Management Relations	Internal	High	High	High
403	Occupational Health and Safety	Internal	High	Low	Low
404	Training and Education	Internal	High	High	High
406	Non-discrimination	Internal	High	Low	Low
408	Child Labour	Internal	Low	Low	Low
409	Forced or Compulsory Labour	Internal	Low	Low	Low
412	Human Rights Assessment	Internal	Low	Low	Low
414	Supplier Social Assessment	Suppliers	Low	Medium	Medium
415	Public Policy	Internal/ Government	High	High	High
419	Socioeconomic Compliance	Community	Medium	High	High

Segmental Analysis

Tea Brokering Segment

Step into the aromatic world of JKPLC, where every sip tells a tale of tradition, expertise, and excellence in Ceylon Tea. With roots deeply woven into the lush hills of Sri Lanka, our team of dedicated tea experts meticulously curates the finest teas, connecting connoisseurs worldwide with the essence of pure indulgence. From Sri Lankan plantations to your cup, embark on a journey of unparalleled flavour and tradition with JKPLC, where every blend is a masterpiece waiting to be savoured.

MARKET SHARE	AVERAGE PRICE	REVENUE
13.49 %	Rs. 1093	Rs. 556 Mn

Global Tea Industry Overview

The global tea industry continued its growth in 2023, reaching a value of USD 24.4 billion. Forecasts suggest sustained growth, with estimates projecting a market value of USD 37.4 billion by 2032. Evolving consumer preferences, particularly towards premium and functional teas, and the increasing awareness of the health benefits of drinking tea are the key drivers of this growth. The global tea industry is also turning towards a greater emphasis on organic and sustainable practices, reflecting the shift towards healthier and environmentally conscious consumer choices.

Segmental Analysis

Tea Brokering Segment

Global tea production increased by 2 percent in 2023, reaching 6,603.81 million kilograms, compared to 6,481.6 million kilograms in 2022, as reported by the International Tea Committee (ITC) reports. China was once again the highest global tea-producing nation, recording a high production of 3,250 million kilograms in 2023, a 2 percent increase compared to 2022. India remained the second-largest producer, with a production volume of 1,367.7 million kilograms, an increase of 2 percent from 2022. Kenya ranked third, recording a noteworthy 7 percent increase in production to 570.26 million kilograms in 2023. Turkey reclaimed its position as the fourth-largest tea-producing nation in 2023, surpassing Sri Lanka, with a production of 265 million kilograms compared to Sri Lanka's 256 million kilograms. Consequently, Sri Lanka ranked fifth, down from fourth place in 2022.

LEADING TEA PRODUCING AND EXPORTING NATIONS 2023

CROP FIGURES OF MAJOR PRODUCING & EXPORTING COUNTRIES (MILLION KG)					
Country	2023	2022	2021	2020	2019
China	3,250	3,181	3,063	2,986	27,99
India	1,367	1,340	1,343	1,256	1,390
Kenya	570	533	538	570	459
Turkey	265	245	282	280	268
Sri Lanka	256	251	299	279	300

Regionally, Asia remains the largest tea producer, accounting for 87 percent of global production, with 5,710.94 million kilograms in 2023. Africa follows with a 12 percent share, totalling 797.87 million kilograms. South America ranks third, producing 76.68 million kilograms, while the CIS region and Oceania contribute to the remaining global production share.

Unlike production, global tea exports experienced stagnation or decline despite the market's potential. Reports suggest a decrease of 2-3 percent compared to 2022, with total exports increasing only marginally by 0.4 percent to 1,736.74 million kilograms. This downturn is attributed to disruptions from the global economic slowdown and geopolitical tensions, affecting trade to major importers like Iran, Pakistan, and Russia.

However, Africa saw growth in exports, with Kenya leading the way with a 16 percent increase to 522.92 million kilograms in 2023. Yet, overall exports from Asia, despite remaining the largest exporting region, declined to 1,029.8 million kilograms, with both China and Sri Lanka recording decreasing export volumes.

While the long-term outlook for the tea market is positive, challenges persist in addressing factors hindering exports. Encouragingly, increasing interest from major importers such as the United States indicates the potential for a more robust global tea trade in the coming years.

EXPORTS OF MAJOR PRODUCING COUNTRIES (MILLION KG)					
Country	2023	2022	2021	2020	2019
Kenya	523	450	559	519	497
China	367	375	369	349	367
Sri Lanka	242	250	286	266	293
India	228	228	191	207	248
Vietnam	121	140	145	142	135

Sri Lankan Tea Industry Overview

Sri Lanka's tea industry in 2023 presented a fascinating paradox. While tea production witnessed a modest increase, exports dipped slightly. Sri Lankan tea growers demonstrated resilience by focusing on high-quality offerings, leading to a notable rise in medium and high-grown tea production. However, climate disruptions, rising production costs, and economic instability posed significant hindrances. However, the decline in tea exports was a significant concern due to geopolitical tensions, currency fluctuations, and competition from other tea-producing nations.

The industry also saw positive developments that served as a source of encouragement. The Sri Lankan Tea Board reported a rise in value-added tea products such as green tea and flavoured tea, indicating a promising market for these speciality items.

Moving ahead, the success of the tea industry rests on surmounting export obstacles and accessing high-value markets. Collaborative initiatives aimed at fostering innovation, sustainability, and digital marketing can support Sri Lanka in sustaining its global leadership in tea production.

Global Factors	Local Factors
• Trade Sanctions: Sanctions on Iran impacted financial transactions and exports.	• Rising Production Costs: Rising costs of raw materials, fuel and electricity, and other supplies such as packaging; resulted in increasing production costs, continuing to make competitive pricing of Ceylon Tea a challenge.
• Civil Unrest: Conflicts disrupted regional trade routes and affected export destinations.	• Weather Conditions: Droughts and increased rainfall affected yields, reducing tea volumes available for export.
• Oversupply: Global surplus led to downward pressure on prices and export revenue.	• Labour Issues: As labour costs rise, navigating the landscape of cost-cutting measures becomes increasingly complex
• Changing Consumer Preferences: Growing demand for specialty teas affected market dynamics.	• Fluctuating Exchange Rates: The changing value of the Sri Lanka rupee impacts costs and export earnings.
• Climate Change: Long-term impacts on weather patterns threaten sustainability.	• Taxation Changes: The 18 percent VAT imposed on an otherwise tax-exempt tea industry raised concerns about competitiveness.
• Increasing Competition: Rising production levels of other major tea producers intensified competition in key export markets.	

Tea Production

Sri Lanka's tea industry in Calendar year 2023 witnessed mixed performance. While production increased by 2 percent, reaching 256.04 million kilograms, Despite this growth, the industry is still striving to return to pre-2022 production levels. The rise in premium tea production reflects efforts to cater to high-value markets, but challenges such as climate change and export disruptions persist. Despite challenges, the growing market for value-added tea products offers potential growth opportunities. Production of low-grown teas remained steady totalling 155.06 million kilograms in 2023, a slight increase from 154.99 million kilograms in 2022. Although quarters one and three recorded marginal declines, quarters two and four experienced slight increases compared to 2022.

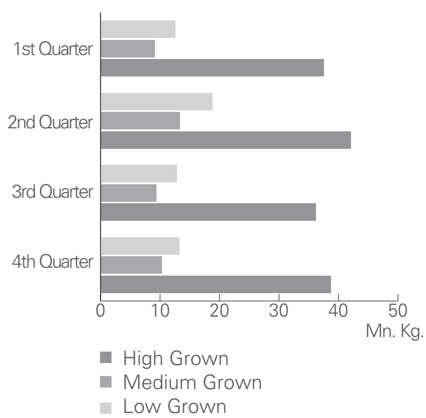
In contrast, medium-grown teas increased to 42.33 million kilograms in 2023 from 40.19 million kilograms in 2022, marking the highest growth for 2023 among elevation types. While quarters two to four showed increases, quarter one experienced a 10 percent decrease compared to 2022.

The total production of high-grown teas increased to 57.37 million kilograms in 2023 from 56.32 million kilograms in 2022. Although quarter one recorded a 15 percent decline, quarters two to four exhibited rising trends compared to 2022.

From a quarterly perspective, the second quarter of 2023 emerged as the peak period, yielding 74.25 million kilograms, a 7.5 percent increase from 2022. Conversely, quarter three recorded the lowest output at 58.35 million kilograms, indicating a 20 percent decrease compared to 2021.

Tea Quantity Sold - Trade/ Company

Quaterly Elevation Production - Trade



Segmental Analysis

Tea Brokering Segment

Tea Export Volumes and Earnings

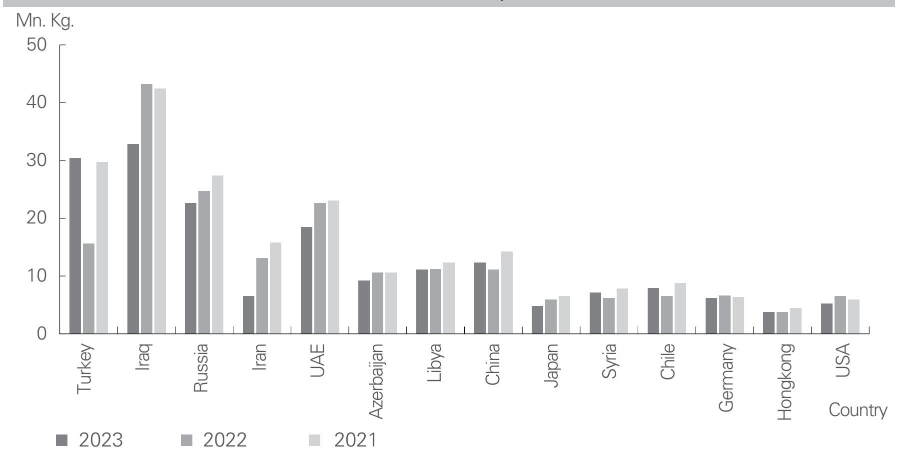
Total tea export volumes declined during 2023, continuing a downward trend observed in recent years. Exports dropped by 3 percent to 241.91 million kilograms compared to 250.19 million kilograms in 2022. This decline can be attributed to various factors, including challenges in payment fulfilment and stricter sanctions faced by major Ceylon Tea importers like Iran. Additionally, weakened demand from key markets such as Russia, the United Arab Emirates (UAE), and Japan contributed to the decrease. Economic challenges globally also impacted export volumes.

In terms of tea variety, black tea exports continued to decline, comprising 97 percent of the total export market. Both bulk and packed tea recorded declines, while black tea in bags saw a marginal increase. Instant tea exports decreased, while green tea exports showed a slight improvement.

Regarding export destinations, Iraq remained Sri Lanka's largest tea importer despite a 24.3 percent decline in import volumes. Turkey reclaimed its position as the second largest importer, showing a 95 percent increase in imports in 2023 compared to 2022. Russia fell to third place, and the UAE dropped to fourth. China rose to become the fifth largest importer, while Iran fell to eleventh place due to a significant decline in export volume.

Quarterly export volumes fluctuated throughout the year. The first two quarters recorded declines, while the third and fourth quarters recorded slight increases in export volumes. Export prices also varied across quarters, increasing in the first and second quarters but declining in the third and fourth quarters.

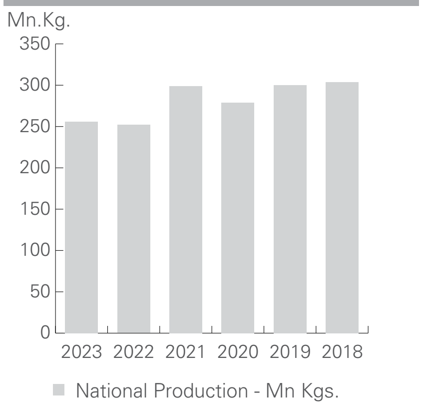
Sri Lanka Tea Exports



Tea Auctions

The Sri Lankan tea auction witnessed a notable decline in prices compared to 2022. This decline was mainly due to reduced global demand and the strengthening of the Sri Lankan rupee amidst economic improvements. Average prices fell by 6 percent to USD 3.57 per kilogram in 2023, down from USD 3.81 per kilogram in 2022. Despite this, tea export earnings continued to rise, largely influenced by the increase in FOB prices and the exchange rate dynamics between the US dollar and the Sri Lankan rupee.

National Production



Tea Export Prices

The average auction prices throughout 2023 mirrored the condition of tea production and the gradual stabilisation of the Sri Lankan rupee. Consequently, prices in the first and second quarters increased compared to the same periods in 2022. In Quarter 1, the average sale price reached Rs. 2,038.04 per kilogram, compared to Rs. 988.15 per kilogram in 2022. Quarter 2 saw an average sale price of Rs. 1,714.94 per kilogram in 2023, up from Rs. 1,644.36 per kilogram in 2022.

However, average export prices took a downturn in the third quarter, with Quarter 3 recording a price of Rs. 1,645.36 per kilogram in 2023, down from Rs. 1,931.58 per kilogram in 2022. Quarter 4 experienced the most significant decline in average auction prices from Rs. 2,029.12 per kilogram in 2022 to Rs. 1,727.70 per kilogram in 2023.

As such, notwithstanding the volume decline, total export earnings grew by 4 percent, reaching Rs. 428.29 billion (USD 1,304.10 million) in 2023, compared to Rs. 411.09 billion (USD 1,268.37 million) in 2022. This positive trend can be attributed to the stabilisation of the Sri Lankan rupee against the US dollar and the sale of lower quantities of tea at auctions.

Tea Brokering Segment Performance

Despite the various challenges stemming from external market developments, JKPLC's tea brokering segment experienced a marginal 6 percent increase in sales volumes for the financial year ended 31st March 2024. Total volumes increased from 32.45 million kilograms in the previous financial year to 34.38 million kilograms for the year under review. This was supported by the segment gaining 8 new marks, which supported sales volume increases of 0.78 million during the financial year under review. The Company views this as a significant accomplishment for the segment, particularly given the overall decline in export volumes experienced by the Sri Lankan tea industry. This supported the increase of the segment's tea brokering market share from 13.30 percent as at 31st March 2023 to 13.49 percent by the end of the financial year under review.

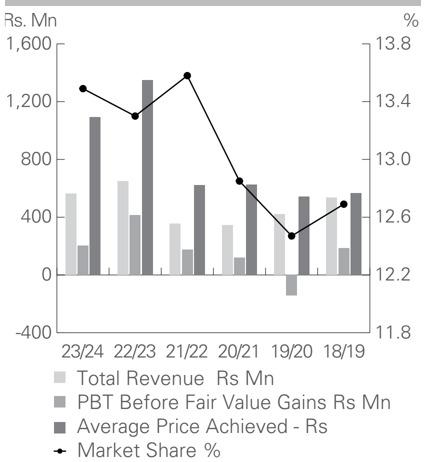
Unlike the previous financial year, auction prices declined substantially as the economic crisis subsided, and the Sri Lankan rupee value strengthened against the US dollar. Prices ranged between Rs. 910.55 and Rs. 1,282.85 per kilogram during the period under review. The average price recorded by the segment was Rs. 1,092.53 per kilogram, compared to Rs. 1,349.50 per kilogram recorded in the previous financial year.

Thus, despite the increased quantities sold, the decline in auction prices resulted in the Company's segmental revenue declining to Rs. 555.97 million in the year under review compared to Rs. 641.17 million during the previous financial year. Segmental profits also recorded a significant 49 percent decline as at 31st March 2024, recording Rs. 218.62 million compared to Rs. 427.3 million in the previous financial year. Much of this decline is attributed to lower revenue earnings and rising expenditure due to prevailing high inflation rates.

Accordingly, the brokerage income recorded a 14 percent decline to Rs. 337.37 million compared to Rs. 439.18 million recorded during the financial year ended 31st March 2023. Total seller's income also recorded decreases, recording a 10 percent decline to Rs. 133.11 million compared to Rs. 147.70 million recorded in the previous financial year.

With the segment's focus on creating value for our stakeholders and supporting the industry's global competitiveness, the Segment continued to work closely with the Sri Lankan Tea Board to help tea producers manage the challenges of rising costs, cash flow problems, and climate change conditions.

Performance Analysis - Company



Looking Ahead

Anticipation is building for Sri Lanka's tea industry in the upcoming calendar year. There is an expectation of increased production, alongside enhancements in the quality and quantity of tea leaves, as the results of fertiliser application become evident. These developments are forecasted to positively influence demand and auction prices, potentially increasing JKPLC's sales volume in the forthcoming financial year.

However, global market and economic developments may impact the Sri Lankan tea industry.

The ongoing Gaza conflict and its implications on neighbouring nations like Iraq, Iran, and Syria could potentially impede export volumes, given their significance as major importers of Sri Lankan tea. Moreover, any escalation of trade sanctions in Iran could pose a challenge to increasing Sri Lanka's tea exports in the upcoming year. Additionally, the ongoing Russia-Ukraine conflict is expected to continue impacting tea exports, as both countries are significant importers of Ceylon Tea. There is also considerable anticipation regarding the continuity of the tea-for-oil barter deal with Iran in the future, with any disruptions potentially impact tea export volumes.

Furthermore, Sri Lanka's tea industry encounters inherent challenges such as a concentrated import market, a lack of skilled labour, the ability to innovate to pursue the expectations of the modern tea consumer, domestic consumption stagnation, and rising competition from other major producers. To maintain sustainability, the industry must focus on expanding global demand and pursuing avenues for growth, particularly in speciality teas. Industry stakeholders must all collaborate and work with the government to promote Ceylon Tea globally and enhance sustainability practices. By addressing these obstacles through innovation and strategic adaptation, Sri Lanka can secure its position in the global tea market and ensure long-term success.

Segmental Analysis

Rubber Brokering Segment

JKPLC is a leading rubber broker, connecting suppliers and buyers across the country. Our experienced team leverages market expertise and innovative solutions to ensure smooth and efficient transactions. We prioritise reliability and resilience throughout the supply chain. Join us in shaping the future of rubber commerce, one transaction at a time.

AVERAGE PRICES

Rs. **484** Per Kg

REVENUE

Rs. **7.50** Mn

TOTAL QUANTITY SOLD

1.31 Mn

Global Rubber Industry Review

The global rubber industry is on a trajectory of steady growth, with market research predicting a significant rise in demand for natural rubber between 2023 and 2031. The global demand for natural rubber is projected to increase steadily due to its growing use in tyres, medical gloves, and other essential products in a world with a growing population and expanding industrialisation. A 2023 report by Grand View Research anticipates a compound annual growth rate (CAGR) of 3 percent for the natural rubber market from 2023 to 2030.

The global natural rubber market size is estimated to reach USD 80.38 billion by 2028, reflecting a CAGR of 8 percent from 2022 to 2028. Key players like Von Bundit and Sri Trang Agro-Industry are driving this growth through strategic initiatives. Geographically, China is the dominant market, followed by Europe and the USA. In terms of product types, Technically Specified Rubber (TSR) holds the largest share, while the automotive industry remains the primary application for rubber.

It must be noted that growing concerns about deforestation linked to rubber production are pushing for sustainable practices. Initiatives like the Global Platform for Sustainable Natural Rubber (GPSNR) are paving the way for responsible sourcing and ethical production, which could benefit some producers if they embrace these practices

Sri Lankan Rubber Industry Review

Despite a positive global outlook, Sri Lanka's rubber industry is currently confronting significant internal challenges and recorded a declining growth of 8 percent during the year 2023.

Several factors contributed to this downturn. A critical challenge is the shrinking workforce. Urbanisation and a lack of social recognition for rubber tappers are leading to a labour shortage. Additionally, the widespread rubber leaf fall disease caused a significant global production decline, affecting Sri Lanka to a greater degree. Finally, declining soil fertility has contributed to lower productivity and increased disease susceptibility.

The decline in production had a noticeable impact on both exports of natural rubber and rubber products. Natural rubber exports plummeted by a concerning 32.2 percent, making up less than 1 percent of total agricultural exports. Meanwhile, exports of rubber products decreased by 8 percent, comprising only 8 percent of total industrial exports. In 2023, earnings from rubber product exports totalled USD 902 million, while earnings from rubber exports amounted to just USD 26 million compared to 2022.

To revive the industry, a multi-pronged approach is needed. Training programs and support for existing tappers can help address the labour shortage. Exploring the use of robotics in tapping activities could be a long-term solution. Combating rubber leaf fall disease requires focused research and implementation of effective strategies. Finally, initiatives to improve soil fertility are critical for increasing production levels and disease resistance. By tackling these challenges, Sri Lanka's rubber industry has the potential to bounce back and reclaim its important role in the country's economy.

Rubber Brokering Segment Performance

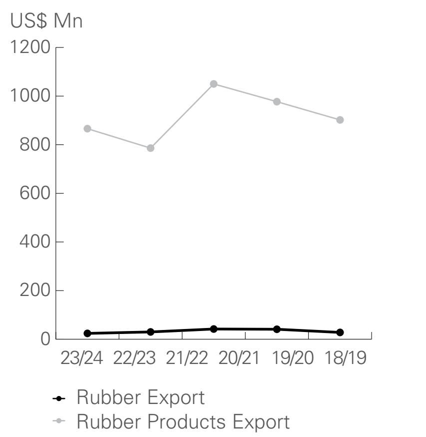
The Company's rubber broking business experienced a challenging financial year 2023/24. Revenue from rubber broking decreased by 17 percent to Rs. 7.25 million compared to Rs. 8.70 million earned in the previous year. This decrease aligns with the reduction in average rubber prices, mainly driven by the stabilisation of the U.S. dollar against the Sri Lanka rupee. As such, average rubber prices fell to Rs. 484.12 per kilogram compared to Rs. 571.58 per kilogram in the previous year. Rubber sales volumes handled by JKPLC also recorded a slight decline by 5 percent, reaching 1.31 million kilograms for the year ended March 31, 2024, compared to 1.37 million kilograms for the year ended March 31, 2023.

Profit before tax for the rubber segment witnessed a significant decrease of 48 percent, reaching Rs. 2.46 million for the financial year under review, compared to Rs. 4.74 million recorded in the previous financial year. This shows the combined impact of lower sales volumes and a lower average price.

Despite the challenges, the Company remains committed to its rubber broking business. We are actively exploring strategies to improve segmental performance in the coming year through targeted strategies. Together with other stakeholders, the Company is working towards implementing measures to encourage greater participation and higher sales volume at auctions, addressing fluctuations in the volume of rubber directed towards auctions to ensure a more consistent supply, and exploring the possibility of engaging in direct sales with importers to diversify sales channels.

By taking these proactive steps, we aim to strengthen our position in the rubber broking industry and achieve sustainable growth in the future.

Sri Lankan Rubber Export

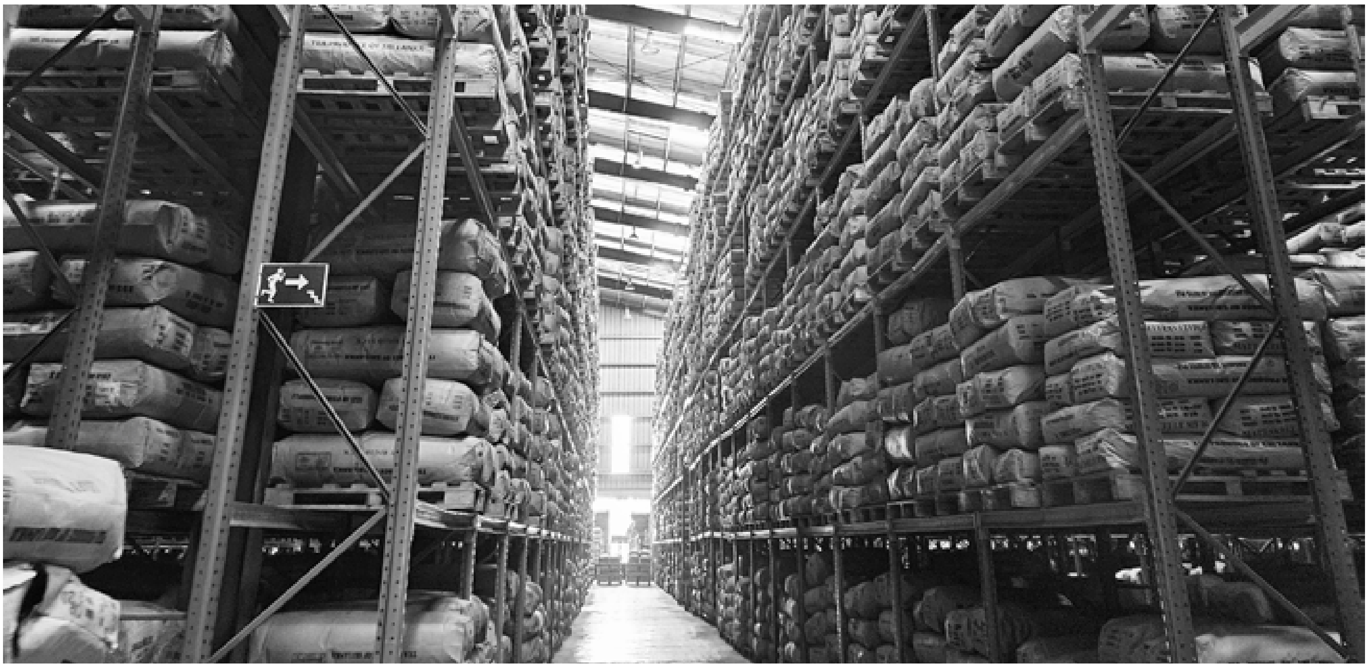


Segmental Analysis

Warehousing Segment

Our warehousing segment is an integral part of the Company's business operations ensuring the safe transfer of tea from producer to buyer. Through innovative systems and unwavering dedication, we safeguard every leaf's aroma, flavour, and tradition, ensuring each sip tells a story of quality and excellence

REVENUE	CAPACITY UTILISATION	PROFIT BEFORE TAX
Rs. 154.34 Mn	88%	Rs. 39.12 Mn



Warehouse Segment

The warehousing segment continued to be impacted by external economic conditions and faced several challenges during the financial year ending 31st March 2024. However, the strategies adopted by the Company enabled the segment to increase capacity utilisation to 88 percent for the financial year under review compared to the 81 percent capacity utilisation achieved in the previous financial year. This year-on-year growth is attributed to our steadfast commitment to maintaining high standards and delivering an exclusive, unparalleled experience for our esteemed clients.

Resultantly, the total quantity of tea stored through the Company's warehousing operations increased by 8 percent to 42.52 million kilograms for the financial year under review, compared to the 11 percent decline recorded in the financial year 2022/23. The upward trajectory of this growth echoed through the segment, significantly increasing revenue and profitability. Consequently, for the year under review, the segment witnessed a 19 percent rise in revenue, amounting to Rs. 154.34 million, while profitability increased by 2 percent to Rs. 39.12 million. This contrasts with the 5 percent segmental revenue decline to Rs. 129.40 million recorded in the previous financial year.

Rising Costs and Operational Pressures

Given the prevailing macroeconomic and external market conditions, efficient cost management remained a priority. The Company implemented measures to enhance warehousing efficiencies and optimise operations.

Despite these strategies, the operational expenses of the segment persist to pose challenges. Maintenance expenses continued to increase reflecting the prevailing high inflation environment and higher market prices. The cost of imported spare parts for machinery and equipment remained high and added to raising maintenance expenses.

Moreover, the reliance on the national electricity grid continues to present a significant challenge in managing energy costs. Additionally, as utilisation increased, so did the accompanying operational costs for the segment. Total Cost of Sale for the year ended 31st March 2024 amounted to Rs. 98.61 million, a 12 percent increase compared to the previous financial year.

Operational Developments

A highlight for the segment during the year under review was the successful completion of the solar energy project. We rented 143,000 square feet of our warehouse roof to Sino Lanka Group to install rooftop solar panels. Through this arrangement, the segment earns a revenue share from selling solar energy generated to the national grid. This venture has not only provided additional rental income during the year under review but has also contributed to an increase in other income for the segment.

Another noteworthy development for the warehousing operations is the decision to overhaul the entire racking system. With a total capital expenditure of Rs. 120 million allocated to this project, it marks a strategic investment in the segment's future. This decision stemmed from the segment's thorough audit of our warehouse, which uncovered wear and tear damage to lower-level racks accumulated over the years. Concerns arose regarding the potential domino effect, wherein the collapse of one rack could trigger a cascade, risking operational disruptions and potentially significant losses and possible injury to employees. This proactive measure aims to pre-empt any such risks, ensuring our warehouse infrastructure's sustained integrity and safety for seamless operations and safeguarding our assets against unforeseen events.

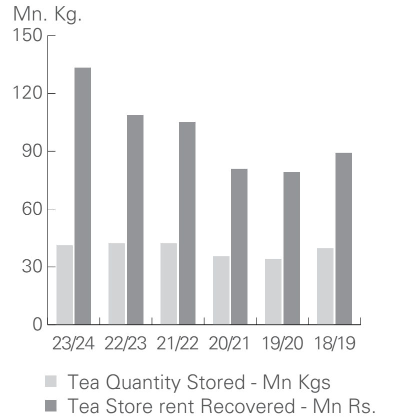
Looking Forward

The groundwork laid during the year under review will pave the way for enhanced operational efficiency in the upcoming years. The segment will continue to evaluate and focus on achieving higher operational efficiencies to improve warehousing operations.

Cost and expenditure management will continue to be critical to the segment's growth and profitability. We will streamline and increase operational efficiencies by capitalising on today's automation and AI developments. Furthermore, we are evaluating the feasibility of the transition to electronic document transfers within the warehousing value chain. This initiative aims to eliminate paper usage across all warehousing operations, thereby reducing environmental impact and increasing operational efficiency while cutting costs associated with paper consumption.

The management remains optimistic that the coming year will enable the total utilisation of the segment's facilities as tea production increases and there is a corresponding rise in demand for storage services. This anticipated growth in tea production aligns with market projections, indicating a positive trajectory for the segment's performance. Furthermore, proactive measures undertaken to enhance operational efficiencies and invest in infrastructure improvements position the segment to effectively meet this increased demand while maintaining high service delivery standards.

Warehousing Operations - Quantity Handled / Value



Segmental Analysis

Stock Broking Operations Segment

The ASPI grew by 23 percent from 1st April 2023 up to 31st March 2024. JKSB generated revenue of Rs.232 million for the year ending 31st March 2024. With the external debt restructuring expected to be completed during 2024 we anticipate an increase in foreign investor participation in FY2025.

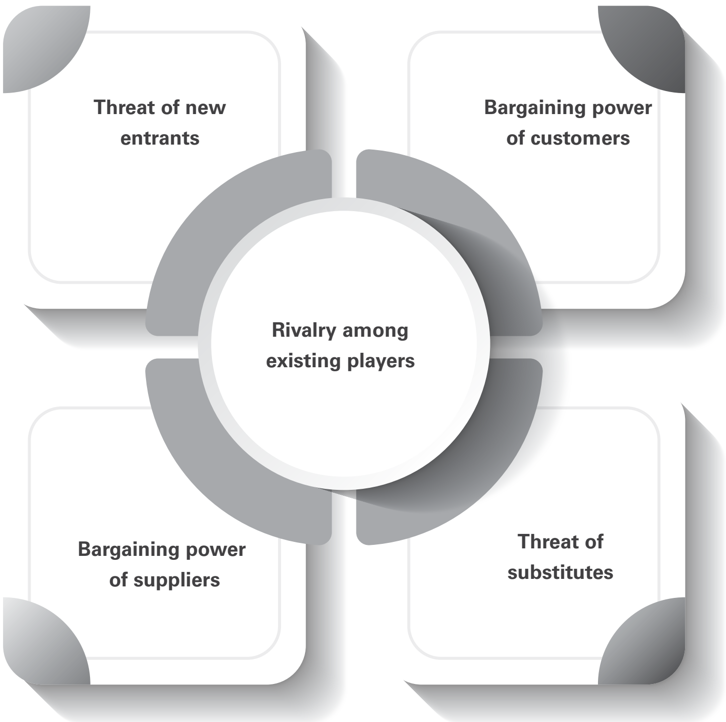
REVENUE	Software Investment	Investment Income
Rs. 232 Mn	Rs. 5 Mn	Rs. 50 Mn

Equity markets rebounded in 2023 with investor sentiment improving on the back of a staff level agreement with the IMF in March 2023. The improvement of all key macro-economic variables driven by a sharp drop in inflation, strengthening domestic currency along with the completion of Domestic Debt Restructure led to favourable local investor participation during the year. The CBSL also continued adopting an easing monetary policy stance resulting in a significant downward revision in interest rates. The finalisation of the external debt restructuring is expected to be a catalyst in the year ahead for equity markets as it would bring about an increase in foreign investor participation. Sri Lanka will also be undergoing two national elections in FY2025 which will be closely followed by all market participants especially during the first two quarters of the year.

Competitor Analysis Produce Brokering Services

Competitor Analysis

As explained above, due to the speculative nature of the business, JKPLC is required to regularly conduct a Competitor Analysis to profile the strengths and weaknesses in the immediate competitive environment, using a four-point model to identify and rank opportunities, threats that may arise as a result of industry trends, and the conduct of peers in response to external influences. The results from this process are then used to formulate strategies, which may be either proactive or reactive depending on the nature of the issue under consideration. This analysis done for the year under review could be depicted and elaborated as following,



Threat of new entrants

Threat of new entrants is Low,

- The requirement to source funds for lending to Tea/Rubber clients as advances
- The requirement of acceptance by the Tea/Rubber regulatory body and other brokers
- The requirement to attract producer clients by recruiting reputed and ethical auctioneers

Bargaining power of customers

Bargaining power of customers is Moderate,

- Large number of buyers
- Competitive market nature, leads to the buyers deciding prices at the auction
- Zero switching cost Tea/Rubber exporter and local buyers

Threat of substitutes (for Produced Tea market overall)

Threat of substitutes is moderate,

- The availability of a number of substitutes to Tea/Rubber
- Increasing number of warehouse facilities, owned by brokers and plantations companies
- Foreign buyers are able to locate low-cost tea from other tea growing countries
- Foreign buyers not giving much attention to brand Quality like in years past
- Due to change in weather patterns which effect production volumes and thereby prices

Bargaining power of suppliers

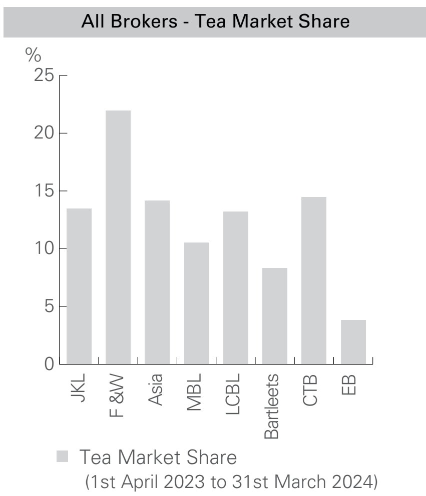
Bargaining power of suppliers is high,

- Limited numbers of suppliers
- Low switching cost of producers who have not borrowed against stock
- No significant increase in volumes in the overall tea productions and no approval for building new factories by authorities which necessitate making every effort of retaining existing sellers

Rivalry among existing players

Rivalry among existing players is Moderate,

- Only eight tea and seven rubber brokers who operate at the Colombo Auctions
- Strict regulations which Govern the trade
- Tea/Rubber production over the years showing no significant improvement



Capital Management

Financial Capital

> Despite facing significant macroeconomic challenges, our proactive risk management strategies, stringent internal controls and governance systems, effectively shield against unexpected external disruptions ensuring the integrity of our revenue and cost management frameworks.

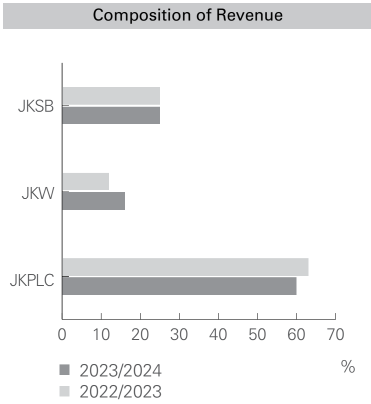
Strategic planning and careful resource allocation are crucial in managing financial capital which ensures the availability of adequate resources for the smooth functioning of other capitals, thereby enhancing our potential to generate economic value. Below, we detail the key financial capital metrics and their progression over the past year.

Revenue

The Group's consolidated revenue for the financial year under review amounted to Rs. 941.97 million, marking an 8 percent contraction from previous year's Rs. 1,024.59 million. John Keells PLC (JKPLC) and John Keells Stock Brokers (Pvt) Ltd (JKSB) reported revenue declines of 13 percent and 8 percent, respectively. John Keells Warehousing (Pvt) Ltd (JKW) achieved a 19 percent increase in revenue in comparison to previous year, partially offsetting the broader revenue decline within the group.

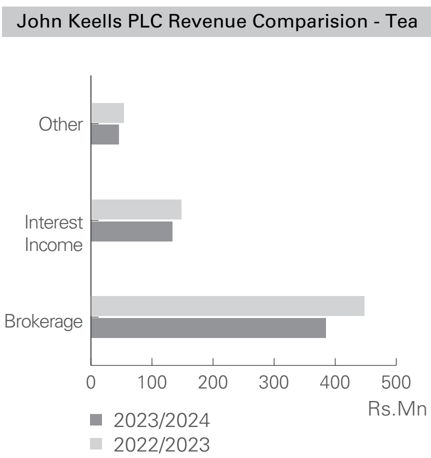
Composition of Revenue

During the year under review, the composition of the Company's revenue remained largely consistent with the previous financial year in terms of the highest contributing segments. However, there was a slight shift in the actual percentages contributed by each segment. Produce Broking accounted for 59 percent of total revenue, compared to 63 percent in the previous year. Share Broking maintained its contribution at 24 percent, while the Warehousing operation increased its share from 13 percent to 16 percent of total revenue.

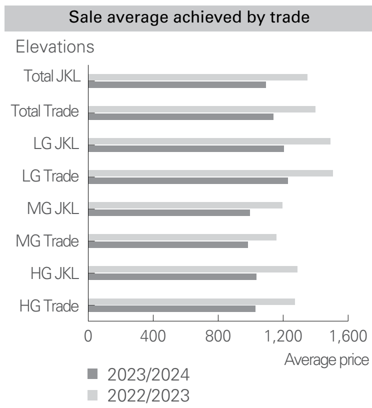


Tea Brokering Revenue

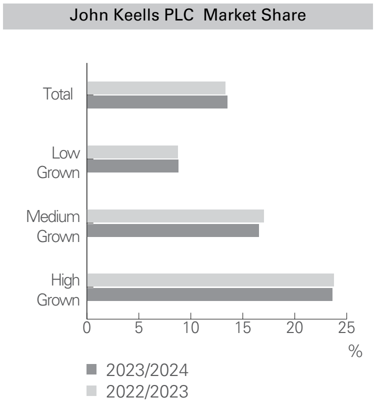
Revenue generated from Tea broking amounted to Rs. 555.97 million for the year under review, marking an 13 percent decline from the Rs. 641.17 million recorded in the previous year. Interest income generated from loans and advances offered to producers, experienced a 10 percent decrease, while tea broking income experienced a 14 percent decline to Rs. 377.37 million from Rs. 439.18 million achieved in the previous financial year.



The volume of teas sold by JKPLC during the financial year increased by 6 percent to 34.38 million kilograms, compared to 32.45 million kilograms sold in the previous financial year. Despite achieving a higher volume compared to the previous fiscal year, the decline in brokerage revenue was attributed to a decrease in the average price which contracted by 19 percent to Rs. 1,092.53 per kilogram, compared to Rs. 1,349.50 per kilogram achieved in the previous year. The prices were mainly impacted by increased tea production, strengthening of the Sri Lankan rupee against the US dollar and geopolitical tensions in key tea exporting nations.



In the financial year under review, the company achieved a market share of 13.49 percent, compared to previous year's market share of 13.30 percent. The 0.19 percent increase in market share was strategically achieved by strengthening our existing business rather than aggressively pursuing market share growth through lending to unsustainable clients.



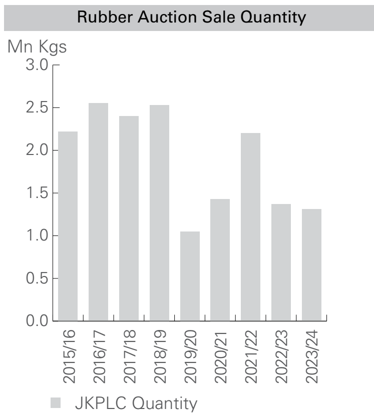
Total volume sold by all brokers for 2023/2024 increased by 10.88 million kilograms compared to previous year's total of 243.96 million kilograms. The low-grown volume recorded an increase of 1.60 million kilograms compared to the previous year's volume of 150.93 million kilograms. The high-grown sales volume increased by 6.04 million kilograms, while the medium-grown sales volume increased by 3.24 million kilograms compared to the previous year's volumes of 50.95 million kilograms and 42.08 million kilograms, respectively.

JKPLC sold a total quantity of 34.38 million kilograms in the financial year 2023/2024, compared to previous year's 32.45 million kilograms. This comprised 13.42 million kilograms of low-grown tea, 13.46 million kilograms of high-grown tea, and 7.50 million kilograms of medium-grown tea. Compared to the previous year, the quantity of low-grown tea sold increased by 0.23 million kilograms, high-grown tea increased by 1.36 million kilograms, and medium-grown tea increased by 0.34 million kilograms.

JKPLC achieved an average overall price of Rs 1,092.53, compared to Rs 1,349.50 in the previous year. This consisted of a low-grown average price of Rs 1,204.61, a high-grown average price of Rs 1,034.56, and a medium-grown average price of Rs 995.99. The low, high, and medium-grown elevation averages were Rs 286.42, Rs 252.03, and Rs 199.07 lower than the previous year's respective average prices.

Rubber Broking Revenue

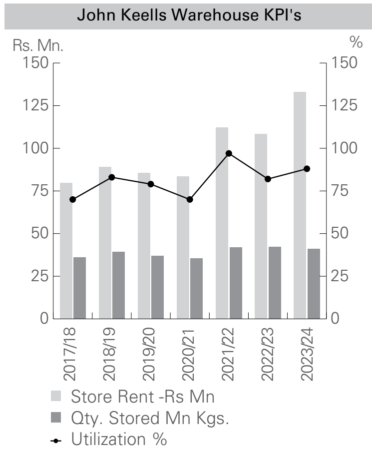
During the year, revenue from Rubber Broking declined by 17 percent to Rs 7.25 million, compared to Rs 8.70 million achieved in the previous year. The average price per kilogram dropped to Rs 484.12, compared to Rs 571.58 achieved in the previous year. Additionally, rubber sales volumes handled by JKPLC decreased by 5 percent to 1.30 million kilograms for the year ending March 31, 2024.



Warehousing Revenue

The warehouse segment experienced a 19 percent growth in revenue, reaching Rs 154.34 million compared to Rs 129.40 million achieved previous year. This growth was mainly due to increased handling charges and warehousing space utilisation with the improvement in tea production.

The warehouse's average space utilisation during the year reached 88 percent of its capacity, a notable increase from the 82 percent recorded in the previous year. Additionally, the total amount of tea stored during the year was 41.02 million kilograms, marginally lower than the 42.09 period. million kilograms stored in the 2022/23



Share Brokering Revenue

During the financial year 2023/2024, the Colombo Stock Exchange (CSE) experienced a notable growth of 23 percent. This positive trend was attributed to various factors including a significant decline in interest rates and Sri Lanka's successful completion of its first IMF review in December 2023. Improvements in macroeconomic indicators contributed to renewed investor confidence, resulting in increased participation in the equity market. Foreign activity also showed signs of recovery, reaching around 13 percent with an overall net outflow. The daily average turnover for the year stood at Rs. 1,580 million. Furthermore, the CSE's market capitalisation at the end of the financial year amounted to Rs. 4,535 billion, compared to Rs. 3,904 billion at the end of the previous year.

Additionally, JKSB generated revenue of Rs. 232 million during the same period.

Capital Management

Financial Capital

Cost of Sales and Gross Profits

The Group experienced a 23 percent increase in cost of sales compared to the previous year, driven by a 27 percent increase in JKPLC, a 22 percent increase in JKSB, and a 14 percent increase in JKW. Despite the decrease in revenue, the Group's cost of sale (COS) surged due to escalating direct staff expenses. As a result, the 23 percent increase in COS, combined with an 8 percent decline in revenue, led to a 25 percent contraction in gross profit.

Administrative Expenses

Group administration expenses increased by 16 percent to Rs. 343.15 million compared to Rs. 295.56 million in the previous year. This increase comprises a 36 percent increase from JKPLC, a 4 percent increase from JKSB, and a 35 percent increase from JKW. The primary difference is attributed to the rise in staff costs, with electricity expenses also contributing to the variance.

Sales and Marketing Expenses

The overall selling and distribution cost of the Group amounted to Rs. 6.91 million, a significant increase from the Rs. 3.79 million recorded in the previous year. This figure includes Rs. 3.28 million from JKPLC, comprising a bad debt provision of Rs. 15 million and a recovery of Rs. 23.15 million. Additionally, JKW accounted for Rs. 1.13 million, while JKSB incurred expenses of Rs. 2.50 million.

Finance Income

The Group's overall finance income for the year decreased by 29 percent compared to previous year. Interest income earned from investments in treasury bills and other short-term investments declined by 31 percent compared to the previous year. JKSB, JKW, and JKPLC experienced declines of 10 percent, 34 percent, and 52 percent respectively, compared to the previous year. Additionally, the finance income of the group includes dividends received from Keells Food Products PLC for Rs. 1.09 million, which recorded a 76 percent decrease compared to the Rs. 4.57 million received previous year.

Finance Expenses (Net)

The Group's finance expenses contracted by 25 percent during the year. This reduction was primarily driven by decreased usage of overdraft facilities by JKPLC along with lower borrowing rates compared to the previous year. The net finance income decreased by 31 percent to Rs 44.63 million compared to Rs 64.35 million recorded previous year. The interest cover for the year was 8.79, reflecting a decline from the previous year's figure of 14.04. This decline is mainly due to reduced profit before tax compared to the previous year.

Profitability

The Group's profit before tax declined by 55 percent to Rs. 220.88 million for the year, compared to Rs. 495.39 million recorded in the previous year. This year's PBT includes a Rs. 30.00 million fair value adjustment of investment properties, in contrast to Rs. 60.27 million in the previous year. The decline in revenue, especially from reduced JKPLC's brokerage income and interest earned from sellers, led to the decrease in PBT. Additionally, the Rs. 15 million provisions for bad debts provided impacted the PBT further.

JKSB incurred a loss of Rs. 39.52 million, whereas JKW achieved a PBT of Rs. 39.12 million, marking an increase of Rs. 0.68 million, which represents a 2 percent improvement compared to the previous year.

Change in Fair Value of Investment Property

The investment properties were valued by Mr. P. B. Kalugalagedera using the open market value method of valuation as of 31st December 2023. The change in value was a positive Rs. 30.00 million during the current year, compared to Rs. 60.27 million in the previous year

Taxation

As per the tax regulations prevailing during the financial year, income from produce brokering, warehousing, and stock brokering was subject to a tax rate of 30 percent. The decrease in profit before tax (PBT) led to a reduction in the income tax for the year. Additionally, JKSB's loss for the year resulted in a tax refund of Rs. 10 million.

Revenue Reserve

The Group's revenue reserve decreased by 4 percent to Rs 2,904.27 million from Rs 2,942.22 million recorded in the previous year. This decrease was primarily due to the Rs 151.06 million profit recorded for the current year and a payout of Rs 176.32 million as a interim dividend for 2023/2024.

Non- Controlling Interest

The Non-controlling interest decreased by 9 percent to Rs 54.78 million from Rs 60.11 million in the previous year.

Cashflow

The net movement in cash and cash equivalents for the year under review was an outflow of Rs 270.89 million, compared to the cash inflow of Rs 151.83 million recorded in the previous year. The increased outflow of Rs 422.72 million was primarily due to a drop in cash inflow from operations by Rs 498.66 million. However, there was an increase in cash inflow from investing activities by Rs 86.13 million, along with a decrease in cash outflows for financing activities by Rs 19.01 million.

Working Capital/Liquidity

The net working capital of the Group decreased by Rs 95.38 million to Rs 286.61 million as of 31st March 2024, from Rs 381.99 million as of March 31, 2023. This decrease was primarily driven by a 1 percent drop in the Group's current assets to Rs 1,815.50 million, compared to Rs 1,835.90 million in the previous year. Additionally, the Group's current liabilities increased by 5 percent to Rs 1,528.88 million, from Rs 1,453.91 million in the previous year.

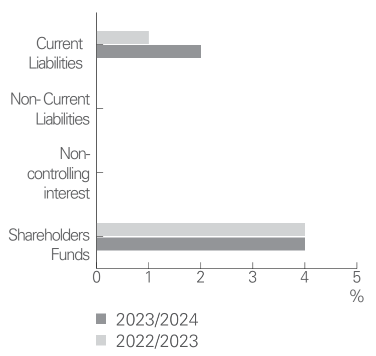
The drop in current assets by Rs 20.40 million was mainly due to an increase in trade and other receivables by Rs 164.87 million, offset by a decrease in short-term investments and cash and bank balances by Rs 153.50 million. The increase in trade and other receivables includes a Rs 19.85 million increase in JKPLC, Rs 140.85 million in JKSB, and a Rs 4.17 million reduction in JKW.

The Group's current liabilities increased by Rs 74.97 million, primarily driven by a Rs 44.94 million increase in trade and other payables, a Rs 55.21 million decrease in income tax payable, and a Rs 117.40 million increase in bank borrowing. The increase in overdraft utilisation of JKPLC by Rs 117.40 million was due to dividend payment before the year-end. Share Price and Market Capitalisation

JKPLC's shares experienced a 13 percent drop in value during the year, with the highest trading price of Rs 74.00 recorded on July 19, 2023, compared to the previous year's highest trading price of Rs 85.00 per share. The Earnings per Share (EPS) also decreased by 50 percent to Rs 2.48 from Rs 5.03 per share in the previous year. The Price-Earnings Ratio (PER) for the year under review was 26.08 times, which is a decrease from the previous year's value of 13.68 times. Additionally, the Net Assets per share decreased by 1 percent to Rs 67.64 per share from Rs 68.50 per share reported in the previous year.

The total shares issued by JKPLC amount to 60.80 million. As of 31st March 2024, the total Market Capitalisation was Rs 3.94 million, marking an increase of 5.95 percent from the previous year's Market Capitalisation of Rs 4.18 million as of March 31, 2023.

Leverage and Capital Structure - Group

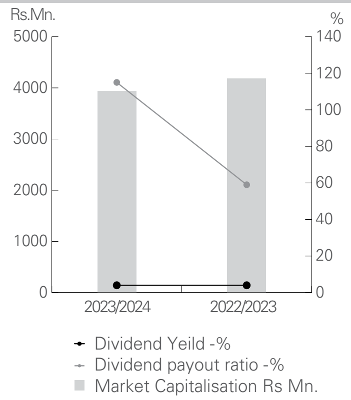


Dividend

The Group's dividend policy aims to maintain a dividend payout aligned with profits, ensuring adequate funds are retained for future endeavours while providing sustainable value to shareholders across short, medium, and long-term horizons.

In the year under review, the Group distributed a dividend of Rs 2.90 per share, leading to a total cash outflow of Rs 176.32 million.

Divident ratio & Market Capitalization Ratio



Economic value statement

The economic value addition statement illustrates the creation of wealth and its distribution among stakeholders across all business and social activities within the entire value chain. It also highlights the amounts allocated for asset replacement and retained for the expansion and enhancement of operations.

Subsequent Events

As of 31st March 2024, there are no additional matters or circumstances that have emerged, which have not been addressed in the financial statements, that would significantly impact the operations or outcomes of the Group.

Capital Management

Manufacturing Capital

> JKPLC's manufactured capital comprises the tea warehouse complex and related moving equipment essential for daily warehouse operations, contributing significantly to the overall value of its business operations. Additionally, the Company's manufactured capital encompasses IT infrastructure, office equipment, furniture, fittings and vehicles used across various business activities

The efficient use of manufactured capital enables the Company to be flexible and responsive to customer needs, allowing it to deliver services to customers effectively. Manufactured capital, particularly digital infrastructure plays a vital role in reducing resource use, allowing human resources to be directed towards strategic, creative and value generating activities. In a service-based Company, manufactured capital includes:

- Office Facilities: Buildings and office spaces where employees work and interact with clients.
- IT Infrastructure: Computers, servers, networking equipment, and software necessary for data management, communication, and service delivery.
- Transportation Assets: Vehicles or transportation services required for employee commuting, client visits, and logistical support.
- Manufactured capital plays a critical role in the operations and competitiveness of service-based companies:
- Efficiency and Productivity: Well-designed office spaces and efficient IT infrastructure enhance employee productivity and service delivery.
- Client Experience: Modern facilities and technology contribute to a positive client experience, improving satisfaction and loyalty.
- Innovation and Differentiation: Advanced technology and infrastructure enable service innovation and differentiation, helping companies stay competitive in the market

Investments in Property Plant and Equipment

The Company is committed to ongoing investments in maintaining and developing its existing manufactured capital assets to ensure they consistently contribute value to business operations and benefit stakeholders. The Company invested on rehabilitating the existing racking system at the warehousing segment where 5,400 pallet positions were newly replaced with an overall investment of Rs. 110.00 million. Further investments for Rs. 5.13 million were made on renewing old Computer, Furniture etc. The Company has also established maintenance agreements for critical equipment, ensuring the efficient utilisation of tangible assets. Internal staff members are tasked to oversee the upkeep of office equipment, warehouse space, and related equipment and to act promptly and appropriately, ensuring that our assets are effectively maintained and optimised.

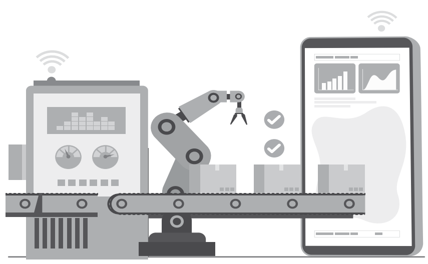
As part of the Company's strategy to protect its tangible asset base, JKPLC obtains comprehensive insurance coverage. These policies undergo regular reviews by insurance providers to incorporate recent and ongoing developments and revaluations. This approach ensures a sustainable utilisation of assets and effectively manages the associated risks of ownership

Digital Infrastructure

Advanced technology and infrastructure enable service innovation and differentiation, helping us to remain competitive in the market.

We continued to invest in technology to drive more efficient processes and during the year the following projects were successfully initiated;

- Developed an automated goods received note (GRN) process which would digitise recording of goods received at the warehouse directly onto a mobile application which would eliminate the need for manual data entry, thereby streamlining operations, saving time in terms of labour, reducing cost of paper and minimising short weight claims.
- Development of the Company website and a mobile application which would enable the clients to digitally access catalogues, prices, valuations, and other information regarding teas sold which would enable better transparency and smooth information flow.

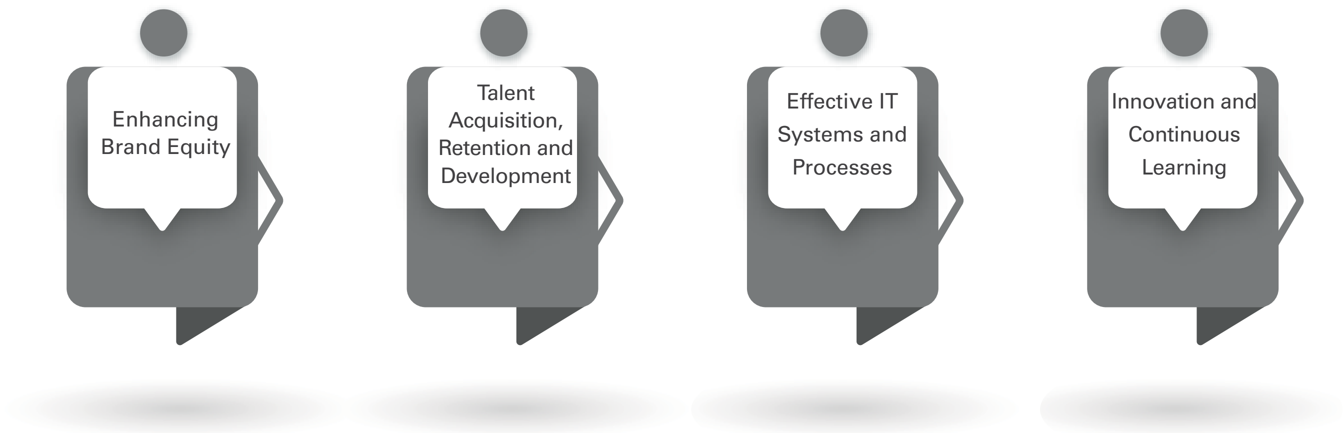


Intellectual Capital

> Our intellectual capital essentially consists of the Company's established track record, knowledge and experience in brokering (stocks, tea and rubber) and warehousing industries. Other essential components are the software infrastructure, data storage methods, creative processes, control protocols, and quality management systems required to perform these business functions.

As a service-based Company, John Keells PLC recognises the critical importance of intellectual capital in driving value creation, innovation, and competitive advantage. Intellectual capital, in its various forms, plays a pivotal role in the organisation's ability to deliver high-quality services, build strong client relationships, and sustain long-term success. Here's how intellectual capital is formally acknowledged and managed within John Keells PLC.

Key Focus Areas



Enhancing brand equity:

The organisation places emphasis on building and maintaining strong client relationships based on trust, credibility, and added value. Formal client relationship management practices involve understanding client needs, providing tailored solutions, delivering exceptional service experiences, and soliciting feedback to continuously improve service delivery.

The Group and the Company consider memberships in various trade and professional bodies as crucial to the business, as these organisations could recommend policy changes, address industry concerns, and advocate for the overall improvement of the industry. Additionally, staying updated with memberships in globally renowned periodicals allows the Group and the Company to obtain worldwide updates on the best practices and trends in the trade. The list shown in the page no 38 is the list of the trade associations, professional groups, and periodicals that the Group and the Company were members of during the year.

Talent acquisition, retention and development:

John Keells PLC invests in recruiting, developing, and retaining talented individuals with diverse skills, knowledge, and expertise relevant to its service offerings. The employees of JKPLC make a substantial equity contribution to our intellectual capital giving the business a notable competitive edge in the marketplace. 47 percent of our staff members have been with the Company for more than 10 years, and they represent a substantial body of implicit, collected knowledge, including extremely specialised knowledge in the core business domains including capital management and risk management.

Effective IT systems and processes

The Company has established formal systems and processes to capture, organise, and disseminate knowledge and expertise across the organisation.

Capital Management

Intellectual Capital

Industry Memberships

- Ceylon Chamber of Commerce
- Colombo Brokers Association
- Colombo Tea Traders' Association
- Colombo Rubber Traders Association
- Kerawalapitiya Industrial Zone Association
- Employer' Federation of Ceylon
- Colombo Stock Brokers' Association
- Colombo Stock Exchange
- Planters' Association of Ceylon
- International Tea Committee

This includes the use of knowledge management platforms, databases, intranets, and collaboration tools to facilitate the sharing of best practices, lessons learned, and innovative ideas among employees. during the year, JKPLC initiated the development of the Company website and a mobile application which would enable the clients to digitally access catalogues, prices, valuations, and other information regarding teas sold which would enable better transparency and smooth information flow. Furthermore, JKW is in the process of implementing an automated goods received note (GRN) process which would digitise recording of goods received directly onto an application, thereby streamlining operations, saving time in terms of labour, reducing cost of paper and minimising short weight claims.

Continuous Learning and Innovation:

John Keells PLC fosters a culture of continuous learning, innovation, and knowledge sharing among its employees. Formal mechanisms for promoting learning and innovation include training programs, cross-functional collaboration initiatives, research and development efforts, and recognition programs for creative and innovative contributions.

Our dedication to fostering Intellectual Capital is reinforced by our aspiration to achieve excellence across all facets of our business. This commitment is demonstrated through various initiatives, including benchmarking against global best practices, maintaining leadership in regulatory compliance, early adoption of digital technology, thorough business continuity planning, and heightened engagement in industry and business activities to spearhead positive change.

At JKPLC, we prioritise fostering an open-minded workplace culture over rigid procedures. This inclusive atmosphere significantly influences how our staff interact with clients, colleagues, and other stakeholders. Such exchanges not only encourage the sharing of information but also promote its practical application in real-world scenarios.

In the process of building Intellectual Capital, there are numerous obstacles to overcome, with the most crucial being the need to secure employees' commitment and ensure their ongoing alignment with the Company's philosophy. Employee loyalty is paramount, especially if the Company aims to be at the forefront of adopting new technologies within the industry. Maintaining regular communication with regulatory authorities is equally vital, as it helps JKPLC stay informed about any changes to the compliance framework. Additionally, establishing connections with scholars is important for recognising emerging industry trends.

Natural Capital

> Natural capital represents the resources derived from both renewable and non-renewable sources. As a service-oriented organisation, JKPLC uses various renewable and non-renewable sources such as electricity, fuel and water to carry out daily business operations.

JKPLC is committed to sustainable practices that minimise our ecological footprint while maximising the efficiency of resource use. Through ongoing efforts in conservation and innovation, we strive to optimise our utilisation of natural capital, ensuring its availability for future generations. Our dedication to environmental stewardship underscores our commitment to both corporate responsibility and long-term sustainability.

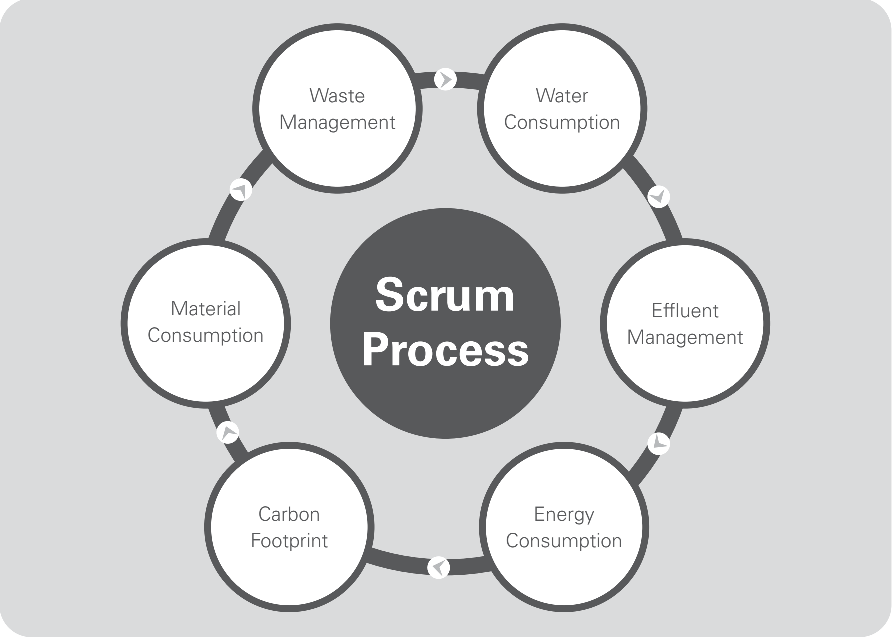
Unlike manufacturing industries that rely heavily on natural resources directly, service-based businesses might perceive their environmental impact as relatively lower. However, every organisation, irrespective of its operational model, interacts with and depends on natural capital in numerous ways.

- Physical Infrastructure: Buildings, office spaces, warehouses and IT infrastructure rely on natural resources for construction, energy, and maintenance.
- Supply Chain: Even though broking services are intangible, the supply chain supporting us involves the consumption of natural resources, such as plantation of Tea/Rubber and energy for transportation.
- Ecosystem Services: Services rely on a stable environment provided by ecosystems, including clean air, water, and a stable climate, which are fundamental for human well-being and business continuity.

At JKPLC, our operations are heavily reliant on key resources such as non-renewable energy, fuel, water, paper, and single-use plastics, which collectively form our natural capital. We are acutely aware that even minimal consumption of these resources can lead to their depletion and potentially yield adverse environmental impacts. In response to these challenges, JKPLC is firmly committed to reducing our use of these finite resources. We have established stringent policies and procedures aimed at minimising our ecological footprint, including optimising energy consumption, enhancing recycling efforts, reducing water usage, and progressively eliminating single-use plastics.

Moreover, JKPLC recognises the environmental impact of our business operations due to the consumption of vital resources like water and energy. To address this, we have implemented robust measures to optimise resource utilisation and minimise waste. Our strategy includes using energy-efficient equipment, adopting cost-saving practices through process improvements and reducing waste production. To reinforce this commitment, we conduct regular training and awareness sessions for our employees, fostering a culture of sustainability and conservation. We continuously invest in new technologies and machinery that are not only energy efficient but also beneficial to both the environment and our operational framework. Additionally, our monitoring systems are designed to continuously track and manage our consumption of energy and water, ensuring effective resource management.

Through these concerted efforts, JKPLC not only conserves natural resources but also enhances the sustainability of our operations, thereby safeguarding natural capital for future generations and aligning with our environmental responsibility objectives.



Capital Management

Natural Capital

Energy Consumption

Energy is predominantly utilised for lighting and temperature control in office and warehouse facilities, powering office and warehouse machinery and equipment, and fuelling vehicles for business travel and transportation of goods. Our primary source of electricity is the national grid. We carefully monitor all energy usage, including electricity, gasoline, and diesel. Annually, energy emissions are quantified following the Greenhouse Gas (GHG) Protocol guidelines, which help calculate GHG Scope 1, Scope 2, and Scope 3 emissions. This detailed tracking aids in determining the Company's annual carbon footprint for the financial period and identifies practices requiring more stringent control.

During the year under review, there was a 1.28 percent increase in energy consumption, primarily attributed to heightened peak-time usage. Concurrently, fuel consumption for vehicles escalated due to increased business travel, including factory and client visits. In response to these increases, JKPLC has adopted several energy conservation methods. These include scheduling the charging of reach trucks during off-peak hours and maintaining a consistent temperature setting for air conditioning across the Company premises. These initiatives are part of our broader commitment to energy efficiency and reducing our environmental impact, aligning with our sustainability goals.

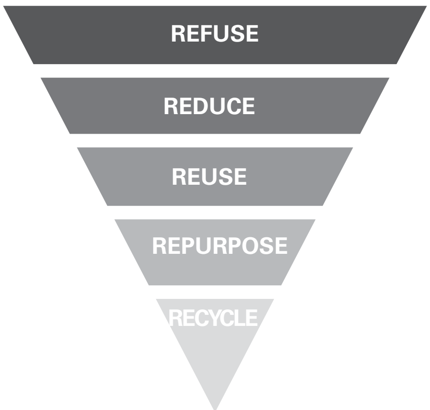
Water Consumption And Effluents

All water used in the day-to-day business operations is drawn from Municipal sources, while drinking water is purchased from third-party vendors. We analyse and compare the volumes of water consumed from municipal sources to that which discharged into soakage pits or municipal drainage lines. Furthermore, being a service-based organisation, the Company does not generate any effluents.

Waste Management

The JKPLC policy on waste management is entrenched in the John Keells Holdings PLC (JKH) Group's 5R philosophy for the reduction of plastic waste. However, the Company has expanded this concept to cover all other types of waste generated in the course of conducting business. Accordingly, we have adopted the 5R concept of reduce, reuse, recycle, remind, and refuse for the reduction of waste.

As a result, even while the Company promotes Reduce, Reuse, and Recycle, we also constantly remind staff members of their obligation to embrace best practices for waste management and to refuse the use of plastics and other non-sustainable products.



Reducing paper usage

The Company advocates communication via electronic or digital mediums and generates e-reports to a greater extent. Printing of hard copies is restricted and done strictly on a need basis by using the double-sided printing option. We encourage reuse of single-sided printed documents, while common reports are made available for sharing among users. We also promote the recycling of cardboard and waste papers using third-party vendors. At the warehousing segment, the Company invested in automating the goods received note (GRN) process which would digitise recording of goods received directly onto an application, thereby streamlining operations and reducing paper usage.

Disposal of e-waste

E-waste, such as printer cartridges and ribbons, is disposed of using an authorised e-waste disposal contractor.

Plastic usage – the plasticcycle project

The Company is also committed to "Plastic-Cycle", the John Keells Group's plastic recycling initiative, which aims to drive significant reductions in plastic wastage through widespread recycling. The following measures have been adopted to reduce the use of polythene/ plastics in business:

- Adhere to zero waste day (every month).

Organic waste

All organic waste generated by the Company, mainly by our employees, is disposed of using the services of the Colombo Municipal Council garbage disposal services.

Challenges Faced And Actions Implemented

JKPLC approaches adding value to the environment with a progressive perspective, and the active participation of all stakeholders creates the way for broader systemic change.

Proposed Activities For 2024/25

- JKW is set to install additional solar panels as part of its commitment to sustainable practices.
- Redevelopment of the Warehousing roadways by using plastic asphalt, which is a direct product of recycling of plastic waste.
- Continued participation in the JKH Group's plastic reduction project for waste management.
- Continuing to participate in the John Keells Foundation environmental Protection initiatives.

Human Capital

> JKPLC believes that in order to achieve business plans, targets and goals whilst sustaining performance, innovation and competitiveness, the employees play a pivotal role in the organisation. Whilst valuing this aspect, the Company acknowledges that sustainability of same lies in enhancing the abilities, potential and efficiency of its employees. These are key factors in the organisation's success and growth.

A strategic and holistic perspective is considered in the human capital management. JKPLC has no hesitation in investing in the development, engagement and well-being of its most valuable asset, the employees. The alignment of human capital management practices with business objectives and values of the Company and Group, results in the maintenance of a culture of excellence, innovation and collaboration. In an environment where technology plays an important role, optimising processes in this aspect is also considered vital.

The HR framework is designed not only to support the strategic goals and objectives of the organisation but to also ensure compliance with relevant laws and regulations. The framework also defines the roles and responsibilities of the HR function and its relationship with other business units and stakeholders. The framework is based on the principles of fairness, transparency, accountability and respect for diversity and inclusion.

The Human Resource Information System (HRIS)

The Company's advanced HRIS is designed to not only seamlessly connect and automate end-to-end processes but to also facilitate paperless workflows whilst ensuring secure storage and retrieval of information in a protected environment. This comprehensive system offering the convenience of executing all tasks on a single platform, significantly enhances efficiency and effectiveness, particularly with the inclusion of mobile-enabled features. The accompanying mobile application enables real-time engagement amongst employees, aligning with contemporary trends.

Strengthening the relationship between the Company and its employees is the primary focus of our human development strategy. We take great pride in the importance we place in not only attracting but also retaining employees possessing the requisite experience and mindset for each role. The Company's reward structure ensures employees receive competitive compensation along with plenty of opportunities for professional growth and advancement.

In line with these principles, JKPLC maintains unwavering dedication to the following core principles of human resource management.

Overview of Employee Cadre

JKPLC's employee cadre at the end of the financial year under review comprised of 77 individuals with six new recruits. In keeping with our belief that diversity in the workforce is important, we continuously ensure that we hire individuals across ages, experiences and gender thereby remaining relevant to today's progressive operative landscape. The combination of extensive hands-on experience exhibited by our senior employees together with fresh new insights and contemporary techniques brought forward by the younger generation, plays a pivotal role in ensuring the business's sustainability. Additionally, the fact that 47 percent of our employees have remained with the Company for over a decade is a testament to JKPLC being an "Employer of Choice".

Recruitment

An integral part in our recruitment process has always been about not only attracting and selecting the best candidate for the available positions, but also retaining these employees.

This well-designed and executed process has continuously supported the Company in achieving its goals whilst enhancing the reputation and fostering a positive work culture.

Talent Management

Identifying and recognising talent is something the Company takes great pride in. The selection process for inclusion in the "Talent Pool" adheres to the predetermined criteria established by the JKH Group. On the conclusion of the annual Career Committee Meetings, recommendations are obtained from the Profit Centre Manager (PCM) for Assistant Managers and Executives whilst for Manager-level employees, approval from the Sector Head / President is obtained. Accordingly, this pool is annually updated by the end of May. This methodology assists in the retention of highly skilled employees who are nominated for training and development opportunities to align with their career aspirations within the company.

Capital Management

Human Capital

01 Ensuring equality and diversity throughout the entire employment process, including recruitment, selection, evaluation, promotion and training and development.

02 Offering competitive compensation and benefits that align with industry standards and comply with relevant statutory laws.

03 Assessing the performance of all employees to identify their potential and determine any training needs.

04 Provide training and development opportunities to equip employees with the skills and competencies necessary to maximise their capabilities, while aligning with the JKH Group's behavioural competencies framework.

05 Cultivating a communicative and open culture that enables employees to freely give and receive feedback to their colleagues, supervisors and senior managers.

06 Recognising and fostering leadership qualities in employees to inspire them to achieve greater heights in their professional careers.

07 Offering opportunities for employee engagement, team building and voluntary participation in CSR

08 Supporting work-life balance by providing flexible working hours, work-from-home policies, agile working policies and parental leave opportunities to all employees.

09 Strictly adhering to the equal opportunity principle by welcoming individuals from diverse genders, social, religious and ethnic backgrounds, and across different age groups.

10 Enforcing a strict policy against child labour, ensuring its complete prohibition

Internal Job Posting Programme

The JKH Group positively views the importance in retaining talented individuals, who seek change in their career paths, within the Group, thereby mitigating the risk of losing them to competitors. In order to facilitate this, a programme has been implemented enabling employee mobility within the Group. Under this programme, employees of JKPLC are eligible to apply for inter-group vacancies, allowing them to gain exposure in different industries and explore opportunities in alternative disciplines thereby broadening their skill sets.

Performance Appraisal Process

In keeping with the commitment to providing feedback and guidance to the employees throughout the year, the Company's performance management system ensures all employees undergo regular assessments and receive valuable feedback. The executive cadre receives formal feedback bi-annually, while other employees receive annual feedback. In order to foster a culture of open communication, the employees are also given an opportunity to share their own feedback with their managers. This system assists managers and employees to align goals, monitor progress, identify strengths and areas for improvement whilst recognising achievements. In this manner it is possible to identify and enhance the skills of individuals requiring support, ultimately resulting in the achievement of business goals.

Our performance management process is anchored in the Group's core values also facilitating the identification of high-potential individuals and potential successors. It is important to highlight that the appraisal process motivates employees to make meaningful contributions to the overall success of the Group, extending beyond the scope of their specific business or functional units.

As hitherto undertaken, this year too, the Company continued with its performance management cycle by assessing all employees and providing feedback whilst identifying opportunities for training and development.

Competency Assessment Tool

This tool was developed with the aim of aiding both employees and the Company to identify areas for growth and improvement within its employee cadre. The tool involves both a self-evaluation and evaluation by the supervisor, followed by a one-on-one meeting to discuss and reach an agreement on the competencies that require development.

Diversity & Inclusion

Diversity and inclusion are considered crucial by the Company in order to thrive in the modern world. These values assist us in effectively serving our diverse customer base, by attracting and retaining talent and cultivating an environment of innovation and creativity. Providing equitable treatment and equal opportunities to all individuals regardless of identity or background is a key focus of the Company. This has also assisted us in harnessing the power of varied perspectives, experiences, and skills, which continuously enhances the Company's success.

The JKH Group in partnership with IFC SheWorks Sri Lanka implemented gender-inclusive solutions to enhance female participation in the workforce. Additionally the Group joined the "Target Gender Equality" program by the UN Global Compact, aiming to expedite women's representation and leadership in the business sphere.

In a visual representation of its dedication to diversity and inclusion, the JKH Group introduced the brand "ONE JKH" in September 2020. The inclusion of this logo in vacancy advertisements serves as a powerful symbol, showcasing the Group's firm stance against discrimination and its unwavering commitment to providing equal opportunities for all.

Furthermore, the JKH Group made a commitment to achieve a 40 percent female participation rate by the conclusion of the FY 2025 / 2026, with interim milestones established for each of the JKH Group companies. During the year under review, JKPLC revised its initial objectives of 27 percent and 26 percent for overall and leadership categories to 37 percent and 32 percent respectively. As at the end of the financial year, we are proud to state that we have achieved 36 percent and 35 percent in these categories. The Company also continues its various initiatives and interventions aimed at challenging gender stereotypes and promoting women in non-traditional roles.

In alignment with the Group's initiatives, the Company continued the distribution of sanitary napkins to all female employees on a quarterly basis. This initiative has made great strides in our aim to de-stigmatise the topic whilst also promoting the well-being of the females working in the Company.

Our belief in the importance of maintaining a healthy work-life balance ensured the continuance of the agile workplace policy and flexi working hours. This facility has ensured that the employees are able to effectively manage both their personal and professional commitments. We also believe that this will assist in the retention of our workforce.

Training & Development

In order to improve the performance and satisfaction of our workforce, the Company considers training and development an essential strategy. As such, during the year under review, selected employees were nominated for various programmes so as not only to enhance competencies but also to prepare them for future roles.

At a Group level, an annual Development Centre is conducted. Employees who participate in the Development Centre receive a personalised development plan, aimed at advancing their competencies to the next level in their career progression. Throughout their development journey, these employees are observed and provided with feedback, with two formal reviews conducted at the six-month and one- year marks after completing the program.

Celebrating Hallowen
Staff Engagement

Capital Management

Human Capital

As part of our safety program, the Company, in collaboration with Finlays Colombo and the fire department, conducted fire drills at both the warehouse and office premises during the financial year under review. These annual fire drills are aimed at raising awareness about preventive measures and ensuring preparedness in the event of a fire.

Rewards & Recognition

JKPLC firmly believes that rewards and recognition are of paramount importance in motivating and retaining employees. This not only enhances employee satisfaction, engagement and performance, but also builds loyalty. JKPLC offers employees a range of monetary or non-monetary rewards including salary, bonuses, benefits, promotions, awards, or praise. Rewards also ensure that employees receive the recognition they deserve for their contributions and individual accomplishments.

The Company firmly believes that the achievements of employees reflect on the leadership capabilities of their immediate supervisors and department heads. Moreover, it fosters a culture where employees embody the JKH values in their daily work. The JKH Group Rewards and Recognition Programme is accessible to all employees of JKPLC.

Currently, there is a wide range of recognition platforms available, designed to cater to different categories of employees.

Communicative & Open Culture

At JKPLC, fostering an open and communicative culture is highly valued, where employees are actively encouraged to provide feedback on all business activities and developments. To facilitate this, the following programmes are currently implemented.

Skip Level Meetings (All Employees)
These meetings offer employees the opportunity to bypass their immediate supervisor and directly engage with senior management. They serve as a platform for senior management to establish trust with junior-level employees, conduct individual assessments, and seek fresh ideas, solutions, and process improvements, all while fostering an open-door culture. Conversely, junior employees gain valuable insights into business strategies and initiatives, while receiving guidance, coaching, and mentoring from senior management. These interactions facilitate mutual understanding and collaboration across different levels of the organisation.

Peer & Upward Survey (Manager & Above Category)
The Company utilises an annual e-based feedback tool to enable employees to receive confidential feedback from their peers and direct reports. This feedback is then compared to the employee's self-assessment form, aligning with the JKH Group's roof competencies.

Joint Consultative Committee (JCC) Meetings (Non-Executive Category)
Regularly, all non-executives are granted the opportunity to meet with the CEO and Head of HR at JKPLC. During these meetings, employees can voice their concerns, provide suggestions, and engage in discussions regarding areas for improvement.

Celebrating Christmas

A festive celebration was held for Christmas, bringing employees together.

Staff Meetings (All Employees)
Staff meetings are scheduled to disseminate financial information and relevant updates about the Company to all employees. These meetings also provide a forum for employees to express their ideas and opinions, encouraging open communication while fostering a culture of collaboration.

Great Place to Work (GPTW) Survey (All Employees
During the financial year 2022 / 2023, JKPLC conducted a comprehensive survey to gather feedback from employees on key aspects including Credibility, Respect, Fairness, Pride, and Camaraderie. The Company's overall score, significantly increased to 84 percent compared to 55 percent achieved in the previous survey. During the year under review, the Company continuously ensured that it maintained the same level of employee satisfaction and engagement.

Engagement Forum (All Employees)
This initiative, led by the JKH Group, aims to foster communication both from the bottom-up and the top-down within the organisation. It provides employees with the opportunity to engage in informal discussions with the JKH Group chairperson and the Head of Group HR. As part of this initiative, JKPLC designates three representatives from the categories of Executive, Assistant Manager, and Manager to participate in these discussions.

Employee Engagement

To enhance work-life balance and foster stronger personal relationships among employees, the Company supports and sponsors a variety of events and activities that contribute to a more engaged workforce. Throughout the year under review, the Company organised numerous programs aimed at improving employee engagement and fostering camaraderie among its employees. These initiatives have been designed to create a positive and inclusive work environment where employees can form meaningful relationships and enjoy a greater sense of belonging within the Company.

Celebrating the Sinhala & Tamil New Year

A festive celebration was held for the Sinhala and Tamil New Year, bringing employees together to commemorate this cultural occasion.

Capital Management

Social and Relationship Capital

> The Company is strongly dedicated to understanding and addressing the various impacts of its operations on stakeholders. Prioritising transparency and accountability, along with active engagement with stakeholders, fosters trust and mutual benefit. Responsible product development, equitable contract negotiations, prompt payments, sharing knowledge on sustainability, and supporting community development are all essential elements of creating long-term value, not only for the Company but also for society as a whole. This approach exemplifies a comprehensive understanding of business success that extends beyond mere financial gains.

Creating Value for Customers

Consistently engaging in one-on-one interactions with customers is a valuable strategy to ensure their needs are thoroughly understood and addressed. Through attentive listening to their preferences and feedback, JKPLC can customise its offerings to better meet their requirements, thus improving customer satisfaction and loyalty. Moreover, this approach enables the Company to streamline its business practices and operations more effectively by leveraging insights directly obtained from customers. Ultimately, this collaborative approach creates a mutually beneficial scenario where both the Company and its customers derive value from the interaction.

It's admirable that JKPLC offers its customers a thorough weekly Tea Market Report, providing valuable insights into the ever-changing global and Sri Lankan tea industries. By keeping customers informed about the latest developments, they can make well-informed decisions, thereby enhancing their trust and confidence in the company.

Furthermore, facilitating communication between buyers and suppliers by organising visits to factories and production facilities is a proactive approach to nurturing relationships throughout the value chain. These visits not only promote transparency but also encourage collaboration and understanding among all stakeholders. By actively engaging with stakeholders at every level, JKPLC demonstrates its commitment to fostering strong and mutually beneficial partnerships within the tea industry.

Ensuring stringent warehousing procedures is vital to uphold the quality of products until they reach customers. By prioritising quality control measures, JKPLC underscores its dedication to delivering products that surpass customer expectations. This meticulous approach not only preserves the integrity of the goods but also strengthens trust in the brand's reliability and commitment to customer satisfaction.

The expanding customer base is a clear indication of the trust customers place in JKPLC's brand and the outstanding quality of its services. It demonstrates the company's consistent ability to provide value, quality, and reliability. As the customer base grows, it reinforces JKPLC's reputation for excellence and sets the stage for ongoing success in the market.

Creating Value for Suppliers

Establishing trust and cultivating robust relationships with suppliers is essential for JKPLC's success, as they are integral to the company's value chain. By emphasising trustworthiness and sustainability in its supplier partnerships, JKPLC showcases its dedication to ethical business practices and long-term sustainability.

Implementing comprehensive supplier integration within the company's business operations is a proactive strategy to further bolster these partnerships. By offering value-added services, JKPLC not only improves the efficiency and effectiveness of its supply chain but also demonstrates its dedication to fostering the growth and success of its suppliers.

This collaborative approach not only benefits JKPLC by ensuring a reliable and sustainable supply of tea and rubber but also cultivates a mutually beneficial relationship where both parties can thrive. It underscores the company's dedication to responsible sourcing practices and underscores its role as a conscientious leader in the industry.

JKPLC has implemented systems and processes to aid factory owners, its suppliers, in addressing their working capital requirements and advancing their expansion initiatives. By extending this support, JKPLC not only enhances its partnerships with suppliers but also fosters the growth and longevity of their enterprises.

Furthermore, JKPLC's dedication to disseminating knowledge, best practices, and industry insights among suppliers highlights its collaborative ethos. By fostering dialogue and engagement between suppliers and customers, JKPLC promotes a deeper comprehension of market dynamics and customer requirements, facilitating more informed decision-making and product innovation..

This reciprocal exchange of information not only empowers suppliers by boosting their competitiveness and capabilities but also enriches JKPLC's comprehension of the market and its customers' preferences. Ultimately, these initiatives bolster a more adaptable and robust supply chain, positioning JKPLC for sustained success in the industry.

JKPLC has established systems and processes to aid factory owners, its suppliers, in managing their working capital requirements and advancing their expansion initiatives. By offering this support, JKPLC not only enhances its relationships with suppliers but also fosters the growth and sustainability of their enterprises.

Furthermore, the company's dedication to disseminating knowledge, best practices, and industry advancements to suppliers underscores its collaborative business approach. By facilitating communication and interaction between suppliers and customers, JKPLC promotes a deeper comprehension of market dynamics and customer requirements, facilitating more informed decision-making and product development.

This reciprocal exchange of information not only enhances suppliers' competitiveness and capabilities but also enriches JKPLC's understanding of the market and its customers' preferences. Ultimately, these endeavours bolster a more resilient and responsive supply chain, positioning JKPLC for sustained success in the industry.

Creating Value for the Community

JKPLC's dedication to good corporate citizenship is praiseworthy, particularly its efforts to support and uplift communities neighboring its business operations and those of its suppliers. By prioritising initiatives related to health, well-being, and the enhancement of living standards, the company is actively contributing to positive change in these communities' lives.

Promoting employee volunteering and active engagement in community programs not only enhances the effectiveness of these initiatives but also nurtures a sense of purpose and fulfillment among staff members. It strengthens the company's ties to the communities it serves and underscores its commitment to corporate social responsibility.

Additionally, JKPLC's annual contribution to the John Keells Foundation underscores its dedication to corporate social responsibility on a wider scale by supporting various initiatives across the John Keells Group. This coordinated strategy ensures that corporate social responsibility endeavours are efficiently executed, resulting in meaningful impacts for communities and stakeholders alike.

In summary, JKPLC's commitment to making a positive impact beyond its core business operations exemplifies its values-driven approach to business and serves as a compelling example for others within the industry.

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	102-4 Location of operations	Inner back cover	
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	102-16 Values, principles, norms and standards of behaviour	55-84	
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GRI Context Index

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	403-3 Occupational health services		
	403-4 Worker participation, consultation and communication on occupational health and safety		
	403-5 Worker training on occupational health and safety		
	403-6 Promotion of worker health		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
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Visions of Success

STEWARDSHIP

Board of Directors

Krishan Balendra

Chairperson/ Non-Independent - Non-Executive Director

(Appointed to Board 2018) / Shares held 0 %

Board Committees

Member – Nominations Committee

Member – Project Risk Assessment Committee

Skills and Expertise

Krishan Balendra is the Chairperson-CEO of John Keells Holdings PLC. He is also the Chairperson of the Employers Federation of Ceylon, Deputy Vice Chairperson of the Ceylon Chamber of Commerce and the Hon. Consul General of the Republic of Poland in Sri Lanka. He is a former Chairperson of Nations Trust Bank and the Colombo Stock Exchange. Krishan started his career at UBS Warburg, Hong Kong, in investment banking, focusing primarily on equity capital markets. He joined JKH in 2002. Krishan holds a law degree (LLB) from the University of London and an MBA from INSEAD.

Positions held in Other Companies

Former Chairperson of Nations Trust Bank PLC and Colombo Stock Exchange.

Other Current Appointments

Chairperson - CEO of John Keells Holdings PLC, Chairperson of the Employers Federation of Ceylon, Deputy Vice Chairperson of the Ceylon Chamber of Commerce and the Hon. Consul General of the Republic of Poland in Sri Lanka.

Gihan Cooray

Non-Independent - Non-Executive Director

(Appointed to Board 2018) / Shares held 0 %

Board Committees

Member – Project Risk Assessment Committee

Skills and Expertise

Gihan Cooray is the Deputy Chairperson/Group Finance Director and has overall responsibility of the Group's Finance and Accounting, Taxation, Corporate Finance and Strategy, Treasury, Information Technology and Corporate Communications functions. He is a former Chairperson of Nations Trust Bank PLC. Gihan holds an MBA from the Jesse H. Jones Graduate School of Management at Rice University, Houston, Texas. He is a Fellow member of the Chartered Institute of Management Accountants, UK, a certified management accountant of the Institute of Certified Management Accountants, Australia and has a Diploma in Marketing from the Chartered Institute of Marketing, UK.

Other Current Appointments

Deputy Chairperson/ Group Finance Director of John Keells Holdings PLC and serves as a committee member of the Ceylon Chamber of Commerce.

(He served as the Chairperson at Nations Trust Bank PLC, till 30th April 2023)

Zafir Hashim

Non-Independent - Non-Executive Director

(Appointed to Board 2021) / Shares held 0 %

Board Committees

None

Skills and Expertise

Mr Zafir Hashim has been in the group for 21 years. He has an MSc in Chemical Engineering from the University of Birmingham (UK).

Positions held in Other Companies

He joined the JKH Group in 2003, seconded to Lanka Marine Services, where he served as the CEO from 2005-2015. He has also served as a member of the Transportation Sector Committee from 2005. During the last 21 years he has held the position of CEO at John Keells Logistics Lanka Ltd, Mackinnons Mackenzie Shipping Co. Ltd, Mack International Freight Ltd and Mackinnons Travels Ltd.

Other Current Appointments

President of Transportation and Plantation sectors within the John Keells Group.

Devika Weerasinghe

Non-Independent - Non-Executive Director

(Appointed to Board 2021) / Shares held 0 %

Board Committees

None

Skills and Expertise

Ms Devika Weerasinghe is an Associate member of the Chartered Institute of Management Accountants UK. She also holds a Bachelor's Degree in Business Administration, from the University of Sri Jayewardenepura. She serves as the CFO of the Plantations Services Sector of the John Keells Group.

Positions held in Other Companies

Ms Weerasinghe previously held the position of Sector Financial Controller of the Transportation sector. She also served as the Sector Financial Controller of the Airlines SBU of the Transportation sector during the period 1998-2004.

Other Current Appointments

She is the CFO of the Transportation Industry group and the Information Technology sector of the John Keells Group.

Anandhiy K. Gunawardhana

Independent Non-Executive Director

(Appointed to Board 2016) / Shares held 0 %

Board Committees

Member - Board Audit Committee

Skills and Expertise

Attorney-at-Law and a partner of Julius & Creasy, Attorneys-at-Law and Notaries Public.

Graduated from the University of Colombo's Faculty of Law in 1995 with Second Class (Upper Division) Honours and also secured First Class Honours at the Attorneys-at-Law (Final) Examination in 1996, conducted by the Sri Lanka Law College.

She is a Fulbright Scholar and was awarded the Master of Laws (LL.M. with Distinction) by Georgetown University, Washington DC, in May 2000 and, thereafter, served a 7-month internship with the International Monetary Fund's Legal Department in Washington D.C. She was called to the Bar in June 1997 and was duly enrolled as an Attorney-at-Law of the Supreme Court of Sri Lanka.

Having joined Julius & Creasy in August 1996 as an apprentice, she was made a professional associate in July 1997 and admitted as a Partner in 2005. Her areas of specialisation are Capital Markets, Corporate and Commercial Law and Mergers & Acquisitions.

Positions held in Other Companies

None

Board of Directors

Charitha Nissanka Wijewardane

Independent - Non-Executive Director

(Appointed to Board 2016) / Shares held 0 %

Board Committees

Member - Board Audit Committee

Skills and Expertise

Mr Charitha Wijewardane graduated from the University of HULL, UK with BSc Honours Degree in Digital Electronics and Communications, and is an Engineer by profession. He also worked at IBMs Asia Pacific Group Headquarters in Hong Kong, where he was in-charge of Mass Marketing Programmes in all of Asia Pacific for IBMs AS/400 series.

He headed the Marketing Team in IBM Sri Lanka and he was also managing the AS/400 Mass Marketing Programme for IBM ASEAN Operations out of Singapore. He served at Lexmark Internationals Asia Pacific Operations based in Sydney, Australia. He is recognised for setting up effective channels operations in diverse cultures and sub cultures.

Positions held in Other Companies

He served at IBM as a Country General Manager for IBM World Trade Corporation.

At Lexmark he worked as a Regional Manager spearheading distribution and service operations for Lexmark Products in Pakistan,India, Bangladesh, Sri Lanka, Myanmar, Maldives, New Zealand and Western Australia. He also served as an Independent Non-Executive Director of Bank of Ceylon.

Served in the BOC risk Committee as Chairperson, and as a member of the Audit committee of Bank of Ceylon. He was a Board member of MBSL, MBSL insurance, BOC travels. He was also the Chairperson Hotels Colombo (1963) Owning company of Grand Oriental Hotel. He also served as an Independent Non-Executive Director of the National Lotteries Board and is a member of the Audit committee of the Lotteries Board.

Bodiyabaduge Arundathi Indira Rajakarier

Independent Non-Executive Director

(Appointed to Board 2016) / Shares held 0 %

Board Committees

Chairperson - Board Audit Committee

Skills and Expertise

Aruni Rajakarier is a Fellow member of the Institute of Chartered Accountants, Sri Lanka and has over 25 years of expertise in finance. She is a founder Director of SheConsults (Pvt) Ltd., a sustainability reporting consulting company and has also served as a Consultant to World Bank, Global Reporting Initiative and other institutions on various assignments. She was trained at Ernst & Young where she served as Senior Manager in both auditing, consultancy and training.

Positions held in Other Companies

She serves on the council of the Sri Lanka Institute of Directors and chairs the Education & Technical Committee.

Previously, she spearheaded the Women's Empowerment & Leadership Committee of the Institute of Chartered Accountants of Sri Lanka as its Founder Chairperson. She served as the Country Manager for ACCA Sri Lanka and Maldives and held various senior positions at NDB Bank covering Corporate Banking, Merchant Banking and Consultancy and Internal Audit. She served as the Finance Director of Lanka Cellular Services (Pvt) Ltd.

She also served on the Board of NCAP as an Independent Non- Executive Director and was the Chairperson of the Audit, Risk and Compliance Committee and the Remuneration Committee and a member of the Investment Committee. Furthermore, she served as a Non-Executive Director on the Board of NDB Securities (Pvt) Ltd., a subsidiary of NCAP.

Corporate Governance

John Keells PLC ('Company' or 'JKPLC') views good governance as a cornerstone of its operations, essential for establishing and maintaining enduring business relationships. This commitment to governance has been instrumental in the Company's resilience and strength within the industry. The Company along with its subsidiary and associate companies collectively known as the "Group," we adhere to the parent company's (John Keells Holdings PLC) internal benchmarks, processes and structures aimed at upholding best practices in governance, alongside mandatory regulatory compliance. Continuous evaluations of the Group's internal organisation and control systems are conducted to ensure the application of fundamental corporate governance principles.

Highlights of the 76th Annual General Meeting held on 29th June 2023

- Mr. J. G. A. Cooray, who retired in terms of Article 83 of the Articles of Association of the Company was re-elected as a Director of the Company
- Ms. K. D. Weerasinghe, who retired in terms of Article 83 of the Articles of Association of the Company was re-elected as a Director of the Company
- Re-appointment of Messrs. Ernst and Young as the external auditors and authorisation of the Directors to determine their remuneration

Ethics and strong governance are deeply embedded in the Company's culture and form the bedrock of its core values. John Keells Holdings PLC's (JKH) Code of Conduct, applicable to all employees, senior management, and the Board, serves as a guiding principle for embracing this ethos in their official responsibilities. The performance management system monitors adherence to the JKH Code of Conduct, recognising and rewarding employees who exemplify these values both within and beyond the organisation.

The Group maintains a commitment to transparency across its reporting processes, striving to uphold the highest standards of ethical business conduct and governance. The Corporate Governance philosophy adhered to by the Company and Group aligns with established principles, with any deviations permitted by relevant rules and regulations duly explained. The Corporate Governance practices followed by the Company and the Group for the fiscal year 2023/2024 are detailed in this report.

1 Compliance Summary

Mandatory Regulatory Frameworks – fully compliant
The Companies Act No. 7 of 2007 including applicable regulations
Listing Rules of the Colombo Stock Exchange (CSE), including circulars
Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021, including rules, regulations, directives and circulars
Code of Best Practices on Related Party Transactions (2013) advocated by the SEC
Voluntary Frameworks and Standards
Code of Best Practice on Corporate Governance (2013) jointly advocated by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka – compliant to the extent of business exigency and as required by the Group*
Voluntary Reporting Frameworks
International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC)
Global Reporting Initiative Standards
Internal mechanisms
Articles of Association
Internal Policies

Corporate Governance

Key internal policies
• Code of Conduct, which also includes policies on gifts, entertainment, facilitation payments, proprietary and confidential information
• Policies at a Board level covering nominations, human resources and compensation, audit and internal controls
• Policies on anti-fraud, anti-corruption, anti-money laundering and countering the financing of terrorism and bidding for contracts, including on government contracts
• Policy on diversity, equity and inclusion, including a gender policy
• Policies on equal opportunities, non-discrimination, career management and promotions, including on employees with disabilities
• Leave (which also encompasses the equal parental leave), flexi-hours and agile working policies including health and safety enhancements and protocols
• Information Technology (IT) policies and procedures, including data protection, classification and security
• Policy on communications and ethical advertising, complemented by social media and crisis communication guidelines
• Policy on enterprise risk management
• Policies on products and services
• Recruitment and selection, rewards and recognition, and learning and development polices
• Policies on whistleblowing, grievance handling and disciplinary procedures
• Policy against sexual harassment
• Policy on forced, compulsory child labour and child protection
• Group accounting procedures and policies
• Policies on fund management and foreign exchange risk mitigation
• Insider trading policy
• Ombudsperson policy
• Group sustainability policies including policies on energy, emissions, climate risk, water, waste management and biodiversity conservation
• Sustainable supply chain policy

The JKH Group's policy commitments are available to all employees via the Group's employee portal.

*CA Sri Lanka issued an updated Code of Best Practice on Corporate Governance (2023) in December 2023. The updated Code has been reviewed and will be adopted to the extent of business exigency and as required by the John Keells Group.

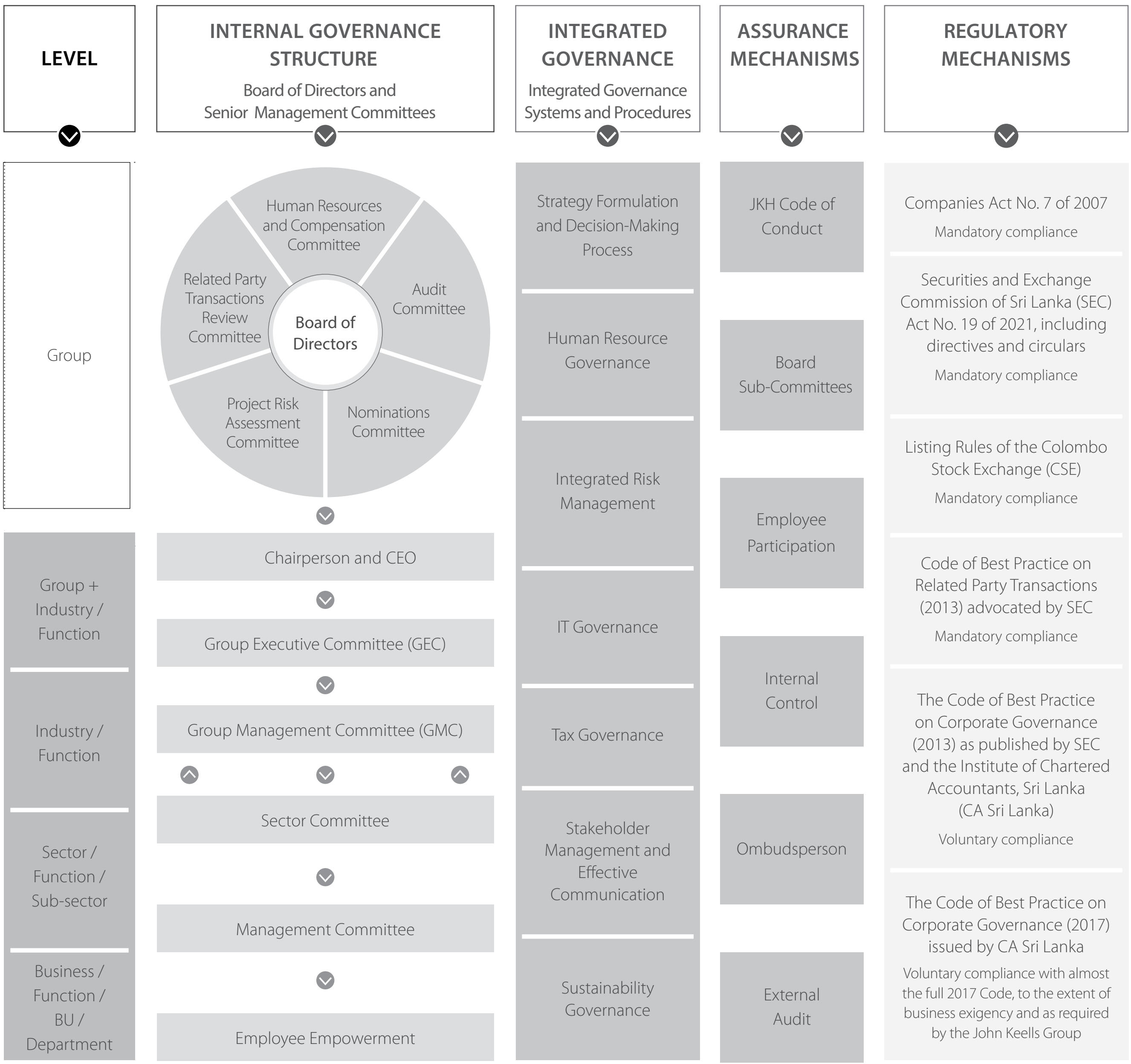
1.1 Corporate Governance Disclosures

Disclosures	Reference section
The Governance System	2
The Board of Directors	3.1
Board Sub Committees	3.2
Audit Committee	3.2.1
Human Resources and Compensation Committee	3.2.2
Nominations Committee	3.2.3
Related Party Transactions Review Committee	3.2.4
Project Risk Assessment Committee	3.2.5
Role of the Chairperson - Chief Executive Officer	3.3
Integrated Governance Systems and Procedures	4
Financial and Business Reporting	5
Assurance Mechanisms	6
Governance Outlook and Emerging Challenges	7
Compliance Summary	8

2. The Governance System

The diagram below illustrates the key components of the Corporate Governance System of our Parent Company, JKH.

As permitted by the listing rules of the Colombo Stock Exchange (CSE), the Nominations, Human Resources and Compensation and Related Party Transactions Review committees, together with the Project Risk Assessment committee of the parent company, JKH, function on behalf of the Company.



Except for the Audit Committee the other four Boards Sub Committees of JKH, act on behalf of CCS and are chaired by Independent Directors appointed by the JKH Board. The Audit Committee is appointed by the CCS Board.

Corporate Governance

3.1 Board of Directors

3.1.1 Board Oversight, Functions and Responsibilities

The Board holds the overall responsibility for the strategic direction and management of the Company which is delegated to the CEO and senior management of the Company. Once the Board has delegated broad authority, its primary responsibility is to oversee management's performance and ensure compliance with the broad policies and established governance principles.

The Board's oversight entails continual inquiry by Directors to assess if the authority delegated to management is reasonable and if the Board has received sufficient and accurate information to make such assessments. Key areas of oversight include strategic initiatives, financial performance, the integrity of financial statements, accounting and financial reporting processes, risk management, governance and compliance, and environmental, social and governance (ESG) matters. The governance framework ensures that Directors can fulfill their oversight duties through regular evaluations of Board agenda priorities and the corresponding structures, processes, and controls. This ensures timely and comprehensive information dissemination on pertinent matters requiring attention.

The Board's key responsibilities include:

- Provide direction and guidance to the Company in the formulation of its high-level strategies, with emphasis on the medium and long term, in the pursuance of the Group's long-term success.
- Reviewing and approving annual plans and long-term business plans.
- Tracking actual progress against plans.
- Ensuring business is conducted with due consideration on environmental, social and governance (ESG) factors.
- Reviewing HR processes with emphasis on top management succession planning, including the diversity, equity and inclusion (DE&I) strategy.
- Ensuring operations are carried within the scope of the Enterprise Risk Management framework.
- Ensuring compliance with laws, regulations and ethical standards and monitoring systems of governance and compliance, including concerns on ethics, bribery and corruption.
- Overseeing systems of internal control, risk management and establishing whistle-blowing conduits.
- Determining any changes to the discretions/authorities delegated from the Board to the executive levels.
- Reviewing and approving major acquisitions, disposals and capital expenditure.
- Approving any amendments to constitutional documents.
- Ensuring all related party transactions are compliant with statutory obligations.
- Ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations.
- Ensuring all stakeholder interests are considered in corporate decisions.
- Ensuring sustainable business development in corporate strategy decisions and activities.
- Fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned.

3.1.2 Board Composition

As at 31st March 2024, the Board comprised of four Non-Executive, Non-Independent Directors (NED/NID), including the Chairperson, alongside three Non-Executive, Independent Directors (NED/ID), ensuring that there is sufficient balance on the Board. In line with the "Independence" criteria outlined in Section 9.8.3 of the listing rules of the CSE, the Board confirms that the three NED/IDs meet the independence criteria and have fulfilled the requirements under Section 9.8.5(a). Consequently, the Board is considered to have the necessary balance as per the guidelines of the Code of Best Practice on Corporate Governance (2013) jointly issued by CA Sri Lanka and the SEC.

The dates and attendance of Directors at the quarterly Board meetings held during the financial year is as follows;

Name of Director	NED/NID/ID	Year of Appointment	Tenure on the Board (Years)	Age	Meeting attendance Eligible to attend/ Attended	Board Sub-Committee Membership				
						BAC	HRCC	NC	RPTRC	PRAC
Mr. K. N. J. Balendra (Chairperson)	NED/NID	2017/18	6	50	4 of 4	-	-	M	-	M
Mr. J. G. A. Cooray	NED/NID	2017/18	6	47	4 of 4	-	-	-	-	M
Ms. K. D. Weerasinghe	NED/NID	2020/21	3	57	4 of 4	-	-	-	-	-
Mr. A. Z. Hashim	NED/NID	2020/21	3	49	3 of 4	-	-	-	-	-
Mr. C. N. Wijewardene	NED/ID	2016/17	7	66	3 of 4	M	-	-	-	-
Ms. A. K. Gunawardhana	NED/ID	2016/17	7	54	4 of 4	M	-	-	-	-
Ms. B. A. I. Rajakarier	NED/ID	2016/17	7	57	4 of 4	C	-	-	-	-

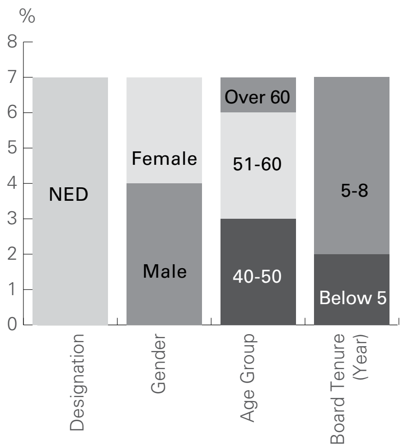
Abbreviations

NED/NID – Non-Executive, Non-Independent Director

NED/ID – Non-Executive, Independent Director

M - Member

C - Chairperson



3.1.3 Board Skills

The Company is conscious of the need to maintain an appropriate mix of skills and experience in the Board through an annual review of its composition in order to ensure Board balance, diversity and appropriate levels of relevant skills and expertise aligned with the current and future needs of the Company. Collectively, the Board brings in a multi-dimensional wealth of diverse exposure and expertise in their respective fields. Further details of their qualifications and experience are provided under the Board of Directors section on pages 52 - 54 of this Annual Report.

3.1.4 Board Access to Independent Professional Advice

To preserve the independence of the Board and to strengthen decision making, the Board is encouraged, where applicable and relevant, to seek independent professional advice, in furtherance of their duties, at the Group's expense. This is coordinated through the Board Secretary, as and when requested.

3.1.5 Board Appointment

Board appointments follow a structured and formal process within the purview of the Nominations Committee of the parent Company, JKH. Details of new Director appointments are disclosed to the Colombo Stock Exchange and media at the time of their appointment through a public announcement, covering the following:

- A brief resume of the Director.
- The nature of their expertise in relevant functional areas.
- The names of companies in which the Director holds directorships or memberships in board committees.
- Whether such Director can be considered 'Independent'.

Details of such appointments are also carried in the relevant Interim Releases, the Annual Reports and Investor Relations publications.

The appointment of all Directors complies with applicable laws and rules, including the qualifying and fit-and-proper criteria stipulated by the Listing Rules and Companies Act. Further, each Director annually signs a declaration which determines their independence based on such declaration and other information available to the Board. Directors are required to report any substantial change in their professional responsibilities and business associations to the Chairperson who will inform the Nominations Committee, which will examine the facts and circumstances and make recommendations to the Board accordingly.

3.1.6 Board Induction and Training

Newly appointed Directors of the Board undergo a comprehensive induction where they are appraised, inter-alia, of the Group values and culture, its operating model, policies, governance framework and processes, the Code of Conduct (which includes anti-corruption and anti-bribery) and the operational, environmental and social strategies of the Group. Additionally, the newly appointed Directors are granted access to relevant parts of the business and are given the opportunity to meet with key management personnel and other key third-party service providers such as External Auditors and Risk Consultants.

Corporate Governance

The Board of Directors recognise the need for continuous training and expansion of knowledge and undertakes such professional development, as they consider necessary, to assist them in carrying out their duties as Directors.

3.1.7 Re-Election

All Non-Executive Directors are appointed for a period of three years and can serve up to a maximum of three successive terms, unless an extended Board tenure is necessitated by the requirements of the Group. All contracts are renewed by the Board based on the recommendation of the Nominations Committee of the parent Company, JKH. One third of the Non-Executive Directors, excluding the chairperson are eligible for re-election post-retirement and are re-elected by rotation at the annual general meeting by the shareholders.

Annually, the Board discusses the possibility of any impairment of Director independence due to extended Board tenures, and collectively evaluates the re-election of such Board members.

3.1.8 Board Meetings

During the financial year under review, there were four (04) pre-scheduled Board meetings. In addition to the Board meetings, the Board of Directors communicate, as appropriate, when issues of strategic importance requiring extensive discussions arise.

Name of Director		Year of Appointment	Board meeting attendance					
			28-Apr-23	20-Jul-23	30-Oct 23	29-Jan-24	Eligible no. of meetings	Meetings Attended
Mr. K. N. J. Balendra (Chairperson)	NED/NID	2017/18	√	√	√	√	4	4 of 4
Mr. J. G. A. Cooray	NED/NID	2017/18	√	√	√	√	4	4 of 4
Ms. K. D. Weerasinghe	NED/NID	2020/21	√	√	√	√	4	4 of 4
Mr. A. Z. Hashim	NED/NID	2020/21	√	√	-	√	4	3 of 4
Mr. C. N. Wijewardene	NED/ID	2016/17	√	√	-	√	4	3 of 4
Ms. A. K. Gunawardhana	NED/ID	2016/17	√	√	√	√	4	4 of 4
Ms. B. A. I. Rajakarier	NED/ID	2016/17	√	√	√	√	4	4 of 4

The Directors receive comprehensive Board packs containing, performance reports, human resources, capital expenditure information, treasury , list of resolutions passed and compliance statements, etc., well in advance of each Board meeting (at least one week prior), in order to ensure robust discussion, informed deliberation and effective decision making. The Directors continue to have access to, and independent contact with, the senior management of the Group.

Board Agenda

The Chairperson ensured that all Board proceedings were conducted smoothly and efficiently, approving the agenda for each meeting prepared by the Board Secretary. The typical Board agenda in 2023/24 entailed, discussion of matters arising from the previous minutes of the Board Audit Committee meeting, review of performance, strategy formulation, approval of quarterly and annual financial statements, review of risk, sustainability and corporate social responsibility related aspects, ratification of capital expenditure, ratification of Circular Resolutions and use of Common Seal, among others. Added emphasis was also placed on business performance in lieu of the challenges stemming from the macroeconomic volatilities and uncertainties.

3.1.9 Board Secretary

The Company Secretaries, Keells Consultants (Private) Limited is responsible for inducting new Directors, assisting the Chairperson and the Board of Directors in determining the annual Board Plan, guiding the Board and the individual Directors in the proper discharge of their responsibilities and act as a central source of guidance on matters of ethics and governance. In addition to the many duties, the Company Secretary is responsible for making necessary disclosures on related party transactions required by law and regulations and also acts as a channel of communication with shareholders to ensure good shareholder relations. The shareholders can contact Keells Consultants (Private) Limited, the Company Secretaries, on 011-2306245 for any Company related information requirement.

3.1.10 Board Evaluation

The Board conducted its annual Board performance appraisal for the financial year 2023/24. The Chairperson evaluates the performance of the Board annually while the Chairperson of the Board Audit Committee, who is a NED/ID evaluates the effectiveness of the Board Audit Committee.

There is a formalised process of self-appraisal which enables each member to self-appraise on an anonymous basis, the performance of the Board, using a very detailed checklist / questionnaire covering areas such as;

- Role clarity and effective discharge of responsibilities
- People mix and structure
- Systems and procedures
- Quality of participation
- Board image

The scoring and open comments are collated, and the results are analysed to give the Board an indication of its effectiveness as well as areas that require addressing and / or strengthening. The Human Resources and Compensation Committee of the parent Company, JKH appraises the performance of the Chairperson on an organisational and individual basis as approved by the Board.

3.1.11 Ensuring Independence and Managing Conflicts of Interests

The Company and the Group takes proactive measures to prevent Directors from being involved in situations where they might have, or could potentially have, a conflicting interest with that of the Company and the Group. To mitigate such potential conflicts or biases, Directors provide a comprehensive disclosure of interests, as outlined below, at the time of appointment, at the start of each financial year, and as needed throughout the year. These potential conflicts are regularly reviewed by the Board to uphold the integrity of its independence. Shareholders can request details regarding companies where Board members hold Board or Board Committee memberships from the Company Secretary for inspection.

The independence of all its Non-Executive Directors was reviewed on the basis of criteria summarised as follows. No Non-Executive Independent Director has a conflict of interest as per the criteria for independence outlined below.

Prior to Appointment

- Nominees are requested to make known their various interests

Once Appointed

- Directors obtain Board clearance prior to:
- Accepting a new position
- Engaging in any transaction that could create or potentially create a conflict of interest
- All NEDs are required to notify the Chairperson of any changes to their current Board representations or interests and a new declaration is made annually

During Board Meetings

- Directors who have an interest in a matter under discussion:
- Excuse themselves from deliberations on the subject matter.
- Abstain from voting on the subject matter (abstention from decisions are duly minuted).

	Criteria for defining independence	Status of conformity of NEDs
1.	Shareholding carrying not less than 10% of voting rights	None of the individual or NED/IDs' shareholdings exceed 1%
2.	Director of another Company*	None of the NED/IDs are Directors of another related party Company
3.	Income/non-cash benefit equivalent to 20% of the Director's annual income excluding income/non-cash benefits received which are applicable on a uniform basis to all non-executive Directors on the Board	NED income/cash benefits are less than 20% of an individual Director's annual income
4.	Employment at JKPLC and/or material business relationship with JKPLC, currently or in the three years immediately preceding appointment as a Director	None of the NED/IDs are employed or have been employed at JKPLC
5.	Close family member is a Director, Chief Executive Officer (CEO) or a Key Management Personnel	No family member of the NED/ IDs is a Director or CEO or a Key Management Personnel of a related party Company
6.	Has served on the Board continuously for a period exceeding nine years from the date of the first appointment	All NEDs satisfied these criteria for the year 2023/24
7.	Is employed, is a Director, has a material business relationship and/or significant shareholding in other companies*. Entails other companies that have significant shareholding in JKPLC has a business connection with	None of the NED/IDs are employed, are Directors, or have a material business relationship or a significant shareholding of another related party Company as defined

* Other companies in which a majority of the other Directors of the listed company are employed or are Directors or have a significant shareholding or have a material business relationship or where the core line of business of such company is in direct conflict with the line of business of the listed company.

Corporate Governance

3.1.12 Director Remuneration

The remuneration policies of the JKH Group extend to Directors of the Company. This process is carried out independently based on the recommendations of the Human Resources and Compensation Committee of JKH. Importantly, no Director is involved in determining their own remuneration.

Non-Executive Director Remuneration

Non-Executive Directors' (NEDs) compensation is determined with reference to fees paid to NEDs of comparable companies and is adjusted as necessary, considering the complexity of the Group. The Board establishes and periodically reviews the fees paid to NEDs. NEDs are not eligible to participate in any Employee Stock Ownership Plans (ESOPs) offered by the John Keells Group and do not receive any performance or incentive payments. The fees for NEDs are not contingent on the time spent or defined by a maximum/minimum number of hours committed to the Group per annum, and therefore, there are no additional/lower fees for additional/lesser time devoted. Director fees applicable to NEDs nominated by JKH are paid directly to JKH and not to individuals.

Compensation for Early Termination

In the event of an early termination of a Director, there are no compensation commitments other than for NED's accrued fees payable, if any, as per the terms of their contract.

3.2 Board Sub-Committees

Specific duties of the Board have been assigned to Board Sub-Committees, while ultimate decision-making authority remains with the Board. This approach allows for the integration of specialised knowledge into the decision-making process, with Sub-Committee members.

As permitted by the listing rules of the Colombo Stock Exchange (CSE), the Nominations, Human Resources and Compensation and Related Party Transactions Review committees, together with the Project Risk Assessment committee of the parent company, JKH, function on behalf of the Company.

3.2.1 Board Audit Committee (BAC)

Composition

- The Committee members are endowed with vast experience in the area of Finance and Accounting.
- Ms. B. A. I. Rajakarier was a member having current membership of a reputed professional accountancy body.
- The Chief Financial Officer of the plantation services sector functions or serves as a secretary to the committee.
- Six meetings were held during the year under review.

Scope

- Overseeing the preparation, presentation and review of the quarterly and annual financial statements, including the quality, transparency, integrity, accuracy and compliance with accounting standards, laws and regulations, prior to tabling the same for the approval of the Board of Directors.
- Obtain and review assurance received from the CEO, CFO and other Key Management Personnel, as relevant that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's and Group's operations and finances.
- Review the adequacy and effectiveness of internal and external audit arrangements.
- Evaluate the competence and effectiveness of the risk management systems and internal controls of the Group and ensure robustness and effectiveness in monitoring and controlling risks, as recommended by the internal auditors.
- Review the adequacy and effectiveness of the internal and external audit arrangements.
- Recommend the appointment, re-appointment and removal of the External Auditor including their remuneration and terms of engagement by assessing qualifications, expertise, resources and independence.

Name	Eligible to Attend	Attended	Date of Appointment
Ms. B. A. I. Rajakarier (Chairperson)	6	6	2016/2017
Ms. A. K. Gunawardhana	6	6	2016/2017
Mr. C. N. Wijewardane	6	5	2016/2017

Detailed information regarding the activities of the BAC are provided in the BAC report on pages 91 to 93.

3.2.2. Nominations Committee (NC) (of the parent Company John Keells Holdings PLC)

Composition	Scope
• Majority of the members of the Committee shall be Non-Executive Directors together with the Chairperson-CEO of JKH. • The Chairperson of the Committee must be an Independent Non-Executive Director. • The Secretary to the JKH Board is the Secretary of the Committee.	• Assess the skills required on the Board given the needs of the businesses. • From time to time assess the extent to which the required skills are represented at the Board. • Prepare a clear description of the role and capabilities required for a particular appointment. • Identify and recommend suitable candidates for appointments to the Board. • Ensure, on appointment to Board, Non-Executive Directors receive a formal letter of appointment specifying clearly expectation in terms of time commitment, involvement outside of the formal Board meetings, participation in Committees, amongst others. • Ensure that every appointee undergoes an induction to the Group and Company • The appointment of the Chairperson and Executive Directors is a collective decision of the Board.

Name	Eligible to Attend	Attended	Date of Appointment
Mr. K. N. J. Balendra	3	3	01/01/2019
Mr. D. A. Cabraal	3	3	07/11/2013
Dr. S. Coorey	1	1	08/11/2023
Ms. M. P. Perera*	1	1	24/07/2014
Dr. S. S. H. Wijayasuriya	3	3	05/11/2016

*Retired w.e.f. 01.07.2023

- Three meetings were held during the year under review

Report of the Nominations Committee

The Nominations Committee as at 31 March 2024, consisted of the following members:

- A Cabraal (Chairperson)
- K Balendra
- H Wijayasuriya
- S Coorey (appointed w.e.f 8 November 2023)

*Note: P Perera resigned as a member of the Nominations Committee consequent to her resignation from the Board of John Keells Holdings PLC (JKH) on 1 July 2023.

The Nominations Committee reaffirmed its mandate to:

- Recommend to the Board the process of selecting the Chairperson and Deputy Chairperson.
- Assess the skills required for each business, based on the strategic demands to be met by JKH and other listed companies of the Group.
- Identify suitable persons to be appointed as Non-Executive Directors to the Board of JKH and make recommendations to other listed companies in the Group, taking into consideration qualifying criteria stipulated under applicable laws and rules.
- Review the structure, size, composition and skills of each Board.
- Ensure that every appointee undergoes an induction.
- Make recommendations on matters referred to it by the Board

Corporate Governance

John Keells Holdings PLC
- D V R S Fernando (new appointment)

Tea Smallholder Factories PLC
- A S Jayatilleke (renewal)
- Ms. A Goonethileke (renewal)

Trans Asia Hotels PLC
- N L Gooneratne (renewal)

Union Assurance PLC
- P T Wanigasekara (new appointment)
- D H Fernando (renewal)

The Committee reports its activities at each Board Meeting.

The Committee continues to work with the Board on reviewing its skills mix, based on the immediate and emerging needs of the Group. Further, the Committee discusses with the Board the outputs of the annual JKH Board evaluation.

A. Cabraal

A Cabraal

Chairperson of the Nominations Committee
20 May 2024

3.2.3 Human Resources and Compensation Committee (HRCC) (of the parent Company John Keells Holdings PLC)

Composition

- Committee comprises exclusively of Independent Non-Executive Directors.
- The Chairperson of the Committee must be an Independent Non-Executive Director.
- The Chairperson-CEO and Group Finance Director are invited to all Committee meetings unless the Chairperson-CEO or remuneration of the Executive Director is under discussion respectively.
- The Deputy Chairperson/Group Finance Director is the Secretary of the Committee.
- One meeting was held during the year under review.

Scope

- Review and recommend overall remuneration philosophy, strategy, policies and practice and, performance-based pay plans for the Group and Company.
- Determine and agree with the Board a framework for the remuneration of the Chairperson and Non-Executive Directors of JKH based on performance targets, benchmark principles, performance related pay schemes, industry trends and past remuneration.
- Succession planning and talent management of Key Management Personnel.
- Ensure the integrity of the Group's/ Company's compensation and benefits programme is maintained.
- Commission compensation and benefit surveys as appropriate to assist the Committee in its deliberations.
- In performing these functions, to ensure that stakeholder interests are aligned and that the Group/ Company is able to attract, motivate and retain talent.
- At its discretion, the Committee may invite external specialists to provide advice and information on relevant remuneration and Human Resource Development practices.
- Determining compensation of Non-Executive Directors is not under the scope of this Committee.

Name	Eligible to Attend	Attended	Date of Appointment
Mr. D. A. Cabraal	1	1	29/01/2015
Dr. S. S. H. Wijayasuriya	1	1	05/11/2016
By Invitation			
Mr. K. N. J. Balendra	1	1	
Mr. J. G. A. Cooray	1	1	
Dr. S. Coorey	1	0	
Mr. A. N. Fonseka	1	1	

Report of the Human Resources and Compensation Committee

The Human Resource and Compensation Committee forms a key part of the governance framework of the Group and carries the mandate to oversee the compensation and benefits policies adopted by the Group, and in doing so, review and recommend overall remuneration philosophy, strategy, policies and practices and performance-based pay plans. Furthermore, it reviews performance, compensation and benefits of the CEO, the other Executive Directors, and key executives who support and implement decisions at an apex level, the overall business strategy and make recommendations, thereon to the Board. The Committee also reviews and monitors the performance of the Group's top talent for the purposes of organisational growth and succession planning, with particular emphasis on succession at key executive levels.

In performing this role, the Committee is conscious of the need to ensure that stakeholder interests are aligned, and the Group is able to attract, motivate, retain talent and ensure their loyalty; the integrity of the Group's compensation and benefits programme is maintained and importantly, that the compensation policy and schemes are compliant with applicable laws and regulations.

In this context, the Committee determined the remuneration of the Executive Directors including the Chairperson-CEO in terms of the methodology set out by the Board, upon an evaluation of their performance by the Non-Executive Directors. The evaluation of the members of the Group Executive Committee was considered by the Committee and remuneration was determined based on performance, market comparators for similar positions and in accordance with the Company's Compensation and Benefits policy.

As per the mandate outlined, the report from the Chairperson of the Human Resources and Compensation Committee continues to be a standing agenda item at the quarterly Board meetings. The Chairperson of the Committee reports on the developments which have taken place since the last Board meeting, if any, and updates the Board on various matters, as relevant and requested.

The Committee wishes to report that the Company has complied with the Companies Act in relation to remuneration of Directors. The annual performance appraisal scheme, the calculation of short-term incentives, and the award of ESOPs were executed in accordance with the approvals given by the Board, based on discussions conducted between the Committee and the Management.

A. Cabraal

A Cabraal

Chairperson of the Human Resources and Compensation Committee
20 May 2024

3.2.4 Related Party Transactions Review Committee (RPTRC) (of the parent Company John Keells Holdings PLC)

Composition

The Chairperson shall be an Independent Non-Executive Director.

- Members of the committee should be a combination of Non-Executive Directors and Independent Non-Executive Directors.
- The composition may include Executive Directors at the option of the Listed Entity.

Scope

- The Group has broadened the scope of the Committee to include senior decision makers in the list of Key Management Personnel, whose transactions with Group companies also get reviewed by the Committee, in addition to the requisitions of the CSE.
- All proposed Related Party Transactions shall be reviewed in advance and in the event of any material changes, such changes shall also be reviewed by the Related Party Transactions Review Committee prior to the completion of the transaction.
- Develop and recommend for adoption by the Board of Directors of JKH and its listed subsidiaries, a Related Party Transaction Policy which is consistent with the operating model and the delegated decision rights of the JKH Group.
- Update the Board on Related Party Transactions of each of the listed companies of the JKH Group on a quarterly basis and formally requesting the Board to approve the related party transactions following the determination of whether such approval is needed.

Corporate Governance

Scope
• Define and establish the threshold values for each of the subject listed companies in setting a benchmark for Related Party Transactions, Related Party Transactions which have to be pre-approved by the Board, Related Party Transactions which require to be reviewed annually, such as recurrent Related Party Transactions and similar issues relating to listed companies. • Ensure that they have or have access to expertise to assess all aspects of proposed Related Party Transactions, and where necessary, obtain expert advice from an appropriately qualified person. • Where a Director has personal material interest in a matter being reviewed by the Committee, such Director shall not be present in the meeting and shall not vote in the matter, except at the request of the Committee. • Where both the parent Company and the subsidiary are Listed Entities, Related Party Transactions Review Committee of the parent company shall function as the Related Party Transactions Review Committee of the subsidiary.

Name	Eligible to Attend	Attended	Date of Appointment
Mr. D.A. Cabraal	4	4	29/01/2014
Dr. S. Coorey*	2	2	01/07/2023
Mr. S. Fernando**	1	1	08/11/2023
Mr. A.N. Fonseka	4	4	29/01/2014
Ms. M.P. Perera***	1	1	24/07/2014
By Invitation			
Mr. K.N.J. Balendra	4	4	-
Mr. J.G.A. Cooray	4	3	-

* Ceased to be a member with effect from 08.11.2023
**Attended by invitation on 08.11.2023

*** Retired w.e.f. 01.07.2023

- Four meetings were held during the year under review.

Detailed information regarding the activities of the Committee are provided in the Related Party Transactions Review Committee report on page 94 of this Annual Report.

3.2.5 Project Risk Assessment Committee (PRAC) (of the parent Company John Keells Holdings PLC)

Composition	Scope
• Should comprise of a minimum of four Directors. • Must include the Chairperson-CEO and Deputy Chairperson/Group Finance Director of JKH. • Must include two Non-Executive Directors. • The Chairperson of the Committee must be a Non-Executive Director.	• Review and assess risks associated with large-scale investments and the mitigatory plans thereto, if mitigation is possible, and identify risks that cannot be mitigated. • Ensure stakeholder interests are aligned, as applicable, in making this investment decision. • Where appropriate, obtain specialised expertise from external sources to evaluate risks, in consultation with the Group Finance Director of JKH. • Recommend to the Board, necessary action required, to mitigate risks that are identified in the course of evaluating a project in order to ensure that those risks are captured by the JKH Group Risk Matrix for monitoring and mitigation. • The Committee shall convene only when there is a need to transact in business as per the terms of its mandate.

Name	Eligible to Attend	Attended	Date of Appointment
Dr. S. S. H. Wijayasuriya	-	-	25/05/2018
Mr. K. N. J. Balendra	-	-	25/05/2018
Mr. J. G. A. Cooray	-	-	25/05/2018
Ms. M. P. Perera*	-	-	25/05/2018

Retired w.e.f. 01.07.2023

- The Committee did not convene during the year under review.

Report of the Project Risk Assessment Committee

The following Directors served as members of the Committee during the financial year:

H Wijayasuriya (Chairperson)

K Balendra

G Cooray

The Project Risk Assessment Committee was established with the purpose of further augmenting the Group's Investment Evaluation Framework. The Committee provides the Board with enhanced illumination of Risk perspectives with respect to large scale new investments, and also assists the Board in assessing the potential impact of risks associated with such investments. Investments which are referred to the Committee are those which exceed a board-agreed threshold in terms of quantum of investment and/or potential impact to the Group. The Committee accordingly provides early-stage recommendations to the Board with respect to the extent of risk and adequacy of mitigation strategies.

Given the extenuating impact of Sri Lanka's macroeconomic crisis on Group businesses and the two landmark investment projects of City of Dreams Sri Lanka (formerly known as the Cinnamon Life Integrated Resort) and the West Container Terminal, matters pertaining to Group investments and risk assessments were deliberated by the wider Board. There were no specific new investments during the year which met the board-agreed financial threshold, although the risks and mitigation strategies in relation to the two landmark investments, referred to above, were a regular discussion point at the Board. Other new ventures such as the partnership with the Reliance Group on the marketing and distribution of Beverages in the Indian market, the entry into the partnership with BYD on the New Energy Vehicles and the launch of the VIMAN project were a few of the key projects which were also discussed at the wider Board level.

H Wijayasuriya
Chairperson of the Project Risk Assessment Committee
20 May 2024

3.2.6 The following table illustrates the total number of Board seats (excluding Group Board seats) held in other listed companies (outside the Group) by each Director.

Name of Director	No. of Board Seats Held in Other Listed Sri Lankan Companies	
	Executive Capacity	Non - Executive Capacity
Mr. K.N.J. Baledra	-	-
Mr. J.G.A. Cooray	-	-
Ms. K. D. Weerasinghe	-	-
Mr. A. Z. Hashim	-	-
Mr. C. N. Wijewardene	-	-
Ms. A. K. Gunawardhana	-	-
Ms. B. A. I. Rajakarier	-	-

3.2.7 The following table illustrates the total number of Board seats (excluding Group Board seats) held in other unlisted companies (outside the Group) by each Director.

Name of Director	No. of Board Seats Held in Other Unlisted Sri Lankan Companies	
	Executive Capacity	Non - Executive Capacity
Mr. K.N.J. Baledra	-	-
Mr. J.G.A. Cooray	-	-
Ms. K. D. Weerasinghe	-	-
Mr. A. Z. Hashim	-	-
Mr. C. N. Wijewardene	-	-
Ms. A. K. Gunawardhana	-	-
Ms. B. A. I. Rajakarier	-	-

Corporate Governance

3.3 Role of Chairperson - Chief Executive Officer

The roles of the Chairperson and CEO are segregated in line with best practices in order to ensure a balance of power and authority, such that no one individual has unfettered powers of decision.

Chairperson's Role

The Chairperson, serving as a Non-Executive Director and Non-Independent Director (NED/NID), holds the primary responsibility of guiding and overseeing the Board and its Committees to ensure optimal functionality. Additionally, the Chairperson establishes the tone for the Company's governance and ethical standards, promotes diverse viewpoints, and stays abreast of both local and global industry trends to ensure the Board fulfills its obligations to shareholders and stakeholders. Externally, the Chairperson serves as the Company's representative and serves as the primary contact for shareholders regarding all matters concerning corporate governance.

With the assistance of the Company Secretaries, Keells Consultants (Private) Limited, the Chairperson ensures that;

1. Board procedures are followed.
2. Directors receive timely, accurate and clear information.
3. Updates on matters arising between meetings.
4. The agenda for the Board meeting, reports and papers for discussion are dispatched at least one week in advance so that the Directors are in a position to study the material and arrive at sound decisions.
5. A proper record of all proceedings of Board meetings is maintained.

The Human Resources and Compensation Committee of the parent Company, JKH appraises the performance of the Chairperson on an organisational and individual basis as approved by the Board.

Role of the Chief Executive Officer (CEO)

The Board has, subject to predefined limits, delegated its executive authority to the CEO of the Company for the implementation of strategies approved by the Board and developing and recommending business plans and budgets in line with the Company's strategy to the Board.

The role of the CEO is as follows;

- Execute strategies and policies of the Board.
- Ensure that succession at the senior management level is planned.
- Guide and supervise the senior management of the Company.
- Ensure that the operating model of the Company is aligned with short and long term strategies pursued by the parent company.

The annual appraisal of the CEO is carried out at parent level and is based on pre-agreed criteria.

Time Dedicated by Non-Executive Directors

The Board allocates ample time before meetings to review board documents thoroughly and, if needed, request additional materials and information for clarification. This practice ensures that the Board can satisfactorily fulfill its duties and responsibilities to the Company. Additionally, Non-Executive Directors (NEDs) are estimated to have dedicated a minimum of 30 full-time equivalent days to the Company throughout the year.

Financial Acumen

Mr. J G A Cooray, Ms. B A I Rajakarier, and Ms. K D Weerasinghe, who serve as members of the Board, are also affiliated with professional accounting bodies. Leveraging their expertise in finance, they are well-equipped to provide valuable financial guidance based on their specialised knowledge in this field.

4. Integrated Governance Systems and Procedures

Listed below are the main governance systems and procedures of the Group. These systems and procedures strengthen the elements of the Company's Internal Governance Structure and are benchmarked against industry best practice.

i. Strategy formulation and decision-making process
ii. Human resource governance
iii. Integrated risk management
iv. IT governance
v. Tax governance
vi. Stakeholder management and effective communications
vii. Sustainability governance

4.1 Strategy formulation and decision-making process

Strategy mapping exercises, concentrating on the short, medium and long-term aspirations of each business, are conducted annually and reviewed, at a minimum, quarterly/half-yearly or as and when a situation so demands.

This exercise entails the following key aspects, among others.

- Progress and deviation report of the strategies formed.
- Competitor analysis and competitive positioning.
- Analysis of key risks and opportunities.
- Management of stakeholders, such as, suppliers and customers.
- Value enhancement through initiatives centred on the various forms of Capital under an integrated reporting framework.

Process of Strategy formulation and decision making

4.2 Human Resource Governance

The human resource governance framework is designed in a manner that enables high accessibility by any employee to every level of management. Constant dialogue and facilitation is also maintained, ranging from work related issues to matters pertaining to general interest that could affect employees and their families. The Group follows an open-door policy for its employees which is promoted at all levels. The state-of-the-art cloud based human resource information system (HRIS) manages the entire lifecycle of the employee from onboarding to performance management, succession planning, compensation, learning and development, through to offboarding.

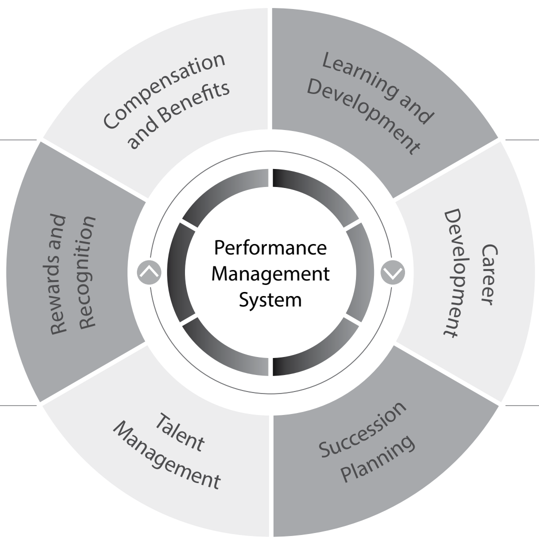
4.2.1 Performance Management

The Performance Management System, as illustrated below, is at the heart of many supporting human resource management processes such as learning and development, competency mapping, career development, succession planning, talent management, rewards/ recognition and compensation/benefits.

Identification of:
- Performance rating
- Competency ratings

Identification of:
- Chairperson's Award
- Employee of the Year
- Champion of the Year

Identification of:
- High performers
- High potential



Identification of:
- Long-term development plans
- Competency-based training needs
- Business focussed training needs

Identification of:
- Promotions
- Inter-company transfers
- Inter-department transfers

Identification of:
- Jobs at risk
- Suitable successors
- Readiness level of successors
- Development plans
- External recruitments

Corporate Governance

4.2.2 Performance Based Compensation Philosophy

The JKH Group Compensation Policy adopted by the Company is as follows:

Performance Management

"Pay for performance"

Greater prominence is given to the incentive component of the total target compensation.

Compensation Policy

- Compensation comprises of fixed (base) payments, short-term incentives, and long-term-incentives.
- Higher the authority levels within the Group, higher the incentive component as a percentage of total-pay.
- Greater the decision influencing capability of a role, higher the weight given to organisational performance as opposed to individual performance.
- Long-term incentives are in the form of Employee Share Options and cash payments.

Satisfaction

More than just a workplace'

Continuously focuses on creating a sound work environment covering all aspects of employee satisfaction.

Internal Equity

Remuneration policy is built upon the premise of ensuring equal pay for equal roles.

Manager and above level roles are banded using the Mercer methodology for job evaluation, on the basis of the relative worth of jobs.

External Equity

Fixed compensation is set at competitive levels using the median, 65th percentile and 75th percentile of the best comparator set of companies (from Sri Lanka and the region, as relevant) as a guide.

Regular surveys are done to ensure that employees are not under / over compensated.

4.3 Integrated risk management

The Group's wide risk management programme focuses on wider sustainability development, to identify, evaluate and manage significant risks and to stress test various risk scenarios, including a review of materiality. The programme ensures that a multitude of risks, arising as a result of the Group's diverse operations, are effectively managed in creating and preserving stakeholder wealth. The Group manages its enterprise risk, audit and incident management processes through an automated risk management platform that enables the maintenance of live, dynamic and virtual risk registers which are linked to business goals and responsible personnel. Features such as, the provision of timely alerts on action plans and escalation processes for risks, where action plans are over-due, ensure maintenance of live risk grids.

A detailed overview of the risk management process is outlined on pages 85 to 90 of this report, under the Enterprise Risk Management section.

4.4 Information Technology (IT) Governance

The JKH Group's IT governance framework focuses on five broader segments, namely, strategic alignment, value delivery, performance management, risk management, and resource management. Additionally, the IT governance framework used within the Group leverages on best practice and industry leading models such as CoBIT (Control Objectives for Information and Related Technology), ISO 35800, ISO27001, ISO 9001:2015, COSO (Committee of Sponsoring Organisations of the Treadway Commission)/BCP (Business Continuity Planning), ITIL (Information Technology Infrastructure Library), CMMI (Capability Maturity Model Integration), NIST (National Institute of Standards and Technology), FAIR (Factor Analysis of Information Risk), among others, in formulating a state-of-the-art framework for IT governance, risk and compliance management across the Group.

4.5 Tax Governance

The JKH Group's tax governance framework and tax strategy is guided by the overarching principles of compliance, transparency and accountability, and acknowledges the Group's duty in fulfilling its tax obligations as per fiscal legislation.

The presence of a well-structured tax governance framework ensures the following:

- Ability to manage tax exposures efficiently by reducing the tax burden on the Group, within the ambit of applicable laws.
- Manage tax risks and implications on Group reputation through adequate policies and proactive communication defence.
- Facilitate healthy relationships amongst stakeholders, Government and tax authorities.
- Ensuring integrity of reported numbers and timely compliance.

4.6 Stakeholder Management and Effective Communication

Following are the key stakeholder management methodologies adopted by the Group. Whilst the Group has multiple channels enabling effective communication, there were no material concerns that were raised during the year by stakeholders regarding the operations of the Company and the Group.

4.6.1 Communication with Shareholders

The Company maintains several communication channels with the shareholders which include the Annual Report, interim financial statements, AGMs, EGMs, announcements to the CSE, press releases, the corporate website, shareholder surveys on a needs basis and through the Company Secretaries.

Engagement Mechanism	Frequency
Annual Reports and AGMs	Annually
Extraordinary General Meetings	As required
Interim financial statements	Quarterly
Press releases	As required
Announcements to CSE	As required
One-to-one discussions	As required
Feedback surveys	As required

4.6.1.1 Release of Information to the Public and CSE

The Board of Directors, in conjunction with the Audit Committee where applicable, is responsible in ensuring the accuracy and timeliness of published information and in presenting a true and fair view, and balanced assessment of results in the quarterly and annual financial statements. Accordingly, the Company has reported a true and fair view of its financial position and performance for the year ended 31 March 2024 and at the end of each quarter of the financial year 2023/24.

All other material and price sensitive information about the Company is promptly communicated to the CSE. Shareholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or Management. Such questions, requests and comments should be addressed to the Company Secretary.

The Group focuses on open communication and fair disclosure, with emphasis on the integrity, timeliness and relevance of the information provided. The Group ensures that information is communicated accurately and in a manner that will avoid the creation or continuation of a false market.

The Group constructively makes use of the AGM towards enhancing relationships with the shareholders and towards this end the following procedures are followed:

- Notice of the AGM and related documents are made available to the shareholders along with the Annual Report within the specified time.
- Summary of procedures governing voting at the AGM are clearly communicated.
- The Board ensures that the external auditors are present at the AGM.
- The Directors are made available to answer queries.
- The Chairperson ensures that the relevant senior managers are also available at the AGM to answer specific queries.
- Separate resolutions are proposed for each item that is required to be voted on.
- Proxy votes, those for, against, and withheld (abstained) are counted.

Serious Loss of Capital

In the unlikely event that the net assets of the Company fall below half of its stated capital, shareholders will be notified, and the requisite resolutions would be passed on the proposed way forward.

Extraordinary General Meetings, including Shareholder Approval through Special Resolution

The Company will seek shareholder approval, either via special or ordinary resolution as permitted under applicable law, when transactions and events which are material in the context of Group and Company occur or are undertaken in line with all applicable rules and regulations.

4.7 Sustainability governance

The Group remains steadfast in its commitment to being responsible and conducting operations in a sustainable manner whilst focusing on environmental, social and governance aspects. Sustainable practices remain a strategic priority of the Group and this is ensured through embedding into day-to-day operations.

The Group's well-established sustainability integration processes and its sustainability management framework works alongside other key functions and management systems such as human resources, health and safety, as well as risk management, internal audit, legal and statutory compliance and corporate social responsibility initiatives. The Sustainability Management Framework is updated on a continuous basis to incorporate changing requirements and updates to the global sustainability landscape.

Corporate Governance

5. Financial and Business Reporting

The Financial Statements included in this Annual Report are prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS).

The following specialised information requirements are also included in this Annual Report:

• The Annual Report of the Board of Directors on the Affairs of the Company	- pages 95 - 99
• The Statement of Directors' Responsibility	- page 100
• Report of the Board Audit Committee	- page 91 - 93
• The Independent Auditors' Report	- pages 103 - 105
• The Management Discussion and Analysis	- pages 16 - 50
• Related Party transactions	- page 94

6. Assurance Mechanisms

The assurance mechanisms comprise of the various supervisory, monitoring and benchmarking elements of the Group Corporate Governance System which are used to measure 'actuals' against 'plan' with a view to highlighting deviations, signalling the need for quick corrective action, and quick redress when necessary. These mechanisms also act as safety nets and internal checks in the Governance system. The Group also conducts internal and external audits on a periodic basis, annually at minimum. As outlined in the ensuing sections, the Group has various mechanisms in place for concerns to be escalated and raised at a Board level.

6.1. The Code of Conduct

All employees, including the Board of Directors of the Company, are bound to abide by the John Keells Group Code of Conduct which is outlined below.

- Allegiance to the Company and the Group, that ensures the Group will 'do the right thing', by going further than the letter of any contract, the law and the Group's written policies
- Compliance with rules and regulations applying in the territories that the Group operates in.
- Conduct all businesses in an ethical manner at all times in keeping with acceptable business practices and demonstrate respect for the communities we operate in and the natural environment.
- Exercise of professionalism and integrity in all business and 'public' personal transactions.

The Code of Conduct entails conformance to all policies, including policies on gifts, entertainment, facilitation payments, proprietary and confidential information. Policies on anti-fraud, anti-corruption and anti-money laundering and countering the financing of terrorism and JKH's Code of Conduct, amongst other policies, also encompass:

- anti-bribery controls to prevent payments and contributions being made with the aim of obtaining an improper business benefit from any party including, but not limited to, clients, service providers, customers, business associates and political parties; and

- controls on gifting and favours - giving or accepting gifts or favours in any form, including from clients, service providers, customers, business associates and political parties and any other stakeholder we engage with in the course of carrying out duties in our professional capacity, is prohibited if it was possible on the part of a 'reasonable person' to conclude that the giving/ acceptance of such gifts or favours could directly or indirectly affect one's independence in decision making and conduct as an employee and/or if it could be seen by others as a consideration for an official or business favour. The 'reasonable person' test should also be applied in respect of charitable donations and sponsorships (financial or in-kind) that are made.

The objectives of the Code of Conduct are strongly affirmed by a strong set of values which are well institutionalised at all levels within the Group through structured communication. The degree of employee conformance with Values and their degree of adherence to the JKH Code of Conduct are key elements of the reward and recognition schemes .

6.2.Employee Participation in Assurance

The Company and the Group are continuously working towards introducing innovative and effective modes of employee communication and employee awareness. The importance of communication – top-down, bottom-up, and lateral – in gaining employee commitment to organisational goals has been conveyed extensively through various communications issued by the management. Whilst employees have many opportunities to interact with senior management, following formal channels have been created for such communication through feedback, without the risk of reprisal.

- Skip level meetings
- Exit interviews
- 360 degree evaluation
- Employee surveys
- Monthly staff meetings
- Chairperson-Direct
- Ombudsperson
- Continuous reiteration and the practice of the 'Open-Door' policy

Additionally, the Group continued with its whistle-blower policy and securities trading policy. Communication and feedback received from the employees by the management are recorded, irrespective of the level of anonymity, and subsequently discussed and followed up, to the extent possible, to ensure two-way communication. The respective outcomes are duly recorded.

Whistle-blower Policy

The Group's Whistle-blower Policy provides an effective mechanism for employees and other stakeholders to report any concerns regarding compliance and ethics. The Policy provides a transparent and confidential process which encourages the reporting of any such concerns. The Policy covers the reporting process, how such reports will be addressed and emphasises that those who make a report in good faith under the Policy will be protected from retaliation.

Key aspects of the Policy:

- Guidelines on the process through which concerns raised will be investigated and appropriate corrective/preventive action will be taken.
- Designated persons to whom reports can be made.
- Management responses and steps taken.
- Details of the internal inquiry process.
- Maintaining confidentiality.

Securities trading policy

The JKH Group's securities trading policy strictly prohibits all employees and agents affiliated with the Company from trading in the Company's shares or other companies in which the Company has a business interest while in possession of unpublished price-sensitive information. The Group maintains a zero-tolerance policy against any employee found to be in violation of this policy.

Corporate Governance

6.3.Internal Controls

The Board has taken necessary steps to ensure the integrity of the Group's accounting and financial reporting systems, and internal control systems remain robust and effective via the review and monitoring of such systems on a periodic basis.

Internal Compliance

A quarterly self-certification programme requires the Presidents, Chief Executive Officers and Chief Financial Officers of each business units to confirm compliance with statutory and other regulatory procedures, and to identify any significant deviations from the expected norms. The compliance statement which is collated and tabled every quarter at the respective Audit Committee meetings is subject to periodic review and where applicable revised, to reflect and capture any material changes that drive the macro and micro-operating contexts, for reporting and monitoring purposes.

System of Internal Control

The Board has taken steps to obtain assurance that systems designed to safeguard the Company's assets and provide management information are functioning according to expectations and proper accounting records are in place through the involvement of the Group Business Process Review function of our parent Company, JKH.

This also entails automated monitoring and workflow based escalation in order to facilitate timely clearing of all transactional entries including complete reconciliation, unreconciled and open entries being flagged and periodically scrutinised, and formal disclosure being made to the Audit Committee, in line with international best practice and continual streamlining and optimisation of the Internal Audit function via identification of focus areas, improvement opportunities and feedback reporting in order to reinforce governance and assurance.

The Group has in place two integrated frameworks inline with JKH, the 'Fraud Deterrent and Investigation Framework' and the 'Process Review Framework' that complement each other to strengthen the effort to promote anti-fraud, anti-corruption and anti-bribery by proactively recognising the changing context and operating landscape. The integrated fraud deterrent and investigation framework, which enables an integrated platform for handling all aspects of fraud and stakeholder assurance, reinforces uniformity across common processes in matters relating to fraud, employs a data-driven approach to the continuous assessment of control efficacy and assesses and deploys appropriate preventive and detective controls against frauds. The Integrated Process Review Framework provides an innovative approach to internal audits which enable audits to be specific and highly focussed on matters relevant to the business. Emphasis is placed on use-cases and events stemming from the current business strategy, which must be facilitated by participating processes, systems, and personnel which form micro-value chains with special attention to the efficacy of control and its placement to ensure the integrity of transactions as each traverse through each micro-value chain, at the time of audit reviews.

The risk review programme covering the internal audit of the Group is outsourced. Reports arising out of such audits are, in the first instance, considered and discussed at the business unit levels and, after review by the President of the industry group, are forwarded to the Audit Committee on a regular basis. Further, the Audit Committee assess the effectiveness of the risk review process and systems of internal control on a regular basis. A detailed overview of the risk management process is outlined on pages 85 to 90 of this report, under the Enterprise Risk Management section.

Segregation of Duties (SoD) under Sarbanes-Oxley (SOX) Guidelines

The Group is very much aware of the need to ensure that no individual has excessive system access to execute transactions across entire or several business processes which have critical approval linkages, in the context that increasing use of information technology and integrated financial controls creates unintended exposures within the Group. SoD dictates that problems such as fraud, material misstatements and manipulation of financial statements have the potential to arise when the same individual is able to execute two or more conflicting, sensitive transactions. Separating disparate jobs into task-oriented roles can often result in inefficiencies and costs which do not meet the cost versus benefit criteria. Whilst the attainment of a zero SoD conflict state is utopian, the Group continues to take steps to identify and evaluate existing conflicts and reduce residual risks to an acceptable level under a cost versus benefit rationale. No material conflicts were reported during the year.

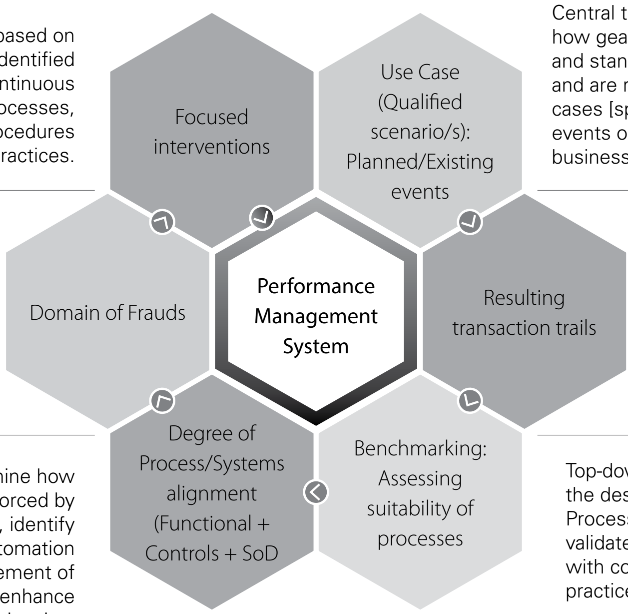
Internal Audit

The ensuing diagram provides a helicopter view of the new internal audit approach that has been rolled-out within the JKH Group. Central to this approach is the business strategy and how the current processes, systems, and people, are geared to efficiently and effectively handle the deliverables of the current business strategy at the time of review. The outer elements reflect the reporting elements which are noted in audit reports, either as observations and/or value-added recommendations.

The new internal audit approach: Continuous emphasis on context

Prompt active engagement based on prioritised remediation for identified opportunities for continuous improvement of existing processes, systems, standard operating procedures and practices.

Central to this approach: Auditor determines how geared the factors of Process, Systems, and standard operating procedures are aligned and are ready to facilitate predominant use cases [specific scenario(s)] that stem from events occurring, consequent to the current business strategy.



Disclosure of a qualified list of Fraud that the process is assessed for its susceptibility and is based on authoritative sources such as Association of Certified Fraud Examiners (ACFE), and amongst others, Global knowledge resources of Audit firms.

Transactions resulting from events are scrutinised, anomalies identified, and root cause (contributory effect of Process, Systems, People), and its potential impact to the Business are prioritised for further deliberation.

Bottom-up evaluation : Determine how well process controls are enforced by the system(s) in use, identify opportunities for process automation and optimising enforcement of segregation of duties (SoD) to enhance efficiencies.

Top-down assessment : Efficacy of the design and placement of Process/functional controls are validated/verified and benchmarked with contextually relevant best practices.

External Audit

Messrs. Ernst & Young are the external auditors of the Company along with its subsidiaries and associates re-appointment of these auditors was recommended by the Audit Committee. The audit fees paid by the Company to its auditors are separately classified in the Notes to the Financial Statements of the Annual Report.

6.4. Ombudsperson

An Ombudsperson is available to report any complaints from employees of alleged violations of the published Code of Conduct if the complainant feels that the alleged violation has not been addressed satisfactorily by the internally available mechanisms. The findings and the recommendations of the Ombudsperson, subsequent to an independent inquiry, are confidentially communicated to the Chairperson or to the Senior Independent Director of JKH upon which the involvement duty of the Ombudsperson ceases.

On matters referred to him by the Ombudsperson, the Chairperson or the Senior Independent Director of JKH, as the case may be, will place before the Board:

i. the decision and the recommendations;
ii. action taken based on the recommendations;
iii. where the Chairperson or the Senior Independent Director of JKH disagrees with any or all of the findings and or the recommendations thereon, the areas of disagreement and the reasons, therefore..

In situation (iii), the Board is required to consider the areas of disagreement and determine the way forward. The Chairperson or the Senior Independent Director is expected to take such steps as are necessary to ensure that the complainant is not victimised, in any manner, for having invoked this process. The current Ombudsperson is an attorney-of-law by profession.

No issues were raised by any member of the Companies covered during the year under review.

7. Governance Outlook and Emerging Challenges

The need for maintaining a robust and well-grounded corporate governance framework is vital when operating in a dynamic and challenging socio-economic environment, exacerbated by global volatility. A strong governance mechanism is pivotal in enhancing accountability to diverse stakeholders, ensuring corporate transparency, fair-mindedness and creating sustainable value. In this light, the Group will continue to stay abreast of governance best practice and assess its level of preparedness and its capability in meeting and managing evolving internal and external challenges.

The pursuit of continuous improvement in governance, emphasis on environmental and social considerations, and a call for increased accountability and transparency continue to influence and shape the role of Board governance aspects. It not only mitigates risks but also fosters trust, attracts investment, and drives sustainable growth.

Corporate Governance

Emphasis on Environmental, Social and Governance (ESG) Aspects

ESG analysis and ESG focused investing continue to gain traction amongst governments, multilateral funding agencies, investment professionals and high net-worth investors, given the aim of reducing negligent and irresponsible corporate behaviour that may have an adverse impact on the environment, infringe on human rights, and foster corruption and bribery, among others. Implementing effective ESG policies and practices is crucial for Companies not only to attract talent and retain employee loyalty but also for its long-term survival and sustainable growth.

The Group is of the view that emphasis on ESG fosters a 360-degree analysis of performance and enables a sustainable business model, which can derive value to all stakeholders. Various measures have been, and are, in place, to ensure a holistic view of performance including managing scarce natural resources, mitigating impact of the Group's businesses on the environment, enhancing the well-being of all stakeholders, and ensuring effective governance mechanisms. Such metrics are revisited regularly during decision-making. The Group will stay abreast and, where possible, ahead of developments in this regard and continue to integrate ESG elements with business strategy, operations and in reporting.

Digital Oversight and Cyber Security

Whilst the rapidly advancing nature of technology and the continual integration of the Group's operations with technological progress has enhanced and streamlined processes and controls and opened up opportunities, it has resulted in increased vulnerability from a digital standpoint. As a result, the Board places significant emphasis on ensuring that the Group's soft and hard infrastructure is designed in a manner, and adequate, to deal with and prevent potential breaches. Data protection and cyber security are regularly addressed during the Risk Management and Audit Committee meetings and periodically discussed at a Board level.

Data Protection, Information Management and Adoption

The presence of continuously evolving IT infrastructure and platforms to meet requirements of day-to-day business, continues to augur well for the Group. Given the emergence of regulations such as the European Union General Data Protection Regulation (GDPR) and the Sri Lankan Personal Data Protection Act No. 9 of 2022, data security, integrity and information management has become pivotal. To this end, the Group with the guidance of our parent Company JKH, will continue to strengthen its data governance structure to ensure ownership and accountability of clearly articulated data governance policies, processes and Group-wide data quality standards.

8 Compliance Summary

The Board, through its operating structures, strived to ensure that the Company and all its subsidiaries and associates complied with all applicable laws and regulations of the country it operates in, including anti-corruption and anti-bribery laws. The Board of Directors also took all reasonable steps in ensuring that all financial statements were prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirements of the CSE and other applicable authorities. Information contained in the financial statements of the Annual Report is supplemented by a detailed Management Discussion and Analysis which explains to shareholders the strategic, operational, investment, sustainability and risk related aspects of the Company, and the means by which value is created and how it is translated into the reported financial performance and is likely to influence future results.

1 Statement of Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosures

MANDATORY PROVISIONS - FULLY COMPLIANT

Sub-section		Compliance status	Reference (within the Annual Report)
(i)	Names of persons who were Directors of the Entity during the financial year	Complied	52 - 54
(ii)	Principal activities of the Entity and its subsidiaries during the year, and any changes therein	Complied	114
(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held	Complied	167
(iv)	a) The float adjusted market capitalisation, public holding percentage, number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement	Complied	166
(v)	A statement of each Director's holding and Chief Executive Officer's holding in shares of the Entity at the beginning and end of each financial year	Complied	98
(vi)	Information pertaining to material foreseeable risk factors of the Entity	Complied	85 - 90
(vii)	Details of material issues pertaining to employees and industrial relations of the Entity	During the year 2023/24, there were no material issues pertaining to employees and industrial relations of the Company	N/A
(viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	Complied	143 - 146
(ix)	Number of shares representing the Entity's stated capital	Complied	166
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Complied	166
(xi)	Financial ratios and market price information	Complied	170
(xii)	Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year	Complied	143 - 146
(xiv)	Details of funds raised through a public issue, rights issue and a private placement during the year	N/A	N/A
(xv)	Information in respect of Employee Share Ownership or Stock Option Schemes	Complied	158 - 160
(xvi)	Disclosures pertaining to corporate governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Listing Rules	Complied	55 - 84
(xvii)	Related party transactions exceeding 10 percent of the equity or 5 percent of the total assets of the Entity as per audited financial statements, whichever is lower	Complied	163-164

Corporate Governance

2 Statement of Compliance with Section 7.10 of the Listing Rules of the CSE on Corporate Governance

MANDATORY PROVISIONS - FULLY COMPLIANT

Rule No.	Subject	Applicable requirement	Reference within the Report
7.10 Compliance			
a./b./c.	Compliance with Corporate Governance Rules	The Company is in compliance with the Corporate Governance Rules and any deviations are explained where applicable	Corporate Governance
7.10.1 Non-Executive Directors			
a./b./c.	Non-Executive Directors (NED)	2 or at least 1/3 of the total number (whichever is higher) of Directors should be NEDs	Corporate Governance
7.10.2 Independent Directors			
a.	Independent Directors (ID)	2 or 1/3 of NEDs, whichever is higher, should be independent	Corporate Governance
b.	Independent Directors	Each NED should submit a signed and dated declaration of independence or non-independence	Available with the Secretaries for review
7.10.3 Disclosures relating to Directors			
a./b.	Disclosure relating to Directors	The Board shall annually determine the independence or otherwise of the NEDs	Corporate Governance
c.	Disclosure relating to Directors	A brief resume of each Director should be included in the Annual Report (AR) including the Director's areas of expertise	Board of Directors section
d.	Disclosure relating to Directors	Provide a brief resume of new Directors appointed to the Board along with details to CSE	Corporate Governance
7.10.4 Criteria for defining independence			
a. - h.	Determination of Independence	Requirements for meeting the criteria to be an Independent Director	Corporate Governance
7.10.5 Remuneration Committee			
7.10.5	Remuneration Committee (RC)	The Human Resources and Compensation Committee (equivalent of the RC with a wider scope) of the listed parent company may function as the RC	Corporate Governance
a.	Composition of RC	Shall comprise of NEDs, a majority of whom will be independent One NED shall be appointed as Chairperson of the Committee by the Board of Directors	Corporate Governance
b.	Functions of RC	The RC shall recommend the remuneration of the CEO	Corporate Governance
c.	Disclosure in the Annual Report relating to RC	Names of Directors comprising the RC Satetemnt of remuneration policy. Agregrated remuneration paid to NEDs,	Corporate Governance, Corporate Governance of Holding Company and Notes to the Financial Statements

Rule No.	Subject	Applicable requirement	Reference within the Report
7.10.6 Audit Committee			
a.	Composition of Board Audit Committee (BAC)	Shall comprise of NEDs a majority of whom should be Independent A NED shall be appointed as the Chairperson of the Committee CEO and Financial Controller should attend BAC meetings The Chairperson of BAC or one member should be a member of a professional accounting body	Corporate Governance and the Board Committee Reports
b.	BAC Functions	Overseeing the: preparation, presentation and adequacy of disclosures in the financial statements in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) compliance with financial reporting requirements, information requirements of the Companies Act and related regulations and requirements process to ensure the internal controls and risk management are adequate to meet the requirements of the SLFRS/LKAS assessment of the independence and performance of the External Auditors and Make recommendations to the Board pertaining to appointment, re-appointment and removal of External Auditors, and approve the remuneration and terms of engagement of the External Auditor	Corporate Governance and the Board Committee Reports
c	Disclosure in Annual Report (AR) relating to BAC	Names of Directors comprising the BAC The AC shall determine the independence of the Auditors and disclose the basis for such determination The AR shall contain a Report of the BAC setting out the manner of compliance with their functions	Board Committee Reports

Corporate Governance

3. Statement of Compliance under Section 9 of the Revised Listing Rules of the CSE on Corporate Governance, effective as at 1 April 2024.

MANDATORY PROVISIONS - FULLY COMPLIANT

CSE Rule		Compliance Status	Reference (within the Report)
9.1 Corporate Governance Rules			
9.1.3	A statement confirming compliance with Corporate Governance Rules	Yes	The Group is in compliance with the Corporate Governance Rules and has stated so within the Report with any deviations explained where applicable.
9.3 Board Committees			
9.3.1 b/c/d	Minimum required Board Committees	Yes	The required Committees are maintained and are functioning effectively.
9.3.2	Compliance with the composition, responsibilities and disclosures required in respect of the Board Committees	Yes	The Group is in compliance with the requirements in respect of the Board Committees.
9.4 Meeting procedures and the conduct of all General Meetings with shareholders			
9.4.1	Records of all resolutions and the following information upon a resolution being considered at any General Meeting shall be maintained	Yes	The Group maintains all records and information regarding resolutions considered at General Meetings.
9.4.2 a/b/c	Communication and relations with shareholders and investors	Yes	Refer pages 18 - 20 of the Commentary – Stakeholder Management and Effective Communication.
9.6 Chairperson and CEO			
9.6.1	Requirement for a SID if the positions of Chairperson and CEO are held by the same individual	Not Applicable	-
9.6.2	Market announcement on the rationale behind the appointment of a SID		
9.6.3 a-d	Requirement for a SID		
9.6.3 E	SID shall make a signed explanatory disclosure demonstrating the effectiveness of their duties		
9.6.4	Rationale for the appointment of a SID set out in the Annual Report		
9.7 Fitness of Directors and CEO			
9.7.5 a/b	Disclosures that the Directors and CEO satisfy the Fit and Proper Assessment Criteria stipulated by the CSE, with any non-compliance and remedial action taken also mentioned No non-compliances were reported in this regard.	Yes	Directors are required to provide general disclosures annually, declarations on independence, fitness and propriety and report on any substantial change in their professional responsibilities and business associations.
9.8 Board Composition			
9.8.3 (i) to (viii)	Requirements for meeting the criteria to be an ID	Yes	Details of the independence criteria are explained within the Corporate Governance.

CSE Rule		Compliance Status	Reference (within the Report)
8.5 a/b/c	The Board shall annually determine the independence or otherwise of IDs and name the Directors who are determined to be 'independent'.	Yes	All independent NEDs have submitted declarations as to their independence, and a determination of their independence is evaluated.
9.9 Alternate Directors			
a-e	Appointment of Alternate Directors to be in accordance with the Rules and such requirements to be incorporated into the Articles of Association.	Yes	No Alternate Directors appointed during the financial year. CSE has granted a waiver to amend the Articles of Association to incorporate the requirements of the Rules at an EGM to be held on the same day as the date of the AGM.
9.10 Disclosures relating to Directors			
9.10.2/ 9.10.3	Market announcement upon the appointment of a new Director and any changes to the Board composition	Yes	Market announcement of the new independent NEDs appointed are made through the CSE.
9.10.4 a - i	Details in relation to the Board members	Yes	Refer Board of Directors.
9.12 Remuneration Committee			
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on EDs and individual Directors	Yes	The remuneration of the Executive Directors are determined as per the remuneration principles of the JKH Group and recommended by the Human Resources and Compensation Committee.
9.12.4	Remuneration for NEDs shall be based on a policy of non-discriminatory pay practices to ensure the independence	Yes	Refer Director Remuneration section.
9.12.5	The Remuneration Committee shall have written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	Yes	Refer Human Resources and Compensation Committee section.
9.12.6 (2)	Where the parent company and the subsidiary are Listed Entities, the Remuneration Committee of the parent company may function as the Remuneration Committee of the subsidiary.	Yes	
9.12.6 (3)	An ID shall be appointed as the Chairperson of the Remuneration Committee	Yes	
9.12.7	Functions	Yes	
9.12.8 A	Names of Remuneration Committee Chairperson and members	Yes	
9.12.8 B	Statement of Remuneration policy	Yes	
9.12.8 C	Aggregate remuneration paid to EDs and NEDs	Yes	
9.13 Audit Committee			
9.13.2	The Audit Committee shall have written terms of reference clearly defining its scope, authority and duties.	Yes	Refer Board Audit Committee section.
9.14 Related Party Transactions Review Committee			
9.14.2 (1)	Related Party Transactions Review Committee shall comprise of a minimum of 3 members, majority of whom should be IDs and an ID shall be appointed as the Chairperson	Yes	The Related Party Transactions Committee comprises only of Independent Directors and maintained the minimum requirement of three members throughout the year.

Corporate Governance

CSE Rule		Compliance Status	Reference (within the Report)
9.14.2 (2)	Where the parent company and the subsidiary are Listed Entities, the Related Party Transactions Review Committee of the parent company may function as the Related Party Transactions Review Committee of the subsidiary.	Yes	Refer Related Party Transactions Review Committee section.
9.14.3	Functions	Yes	
9.14.4	General Requirements	Yes	
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Yes	
9.14.6	Shareholder Approval	Yes	Refer Extraordinary General Meetings, including Shareholder Approval through Special Resolution section.
9.14.8 (1)	Details pertaining to Non-Recurrent Related Party Transactions	Yes	Refer Notes to the Financial Statements.
9.14.8 (2)	Details pertaining to Recurrent Related Party Transactions	Yes	
9.14.8 (3)	Report of the Related Party Transactions Review Committee	Yes	Refer Report of the Related Party Transactions Review Committee.
9.14.8 (4)	Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to Related Party Transactions, or a negative statement otherwise	Yes	Refer Annual Report of the Board of Directors.
9.14.9 (1)/(2)	Shareholder approval for acquisition and disposal of substantial assets	Yes	There were no acquisition and disposal of substantial assets during the year 2023/24.
9.14.9 (4)/(5)/(6)	Competent independent advice on acquisition and disposal of substantial asset	Yes	
9.16 Additional Disclosures			
(i)	Directors have disclosed all material interests in contracts and have refrained from voting when materially involved.	Yes	Directors make a disclosure of interests at appointment, at the beginning of every financial year and during the year as required.
(ii)	Directors have conducted a review of the internal controls and obtained reasonable assurance of their effectiveness and adherence	Yes	Board takes steps to ensure the integrity of internal control systems remain effective via the review and monitoring of such systems on a periodic basis.
(iii)	Directors are aware of laws, rules and regulations and their changes particularly to Listing Rules and applicable capital market provisions	Yes	Refer Board Induction and Training section.
(iv)	Disclosure of material non-compliance with laws/regulations and fines by relevant authorities where the Entity operates.	Not Applicable	-

4. Statement of Compliance under Section 9.3.2 of the Listing Rules of the CSE on Corporate Governance

MANDATORY PROVISIONS - FULLY COMPLIANT

Sub-section		Compliance Status	Reference within the Report
(a)	Details pertaining to Non-Recurrent Related Party Transactions (RPT)	Complied	Notes to the Financial Statements (page 163 - 164)
(b)	Details pertaining to RPT	Complied	Notes to the Financial Statements (pages 163 - 164)
(c)	Report of the Related Party Transactions Review Committee	Complied	Report of the Related Party Transaction Review Committee (page 94)
(d)	Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to RPT, or a negative statement otherwise	Complied	Annual Report of the Board of Directors (pages 95 - 99)

5 Statement of Compliance pertaining to the Companies Act No. 7 of 2007

MANDATORY PROVISIONS - FULLY COMPLIANT

Section		Compliance Status	Reference (within the Report)
168 (1) (a)	The nature of the business of the Company or subsidiaries or classes of business in which it has an interest together with any change thereto	Yes	Corporate Information
168 (1) (b)	Signed financial statements of the Group and the Company	Yes	Financial Statements
168 (1) (c)	Auditors' Report on financial statements	Yes	Independent Auditors' Report
168 (1) (d)	Accounting policies and any changes thereto	Yes	Notes to the Financial Statements
168 (1) (e)	Particulars of the entries made in the Interests Register	Yes	Annual Report of the Board of Directors
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company	Yes	Notes to the Financial Statements
168 (1) (g)	Corporate donations made by the Company	Yes	Notes to the Financial Statements
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period	Yes	Board of Directors
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Yes	Notes to the Financial Statements
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries	Yes	Report of the Audit Committee / Financial Statements
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Yes	Financial Statements / Annual Report of the Board of Directors

Corporate Governance

6 Code of Best Practice of Corporate Governance 2017 Issued by CA Sri Lanka

VOLUNTARY PROVISIONS

The Company is compliant with almost the full 2017 Code of Best Practice on Corporate Governance issued by the CA Sri Lanka to the extent of business exigency and as required by the Group.

Directors

- The Company is directed, controlled and lead by an effective Board that possess the skills, experience and knowledge and thus all Directors bring independent judgement on various subjects, particularly financial acumen.
- Roles of Chairperson and CEO are separate. Their performances are appraised annually.
- Board Balance is maintained as the Code stipulates.
- Whilst there is a transparent procedure for Board Appointments, election and re-election, subject to shareholder approval, takes place at regular intervals.
- Specified information regarding Directors is shared in the Corporate Governance Commentary.

Directors' Remuneration

- The Human Resource and Compensation Committee, consisting of exclusively NEDs is responsible for determining the remuneration of the Chairperson and CEO.
- Compensation commitments in the event of early termination, determination of NED remuneration, remuneration policy and aggregate remuneration paid is disclosed under Section 3.1.12 and is in line with the Code.

Relationship with Shareholders

- There is constructive use of the AGM, as per Code. Notice of Meeting, with adequate details, is circulated to shareholders as per statute.
- The Group has in place multiple channels to reach shareholders as discussed under Section 4.5.1.

Other Investors

- Individual shareholders investing directly in shares of the Company are encouraged to carry out adequate analysis and seek independent advice in all investing and/or divesting decisions. They are encouraged to participate at the AGM and exercise their voting rights and seek clarity, whenever required.

Accountability and Audit

- Interim and other price sensitive and statutorily mandated reports are disclosed to Regulators. As evident from the Annual Report of the Board of Directors, the company carried out all business in accordance with regulations and applicable laws, equitably and fairly.
- The Company continues to be a going concern and remedial action for any material events is in place. All related party transactions are reported under the Notes to the Financial Statements.
- There is an annual review of the effectiveness of the Group's risk management and internal controls which ensures the maintenance of a sound system of internal control which is reported on under the Internal Controls section
- The Internal Audit function and the Audit Committee, functions as stipulated by the Code, and are discussed under the Audit Committee section.
- A Related Party Transactions Review Committee is in place and functions in line with the Code.
- There were no violations of the Group Code of Conduct and the Code of Business Conduct and Ethics during the year, which is mentioned under the Chairperson's Message section.

Institutional Investors

- The Company conducts regular and structured dialogue with shareholders based on a mutual understanding of objectives. This is done via the Investor Relations team and through the AGM.

Sustainability

- ESG (environmental, social, and governance) is a pivotal consideration in the JKH Group's decision making. In reporting performance, the Annual Report covers ESG disclosures through the <IR> framework, GRI standards and operations in conformity with the Principles of the United Nations Global Compact and United Nations Sustainable Development Goals.

Internet and Cybersecurity

- The Board has prioritised cybersecurity by appointing a dedicated member responsible for overseeing it within the JKH group. Company has implemented a group policy, conduct periodic reviews to ensure its effectiveness, discuss cybersecurity risks at the board level, and disclose the management of risks in the Annual Report. Furthermore, measures have been taken to secure connectivity for both internal and external devices.

Enterprise Risk Management

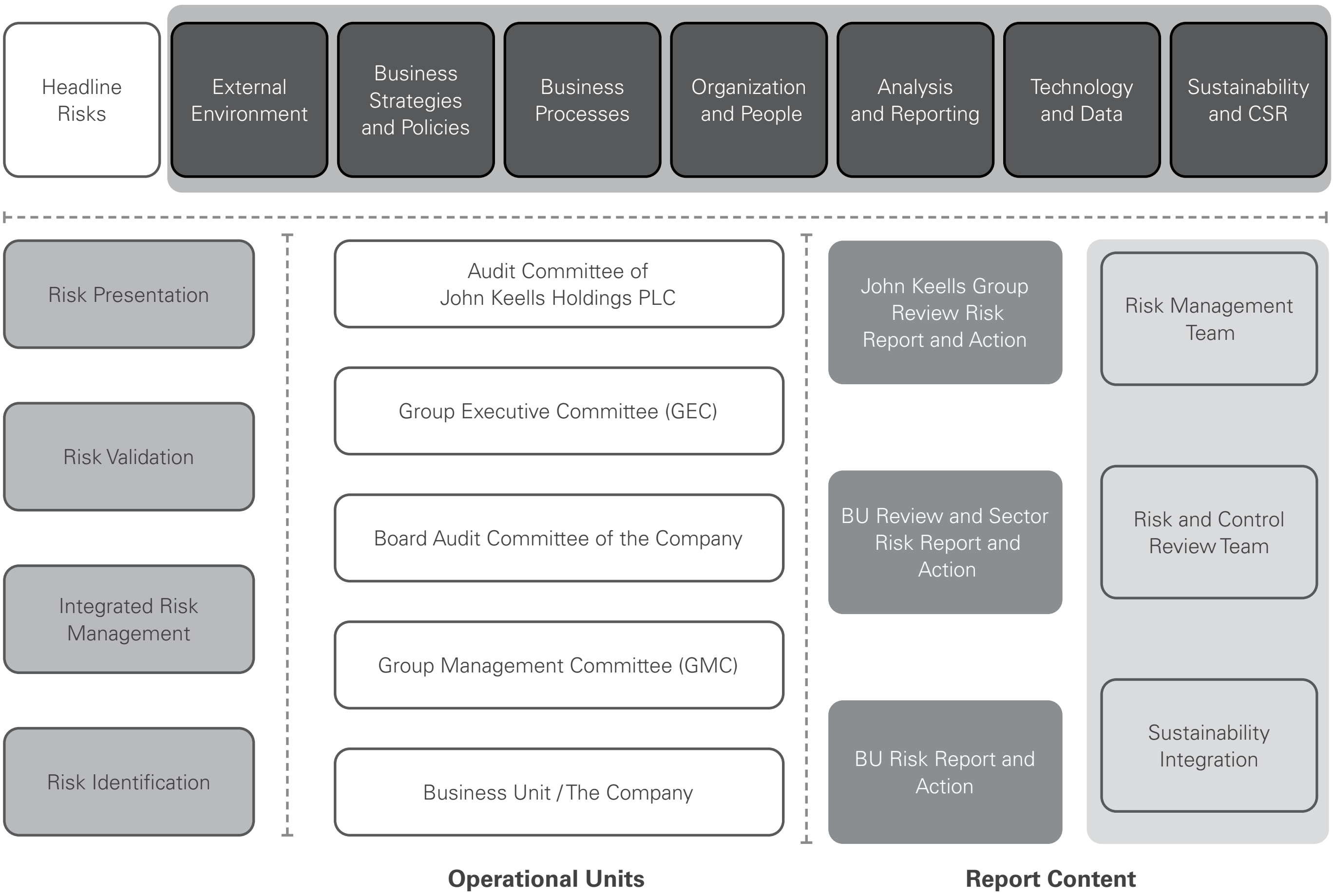
Overview

Enterprise Risk Management (ERM) encompasses the processes of identifying, evaluating, and prioritising risks that could affect the Group. We at John Keells PLC are actively involved in an ongoing risk management procedure, aiming to mitigate negative impacts on business operations and seize potential opportunities. We acknowledge the significant consequences that unattended risks can have on our business objectives.

The Group's risk management strategy aims to enable the smooth implementation of both long-term and short-term strategies, thereby supporting the attainment of overarching business goals. Risk management protocols are embedded within all operational divisions of the Group, spanning produce broking, share broking, and warehousing. The Board of John Keells PLC is committed to ensuring the effective and efficient management of business risks.

The Team behind Risk Management

The management committee of each business segment constitutes the risk management team specific to that segment. These teams are overseen by the Chief Executive Officer. Additionally, each team appoints a Risk Champion who serves as the primary communication liaison for reporting purposes. The risk management teams and champions operate within the framework provided by the Sustainability and Enterprise Risk Management Division of John Keells Holdings PLC.



Enterprise Risk Management

Risk Management Process

01 Identification of Risk → 02 Assessment and Risk Rating → 03 Mitigation of Risk → 04 Monitor and Control → 05 Risk Reporting

Identification of Risk

A 'Risk Event' is identified as any event with a degree of uncertainty which, if occurs, may result in the business unit failing to meet its stated objectives.

Core Sustainability Risks

Core Sustainability Risks are those risks that could have a catastrophic impact on the organisation, yet they may have a very low or negligible probability of occurring.

Risk management team at each business unit is responsible for risk identification within their segment, the staff too proactively commit to notifying any possible risk scenario to their risk management teams, deeming this process more inclusive. The team will also make use of their experience, intelligence gathering, safety audits, internal audits and customer feedback when identifying potential risks.

Assessment and Rating of Risk

Identified risks are assessed on a matrix of 'Impact to Company' and 'Likelihood of Occurrence'. Based on this matrix, each identified risk will be assigned a score, which is tabulated into the Risk Control Self- Assessment (RCSA) document on a scale of "Insignificant" to "Ultra-high".

Mitigation of risk

The risk management team determines risk management measures, including acceptance, mitigation, control, and transfer. Each identified risk is assigned to a member of the risk team as the risk owner based on their expertise, will review the effectiveness of the internal controls implemented and monitor new risks which are arising.

High-level or core risks undergo review by the Group Management Committee (GMC), led by the President to validate the risk process. The risk owners are also tasked with implementing strategies within agreed timelines and providing updates to the risk committee accordingly. Risk doesn't remain static, and it is essential that Risk Management remains an on-going process with regular monitoring and reviewing of risks, process, outcome and efficiency of the risk treatment measures. Independent Internal audits are carried out regularly to ensure that there are sound internal controls and procedures in place to manage and mitigate risks.

Monitoring and Control

The Risk Management Team, headed by the CEO, is responsible to ensure that each risk item is properly identified, mitigation actions are put in place, and are reported on during the risk review process. The implemented operational and management controls and mitigation plans are regularly verified through independent internal audits and by the Sustainability and Enterprise Risk Management Division of John Keells Holdings PLC.

Risk Reporting

Regular reporting on risk status, mitigation efforts and emerging risks helps ensure transparency and accountability. Each business unit is responsible for the review of the Risk register quarterly, confirmed by signing off the operational compliance statements. These are also signed off by the President/Sector Head of the Sector, prior to being presented to the Board Audit Committee (BAC) where the BAC on behalf of the Board, reviews the risk management process adopted by the Company.

The significant risk areas that impact on the achievement of the strategic business objectives of the Company and measures taken to address these risks are discussed below.

Impact to Company	Extreme	5	5	10	15	20	25
	Very High	4	4	8	12	16	20
	High	3	3	6	9	12	15
	Minor	2	2	4	6	8	10
	Insignificant	1	1	2	3	4	5
Risk Rating Matrix			1	2	3	4	5
			Remote	Unlikely	Possible	Likely	Almost Certain
			Likelihood of Occurrence				

Score	Risk Rating
1-2	Insignificant
3-6	Low
7-9	Medium
10-12	High
13-25	Very High

<table>
<tr><th>Risk Description and Rating</th><th>Risk Response</th></tr>
<tr><td>Other Brokers not adhering to by-laws
Since other brokers failing to follow industry regulations will result in a loss of business for John Keells PLC.

Risk Rating
2023/2024: Low | 2022/2023: Medium</td><td>• Colombo Brokers Association (CBA) carrying out regular audits.
• John Keells PLC checks other brokers' stores and catalogues after the sale.</td></tr>
<tr><td>Loss of business due to factories closing down
All the key stakeholders in the industry work as a closely-knit system. Therefore, any closing down of factories directly affects the supply chain of the industry and causes loss of business and financial losses to the Company.

Risk Rating
2023/2024: Low | 2022/2023: Medium</td><td>• The Company closely monitors the green leaf intakes to the factories, and the catalogued quantities.
• Conducting thorough background investigations before accepting new business opportunities.</td></tr>
<tr><td>Inadequate power supply/lack of fuel
Disruption to operations due to inadequate or lack of power supply/fuel directly affects the supply chain of the industry and causes loss of business and financial losses to the Company.

Risk Rating
2023/2024: Low | 2022/2023: Medium</td><td>• Maintain fuel stocks at adequate levels for the backup generator.</td></tr>
<tr><td>Exposure on lending
Providing advances over and above the stock values will reduce cash flows and profitability.
Exposure to probable losses due to delayed or non-settlement.

Risk Rating
2023/2024: Medium | 2022/2023: Medium</td><td>• The Company deals mostly with recognised, credit-worthy clients who are private tea factory owners & plantation companies. Credit risks are minimised as we advance funds based on the inventory available in our warehouse, valued based on historical as well as potential market trends.
• Advances granted will only be within stock values.
• Minimise over advancing and credit policy and adherence to the policy manual and processes in place.
• Management supervision of adherence to credit policy, advance approval grid and automated procedure.
• Legal action would be taken on clients who fail to adhere to the commitment they made</td></tr>
</table>

Enterprise Risk Management

<table>
<tr><th>Risk Description and Rating</th><th>Risk Response</th></tr>
<tr><td>

Power failures during the E Auction

Nationwide electricity power disruptions interrupt the ongoing sale of a catalogue

<table>
<tr><th colspan="2">Risk Rating</th></tr>
<tr><td>2023/2024</td><td>2022/2023</td></tr>
<tr><td>Low</td><td>Medium</td></tr>
</table>

</td><td>

- This can be dealt with by logging into the system with multiple devices out of which any could be used as a backup.
- Wifi has been backed up with a battery in order for continuity till the generator can be switched on.

</td></tr>
<tr><td>

Dependence on outsourced IT vendors for system support

Creates disruptions to the business processes as the company is vulnerable in case of system breakdowns. External vendor may not meet the expected service quality levels.

<table>
<tr><th colspan="2">Risk Rating</th></tr>
<tr><td>2023/2024</td><td>2022/2023</td></tr>
<tr><td>Low</td><td>Low</td></tr>
</table>

</td><td>

- John Keells PLC invested in a security infrastructure appropriate for its size and scale of operations & security procedures are constantly updated to take account of the latest knowledge and technical enhancements. Security regulations cover technical aspects as well as organisational measures including staff training, end user computer policies etc. The Company has a fully-fledged disaster recovery location in place and recovery plan is tested periodically and found to be satisfactory.
- Contracted outsourced vendor for the entirety of the solution - CICRA
- Conducting IT internal audits, management supervision & legal contractual obligations from both parties are in place to mitigate risk

</td></tr>
<tr><td>

Fire hazards

This will cause loss of stocks, owned property and in worst case scenarios may lead to loss of human resources.

<table>
<tr><th colspan="2">Risk Rating</th></tr>
<tr><td>2023/2024</td><td>2022/2023</td></tr>
<tr><td>Low</td><td>Low</td></tr>
</table>

</td><td>

- We make sure that a Business Continuity Plan is in place and reviewed on a quarterly basis.
- John Keells Warehousing has installed fire smoke detectors and carries out annual compliance audits. Further, the Company has obtained OHSAS & HACCP certification to ensure up to date adherence to safety requirements.
- Conducting regular fire drills.
- Covering all possible risks through an insurance policy

</td></tr>
<tr><td>

Decline in utilisation due to closing down of factories / adverse weather and fertilizer issues

Decline in utilisation due to closing down of factories / adverse weather and fertilizer issues.

<table>
<tr><th colspan="2">Risk Rating</th></tr>
<tr><td>2023/2024</td><td>2022/2023</td></tr>
<tr><td>Medium</td><td>Medium</td></tr>
</table>

</td><td>

- Orchestrating agreements with third party tea brokers
- Looking into openings of synergising with 3PL service providers including John Keells Logisitics Lanka (Pvt) Ltd and etc
- Looking into options of expanding into the 3PL business independently
- Monitoring of green leaf intakes to the factories, and catalogued quantities

</td></tr>
</table>

<table>
<tr><th>Risk Description and Rating</th><th>Risk Response</th></tr>
<tr><td>Natural Disasters

Disastrous events of nature will cause loss of productivity, damage to critical assets such as stocks, machinery & equipment and may even cause harm to human resources.

<table><tr><th colspan="2">Risk Rating</th></tr><tr><td>2023/2024</td><td>2022/2023</td></tr><tr><td>Low</td><td>Low</td></tr></table></td><td>JKPLC has a Business Continuity Plan (BCP) in place, which is reviewed and updated quarterly.
We ensure that our assets are adequately covered through insurance</td></tr>
<tr><td>Fraud & Corruption

Any frauds and corruption within the business will result in loss of revenue and will hinder the business reputation which has been built over the years.

<table><tr><th colspan="2">Risk Rating</th></tr><tr><td>2023/2024</td><td>2022/2023</td></tr><tr><td>Low</td><td>Low</td></tr></table></td><td>We carefully monitor and review Forestpin analyses in collaboration with Group Business Process Review.
We ensure that in case of frauds and corruptions an adequate insurance policy is in place for compensations.
There is constant management supervision and internal audits conducted to oversee and investigate any frauds/deviations to internal control systems. Strict disciplinary action is taken towards any frauds identified</td></tr>
<tr><td>Increase in interest rates.

Leads to increases in the Company’s overall borrowing cost.

<table><tr><th colspan="2">Risk Rating</th></tr><tr><td>2023/2024</td><td>2022/2023</td></tr><tr><td>Low</td><td>Low</td></tr></table></td><td>We maintain constant communication with Group Treasury & CBA on minimum lending rates.
We regularly review the Average Weighted Prime Lending Rate (AWPLR) and revise the interest rate charged to clients.</td></tr>
<tr><td>Macro-economic environment of exporting countries

May result in increased operational cost & potential loss of revenue.

<table><tr><th colspan="2">Risk Rating</th></tr><tr><td>2023/2024</td><td>2022/2023</td></tr><tr><td>Medium</td><td>Low</td></tr></table></td><td>Monitoring of the environment and altering the grade mix of factories to suit the requirements of importing countries through our manufacturing advisers.
We maintain extra space in the warehouses in the short run to accommodate any shorter fluctuations of quantities.
Synergising with John Keells Logistics for storage as and when needed</td></tr>
<tr><td>Challenges in information Governance and Information Security

Loss of confidentiality, integrity and availability loss of Customer Confidence.

<table><tr><th colspan="2">Risk Rating</th></tr><tr><td>2023/2024</td><td>2022/2023</td></tr><tr><td>High</td><td>High</td></tr></table></td><td>Data and email classification has been implemented
Internet security and vulnerability management to be enhanced with Cloud migration of new OMS.
Required IT Security/Zero trust controls implemented as per JKH IT policy.
Staff Awareness
Updated Privacy Policy on the website with guidance of JKH Group Legal.</td></tr>
</table>

Enterprise Risk Management

<table>
<tr><th>Risk Description and Rating</th><th>Risk Response</th></tr>
<tr><td>Unauthorised access to critical assets
Will impact to the loss of potentially important data.

Risk Rating
2023/2024: Low
2022/2023: No rating</td><td>• Activating DR
• Following Group IT policies
• Internal audits
• Manual Check
• User access reviews</td></tr>
<tr><td>Sexual Harassment at Workplace
Will impact to cause a reputational damage to the firm and safety of the employees will be at risk.

Risk Rating
2023/2024: Low
2022/2023: No rating</td><td>• Conducting awareness sessions.</td></tr>
<tr><td>Buyers logging into the sale during the auction from JKPLC
Will impact to IP addresses being tracked and JKPLC being implicated in manipulating the sale.

Risk Rating
2023/2024: Low
2022/2023: No rating</td><td>• Buyers are not allowed to be present at the office on auction days.</td></tr>
</table>

Responsibility of the Board of Directors on Risk Management report of the Company

The Board holds the responsibility for maintaining an effective system of internal control and risk management. The Board Audit Committee, acting on behalf of the Board, reviews the Risk Management process implemented and reported by the Group before presenting it for discussion by the Board.

The Board affirms the existence of a process for identifying, evaluating, and managing significant risks that may impede the achievement of John Keells PLC's strategic objectives throughout the year. This process aligns with the guidelines outlined by the Institute of Chartered Accountants of Sri Lanka and industry best practices. Additionally, in accordance with the Sri Lanka Accounting Standards (SLFRS), potential Financial Risks are disclosed in the Financial Statements on pages 106 to 112 under notes to the Financial Statements.

Report of the Board Audit Committee

Introduction

The Audit Committee presents this report as part of its oversight responsibility regarding the financial reporting process of the Company for the financial year 2023/24. This report aims to provide stakeholders with insights into the effectiveness of internal controls, risk management, and the integrity of financial reporting.

Role of the Board Audit Committee

The Board Audit Committee represents and assists the Board in fulfilling its responsibility relating to the integrity of the financial statements and the financial reporting process, the systems of internal control, compliance with legal and regulatory requirements, risk management practices and the adequacy of external and internal audit with a view to safeguarding the interests of the shareholders and all other stakeholders.

The Audit Committee Charter clearly defines the terms of reference of the Committee and regulates its composition, role and responsibilities. The Audit Committee Charter is periodically reviewed and revised with the concurrence of the Board of Directors to ensure that new developments relating to the function of the Committee are adopted.

Internal Controls.

Ensuring the prevalence and adequacy of Company's internal control and risk management framework.

Audit

Assessing the independence and monitoring the performance of external auditors and outsourced internal auditors and follow up on their findings and recommendations.

Effective Financial Reporting Systems

Ensuring the integrity of the financial statements of the Company and that good financial reporting systems are in place to provide accurate, appropriate and timely information to the management, regulatory authorities, shareholders and other stakeholders in accordance with the Sri Lanka Accounting Standards as defined by The Institute of Chartered Accountants of Sri Lanka, Companies Act No. 07 of 2007, the Sri Lanka Accounting and Auditing Standards and the Listing Rules of the Colombo Stock Exchange (CSE).

Risk Management

Review and assess principal and emerging risks faced by the Company and the risk management process adopted.

Assessing Going Concern

Assessing the Company's ability to continue as a going concern in the foreseeable future.

Compliance

Reviewing the Company's compliance with relevant legal and regulatory requirements and ensuring that high standards of Corporate Governance are in place.

Composition of the Board Audit Committee

The Board Audit Committee is appointed by and accountable to the Board of Directors and is formally constituted as a Sub Committee of the Board in accordance with the Listing Rules of the CSE. Its members possess a diverse range of expertise and experience necessary to fulfill their responsibilities and their detailed profiles can be found on pages 52 to 54 of this report.

Name of Director	
Ms. B. A. I. Rajakarier (Chairperson)	Independent, Non-Executive Director
Ms. A. K. Gunawardhana	
Mr. C. N. Wijewardane	

The Chief Financial Officer of the Plantation Services Sector of the John Keells Group serves as the Secretary to the Committee.

Meetings of the Board Audit Committee

The Committee convened six times during the fiscal year 2023/2024 and the attendance of the committee members at these meetings are detailed below. Invitations are extended to the Chief Executive Officer, the Head of Operations, Head of Marketing, the Finance Manager of the Company, the Sector Financial Controller and the Head of Group Business

Report of The Board Audit Committee

Process Review at John Keells Holdings PLC (JKH), to attend meetings. Other officials are invited to attend on a need basis. External auditors and outsourced internal auditors also attend meetings upon invitation as needed.

The activities and perspectives of the committee have been conveyed to the Board of Directors by presenting the minutes of the meetings during Board meetings, and verbally when deemed necessary. The Chairperson and Committee members maintained regular communication with the Company's management through various meetings and correspondence to oversee the auditing and control aspects in the Company.

Name of Director	Attendance at Committee Meetings						
	16-05-2023	18-05-2023	19-07-2023	27-10-2023	26-01-2024	20-03-2024	Attendance
Ms. B. A. I. Rajakarier	√	√	√	√	√	√	6/6
Ms. A. K. Gunawardhana	√	√	√	√	√	√	6/6
Mr. C. N. Wijewardane	√	√	√	√	-	√	5/6

Summary of Activities of the Audit Committee during the Financial Year

Financial Reporting

- The Committee reviewed the financial reporting process used in the preparation of quarterly and annual financial statements, ensuring the reliability of processes and the consistency of the accounting policies and methods adopted in accordance with Sri Lanka Accounting Standards.

- Subsequently, the Committee endorsed the Annual and the Quarterly Financial Statements to the Board for consideration and approval. Furthermore, in evaluating the financial reporting system, the Committee acknowledged the sufficiency and quality of routine management information reports provided to its members.

- Assessed the adequacy of the internal controls and procedures, to obtain reasonable assurance that the financial reporting system is effective in providing reliable and timely information.

- The Committee is satisfied that all relevant matters have been considered in the preparation of the financial statements through discussion with management, regarding the operations of the Company both during the financial year and its outlook.

- The Committee continues to monitor compliance in accordance with the Sri Lanka Financial Reporting Standards of the Institute of Chartered Accountants of Sri Lanka, Companies Act No. 7 of 2007, Sri Lanka Accounting and Auditing Standards and the Listing Rules of the Colombo Stock Exchange.

Internal Controls and Risk Management

- The Committee satisfied itself that adequate controls and procedures are in place to provide reasonable assurance to the effect that the Company's assets are safeguarded and that the financial reporting system can be relied upon in preparation and presentation of financial statements.

- The Committee conducted a thorough examination of the risk management process, ensuring the identification, assessment, and mitigation of all significant risks faced by the Company. The management, with the guidance of the Sustainability and Enterprise Risk Management Division of the John Keells Group, identified key operational risks, and where required, took necessary measures to address them.

- Formal confirmations and assurances were provided quarterly by the management regarding the effectiveness and status of internal control systems, risk management systems, and compliance with relevant laws and regulations.

Internal Audit

- The Committee reviewed and approved the internal audit plan and scope of work developed in consultation with the Group BPR Division and the outsourced internal auditors (BDO Partners).

- Reviewed and discussed the internal audit reports presented by the outsourced internal auditors which were thoroughly examined and deliberated upon in conjunction with both management and the Group BPR Division. The findings and recommendations received careful consideration and were subsequently monitored for implementation.

- The Committee also met the outsourced internal auditors, without the management present.

External Audit

- The Committee along with the external auditors and the management, reviewed and approved the external auditor's work plan and resources and agreed on various key areas of focus prior to the commencement of the audit.

- The external auditor updated the committee on an on-going basis regarding any unresolved matters of significance.

- The Committee met with the external auditors prior to the conclusion of the audit, the to discuss all audit issues and agreed on their treatment. The Committee also met the external auditors, without the management present, prior to the finalisation of the financial statements.

- A declaration has been submitted by Messrs. Ernst & Young to the Committee, confirming the compliance on its independence criteria as required by the Companies Act No.07 of 2007 and the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka. The Committee is satisfied that the independence and objectivity of the external auditors are safeguarded and has not been impaired by any event or service that gives rise to a conflict of interest. The assigned audit and non-audit work were reviewed by the Committee and due consideration has been given to the level of audit and non-audit fees received by the external auditors.

- The Company's senior management conducted a structured assessment to appraise the performance of the External Auditors. Based on this evaluation, the Committee has recommended to the Board of Directors the re-appointment of Messrs. Ernst & Young as Auditors for the fiscal year ending March 31, 2025, pending approval by shareholders at the upcoming Annual General Meeting.

Ethics and Good Governance

The continuous emphasis by the Committee on sustaining the ethical values of the employees through the speak up policy ensures that all members of staff are encouraged to resort to Whistleblowing, if they suspect wrongdoing or other improprieties. Appropriate procedures are in place to conduct independent investigations into incidents reported through Whistleblowing or identified through other means. The reported incidents and concerns raised are reviewed and investigated on a periodic basis and confidentiality of the identity of the whistle blower is maintained. The Committee reviewed the whistle-blowing arrangements for the Company during the year.

Evaluation of The Board Audit Committee

An assessment of the Committee's effectiveness was conducted during the year, and actions were taken to address any identified issues. The outcomes of this evaluation were presented at the Board Audit Committee meeting and communicated to the Company's Board of Directors.

Compliance of the Board Audit Committee

The Committee's scope and responsibilities adhere to the standards outlined in the Code of Best Practice on Audit Committee. Furthermore, the Committee has operated in accordance with the guidelines set forth in the Code of Best Practice on Corporate Governance and the Corporate Governance Rules as outlined in section 7.10 of the Listing Rules of the Colombo Stock Exchange.

Conclusion

The Audit Committee is satisfied that the effectiveness of the organisational structure of the Company and the implementation of accounting policies and operational controls provide reasonable assurance that the affairs of the Company are managed in accordance with accepted policies and the assets are properly accounted for and adequately safeguarded.

B. A. I. Rajakarier

Chairperson of the Board Audit Committee

20th May 2024

Report of the Related Party Transactions Review Committee

Composition

The following Directors served as members of the Committee during the financial year:

- A.N. Fonseka
- D.A. Cabraal
- D.V.R.S. Fernando

M.P. Perera – former Chairperson retired from the RPT committee with effect from 1st July 2023

S.A. Coorey – appointed to the RPT committee with effect from 1st July 2023 and resigned with effect from 8th November 2023.

The Chairperson-CEO, Deputy Chairperson/Group Finance Director, and Group Financial Controller attended meetings by invitation. The Head of Group Business Process Review served as the Secretary to the Committee. The Committee held four meetings during the financial year, which were held on a quarterly basis. Information on the attendance at these meetings by the members of the Committee is given alongside. Urgent transactions that required prior approval of the Committee were dealt with by circulation among the members.

Objective and Governing Policies

The objective of the Committee is to exercise oversight on behalf of the Board of John Keells Holdings PLC and its listed subsidiaries, to ensure compliance with all applicable rules and regulations, namely the Code on Related Party Transactions, as issued by the Securities and Exchange Commission of Sri Lanka ('The Code') and the Listing Rules of the Colombo Stock Exchange (CSE). The Committee has also adopted best practices as recommended by the Institute of Chartered Accountants of Sri Lanka and ensures that transactions are in line with the Groups' internal governance framework and associated policies.

Procedure

The Committee in discharging its functions primarily relied on processes that were validated from time to time and periodic reporting by the relevant entities and Key Management Personnel (KMP) with a view to ensuring that:

- there is compliance with 'The Code' and the Listing Rules of the CSE
- shareholder interests are protected; and
- fairness and transparency are maintained.

Non-recurrent Related Party Transactions (RPTs) of listed entities:

The Committee advocated the Management to implement appropriate procedures to ensure that all non-recurrent RPTs of the Group listed entities are submitted to the Committee, for pre-approval. Accordingly, the Committee reviewed and pre-approved all proposed non-recurrent Related Party Transactions (RPTs) of the parent, John Keells Holdings PLC, and all its listed subsidiaries, namely: Asian Hotels and Properties PLC, Ceylon Cold Stores PLC, John Keells PLC, John Keells Hotels PLC, Keells Food Products PLC, Tea Smallholder Factories PLC, Trans Asia Hotels PLC and Union Assurance PLC.

Recurrent RPTs of listed entities:

The Committee has endorsed guidelines to facilitate disclosures and assurances to be provided by the senior management of listed entities in the Group so as to validate compliance with sec 9.5(a) of the listing rules and thus exclusion from the mandate for review & pre-approval of such transactions by the Committee.

Accordingly Recurrent RPTs as well as the aforesaid disclosures & assurances were reviewed annually by the Committee.

Other significant transactions of non-listed subsidiaries:

Material transactions of non-listed subsidiaries in the Group were presented to the Committee for information.

The Group continued to adopt a broader scope in defining key management personnel including therein all senior decision makers. Accordingly, in addition to the Directors, all Presidents, Executive Vice Presidents, Chief Executive Officers, Chief Financial Officers and Financial Controllers of respective companies/ sectors have been designated as KMPs in order to increase transparency and enhance good governance. Annual disclosures from all KMPs setting out any RPTs they were associated with, if any, were obtained and reviewed by the Committee.

The activities and views of the Committee have been communicated to the Board of Directors, quarterly, through verbal briefings, and by tabling the minutes of the Committee's meetings.

A.N. Fonseka
Chairperson of the Related Party Transaction Review Committee

20 May 2024

Annual Report of The Board of Directors

The Directors are pleased to present the 77th Annual Report, comprising the Audited Financial Statements of John Keells PLC (referred to as 'the Company' or 'JKPLC'), as well as the Audited Consolidated Financial Statements of the JKPLC Group for the fiscal year ended 31st March 2024.

General

This report also takes into account the stipulations of the Companies Act No. 07 of 2007 (as amended), the Securities and Exchange Commission of Sri Lanka Act, No. 19 of 2021 the applicable Listing Rules of the Colombo Stock Exchange (CSE), and endorsed reporting and corporate governance standards, such as the guidelines on the Code of Best Practices concerning Related Party Transactions (2013) issued by the Securities and Exchange Commission of Sri Lanka (SEC), the Code of Best Practice on Corporate Governance (2013) jointly issued by the SEC and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and the Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka, as per the needs of the business, while also being informed by recommended best accounting procedures.

The Company was incorporated on 01st April 1960 as a Public Limited Liability Company and the issued shares of the Company are listed on the CSE. Pursuant to the requirements of the Companies Act, the Company obtained a new Company registration No. PQ11 on 15th June 2007.

Principal Activities

Company

The core activities of the Company continue to revolve around providing produce broking services, with no significant changes observed.

Subsidiaries

John Keells Stockbrokers (Private) Limited offers stock broking services.

John Keells Warehousing (Private) Limited offers warehousing facilities.

Business Review

A review of the Company and its subsidiaries' (JKPLC Group's) performance during the financial year is given in the Chairperson's Statement and in the Management Discussion and Analysis. These reports form an integral part of the Directors Report and provide a fair review of the performance of the JKPLC Group during the financial year ended 31st March 2024.

Financial Statements

The Financial Statements of the Company and the JKPLC Group are set out on pages 106 to 112 of the Annual Report.

The accounting period completed and signed in accordance with section 151, and any group financial statements for the accounting period completed and signed in accordance with section 152 . (Section 168 (1) (b).

Auditor's Report

The Auditor's Report on the Financial Statements is given on pages 103 to 105 of the Annual Report.

Significant Accounting Policies

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 114 to 119 of the Annual Report.

Going Concern

The JKPLC Group has prepared the financial statements for the year ended 31 March 2024 on the basis that it will continue to operate as a going concern. Based on available information, the management has assessed prevailing macroeconomic conditions and its effect on the JKPLC Group companies in determining the going concern basis for preparation of financial statements.

The management has formed judgment that the Company, its subsidiaries, associates and joint ventures have adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalisation of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the JKPLC Group.

In determining the above, significant management judgement, estimates and assumptions, the impact of the macroeconomic uncertainties, including exchange rate volatilities, supply chain disruptions and interest rate volatilities have been considered as of the reporting date and specific considerations have been disclosed under the notes, as relevant.

The Financial Statements are prepared on the basis that the Company is a "Going Concern".

Stated Capital

The total stated capital of the Company as at 31st March 2024 was Rs. 152 million (2023- Rs. 152 million).

Revenue

Revenue generated by the Company amounted to Rs. 563 million (2023 - Rs. 650 million), whilst JKPLC Group revenue amounted to Rs. 942 million (2023 - Rs. 1,025 million). Contribution to JKPLC Group revenue, from the different business segments is provided in Note 10 to the Financial Statements on page 135.

Results and Appropriations

The profit/(loss) after tax of the Company was Rs. 160 million (2023 - Rs.319 million) whilst the JKPLC Group profit / (loss) attributable to equity holders of the Company for the year was Rs. 151 million (2023- Rs.306 million).

Results of the Company and of the JKPLC Group are given in the Income Statement on page 106.

Annual Report of The Board of Directors

Detailed description of the results and appropriations are given below

Profits In Rs.000	JKPLC Group 2023/2024	 2022/2023	Company 2023/2024	 2022/2023
After making provision for bad and doubtful debts and for all known liabilities and after providing for depreciation on fixed assets, the profit/(loss) earned was	220,875	495,392	233,315	473,373
From which has to be (deducted) the provision for taxation of	(76,874)	(185,895)	(73,428)	(154,417)
Leaving a net profit/(loss) on ordinary activities after taxation of	144,001	309,497	159,887	318,956
From which the amount attributable to minority Interest was (deducted)/added	(7,062)	(3,647)		
To which Other Comprehensive Income was added/(deducted)	(92,204)	(222,885)	(233,780)	(343,585)
To which share Based payment Expenses is added	11,296	8,802	(4,042)	3,348
And after the balance brought forward from the previous year was added	4,164,830	4,325,006	3,554,634	3,785,791
The amount available for appropriation was	4,233,234	4,334,190	3,484,783	3,773,994
Appropriations				
An interim dividend of Rs. 2.95 per share paid for 2022/23 on 11th April 2023 (First and Final Dividend of Rs. 2.90 per share paid for 2023/24	(176,320)	(179,360)	(176,320)	(179,360)
Leaving a balance to be carried forward to the next year of	4,056,924	4,164,830	3,308,463	3,554,634

Donations

During the year under review the Company donated Rs. Nil.

The majority of the CSR endeavors and undertakings within the JKPLC Group are overseen by the John Keells Foundation, which receives financial backing from various entities within the JKH Group. This foundation is responsible for coordinating a variety of initiatives aimed at upholding the core value of ethical business practices and fostering sustainable growth.

The Company's contribution to John Keells Foundation was Rs. 1.87 (2023 - Rs.0.83 million) and the Group's contribution was Rs. 2.07 (2023 - Rs. 2.01 million) respectively.

Property, Plant and Equipment

The book value of property, plant, and equipment as at the Reporting date amounted to Rs. 19 million (2023 - Rs. 20 million) and Rs. 780 million (2023 - Rs. 594 million) for the Company and Group respectively.

Capital expenditure for the Company and JKPLC Group amounted to Rs. 3 million (2023 - Rs. 11 million) and Rs. 7 million (2023 - Rs. 21 million), respectively. Details of property, plant and equipment and their movements are given in Note 18 to the Financial Statements on pages 143 to 146.

Market Value of Properties

According to the specifications of SLAS40 (2005) Investment Property, all properties classified as investment property were valued. Investment property owned by the company and the JKPLC Group has a carrying value of Rs. 514 million (2023-Rs. 484 million) and Rs. 514 million (2023 - Rs. 484 million) respectively.

The investment, property was revalued by Mr. P. B. Kalugalagedara, Associated Chartered Valuer as at 31st December 2023.

Details of the valuation of Investment property is provided in Note 20 to the Financial Statements on pages 148 to 150.

The real estate portfolio of the JKPLC Group as at 31st March 2024 is disclosed on page 150.

Investment

Investments of the Company and the JKPLC Group and other external investments amounted to Rs. 2,635 million (2023 - Rs. 2,878 million) respectively.

Investment in Waterfront Properties (Pvt) Ltd

During the year, the Company's shareholding in Waterfront Properties (Pvt) Ltd was diluted to 1.11 percent from 1.96 percent as a result of the direct equity infusion in Waterfront Properties (Pvt) Ltd by the John Keells Holdings PLC (JKH) as envisaged at the outset of the project.

A detailed description of the long-term investments held as at 31st March 2024, are given in Note 24 to the Financial statements on pages 154 to 155.

Reserves

Total reserves as at 31st March 2024 of the Company and JKPLC Group amounted to Rs. 3,308 million (2023- Rs. 3,554 million) and Rs. 4,056 million (2023 - Rs. 4,164 million), respectively.

The movement and composition of the Capital and Revenue reserves is disclosed in the Statement of Changes in Equity on pages 109 to 110.

Events Occurring After the Reporting Date

There have been no events subsequent to the Reporting date which would have any material effect on the Company or on the JKPLC Group other than those disclosed in Note 37 to the Financial Statements on page 165.

Contingent Liabilities and Capital Commitments

There have been no commitments or contingent liabilities other than those stated in Note 36 on page 165 of this Annual Report.

Human Resources

The number of persons employed by the Company and JKPLC Group as at 31st March 2024 was 49 (2023 - 49) and 77 (2023 - 76), respectively.

The JKPLC Group is dedicated to implementing a range of Human Resources (HR) programs aimed at fostering the personal growth of our teams while also fostering value creation for themselves, the company, and all stakeholders involved.

There were no material issues pertaining to employees and industrial relations in the year under review.

Corporate Governance

The Report details corporate governance practices and principles concerning the management and operations of the Company on pages 55 to 84. The Directors affirm that the Company adheres to the applicable corporate governance regulations stipulated in the CSE listing guidelines.

The Directors declare that:

- The Company has not engaged in any activities which contravene laws and regulations; and
- The Directors have declared all material interest in contracts involving the Company and refrained from voting on matters in which they were materially interested; and
- The Company has made all endeavours to ensure the equitable treatment of shareholders; and
- The business is a going concern with supporting assumptions or qualifications as necessary; and
- The Directors have conducted a review of internal controls covering financial operational and compliance controls and risk management and have obtained a reasonable assurance of their effectiveness and successful adherence herewith.

Risk Management and Internal Control

The Board highlights an ongoing process for identifying, assessing, and mitigating significant risks encountered by the JKPLC Group. Within the annual strategic planning cycle, each business unit undergoes evaluation and risk assessment. Both the Board and Audit Committee regularly scrutinize key risks and preventive measures. Through the participation of the risk review and control division, the Board ensures the efficacy of existing control systems. Reports on internal control reviews are provided to the Audit Committee, and the Head of the John Keells Group risk review and control division maintains direct communication with the Chairperson of the Audit Committee.

Audit Committee

The following Independent Non-Executive, Directors of the Board served on the Audit Committee of the Company.

- Ms. B.A.I. Rajakarier - Chairperson
- Ms. A.K. Gunawardhana
- Mr. C.N. Wijewardane

The report of the Audit Committee is given on pages 91 to 93 of the Annual Report.

Human Resources and Compensation Committee

The Human Resources and Compensation Committee of JKH, the Parent Company, operates as the Human Resources and Compensation Committee of the Company, in accordance with the listing regulations of the CSE. This committee consists of three independent Directors from JKH Board.

- Mr. D.A. Cabraal - Chairperson
- Dr. S.S.H. Wijayasuriya

The remuneration policy of the Company and its subsidiaries is detailed in the Corporate Governance report on page 64 of the Annual Report.

Nomination Committee

The Nomination Committee of JKH, the Parent Company, serves as the Nomination Committee of the Company in line with the listing regulations of the CSE. This committee comprises three Independent Non-Executive Directors and one Non-Independent Executive Director.

- Mr. K.N..J. Balendra
- Mr. D.A. Cabraal
- Dr. S. Coorey
- Ms. M.P. Perera*
- Dr. S.S.H. Wijayasuriya

*Retired w.e.f. 01.07.2023

Annual Report of The Board of Directors

Related Party Transactions Review Committee

In accordance with the listing regulations of the CSE, the Related Party Transactions Review Committee of JKH, the Parent Company, operates as the Related Party Transactions Review Committee of the Company. This committee is composed of three Independent Non-Executive Directors.

- Mr. D.A. Cabraal
- Dr. S. Coorey*
- Mr. S. Fernando**
- Mr. A.N. Fonseka
- Ms. M.P. Perera***

* Ceased to be a member with effect from 08.11.2023

**Attended by invitation on 08.11.2023

*** Retired w.e.f. 01.07.2023

Project Risk Assessment Committee

The Project Risk Assessment Committee of JKH, the parent company of the Company, serves as the Project Risk Assessment Committee for both the Company and its subsidiaries. The members of the Project Risk Assessment committee of the parent company are as follows.

- Dr. S.S.H. Wijayasuriya
- Mr. K.N.J. Balendra
- Mr. J.G.A. Cooray
- Ms. M.P. Perera*

*Retired w.e.f. 01.07.2023

Stock Market Information

An ordinary share of the Company was quoted on the CSE at Rs. 64.80 as at 31st March 2024 (31st March 2023 - Rs. 68.80). Information relating to public holding, earnings, dividend, net assets, market value per share and share trading is given in Key Ratios and Information on page 170 and in the Shareholders Information section on pages 166 to 167.

The Company endeavours at all times to ensure equitable treatment to all shareholders.

Substantial Shareholdings

The names of the twenty largest shareholders, the number of shares held, and the percentages held are given on page 167 of the Annual Report. The distribution schedule of the shareholders and public holdings are disclosed on page 166 of the Annual Report.

Directorate

As at 31st March 2024 the Board of Directors of the Company consisted of seven Directors with wide commercial, academic knowledge and experience. The Directors profile is given on pages 52 to 54 of this Annual Report.

The Board of Directors of the Company and its subsidiaries as at 31st March 2024 are listed below.

Name of the Director	John Keells PLC	John Keells Stock Brokers (Private) Limited	John Keells Warehousing (Private) Limited
Mr. K.N.J. Balendra - Chairperson	✓		
Mr. J.G.A. Cooray	✓		
Ms. K.D. Weerasinghe	✓		✓
Ms. B.A.I. Rajakarier	✓		
Mr. C.N. Wijewardane	✓		
Ms. A.K. Gunawardhana	✓		
Mr. D.P. Gamlath		✓	
Ms. R.S. Cader		✓	
Mr. S. Rajendra		✓	
Mr. K.C. Subasinghe			✓
Mr. A.Z. Hashim	✓		✓
Mr. A.M. Ali*		✓	

*Appointed w.e.f 22.01.2024

Retirement Of Directors By Rotation And Re-Election

In accordance with the Article 83 of the Article of Association of the Company Mr. C N Wijewardane and Mr. A Z Hashim who are retiring by rotation and being eligible, will offer themselves for re-election at the next Annual General Meeting.

Directors' Remuneration

Details of the remuneration and other benefits received by the Directors are set out on page 137 of the Financial Statements.

Directors' and CEO's Shareholdings

Name of Director / CEO	Number of shares	
As at 31st March	2024	2023
Mr. K.N.J. Balendra - Chairperson	Nil	Nil
Mr. J.G.A. Cooray	Nil	Nil
Ms. A.K. Gunawardhana	Nil	Nil
Mr. C.N. Wijewardane	Nil	Nil
Ms. B.A.I. Rajakarier	Nil	Nil
Ms. K.D. Weerasinghe	Nil	Nil
Mr. H.G.R. De Mel (CEO)	Nil	Nil

Related Party Transactions

The transactions between the Company and related parties, as outlined in Note 35 of the Financial Statements, have adhered to the requirements of Listing Rules 9.14.8 of the Colombo Stock Exchange and the Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued pursuant to Section 13(c) of the Securities and Exchange Commission of Sri Lanka Act.

Interest Register

According to the Companies Act, the Company maintains an Interests Register, and entries have been made in it.

This Annual Report does not contain details concerning entries made in the Interest Registers of the Company's subsidiaries as both are private companies that are exempt from the requirement to maintain an Interest Register.

Particulars of Entries in the Interests Register

- Income In Contracts - The Directors have all made a general disclosure to the Board of Directors as permitted by Section 192 (2) of the Companies Act No. 7 of 2007 and no additional interests have been disclosed by any Director.
- There have been no disclosures of share dealings during the financial year ended 31st March 2024.
- Indemnities and Remuneration.

Supplier Policy

The JKPLC Group endeavours to pay for every item accurately charged in accordance with these agreed terms by applying an overall policy of agreeing and clearly communicating terms of payment as part of the commercial agreements negotiated with suppliers.

As at 31st March 2024 the trade and other payables of the Company and JKPLC Group amounted to Rs. 803 million (2023 - Rs. 798 million) and Rs. 1,247 million (2023 - Rs. 1,202 million) respectively

Environmental Protection

The JKPLC Group complies with the relevant environmental laws, regulations and endeavours to comply with best practices applicable in the country of operation.

Statutory Payments

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its subsidiaries, all contributions, levies, and taxes payable on behalf of, and in respect of the employees of the Company and its subsidiaries, and all other known statutory dues as were due and payable by the Company and its subsidiaries as at the Reporting date have been paid or, where relevant provided for, except as specified in Note 36 to the financial statements on page 165, covering Contingent liabilities.

Auditors

Messrs. Ernst & Young, Chartered Accountants, have intimated their willingness to continue as Auditors of the Company, and a resolution to re-appoint them as Auditor and authorising the Directors to fix their remuneration will be proposed at the Annual General Meeting.

The Audit Committee reviews the appointment of the Auditor, its effectiveness, and its relationship with the JKPLC Group.

Details of Audit fees are set out in Note 14 of the Financial Statement. The Auditors do not have any relationship (other than that of an Auditor) with the Company or any of its subsidiaries.

Further details on the work of the Auditor and the Audit Committee are set out in the Audit Committee Report on pages 91 - 93.

Annual Report

The Board of Directors approved the Company and Consolidated Financial Statements on 20th May 2024. The appropriate number of copies of this report will be submitted to the CSE and to the Sri Lanka Accounting and Auditing Standards Monitoring Board.

Annual General Meeting

The Annual General Meeting of the Company will be held on 25th June 2024 at 11.15 am.

This Annual Report is signed for and on behalf of the Board of Directors.

Chairperson

Director

Keells Consultants (Private) Limited.
Secretaries

20th May 2024

Statement of Directors' Responsibility

The responsibility of the Directors, in relation to the financial statements, is set out in the following statement. The responsibility of the auditors, in relation to the financial statements prepared in accordance with the provisions of the Companies Act No. 07 of 2007, (as amended) is set out in the Independent Auditors Report.

The financial statements comprise:

- The income statement and statement of comprehensive income of the Company and its subsidiaries, which present a true and fair view of the financial performance of the Company and its subsidiaries for the financial year; and

- A statement of financial position, which presents a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year; and the Directors are required to confirm that the financial statements have been prepared: using appropriate accounting policies which have been selected and applied in a consistent manner, and material departures, if any, have been disclosed and explained; and

- In accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS); and that reasonable and prudent judgments and estimates have been made so that the form and substance of transactions are properly reflected; and

- Provide the information required by the Companies Act and the Listing Rules of the Colombo Stock Exchange and requirements of any other regulatory authority as applicable to the Company.

The Directors are also required to ensure that the Company has adequate resources to continue in operation to justify applying the going concern basis in preparing these financial statements.

Further, the Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company and of the Group.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and of the Group and in this regard to consider the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

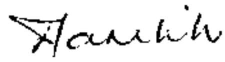
The Directors are required to prepare the financial statements and to provide the auditors with every opportunity to take whatever steps and undertake whatever inspections that may be "considered as being appropriate" to enable them to give their audit opinion.

Further, as required by Section 56 (2) of the Companies Act No. 7 of 2007, the Board of Directors have confirmed that the Company, based on the information available, satisfies the solvency test immediately after the distribution, in accordance with Section 57 of the Companies Act No. 7 of 2007, and have obtained a certificate from the Auditors, prior to declaring an interim dividend of Rs. 2.90 per share for the year ending 31st March 2024, paid before 9th April 2024. The Directors are of the view that they have discharged their responsibilities as set out in this statement.

Compliance Report

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its subsidiaries, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its subsidiaries, and all other known statutory dues as were due and payable by the Company and its subsidiaries as at the reporting date have been paid, or where relevant provided for, except as specified in note 36 to the financial statements covering contingent liabilities.

By order of the Board



Keells Consultants (Pvt) Ltd.
Secretaries

20th May 2024

Forging Connections

FINANCIAL INFORMATION

FINANCIAL CALENDAR

Interim Statements

1st Quarter	–	20th July 2023
2nd Quarter	–	06th November 2023
3rd Quarter	–	30th January 2024
4th Quarter	–	20th May 2024

Annual Reports

2023/2024 (Annual Report)	–	20th May 2024
2022/2023 (Annual Report)	–	22nd May 2023

Meetings

77th Annual General Meeting	–	25th June 2024
76th Annual General Meeting	–	29th June 2023

Dividends 2023 / 2024

Interim Dividend (Rs. 2.90 per share)	–	09th April 2024

Independent Auditors' Report

EY
Building a better working world

Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel : +94 11 246 3500
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TO THE SHAREHOLDERS OF JOHN KEELLS PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of John Keells 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 31 March 2024 , and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

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 the Group as at 31 March 2024, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Assessment of fair value of the equity investment classified as Fair Value through Other Comprehensive Income (FVOCI)</td></tr>
<tr><td>Non-current financial assets of the Group consist of an unquoted equity investment in Waterfront Properties (Pvt) Ltd in accordance with the accounting policy disclosed in note 9 to the financial statements.

The fair value is determined by management based on the discounted cash flow approach, which is derived based on the projected cash flows of Waterfront Properties (Pvt) Ltd.

This was a key audit matter due to;
• The materiality of the reported unquoted equity investment balance which amounted to Rs. 2,037 Mn and represents 34% of the Group's total assets as of the reporting date; and
• The degree of assumptions, judgments and estimates associated in deriving the Discounted Cash Flows used in the unquoted equity investment valuation.

Key areas of significant management judgments, estimates and assumptions used in the valuation of unquoted equity investment include cash flow projections and unobservable inputs including revenue growth rate, EBITDA margins, discount rate, etc. as further disclosed in notes 8.3 and 24.2 to the financial statements.</td><td>Our audit procedures focused on the valuation of the investment performed by the management, and included the following key procedures:
• Assessed the appropriateness of the valuation technique and reasonableness of the cash flow forecast including significant assumptions, judgments and estimates such as revenue growth rate, EBITDA margins, discount rate, etc. used by the management to ascertain the fair value of the unquoted equity investments. Our evaluation involved the use of comparable market data considering the impacts of the economic conditions prevailing in the country.
• Evaluated the appropriateness and completeness of the information included in the cashflow forecast and checked the calculations of the discounted cash flows.

Further, we evaluated the adequacy of the related disclosures in notes 8.3 and 24.2 to the financial statements.</td></tr>
</table>

Independent Auditors Report

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Assessment of fair value of Land and Buildings</td></tr>
<tr><td>Property, Plant and Equipment and Investment Property include land and buildings carried at fair value. The fair values of land and buildings were determined by external valuers engaged by the Group.

This was a key audit matter due to;

• The materiality of the reported fair value of land and buildings which amounted to Rs. 1,254 Mn representing 21% of the Group's total assets as of the reporting date; and

• The degree of assumptions, judgments and estimation uncertainties associated with fair valuation of land and buildings using the market approach and depreciated replacement cost approach.

Key areas of significant judgments, estimates and assumptions used in assessing the fair value of land and buildings, as disclosed in Notes 18.9 and 20 to the financial statements, included judgments involved in ascertaining the appropriate valuation techniques and estimates such as:

• Estimate of per perch value of the land.

• Estimate of the per square foot value of the buildings.</td><td>Our audit procedures included the following key procedures:

• Assessed the competence, capability and objectivity of the external valuers engaged by the Group.

• Read the external valuer's report and understood the key estimates made and the valuation approaches taken by the valuer in determining the valuation of each property.

• Assessed the reasonableness of significant assumptions, judgments and estimates made by the valuer such as per perch value, per square foot value, and valuation techniques as relevant in assessing the fair value of each property.

• We also assessed the adequacy of the disclosures made in notes 18.9 and 20 to the financial statements.</td></tr>
<tr><td colspan="2">Assessing the carrying value of Loans and Advances given to Tea Sellers</td></tr>
<tr><td>As at 31 March 2024, the carrying value of Group Loans and Advances given to Tea Sellers amounted to Rs. 924 Mn, with an accumulated provision for impairment of Rs 440 Mn, as disclosed in Notes 26, 24 and 7.1.1.3.1 to the financial statements.

This was a key audit matter due to;

• Materiality of the net carrying value representing 8% of the total assets; and

• The degree of management assumptions, judgments and estimates associated with evaluating the provision for impairment, as disclosed in Note 26 to the financial statements.

The key areas of significant assumptions, judgments and estimates included the amount and timings of future cash flows, collateral values, history of the length of business relationship between the Tea Sellers and the Company, estimated production and demand for Tea.</td><td>Our audit procedures included the following key procedures:

• Evaluated the reasonableness of credit quality assessments and checked that the disbursements and the recording of Loans and Advances are in accordance with the standard operating procedures for Loans and Advances given to Tea sellers.

• Obtained an understanding of the process for impairment assessment for Loans and Advances given to Tea sellers, including compliance with the contractual obligations and subsequent settlements of the Loans and Advances.

• Testing the computation of the provision of impairment and assessing the reasonableness of the assumptions, judgments and estimates used by the management with regard to the future cash flows, collateral values, estimated production and demand for Tea.

We also assessed the adequacy of the disclosures in notes 26, 24 and 7.1.1.3.1 to the financial statements regarding impairment for Loans and Advances given to Tea sellers.</td></tr>
</table>

Other Information included in the 2024 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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 the 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 internal controls of the Company and the Group.
- 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 consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on other legal and regulatory requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2097.

20 May 2024
Colombo

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman ACA ACMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

Income Statement

For the year ended 31 March In Rs. '000s	Note	Group 2024	Group 2023	Company 2024	Company 2023
Continuing operations					
Services transferred at a point of time	10	941,974	1,024,588	563,462	650,167
Revenue from contract with customers		941,974	1,024,588	563,462	650,167
Cost of sales		(447,340)	(364,967)	(228,463)	(180,169)
Gross profit		494,634	659,621	334,999	469,998
Dividend income	11	-	-	12,750	38,000
Other operating income	12	953	9,947	200	942
Selling and distribution expenses		(6,909)	(3,786)	(3,276)	(1,872)
Administrative expenses		(343,148)	(295,560)	(133,061)	(97,990)
Results from operating activities		145,530	370,222	211,612	409,078
Finance cost	13.2	(28,360)	(37,989)	(28,290)	(37,976)
Finance income	13.1	72,993	102,341	19,993	42,001
Net finance expenses		44,633	64,352	(8,297)	4,025
Changes in fair value of investment property	20.1	30,000	60,270	30,000	60,270
Share of results of equity accounted investees	23.2	712	548	-	-
Profit before tax	14	220,875	495,392	233,315	473,373
Tax expense	17.1	(76,874)	(185,895)	(73,428)	(154,417)
Profit for the year		144,001	309,497	159,887	318,956
Attributable to:					
Equity holders of the parent		151,063	305,850		
Non- controlling interests		(7,062)	3,647		
		144,001	309,497		
		Rs.	Rs.	Rs.	Rs.
Earnings per share					
Basic	15	2.48	5.03	2.63	5.25
Dividend per share	16	2.90	2.95	2.90	2.95

Figures in brackets indicate deductions.
The accounting policies and notes as set out on pages 114 to 165 form an integral part of these financial statements.

Statement of Comprehensive Income

For the year ended 31 March In Rs. '000s	Note	Group 2024	Group 2023	Company 2024	Company 2023
Profit for the year		144,001	309,497	159,887	318,956
Other comprehensive income not to be reclassified to income statement in subsequent periods					
Net (loss) / gain on equity instruments at fair value through other comprehensive income		(226,267)	(346,052)	(226,267)	(346,052)
Revaluation of buildings	18.1	209,388	197,647	-	-
Re-measurement gain /(loss) on defined benefit plans	32.2	(17,870)	(553)	(10,735)	935
Net other comprehensive income not to be reclassified to income statement in subsequent periods		(34,749)	(148,958)	(237,002)	(345,117)
Tax on other comprehensive income	17.2	(57,455)	(73,927)	3,221	1,532
Other comprehensive income for the period, net of tax		(92,204)	(222,885)	(233,781)	(343,585)
Total comprehensive income for the period, net of tax		51,798	86,612	(73,894)	(24,629)
Attributable to:					
Equity holders of the parent		58,860	82,965		
Non - controlling interests		(7,062)	3,647		
		51,798	86,612		

Figures in brackets indicate deductions.
The accounting policies and notes as set out on pages 114 to 165 form an integral part of these financial statements.

Statement of Financial Position

As at 31st March In Rs. '000s	Note	Group 2024	Group 2023	Company 2024	Company 2023
ASSETS					
Non-current assets					
Property, plant and equipment	18	871,016	594,406	19,447	19,956
Right of use assets	19	30,401	31,490	-	-
Investment properties	20	514,250	484,250	514,250	484,250
Intangible assets	21.3	8,572	6,248	-	-
Investments in subsidiaries	22	-	-	158,570	158,570
Investments in associates	23	101,763	101,266	24,000	24,000
Non-current financial assets	24	2,635,047	2,878,154	2,615,012	2,861,240
Deferred tax assets	17.4	19,774	8,170	-	-
Other non - current assets		24,774	25,747	12,999	17,567
		4,205,597	4,129,731	3,344,278	3,565,583
Current assets					
Inventories	25	2,773	1,613	2,148	998
Trade and other receivables	26	1,357,312	1,192,438	1,015,188	995,334
Amounts due from related parties	35.1	10,023	10,905	5,521	3,790
Other current assets	27	4,870	36,924	61	1,589
Short term investments	28	306,091	454,327	-	-
Cash in hand and at bank	29.1	134,428	139,692	103,245	78,099
		1,815,497	1,835,899	1,126,163	1,079,810
Total assets		6,021,094	5,965,630	4,470,441	4,645,393
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Stated capital	30.1	152,000	152,000	152,000	152,000
Revenue reserves		2,904,267	2,942,215	2,698,318	2,722,265
Other components of equity	30.2	1,000,657	1,070,615	458,144	680,369
		4,056,924	4,164,830	3,308,462	3,554,634
Non-controlling interests		54,784	60,105	-	-
Total equity		4,111,708	4,224,935	3,308,462	3,554,634
Non-current liabilities					
Deferred tax liabilities	17.5	280,873	218,893	54,580	50,553
Employee benefit liabilities	32.6	99,630	67,892	53,871	37,272
		380,503	286,785	108,451	87,825
Current liabilities					
Trade and other payables	33	1,246,909	1,201,974	803,447	797,726
Amounts due to related parties	35.2	19,798	48,640	14,056	13,573
Income tax liabilities	17.3	31,037	86,244	21,453	75,905
Other current liabilities	34	29,619	32,929	13,112	31,607
Bank overdrafts	29.2	201,520	84,123	201,460	84,123
		1,528,883	1,453,910	1,053,528	1,002,934
Total equity and liabilities		6,021,094	5,965,630	4,470,441	4,645,393

I certify that the financial statements comply with the requirements of the Companies Act No. 7 of 2007.

Ms. K. D. Weerasinghe
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.

Mr K.N.J. Balendra
Director

Mr. J. G. A. Cooray
Director

The accounting policies and notes as set out on pages 114 to 165 form an integral part of these financial statements.

20th May 2024

Colombo

Statement of Changes in Equity

Group		Attributable to equity holders of the parent							
			Other components of equity						
In Rs. '000s	Note	Stated capital	Revaluation reserves	Fair value reserve of financial assets at FVOCI	Other capital reserves	Revenue reserves	Total	Non -controlling interest	Total equity
As at 1 April 2022		152,000	214,433	925,825	145,274	2,887,474	4,325,006	76,589	4,401,595
Adjustment for surcharge tax						(71,276)	(71,276)	(9,438)	(80,714)
As at 1 April 2022 (Adjusted)		152,000	214,433	925,825	145,274	2,816,198	4,253,730	67,151	4,320,881
Profit for the year		-	-	-	-	305,850	305,850	3,647	309,497
Other comprehensive income		-	121,784	(344,196)	-	(473)	(222,885)	-	(222,885)
Total comprehensive income		-	121,784	(344,196)	-	305,377	82,965	3,647	86,612
Share based payments	31	-	-	-	7,495	-	7,495	1,307	8,802
First interim dividend Paid - 2022/23	16	-	-	-	-	(179,360)	(179,360)	-	(179,360)
Subsidiary dividend to non - controlling interest								(12,000)	(12,000)
As at 31 March 2023		152,000	336,217	581,629	152,769	2,942,215	4,164,830	60,105	4,224,935
As at 1 April 2023		152,000	336,217	581,629	152,769	2,942,215	4,164,830	60,105	4,224,935
Profit for the year		-	-	-	-	151,063	151,063	(7,062)	144,001
Other comprehensive income	-		146,754	(226,267)	-	(12,691)	(92,204)	-	(92,204)
Total comprehensive income		-	146,754	(226,267)	-	138,372	58,859	(7,062)	51,797
Share based payments	31	-	-	-	9,555		9,555	1,741	11,296
First interim dividend paid - 2023/24	16	-	-	-	-	(176,320)	(176,320)	-	(176,320)
As at 31 March 2024		152,000	482,971	355,362	162,324	2,904,267	4,056,924	54,784	4,111,708

Figures in brackets indicate deductions.
The accounting policies and notes as set out on pages 114 to 165 form an integral part of these financial statements.

Statement of Changes in Equity

Company In Rs. '000s	Note	Stated capital	Other components of equity		Revenue reserves	Total equity
			Other capital reserves	Fair value reserve of financial assets at FVOCI		
As at 1 April 2022		152,000	85,320	935,897	2,612,575	3,785,792
Adjustment for surcharge tax		-	-	-	(30,517)	(30,517)
As at 1 April 2022 (Adjusted)		152,000	85,320	935,897	2,582,058	3,755,275
Profit for the year		-	-	-	318,956	318,956
Other comprehensive income		-	-	(344,196)	611	(343,585)
Total comprehensive income		-	-	(344,196)	319,567	(24,629)
Share based payments	31	-	3,348	-		3,348
First interim dividend paid - 2022/23	16	-	-	-	(179,360)	(179,360)
As at 31 March 2023		152,000	88,668	591,701	2,722,265	3,554,634
As at 1 April 2023		152,000	88,668	591,701	2,722,265	3,554,634
Profit for the year		-	-	-	159,887	159,887
Other comprehensive income		-	-	(226,267)	(7,514)	(233,781)
Total comprehensive income		-	-	(226,267)	152,373	(73,894)
Share based payments	31	-	4,042	-	-	4,042
First interim dividend paid - 2023/24	16	-	-	-	(176,320)	(176,320)
As at 31 March 2024		152,000	92,710	365,434	2,698,318	3,308,462

Figures in brackets indicate deductions.
The accounting policies and notes as set out on pages 114 to 165 form an integral part of these financial statements.

Statement of Cash Flow

For the year ended 31 March In Rs. '000s	Note	Group 2024	Group 2023	Company 2024	Company 2023
OPERATING ACTIVITIES					
Profit before tax		220,875	495,392	233,315	473,373
Adjustments for:					
Share of results of equity accounted investees	23.2	(712)	(548)	-	-
Finance income	13.1	(71,899)	(97,774)	(18,899)	(37,434)
Dividend income - FVOCI financial assets	13.1	(1,094)	(4,567)	(1,094)	(4,567)
Dividend income - subsidiaries	11	-	-	(12,750)	(38,000)
Finance expenses	13.2	28,360	37,989	28,290	37,976
Change in fair value of investment properties	20.1	(30,000)	(60,270)	(30,000)	(60,270)
Depreciation of property, plant and equipment	14	30,846	23,458	3,230	1,576
Amortisation of right-of-use assets	19.1	1,089	1,089	-	-
Amortisation of intangible assets	21.2	2,563	2,046	-	-
Provision for impairment allowance for loans and advances given to tea sellers		(8,151)	(6,672)	(8,151)	(6,672)
Amortisation of prepaid staff cost		2,023	2,367	-	-
(Profit) / loss on sale of property, plant and equipment		(370)	(524)	-	(515)
Share based payment expenses	31	11,296	8,802	4,042	3,348
Employee benefit provision and related costs	32.3	18,423	10,315	9,958	5,460
Other long term employee benefits		-	(11,625)	-	(11,625)
Profit before working capital changes		203,249	399,478	207,941	362,650
Working capital adjustments					
Decrease / (increase) in inventories		(1,160)	(491)	(1,150)	(286)
Decrease / (increase) in trade and other receivables		(160,613)	(57,407)	(11,703)	(127,860)
Decrease / (increase) in other non - current assets		17,814	15,910	24,530	1,786
Decrease / (increase) in amounts due from related parties		882	(3,955)	(1,731)	945
Decrease / (increase) in other current assets		32,054	(2,945)	1,528	(473)
Increase / (decrease) in trade and other payables		44,935	68,955	5,721	134,600
Increase / (decrease) in amounts due to related parties		(28,838)	39,604	482	6,456
Increase / (decrease) in other current liabilities		(3,310)	29,064	(18,495)	28,917
Cash generated from operations		105,014	488,213	207,123	406,735
Finance income received	13.1	71,899	97,774	18,899	37,434
Finance cost paid	13.2	(28,360)	(37,989)	(28,290)	(37,976)
Dividend income - subsidiaries	11	-	-	12,750	38,000
Surcharge tax paid		-	(71,274)	-	(30,517)
Income tax paid and setoff	17.3	(136,728)	(105,071)	(120,633)	(52,280)
Gratuity paid/transfers (net)	32.2	(4,555)	(8,767)	(4,094)	124
Net cash flow from operating activities		7,268	362,886	85,755	361,520

Statement of Cash Flow

For the year ended 31 March In Rs. '000s	Note	Group 2024	Group 2023	Company 2024	Company 2023
INVESTING ACTIVITIES					
Acquisition of property, Plant and Equipment	18.1	(98,072)	(20,873)	(2,719)	(11,253)
Purchase of intangible assets	21.1	(4,887)	-	-	-
Dividend income- FVOCI financial assets	13.1	1,094	4,567	1,094	4,567
Proceeds from sale of property plant & equipment		19	589	-	589
Net cash flow from / (used in) investing activities		(101,846)	(15,717)	(1,625)	(6,097)
FINANCING ACTIVITIES					
Dividend paid		(176,320)	(179,360)	(176,320)	(179,360)
Dividend paid to shareholders with non-controlling interest		-	(12,000)	-	-
Proceeds from short term borrowings		-	(3,970)	-	(3,970)
Net cash flow from / (used in) financing activities		(176,320)	(195,330)	(176,320)	(183,330)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(270,897)	151,839	(92,190)	172,093
CASH AND CASH EQUIVALENTS ATTHE BEGINNING		509,896	358,057	(6,024)	(178,117)
CASH AND CASH EQUIVALENTS ATTHE END		238,999	509,896	(98,214)	(6,024)
ANALYSIS OF CASH AND CASH EQUIVALENTS					
Favourable balances					
Cash in hand and at bank		134,428	139,692	103,245	78,099
Short term investments		306,091	454,327	-	-
		440,519	594,019	103,245	78,099
Unfavourable balances					
Bank overdrafts		(201,520)	(84,123)	(201,460)	(84,123)
Cash and cash equivalents		238,999	509,896	(98,214)	(6,024)

Figures in brackets indicate deductions.
The accounting policies and notes as set out in pages 114 to 165 form an integral part of these financial statements.

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to The Notes

Notes to The Financial Statements

1 CORPORATE INFORMATION

Reporting entity

John Keells PLC is a public limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02 and the principal place of business of the Company is located at 186, Vauxhall Street, Colombo 02.

Ordinary shares of the Company are listed on the Colombo Stock Exchange.

Consolidated financial statements

The financial statements for the year ended 31 March 2024, comprise "the Company" referring to John Keells PLC as the holding company and "the Group" referring to the companies that have been consolidated therein.

Approval of financial statements

The financial statements for the year ended 31 March 2024 were authorised for issue by the Directors' on 20th May 2024.

Principal activities and nature of operations

Holding company

The principal activities of the Group's holding company is commodity broking.

Subsidiaries and associate

The companies within the Group and its business activities are described in the Group structure on page 7 of the Annual Report. There were no other significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

Parent entity and ultimate parent entity

The Company's parent entity is John Keells Holdings PLC in the opinion of the Directors, which is incorporated in Sri Lanka.

Responsibility for financial statements

The responsibility of the Board of Directors in relation to the financial statements is set out in 'The Statement of Directors' Responsibility on page 100 of the Annual report

Statements of compliance

The financial statements which comprise the income statement, statement of financial position, statement of changes in equity, statement of comprehensive income and the statement of cash flows, together with the accounting policies and notes (the "financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the Companies Act No. 7 of 2007.(As amended)

2 BASIS OF PREPARATION AND OTHER SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention except for investment properties, land and building and financial instruments measured at fair value through other comprehensive income that have been measured at fair value.

Going Concern

The Group has prepared the financial statements for the year ended 31 March 2024 on the basis that it will continue to operate as a going concern. Based on available information, the management has assessed prevailing macroeconomic conditions and its effect on the Group Companies in determining the going concern basis for preparation of financial statements. The management has formed judgment that the Company, its subsidiaries and associate have adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalisation of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group.

In determining the above, significant management judgement, estimates and assumptions, the impact of the macroeconomic uncertainties, including exchange rate volatilities, supply chain disruptions and interest rate volatilities have been considered as of the reporting date and specific considerations have been disclosed under the notes, as relevant.

Offsetting

Assets and liabilities or income and expenses, are not offset unless required or permitted by Sri Lanka Accounting Standards

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.

Presentation and functional currency

The consolidated financial statements are presented in Sri Lankan Rupees (Rs.), the Group's functional and presentation currency, which is the primary economic environment in which the holding Company operates. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency.

All values are rounded to the nearest rupees thousand (Rs. '000) except when otherwise indicated.

The significant accounting policies are discussed with relevant individual notes.

3 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights

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 three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Loss of control

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in the income statement. Any investment retained is recognised at fair value.

Notes to The Financial Statements

The total profits and losses for the year of the Company and of its subsidiaries included in consolidation are shown in the consolidated income statement and consolidated statement of comprehensive income and all assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the consolidated statement of financial position.

Non-controlling interest (NCI)

Non-controlling interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the consolidated income statement and the statement of comprehensive income and as a component of equity in the consolidated statement of financial position, separately from equity attributable to the shareholders of the parent. The consolidated statement of cash flow includes the cash flows of the Company and its subsidiaries.

Transactions eliminated on consolidation

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

4 SIGNIFICANT ACCOUNTING JUDGEMENT, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements of the Group require the management to make judgments, estimates and assumptions, which may affect the amounts of income, expenditure, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the consolidated financial statements have been discussed in the individual notes of the related financial statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes to the financial statements. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The line items which have most significant effect on accounting, judgements, estimate and assumptions are as follows;

a) Going Concern

b) Valuation of property, plant and equipment and investment property

c) Impairment of non-financial assets

d) Share based payments

e) Taxes

f) Employee benefit liability

g) Provision for impairment allowance for loans and advances given to tea Sellers

5 SUMMARY OF MATERIAL ACCOUNTING POLICIES

ACCOUNTING POLICY

Changes in accounting standards

The following amendments and improvements do not expect to have a significant impact on the Group's financial statements.

- Amendments to LKAS 1 : Disclosure of Accounting Policies
- Amendments to LKAS 8 : Definition of Accounting Estimate
- Amendments to LKAS 12 : Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Standards issued but not yet effective

The following amendments and improvements are not expected to have a significant impact on the Group's financial statements.

- Amendments to LKAS 1: Classification of Liabilities as Current
- Amendments to LKAS 1: Non-Current liabilities with Covenants
- Amendments to LKAS 7 and SLFRS 7: Supplier Finance Arrangements
- Amendments to SLFRS 16: Lease Liability in a Sale and Leaseback
- Amendment to LKAS 21: Lack of Exchangeability
- Amendments to SLFRS 10 and LKAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

5.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method of accounting. The Group measures goodwill at the acquisition date as the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

When the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquiree is lower than the fair value of net assets acquired, a gain is recognised immediately in the income statement. The Group selects on a transaction by transaction basis whether to measure non-controlling interests at fair value, or at their proportionate share of the recognised amount of the identifiable net assets, at the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration which is deemed to be an asset or liability, which is a financial instrument and within the scope of LKAS 39, is measured at fair value with changes in fair value either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of LKAS 39, it is measured in accordance with the appropriate SLFRS/LKAS.

Goodwill is initially measured at cost being the excess of the consideration transferred over the Group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired the difference is recognised in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value maybe impaired.

Notes to The Financial Statements

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Impairment is determined by assessing the recoverable amount of the cash generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets pro-rata to the carrying amount of each asset in the unit.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed off, the goodwill associated with the operation disposed is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in this circumstance is measured based on the relative values of the operation disposed off and the portion of the cash generating unit retained.

Other significant accounting policies not covered with individual notes.

Following accounting policies which have been applied consistently by the Group, are considered to be significant but are not covered in any other sections.

5.2 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

6 OPERATING SEGMENT INFORMATION

ACCOUNTING POLICY

The Group's internal organisation and management is structured based on individual services which are similar in nature and process and where the risk and returns are similar. The operating segments represent the Group's business structure. The activities of each operating business of segments of the Group are detailed in the Group structure of the Annual report.

The Group's operating business segments are as follows

Produce Broking

provision of tea and rubber broking services.

Warehousing

provision of warehousing of tea services.

Share Broking

provision of stock broking services.

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group.

No operating segments have been aggregated to form the above reportable operating segments. An individual segment manager is determined for each operating segment and the results are regularly reviewed by the Board of Directors. The Board of Directors monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the operating segments information, is measured differently from operating profit or loss in the consolidated financial statements. Transfer prices between operating segments are carried out on an arm's -length basis in the ordinary course of business in a manner similar to transactions with third parties.

Notes to The Financial Statements

6.1 Business segments

Group For the year ended 31 March In Rs.000	Produce broking 2024	Produce broking 2023	Warehousing 2024	Warehousing 2023	Share broking 2024	Share broking 2023	Total 2024	Total 2023
Disaggregation of revenue								
Total revenue from continuing operations	563,462	650,167	154,341	129,399	231,737	251,441	949,540	1,031,007
Elimination of inter segment revenue	-	-	-	-	-	-	(7,566)	(6,419)
Net revenue	563,462	650,167	154,341	129,399	231,737	251,441	941,974	1,024,588
Segment results	198,862	371,076	36,128	33,901	(89,460)	(34,755)	145,530	370,222
Finance income	19,993	42,001	2,995	4,535	50,005	55,805	72,993	102,341
Finance cost	(28,290)	(37,976)	(7)	-	(63)	(13)	(28,360)	(37,989)
Net finance (expenses)/ income	(8,297)	4,025	2,988	4,535	49,942	55,793	44,633	64,352
Changes in fair value of investment property	30,000	60,270	-	-	-	-	30,000	60,270
	220,565	435,371	39,116	38,435	(39,518)	21,038	220,163	494,844
Share of results of Associate							712	548
Profit before tax							220,875	495,392
Tax expense	(73,428)	(154,417)	(11,002)	(18,563)	10,091	(5,840)	(74,340)	(178,820)
Unallocated tax expenses	-	-	-	-	-	-	(284)	(7,075)
Total tax expenses	(73,428)	(154,417)	(11,002)	(18,563)	10,091	(5,840)	(76,874)	(185,895)
Profit after tax				-			144,001	309,497
Purchase and construction of PPE*	2,719	11,253	93,409	9,619	1,944	-	98,072	20,873
Addition to intangible assets	-	-	-	-	4,887	-	-	-
Depreciation of PPE*	3,230	1,576	26,205	20,618	1,411	1,264	30,846	23,458
Amortisation of intangible assets	-	-	-	-	(2,563)	2,046	(2,563)	2,046
Amortisation of right of use assets	-	-	1,089	1,089	-	-	1,089	1,089
Employee benefit provision and related cost	9,958	5,460	419	138	8,067	4,718	18,444	10,315

6.2 Business segments

	Produce broking 2024	Produce broking 2023	Warehousing 2024	Warehousing 2023	Share broking 2024	Share broking 2023	Total 2024	Total 2023
Segment assets	4,389,634	4,564,091	918,729	679,998	712,731	721,537	6,021,094	5,965,630
Segment liabilities	1,172,867	1,101,579	252,886	173,414	483,635	465,700	1,909,386	1,740,695

*PPE - property, plant & equipment

7 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and Company have loans and other receivables, trade and other receivables and cash and short-term deposits that arise directly from its operations. The Group and Company also hold other financial instruments such as available for sale and fair value through profit or loss financial instruments. The Group's and Company's principal financial liabilities, comprise of loans and borrowings, trade and other payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's and Company's operations and to provide guarantees to support their operations. The financial risk governance framework provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Group and Company are exposed to credit risk, liquidity risk, market rate risk and interest risk.

7.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group and Company are exposed to credit risk from their operating activities (primarily trade receivables) and from their financing activities, including deposits with banks and financial institutions and other financial instruments.

The Group and Company trade only with recognised, creditworthy third parties. It is the Group's and Company's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and proactive steps taken to reduce the risk.

With respect to credit risk arising from the other financial assets of the Group, such as cash and cash equivalents, available-for-sale financial investments, the exposure to credit risk arises from default of the counterparty. The Group and Company manage their operations to avoid any excessive concentration of counterparty risk and the Group and Company take all reasonable steps to ensure that the counter parties fulfil their obligations.

7.1.1 Risk exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without consideration of collateral, if available). Following Table shows the maximum risk positions.

Group As at 31 march 2024 In Rs.000	Notes	Other non current financial assets	Cash in hand and at bank	Trade and other receivables	Other investments	Amounts due from related parties	Total	% of allocation
Government securities	7.1.1.1	-	-	-	306,091	-	306,091	7%
Loans to executives	7.1.1.2	40,301	-	7,106	-	-	47,407	1%
Trade receivables	7.1.1.3		-	1,043,756	-	-	1,043,756	23%
Loans given to tea sellers	7.1.1.4	177,493	-	134,084	-	-	311,577	7%
Advance given to tea sellers	7.1.1.4	-	-	172,366	-	-	172,366	4%
Amounts due from related parties	7.1.1.5	-	-	-	-	10,023	10,023	0%
Cash in hand and at bank	7.1.1.6	-	134,428	-	-	-	134,428	3%
Deposit with CSE		1,000	-	-	-	-	1,000	0%
Total credit risk exposure		218,794	134,428	1,357,312	306,091	10,023	2,026,648	46%
Financial assets at fair value through OCI	7.1.1.7	2,471,993	-	-	-	-	2,471,993	54%
Total equity risk exposure		2,690,787	134,428	1,357,312	306,091	10,023	4,498,641	100%

Notes to The Financial Statements

7 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

Group As at March 2023 In Rs.000	Notes	Other non current financial assets	Cash in hand and at bank	Trade and other receivables	Other investments	Amounts due from related parties	Total	% of allocation
Government securities	7.1.1.1	-	-	-	454,327	-	454,327	10%
Loans to executives	7.1.1.2	47,000	-	8,052	-	-	55,052	1%
Trade receivables	7.1.1.3	-	-	791,831	-	-	791,831	17%
Loans given to Tea Sellers	7.1.1.4	187,635	-	142,326	-	-	329,961	7%
Advance given to Tea Sellers	7.1.1.4	-	-	250,230	-	-	250,230	5%
Amounts due from related parties	7.1.1.5	-	-	-	-	10,905	10,905	0%
Cash in hand and at bank	7.1.1.6	-	139,692	-	-	-	139,692	3%
Deposit		1,000	-	-	-	-	1,000	0%
Total credit risk exposure		235,635	139,692	1,192,438	454,327	10,905	2,032,997	43%
Financial assets at fair value through OCI	7.1.1.7	2,642,519	-	-	-	-	2,642,519	57%
Total equity risk exposure		2,878,154	139,692	1,192,438	454,327	10,905	4,675,516	100%

Company As at March 2024 In Rs.000	Notes	Other non current financial assets	Cash in hand and at bank	Trade and other receivables	Other investments	Amounts due from related parties	Total	% of allocation
Loans to executives	7.1.1.2	21,267	-	4,075	-	-	25,342	1%
Trade receivables	7.1.1.3	-	-	704,664	-	-	704,664	14%
Loans given to Tea Sellers	7.1.1.4	177,493	-	134,084	-	-	311,577	8%
Advance given to Tea Sellers	7.1.1.4	-	-	172,366	-	-	172,366	5%
Amounts due from related parties	7.1.1.5	-	-	-	-	5,521	5,521	0%
Cash in hand and at bank	7.1.1.6	-	103,245	-	-	-	103,245	3%
Total credit risk exposure		198,760	103,245	1,015,188	-	5,521	1,322,715	35%
Financial assets at fair value through OCI	7.1.1.7	2,471,993	-	-	-	-	2,471,993	65%
Total equity risk exposure		2,670,753	103,245	1,015,188	-	5,521	3,794,708	100%

Company As at March 2023 In Rs.000	Notes	Other non current financial assets	Cash in hand and at bank	Trade and other receivables	Other investments	Amounts due from related parties	Total	% of allocation
Loans to executives	7.1.1.2	31,086		3,682	-	-	34,768	1%
Trade receivables	7.1.1.3	-		599,096	-	-	599,096	15%
Loans given to Tea Sellers	7.1.1.4	187,635		142,326	-	-	329,961	8%
Advance given to Tea Sellers	7.1.1.4	-		250,230	-	-	250,230	6%
Amounts due from related parties	7.1.1.5	-		-	-	3,790	3,790	0%
Cash in hand and at bank	7.1.1.6	-	78,099	-	-	-	78,099	2%
Total credit risk exposure		218,721	78,099	995,334	-	3,790	1,295,944	33%
Financial assets at fair value through OCI	7.1.1.7	2,642,519					2,642,519	67%
Total equity risk exposure		2,861,240	78,099	995,334	-	3,790	3,938,463	100%

7.1.1.1 Government securities

As at 31 March 2024, as shown in the table above, 100% (2023-100%) of Government securities includes investments in government securities consist of repo investments. Government securities are usually referred to as risk free due to the sovereign nature of the instrument.

7.1.1.2 Loans to executives

Loans to executive portfolio is largely made up of vehicle loans which are given to staff at assistant manager level and above. The respective business units have obtained the necessary Power of Attorney/promissory notes as collateral for the loans granted.

7.1.1.3 Trade and other receivables

For the year ended 31 March	Group		Company	
In Rs.'000s	2024	2023	2024	2023
Neither past due nor impaired	287,763	177,437	4,075	3,682
Past due				
0–30 days	821,874	787,447	764,863	766,733
31–60 days	5,374	6,790	4,504	4,504
61–90 days	1,551	1,288	996	996
> 91 days	681,013	681,071	681,013	681,013
Gross carrying value	1,797,575	1,654,032	1,455,451	1,456,928
Provision for impairment of allowance for loan and advances given to tea sellers (Note 7.1.1.3.1)	(440,263)	(461,594)	(440,263)	(461,594)
Total	1,357,312	1,192,438	1,015,188	995,334

The Group has obtained customer deposits from major customers by reviewing their past performance and credit worthiness, as collateral. The requirement for an impairment is analysed at each reporting date on an individual basis for major customers and uses a provision matrix to calculate Expected Credit Loss (ECL) for the balance. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix was initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The Group considers a financial asset including trade and receivable in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

7.1.1.3.1 Movement in the provision for impairment of allowance for loans and advances given to tea sellers.

For the year ended 31 March In Rs.000	Group	Company
As at 01 April 2022	468,267	468,267
Charge for the year	-	-
Write off	-	-
Recoveries	(6,674)	(6,674)
As at 31 March 2023	461,593	461,593
Charge for the year	15,000	15,000
Write off	(13,179)	(13,179)
Recoveries	(23,151)	(23,151)
As at 31 March 2024	440,263	440,263

Notes to The Financial Statements

7.1.1.4 Loans and advances given to Tea Sellers

The Group and Company have advanced money to tea producers by reviewing their past performance and credit worthiness.

7.1.1.5 Amounts due from related parties

The Group's and Company's amount due from related parties mainly consists of the balance due from affiliate Companies and Companies under common control.

7.1.1.6 Credit risk relating to cash and cash equivalents

In order to mitigate the concentration, settlement and operational risks related to cash and cash equivalents, the Group consciously manages the exposure to a single counterparty taking into consideration, where relevant, the rating or financial standing of the counterparty, where the position is reviewed as and when required, the duration of the exposure in managing such exposures and the nature of the transaction and agreement governing the exposure

7.1.1.7 Financial Assets at fair value through OCI

All unquoted/quoted equity investments are made after obtaining Board of Directors' approvals.

7.2 Liquidity Risk

The Group's and Company's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the Company has available funds to meet its medium term capital and funding obligations, including organic growth and acquisition activities, and to meet any unforeseen obligations and opportunities. The Company holds cash and undrawn committed facilities to enable the Company to manage its liquidity risk.

The Group and Company monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of both the Company's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The Group's and Company 's objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans, loan notes and overdrafts.

7.2.1 Net (debt)/ cash

For the year ended 31st March	Group		Company	
In Rs.'000s	2024	2023	2024	2023
Cash in hand and at bank	134,428	139,692	103,245	78,099
Short term investments	306,091	454,327	-	-
Liquid assets	440,519	594,019	103,245	78,099
Bank overdrafts	(201,520)	(84,123)	(201,460)	(84,123)
Liquid liabilities	(201,520)	(84,123)	(201,460)	(84,123)
Net (debt) / cash	238,999	509,896	(98,215)	(6,024)

7.2.2 Liquidity risk management

The Group and Company has implemented a mixed approach that combines elements of the cash flow matching approach and the liquid assets approach. The business units matched cash outflows in each time bucket against the combination of contractual cash inflows plus other inflows that can be generated through the sale of assets or other secured borrowings.

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Group	2024				2023			
As at 31 March In Rs.'000s	Less than 3 months	3 to 12 months	More than 12 months	Total	Less than 3 months	3 to 12 months	More than 12 months	Total
Trade and other payables	1,246,909	-	-	1,246,909	1,201,974	-	-	1,201,974
Amounts due to related parties	19,798	-	-	19,798	48,640	-	-	48,640
Bank overdrafts	201,520	-	-	201,520	84,123	-	-	84,123
Total	1,468,227	-	-	1,468,227	1,334,737	-	-	1,334,737

Company	2024				2023			
As at 31 March In Rs.000	Less than 3 months	3 to 12 months	More than 12 months	Total	Less than 3 months	3 to 12 months	More than 12 months	Total
Trade and other payables	803,447			803,447	797,726	-	-	797,726
Amounts due to related parties	14,056			14,056	13,573	-	-	13,573
Bank overdrafts	201,460			201,460	84,123	-	-	84,123
Total	1,018,963	-	-	1,018,963	895,422	-	-	895,422

7.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. The financial instruments affected by the Company is financial assets designated at FVOCI which include equity securities.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Central Bank of Sri Lanka (CBSL) began to ease the monetary policy during the current financial year amid decelerating inflation, resulting in a downward trend in market interest rates throughout the financial year. The directions issued by the CBSL to licensed banks to reduce interest rates, and the significant reduction of risk premia on government securities, have accelerated the downward adjustment in market interest rates, particularly lending rates, in the second half of the financial year. Downward pressures on inflation on account of many factors including decreases in global commodity prices, food supply, and the appreciation of the currency have resulted in eased policy actions by the CBSL on monetary policy post the end of the reporting period.

The Group has managed the risk of volatile interest rates by having a balanced portfolio of borrowings at fixed and variable rates.

7.3.1 Equity price risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

7.3.2 Financial assets designated at FVCOI

All quoted equity and unquoted equity investments are made after obtaining Board of Directors' approval.

Notes to The Financial Statements

7.3.3 Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the market index, with all other variables held constant, of the Group's and Company's profit before tax and equity due to changes in the fair value of the listed equity securities.

As at 31 March	Change in year end market price index	Effect on profit before tax	Effect on equity Rs. '000
Group			
2024	10%	-	37,826
	-10%	-	(37,826)
2023	10%	-	41,171
	-10%	-	(41,171)
Company			
2024	10%	-	37,826
	-10%	-	(37,826)
2023	10%	-	41,171
	-10%	-	(41,171)

7.4 Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong financial position and healthy capital ratios to support its business and maximise shareholder value.

The Company manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares, have a rights issue or buy back shares.

For the year ended 31 March	Group		Company	
In Rs.000	2024	2023	2024	2023
Debt/equity	4.90%	2.02%	6.09%	2.37%

8 FAIR VALUE MEASUREMENT AND RELATED FAIR VALUE DISCLOSURES

Fair value measurement

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are only, disclosed are reflected in this note. Aside from this note, additional fair value related disclosures, including the valuation methods, significant estimates and assumptions are also provided in:

• · Investment in unquoted equity shares	Note	24.2
• · Property, plant and equipment under revaluation model	Note	18.8
• · Investment properties	Note	20
• · Financial Instruments (including those carried at amortised cost)	Note	9

ACCOUNTING POLICY

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted equity instruments, and for non-recurring measurement, such as assets held for sale in discontinued operations. External valuers are involved for valuation of significant assets, such as land and building and investment properties, and significant liabilities, such as insurance contracts. Selection criteria for external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussion with the external valuers, which valuation techniques and inputs to use for individual assets and liabilities. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risk of the asset or liability and the level of the fair value hierarchy as explained above.

Notes to The Financial Statements

8 FAIR VALUE MEASUREMENT AND RELATED FAIR VALUE DISCLOSURES (Contd.)

8.1 Financial Assets by Fair Value Hierarchy

The Company held the following financial instruments carried at fair value in the statement of financial position.

Financial Assets

Group As at 31 March In Rs.000	Date of valuation	Level 1 **2024**	 2023	Level 2 **2024**	 2023	Level 3 **2024**	 2023
Non-listed equity investments							
Waterfront Properties (Pvt) Ltd	31.03.2024	-	-	-	-	2,037,993	2,230,808
Listed equity investments							
Keells Food Products PLC	31.03.2024	378,260	411,711	-	-	-	-
Total		378,260	411,711	-	-	2,037,993	2,230,808

Company As at 31 March In Rs.'000s	Date of valuation	Level 1 **2024**	 2023	Level 2 **2024**	 2023	Level 3 **2024**	 2023
Non-listed equity investments							-
Waterfront Properties (Pvt) Ltd	31.03.2024	-	-	-	-	2,037,993	2,230,808
Listed equity investments							
Keells Food Products PLC	31.03.2024	378,260	411,711	-	-	-	-
Total		378,260	411,711	-	-	2,037,993	2,230,808

During the reporting period ended 31 March 2024, there were no transfers between Level 1 and Level 2 fair value measurements.

8.2 Non - financial assets by fair value hierarchy

Non financial assets - Group

Group As at 31 March In Rs.'000s	Date of valuation	Level 1 **2024**	 2023	Level 2 **2024**	 2023	Level 3 **2024**	 2023
Fair value hierarchy non - financial assets							-
Assets measured at fair value							
Investment property	31.12.2023	-	-	-	-	514,250	484,250
Buildings on leasehold land	31.12.2023	-	-	-	-	741,228	550,000

Company As at 31 March In Rs'.000s	Date of valuation	Level 1 **2024**	 2023	Level 2 **2024**	 2023	Level 3 **2024**	 2023
Fair value hierarchy non - financial assets							-
Assets measured at fair value							
Investment property	31.12.2023	-	-	-	-	514,250	484,250

In determining the fair value, highest and best use of the property has been considered including the current condition of the properties , future usability and associated redevelopment requirements have been considered. Also the valuers have made reference to market evidence of the transaction prices for similar properties, with appropriate adjustments for the size and location. The appraised fair value are rounded within the range of values.

Reconciliation of fair value measurements of level 3 financial instruments

The Company carries unquoted equity shares as equity instruments designated at fair value through OCI classified as Level 3 within the fair value hierarchy. A reconciliation of the beginning and closing balances including movements is summarised below:

In LKR '000s	Group	Company
As at 1 April 2023	2,230,807	2,230,807
Remeasurement gain/(loss) recognised for the year	(192,814)	(192,814)
As at 31 March 2024	2,037,993	2,037,993

8.3 Basis of valuation of financial and non - financial assets - Group / Company

The unquoted equity investment has been fair valued using the Discounted Cash Flow Method of the investee (WPL). The value per share of WPL as at 31st March 2024 was Rs. 10.63 (2023: Rs.11.64). As noted below, the valuation of WPL is carried out considering the project cash flows. The Company shareholding in WPL as at the reporting date was 1.11.% (2023 – 1.96%).

Details of the valuation as at 31st March 2024 are given below;

The valuation of the investment in Waterfront Properties (Pvt) Ltd (WPL) has been conducted based on the Discounted Cash Flow Method.

Discounted Cash Flow Method

Estimates the fair market value of the entity considering the future cash flow generation of the Company, as of now. Projected cash flows, are discounted using cost of equity, to arrive at the net present value of the investment. Key assumptions used in the Discounted Cash Flow Method are noted below;

Forecast Horizon

Cash Flows have been forecasted for 5 years, with the terminal value based on an appropriate terminal growth rate in line with the market.

Revenue, EBITDA Margins and Cashflow Projections

Revenue and EBITDA margins have been adjusted for project specific aspects and the margin projections are based on the extrapolation of existing operations in the market and independent market studies, as applicable, and the performance of similar integrated properties regionally. The cash flows are forecasted under a base case scenario, considering all aspects of the integrated resort offering. A minority discount has also been factored in given the Company's shareholding percentage in WPL, which is relatively low on a standalone basis.

Discount Rate

The discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium. The cost of equity reflects the current and expected discount rates, while taking into account the long-term nature of the investment

Notes to The Financial Statements

Details of the valuation as at 31st March 2023 are given below;

The valuation of the investment in Waterfront Properties (Pvt) Ltd (WPL) has been conducted based on the Discounted Cash Flow Method

Discounted Cash Flow Method

Estimates the fair market value of the entity considering the future cash flow generation of the Company, as of now. Projected cash flows, which are denominated in USD, are discounted at a USD cost of equity, to arrive at the net present value of the investment.

Key assumptions used in the Discounted Cash Flow Method are noted below;

Forecast Horizon

Cash flows have been forecasted for 6 years, with the terminal value based on an appropriate terminal growth rate in line with the market.

Revenue, EBITDA margins and cash flow projections

Revenue and EBITDA margins have been adjusted for project specific aspects and the margin projections are based on the extrapolation of existing operations in the market and independent market studies, as applicable, and the performance of similar integrated properties regionally. The cash flows are forecasted under a base case scenario, considering all aspects of the integrated resort offering, and assuming a normalised macroeconomic environment.

A minority discount has also been factored in, given the Company's shareholding percentage in WPL, which is relatively low on a standalone basis.

Discount Rate

The USD discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium. The USD cost of equity has been updated to reflect the current and expected discount rates, while taking into account the long-term nature of the investment.

9 FINANCIAL INSTRUMENTS

ACCOUNTING POLICY

i) Financial instruments - initial recognition and subsequent measurement

Financial assets within the scope of SLFRS 9 are classified as amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. This assessment is referred to as the SPPI test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient financial assets are measured at the transaction price.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

Debt instruments

Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the Group's effective interest rate.

For trade receivables, the Group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial assets at fair value through OCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the income statement.

The Group does not have debt instruments at fair value through OCI.

Notes to The Financial Statements

9 FINANCIAL INSTRUMENTS (contd.)

Equity instruments

Financial assets designated at fair value through OCI

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group does not have financial assets at fair value through profits or loss.

Financial assets - derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets

For trade receivables, the group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

The Group does not have financial liabilities at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid prices for long position and ask price for short positions), without any deductions for transaction costs. For instruments not traded in an active market , the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is subsequent and is substantially the same; a discounted cash flow analysis or other valuation models. An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 9.

9.1 Financial assets and liabilities by categories

Group	Financial assets/liabilities at amortised cost		Financial assets/ liabilities at fair value through OCI with recycling of cumulative gains and losses		Financial assets/liabilities designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition		Total	
As at 31 March In Rs.000	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Financial instruments in non-current assets/non-current liabilities								
Other non-current financial assets	**218,794**	235,635	**-**	-	**2,416,253**	2,642,519	**2,635,047**	2,878,154
Financial instruments in current assets/current liabilities								
Trade and other receivables	**610,599**	779,882	**-**	-	**-**	-	**610,599**	779,882
Loans and advances given to Tea Sellers	**746,713**	392,556	**-**	-	**-**	-	**746,713**	392,556
Trade and other payables	**(1,246,909)**	(1,201,974)	**-**	-	**-**	-	**(1,246,909)**	(1,201,974)
Amount due from related parties	**10,023**	10,905	**-**	-	**-**	-	**10,023**	10,905
Amount due to related parties	**(19,799)**	(48,640)	**-**	-	**-**	-	**(19,799)**	(48,640)
Cash in hand and at bank	**134,428**	139,692	**-**	-	**-**	-	**134,428**	139,692
Bank overdrafts	**(201,520)**	(84,123)	**-**	-	**-**	-	**(201,520)**	(84,123)

Notes to The Financial Statements

9.1 Financial assets and liabilities by categories (Contd.)

Company As at 31 March In Rs.000	Financial assets/liabilities at amortised cost		Financial assets/ liabilities at fair value through OCI with recycling of cumulative gains and losses		Financial assets/liabilities designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Financial instruments in non-current assets/non-current liabilities	-	-	-	-	-	-	-	-
Other non-current financial assets	198,760	218,721	-	-	2,416,253	2,642,518	2,615,012	2,861,240
Financial instruments in current assets/current liabilities	-	-	-	-	-	-	-	-
Trade & other receivables	268,475	602,778	-	-	-	-	268,475	602,778
Loans and advances given to Tea Sellers	746,713	392,556	-	-	-		746,713	392,556
Trade and other payables	(803,447)	(797,726)	-	-	-	-	(803,447)	(797,726)
Amount due from related parties	5,521	3,790	-	-	-	-	5,521	3,790
Amount due to related parties	(14,056)	(13,573)	-	-	-	-	(14,056)	(13,573)
Cash in hand and at bank	103,245	78,099	-	-	-	-	103,245	78,099
Bank overdrafts	(201,460)	(84,123)	-	-	-	-	(201,460)	(84,123)

The fair value of loans and receivables is not significantly different from the value based on amortised cost methodology.

The management assessed that, cash and short-term deposits, trade receivables, trade payables, loans and advances given to tea sellers, bank overdrafts and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

Fair value of quoted equities, debentures and bonds are based on price quotations in an active market at the reporting date

10 REVENUE

ACCOUNTING POLICY

Revenue from contracts with customers

Revenue from contracts with customer is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

Services transferred at the point of time

Under SLFRS 15, revenue is recognised upon satisfaction of a performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally, on delivery of the goods. For each performance obligation satisfied overtime, the Group recognises the revenue at the point of time by measuring the progress towards complete satisfaction of that performance obligation.

10.1 Disaggregation of revenue

For the year ended 31 March	Group		Company	
In Rs.'000s	2024	2023	2024	2023
Brokerage fee	616,354	699,324	384,616	447,883
Warehousing income	154,341	129,399	-	-
Other	43,529	52,607	43,529	52,607
Total revenue from contract with customers	814,224	881,330	428,145	500,490
Interest earned on loans and advances	133,359	147,907	133,359	147,907
Rental income earned	1,958	1,770	1,958	1,770
Inter segment revenue	(7,567)	(6,419)	-	-
Total revenue	941,974	1,024,588	563,462	650,167

10.2 Reconciliation of revenue

Reconciliation between revenue from contracts with customers and revenue information that is disclosed for each reportable segments has been provided in the operating segment information section.

11 DIVIDEND INCOME

ACCOUNTING POLICY

Dividend income is recognised when right to receive the payment is established.

For the year ended 31 March	Company	
In Rs.000	2024	2023
Dividend income from investment in subsidiaries	12,750	38,000
	12,750	38,000

Notes to The Financial Statements

12 OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

ACCOUNTING POLICY

Gains and losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non-current assets, including investments in subsidiaries, are accounted for in the income statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions, which are not material are aggregated, reported and presented on a net basis.

For the year ended 31 March	Group		Company	
In Rs.000	2024	2023	2024	2023
Sundry income	600	9,423	200	427
Net gain on disposal of property, plant and equipment	353	524	-	515
	953	9,947	200	942

13 FINANCE INCOME AND FINANCE COST

13.1 Finance income

ACCOUNTING POLICY

Finance income comprises interest income on funds invested dividend income, gains on the disposal of fair value through OCI financial assets, fair value gains on financial assets at fair value through profit or loss, gains on the remeasurement to fair value of any preexisting interest in an acquiree that are recognised in the income statement.

Interest income is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the income statement.

Finance income

For the year ended 31 March	Group		Company	
In Rs.000	2024	2023	2024	2023
Interest income	63,592	92,978	14,774	35,296
Dividend income on financial assets at FVOCI Keells Foods Products PLC	1,094	4,567	1,094	4,567
Realised gain on financial assets at fair value through profit or loss	8,307	4,796	4,125	2,138
Total finance income	72,993	102,341	19,993	42,001

13.2 Finance costs

ACCOUNTING POLICY

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, losses on disposal of financial assets at FVOCI, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables) that are recognised in the income statement.

Interest expense is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Finance cost

For the year ended 31 March	Group		Company	
In Rs.000	2024	2023	2024	2023
Interest expense on borrowings	(28,360)	(37,989)	(28,290)	(37,976)
Total finance cost	(28,360)	(37,989)	(28,290)	(37,976)
Net finance income / (expenses)	44,633	64,352	(8,297)	4,025

14 PROFIT BEFORE TAX

ACCOUNTING POLICY

Expenditure recognition

Expenses are recognised in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the income statement.

For the purpose of presentation of the income statement, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Group's and Company's performance.

For the year ended 31 March	Group		Company	
In Rs.'000s	2024	2023	2024	2023
Profit before tax is stated after charging all expenses including the following;				
Administration expenses				
Remuneration to non executive directors	12,648	10,831	10,140	8,786
Audit fees	3,498	2,916	1,908	1,622
Amortisation of right of use assets	1,089	1,089		-
Personnel costs includes				-
Defined benefit plan cost	18,423	10,316	9,958	5,460
Defined contribution plan cost - EPF and ETF	35,544	31,170	14,813	12,544
Other staff cost	383,850	319,349	166,547	120,168
Depreciation of property, plant and equipment	30,846	23,458	3,230	1,576
Amortisation of intangible assets	2,563	2,046	-	-
Other long term employee benefits cost	11,296	8,802	4,042	3,348
CSR	2,691	2,014	2,120	829
Selling and distribution expenses				-
Impairment (recoveries) of trade receivables	(8,151)	(6,674)	(8,151)	(6,674)

Notes to The Financial Statements

15 EARNINGS PER SHARE

ACCOUNTING POLICY

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

For the year ended 31 March	Group		Company	
	2024	2023	2024	2023
Basic earnings per share				
Profit attributable to equity holders of the parent (In Rs.000)	151,063	305,850	159,887	318,956
Weighted average number of ordinary shares (In 000's)	60,800	60,800	60,800	60,800
	Rs	Rs	Rs	Rs
Basic earnings per share	2.48	5.03	2.63	5.25
Amount used as denominator				
Ordinary shares at the beginning of the year (In 000's)	60,800	60,800	60,800	60,800
Ordinary shares at the end of the year (In 000's)	60,800	60,800	60,800	60,800

16 DIVIDEND PER SHARE

For the year ended 31 March	Company			
	2024		2023	
	Rs.	Rs.000	Rs.	Rs.000
Equity dividend on ordinary shares				
Declared and paid during the year				
Out of dividends received - free of tax	2.27	138,016	0.05	3,281
Out of profits - liable for tax	0.63	38,304	2.90	176,079
Total dividend	2.90	176,320	2.95	179,360

17 TAXES

ACCOUNTING POLICY

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and for items recognised in other comprehensive income shall be recognised in other comprehensive income and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arising from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and unused tax credits and tax losses carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax credits and tax losses carried forward can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and·

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realised or liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax relating to items recognised outside the income statement is recognised outside the income statetment. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of a assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Notes to The Financial Statements

17 TAXES (Contd.)

17.1 Tax expense

For the year ended 31 March In Rs.'000s	Group 2024	Group 2023	Company 2024	Company 2023
Current income tax	85,709	138,999	66,295	109,092
Adjustments in respect of current income tax of previous year	(1,754)	-	(114)	-
Deferred income tax				
Relating to origination and reversal of temporary differences (17.2)	(7,081)	46,896	7,247	45,325
	76,874	185,895	73,428	154,417

Income tax and Deferred tax have been provided as per the new rates legislated per the Inland Revenue (Amendment) Act No 45 of 2022. The additional deferred tax on rate differential recognised in the income statement for the Group and the Company is Rs. 46.89 and Rs.45.33 for the year 2022/2023 respectively. Rs. 120.82 and Rs 43.79 has been reconised in the other comprehensive income statement as the deferred tax on rate deferential for the Group and the company for the year 2022/2023 respectively..

17.2 Deferred tax expense

For the year ended 31 March In Rs.'000s	Group 2024	Group 2023	Company 2024	Company 2023
Income statement				
Deferred tax expense arising from;				
Accelerated depreciation for tax purposes	(4,378)	4,443	37	924
Revaluation of investment property to fair value	9,000	45,257	9,000	45,257
Retirement benefit obligation	(4,191)	(1,688)	(1,790)	(856)
Benefit arising from tax losses	(7,581)	-	-	-
Undistributed profits of investment in associate & subsidiaries	69	(1,116)	-	-
Deferred tax charge/ (release)	(7,081)	46,896	7,247	45,325
Statement of comprehensive income				
Deferred tax expense arising from;				
Revaluation of building at fair value	62,634	74,007	-	(1,856)
Actuarial losses on defined benefit obligations	(5,179)	(80)	(3,221)	324
Deferred tax charge / (reversal) directly to OCI	57,455	73,927	(3,221)	(1,532)

The Group has computed deferred tax at the rates based on substantively enacted rate which is the rate legislated as of the reporting date specified in the Inland Revenue Act, No. 24 of 2017

17.3 Income tax liabilities/refunds

For the year ended 31 March In Rs.000	Group 2024	Group 2023	Company 2024	Company 2023
At the beginning of the year	86,244	35,353	75,905	19,094
Charge for the year	83,226	155,962	66,295	109,092
(Over)/under provision of current tax of previous years	(1,755)	-	(114)	-
WHT set off against payments	-	-		-
Payments and set off against refunds	(136,677)	(105,071)	(120,633)	(52,280)
At the end of the year	31,037	86,244	21,453	75,905
Income tax liability	31,037	86,244	21,453	75,905

17.4 Deferred tax asset

For the year ended 31 March In Rs.000	Group 2024	Group 2023	Company 2024	Company 2023
At the beginning of the year	8,170	7,313		-
(Charge) and release	9,646	574		-
(Charge) and release other - comprehensive income	1,958	283		-
At the end of the year	19,774	8,170		-
The closing deferred tax asset balances relate to the following;				
Accelerated depreciation for tax purposes	(813)	(595)		-
Losses available for offset against future taxable income	7,581	-		-
Employee retirement benefit liability	13,006	8,765		-
	19,774	8,170		-

17.5 Deferred tax liabilities

For the year ended 31 March In Rs.000	Group 2024	Group 2023	Company 2024	Company 2023
At the beginning of the year	218,894	97,215	50,554	6,760
Charge and (release)	2,565	47,470	7,247	45,325
(Charge) and release other - comprehensive income	59,414	74,209	(3,221)	(1,532)
At the end of the year	280,873	218,813	54,580	50,553
The closing deferred tax liability balances relate to the following;				
Tax effect on gain on remeasurement of FVOCI financial assets	-	(1,856)	-	(1,856)
Accelerated depreciation for tax purposes	156,390	101,509	2,897	2,859
Revaluation of investment property to fair value	130,479	119,995	67,845	60,701
Employee retirement benefit liability	(16,883)	(11,572)	(16,161)	(11,151)
Impact on consolidation of associates retained earnings	10,887	10,817		-
	280,873	218,893	54,580	50,553

Notes to The Financial Statements

For the year ended 31 March In Rs.000	Group 2024	2023	Company 2024	2023
17.6 Reconciliation between tax expense and the product of accounting profit				
Profit / (loss) before tax	**220,876**	495,392	**233,315**	473,373
Dividend income from group companies	**(13,844)**	(42,567)	**(13,844)**	(42,567)
Fair value change in investment properties	**(30,000)**	(63,374)	**(30,000)**	(63,551)
Share of results of associate	**712**	548	**-**	-
Other consolidation adjustments	**2,250**	-	**-**	-
Adjusted accounting profit /(loss) chargeable to income tax	**179,995**	389,999	**189,472**	367,255
Disallowable expenses	**90,852**	57,858	**40,590**	18,173
Allowable expenses	**(27,706)**	(29,159)	**(9,075)**	(5,035)
(Utilisation)/ un-utilisation of tax losses	**25,269**	-	**-**	-
Taxable income	**268,409**	418,698	**220,985**	380,393
Income tax charged at				
Standard rate 24%	**-**	63,215	**-**	46,041
Standard rate 30%	**85,709**	68,779	**66,295**	57,551
Standard rate 14%	**-**	5,500	**-**	5,500
(Over)/under provision for previous years	**(1,754)**	-	**(114)**	-
Current tax charge	**83,955**	137,494	**66,181**	109,092
17.7 Reconciliation between tax expense and the product of accounting profit				
Profit / (loss) before tax	**220,876**	495,392	**233,315**	473,372
Income tax not liable for income tax	**(43,844)**	(63,551)	**(43,844)**	(63,551)
Accounting profit / (loss) chargeable to income taxes	**177,032**	431,841	**189,472**	409,821
Tax effect on chargeable profits / losses	**58,979**	134,449	**56,850**	116,660
Tax effect on non deductible expenses	**11,774**	9,993	**8,295**	6,723
Tax effect on deductions claimed	**(1,409)**	(742)	**(602)**	(528)
Income tax on other comprehensive income	**9,000**	45,257	**9,000**	45,257
Current and deferred tax share of associate	**284**	7,075	**-**	-
Net tax effect of deferred tax for prior years	**-**	(12,492)	**-**	(13,681)
(Over)/under provision for previous years	**(1,755)**	1,490	**(114)**	(15)
Tax effect on rate differentials	**-**	865	**-**	-
	76,874	185,895	**73,428**	154,417
Income tax charged at				
Standard rate 24%	**-**	63,215	**-**	46,041
Standard rate 30%	**85,709**	68,779	**66,295**	57,551
Standard rate 14%	**-**	5,500	**-**	5,500
(Over)/under provision for previous years	**(1,755)**	1,505	**(114)**	-
Charge for the year	**83,955**	138,999	**66,181**	109,092
Deferred tax charge/(reversal) (note 17.2)	**(7,081)**	46,896	**7,247**	45,325
Total income tax expense	**76,827**	185,895	**73,428**	154,417

Group tax expense 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.

18 PROPERTY,PLANT AND EQUIPMENT

ACCOUNTING POLICY

Basis of recognition

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

Basis of measurement

Property, plant and equipment except for land and buildings are stated at cost less accumulated depreciation and any accumulated impairment loss. Such cost includes the cost of replacing component parts of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred.

Buildings are measured at fair value less accumulated depreciation on buildings and impairment charged subsequent to the date of the revaluation. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the 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.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Where land and buildings are subsequently revalued, the entire class of such assets is revalued at fair value on the date of revaluation.

Derecognition

An item of property, plant and equipment is derecognised upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

Depreciation

Depreciation is calculated by using a straight-line method on the cost or valuation of all property, plant and equipment, other than freehold land in order to write off such amounts over the estimated useful economic life of such assets

The estimated useful life of assets is as follows:

Assets	Years
Buildings on leasehold land	over the Lease period
Plant and machinery	2-10
Equipment	6-8
Furniture and fittings	5-8
Motor vehicles	5
Computer equipment	5
Other	5

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

Notes to The Financial Statements

In Rs.000	Buildings on Leasehold Land	Plant and machinery	Furniture and fittings	Motor vehicles	Computer equipment	Office equipment	Others	Capital work in progress	Total 2024	Total 2023
Group										
18.1 **Cost/valuation**										
At the beginning of the year	550,000	57,840	79,235	29,181	23,729	11,958	1,805	-	753,748	572,091
Additions	1,228	1,225	875	-	3,491	195	-	91,058	98,072	20,873
Revaluation	209,388	-	-	-	-	-	-	-	209,388	197,647
Disposals	-	(7,017)	-	-	-	-	-	-	(7,017)	(24,616)
Transfers	(19,388)								(19,388)	(12,247)
At the end of the year	741,228	52,048	80,111	29,181	27,220	12,152	1,805	91,058	1,034,803	753,748
18.2 **Accumulated depreciation and impairment**										
At the beginning of the year	(4,847)	(35,413)	(70,199)	(22,011)	(17,536)	(7,681)	(1,656)	-	(159,342)	(172,675)
Charge for the year	(21,334)	(3,440)	(1,894)	(9)	(2,497)	(1,624)	(48)	-	(30,846)	(23,458)
Disposals		7,017							7,017	24,544
Transfer of accumulated depreciation on asset revaluation	19,388	-	-	-	-	-	-	-	19,388	12,247
At the end of the year	(6,793)	(31,835)	(72,093)	(22,020)	(20,033)	(9,306)	(1,704)	-	(163,787)	(159,342)
18.3 **Carrying value**										
As at 31 March 2024	734,435	20,212	8,018	7,160	7,186	2,846	101	91,058	871,016	-
As at 31 March 2023	545,153	22,428	9,037	7,170	6,193	4,276	149	-	-	594,406

During the financial year, the Group acquired plant and equipment to the aggregate value of Rs 98.07 Mn (2023 - Rs 20.87 Mn) cash payments amounting to Rs 98.07 Mn (2023 - Rs 20.87 Mn) was made during the year for the acquisition of plant and equipment.

In Rs.'000s	Plant and machinery	Furniture and fittings	Motor vehicles	Computer equipment	Office equipment	Others	Total 2024	Total 2023
Company								
18.4 **Cost**								
At the beginning of the year	2,311	9,030	29,180	9,881	1,520	1,078	53,000	67,486
Additions	279	0	-	2,245	195	-	2,719	11,253
Disposals	-	-	-	-	-	-	-	(24,616)
At the end of the year	2,590	9,031	29,181	12,127	1,716	1,078	55,722	53,000
18.5 **Accumulated depreciation and impairment**								
At the beginning of the year	(459)	(2,091)	(22,011)	(6,910)	(495)	(1,078)	(33,044)	(57,135)
Charge for the year	(397)	(1,462)	(9)	(1,136)	(226)	-	(3,230)	(1,576)
Disposals	-	-	-	-	-	-	-	24,544
At the end of the year	(855)	(3,553)	(22,021)	(8,048)	(721)	(1,078)	(36,274)	(33,044)
18.6 **Carrying value**								
As at 31 March 2024	1,734	5,478	7,161	4,079	994	-	19,447	-
As at 31 March 2023	1,852	6,939	7,169	2,971	1,025	-	-	19,956

During the financial year, the Company acquired plant and equipment to the aggregate value of Rs 2.72 Mn (2023 Rs 11.25Mn) cash payments amounting to Rs 2.72 Mn (2023 Rs 11.25Mn) was made during the year for the acquisition of plant and equipment.

18.7 Carrying value of property, plant and equipment

As at 31 March In Rs.'000s	Group 2024	Group 2023	Company 2024	Company 2023
At cost	136,581	49,253	19,447	19,956
At valuation	734,435	545,153	-	-
	871,016	594,406	19,447	19,956

18.8 Revaluation of land and buildings

Accounting judgements, estimates and assumptions

The Group uses the revaluation model of measurement of land and buildings. The Group engaged independent expert valuers to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence of transaction prices for similar properties. Valuations are based on open market prices, adjusted for any difference in the nature, location, or condition of the specific property. These valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The most recent revaluation was carried out on 31 December 2023.

The changes in fair value are recognised in other comprehensive income and in the statement of changes in equity

Notes to The Financial Statements

18.9 Details of group's buildings stated at valuation are indicated below

Property	Location	Valuation technique	Significant unobservable Inputs	Estimates for unobservable input	Sensitivity of fair value to unobservable inputs	Property Valuer	Effective date of valuation
Building on leasehold land John Keells Warehousing (Pvt) Ltd	93, 1st Lane, Muthurajawela Hendala Wattala	Depreciated replacement cost	Estimated price per sq. ft.	Rs. 2,500 to Rs.5,500 (2023-Rs.2000 to Rs 3500)"	Positively correlated sensitivity	K. T. D. Tissera Chartered Valuer	31st December 2023

Summary description of valuation methodology;

01. Comparable Market approach (CMA)

This method may be adopted when the rental value is not available from the property concerned, but there are evidences of sale price of properties as a whole. In such cases, the capitalised value of the property is fixed by direct comparison with capitalised value of similar property in the locality.

02. Depreciated replacement cost (DRC)

The replacement cost method is used to value properties which do not generally exchange on the open market and for which comparable evidence therefore does not exist. The valuations are based on two components, the depreciated cost of the building element and the market value of the land. Current building costs and often the land will be established by comparison.

03. Income Approach (IA)

The Income Approach is used to value properties which are let to produce an income for the investor. Conventionally, investment is a product for rent and yield. Each of these elements is delivered comparison techniques.

18.10 The carrying amount of revalued land and buildings if they were carried at cost less depreciation, would be as follows;

As at 31 March In Rs.'000s	Group 2024	 2023
Property, plant and equipment		
Cost	151,778	151,778
Accumulated depreciation and impairment	(54,899)	(51,864)
	96,879	99,914

19 RIGHT OF USE ASSETS AND LEASE LIABILITY

ACCOUNTING POLICY

Right of use assets

The Group recognises right of use assets when the underlying asset is available for use. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

Lease liabilities

As at the reporting date all rental payments relating to SLFRS 16 leases have been paid in advance as such, there are no lease liabilities as at the reporting date.

Short-term leases and leases of low-value assets

The Group did not have any short term or low value lease assets.

19.1 Amounts recognised in the statement of financial position and income statement

Set out below, are the carrying amounts of the Group's right of use assets and the movements for the period ended 31 March 2024.

Right of use assets

As at 31 March In Rs.'000s	Group 2024	 2023
Right of use assets - lease hold properties		
Cost		
At the beginning of the year	35,846	35,846
Additions	-	-
At the end of the year	35,846	35,846
Accumulated amortisation and impairment		
At the beginning of the year	(4,356)	(3,267)
Amortisation	(1,089)	(1,089)
At the end of the year	(5,445)	(4,356)
At the end of the year	30,401	31,490

Notes to The Financial Statements

19 RIGHT OF USE ASSETS AND LEASE LIABILITY (Contd.)

The following are the amounts recognised in profit or loss:

Right of use assets

For the year ended 31 March	Group	
In Rs. '000s	2024	2023
Amortisation expense of right-of-use assets	1,089	1,089
Total amount recognised in profit or loss	1,089	1,089

No expenses relating to short term leases and leases of low value assets has been recognised in profit or loss.

19.2 Property

Details of right of use assets

As at 31 March In Rs. '000s	Land extent	Lease period	2024	2023
Land - Muthurajawela	A - 6 and P - 30	50 years from 1 March 2002	30,401	31,490

20 INVESTMENT PROPERTIES

ACCOUNTING POLICY

Investment properties are measured initially at cost, including transaction costs. The carrying value of an investment property includes the cost of replacing part of an existing investment property, at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-today servicing of the investment property. Subsequent to initial recognition, the investment properties are stated at fair values, which reflect market conditions at the reporting date.

Gains or losses arising from changes in fair value are included in the income statement in the year in which they arise. Fair values are evaluated at frequent intervals by an accredited external, independent valuer. The most recent revaluation was carried out on 31st December 2023.

Investment properties are derecognised when disposed, or permanently withdrawn from use because no future economic benefits are expected.Any gains or losses on retirement or disposal are recognised in the income statement in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property or inventory (WIP), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property or inventory (WIP), the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Where Group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant and equipment in the consolidated financial statements, and accounted using Group accounting policy for property, plant and equipment.

20.1 Investment Property

As at 31 March In Rs.000	Group 2024	 2023	Company 2024	 2023
At the beginning of the year	484,250	423,980	484,250	423,980
Net gain/(loss) from fair value remeasurement	30,000	60,270	30,000	60,270
At the end of the year	514,250	484,250	514,250	484,250
Rental income earned 2023/2024 Group and Company	1,958	1,770	1,958	1,770
Direct operational expenses incurred	-	-	-	-
Direct operating expenses that did not generate Rental income	-	-	-	-

20.2

Location	Land in perches	Valuation amount Rs	Date	Name of valuer
50, Minuwangoda Road Ekala, Ja- Ela	603.90	513,000,000	31.12.2023	Mr P B Kalugalagedera (Chartered Valuer)
58, Kirulapone Avenue Colombo 6	12.56	1,250,000	31.12.2023	Mr P B Kalugalagedera (Chartered Valuer)
		514,250,000		

Investment properties are stated at fair value which has been determined based on a valuation performed by Mr P B Kalugalagedera Chartered Valuer, using the Market comparable method based on estimated price per perch and price per sq ft positively correlated to the fair value.

Location	Valuation technique	Significant unobservable inputs	Estimates for unobservable inputs	Sensitivity of fair value to un observable inputs
50, Minuwangoda Road Ekala, Ja- Ela	Market comparable Method	Estimated price per perch	Rs 850,000	Positively correlated sensitivity
58, Kirulapone Avenue Colombo 6	Book value maintained until the vacant possession of the land is obtained	Estimated price per perch	Rs 100,000	Zero correlated

Notes to The Financial Statements

Real Estate Portfolio

As at 31 March Owning company and location	No Of buildings	Buildings in (Sq. Ft)	Land in acres Freehold	Leasehold	Net book value at valuation 2024 Rs. '000	2023 Rs. '000
PROPERTIES IN COLOMBO						
58, Kirulapone Avenue Colombo 6	1	1,200	12.56 Perches	-	**1,250**	1,250
PROPERTIES OUTSIDE COLOMBO						
50, Minuwangoda Road Ekala, Ja- Ela	-	-	603.9 Perches	-	**513,000**	483,000
93,First Avenue,Muthurajawela,Hendala,Wattala	3	146,743	-	A-6 and P-30	**741,228**	550,000

21 INTANGIBLE ASSETS

ACCOUNTING POLICY

Basis of recognition

An Intangible asset is recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

Basis of measurement

Intangible assets acquired separately are measured on initial recognition at cost.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised, and expenditure is charged against income statement in the year in which the expenditure is incurred.

Useful economic lives, amortisation and impairment

The useful lives of intangible assets are assessed as either finite or indefinite lives. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end and such changes are treated as accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

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

Software license

Software license costs are recognised as an intangible asset and amortised over the period of expected future usage of related ERP systems

Gains or losses arising from de recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

21.1 Cost

Software licenses

For the year ended 31 march In Rs.'000s	Group 2024	Group 2023	Company 2024	Company 2023
At the beginning of the year	15,902	15,902	4,263	4,263
Additions	4,887	-	-	-
Derecognition	-	-	-	-
At the end of the year	20,789	15,902	4,263	4,263
21.2 Accumulated amortisation and impairment				
At the beginning of the year	(9,654)	(7,608)	(4,263)	(4,263)
Amortisation	(2,563)	(2,046)	-	-
Derecognition	-	-	-	-
At the end of the year	(12,217)	(9,654)	(4,263)	(4,263)
21.3 Carrying value				
As at 31 March 2024	8,572	-	-	-
As at 31 March 2023	-	6,248	-	-

Group Intangible assets with a cost of Rs. 2.56Mn (2023- Rs. 2.05 Mn) have been fully amortised and continue to be in use by the Group.

Cost recognised as research and development expenditure during the period for Rs.4.89 Mn (2023 - Rs. 6.41 Mn) has been recognised as research and development expenditure during the period.

22 INVESTMENTS IN SUBSIDIARIES

ACCOUNTING POLICY

Investment in subsidiaries are initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries is immediately recognised in the income statement. Following the initial recognition, investments in subsidiaries are carried at cost less any accumulated impairment losses.

As at 31 March In Rs.'000s	Note	Company 2024	Company 2023
22.1 Carrying value			
Investments in subsidiaries			
Unquoted	22.2	158,570	158,570
		158,570	158,570

As at 31 March	Number of shares 000'	Additions	Effective holding %	2024 Rs. '000	2023 Rs. '000
22.2 Group unquoted investments in subsidiaries					
John Keells Stock Brokers (Pvt) Ltd.	1,140	-	76	38,570	38,570
John Keells Warehousing (Pvt) Ltd.	12,000	-	100	120,000	120,000
				158,570	158,570

Notes to The Financial Statements

23 INVESTMENTS IN ASSOCIATE

ACCOUNTING POLICY

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but does not control or jointly control those policies. Associate company of the Group which has been accounted for under the equity method of accounting is:

Name	Country of Incorporation
Keells Realtors Ltd	Sri Lanka

The investments in associates are carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the 'share of results of equity accounted investees' in the income statement.

The income statement reflects the share of the results of operations of the associate. Changes, if any, recognised directly in the equity of the associate, the Group recognises its share and discloses this, when applicable in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of an associate is shown on the face of the income statement. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate.

The Group ceases to recognise further losses when the Group's share of losses in an associate equals or exceeds the interest in the undertaking, unless it has incurred obligations or made payments on behalf of the entity. The accounting policies of associate companies conform to those used for similar transactions of the Group.

Equity method of accounting has been applied for associate financial statements using their respective 12 month financial period. Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in income statement.

	As at 31 March	Number of shares (000)	Holding %	Group 2024 Rs.000	Group 2023 Rs.000	Company 2024 Rs.000	Company 2023 Rs.000
23.1	**Carrying value**						
	Unquoted ordinary shares						
	Keells Realtors Ltd	2,400	32	24,000	24,000	24,000	24,000
	Share of profit as at the beginning of the year			77,266	85,238		
	Cumulative profit/(loss) accruing to the group net of dividend			497	(7,972)		
	Net of dividend			77,763	77,266		
	Net assets at the end of the year			101,763	101,266	24,000	24,000

23 INVESTMENTS IN ASSOCIATE (Contd.)

As at 31 March In Rs.'000s	Company 2024	 2023
23.2 Summarised financial information of associate		
Revenue	5,593	5,593
Cost of sales	(870)	(700)
Gross Profit	4,723	4,893
Total operating expenses	(4,547)	(3,599)
Financial income	49	64
Change in fair value of investment property	2,000	353
Income tax expenses	(670)	(25,597)
Profit for the year	1,555	(23,886)
Group share of profit for the year	712	548
Group share of other comprehensive income	-	-
Share of results of equity accounted investee	712	548
Non - current assets	441,000	439,000
Current assets	4,697	3,951
Total assets	445,697	442,951
Non - current liabilities	(126,330)	(125,730)
Current liabilities	(2,094)	(761)
Net assets	128,424	316,460
Group share of net assets	101,764	101,266
Cashflow from Operating activities	(344)	553
Cashflow from Investing activities	-	-
Cashflow from Financing activities	-	-

The share of results of equity accounted investees in the Income Statement and the Statement of Other Comprehensive Income are shown net of all related taxes. The Group and the Company have neither contingent liabilities nor capital and other commitments towards its associates and joint ventures.

Notes to The Financial Statements

24 NON CURRENT FINANCIAL ASSETS

As at 31 Marc In Rs.'000s	Note	Group 2024	Group 2023	Company 2024	Company 2023
Other quoted equity investments	24.1	378,260	411,711	378,260	411,711
Other unquoted equity investments	24.2	2,037,993	2,230,808	2,037,993	2,230,808
Loans to executives	24.4	40,301	47,000	21,267	31,086
Loans and advances given to Tea Sellers	24.3	177,493	187,635	177,493	187,635
Deposits with Colombo Stock Exchange		1,000	1,000	-	-
		2,635,047	2,878,154	2,615,012	2,861,240

24.1 Other quoted equity investments

As at 31 March	Number of shares 000's	Holding %	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Keells Food Products PLC						
At the beginning of the year	2,573	10.09	134,599	134,599	134,599	134,599
At the end of the year	2,573	10.09	134,599	134,599	134,599	134,599
Market Value						
Keells Food Products PLC			378,260	411,711	378,260	411,711

The market value of quoted investments amounts to Rs. 378 Mn (2023 - 412 Mn).

24.2 Other unquoted equity investments

As at 31 March In Rs.'000s	2024 Number of shares	2023 Number of shares	Group 2024	Group 2023	Company 2024	Company 2023
Ceylon Cold Stores PLC - Preference Share	1	1	1	1	1	1
Waterfront Properties (Pvt) Ltd (000's)	191,638	191,638				
At the beginning of the year			2,230,807	2,560,777	2,230,807	2,560,777
Remeasurement gain recognised for the year			(192,815)	(329,970)	(192,815)	(329,970)
			2,037,993	2,230,808	2,037,993	2,230,808

The Company's shareholding in Waterfront Properties (Pvt) Ltd diluted to 1.11 percent as at 31.03.2024 from 1.96 percent as at end of the last financial year as a result of the direct investment in stated capital of Waterfront Properties (Pvt) Ltd by John Keells Holdings PLC.

Basis of valuation of financial and non - financial assets - Group / Company

The unquoted equity investment has been fair valued using the Discounted Cash Flow Method of the investee (WPL). The value per share of WPL as at 31st March 2024 was Rs. 10.63 (2023: Rs.11.64). As noted below, the valuation of WPL is carried out considering the project cash flows. The Company shareholding in WPL as at the reporting date was 1.11.% (2023 – 1.96%).

Details of the valuation as at 31st March 2024 are given below;

The valuation of the investment in Waterfront Properties (Pvt) Ltd (WPL) has been conducted based on the Discounted Cash Flow Method.

Discounted Cash Flow Method

Estimates the fair market value of the entity considering the future cash flow generation of the Company, as of now. Projected cash flows, are discounted using cost of equity, to arrive at the net present value of the investment. Key assumptions used in the Discounted Cash Flow Method are noted below;

Forecast Horizon

Cash Flows have been forecasted for 5 years, with the terminal value based on an appropriate terminal growth rate in line with the market.

Revenue, EBITDA Margins and Cashflow Projections

Revenue and EBITDA margins have been adjusted for project specific aspects and the margin projections are based on the extrapolation of existing operations in the market and independent market studies, as applicable, and the performance of similar integrated properties regionally. The cash flows are forecasted under a base case scenario, considering all aspects of the integrated resort offering. A minority discount has also been factored in given the Company's shareholding percentage in WPL, which is relatively low on a standalone basis.

Discount Rate

The discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium. The cost of equity reflects the current and expected discount rates, while taking into account the long-term nature of the investment

24.3 Other non equity investments

	Group		Company	
In Rs.'000s	2024	2023	2024	2023
Loans to executives	40,301	47,000	21,267	31,086
Loans and advances given to sellers	177,493	187,635	177,493	187,635
Deposits with Colombo Stock Exchange	1,000	1,000	-	-
	218,794	235,635	198,760	218,721

24.4 Loans to executives

	Group		Company	
In Rs.'000s	2024	2023	2024	2023
At the beginning of the year	55,052	33,381	34,768	14,671
Loans granted	19,416	62,526	4,500	45,050
Recoveries/ transfers	(27,061)	(40,855)	(13,926)	(24,953)
At the end of the year	47,407	55,052	25,342	34,768
Receivable within one year	7,106	8,051	4,075	3,682
Receivable after one year				
Receivable between one and five years	40,301	47,000	21,267	31,086
	47,407	55,051	25,342	34,768

Notes to The Financial Statements

25 INVENTORIES

ACCOUNTING POLICY

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price less estimated costs of completion and the estimated costs necessary to make the sale.

The costs incurred in bringing inventories to its present location and condition, are accounted for as follows:

Other inventories - at actual cost

As at 31 March	Group		Company	
In Rs.'000s	2024	2023	2024	2023
INVENTORIES				
Consumables and spares	2,773	1,613	2,148	998
	2,773	1,613	2,148	998

26 TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICY

A receivable represents the Group's right to an amount of consideration that is unconditional. Trade receivables are on no interest bearing and are generally on the term of 30 to 90 days.

The Group has obtained customer deposits from major customers by reviewing their past performance and credit worthiness, as collateral. The requirement for an impairment is analysed at each reporting date on an individual basis for major customers and uses a provision matrix to calculate Expected Credit Loss (ECL) for the balance. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix was initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The Group considers a financial asset including trade and receivable to be in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

As at 31 March		Group		Company	
In Rs.000		2024	2023	2024	2023
Trade receivables		992,538	751,581	688,794	598,626
Loans and advances given to sellers		746,713	854,150	746,713	854,150
Less: provisions for loans and advances given to Tea Sellers		(440,263)	(461,594)	(440,263)	(461,594)
Other receivables		51,218	40,250	15,869	470
Loans to executives	24.4	7,106	8,051	4,075	3,682
		1,357,312	1,192,438	1,015,188	995,334

Significant judgements on advances and loans given to sellers

The measurement of provision for impairment allowance requires judgement, in particular, the amount and timing of future cash flows and collateral values when determining impairment losses. Elements that are considered accounting judgements mainly include the length of business relationship between the Tea Sellers and Company and the global demand and anticipated production of Tea.

27 OTHER CURRENT ASSETS

As at 31 March In Rs.000	Group 2024	 2023	Company 2024	 2023
Prepayments and non cash receivable	4,870	36,924	61	1,589
	4,870	36,924	61	1,589

28 SHORT TERM INVESTMENTS

As at 31 March In Rs.000	Group 2024	 2023	Company 2024	 2023
Government securities (less than 3 months)	306,091	454,327	-	-
	306,091	454,327	-	-

29 CASH IN HAND AND AT BANK

ACCOUNTING POLICY

Cash and short-term deposits in the statement of financial position comprise cash at banks and in hand and short-term deposits with a maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

29.1 Favourable cash and bank balances

In Rs.000	Group 2024	 2023	Company 2024	 2023
Cash in hand and at bank	134,428	139,692	103,245	78,099
	134,428	139,692	103,245	78,099
29.2 Unfavourable cash and bank balances				
Bank overdrafts	201,520	84,123	201,460	84,123
	201,520	84,123	201,460	84,123
Net cash & cash equivalents	(67,092)	55,569	(98,216)	(6,024)

30 STATED CAPITAL AND OTHER COMPONENTS OF EQUITY

ACCOUNTING POLICY

The ordinary shares of John Keells PLC are quoted on the Colombo Stock Exchange. Holders of ordinary shares are entitled to receive dividends as declared from time to time, and are eligible to one vote per share at the General Meeting of the Company.

Fair Value reserve of financial assets at FVOCI included changes of fair value of equity instruments.

Revaluation reserve consist of the net surplus on the revaluation of property, plant and equipment and present value of acquired in - force business (PVIB).

The other capital reserve is used to recognise the value of equity - settled share based payments provided to employees, including key management personnel, as part of their remuneration.

Notes to The Financial Statements

30 STATED CAPITAL AND OTHER COMPONENTS OF EQUITY (Contd.)

30.1 Stated capital

As at 31 March	2024		2023	
	Number of shares	Value of shares	Number of shares	Value of shares
	'000	Rs.000	'000	Rs.000
Fully paid ordinary shares				
At the beginning of the year	60,800	152,000	60,800	152,000
At the end of the year	60,800	152,000	60,800	152,000

30.2 Other components of equity

As at 31 March	Group		Company	
In Rs.'000s	2024	2023	2024	2023
Fair value reserve of financial assets at FVOCI	355,362	581,629	365,434	591,701
Revaluation reserve	482,971	336,217	-	-
Other Capital reserves	162,324	152,769	92,710	88,668
	1,000,657	1,070,615	458,144	680,369

31 SHARE BASE PAYMENT PLANS

ACCOUNTING POLICY

Employees of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). The Company applied SLFRS 02 Share Based Payments in accounting for employee remuneration in the form of shares from 2013/14 financial year onwards.

Equity-settled transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in the share based payment plan note.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled award and the new award are treated as if they were a modification of the original award, as described in the previous paragraph.

Share Based Payments- Employee Share Option Scheme

Estimating fair value for share-based payment transactions require determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model, including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The John Keells Group measures the cost of equity settled transactions with employees relevant to the entire Group by reference to the fair value of the equity instruments on the date at which they are granted. The same assumptions have been used by the Company as John Keells Group's Employee Share Option Scheme applies to the Company.

The expected life of the share options is based on the historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome either.

The following information which are relevant to the John Keells Holdings PLC was used and results were generated using binomial model for ESOP

The following information were used and results were generated using binomial model for ESOP

As at 31st March	2024 Plan no 11 Award 2.1	2024 Plan no 11 Award 2	2023 Plan no 11 award 1	2022 Plan no 10 award 3	2021 Plan no 10 award 2	2020 Plan no 10 award 1
Dividend yield (%)	2.07	2.54	2.90	3.28	3.87	3.62
Expected volatility (%)	25.05	24.99	24.15	22.37	21.35	17.47
Risk free interest rate (%)	14.49	26.92	23.10	8.87	6.44	9.83
Expected life of share options (Years)	5	5	5	5	5	5
Weighted average share price at the grant date (LKR)	158.36	137.83	119.85	132.63	134.74	138.70
Weighted average remaining contractual life for the share options outstanding (Years)	3	3	3	3	3	3
Weighted average fair value of options granted during the year (LKR)	52.79	45.94	39.95	44.21	44.91	46.23
Exercise price for options outstanding at the end of the year (LKR)	145.59	137.86	121.91	136.64	132.86	136.97
Exercise price for options outstanding at the end of the year (LKR)	145.59	137.86	121.91	136.34	132.86	136.97

Further, The JKH Group has an Employee Share Option Scheme. Since, Share Options are potential ordinary shares, these may have a dilutive impact on the EPS. Please confirm that there is no dilutive impact from potential ordinary shares.

As at 31 March In Rs.000	Group 2024	 2023	Company 2024	 2023
Expense arising from equity-settled share-based payment transactions	11,296	8,802	4,042	3,348
Total expense arising from share-based payment transactions	11,296	8,802	4,042	3,348

Notes to The Financial Statements

31 SHARE BASE PAYMENT PLANS (Contd.)

Movements in the year

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	Group				Company			
As at 31st March	2024 No.	2024 WAEP Rs	2023 No.	2023 WAEP Rs	2024 No.	2024 WAEP Rs	2023 No.	2023 WAEP Rs
Outstanding at the beginning of the year	1,081,738	150.71	1,098,188	150.71	379,685	140.21	410,927	152.53
Granted during the year	149,210	126.13	262,100	126.13	42,700	145.90	92,300	129.62
Exercised during the year	(59,250)	137.03	-	-	(59,250)	137.03	-	-
Adjusted - sub division								
Adjusted - warrants								
Lapsed/forfeited during the year	(313,424)	173.25	(287,064)	173.25	(125,685)	154.10	(123,542)	173.25
Transfers in /(out) during the year		-	8,514	-	-	-	-	-
Outstanding at the end of the year	858,274	138.97	1,081,738	138.97	237,450	134.62	379,685	140.21
Exercisable at the end of the year	412,625	144.93	613,099	144.93	85,925	132.88	207,360	146.79

Fair value of the share option and assumptions

The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options were granted.

The valuation takes into account factors such as stock price, expected time to maturity, exercise price, expected volatility of share price, expected dividend yield and risk free interest rate.

32 EMPLOYEE BENEFIT LIABILITIES

ACCOUNTING POLICY

32.1 Employee Contribution Plan - EPF/ETF

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. The companies contribute the defined percentages of gross emoluments of employees to an approved Employees' Provident Fund and to the Employees' Trust Fund respectively, which are externally funded.

32.2 Employee Defined Benefit Plan - Gratuity

The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the reporting date using the projected unit credit method. Any actuarial gains or losses arising are recognised immediately in the statement of other comprehensive income statement.

Under the payment of Gratuity Act No 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service. The Obligation is not externally funded.

As at 31 March In Rs.000	Group 2024	 2023	Company 2024	 2023
EMPLOYEE BENEFIT LIABILITIES				
At the beginning of the year	67,892	65,791	37,272	32,623
Current service cost	5,149	4,385	2,690	2,524
Past service cost	-	-		-
Transfers	(838)	725	(838)	725
Interest cost on benefit obligation	13,274	5,930	7,268	2,936
Payments	(3,717)	(9,492)	(3,256)	(601)
(Gain)/loss arising from changes in assumptions or due to (over)/ under provision in the previous year	17,870	553	10,735	(935)
At the end of the year	99,630	67,892	53,871	37,272

32.3 The expenses are recognised in the income statement in the following line items;

Cost of Sales	9,562	5,902	7,301	4,087
Administrative Expenses	8,583	4,229	2,379	1,189
Cost reimbursement for shared employees	278	184	278	184
	18,423	10,315	9,958	5,460

The employee benefit liability of listed Company and the Group is based on the actuarial valuations carried out by Messrs. Actuarial & Management Consultants (Pvt) Ltd., actuaries.

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

In Rs.000	Group 2024	 2023	Company 2024	 2023
Discount rate	12.0%	19.5%	12.0%	19.50%
Future salary increases	12.0%	15.0%	12.0%	15.00%

Retirement Age; Executive staff and sales representatives as of 17th November 2021, employees who have attained the age of;

In Rs.000	Group 2024	 2023	Company 2024	 2023
Less than 52 years	60 years	60 years	60 years	60 years
53 years	59 years	59 years	59 years	59 years
54 years	58 years	58 years	58 years	58 years
55 years	57 years	57 years	57 years	57 years

The Management tested several scenario based calculations on possible changes of the assumptions due to the prevailing macro-economic conditions. Based on those calculations, the management has concluded that there is no material impact to retirement benefit obligations liability of the Group and the Company.

Notes to The Financial Statements

32.5 Sensitivity of assumptions used

A one percentage change in the assumptions would have the following effects:

As at 31 March In Rs.000	Group				Company			
	Discount rate		Salary increment		Discount rate		Salary increment	
	2024	2023	2024	2023	2024	2023	2024	2023
Effect on the defined benefit obligation liability								
Increase by one percentage point	(4,389)	(2,402)	4,989	2,822	(2,441)	(1,264)	2,729	1,449
Decrease by one percentage point	4,823	2,589	(4,622)	(2,654)	2,686	1,357	(2,525)	(1,369)

32.6 Maturity analysis of the payments

The following payments are expected on employee benefit liabilities in future years

As at 31 March In Rs.000	Group		Company	
	2024	2023	2024	2023
	Defined Benefit Obligation	Defined Benefit Obligation	Defined Benefit Obligation	Defined Benefit Obligation
Within the next 12 months	16,050	10,375	8,073	6,855
Between 1-2 years	15,365	22,195	14,532	11,243
Between 2-5 years	22,264	16,943	13,673	9,346
Between 5-10 years	40,031	10,990	11,809	7,783
Beyond 10 years	5,920	7,388	5,783	2,045
Total	99,630	67,891	53,871	37,272

The average duration of the defined benefit plan obligation at the end of the reporting period is 5.30 years for the Company (2023 - 4.20 years)

The average duration of the defined benefit plan obligation at the end of the reporting period is 5.12 years for John Keells Stock Brokers (Pvt) Ltd (2023 - 5.12 years)

The average duration of the defined benefit plan obligation at the end of the reporting period is 3.40 years for John Keells Warehousing (Pvt) Ltd (2023 - 4.73 years)

32.7 Employee benefit liabilities

As at 31 March In Rs.000	Group		Company	
	2024	2023	2024	2023
Employee defined benefit plan - gratuity (note 32.2)	99,630	67,892	53,871	37,272
At the end of the year	99,630	67,892	53,871	37,272

33 TRADE AND OTHER PAYABLES

ACCOUNTING POLICY

Trade payables are the aggregate amount of obligations to pay for goods and services, that have been acquired in the ordinary course of business.

As at 31 March	Group		Company	
In Rs.000	2024	2023	2024	2023
Trade payables	1,159,378	1,127,656	755,293	756,271
Sundry creditors including accrued expenses	87,531	74,318	48,154	41,455
	1,246,909	1,201,974	803,447	797,726

Trade and other payables are normally non - interest bearing and settled within one year.

34 OTHER CURRENT LIABILITIES

ACCOUNTING POLICY

Group classifies all non financial current liabilities under other current liabilities.

These include non refundable deposits and other tax payables. These liabilities are recorded at amounts expected to be set off at the reporting date.

As at 31 March	Group		Company	
In Rs.000	2024	2023	2024	2023
OTHER CURRENT LIABILITIES				
Other tax payables	14,619	32,929	13,112	31,607
Other payables	15,000	-		
	29,619	32,929	13,112	31,607

35 RELATED PARTY TRANSACTIONS

Terms and conditions of transactions with related parties

Transactions with related parties are carried out in the ordinary course of business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash.

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

Non - recurrent related party transactions

There were no non -recurrent related party transactions which in aggregate value exceeds 10 percent of equity or 5 percent of total assets which ever is lower of the Company as per 31st March 2024 audited financial statements, which required additional disclosure in the 2023/2024 Annual Report under Colombo Stock Exchange listing rule 9.14.8 and Code of Best Practice on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission Act.

Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10 percent of the consolidated revenue of the Group as per 31st March 2024 audited financial statements, which required additional disclosure in the 2023/2024 Annual Report under Colombo Stock Exchange listing rule 9.14.8 and Code of Best Practice on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission Act.

Notes to The Financial Statements

35 RELATED PARTY TRANSACTIONS (Contd.)

35.1 Amounts due from related parties

As at 31 March	Group		Company	
In Rs.000	2024	2023	2024	2023
Ultimate parent	4,182	1,304	2,948	1,304
Parent	3,268	7,115		
Companies under common control	2,573	2,486	2,573	2,486
Key management personnel	-	-		
Close family members of KMP				-
	10,023	10,905	5,521	3,790

35.2 Amounts due to related parties

	Group 2024	Group 2023	Company 2024	Company 2023
Ultimate parent	4,071	2,919	3,605	2,588
Parent	577	269		
Companies under common control	10,595	11,547	10,451	10,985
Key management personnel	4,555	33,905	-	-
Close family members of KMP	-	-	-	-
	19,798	48,640	14,056	13,573

35.3 Transactions with related parties

For the year ended 31 March		Group		Company	
In Rs.000	Note	2024	2023	2024	2023
Ultimate Parent - John Keells Holdings PLC					
Receiving of services for which fees are paid		52,240	39,297	28,118	21,786
Providing of services for which fees are received		-	-	-	-
Companies under common control					
Purchase of goods for a fee		15,956	925	12,786	705
Receiving of services for which fees are paid		39,230	33,857	24,098	31,673
Lending money for which interest is received		38,553	30,981	-	-
Renting of office space for which rent is received		(1,859)	(3,279)	(1,859)	(1,770)
Providing of services for which fees are received		(39,263)	(44,683)	(38,149)	(44,078)
Subsidiaries					
Renting of stores space for which rent is paid		-	-	7,520	6,334

35.4 Key management personnel

	Group 2024	Group 2023	Company 2024	Company 2023
Short term employee benefits	-	6,405	-	6,405
Share based payments	-	-	-	-
Brokerage commission earned on share transactions	3,593	7,103	-	-

35.5 Close family members of KMP

	Group 2024	Group 2023	Company 2024	Company 2023
(Receiving) / rendering of services	-	-	-	-
Companies controlled / jointly controlled / significantly Influenced by KMP and their close family members				
(Purchases) / Sales of goods				-

35.6 Post employment benefit plan

	Group 2024	Group 2023	Company 2024	Company 2023
Contributions to the provident fund	13,476	11,993	13,476	11,993

Key management personnel include members of the Board of Directors of John Keells PLC, its parent John Keells Holdings PLC and their subsidiary companies.

36 COMMITMENTS & CONTINGENT LIABILITIES

ACCOUNTING POLICY

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote. A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of:

- The amount that would be recognised in accordance with the general guidance for provisions above (LKAS 37) or
- Contingent assets are disclosed, where inflow of economic benefit is probable.

36.1 Capital commitments

The Company does not have any capital commitments as at the reporting date

36.2 Financial commitments

The Company does not have any financial commitments as at the reporting date.

36.3 Contingencies

There are no significant contingent liabilities as at the reporting date.

36.4 Assets pledged

There are no assets pledged as security against borrowings as at 31st March 2024.

37 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There have been no material events occurring after the statement of financial position date that require adjustment or disclosure in the financial statements.

Information to Shareholders and Investors

1. Stock Exchange Listing

The issued ordinary shares of John Keells PLC are listed with the Colombo Stock Exchange of Sri Lanka. The Audited Accounts of the Company and the Consolidated Accounts for the year ended 31st March 2024 have been submitted to the Colombo Stock Exchange.

Stock Symbol - JKPLC.N0000
ISIN - LK0093N00001

2. Distribution of Shareholdings

	31st March 2024				31st March 2023			
	Shareholders		Holdings		Shareholders		Holdings	
No. of Shares held	Number	%	Number	%	Number	%	Number	%
less than 1,000	1160	0.34	205,379	0.34	1,076	72.12	198,742	0.33
1,001 - 10,000	309	1.96	1,194,509	1.96	299	20.04	1,139,010	1.87
10,001 - 100,000	94	4.41	2,681,611	4.41	98	6.57	2,748,966	4.52
100,001-1,000,000	18	6.39	3,883,717	6.39	18	1.21	3,878,498	6.38
1,000,001 and over	1	86.90	52,834,784	86.90	1	0.07	52,834,784	86.90
Total	1,582	100.00	60,800,000	100	1,492	100.00	60,800,000	100.00

3. Analysis of Shareholders

	31st March 2024				31st March 2023			
	Shareholders		Holdings		Shareholders		Holdings	
Categories of	Number	%	Number	%	Number	%	Number	%
Individuals	1,505	95.13	5,470,908	9.00	1,414	94.77	5,465,777	8.99
Institutions	77	4.87	55,329,092	91.00	78	5.23	55,334,223	91.01
Total	1,582	100.00	60,800,000	100.00	1,492	100.00	60,800,000	100.00
Residents	1,568	99.12	60,523,049	99.54	1,478	99.06	60,520,074	99.54
Non-residents	14	0.88	276,951	0.46	14	0.94	279,926	0.46
Total	1,582	100.00	60,800,000	100.00	1,492	100.00	60,800,000	100.00
John Keells Holdings and subsidiaries	1	0.06	52,834,784	86.90	1	0.07	52,834,784	86.90
Public	1,581	99.94	7,965,216	13.10	1,491	99.93	7,965,216	13.10
Total	1,582	100	60,800,000	100.00	1,492	100.00	60,800,000	100.00

No shares are held by directors and the chief executive officer at the end of the year.

4. Public Shareholdings

As at 31 March	2023/2024	2022/2023
Number of Public Shareholders	1,581	1,491
Public Holding Percentage	13.10	13.10
The Float Adjusted Market Capitalisation – Rs Billion	0.52	0.55

The Company has complied with the Rule 7.13.1 (b) option 2 of the Listing Rules of the Colombo Stock Exchange governing the minimum public holding requirement of listed entities for continuous listing requirements. As at 31st March 2024, the public holding of the Company stood at 13.10 percent surpassing the minimum requirement of 10 percent, under the relevant option.

5. Share Performance at Colombo Stock Exchange

	2023/2024	2022/2023
Highest market price	74.00	85.00
Lowest market price	60.00	55.10
Closing price as at 31st of March	64.80	68.80

6. Twenty Largest Shareholders

		31st March 2024		31st March 2023	
	Name of Shareholders	No. of Shares	Holding %	No. of Shares	Holding %
1	John Keells Holdings PLC	52,834,784	86.90	52,834,784	86.90
2	Dr. H.S.D.Soysa & Mrs. G. Soysa	625,611	1.03	625,611	1.03
3	People's Leasing & Finance PLC/Dr.H.S.D. Soysa & Mrs.G. Soysa	433,933	0.71	429,214	0.71
4	People's Leasing & Finance PLC/L.P. Hapangama	397,749	0.65	397,749	0.65
5	Bank Of Ceylon No. 1 Account	250,200	0.41	250,200	0.41
6	Mrs. H.G.S. Ansell & Mrs. A.P. Ansell	240,000	0.39	240,000	0.39
7	Est Of Late M. Radhakrishnan (Deceased)	232,800	0.38	232,800	0.38
8	Mrs. M.L. De Silva	207,872	0.34	207,872	0.34
9	Mr. A.M. Weerasinghe	179,792	0.30	179,792	0.30
10	Catholic Bishops Conference In Sri Lanka	171,416	0.28	171,416	0.28
11	Employees Trust Fund Board	169,988	0.28	169,988	0.28
12	People's Leasing & Finance PLC/L.H.L.M.P. Haradasa	157,041	0.26	157,041	0.26
13	Miss N.S. De Mel	137,115	0.23	137,115	0.23
14	Mrs. N. Tirimanne	133,580	0.22	133,580	0.22
15	Sisira Investors Limited	114,272	0.19	114,272	0.19
16	Colombo Fort Investments PLC	114,000	0.19	114,000	0.19
17	Mr. A.J.M. Jinadasa	110,500	0.18	110,000	0.18
18	Mrs. G. Soysa & Dr. H.S.D. Soysa	105,000	0.17	105,000	0.17
19	Colombo Investment Trust PLC	102,848	0.17	102,848	0.17
20	Mr. H.P.N. Soysa & Mrs. S.N. Jayewardene	100,000	0.16	100,000	0.16
		56,818,501	93.44	56,813,282	93.44

7. Market Information on Ordinary Shares of the Company

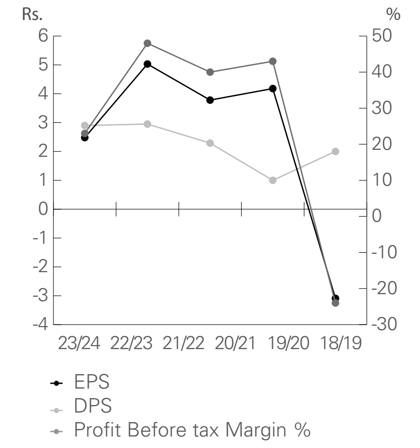
Share Information	2023/2024	Q4	Q3	Q2	Q1	2022/2023
High	74.00	72.50	70.00	74.00	68.20	85.00
Low	60.00	60.00	62.00	65.00	60.50	55.10
Close	64.80	64.80	64.20	69.00	66.50	68.80
Trading Statistics of John Keells PLC						
Number of transactions	1,300	434	317	319	230	1,119
Number of Shares traded	320,066	85,294	69,405	119,696	45,671	234,693
Value of the Shares traded (Rs. Mn)	21.27	5.46	4.53	8.35	2.92	15.46
Market Capitalisation (Rs. Mn)	3,940	3,940	3,903	4,195	4,043	4,183

Five Year Summary

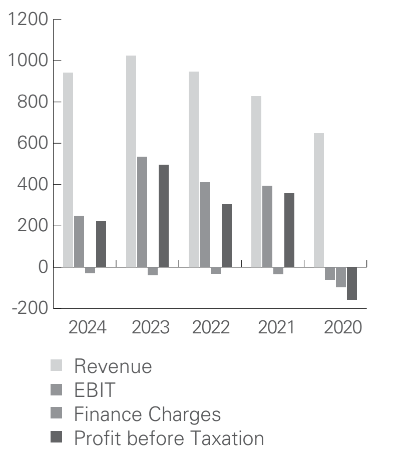
For the year ended 31st March In Rs.000	Group 2024	2023	2022	2021	2020
OPERATING RESULTS					
Gross Revenue	941,974	1,024,588	946,167	828,218	647,492
Operating Profit/(loss)	144,576	360,275	301,979	328,381	(125,781)
Other Income	953	9,947	3,198	2,094	1,456
Dividend Income	-	-	-	-	-
Changes in Fair Value of Investment Property	30,000	60,270	30,195	15,085	15,100
Finance Charges	(28,360)	(37,989)	(32,074)	(34,217)	(97,806)
Finance Income	72,993	102,341	63,264	45,897	47,200
Share of Results of Associate	712	548	10,896	1,292	2,915
Profit before Taxation	220,875	495,392	377,457	358,532	(156,916)
Taxation based thereon	(76,874)	(185,895)	(111,373)	(74,149)	(37,521)
Profit after Taxation	144,001	309,497	266,084	284,383	(194,437)
Non-controlling interests	7,062	(3,647)	(36,507)	(30,198)	6,643
Profit/(loss) attributable to John Keells PLC	151,063	305,850	229,577	254,185	(187,794)
CAPITAL EMPLOYED					
Stated Capital	152,000	152,000	152,000	152,000	152,000
Revenue Reserves	2,904,267	2,942,215	2,887,468	2,797,294	2,606,225
Other components of equity	1,000,657	1,070,615	1,285,536	1,187,410	1,028,893
	4,056,923	4,164,830	4,325,004	4,136,704	3,787,118
Non-controlling interests	54,784	60,105	76,589	57,022	37,690
Total Equity	4,111,708	4,224,935	4,401,593	4,193,726	3,824,808
Total Debt	-	-	-	-	-
	4,111,708	4,224,935	4,401,593	4,193,726	3,824,808
ASSETS EMPLOYED					
Current Assets	1,815,498	1,835,899	1,853,114	7,686,528	962,099
Current Liabilities	(1,528,883)	(1,453,910)	(1,503,217)	(7,479,916)	(842,604)
Net Current Assets/(Liabilities)	286,615	381,989	349,897	206,614	119,495
Fixed Assets and Investments	4,205,596	4,129,731	4,226,326	4,161,752	3,878,969
Long Term Liabilities	-			-	-
Non-current liabilities	(380,503)	(286,785)	(174,630)	(174,640)	(173,656)
	4,111,708	4,224,935	4,401,593	4,193,726	3,824,808
CASH FOLW					
Net cash flows from / (used in) operating activities	7,268	362,883	286,108	660,629	453,797
Net cash flows from / (used in) investing activities	(101,846)	(15,717)	(8,206)	8,445	4,303
Net cash flows from / (used in) financing activities	(176,320)	(195,330)	(163,262)	(62,800)	(121,600)
Net increase / (decrease) in cash and cash equivalents	(270,897)	151,836	114,640	606,274	336,500

Company				
2024	2023	2022	2021	2020
563,462	650,167	355,435	354,666	422,317
198,663	370,136	72,958	144,399	(101,220)
200	942	1,406	617	1,279
12,750	38,000	96,960	69,280	31,920
30,000	60,270	30,195	15,085	15,100
(28,290)	(37,976)	(32,052)	(33,966)	(97,785)
19,993	42,001	35,892	25,912	23,061
-	-	-	-	
233,315	473,373	205,359	221,327	(127,645)
(73,428)	(154,417)	(44,010)	(42,456)	(35,898)
159,887	318,956	161,349	178,871	(163,543)
-	-	-	-	-
159,887	318,956	161,349	178,871	(163,543)
152,000	152,000	152,000	152,000	152,000
2,698,320	2,722,265	2,612,574	2,591,138	2,474,554
458,144	680,369	1,021,217	958,379	814,250
3,308,464	3,554,634	3,785,791	3,701,517	3,440,804
-	-	-	-	-
3,308,464	3,554,634	3,785,791	3,701,517	3,440,804
-			-	-
3,308,464	3,554,634	3,785,791	3,701,517	3,440,804
1,126,165	1,079,810	996,741	801,021	658,675
(1,053,528)	(1,002,934)	(1,003,491)	(876,045)	(722,111)
72,637	76,876	(6,750)	(75,023)	(63,436)
3,344,278	3,565,583	3,843,548	3,827,493	3,545,064
-			-	-
(108,451)	(87,825)	(51,007)	(50,953)	(40,825)
3,308,464	3,554,634	3,785,791	3,701,517	3,440,803
85,754	361,520	179,594	391,054	471,383
(1,625)	(6,097)	22,742	17,099	14,431
(176,320)	(183,330)	(145,262)	(50,800)	(121,600)
(92,190)	172,093	57,075	357,351	364,214

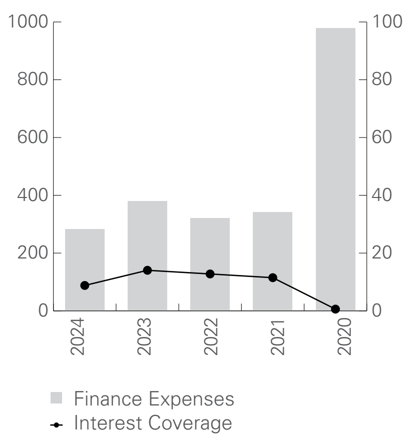
Earnings Rates-Group (Rs. 000's)



PBT Composition-Group (Rs.000's)



Utilization of Finance-Group



Key Ratios & Information

As at 31st March In Rs.000	Group 2024	2023	2022	2021	2020	Company 2024	2023	2022	2021	2020
KEY INDICATORS										
(A) Profitability & Return to Shareholders										
Annual Turnover Growth (%)	(8.06)	8.29	14.24	27.91	(22.28)	(13.34)	82.92	0.22	(16.02)	(21.16)
Net Profit Ratio (%)	15.29	30.21	28.12	34.34	(30.03)	28.38	49.06	45.39	50.43	(38.73)
Earnings per share (Rs.) *	2.48	5.03	3.78	4.18	(3.09)	2.63	5.25	2.65	2.94	(2.69)
Returns on Equity (%)	3.48	7.29	6.29	7.18	(4.92)	4.62	8.69	4.31	5.01	(4.75)
Return on Capital Employed (%)	5.78	12.55	8.81	8.80	(1.32)	7.34	14.05	5.80	6.39	(0.73)
Dividend per share (Rs.)*	2.90	2.95	2.29	1.00	2.00	2.90	2.95	2.29	1.00	2.00
Debt Equity Ratio (%)	4.90	2.02	7.44	7.74	17.82	5.99	2.37	8.12	7.96	18.98
(B) Liquidity										
Current Ratio (No. of Times)	1.19	1.26	1.23	1.03	1.14	1.07	1.08	0.99	0.91	0.91
Interest Cover (No. of Times)	8.79	14.04	12.77	11.48	(0.60)	9.25	13.47	7.41	7.52	(0.31)
(C) Investor Ratio										
Net Assets per share (Rs.)*	67.64	68.50	71.13	68.04	62.29	55.33	58.46	62.27	60.88	56.59
Price Earning Ratio (Times)*	26.12	13.68	18.14	16.74	(13.92)	24.64	13.11	25.81	23.81	(15.99)
Enterprise Value (Rs. 000's)	4,178,838	4,692,936	4,518,887	4,489,418	2,251,544	3,841,625	4,177,016	3,982,713	4,010,808	2,021,857
Dividends (Rs. 000's)	176,320	179,360	139,232	60,800	121,600	176,320	179,360	139,232	60,800	121,600
Dividend Cover (Times)*	0.82	1.73	1.91	4.68	(1.60)	0.91	2.64	1.16	2.94	(1.34)
(D) Share Valuation										
Market price per share (Rs.)	64.80	68.80	68.50	70.00	43.00	64.80	68.80	68.50	70.00	43.00
Market Capitalisation (Rs. 000's)	3,939,840	4,183,040	4,164,800	4,256,000	2,614,400	3,939,840	4,183,040	4,164,800	4,256,000	2,614,400
(E) Other Information										
Number of Employees**	77	76	76	70	78	49	49	50	44	49
Turnover per employee (Rs.000's)	12,233	13,481	12,450	11,832	8,301	11,499	13,269	7,109	8,061	8,619
Value Added per Employee (Rs. 000's)	13,593	15,628	13,823	12,749	9,156	12,524	15,356	8,231	9,006	9,424

Note:

* Earnings per share, Dividends per share & Net Assets per share is based on 60,800,000 number of shares in issue as at 31st March 2024.

** Excluding contract Employees

Glossary of Financial Terms

ACCRUAL BASIS

Recording Revenues and Expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

CAPITAL EMPLOYED

Shareholders' funds plus non-controlling interests and debt including lease liabilities.

CONTINGENT LIABILITIES

A condition or situation existing at the Balance Sheet date due to past events, where the financial effect is not recognised because:

- The obligation is crystallised by the occurrence or non-occurrence of one or more future events or,
- A probable outflow of economic resources is not expected or,
- It is unable to be measured with sufficient reliability

CURRENT RATIO

Current assets divided by current liabilities.

DEBT/EQUITY RATIO

Debt as a percentage of Shareholders' Funds

DIVIDEND COVER

Earnings per share over dividends per share

DIVIDEND PAYOUT RATIO

Dividend paid as a percentage of Company profits.

DIVIDEND YIELD

Dividends adjusted for changes in number of shares in issue as a percentage of the share price (diluted) at the end of the period.

EARNINGS PER SHARE (EPS)

Profit after Tax attributable to ordinary shareholding over weighted average number of shares in issue during the period.

EARNINGS YIELD

Earnings per share as a percentage of Market price per Share at the end of the period.

EARNINGS BEFORE INTEREST AND TAX (EBIT)

Earnings before interest and tax (includes other operating income)

EFFECTIVE RATE OF TAXATION

Income Tax, (including deferred tax) over Profit before Tax

ENTERPRISE VALUE (EV)

Market capitalisation plus net debt/(net cash).

INTEREST COVER

Consolidated profit before interest and tax over interest expense.

MARKET CAPITALISATION

Number of Shares in issue at the end of the period multiplied by the market price at end of period.

NET ASSETS

Total assets minus current liabilities, long-term liabilities, and non-controlling interests.

NET ASSET PER SHARE

Net assets as at a particular financial year end divided by the number of shares in issue as at the current financial year end.

NET DEBT

Total debt minus cash equivalents (cash in hand and at bank plus short-term deposits).

NET TURNOVER PER EMPLOYEE

Net turnover over average number of employees

PRICE EARNINGS RATIO

Market Price per Share over earnings per share

QUICK RATIO

Cash plus short-term investments plus receivables, divided by current liabilities.

RETURN ON ASSETS

Profit after Tax over average total assets

RETURN ON EQUITY

Profit attributable to shareholders as a percentage of average shareholders' funds.

RETURN ON CAPITAL EMPLOYED (ROCE)

EBIT as a percentage of average capital employed.

SHAREHOLDERS' FUNDS

Stated capital plus other components of equity plus revenue reserves

TOTAL ASSETS

Fixed Assets plus Investments plus Non-Current Assets plus Current Assets'

TOTAL DEBT

Long Term Loans plus Short Term Loans and Overdrafts

TOTAL EQUITY

Shareholders' funds plus non-controlling interest

TOTAL VALUE ADDED

The difference between revenue (including other income) and expenses, cost of materials and services purchased from external sources

WORKING CAPITAL

Capital required to finance the day-to-day operations (Current Assets minus Current Liabilities)

Notice of Meeting

Notice is hereby given that the Seventy Seventh Annual General Meeting (AGM) of John Keells PLC will be held as a virtual meeting on 25th June 2024 at 11.15 a.m.

The business to be brought before the Meeting will be to:

1. read the Notice convening the Meeting.

2. receive and consider the Annual Report and Financial Statements for the Financial Year ended 31st March 2024 with the Report of the Auditors thereon.

3. re-elect as Director, Mr. C N Wijewardane who retires in terms of Article 83 of the Articles of Association of the Company. A brief profile of Mr C N Wijewardane is contained in the Board of Directors Section on page 54 of the Annual Report.

4. re-elect as Director, Mr. A Z Hashim who retires in terms of Article 83 of the Articles of Association of the Company. A brief profile of Mr. A Z Hashim is contained in the Board of Directors section on page 52 of the Annual Report.

5. re-appoint the Auditors and to authorise the Directors to determine their remuneration.

6. consider any other business of which due notice has been given in terms of the relevant laws and regulations.

The Annual Report of John Keells PLC for 2023/2024, is available on the:

(1) Corporate Website – https://www.johnkeellstea.com

(2) The Colombo Stock Exchange - https://www.cse.lk

For clarifications on how to download and/ or access the Annual Report and Financial Statements, please contact Amjed Kaleel on +94 70 653 4280 during normal office hours (8.30 a.m. to 4.30 p.m.) or email investor.relations@keells.com.

Any shareholder who wishes to obtain a hard copy of the Annual Report, may send a written request to the registered office of the Company or fax to 011- 2446223 by filling in the request form attached to the Form of Proxy. A printed copy of the Annual Report will be forwarded by the Company within eight (8) Market Days from the date of receipt of the request.

By Order of the Board
JOHN KEELLS PLC

Keells Consultants (Private) Limited
Secretary

20th May 2024

Notes:

i. A Shareholder unable to attend the Meeting is entitled to appoint a Proxy to attend and vote in their place.

ii. A Proxy need not be a Shareholder of the Company.

iii. A Shareholder wishing to vote by Proxy at the Meeting may use the Form of Proxy enclosed herein.

iv. Shareholders are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to vote on their behalf and to include their voting preferences on the resolutions to be taken up at the Meeting in the Form of Proxy

v. In order to be valid, the completed Form of Proxy must be lodged at the Registered Office of the Company at No. 117, Sir Chittampalam A. Gardiner Mawatha, Colombo 02 or forwarded to the email address: keellsconsultants@keells.com or Fax No.011 2439037 not less than 48 hours before the Meeting.

vi. A vote can be taken on a show of hands or by a poll. If a poll is demanded, each share is entitled to one vote. Votes can be cast in person, by proxy or corporate representatives. In the event an individual Shareholder and his/her proxy holder are both present at the meeting, only the Shareholder's vote is counted. If the Proxy holder's appointor has indicated the manner of voting, only the appointor's indication of the manner to vote will be used.

Notes

Form of Proxy

I/We..of
.... being a Shareholder/s of John Keells PLC hereby appoint...
....of or, failing him/her

Mr. Krishan Niraj Jayasekara Balendra or, failing him

Mr. Joseph Gihan Adisha Cooray or, failing him

Mr. Ahamed Zafir Hashim or, failing him

Ms. Kamini Devika Weerasinghe or, failing her

Ms. Anandhiy Krisnajina Gunawardhana or, failing her

Mr. Charitha Nissanka Wijewardane or, failing him

Ms. Bodiyabaduge Arundathi Indira Rajakarier

as my/our proxy to represent me/us and vote on my/our behalf at the Seventy Seventh Annual General Meeting of the Company to be held on Tuesday, 25th June 2024 at 11.15 a.m. and at any postponement or adjournment thereof, and at every poll which may be taken on consequence thereof.

I/We, the undersigned, hereby direct my/our proxy to vote for me/us and on my/our behalf on the specified Resolution as indicated by the letter "X" in the appropriate cage:

	FOR	AGAINST	ABSTAINED
To re-elect as a Director, Mr. C N Wijewardane, who retires in terms of Article 83 of the Articles of Association of the Company			
To re-elect as a Director, Mr. A Z Hashim, who retires in terms of Article 83 of the Articles of Association of the Company.			
To re-appoint the Auditors and to authorise the Directors to determine their remuneration			

Signed on this …….………………….. day of Two Thousand and Twenty-Four

Signature/s of Shareholder/s

NOTE: INSTRUCTIONS AS TO THE COMPLETION OF THIS FORM OF PROXY ARE NOTED ON THE REVERSE

Form of Proxy

INSTRUCTIONS AS TO COMPLETION OF PROXY

1. Please perfect the Form of Proxy by filling in legibly your full name and address, signing in the space provided and filling in the date of signature.

2. The completed Form of Proxy should be deposited at the Registered Office of the Company at No. 117, Sir Chittampalam A. Gardiner Mawatha, Colombo 2 or forwarded to the email address: keellsconsultants@keells.com or Fax No.011 2439037, not later than 48 hours before the time appointed for the holding of the Meeting.

3. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.

4. If the appointor is a company or corporation, the Form of Proxy should be executed under its Common Seal or by a duly authorised officer of the company or corporation in accordance with its Articles of Association or Constitution.

5. If this Form of Proxy is returned without any indication of how the person appointed as Proxy shall vote, then the Proxy shall exercise his/her discretion as to how he/she votes or, whether or not he/she abstains from voting.

Please fill in the following details:

Name	: ....
Address	: ....
	....
	....
Jointly with	: ....
Share Folio No/ CDS account no	: ....
National Identity Card No	: ………………………………………………………………………..

Corporate Information

Name of Company
John Keells PLC

Company Registration Number
PQ 11

Name of Subsidiaries
John Keells Stock Brokers (Pvt) Limited
John Keells Warehousing (Pvt) Limited

Name of Associate Company
Keells Realtors Limited

Legal Form:
Public Limited Liability Company listed on the Colombo Stock Exchange
(Incorporated in Sri Lanka in 1960)

Registered Office:
No. 117,
Sir Chittampalam A. Gardiner Mawatha
Colombo 2, Sri Lanka
Tel: 0094 11 2306000
Telefax: 0094 11 2342456
E-mail: jkl@keells.com

Business Address:
No. 186, Vauxhall Street,
Colombo 2.

Directors
Mr. K N J Balendra
Mr. J G A Cooray
Mr. A Z Hashim
Ms. K D Weerasinghe
Ms. B A I Rajakarier
Mr. C N Wijewardane
Ms. A K Gunawardhana

Secretaries & Registrars
Keells Consultants (Pvt) Limited
No. 117,
Sir Chittampalam A. Gardiner Mawatha
Colombo 2.

Auditors
Messrs. Ernst & Young
Chartered Accountants
P.O. Box 101, Colombo.

Principal Bankers (in alphabetical order)
Bank of Ceylon
Commercial Bank of Ceylon PLC
Deutsche Bank
DFCC Vardhana Bank
Hatton National Bank
Hongkong & Shanghai Banking Corporation Ltd.
Nation's Trust Bank
National Development Bank PLC
Sampath Bank PLC
Seylan Bank PLC

Designed & produced by
emagewise
Digital Plates & Printing by
Softwave Printing and Packaging (Pvt) Ltd

JOHN KEELLS PLC
No. 117, Sir Chittampalam A. Gardiner Mawatha,
Colombo 2, Sri Lanka.
Tel: 0094 11 230 6000
jkl@keells.com